



# The Patriot

## Sentry Variable Account II

### Annual Report

### December 31, 2019

A flexible premium deferred variable annuity funded by T. Rowe Price Fixed Income Series, Inc., T. Rowe Price Equity Series, Inc., T. Rowe Price International Series, Inc., Janus Aspen Series, and Vanguard Variable Insurance Fund

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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 Patriot Variable Annuity 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 Patriot Variable Annuity 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 Patriot Variable Annuity please call us at 800-4SENTRY (800-473-6879) or email us at [equities@sentry](mailto:equities@sentry).



KPMG LLP  
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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 Account II:

### *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 Account II (the Separate Account) as of December 31, 2019, the related statements of operations for the year then ended, the statements of 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, 2019, 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, 2019, 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 auditor of the Separate Account since 2007.

Milwaukee, Wisconsin  
February 20, 2020



## **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. - Moderate Allocation Portfolio <sup>(1)</sup>

T. Rowe Price Equity Series, Inc. - Mid-Cap Growth Portfolio

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

Vanguard Variable Insurance Fund - Balanced Portfolio

Vanguard Variable Insurance Fund - Equity Index Portfolio

Vanguard Variable Insurance Fund - High Yield Bond Portfolio

Vanguard Variable Insurance Fund - Small Company Growth Portfolio

Vanguard Variable Insurance Fund - Mid-Cap Index Portfolio

Vanguard Variable Insurance Fund - REIT Index Portfolio

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

**Sentry Variable Account II**  
Audited Financial Statements and Schedules  
December 31, 2019

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# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II STATEMENT OF ASSETS AND LIABILITIES

December 31, 2019

### Assets:

Investments at fair value:

\* Janus Henderson Series - Institutional Shares:

** Research Portfolio, 22,438 shares (cost \$ 663,553)	\$ 915,257
Enterprise Portfolio, 155,077 shares (cost \$ 8,041,874)	13,252,911
Forty Portfolio, 32,783 shares (cost \$ 1,190,905)	1,454,910
Global Research Portfolio, 6,937 shares (cost \$ 221,714)	392,582
Balanced Portfolio, 31,188 shares (cost \$ 923,798)	1,231,289

T. Rowe Price Fixed Income Series, Inc.:

*** Government Money Portfolio, 584,482 shares (cost \$ 584,482)	584,482
Limited Term Bond Portfolio, 181,059 shares (cost \$ 899,157)	881,755

T. Rowe Price Equity Series, Inc.:

Equity Income Portfolio, 51,658 shares (cost \$ 1,210,273)	1,401,475
**** Moderate Allocation Portfolio, 176,471 shares (cost \$ 3,494,013)	3,698,826
Mid-Cap Growth Portfolio, 20,009 shares (cost \$ 534,328)	577,854

T. Rowe Price International Series, Inc.:

International Stock Portfolio, 9,835 shares (cost \$ 143,775)	153,620
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Vanguard Variable Insurance Fund:

Balanced Portfolio, 37,038 shares (cost \$ 795,300)	923,734
Equity Index Portfolio, 11,001 shares (cost \$ 386,238)	524,757
High Yield Bond Portfolio, 15,300 shares (cost \$ 120,205)	125,304
Small Company Growth Portfolio, 20,879 shares (cost \$ 461,159)	481,888
Mid-Cap Index Portfolio, 19,947 shares (cost \$ 401,392)	479,333
REIT Index Portfolio, 32,314 shares (cost \$ 426,157)	444,001

**Total Assets** 27,523,978

**Total Liabilities** -

**Net Assets** \$ 27,523,978

*See accompanying notes to financial statements*

\* Formerly Janus Aspen Series

\*\* Formerly Janus Aspen Janus Portfolio

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

\*\*\*\* Formerly T. Rowe Personal Strategy Balanced Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II STATEMENT OF OPERATIONS

For the Year Ended December 31, 2019

	Janus Henderson Research**	Janus Henderson Enterprise	Janus Henderson Forty
Investment income:			
Dividends	\$ 3,689	\$ 25,044	\$ 2,011
Expenses:			
Mortality and expense risk charges	9,553	151,965	15,834
Net investment income (loss)	(5,864)	(126,921)	(13,823)
Realized gains (loss) on investments:			
Realized net investment gain (loss)	20,362	869,376	325
Capital gain distributions received	80,522	744,667	102,657
Realized gain (loss) on investments and capital gain distributions, net	100,884	1,614,043	102,982
Unrealized appreciation (depreciation), net	133,007	2,065,148	303,566
Net increase (decrease) in net assets from operations	\$ 228,027	\$ 3,552,270	\$ 392,725

For the Year Ended December 31, 2019

	Janus Henderson Global Research	Janus Henderson Balanced
Investment income:		
Dividends	\$ 3,600	\$ 22,369
Expenses:		
Mortality and expense risk charges	4,307	13,968
Net investment income (loss)	(707)	8,401
Realized gains (loss) on investments:		
Realized net investment gain (loss)	9,582	30,661
Capital gain distributions received	21,378	31,576
Realized gain (loss) on investments and capital gain distributions, net	30,960	62,237
Unrealized appreciation (depreciation), net	55,652	151,208
Net increase (decrease) in net assets from operations	\$ 85,905	\$ 221,846

See accompanying notes to financial statements

\*\* Formerly Janus Aspen Janus Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II STATEMENT OF OPERATIONS

For the Year Ended December 31, 2019

	T. Rowe Price Government Money***	T. Rowe Price Limited Term Bond	T. Rowe Price Equity Income
Investment income:			
Dividends	\$ 12,745	\$ 21,552	\$ 31,203
Expenses:			
Mortality and expense risk charges	8,920	10,774	16,231
Net investment income (loss)	3,825	10,778	14,972
Realized gains (loss) on investments:			
Realized net investment gain (loss)	-	(2,882)	42,469
Capital gain distributions received	-	-	82,590
Realized gain (loss) on investments and capital gain distributions, net	-	(2,882)	125,059
Unrealized appreciation (depreciation), net	-	19,813	155,888
Net increase (decrease) in net assets from operations	\$ 3,825	\$ 27,709	\$ 295,919

For the Year Ended December 31, 2019

	T. Rowe Price Moderate Allocation Portfolio ****	T. Rowe Price Mid-Cap Growth	T. Rowe Price International Stock
Investment income:			
Dividends	\$ 74,422	\$ 744	\$ 3,414
Expenses:			
Mortality and expense risk charges	46,168	7,916	2,008
Net investment income (loss)	28,254	(7,172)	1,406
Realized gains (loss) on investments:			
Realized net investment gain (loss)	99,996	54,533	9,082
Capital gain distributions received	94,265	40,374	6,091
Realized gain (loss) on investments and capital gain distributions, net	194,261	94,907	15,173
Unrealized appreciation (depreciation), net	430,122	83,034	20,817
Net increase (decrease) in net assets from operations	\$ 652,637	\$ 170,769	\$ 37,396

See accompanying notes to financial statements

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

\*\*\*\* Formerly T. Rowe Personal Strategy Balanced Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II STATEMENT OF OPERATIONS

For the Year Ended December 31, 2019

	Vanguard Balanced	Vanguard Equity Index	Vanguard High Yield Bond
Investment income:			
Dividends	\$ 23,215	\$ 6,463	\$ 7,713
Expenses:			
Mortality and expense risk charges	10,291	4,608	1,494
Net investment income (loss)	12,924	1,855	6,219
Realized gains (loss) on investments:			
Realized net investment gain (loss)	12,438	7,978	(731)
Capital gain distributions received	46,679	8,463	-
Realized gain (loss) on investments and capital gain distributions, net	59,117	16,441	(731)
Unrealized appreciation (depreciation), net	90,260	82,763	10,958
Net increase (decrease) in net assets from operations	\$ 162,301	\$ 101,059	\$ 16,446

For the Year Ended December 31, 2019

	Vanguard Small Company Growth	Vanguard Mid-Cap Index	Vanguard REIT Index
Investment income:			
Dividends	\$ 2,409	\$ 7,087	\$ 11,174
Expenses:			
Mortality and expense risk charges	5,669	5,629	5,059
Net investment income (loss)	(3,260)	1,458	6,115
Realized gains (loss) on investments:			
Realized net investment gain (loss)	(3,320)	17,768	(4)
Capital gain distributions received	52,360	36,533	20,194
Realized gain (loss) on investments and capital gain distributions, net	49,040	54,301	20,190
Unrealized appreciation (depreciation), net	62,787	60,634	71,786
Net increase (decrease) in net assets from operations	\$ 108,567	\$ 116,393	\$ 98,091

See accompanying notes to financial statements

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II

### STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31						
	Janus Henderson Research**		Janus Henderson Enterprise		Janus Henderson Forty	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ (5,864)	\$ (5,314)	\$ (126,921)	\$ (122,222)	\$ (13,823)	\$ (15,287)
Realized gains (losses) on investments	100,884	85,090	1,614,043	2,704,208	102,982	192,303
Unrealized appreciation (depreciation), net	133,007	(95,173)	2,065,148	(2,634,098)	303,566	(161,848)
Net increase (decrease) in net assets from operations	228,027	(15,397)	3,552,270	(52,112)	392,725	15,168
Contract transactions:						
Purchase payments	8,801	7,380	38,948	46,392	8,106	21,268
Transfers between subaccounts, net	38,644	(100,915)	(115,442)	232	37,974	(1,679)
Withdrawals	(41,782)	(15,337)	(1,002,285)	(2,867,094)	(131,486)	(103,512)
Contract maintenance fees	(1,039)	(1,049)	(10,137)	(10,718)	(1,142)	(1,163)
Net increase (decrease) in net assets derived from contract transactions	4,624	(109,922)	(1,088,916)	(2,831,189)	(86,548)	(85,085)
Total increase (decrease) in net assets	232,651	(125,319)	2,463,354	(2,883,301)	306,177	(69,917)
Net assets at beginning of year	682,606	807,925	10,789,557	13,672,858	1,148,733	1,218,650
Net assets at end of year	<u>\$ 915,257</u>	<u>\$ 682,606</u>	<u>\$ 13,252,911</u>	<u>\$ 10,789,557</u>	<u>\$ 1,454,910</u>	<u>\$ 1,148,733</u>

For the Years Ended December 31				
	Janus Henderson Global Research		Janus Henderson Balanced	
	2019	2018	2019	2018
Increase (decrease) in net assets from operations:				
Net investment income (loss)	\$ (707)	\$ (271)	\$ 8,401	\$ 10,702
Realized gains (losses) on investments	30,960	9,415	62,237	53,206
Unrealized appreciation (depreciation), net	55,652	(37,161)	151,208	(69,280)
Net increase (decrease) in net assets from operations	85,905	(28,018)	221,846	(5,371)
Contract transactions:				
Purchase payments	2,181	8,373	9,286	21,038
Transfers between subaccounts, net	115	(450)	17,703	11,880
Withdrawals	(20,785)	(19,525)	(106,489)	(76,227)
Contract maintenance fees	(412)	(414)	(1,463)	(1,496)
Net increase (decrease) in net assets derived from contract transactions	(18,901)	(12,015)	(80,963)	(44,806)
Total increase (decrease) in net assets	67,004	(40,033)	140,883	(50,177)
Net assets at beginning of year	325,578	365,612	1,090,406	1,140,583
Net assets at end of year	<u>\$ 392,582</u>	<u>\$ 325,578</u>	<u>\$ 1,231,289</u>	<u>\$ 1,090,406</u>

See accompanying notes to financial statements

\*\* Formerly Janus Aspen Janus Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II

### 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	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ 3,825	\$ 896	\$ 10,778	\$ 7,284	\$ 14,972	\$ 11,251
Realized gains (losses) on investments	-	-	(2,882)	(3,812)	125,059	155,179
Unrealized appreciation (depreciation), net	-	-	19,813	(3,936)	155,888	(313,233)
Net increase (decrease) in net assets from operations	3,825	896	27,709	(465)	295,919	(146,803)
Contract transactions:						
Purchase payments	2,888	1,525	9,838	23,813	8,012	15,863
Transfers between subaccounts, net	591	86,647	6,248	(7,456)	(32,391)	696
Withdrawals	(191,781)	(51,826)	(58,971)	(69,414)	(114,156)	(88,785)
Contract maintenance fees	(513)	(603)	(987)	(1,134)	(1,325)	(1,406)
Net increase (decrease) in net assets derived from contract transactions	(188,815)	35,743	(43,872)	(54,191)	(139,860)	(73,632)
Total increase (decrease) in net assets	(184,990)	36,639	(16,163)	(54,656)	156,059	(220,436)
Net assets at beginning of year	769,472	732,833	897,918	952,574	1,245,416	1,465,852
Net assets at end of year	\$ 584,482	\$ 769,472	\$ 881,755	\$ 897,918	\$ 1,401,475	\$ 1,245,416

For the Years Ended December 31						
	T. Rowe Price Moderate Allocation Portfolio ****		T. Rowe Price Mid-Cap Growth		T. Rowe Price International Stock	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ 28,254	\$ 24,424	\$ (7,172)	\$ (8,687)	\$ 1,406	\$ 26
Realized gains (losses) on investments	194,261	511,808	94,907	110,661	15,173	26,168
Unrealized appreciation (depreciation), net	430,122	(783,883)	83,034	(116,814)	20,817	(54,131)
Net increase (decrease) in net assets from operations	652,637	(247,651)	170,769	(14,840)	37,396	(27,938)
Contract transactions:						
Purchase payments	12,210	15,114	3,431	15,529	3,840	4,190
Transfers between subaccounts, net	(27,502)	3,275	(30,958)	(1,438)	(25,557)	(642)
Withdrawals	(767,271)	(788,981)	(195,920)	(76,956)	(16,257)	(38,522)
Contract maintenance fees	(3,149)	(3,754)	(543)	(596)	(224)	(272)
Net increase (decrease) in net assets derived from contract transactions	(785,712)	(774,347)	(223,990)	(63,462)	(38,198)	(35,246)
Total increase (decrease) in net assets	(133,075)	(1,021,998)	(53,221)	(78,302)	(802)	(63,184)
Net assets at beginning of year	3,831,901	4,853,899	631,075	709,377	154,422	217,605
Net assets at end of year	\$ 3,698,826	\$ 3,831,901	\$ 577,854	\$ 631,075	\$ 153,620	\$ 154,422

See accompanying notes to financial statements

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

\*\*\*\* Formerly T. Rowe Personal Strategy Balanced Portfolio



# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II

### STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31						
	Vanguard Balanced		Vanguard Equity Index		Vanguard High Yield Bond	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ 12,924	\$ 9,844	\$ 1,855	\$ 1,875	\$ 6,219	\$ 4,657
Realized gains (losses) on investments	59,117	73,130	16,441	33,689	(731)	(284)
Unrealized appreciation (depreciation), net	90,260	(119,408)	82,763	(49,663)	10,958	(9,034)
Net increase (decrease) in net assets from operations	162,301	(36,433)	101,059	(14,099)	16,446	(4,662)
Contract transactions:						
Purchase payments	5,018	1,705	1,660	1,913	440	240
Transfers between subaccounts, net	(1,822)	1,396	137,523	(1,133)	3,291	863
Withdrawals	(30,761)	(60,200)	(12,977)	(55,600)	(12,846)	(33,341)
Contract maintenance fees	(536)	(652)	(277)	(317)	(149)	(171)
Net increase (decrease) in net assets derived from contract transactions	(28,101)	(57,751)	125,929	(55,137)	(9,264)	(32,408)
Total increase (decrease) in net assets	134,200	(94,185)	226,988	(69,236)	7,182	(37,070)
Net assets at beginning of year	789,534	883,719	297,769	367,005	118,122	155,191
Net assets at end of year	\$ 923,734	\$ 789,534	\$ 524,757	\$ 297,769	\$ 125,304	\$ 118,122

For the Years Ended December 31						
	Vanguard Small Company Growth		Vanguard Mid-Cap Index		Vanguard REIT Index	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ (3,260)	\$ (4,060)	\$ 1,458	\$ (41)	\$ 6,115	\$ 7,459
Realized gains (losses) on investments	49,040	62,616	54,301	43,698	20,190	15,307
Unrealized appreciation (depreciation), net	62,787	(97,065)	60,634	(89,590)	71,786	(48,525)
Net increase (decrease) in net assets from operations	108,567	(38,509)	116,393	(45,933)	98,091	(25,759)
Contract transactions:						
Purchase payments	2,726	11,272	1,725	1,893	1,385	4,248
Transfers between subaccounts, net	(7,456)	837	1,351	(111)	(2,314)	7,999
Withdrawals	(49,861)	(41,324)	(51,782)	(50,381)	(22,461)	(56,665)
Contract maintenance fees	(377)	(460)	(320)	(353)	(305)	(325)
Net increase (decrease) in net assets derived from contract transactions	(54,968)	(29,676)	(49,026)	(48,953)	(23,695)	(44,743)
Total increase (decrease) in net assets	53,599	(68,185)	67,367	(94,886)	74,396	(70,503)
Net assets at beginning of year	428,289	496,474	411,966	506,851	369,605	440,107
Net assets at end of year	\$ 481,888	\$ 428,289	\$ 479,333	\$ 411,966	\$ 444,001	\$ 369,605

See accompanying notes to financial statements

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### 1. Organization

The Sentry Variable Account II (the Variable 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 Account is an accounting entity wherein all segregated account transactions are reflected.

The Variable Account was established by the Company on August 2, 1983 in support of variable annuity contracts, and commenced operations on May 3, 1984. The Company discontinued new sales of variable annuity contracts on December 1, 2004. Management of the Company has determined that there is no justification for substantial doubt regarding the Variable Account's ability to continue as a going concern.

The assets of each subaccount of the Variable 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., T. Rowe Price International Series, Inc., and Vanguard Variable Insurance Fund (collectively, the Funds) at each portfolio's net asset value (NAV) in accordance with the selection made by contract 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 Account's Annual Report.

The Variable 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, 2019. The Funds value their investment securities at fair value.

#### **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 a specific identification basis.

#### **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 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 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, 2019 through February 20, 2020, the date the financial statements were issued. No significant subsequent events were identified.

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### 3. Purchases and Sales of Securities

In 2019, purchases and proceeds on sales of the Funds' shares were as follows:

	<u>Purchases</u>	<u>Proceeds on Sales</u>
** Janus Henderson Research Portfolio	\$ 131,822	\$ 52,540
Janus Henderson Enterprise Portfolio	855,363	1,326,532
Janus Henderson Forty Portfolio	151,475	149,189
Janus Henderson Global Research Portfolio	27,283	25,512
Janus Henderson Balanced Portfolio	83,029	124,015
*** T. Rowe Price Government Money Portfolio	16,386	201,377
T. Rowe Price Limited Term Bond Portfolio	39,978	73,072
T. Rowe Price Equity Income Portfolio	123,112	165,410
**** T. Rowe Price Moderate Allocation Portfolio	189,972	853,165
T. Rowe Price Mid-Cap Growth Portfolio	84,996	275,784
T. Rowe Price International Stock Portfolio	14,440	45,141
Vanguard Balanced Portfolio	83,717	52,215
Vanguard Equity Index Portfolio	154,726	18,479
Vanguard High Yield Bond Portfolio	11,678	14,722
Vanguard Small Company Growth Portfolio	60,898	66,766
Vanguard Mid-Cap Index Portfolio	46,863	57,898
Vanguard REIT Index Portfolio	32,755	30,142
Total	<u>\$ 2,108,493</u>	<u>\$ 3,531,959</u>

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

	<u>Purchases</u>	<u>Proceeds on Sales</u>
** Janus Henderson Research Portfolio	\$ 52,134	\$ 127,068
Janus Henderson Enterprise Portfolio	678,383	3,033,214
Janus Henderson Forty Portfolio	193,564	121,641
Janus Henderson Global Research Portfolio	12,571	24,857
Janus Henderson Balanced Portfolio	89,139	92,544
*** T. Rowe Price Government Money Portfolio	114,370	77,730
T. Rowe Price Limited Term Bond Portfolio	61,730	108,637
T. Rowe Price Equity Income Portfolio	169,798	107,302
T. Rowe Price Personal Strategy Balanced Portfolio	362,646	850,824
T. Rowe Price Mid-Cap Growth Portfolio	107,297	87,704
T. Rowe Price International Stock Portfolio	23,615	42,043
Vanguard Balanced Portfolio	70,466	75,991
Vanguard Equity Index Portfolio	14,171	61,408
Vanguard High Yield Bond Portfolio	7,314	35,066
Vanguard Small Company Growth Portfolio	80,804	61,664
Vanguard Mid-Cap Index Portfolio	31,795	57,303
Vanguard REIT Index Portfolio	40,712	62,921
Total	<u>\$ 2,110,509</u>	<u>\$ 5,027,917</u>

\*\* Formerly Janus Aspen Janus Portfolio

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

\*\*\*\* Formerly T. Rowe Personal Strategy Balanced Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### 4. Expenses and Related Party Transactions

A mortality and expense risk premium is deducted by the Company from the Variable Account on a daily basis which is equal, on an annual basis, to 1.20% (0.80% mortality and 0.40% expense risk) of the daily net asset value of the Variable Account. This mortality and expense risk premium compensates the Company for assuming these risks under the variable annuity contract.

The Company deducts, on the contract anniversary date, an annual contract maintenance charge of \$30, per contract holder, from the contract value by canceling accumulation units. If the contract is surrendered for its full surrender value, on other than the contract anniversary, the contract maintenance charge will be deducted at the time of such surrender. This charge reimburses the Company for administrative expenses relating to maintenance of the contract.

Any premium tax payable to a governmental entity as a result of the existence of the contracts or the Variable Account will be charged against the contract value. Premium taxes up to 3.0% are currently imposed by certain states. Some states assess their premium taxes at the time purchase payments are made; others assess their premium taxes at the time of annuitization. In the event contracts would be issued in states assessing their premium taxes at the time purchase payments are made, the Company currently intends to advance such premium taxes and deduct the premium taxes from a contract owner's contract value at the time of annuitization or surrender.

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 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 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Variable Account Investments	-	\$ 27,523,978	-	\$ 27,523,978

The Variable 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 II NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### 6. Changes in Units Outstanding

The changes in units outstanding for the year ended December 31, 2019 were as follows:

	<u>Units Issued</u>	<u>Units Redeemed</u>	<u>Net Increase (Decrease)</u>
** Janus Henderson Research Portfolio	2,845	2,786	60
Janus Henderson Enterprise Portfolio	509	6,986	(6,476)
Janus Henderson Forty Portfolio	1,680	5,052	(3,372)
Janus Henderson Global Research Portfolio	199	1,979	(1,780)
Janus Henderson Balanced Portfolio	1,079	4,071	(2,991)
*** T. Rowe Price Government Money Portfolio	182	9,603	(9,421)
T. Rowe Price Limited Term Bond Portfolio	496	1,664	(1,168)
T. Rowe Price Equity Income Portfolio	317	5,051	(4,734)
**** T. Rowe Price Moderate Allocation Portfolio	273	10,199	(9,926)
T. Rowe Price Mid-Cap Growth Portfolio	867	5,299	(4,432)
T. Rowe Price International Stock Portfolio	374	3,137	(2,764)
Vanguard Balanced Portfolio	476	1,458	(982)
Vanguard Equity Index Portfolio	4,560	470	4,090
Vanguard High Yield Bond Portfolio	174	569	(396)
Vanguard Small Company Growth Portfolio	167	1,691	(1,524)
Vanguard Mid-Cap Index Portfolio	92	1,441	(1,349)
Vanguard REIT Index Portfolio	35	658	(623)

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	483	7,411	(6,929)
Janus Henderson Enterprise Portfolio	330	19,688	(19,358)
Janus Henderson Forty Portfolio	849	4,393	(3,544)
Janus Henderson Global Research Portfolio	749	1,839	(1,090)
Janus Henderson Balanced Portfolio	1,326	3,113	(1,787)
*** T. Rowe Price Government Money Portfolio	5,249	3,453	1,796
T. Rowe Price Limited Term Bond Portfolio	1,192	2,676	(1,484)
T. Rowe Price Equity Income Portfolio	578	3,080	(2,502)
T. Rowe Price Personal Strategy Balanced Portfolio	300	10,406	(10,106)
T. Rowe Price Mid-Cap Growth Portfolio	336	1,662	(1,326)
T. Rowe Price International Stock Portfolio	330	2,863	(2,534)
Vanguard Balanced Portfolio	288	2,295	(2,007)
Vanguard Equity Index Portfolio	69	1,928	(1,859)
Vanguard High Yield Bond Portfolio	50	1,495	(1,445)
Vanguard Small Company Growth Portfolio	713	1,564	(851)
Vanguard Mid-Cap Index Portfolio	73	1,446	(1,373)
Vanguard REIT Index Portfolio	385	1,643	(1,258)
** Formerly Janus Aspen Janus Portfolio			
*** Formerly T. Rowe Price Prime Reserve Portfolio			
**** Formerly T. Rowe Personal Strategy Balanced Portfolio			

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II

### NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

#### 7. Financial Highlights

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable annuity contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2019 is as follows:

		Net Assets		Expenses		Income		Total
		Unit	(000's)	as a % of		as a % of		
	Units	Value		Average		Average		Return
				Net		Net		
				Assets #		Assets		
**	Janus Henderson Research Portfolio	49,818	\$ 18.37	\$ 915	1.20	% 0.46	%	33.92
	Janus Henderson Enterprise Portfolio	71,947	184.20	13,253	1.20	0.20		33.89
	Janus Henderson Forty Portfolio	48,036	30.29	1,455	1.20	0.15		35.54
	Janus Henderson Global Research Portfolio	30,943	12.69	393	1.20	1.00		27.52
	Janus Henderson Balanced Portfolio	41,105	29.95	1,231	1.20	1.91		21.14
***	T. Rowe Price Government Money Portfolio	29,153	20.05	584	1.20	1.72		0.51
	T. Rowe Price Limited Term Bond Portfolio	23,352	37.76	882	1.20	2.40		3.11
	T. Rowe Price Equity Income Portfolio	43,054	32.55	1,401	1.20	2.30		24.90
****	T. Rowe Price Moderate Allocation Portfolio	43,841	84.37	3,699	1.20	1.94		18.38
	T. Rowe Price Mid-Cap Growth Portfolio	10,631	54.35	578	1.20	0.11		29.74
	T. Rowe Price International Stock Portfolio	10,266	14.96	154	1.20	2.04		26.26
	Vanguard Balanced Portfolio	28,461	32.46	924	1.20	2.69		21.04
	Vanguard Equity Index Portfolio	15,508	33.84	525	1.20	1.64		29.75
	Vanguard High Yield Bond Portfolio	5,106	24.54	125	1.20	6.18		14.30
	Vanguard Small Company Growth Portfolio	12,181	39.56	482	1.20	0.51		26.59
	Vanguard Mid-Cap Index Portfolio	12,096	39.63	479	1.20	1.50		29.33
	Vanguard REIT Index Portfolio	10,460	42.45	444	1.20	2.63		27.29

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

		Net Assets		Expenses		Income		Total
		Unit	(000's)	as a % of		as a % of		
	Units	Value		Average		Average		Return
				Net		Net		
				Assets #		Assets		
**	Janus Henderson Research Portfolio	49,758	\$ 13.72	\$ 683	1.20	% 0.56	%	(3.75)
	Janus Henderson Enterprise Portfolio	78,423	137.58	10,790	1.20	0.24		(1.61)
	Janus Henderson Forty Portfolio	51,408	22.35	1,149	1.20	-		0.76
	Janus Henderson Global Research Portfolio	32,724	9.95	326	1.20	1.14		(7.98)
	Janus Henderson Balanced Portfolio	44,096	24.73	1,090	1.20	2.15		(0.52)
***	T. Rowe Price Government Money Portfolio	38,574	19.95	769	1.20	1.32		0.11
	T. Rowe Price Limited Term Bond Portfolio	24,520	36.62	898	1.20	2.01		(0.03)
	T. Rowe Price Equity Income Portfolio	47,788	26.06	1,245	1.20	2.02		(10.59)
	T. Rowe Price Personal Strategy Balanced Portfolio	53,766	71.27	3,832	1.20	1.77		(6.22)
	T. Rowe Price Mid-Cap Growth Portfolio	15,064	41.89	631	1.20	-		(3.21)
	T. Rowe Price International Stock Portfolio	13,030	11.85	154	1.20	1.24		(15.24)
	Vanguard Balanced Portfolio	29,444	26.82	790	1.20	2.38		(4.57)
	Vanguard Equity Index Portfolio	11,418	26.08	298	1.20	1.75		(5.65)
	Vanguard High Yield Bond Portfolio	5,502	21.47	118	1.20	4.91		(3.90)
	Vanguard Small Company Growth Portfolio	13,705	31.25	428	1.20	0.39		(8.38)
	Vanguard Mid-Cap Index Portfolio	13,445	30.64	412	1.20	1.21		(10.42)
	Vanguard REIT Index Portfolio	11,083	33.35	370	1.20	3.07		(6.48)

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

\*\* Formerly Janus Aspen Janus Portfolio

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

\*\*\*\* Formerly T. Rowe Personal Strategy Balanced Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II

### NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

#### 7. Financial Highlights (continued)

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

		<u>Net Assets</u>		<u>Expenses</u> <u>as a % of</u> <u>Average</u> <u>Net</u>	<u>Income</u> <u>as a % of</u> <u>Average</u> <u>Net</u>	<u>Total</u>	
	<u>Units</u>	<u>Unit</u> <u>Value</u>	<u>(000's)</u>	<u>Assets #</u>	<u>Assets</u>	<u>Return</u>	<u>%</u>
** Janus Henderson Research Portfolio	56,687	\$ 14.25	\$ 808	1.20	% 0.39	26.37	%
Janus Henderson Enterprise Portfolio	97,780	139.83	13,673	1.20	0.25	25.92	
Janus Henderson Forty Portfolio	54,952	22.18	1,219	1.20	-	28.78	
Janus Henderson Global Research Portfolio	33,813	10.81	366	1.20	0.84	25.53	
Janus Henderson Balanced Portfolio	45,883	24.86	1,141	1.20	1.59	17.03	
*** T. Rowe Price Government Money Portfolio	36,778	19.93	733	1.20	0.34	(0.86)	
T. Rowe Price Limited Term Bond Portfolio	26,004	36.63	953	1.20	1.46	(0.15)	
T. Rowe Price Equity Income Portfolio	50,290	29.15	1,466	1.20	1.74	14.65	
T. Rowe Price Personal Strategy Balanced Portfolio	63,873	75.99	4,854	1.20	1.52	16.02	
T. Rowe Price Mid-Cap Growth Portfolio	16,390	43.28	709	1.20	-	23.30	
T. Rowe Price International Stock Portfolio	15,563	13.98	218	1.20	1.10	26.37	
Vanguard Balanced Portfolio	31,451	28.10	884	1.20	2.30	13.36	
Vanguard Equity Index Portfolio	13,277	27.64	367	1.20	1.82	20.22	
Vanguard High Yield Bond Portfolio	6,947	22.34	155	1.20	4.89	5.74	
Vanguard Small Company Growth Portfolio	14,556	34.11	496	1.20	0.47	22.01	
Vanguard Mid-Cap Index Portfolio	14,818	34.21	507	1.20	1.19	17.67	
Vanguard REIT Index Portfolio	12,341	35.66	440	1.20	2.64	3.53	

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

		<u>Net Assets</u>		<u>Expenses</u> <u>as a % of</u> <u>Average</u> <u>Net</u>	<u>Income</u> <u>as a % of</u> <u>Average</u> <u>Net</u>	<u>Total</u>	
	<u>Units</u>	<u>Unit</u> <u>Value</u>	<u>(000's)</u>	<u>Assets #</u>	<u>Assets</u>	<u>Return</u>	<u>%</u>
Janus Aspen Janus Portfolio	61,790	\$ 11.28	\$ 697	1.20	% 0.53	(0.69)	%
Janus Aspen Enterprise Portfolio	103,368	111.05	11,479	1.20	0.14	11.03	
Janus Aspen Forty Portfolio	64,112	17.22	1,104	1.20	-	0.98	
Janus Aspen Global Research Portfolio	38,513	8.61	332	1.20	1.09	0.85	
Janus Aspen Balanced Portfolio	49,036	21.24	1,042	1.20	2.19	3.36	
T. Rowe Price Government Money Portfolio	37,993	20.10	764	1.20	-	(1.19)	
T. Rowe Price Limited Term Bond Portfolio	26,371	36.69	967	1.20	1.36	0.16	
T. Rowe Price Equity Income Portfolio	52,703	25.42	1,340	1.20	2.29	17.76	
T. Rowe Price Personal Strategy Balanced Portfolio	68,904	65.50	4,513	1.20	1.65	5.19	
T. Rowe Price Mid-Cap Growth Portfolio	17,946	35.10	630	1.20	-	5.00	
T. Rowe Price International Stock Portfolio	17,726	11.06	196	1.20	1.06	0.91	
Vanguard Balanced Portfolio	31,890	24.79	790	1.20	2.53	9.70	
Vanguard Equity Index Portfolio	14,289	22.99	329	1.20	2.28	10.49	
Vanguard High Yield Bond Portfolio	7,422	21.13	157	1.20	5.30	10.03	
Vanguard Small Company Growth Portfolio	16,540	27.95	462	1.20	0.35	13.58	
Vanguard Mid-Cap Index Portfolio	16,750	29.07	487	1.20	1.32	9.80	
Vanguard REIT Index Portfolio	15,167	34.45	522	1.20	2.36	7.07	

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

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account II NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### 7. Financial Highlights (continued)

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

		Net Assets		Expenses as a % of Average Net Assets #		Income as a % of Average Net Assets		Total Return
	Units	Unit Value	(000's)					
Janus Aspen Janus Portfolio	68,637	\$ 11.36	\$ 780	1.20	%	0.63	%	4.09 %
Janus Aspen Enterprise Portfolio	110,889	100.02	11,091	1.20		0.65		2.79
Janus Aspen Forty Portfolio	64,538	17.05	1,101	1.20		-		10.88
Janus Aspen Global Research Portfolio	42,533	8.54	363	1.20		0.63		(3.46)
Janus Aspen Balanced Portfolio	53,168	20.55	1,093	1.20		1.57		(0.58)
T. Rowe Price Prime Reserve Portfolio	39,421	20.34	802	1.20		-		(1.20)
T. Rowe Price Limited Term Bond Portfolio	29,233	36.63	1,071	1.20		1.15		(0.89)
T. Rowe Price Equity Income Portfolio	60,109	21.59	1,298	1.20		1.82		(7.97)
T. Rowe Price Personal Strategy Balanced Portfolio	76,951	62.27	4,792	1.20		1.71		(1.24)
T. Rowe Price Mid-Cap Growth Portfolio	21,408	33.43	716	1.20		-		5.29
T. Rowe Price International Stock Portfolio	18,243	10.96	200	1.20		0.90		(2.09)
Vanguard Balanced Portfolio	33,009	22.60	746	1.20		2.45		(1.11)
Vanguard Equity Index Portfolio	15,352	20.81	319	1.20		2.00		0.05
Vanguard High Yield Bond Portfolio	7,920	19.20	152	1.20		6.69		(2.75)
Vanguard Small Company Growth Portfolio	17,269	24.61	425	1.20		0.42		(3.92)
Vanguard Mid-Cap Index Portfolio	15,961	26.47	423	1.20		1.28		(2.62)
Vanguard REIT Index Portfolio	13,474	32.17	433	1.20		1.82		1.00

# Excluding the effect of the expenses of the underlying fund portfolios and administrative fees charged directly to contract holder 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 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 corrective 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.



Jeremiah Buckley  
co-portfolio manager



Marc Pinto  
co-portfolio manager



Mayur Saigal  
co-portfolio manager



Michael Keough  
co-portfolio manager

## PERFORMANCE OVERVIEW

Janus Henderson VIT Balanced Portfolio's Institutional Shares and Service Shares returned 22.59% and 22.27%, respectively, for the 12-month period ending December 31, 2019, compared with 21.03% 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 31.49% and the Bloomberg Barclays U.S. Aggregate Bond Index returned 8.72%.

## INVESTMENT ENVIRONMENT

U.S. stocks generated strong returns for the year.

Though still-weak global manufacturing data and setbacks in U.S.-China trade negotiations caused some volatility, the Federal Reserve's (Fed) about-face toward more accommodative monetary policy supported equity markets. The resilient U.S. economy and better-than-expected corporate earnings results also propelled riskier assets.

Within the S&P 500 Index, all sectors generated positive returns, with information technology leading the pack. The energy sector lagged, largely due to a midyear sell-off in oil prices.

The risk appetite for corporate credit generally tracked that of equities, with yields over Treasuries on both investment-grade and high-yield corporate bonds fluctuating but ultimately finishing back near the tightest levels of this credit cycle.

Treasuries also rallied as investors expressed uncertainty on the economic outlook, with the yield on the 10-year note closing the period at 1.92%, down from 2.68% in December.

## 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. The Portfolio underperformed its primary benchmark, the S&P 500 Index, and outperformed its secondary benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.

Compared to the Balanced Index, the Portfolio remains overweight equities, with roughly 62% allocated to stocks, 38% to fixed income and a small portion in cash. We shifted from neutral to relatively bullish on equities as the year progressed, but we did take advantage of the strong performance in stocks to modestly decrease our equity exposure near period end. We determined it prudent to reduce risk exposure on the margin by trimming some higher-volatility names that were trading at or near peak valuations. Nevertheless, we believe that the risk/reward trade-off between stocks and bonds currently favors stocks, with the dividend yield on the S&P 500 Index attractive relative to that of longer-term Treasury notes. Although not cheap on an absolute basis, U.S. equities remain reasonably valued and within historical ranges. Going forward, 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 the S&P 500 Index. Both our underweight and strong stock selection in the poor-performing energy sector aided relative performance. Stock selection and an overweight in the strong-performing technology sector also contributed to relative results. Microsoft was the strongest contributor to absolute performance. The company's Azure cloud platform and subscription-based Office 365 suite continue to grow, and the demand outlook for these products remains robust.

Apple also contributed. Optimism around the rollout of 5G and the company's 2020 product lineup supported the stock, and its services business has helped create a recurring revenue stream that makes the company less dependent on the phone replacement cycle.

## Janus Henderson VIT Balanced Portfolio (unaudited)

Relative detractors included stock selection in industrials and our holdings in the consumer discretionary sector. Biopharmaceuticals company AbbVie was the leading absolute detractor. Uncertainties pertaining to changes to the management team and concern around whether the company's pipeline could help replace lost sales on its blockbuster rheumatoid arthritis drug Humira weighed on the name. We exited the position during the period.

Pharmaceutical company Allergan also detracted. The company has struggled to divest its low-return assets, which affected management's credibility. Political rhetoric around pharmaceutical drug prices and Democratic candidate proposals of health care for all pressured the stock. We exited the position given the combination of these challenges.

The Portfolio's fixed income sleeve outperformed the Bloomberg Barclays U.S. Aggregate Bond Index. As corporate bonds posted robust returns, the Portfolio's overweight allocation to investment-grade corporate credit and an out-of-index allocation to high yield benefited relative performance. Treasuries positioning was another strong contributor, as a bias to long-dated Treasuries performed well during the rally in rates. Although we reduced exposure to floating-rate securities early in the period, a move that ultimately benefited performance, some of the Portfolio's earlier exposure to shorter-dated and floating-rate securities, including collateralized mortgage obligations and asset-backed securities, weighed on relative results. The Portfolio's modest cash balance also held back performance.

At the industry level, the fixed income sleeve's overweights in food and beverage contributed to performance. A position in Campbell's Soup was a top individual contributor. The company began executing asset sales, and bonds benefited from Campbell's plans to use the proceeds for deleveraging. Our holdings in electric utilities detracted from relative performance. Despite generating positive performance, they did not keep up with the broad sector due to the generally shorter-dated nature of our holdings. No individual corporate issuer materially detracted from the fixed income sleeve's performance during the period.

### OUTLOOK

U.S. equity markets have remained resilient despite the backdrop of fading global economic growth, seesawing trade tensions and uncertainties surrounding the 2020 U.S. presidential election. Solid corporate results and the return of money to shareholders continue to buoy the

market, and the consumer remains on relatively strong footing, with increasing wage growth and a healthy labor market supporting consumer confidence and spending. In our view, the outlook for accommodative interest rates and slower but constructive earnings growth coupled with consumer strength make many equity valuations defensible, with potential for upside. Further, with suppressed Treasury yields and corporate yields over Treasuries near their tightest levels of this credit cycle, we intend to maintain our equity overweight.

Still, the macroeconomic situation points to short-term bumps along the road in 2020, and we fully expect U.S.-China trade tensions and the presidential election to generate volatility, with the market responding positively or negatively depending on the tenor of the latest news. While progress appears to have been made on the trade front, until there is a definitive resolution, the negotiations will overhang markets and threaten to disrupt supply chains, and we remain mindful of our exposure to those companies in the cross fire.

Within the equity sleeve, we prefer to focus on powerful secular themes that we believe will remain in place for an extended period of time, including the shift to cloud services and greater adoption of Software as a Service solutions, a worldwide increase in the use of e-payments and the growth of global travel and leisure activity. We continue to look for companies that stand to benefit from these trends and those that exhibit quality earnings growth and generate excess free cash flow to reinvest in their businesses and return value to shareholders. We believe these firms can perform well through a variety of market cycles and economic conditions.

Within the fixed income sleeve, we remain positive, but our outlook for returns is subdued in comparison to 2019. Corporate credit, in aggregate, should find support from a stabilizing U.S. economy; however, given the relative tightness in corporate bond spreads, we are biased toward higher-quality, cash-flow-generative business models and issuers that are focused on balance sheet improvement. We expect consumer strength to remain a bright spot and, as we seek to diversify the Portfolio's credit risk, we believe asset- and mortgage-backed securities will offer attractive opportunities in 2020. Across fixed income sectors, we remain committed to astute security selection as we strive to deliver strong risk-adjusted returns.

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

# Janus Henderson VIT Balanced Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2019

#### 5 Top Performers - Holdings

	Contribution		Contribution
Microsoft Corp	3.19%	AbbVie Inc	-0.29%
Mastercard Inc	2.42%	EOG Resources Inc	-0.19%
Apple Inc	2.42%	Allergan	-0.09%
Lam Research Corp	1.20%	Kroger Co	-0.06%
Costco Wholesale Corp	1.19%	Six Flags Entertainment Corp	-0.03%

#### 5 Bottom Performers - Holdings

#### 5 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	S&P 500 Index Weighting
Information Technology	1.86%	24.62%	21.56%
Energy	0.94%	1.92%	4.91%
Real Estate	0.36%	2.92%	3.07%
Utilities	0.17%	0.00%	3.34%
Financials	0.17%	12.74%	13.10%

#### 5 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	S&P 500 Index Weighting
Industrials	-1.60%	12.57%	9.36%
Other**	-0.47%	1.26%	0.00%
Consumer Discretionary	-0.35%	12.55%	10.09%
Materials	-0.10%	2.09%	2.69%
Consumer Staples	-0.10%	10.10%	7.33%

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, 2019

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

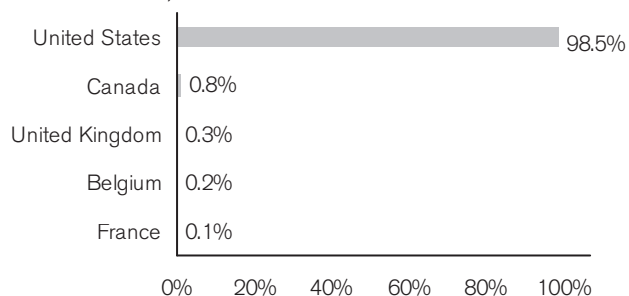
Microsoft Corp	
Software	4.2%
Mastercard Inc	
Information Technology Services	3.1%
Apple Inc	
Technology Hardware, Storage & Peripherals	2.5%
Alphabet Inc - Class C	
Interactive Media & Services	2.3%
UnitedHealth Group Inc	
Health Care Providers & Services	1.9%
	14.0%

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

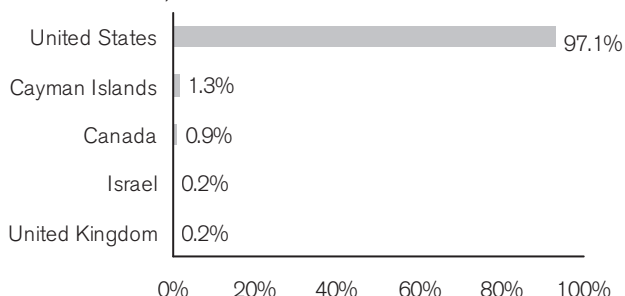
Common Stocks	61.7%
Corporate Bonds	15.0%
Mortgage-Backed Securities	10.5%
United States Treasury	
Notes/Bonds	8.9%
Asset-Backed/Commercial	
Mortgage-Backed Securities	3.0%
Investment Companies	2.0%
Preferred Stocks	0.0%
Other	(1.1)%
	100.0%

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

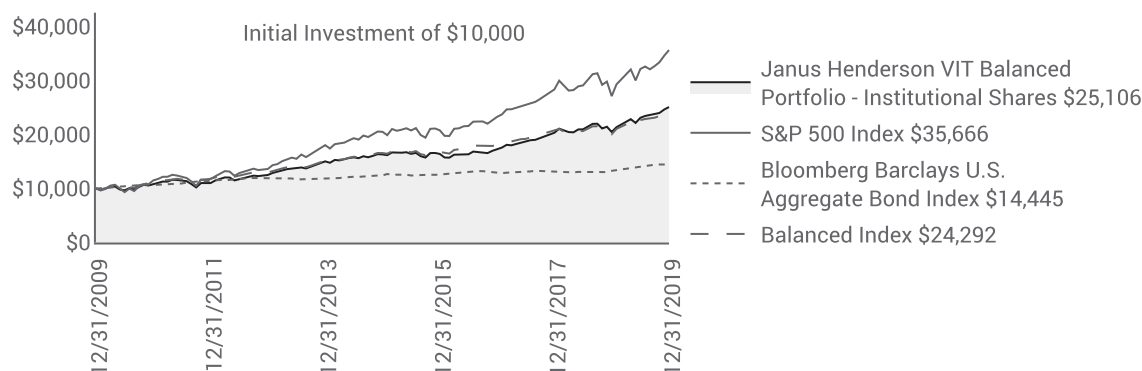
As of December 31, 2019



As of December 31, 2018



# Janus Henderson VIT Balanced Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2019	Expense Ratios			
	One Year	Five Year	Ten Year	Since Inception*
Institutional Shares	22.59%	9.00%	9.64%	10.03%
Service Shares	22.27%	8.73%	9.37%	9.84%
S&P 500 Index	31.49%	11.70%	13.56%	9.82%
Bloomberg Barclays U.S. Aggregate Bond Index	8.72%	3.05%	3.75%	5.15%
Balanced Index	21.03%	7.94%	9.28%	7.96%
Morningstar Quartile - Institutional Shares	1st	1st	1st	1st
Morningstar Ranking - based on total returns for Allocation - 50% to 70% Equity Funds	72/705	17/648	55/535	9/209

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 or qualified plan. If applied, returns would have been lower.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

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 important disclosures on the next page.

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

### **Performance**

See "Useful Information About Your Portfolio Report."

Effective December 3, 2019, Jeremiah Buckley, Michael Keough, Marc Pinto, Mayur Saigal and Darrell Watters are Co-Portfolio Managers of the Portfolio. Effective December 31, 2019, Jeremiah Buckley, Michael Keough, Marc Pinto and Mayur Saigal are Co-Portfolio Managers of the Portfolio. Effective on or about February 1, 2020, Jeremiah Buckley, Michael Keough, Marc Pinto and Greg Wilensky are Co-Portfolio Managers of the Portfolio.

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

‡ As stated in the prospectus. See Financial Highlights for actual expense ratios during the reporting period.



# 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/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 (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Beginning Account Value (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Net Annualized Expense Ratio (7/1/19 - 12/31/19)
Institutional Shares	\$1,000.00	\$1,086.20	\$3.26	\$1,000.00	\$1,022.08	\$3.16	0.62%
Service Shares	\$1,000.00	\$1,084.80	\$4.57	\$1,000.00	\$1,020.82	\$4.43	0.87%

† 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, 2019

	Shares or Principal Amounts	Value
Asset-Backed/Commercial Mortgage-Backed Securities – 3.0%		
Angel Oak Mortgage Trust I LLC 2018-2, 3.6740%, 7/27/48 (144A) <sup>†</sup>	\$740,503	\$744,951
Applebee's Funding LLC / IHOP Funding LLC, 4.1940%, 6/7/49 (144A)	3,756,000	3,802,412
Arroyo Mortgage Trust 2018-1, 3.7630%, 4/25/48 (144A) <sup>†</sup>	906,769	914,887
BANK 2019-BNK24, 2.9600%, 11/15/62	864,000	884,263
BBCMS 2018-TALL Mortgage Trust, ICE LIBOR USD 1 Month + 0.7220%, 2.4618%, 3/15/37 (144A) <sup>†</sup>	2,650,000	2,636,432
BBCMS Trust 2015-SRCH, 4.1970%, 8/10/35 (144A)	2,528,000	2,771,565
BX Commercial Mortgage Trust 2018-IND, ICE LIBOR USD 1 Month + 0.7500%, 2.4898%, 11/15/35 (144A) <sup>†</sup>	3,258,661	3,255,831
BX Commercial Mortgage Trust 2019-XL, ICE LIBOR USD 1 Month + 0.9200%, 2.6598%, 10/15/36 (144A) <sup>†</sup>	4,475,000	4,479,035
BX Commercial Mortgage Trust 2019-XL, ICE LIBOR USD 1 Month + 1.0800%, 2.8198%, 10/15/36 (144A) <sup>†</sup>	726,000	726,718
BX Trust 2019-OC11, 3.2020%, 12/9/41 (144A)	4,457,000	4,568,526
BX Trust 2019-OC11, 3.6050%, 12/9/41 (144A)	2,229,000	2,281,772
BX Trust 2019-OC11, 3.8560%, 12/9/41 (144A)	2,229,000	2,289,380
BX Trust 2019-OC11, 4.0755%, 12/9/41 (144A)	3,343,000	3,399,326
BX Trust 2019-OC11, 4.0755%, 12/9/41 (144A)	851,000	821,416
BXP Trust 2017-GM, 3.3790%, 6/13/39 (144A)	1,140,000	1,194,361
Chase Home Lending Mortgage Trust 2019-ATR2, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 7/25/49 (144A) <sup>†</sup>	704,831	701,834
Connecticut Avenue Securities Trust 2019-R03, ICE LIBOR USD 1 Month + 2.1500%, 3.9420%, 9/25/31 (144A) <sup>†</sup>	3,138,038	3,156,313
Connecticut Avenue Securities Trust 2019-R04, ICE LIBOR USD 1 Month + 2.1000%, 3.8920%, 6/25/39 (144A) <sup>†</sup>	1,188,000	1,194,963
Connecticut Avenue Securities Trust 2019-R05, ICE LIBOR USD 1 Month + 2.0000%, 3.7920%, 7/25/39 (144A) <sup>†</sup>	1,926,544	1,938,375
Connecticut Avenue Securities Trust 2019-R07, ICE LIBOR USD 1 Month + 2.1000%, 3.8920%, 10/25/39 (144A) <sup>†</sup>	502,000	506,809
Credit Acceptance Auto Loan Trust 2018-2, 3.9400%, 7/15/27 (144A)	1,172,000	1,201,664
DB Master Finance LLC, 3.7870%, 5/20/49 (144A)	1,632,795	1,666,079
DB Master Finance LLC, 4.0210%, 5/20/49 (144A)	659,685	673,773
DB Master Finance LLC, 4.3520%, 5/20/49 (144A)	1,305,440	1,358,651
Domino's Pizza Master Issuer LLC, 3.0820%, 7/25/47 (144A)	724,220	724,495
Domino's Pizza Master Issuer LLC, 4.1180%, 7/25/47 (144A)	816,340	846,032
Domino's Pizza Master Issuer LLC, 4.1160%, 7/25/48 (144A)	3,392,063	3,475,560
Domino's Pizza Master Issuer LLC, 4.3280%, 7/25/48 (144A)	616,200	639,091
Domino's Pizza Master Issuer LLC, 3.6680%, 10/25/49 (144A)	6,519,000	6,506,481
Drive Auto Receivables Trust 2017-1, 5.1700%, 9/16/24	2,997,000	3,075,911
Drive Auto Receivables Trust 2017-2, 5.2700%, 11/15/24	2,613,000	2,688,265
Drive Auto Receivables Trust 2017-A, 4.1600%, 5/15/24 (144A)	1,458,000	1,479,882
Drive Auto Receivables Trust 2019-1, 4.0900%, 6/15/26	613,000	629,280
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 1.1500%, 2.9420%, 9/25/29 <sup>†</sup>	126,629	126,723
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 0.9500%, 2.7420%, 10/25/29 <sup>†</sup>	176,559	176,764
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 0.6000%, 2.3920%, 7/25/30 <sup>†</sup>	560,049	559,921
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 0.7200%, 2.5120%, 1/25/31 <sup>†</sup>	93,495	93,502
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 2.0000%, 3.7920%, 3/25/31 <sup>†</sup>	4,722,419	4,730,852
Fannie Mae Connecticut Avenue Securities 2018-C04, ICE LIBOR USD 1 Month + 0.7500%, 2.5420%, 2/25/30 <sup>†</sup>	50,712	50,712
Fannie Mae Pool, 3.0000%, 10/1/49	4,150,060	4,209,749
Fannie Mae REMICS, 3.0000%, 5/25/48	5,021,656	5,131,023
Fannie Mae REMICS, 3.0000%, 11/25/49	7,117,907	7,294,401
Freddie Mac Structured Agency Credit Risk Debt Notes, ICE LIBOR USD 1 Month + 1.2000%, 2.9920%, 7/25/29 <sup>†</sup>	556,789	557,770

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Asset-Backed/Commercial Mortgage-Backed Securities – (continued)		
Freddie Mac Structured Agency Credit Risk Debt Notes, ICE LIBOR USD 1 Month + 1.8000%, 3.5920%, 7/25/30 <sup>‡</sup>	\$2,083,567	\$2,085,699
Great Wolf Trust, 2.7560%, 12/15/36 (144A)	1,067,000	1,065,390
Great Wolf Trust, 3.0560%, 12/15/36 (144A)	1,195,000	1,193,633
Great Wolf Trust, 3.3550%, 12/15/36 (144A)	1,332,000	1,330,431
Great Wolf Trust, 3.6550%, 12/15/36 (144A)	1,016,000	1,015,062
Jack in the Box Funding, LLC 2019-1A A23, 4.9700%, 8/25/49 (144A)	3,555,000	3,622,277
Jack in the Box Funding, LLC 2019-1A A2I, 3.9820%, 8/25/49 (144A)	3,555,000	3,579,751
Jack in the Box Funding, LLC 2019-1A A2II, 4.4760%, 8/25/49 (144A)	3,605,000	3,635,976
JP Morgan Mortgage Trust, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 11/25/49 (144A) <sup>‡</sup>	449,755	448,396
JP Morgan Mortgage Trust, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 12/25/49 (144A) <sup>‡</sup>	759,536	742,839
JP Morgan Mortgage Trust 2019-7, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 2/25/50 (144A) <sup>‡</sup>	1,444,324	1,439,931
JP Morgan Mortgage Trust 2019-LTV2, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 12/25/49 (144A) <sup>‡</sup>	1,950,425	1,942,523
Mello Warehouse Securitization Trust 2018-1, ICE LIBOR USD 1 Month + 0.8500%, 2.6420%, 11/25/51 (144A) <sup>‡</sup>	4,395,333	4,397,510
New Residential Mortgage Loan Trust 2018-2, 4.5000%, 2/25/58 (144A) <sup>‡</sup>	1,099,399	1,148,860
OneMain Direct Auto Receivables Trust 2018-1, 3.8500%, 10/14/25 (144A)	570,000	582,764
OneMain Direct Auto Receivables Trust 2018-1, 4.4000%, 1/14/28 (144A)	566,000	587,404
Planet Fitness Master Issuer LLC, 3.8580%, 12/5/49 (144A)	3,407,000	3,360,921
PRPM 2019-GS1, 3.5000%, 10/25/24 (144A) <sup>‡</sup>	2,155,993	2,152,549
PRPM LLC, 3.3510%, 11/25/24 (144A) <sup>‡</sup>	2,055,000	2,054,794
Santander Drive Auto Receivables Trust 2016-3, 4.2900%, 2/15/24	3,056,000	3,105,289
Santander Drive Auto Receivables Trust 2018-1, 4.3700%, 5/15/25 (144A)	4,050,000	4,112,351
Station Place Securitization Trust Series 2019-10, 2.6799%, 10/24/20 <sup>‡</sup>	7,546,000	7,546,023
Station Place Securitization Trust Series 2019-4, 2.6799%, 6/24/20 <sup>‡</sup>	6,615,000	6,618,884
Station Place Securitization Trust Series 2019-WL1, ICE LIBOR USD 1 Month + 1.2000%, 2.9080%, 8/25/52 (144A) <sup>‡</sup>	1,493,000	1,493,198
Station Place Securitization Trust Series 2019-WL1, ICE LIBOR USD 1 Month + 1.4000%, 3.1080%, 8/25/52 (144A) <sup>‡</sup>	3,018,000	3,018,400
Taco Bell Funding LLC, 4.9400%, 11/25/48 (144A)	773,190	829,665
Towd Point Asset Funding, LLC 2019-HE1 A1, ICE LIBOR USD 1 Month + 0.9000%, 2.6920%, 4/25/48 (144A) <sup>‡</sup>	1,912,075	1,920,304
Wendy's Funding LLC, 3.5730%, 3/15/48 (144A)	1,145,620	1,156,261
Wendy's Funding LLC, 3.8840%, 3/15/48 (144A)	327,320	332,368
Wendy's Funding LLC, 3.7830%, 6/15/49 (144A)	2,130,295	2,174,109
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (cost \$158,224,716)</b>		<b>158,859,312</b>
Corporate Bonds – 15.0%		
Banking – 2.4%		
Bank of America Corp, ICE LIBOR USD 3 Month + 1.5120%, 3.7050%, 4/24/28 <sup>‡</sup>	8,998,000	9,610,726
Bank of America Corp, ICE LIBOR USD 3 Month + 1.0700%, 3.9700%, 3/5/29 <sup>‡</sup>	3,294,000	3,585,246
Bank of America Corp, ICE LIBOR USD 3 Month + 1.2100%, 3.9740%, 2/7/30 <sup>‡</sup>	4,455,000	4,893,988
BNP Paribas SA, ICE LIBOR USD 3 Month + 2.2350%, 4.7050%, 1/10/25 (144A) <sup>‡</sup>	3,042,000	3,292,700
BNP Paribas SA, ICE LIBOR USD 3 Month + 1.1110%, 2.8190%, 11/19/25 (144A) <sup>‡</sup>	2,067,000	2,089,579
CIT Bank NA, SOFR + 1.7150%, 2.9690%, 9/27/25 <sup>‡</sup>	4,529,000	4,517,677
CIT Group Inc, 5.2500%, 3/7/25	1,935,000	2,128,500
Citigroup Inc, ICE LIBOR USD 3 Month + 1.5630%, 3.8870%, 1/10/28 <sup>‡</sup>	13,882,000	14,942,859
Citizens Financial Group Inc, 3.7500%, 7/1/24	860,000	892,462
Citizens Financial Group Inc, 4.3500%, 8/1/25	613,000	660,074
Citizens Financial Group Inc, 4.3000%, 12/3/25	2,207,000	2,369,518
Credit Suisse Group AG, 4.2820%, 1/9/28 (144A)	4,705,000	5,113,982
First Republic Bank/CA, 4.6250%, 2/13/47	1,653,000	1,880,872
Goldman Sachs Group Inc, US Treasury Yield Curve Rate + 3.2240%, 4.9500% <sup>‡,u</sup>	3,054,000	3,163,944
JPMorgan Chase & Co, ICE LIBOR USD 3 Month + 1.2450%, 3.9600%, 1/29/27 <sup>‡</sup>	7,988,000	8,661,313
JPMorgan Chase & Co, ICE LIBOR USD 3 Month + 1.3370%, 3.7820%, 2/1/28 <sup>‡</sup>	4,935,000	5,315,884

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Banking – (continued)		
JPMorgan Chase & Co, ICE LIBOR USD 3 Month + 1.3300%, 4.4520%, 12/5/29 <sup>‡</sup>	\$8,224,000	\$9,347,213
JPMorgan Chase & Co, ICE LIBOR USD 3 Month + 1.1600%, 3.7020%, 5/6/30 <sup>‡</sup>	5,265,000	5,664,342
JPMorgan Chase & Co, SOFR + 1.5100%, 2.7390%, 10/15/30 <sup>‡</sup>	3,652,000	3,646,766
Morgan Stanley, 4.3500%, 9/8/26	3,985,000	4,354,924
Morgan Stanley, 3.9500%, 4/23/27	6,273,000	6,722,965
Morgan Stanley, ICE LIBOR USD 3 Month + 1.6280%, 4.4310%, 1/23/30 <sup>‡</sup>	6,845,000	7,731,790
Synchrony Financial, 4.3750%, 3/19/24	876,000	933,935
Synchrony Financial, 3.9500%, 12/1/27	4,791,000	5,029,755
Synchrony Financial, 5.1500%, 3/19/29	5,093,000	5,787,745
Wells Fargo & Co, ICE LIBOR USD 3 Month + 1.1700%, 2.8790%, 10/30/30 <sup>‡</sup>	6,656,000	6,692,103
		129,030,862
Basic Industry – 0.5%		
Allegheny Technologies Inc, 5.8750%, 12/1/27	4,100,000	4,305,000
Constellation NV, 5.7500%, 5/15/24 (144A)	4,159,000	4,273,372
Georgia-Pacific LLC, 3.1630%, 11/15/21 (144A)	4,380,000	4,461,431
Hudbay Minerals Inc, 7.2500%, 1/15/23 (144A)	4,363,000	4,523,886
Reliance Steel & Aluminum Co, 4.5000%, 4/15/23	2,242,000	2,368,442
Steel Dynamics Inc, 5.5000%, 10/1/24	4,065,000	4,187,324
WRKCo Inc, 4.9000%, 3/15/29	3,242,000	3,685,177
		27,804,632
Brokerage – 0.2%		
Cboe Global Markets Inc, 3.6500%, 1/12/27	2,983,000	3,200,534
Raymond James Financial Inc, 5.6250%, 4/1/24	1,553,000	1,748,701
Raymond James Financial Inc, 4.9500%, 7/15/46	2,715,000	3,165,170
		8,114,405
Capital Goods – 0.8%		
Arconic Inc, 5.4000%, 4/15/21	1,566,000	1,614,445
Ball Corp, 4.3750%, 12/15/20	2,079,000	2,122,638
Boeing Co, 2.2500%, 6/15/26	504,000	497,360
Boeing Co, 3.2500%, 3/1/28	623,000	648,057
Boeing Co, 3.2000%, 3/1/29	3,650,000	3,801,409
Boeing Co, 3.6000%, 5/1/34	5,168,000	5,527,098
General Electric Co, 6.7500%, 3/15/32	2,125,000	2,725,728
Huntington Ingalls Industries Inc, 5.0000%, 11/15/25 (144A)	6,055,000	6,327,475
Wabtec Corp, 4.4000%, 3/15/24	3,516,000	3,732,869
Wabtec Corp, 3.4500%, 11/15/26	975,000	985,404
Wabtec Corp, 4.9500%, 9/15/28	10,652,000	11,711,290
		39,693,773
Communications – 2.1%		
AT&T Inc, 3.6000%, 7/15/25	1,905,000	2,014,661
AT&T Inc, 4.3500%, 3/1/29	4,628,000	5,141,867
AT&T Inc, 5.2500%, 3/1/37	865,000	1,031,236
AT&T Inc, 4.8500%, 3/1/39	2,536,000	2,918,083
AT&T Inc, 4.7500%, 5/15/46	2,777,000	3,133,688
AT&T Inc, 5.1500%, 11/15/46	2,001,000	2,389,322
AT&T Inc, 4.5000%, 3/9/48	2,575,000	2,840,962
CenturyLink Inc, 6.4500%, 6/15/21	2,658,000	2,782,261
CenturyLink Inc, 5.8000%, 3/15/22	1,479,000	1,554,828
Charter Communications Operating LLC / Charter Communications Operating Capital, 5.0500%, 3/30/29	14,387,000	16,302,984
Charter Communications Operating LLC / Charter Communications Operating Capital, 6.4840%, 10/23/45	936,000	1,167,267
Charter Communications Operating LLC / Charter Communications Operating Capital, 5.3750%, 5/1/47	749,000	837,964
Charter Communications Operating LLC / Charter Communications Operating Capital, 4.8000%, 3/1/50	4,433,000	4,658,357
Comcast Corp, 3.1500%, 3/1/26	1,836,000	1,923,016
Comcast Corp, 4.1500%, 10/15/28	2,251,000	2,532,118
Comcast Corp, 2.6500%, 2/1/30	1,859,000	1,864,103

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Communications – (continued)		
Comcast Corp, 4.2500%, 10/15/30	\$3,381,000	\$3,860,067
Comcast Corp, 4.6000%, 10/15/38	2,000,000	2,378,873
Comcast Corp, 4.9500%, 10/15/58	2,059,000	2,673,465
Crown Castle International Corp, 3.6500%, 9/1/27	1,958,000	2,069,727
Crown Castle International Corp, 4.3000%, 2/15/29	3,161,000	3,498,805
Crown Castle International Corp, 3.1000%, 11/15/29	5,154,000	5,211,831
CSC Holdings LLC, 6.5000%, 2/1/29 (144A)	4,508,000	5,026,420
Fox Corp, 4.0300%, 1/25/24 (144A)	2,592,000	2,761,663
Level 3 Financing Inc, 3.8750%, 11/15/29 (144A)	5,412,000	5,452,590
T-Mobile USA Inc, 6.3750%, 3/1/25	4,820,000	4,980,651
Verizon Communications Inc, 2.6250%, 8/15/26	4,241,000	4,302,502
Verizon Communications Inc, 4.3290%, 9/21/28	6,843,000	7,756,057
Verizon Communications Inc, 4.8620%, 8/21/46	1,321,000	1,634,912
Verizon Communications Inc, 4.5220%, 9/15/48	975,000	1,166,175
Viacom Inc, 5.8500%, 9/1/43	3,769,000	4,709,990
		110,576,445
Consumer Cyclical – 1.3%		
AutoZone Inc, 3.7500%, 4/18/29	3,471,000	3,672,193
Choice Hotels International Inc, 3.7000%, 12/1/29	4,189,000	4,219,538
Experian Finance PLC, 2.7500%, 3/8/30 (144A)	10,283,000	10,115,208
Fiat Chrysler Automobiles NV, 4.5000%, 4/15/20	808,000	813,050
General Motors Co, 4.2000%, 10/1/27	1,542,000	1,610,888
General Motors Co, 5.0000%, 10/1/28	4,428,000	4,817,980
General Motors Co, 5.4000%, 4/1/48	1,505,000	1,554,472
General Motors Co, 5.9500%, 4/1/49	1,161,000	1,283,612
General Motors Financial Co Inc, 4.3500%, 4/9/25	2,570,000	2,752,196
General Motors Financial Co Inc, 4.3000%, 7/13/25	790,000	843,823
General Motors Financial Co Inc, 4.3500%, 1/17/27	2,216,000	2,327,198
GLP Capital LP / GLP Financing II Inc, 3.3500%, 9/1/24	693,000	707,352
GLP Capital LP / GLP Financing II Inc, 5.2500%, 6/1/25	1,284,000	1,409,318
GLP Capital LP / GLP Financing II Inc, 5.3750%, 4/15/26	1,489,000	1,645,941
GLP Capital LP / GLP Financing II Inc, 4.0000%, 1/15/30	4,670,000	4,766,669
IHS Markit Ltd, 5.0000%, 11/1/22 (144A)	1,475,000	1,571,524
IHS Markit Ltd, 4.7500%, 2/15/25 (144A)	2,588,000	2,827,183
McDonald's Corp, 2.6250%, 9/1/29	5,384,000	5,383,608
McDonald's Corp, 3.6250%, 9/1/49	2,238,000	2,268,838
MDC Holdings Inc, 5.5000%, 1/15/24	2,249,000	2,445,787
MGM Resorts International, 7.7500%, 3/15/22	544,000	606,560
Nordstrom Inc, 4.3750%, 4/1/30	4,539,000	4,622,471
O'Reilly Automotive Inc, 3.6000%, 9/1/27	90,000	95,956
O'Reilly Automotive Inc, 4.3500%, 6/1/28	696,000	776,156
O'Reilly Automotive Inc, 3.9000%, 6/1/29	4,040,000	4,408,964
Starbucks Corp, 4.4500%, 8/15/49	2,631,000	3,042,060
		70,588,545
Consumer Non-Cyclical – 3.1%		
AbbVie Inc, 2.6000%, 11/21/24 (144A)	2,765,000	2,780,829
AbbVie Inc, 2.9500%, 11/21/26 (144A)	2,914,000	2,957,576
AbbVie Inc, 3.2000%, 11/21/29 (144A)	2,283,000	2,321,068
AbbVie Inc, 4.0500%, 11/21/39 (144A)	3,364,000	3,555,106
AbbVie Inc, 4.2500%, 11/21/49 (144A)	1,937,000	2,038,583
Allergan Finance LLC, 3.2500%, 10/1/22	2,482,000	2,535,620
Allergan Funding SCS, 3.4500%, 3/15/22	5,518,000	5,642,486
Allergan Funding SCS, 3.8000%, 3/15/25	2,964,000	3,111,971
Allergan Inc/United States, 2.8000%, 3/15/23	197,000	198,437
Anheuser-Busch InBev Worldwide Inc, 4.1500%, 1/23/25	8,281,000	9,009,233
Anheuser-Busch InBev Worldwide Inc, 4.7500%, 1/23/29	3,842,000	4,447,720
Boston Scientific Corp, 3.7500%, 3/1/26	2,874,000	3,077,651
Boston Scientific Corp, 4.0000%, 3/1/29	1,009,000	1,115,192
Boston Scientific Corp, 4.7000%, 3/1/49	1,617,000	1,961,519

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



# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Consumer Non-Cyclical – (continued)		
Bristol-Myers Squibb Co, 3.4000%, 7/26/29 (144A)	\$1,857,000	\$1,984,475
Bristol-Myers Squibb Co, 4.1250%, 6/15/39 (144A)	1,340,000	1,542,749
Bristol-Myers Squibb Co, 4.2500%, 10/26/49 (144A)	3,237,000	3,830,371
Campbell Soup Co, 3.9500%, 3/15/25	1,915,000	2,038,620
Campbell Soup Co, 4.1500%, 3/15/28	3,775,000	4,093,577
Campbell Soup Co, 4.8000%, 3/15/48	3,568,000	4,120,426
Cigna Corp, 3.4000%, 9/17/21	600,000	614,031
CVS Health Corp, 4.1000%, 3/25/25	4,998,000	5,361,064
CVS Health Corp, 3.0000%, 8/15/26	498,000	507,499
CVS Health Corp, 4.3000%, 3/25/28	2,045,000	2,231,576
CVS Health Corp, 3.2500%, 8/15/29	805,000	816,984
CVS Health Corp, 5.0500%, 3/25/48	8,412,000	9,938,619
DH Europe Finance II Sarl, 2.2000%, 11/15/24	2,099,000	2,099,853
DH Europe Finance II Sarl, 2.6000%, 11/15/29	1,151,000	1,145,059
DH Europe Finance II Sarl, 3.4000%, 11/15/49	1,481,000	1,503,708
Elanco Animal Health Inc, 4.2720%, 8/28/23	1,436,000	1,515,936
Elanco Animal Health Inc, 4.9000%, 8/28/28	1,339,000	1,455,332
General Mills Inc, 4.2000%, 4/17/28	4,448,000	4,952,193
Hasbro Inc, 3.0000%, 11/19/24	2,378,000	2,388,032
Hasbro Inc, 3.5500%, 11/19/26	3,161,000	3,179,698
Hasbro Inc, 3.9000%, 11/19/29	8,515,000	8,566,045
HCA Inc, 4.7500%, 5/1/23	3,958,000	4,237,542
HCA Inc, 4.5000%, 2/15/27	4,199,000	4,523,951
HCA Inc, 4.1250%, 6/15/29	11,408,000	12,088,257
HCA Inc, 5.1250%, 6/15/39	1,836,000	2,026,244
Keurig Dr Pepper Inc, 4.5970%, 5/25/28	5,023,000	5,633,648
Keurig Dr Pepper Inc, 5.0850%, 5/25/48	1,621,000	1,947,125
Kraft Heinz Foods Co, 3.0000%, 6/1/26	8,479,000	8,472,187
Kraft Heinz Foods Co, 4.6250%, 1/30/29	1,422,000	1,562,445
Kraft Heinz Foods Co, 4.3750%, 6/1/46	3,225,000	3,169,864
Mars Inc, 2.7000%, 4/1/25 (144A)	1,642,000	1,678,672
Mars Inc, 3.2000%, 4/1/30 (144A)	2,004,000	2,119,448
Mars Inc, 4.2000%, 4/1/59 (144A)	1,714,000	1,953,146
Mondelez International Holdings Netherlands BV, 2.2500%, 9/19/24 (144A)	3,844,000	3,830,236
Sysco Corp, 2.5000%, 7/15/21	629,000	634,167
		162,515,770
Electric – 0.5%		
NRG Energy Inc, 3.7500%, 6/15/24 (144A)	4,582,000	4,734,065
NRG Energy Inc, 7.2500%, 5/15/26	4,447,000	4,858,347
NRG Energy Inc, 6.6250%, 1/15/27	4,756,000	5,160,260
Oncor Electric Delivery Co LLC, 3.7000%, 11/15/28	2,856,000	3,122,263
Oncor Electric Delivery Co LLC, 3.8000%, 6/1/49	4,242,000	4,597,549
PPL WEM Ltd / Western Power Distribution Ltd, 5.3750%, 5/1/21 (144A)	2,553,000	2,627,811
Vistra Operations Co LLC, 5.5000%, 9/1/26 (144A)	1,597,000	1,692,820
		26,793,115
Energy – 1.1%		
Cheniere Corpus Christi Holdings LLC, 3.7000%, 11/15/29 (144A)	9,099,000	9,278,998
Continental Resources Inc/OK, 5.0000%, 9/15/22	3,051,000	3,071,332
Continental Resources Inc/OK, 4.5000%, 4/15/23	3,628,000	3,788,466
Energy Transfer Operating LP, 5.8750%, 1/15/24	1,589,000	1,757,965
Energy Transfer Operating LP, 5.5000%, 6/1/27	1,185,000	1,330,822
Energy Transfer Operating LP, 4.9500%, 6/15/28	184,000	201,386
EQM Midstream Partners LP, 5.5000%, 7/15/28	3,699,000	3,631,522
Hess Corp, 4.3000%, 4/1/27	4,391,000	4,682,418
Hess Midstream Operations LP, 5.1250%, 6/15/28 (144A)	6,466,000	6,546,825
HollyFrontier Corp, 5.8750%, 4/1/26	3,598,000	4,052,825
Kinder Morgan Inc/DE, 6.5000%, 9/15/20	133,000	137,061
Kinder Morgan Inc/DE, 4.3000%, 3/1/28	1,871,000	2,038,849
Kinder Morgan Inc/DE, 5.5500%, 6/1/45	842,000	1,006,529

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Energy – (continued)		
Kinder Morgan Inc/DE, 5.2000%, 3/1/48	\$562,000	\$650,715
NGPL PipeCo LLC, 4.3750%, 8/15/22 (144A)	3,174,000	3,295,262
NGPL PipeCo LLC, 4.8750%, 8/15/27 (144A)	4,130,000	4,384,440
Plains All American Pipeline LP / PAA Finance Corp, 4.6500%, 10/15/25	4,020,000	4,303,124
Range Resources Corp, 5.7500%, 6/1/21	1,653,000	1,648,867
Sabine Pass Liquefaction LLC, 4.2000%, 3/15/28	2,290,000	2,424,663
Tallgrass Energy Partners LP / Tallgrass Energy Finance Corp, 4.7500%, 10/1/23 (144A)	2,528,000	2,521,680
		60,753,749
Finance Companies – 0.2%		
GE Capital International Funding Co Unlimited Co, 4.4180%, 11/15/35	9,307,000	9,909,869
Financial Institutions – 0.1%		
Jones Lang LaSalle Inc, 4.4000%, 11/15/22	2,938,000	3,066,341
Government Sponsored – 0%		
Petroleos Mexicanos, 6.8400%, 1/23/30 (144A)	958,000	1,021,554
Petroleos Mexicanos, 7.6900%, 1/23/50 (144A)	877,000	957,105
		1,978,659
Industrial Conglomerates – 0.1%		
General Electric Co, ICE LIBOR USD 3 Month + 3.3300%, 5.0000% <sup>†‡</sup>	5,540,000	5,426,208
Insurance – 0.5%		
Brown & Brown Inc, 4.5000%, 3/15/29	2,000,000	2,198,482
Centene Corp, 4.7500%, 5/15/22		183,600
Centene Corp, 6.1250%, 2/15/24	2,096,000	2,174,600
Centene Corp, 5.3750%, 6/1/26 (144A)	6,364,000	6,753,795
Centene Corp, 4.2500%, 12/15/27 (144A)	5,363,000	5,517,186
Centene Corp, 4.6250%, 12/15/29 (144A)	8,060,000	8,494,031
		25,321,694
Real Estate Investment Trusts (REITs) – 0.2%		
CyrusOne LP / CyrusOne Finance Corp, 2.9000%, 11/15/24	2,436,000	2,445,354
CyrusOne LP / CyrusOne Finance Corp, 3.4500%, 11/15/29	5,250,000	5,264,385
Reckson Operating Partnership LP, 7.7500%, 3/15/20	3,885,000	3,927,796
		11,637,535
Technology – 1.9%		
Broadcom Corp / Broadcom Cayman Finance Ltd, 3.8750%, 1/15/27	2,001,000	2,076,352
Broadcom Inc, 4.2500%, 4/15/26 (144A)	3,553,000	3,775,001
Broadcom Inc, 4.7500%, 4/15/29 (144A)	4,496,000	4,916,012
Broadridge Financial Solutions Inc, 2.9000%, 12/1/29	6,824,000	6,815,686
Dell International LLC / EMC Corp, 5.8750%, 6/15/21 (144A)	5,481,000	5,566,668
Equifax Inc, 2.6000%, 12/1/24	6,943,000	6,980,088
Equinix Inc, 2.6250%, 11/18/24	2,016,000	2,019,750
Equinix Inc, 2.9000%, 11/18/26	1,688,000	1,690,954
Equinix Inc, 3.2000%, 11/18/29	3,797,000	3,811,125
Fidelity National Information Services Inc, 3.7500%, 5/21/29	1,238,000	1,353,507
Global Payments Inc, 3.2000%, 8/15/29	1,143,000	1,165,734
Global Payments Inc, 4.1500%, 8/15/49	860,000	917,123
Keysight Technologies Inc, 3.0000%, 10/30/29	4,569,000	4,577,429
Lam Research Corp, 4.0000%, 3/15/29	758,000	834,646
Marvell Technology Group Ltd, 4.2000%, 6/22/23	1,361,000	1,436,362
Marvell Technology Group Ltd, 4.8750%, 6/22/28	5,671,000	6,258,985
Micron Technology Inc, 4.9750%, 2/6/26	1,668,000	1,850,235
Micron Technology Inc, 5.3270%, 2/6/29	5,203,000	5,963,190
PayPal Holdings Inc, 2.4000%, 10/1/24	2,178,000	2,198,251
PayPal Holdings Inc, 2.6500%, 10/1/26	6,511,000	6,595,070
PayPal Holdings Inc, 2.8500%, 10/1/29	7,668,000	7,706,487
Qorvo Inc, 5.5000%, 7/15/26	2,825,000	3,008,625
Total System Services Inc, 4.8000%, 4/1/26	3,189,000	3,544,930
Trimble Inc, 4.7500%, 12/1/24	5,123,000	5,529,695
Trimble Inc, 4.9000%, 6/15/28	9,542,000	10,411,552

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Technology – (continued)		
Verisk Analytics Inc, 5.5000%, 6/15/45	\$1,616,000	\$2,005,740
		103,009,197
Total Corporate Bonds (cost \$753,823,300)		796,220,799
Mortgage-Backed Securities – 10.5%		
Fannie Mae:		
3.0000%, 11/25/24	2,594,000	2,705,568
3.5000%, 8/25/33	8,291,000	8,596,192
4.0000%, 12/25/33	2,263,000	2,319,349
3.5000%, 7/25/49	23,609,685	23,941,637
		37,562,746
Fannie Mae Pool:		
2.5000%, 9/1/34	150,218	152,090
2.5000%, 9/1/34	116,969	118,426
2.5000%, 10/1/34	1,431,929	1,449,768
3.0000%, 10/1/34	742,652	764,812
2.5000%, 1/1/35	5,226,154	5,273,916
6.0000%, 2/1/37	87,331	100,910
3.5000%, 10/1/42	1,139,903	1,200,029
4.5000%, 11/1/42	657,290	714,016
3.5000%, 12/1/42	2,593,178	2,729,959
3.0000%, 1/1/43	350,097	360,671
3.0000%, 2/1/43	91,328	93,965
3.5000%, 2/1/43	2,694,276	2,836,391
3.5000%, 2/1/43	1,271,320	1,338,383
3.5000%, 3/1/43	1,815,441	1,911,207
3.5000%, 4/1/43	6,679,794	7,032,158
3.0000%, 5/1/43	693,937	712,899
3.5000%, 11/1/43	3,669,468	3,863,020
3.5000%, 4/1/44	1,325,689	1,407,165
5.0000%, 7/1/44	84,887	93,062
4.5000%, 10/1/44	1,430,168	1,577,925
3.5000%, 2/1/45	5,892,143	6,202,958
3.5000%, 2/1/45	1,014,140	1,067,636
4.5000%, 3/1/45	2,299,126	2,536,659
4.5000%, 6/1/45	1,391,308	1,507,567
3.0000%, 10/1/45	1,385,082	1,420,318
3.0000%, 10/1/45	850,682	872,323
3.5000%, 12/1/45	845,926	898,942
3.0000%, 1/1/46	201,538	206,665
4.5000%, 2/1/46	3,316,212	3,602,411
3.0000%, 3/1/46	5,882,655	6,020,559
3.0000%, 3/1/46	4,010,216	4,104,225
3.5000%, 5/1/46	558,790	585,443
3.5000%, 7/1/46	2,847,524	2,990,861
3.5000%, 7/1/46	1,557,821	1,642,264
3.5000%, 8/1/46	8,449,283	8,852,297
3.5000%, 8/1/46	917,858	961,638
3.0000%, 9/1/46	9,256,036	9,522,162
4.0000%, 10/1/46	91,872	96,927
3.0000%, 11/1/46	1,422,391	1,455,735
3.0000%, 11/1/46	410,945	421,463
3.0000%, 11/1/46	409,042	419,512
3.5000%, 12/1/46	287,795	301,522
3.0000%, 2/1/47	31,194,451	32,091,341
3.0000%, 2/1/47	3,929,671	4,054,151
3.0000%, 3/1/47	2,978,545	3,058,724
4.0000%, 5/1/47	563,845	592,884
4.5000%, 5/1/47	522,308	566,664
4.5000%, 5/1/47	419,590	450,391

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



# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Fannie Mae Pool – (continued)		
4.5000%, 5/1/47	\$410,014	\$441,116
4.5000%, 5/1/47	324,829	348,675
4.5000%, 5/1/47	315,741	342,555
4.5000%, 5/1/47	250,495	269,497
4.5000%, 5/1/47	159,847	171,973
4.5000%, 5/1/47	94,006	101,989
4.5000%, 5/1/47	86,850	94,225
4.0000%, 6/1/47	313,847	330,011
4.0000%, 6/1/47	150,959	159,044
4.0000%, 6/1/47	141,104	148,371
4.0000%, 6/1/47	67,656	71,280
4.5000%, 6/1/47	1,740,478	1,853,186
4.5000%, 6/1/47	184,669	200,352
4.0000%, 7/1/47	257,166	270,411
4.0000%, 7/1/47	229,448	241,265
4.0000%, 7/1/47	89,515	94,125
4.0000%, 7/1/47	58,636	61,656
4.5000%, 7/1/47	1,313,075	1,398,106
4.5000%, 7/1/47	992,853	1,057,148
4.5000%, 7/1/47	931,153	991,452
3.5000%, 8/1/47	1,397,222	1,463,361
3.5000%, 8/1/47	819,807	851,591
3.5000%, 8/1/47	471,042	501,155
4.0000%, 8/1/47	1,521,125	1,599,464
4.0000%, 8/1/47	466,404	490,425
4.0000%, 8/1/47	285,413	300,112
4.5000%, 8/1/47	1,468,334	1,563,419
4.5000%, 8/1/47	219,701	233,928
4.0000%, 9/1/47	3,484,698	3,762,515
4.0000%, 9/1/47	156,606	164,672
4.5000%, 9/1/47	1,473,650	1,569,080
4.5000%, 9/1/47	827,925	881,539
4.5000%, 9/1/47	481,718	512,913
4.0000%, 10/1/47	759,498	798,613
4.0000%, 10/1/47	666,116	700,422
4.0000%, 10/1/47	588,891	619,219
4.0000%, 10/1/47	418,988	440,567
4.0000%, 10/1/47	343,152	360,824
4.5000%, 10/1/47	189,265	201,522
4.5000%, 10/1/47	93,825	99,901
4.0000%, 11/1/47	1,619,449	1,717,414
4.0000%, 11/1/47	855,628	899,694
4.0000%, 11/1/47	302,898	318,498
4.5000%, 11/1/47	1,048,449	1,116,343
3.5000%, 12/1/47	2,635,819	2,748,711
3.5000%, 12/1/47	1,192,498	1,237,046
3.5000%, 12/1/47	266,061	283,070
3.5000%, 12/1/47	131,963	140,399
3.5000%, 1/1/48	1,877,047	1,957,441
3.5000%, 1/1/48	1,803,875	1,876,050
4.0000%, 1/1/48	7,987,458	8,415,937
4.0000%, 1/1/48	6,802,447	7,179,667
4.0000%, 1/1/48	538,821	566,570
4.0000%, 1/1/48	469,432	499,353
3.0000%, 2/1/48	1,136,205	1,172,998
3.5000%, 3/1/48	1,173,237	1,221,640
3.5000%, 3/1/48	226,765	240,441
4.0000%, 3/1/48	2,662,809	2,804,834
4.5000%, 3/1/48	1,654,732	1,754,579

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Fannie Mae Pool – (continued)		
3.5000%, 4/1/48	\$2,595,645	\$2,718,514
3.5000%, 4/1/48	2,266,304	2,401,860
4.5000%, 4/1/48	1,447,271	1,534,599
3.0000%, 5/1/48	613,543	627,926
4.0000%, 5/1/48	3,570,011	3,726,342
4.5000%, 5/1/48	1,046,662	1,109,818
4.5000%, 5/1/48	1,045,103	1,108,165
4.5000%, 6/1/48	1,126,181	1,194,135
4.0000%, 10/1/48	657,994	696,066
3.5000%, 11/1/48	3,753,197	3,977,689
3.5000%, 1/1/49	870,840	910,310
4.0000%, 2/1/49	3,343,349	3,565,483
4.0000%, 2/1/49	1,568,006	1,636,669
4.0000%, 5/1/49	2,592,577	2,764,829
3.5000%, 7/1/49	561,886	578,650
3.0000%, 8/1/49	1,530,185	1,567,258
3.0000%, 9/1/49	832,850	847,435
3.0000%, 9/1/49	582,130	593,340
4.0000%, 9/1/49	2,837,974	2,988,648
3.0000%, 1/1/50	2,966,065	3,010,403
3.5000%, 8/1/56	4,722,716	4,979,624
3.0000%, 2/1/57	3,273,074	3,362,128
3.5000%, 2/1/57	9,657,608	10,182,967
		248,230,236
Freddie Mac Gold Pool:		
3.0000%, 2/1/31	1,446,300	1,489,883
6.0000%, 4/1/40	1,569,089	1,820,357
4.5000%, 5/1/44	583,348	632,540
3.5000%, 7/1/46	7,812,747	8,307,121
3.5000%, 9/1/47	5,373,117	5,584,919
3.5000%, 9/1/47	3,001,661	3,119,983
3.5000%, 9/1/47	2,995,106	3,146,589
3.5000%, 9/1/47	938,338	975,326
3.5000%, 12/1/47	4,026,955	4,245,922
3.5000%, 3/1/48	1,076,893	1,128,921
3.5000%, 4/1/48	381,130	399,544
3.5000%, 8/1/48	4,077,000	4,273,971
5.0000%, 9/1/48	335,007	358,748
3.5000%, 11/1/48	5,191,822	5,454,410
4.0000%, 1/1/49	3,536,795	3,801,987
		44,740,221
Freddie Mac Pool:		
3.0000%, 5/1/31	10,109,428	10,413,841
2.5000%, 11/1/31	374,533	379,295
2.5000%, 12/1/31	451,558	457,301
3.0000%, 9/1/32	912,483	940,465
3.0000%, 1/1/33	480,616	495,354
2.5000%, 12/1/33	7,529,298	7,625,033
2.5000%, 12/1/33	4,428,519	4,482,501
2.5000%, 7/1/34	564,840	570,002
2.5000%, 9/1/34	330,738	334,859
2.5000%, 10/1/34	2,211,963	2,237,364
3.0000%, 10/1/34	1,358,241	1,400,893
3.0000%, 10/1/34	578,757	596,026
3.5000%, 2/1/43	1,044,549	1,099,673
3.0000%, 3/1/43	3,100,318	3,189,483
3.5000%, 2/1/44	1,034,290	1,088,873
3.5000%, 12/1/44	7,315,442	7,701,499
3.0000%, 1/1/45	2,310,298	2,373,501

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Freddie Mac Pool – (continued)		
4.0000%, 5/1/46	\$678,456	\$715,827
3.5000%, 7/1/46	1,595,335	1,671,903
3.0000%, 10/1/46	3,638,078	3,723,343
3.5000%, 10/1/46	5,717,748	5,990,302
3.5000%, 2/1/47	3,504,952	3,672,027
4.0000%, 3/1/47	713,204	757,838
3.0000%, 9/1/47	2,471,380	2,529,301
3.5000%, 11/1/47	2,236,563	2,332,357
3.5000%, 11/1/47	733,772	773,196
3.5000%, 12/1/47	1,702,965	1,794,461
3.5000%, 12/1/47	1,677,811	1,749,673
3.5000%, 2/1/48	1,771,837	1,838,329
3.5000%, 2/1/48	1,748,125	1,820,244
3.5000%, 3/1/48	4,290,282	4,520,786
4.0000%, 3/1/48	1,841,375	1,939,573
4.0000%, 4/1/48	4,889,081	5,097,335
4.0000%, 4/1/48	2,176,824	2,289,376
4.0000%, 5/1/48	4,257,024	4,443,411
4.0000%, 5/1/48	2,442,907	2,549,866
4.0000%, 6/1/48	1,128,377	1,177,781
4.5000%, 7/1/48	854,448	904,097
4.5000%, 12/1/48	1,551,247	1,664,573
4.0000%, 4/1/49	3,688,454	3,946,843
3.0000%, 8/1/49	1,509,790	1,543,115
3.0000%, 8/1/49	497,183	509,229
3.5000%, 8/1/49	753,305	787,189
3.0000%, 9/1/49	485,479	493,683
3.5000%, 9/1/49	881,354	913,010
4.0000%, 9/1/49	1,989,777	2,123,884
3.0000%, 10/1/49	1,426,170	1,447,289
3.0000%, 10/1/49	1,256,145	1,277,373
3.0000%, 10/1/49	682,629	692,738
3.0000%, 10/1/49	680,653	693,528
3.0000%, 10/1/49	576,950	586,700
3.0000%, 10/1/49	334,232	339,880
3.0000%, 11/1/49	1,129,694	1,145,941
3.0000%, 11/1/49	1,024,568	1,039,740
3.0000%, 11/1/49	833,608	845,952
3.0000%, 11/1/49	693,339	703,778
3.0000%, 12/1/49	1,596,000	1,619,634
3.0000%, 12/1/49	951,000	965,083
3.0000%, 12/1/49	532,395	540,279
		121,556,430
Ginnie Mae:		
4.5000%, 7/20/48	8,171,000	8,542,372
3.5000%, 10/20/48	9,723,000	10,021,496
		18,563,868
Ginnie Mae I Pool:		
4.0000%, 1/15/45	6,980,566	7,411,917
4.5000%, 8/15/46	7,389,706	8,124,421
4.0000%, 7/15/47	1,965,321	2,063,348
4.0000%, 8/15/47	377,995	396,848
4.0000%, 11/15/47	903,204	948,255
4.0000%, 12/15/47	1,082,563	1,136,560
		20,081,349
Ginnie Mae II Pool:		
4.0000%, 8/20/47	730,625	768,638
4.0000%, 8/20/47	166,716	177,542
4.0000%, 8/20/47	85,209	89,642

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Ginnie Mae II Pool – (continued)		
4.0000%, 5/20/48	\$23,907,584	\$24,891,978
4.5000%, 5/20/48	3,850,962	4,042,161
4.5000%, 5/20/48	518,279	544,012
4.0000%, 6/20/48	7,437,726	7,743,974
5.0000%, 4/20/49	24,756,679	26,059,683
		64,317,630
Total Mortgage-Backed Securities (cost \$544,968,898)		555,052,480
United States Treasury Notes/Bonds – 8.9%		
2.3750%, 4/30/20	66,943,000	67,105,128
2.1250%, 5/31/21	40,201,000	40,484,754
1.7500%, 7/31/21	7,509,000	7,525,661
1.5000%, 9/15/22	34,374,000	34,277,322
2.8750%, 11/30/23	22,679,000	23,703,410
2.6250%, 12/31/23	2,643,000	2,739,401
2.3750%, 2/29/24	1,831,000	1,881,636
2.2500%, 4/30/24	3,588,000	3,671,146
2.0000%, 5/31/24	32,342,400	32,761,678
1.7500%, 7/31/24	94,241,500	94,455,617
1.6250%, 2/15/26	4,839,000	4,791,047
1.3750%, 8/31/26	1,412,000	1,371,955
1.6250%, 10/31/26	4,226,000	4,168,295
2.3750%, 5/15/29	36,039,800	37,430,058
1.6250%, 8/15/29	27,668,900	26,933,493
3.0000%, 2/15/49	1,458,000	1,642,930
2.2500%, 8/15/49	87,333,900	84,618,357
Total United States Treasury Notes/Bonds (cost \$470,471,217)		469,561,888
Common Stocks – 61.7%		
Aerospace & Defense – 3.0%		
Boeing Co	279,792	91,145,042
General Dynamics Corp	383,304	67,595,660
		158,740,702
Air Freight & Logistics – 0.4%		
United Parcel Service Inc	189,456	22,177,719
Airlines – 0.6%		
Delta Air Lines Inc	539,180	31,531,246
Automobiles – 0.4%		
General Motors Co	598,379	21,900,671
Banks – 2.5%		
Bank of America Corp	1,499,088	52,797,879
US Bancorp	1,303,007	77,255,285
		130,053,164
Beverages – 0.3%		
Monster Beverage Corp*	250,927	15,946,411
Capital Markets – 2.7%		
Blackstone Group Inc	797,470	44,610,472
CME Group Inc	228,902	45,945,209
Morgan Stanley	613,183	31,345,915
TD Ameritrade Holding Corp	445,003	22,116,649
		144,018,245
Chemicals – 1.3%		
LyondellBasell Industries NV	727,388	68,723,618
Consumer Finance – 1.5%		
American Express Co	316,171	39,360,128
Synchrony Financial	1,038,020	37,379,100
		76,739,228
Electronic Equipment, Instruments & Components – 0.5%		
Corning Inc	974,539	28,368,830

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Common Stocks – (continued)		
Entertainment – 0.9%		
Walt Disney Co	334,824	\$48,425,595
Equity Real Estate Investment Trusts (REITs) – 1.2%		
Crown Castle International Corp	211,709	30,094,434
MGM Growth Properties LLC	647,212	20,044,156
Outfront Media Inc	581,884	15,606,129
		65,744,719
Food & Staples Retailing – 2.4%		
Costco Wholesale Corp	226,276	66,507,042
Sysco Corp	695,834	59,521,640
		126,028,682
Food Products – 0.5%		
Hershey Co	183,433	26,960,982
Health Care Equipment & Supplies – 1.7%		
Abbott Laboratories	581,813	50,536,277
Medtronic PLC	347,866	39,465,398
		90,001,675
Health Care Providers & Services – 1.9%		
UnitedHealth Group Inc	347,656	102,203,911
Hotels, Restaurants & Leisure – 3.2%		
Hilton Worldwide Holdings Inc	399,617	44,321,521
McDonald's Corp	476,625	94,185,866
Norwegian Cruise Line Holdings Ltd*	482,706	28,194,857
		166,702,244
Household Products – 0.8%		
Clorox Co	86,540	13,287,352
Procter & Gamble Co	229,178	28,624,332
		41,911,684
Industrial Conglomerates – 0.6%		
Honeywell International Inc	186,903	33,081,831
Information Technology Services – 4.4%		
Accenture PLC	339,187	71,422,607
Mastercard Inc	543,806	162,375,034
		233,797,641
Insurance – 0.8%		
Progressive Corp	620,074	44,887,157
Interactive Media & Services – 2.3%		
Alphabet Inc - Class C*	92,317	123,429,675
Internet & Direct Marketing Retail – 0.8%		
Amazon.com Inc*	22,954	42,415,319
Leisure Products – 0.7%		
Hasbro Inc	338,786	35,779,189
Life Sciences Tools & Services – 0.6%		
Thermo Fisher Scientific Inc	100,412	32,620,846
Machinery – 1.0%		
Deere & Co	200,865	34,801,870
Stanley Black & Decker Inc	112,179	18,592,547
		53,394,417
Media – 1.4%		
Comcast Corp	1,628,169	73,218,760
Multiline Retail – 0.3%		
Dollar General Corp	100,784	15,720,288
Oil, Gas & Consumable Fuels – 1.1%		
EOG Resources Inc	237,608	19,902,046
Suncor Energy Inc	577,086	18,928,421
Suncor Energy Inc <sup>2</sup>	521,688	17,100,309
		55,930,776
Personal Products – 0.5%		
Estee Lauder Cos Inc	120,822	24,954,576

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

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2019

	<i>Shares or Principal Amounts</i>	<i>Value</i>
Common Stocks – (continued)		
Pharmaceuticals – 3.6%		
Bristol-Myers Squibb Co	890,469	\$57,159,205
Eli Lilly & Co	399,003	52,440,964
Merck & Co Inc	899,332	81,794,245
		191,394,414
Real Estate Management & Development – 0.7%		
CBRE Group Inc*	583,027	35,733,725
Road & Rail – 0.9%		
CSX Corp	634,602	45,919,801
Semiconductor & Semiconductor Equipment – 3.5%		
Intel Corp	941,560	56,352,366
Lam Research Corp	171,914	50,267,654
NVIDIA Corp	136,223	32,053,272
Texas Instruments Inc	346,451	44,446,199
		183,119,491
Software – 6.3%		
Adobe Inc*	239,725	79,063,702
Microsoft Corp	1,398,981	220,630,115
Salesforce.Com Inc*	203,834	33,151,562
		332,845,379
Specialty Retail – 1.6%		
Home Depot Inc	397,871	86,887,069
Technology Hardware, Storage & Peripherals – 2.5%		
Apple Inc	445,930	130,947,344
Textiles, Apparel & Luxury Goods – 0.9%		
NIKE Inc	486,008	49,237,470
Tobacco – 1.4%		
Altria Group Inc	1,442,866	72,013,442
<b>Total Common Stocks (cost \$2,127,535,409)</b>		<b>3,263,507,936</b>
Preferred Stocks – 0%		
Consumer Finance – 0%		
Synchrony Financial, 5.6250% (cost \$3,003,533)	119,450	3,051,947
Investment Companies – 2.0%		
Money Markets – 2.0%		
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>0.0001</sup> (cost \$105,129,274)	105,128,872	105,128,872
<b>Total Investments (total cost \$4,163,156,347) – 101.1%</b>		<b>5,351,383,234</b>
<b>Liabilities, net of Cash, Receivables and Other Assets – (1.1)%</b>		<b>(59,390,757)</b>
<b>Net Assets – 100%</b>		<b>\$5,291,992,477</b>

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

<i>Country</i>	<i>Value</i>	<i>% of Investment Securities</i>
United States	\$5,271,342,676	98.5 %
Canada	40,552,616	0.8
United Kingdom	13,556,069	0.3
Belgium	13,456,953	0.2
France	5,382,279	0.1
Switzerland	5,113,982	0.1
Mexico	1,978,659	0.0
<b>Total</b>	<b>\$5,351,383,234</b>	<b>100.0 %</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, 2019

#### 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 12/31/19</i>
Investment Companies - 2.0%				
Money Markets - 2.0%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	\$ 1,873,459	\$ (14,667)	\$ (402)	\$ 105,128,872

	<i>Share Balance at 12/31/18</i>	<i>Purchases</i>	<i>Sales</i>	<i>Share Balance at 12/31/19</i>
Investment Companies - 2.0%				
Money Markets - 2.0%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	36,969,146	1,608,783,947	(1,540,624,221)	105,128,872

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
SOFR	Secured Overnight Financing Rate

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, 2019 is \$269,806,806, which represents 5.1% of net assets.

\* Non-income producing security.

‡ Variable or floating rate security. Rate shown is the current rate as of December 31, 2019. 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, 2019.

μ Perpetual security. Perpetual securities have no stated maturity date, but they may be called/redeemed by the issuer. The date indicated, if any, represents the next call date.

Ç Step bond. The coupon rate will increase or decrease periodically based upon a predetermined schedule. The rate shown reflects the current rate.

£ 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.



# Janus Henderson VIT Balanced 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, 2019. 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>	\$	-	\$ 158,859,312	\$ -
<i>Corporate Bonds</i>		-	796,220,799	-
<i>Mortgage-Backed Securities</i>		-	555,052,480	-
<i>United States Treasury Notes/Bonds</i>		-	469,561,888	-
<i>Common Stocks</i>		3,263,507,936	-	-
<i>Preferred Stocks</i>		-	3,051,947	-
<i>Investment Companies</i>		-	105,128,872	-
<b>Total Assets</b>	\$	3,263,507,936	\$ 2,087,875,298	\$ -

# Janus Henderson VIT Balanced Portfolio

## Statement of Assets and Liabilities

### December 31, 2019

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	5,246,254,362
Affiliated investments, at value <sup>(2)</sup>		105,128,872
Non-interested Trustees' deferred compensation		135,871
Receivables:		
Interest		11,939,629
Portfolio shares sold		4,560,210
Dividends		4,139,309
Investments sold		400,895
Dividends from affiliates		213,391
Foreign tax reclaims		23,368
Other assets		46,082
<b>Total Assets</b>		<b>5,372,841,989</b>
Liabilities:		
Due to custodian		130,823
Foreign cash due to custodian		101
Payables:		
Investments purchased		74,839,527
Advisory fees		2,505,856
Portfolio shares repurchased		1,688,365
12b-1 Distribution and shareholder servicing fees		1,041,814
Transfer agent fees and expenses		239,646
Non-interested Trustees' deferred compensation fees		135,871
Professional fees		65,052
Affiliated portfolio administration fees payable		11,390
Custodian fees		9,486
Non-interested Trustees' fees and expenses		898
Accrued expenses and other payables		180,683
<b>Total Liabilities</b>		<b>80,849,512</b>
<b>Net Assets</b>	<b>\$</b>	<b>5,291,992,477</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	4,011,852,282
Total distributable earnings (loss)		1,280,140,195
<b>Total Net Assets</b>	<b>\$</b>	<b>5,291,992,477</b>
<b>Net Assets - Institutional Shares</b>	<b>\$</b>	<b>446,026,397</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		11,298,877
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>39.48</b>
<b>Net Assets - Service Shares</b>	<b>\$</b>	<b>4,845,966,080</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		116,216,189
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>41.70</b>

(1) Includes cost of \$4,058,027,073.

(2) Includes cost of \$105,129,274.

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Statement of Operations

### For the year ended December 31, 2019

Investment Income:		
Interest	\$	59,421,432
Dividends		57,186,477
Dividends from affiliates		1,873,459
Other income		223,504
Foreign tax withheld		(230,703)
Total Investment Income		118,474,169
Expenses:		
Advisory fees		24,971,219
12b-1 Distribution and shareholder servicing fees:		
Service Shares		10,283,311
Transfer agent administrative fees and expenses:		
Institutional Shares		213,448
Service Shares		2,056,662
Other transfer agent fees and expenses:		
Institutional Shares		13,389
Service Shares		66,676
Shareholder reports expense		156,776
Professional fees		118,906
Non-interested Trustees' fees and expenses		116,962
Affiliated portfolio administration fees		107,994
Custodian fees		48,736
Registration fees		23,996
Other expenses		268,983
Total Expenses		38,447,058
Net Investment Income/(Loss)		80,027,111
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		87,930,847
Investments in affiliates		(14,667)
Total Net Realized Gain/(Loss) on Investments		87,916,180
Change in Unrealized Net Appreciation/Depreciation:		
Investments and non-interested Trustees' deferred compensation		729,552,288
Investments in affiliates		(402)
Total Change in Unrealized Net Appreciation/Depreciation		729,551,886
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$	897,495,177

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2019	Year ended December 31, 2018
Operations:		
Net investment income/(loss)	\$ 80,027,111	\$ 60,362,993
Net realized gain/(loss) on investments	87,916,180	111,771,989
Change in unrealized net appreciation/depreciation	729,551,886	(176,189,448)
Net Increase/(Decrease) in Net Assets Resulting from Operations	897,495,177	(4,054,466)
Dividends and Distributions to Shareholders		
Institutional Shares	(19,713,876)	(20,863,874)
Service Shares	(174,336,200)	(137,724,495)
Net Decrease from Dividends and Distributions to Shareholders	(194,050,076)	(158,588,369)
Capital Share Transactions: (Note 5)		
Institutional Shares	(23,374,008)	(9,713,852)
Service Shares	763,429,463	703,833,070
Net Increase/(Decrease) from Capital Share Transactions	740,055,455	694,119,218
Net Increase/(Decrease) in Net Assets	1,443,500,556	531,476,383
Net Assets:		
Beginning of period	3,848,491,921	3,317,015,538
End of period	\$ 5,291,992,477	\$ 3,848,491,921

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Financial Highlights

### Institutional Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$33.75	\$35.27	\$30.32	\$30.08	\$31.43
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.74	0.66	0.64	0.58	0.63
Net realized and unrealized gain/(loss)	6.74	(0.42)	4.92	0.77	(0.41)
Total from Investment Operations	7.48	0.24	5.56	1.35	0.22
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.72)	(0.77)	(0.54)	(0.67)	(0.50)
Distributions (from capital gains)	(1.03)	(0.99)	(0.07)	(0.44)	(1.07)
Total Dividends and Distributions	(1.75)	(1.76)	(0.61)	(1.11)	(1.57)
Net Asset Value, End of Period	\$39.48	\$33.75	\$35.27	\$30.32	\$30.08
Total Return*	22.59%	0.68%	18.43%	4.60%	0.62%
Net Assets, End of Period (in thousands)	\$446,026	\$402,796	\$429,403	\$403,833	\$444,472
Average Net Assets for the Period (in thousands)	\$426,775	\$429,843	\$417,575	\$413,338	\$467,346
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.62%	0.63%	0.63%	0.62%	0.58%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.62%	0.63%	0.63%	0.62%	0.58%
Ratio of Net Investment Income/(Loss)	1.99%	1.85%	1.94%	1.94%	2.03%
Portfolio Turnover Rate	79% <sup>(2)</sup>	97% <sup>(2)</sup>	67% <sup>(2)</sup>	80%	73%

### Service Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$35.59	\$37.09	\$31.89	\$31.61	\$32.97
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.68	0.60	0.58	0.53	0.58
Net realized and unrealized gain/(loss)	7.11	(0.44)	5.17	0.80	(0.42)
Total from Investment Operations	7.79	0.16	5.75	1.33	0.16
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.65)	(0.67)	(0.48)	(0.61)	(0.45)
Distributions (from capital gains)	(1.03)	(0.99)	(0.07)	(0.44)	(1.07)
Total Dividends and Distributions	(1.68)	(1.66)	(0.55)	(1.05)	(1.52)
Net Asset Value, End of Period	\$41.70	\$35.59	\$37.09	\$31.89	\$31.61
Total Return*	22.27%	0.43%	18.13%	4.32%	0.41%
Net Assets, End of Period (in thousands)	\$4,845,966	\$3,445,696	\$2,887,613	\$2,227,878	\$1,831,930
Average Net Assets for the Period (in thousands)	\$4,109,486	\$3,235,435	\$2,523,514	\$1,938,234	\$1,645,283
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.87%	0.88%	0.88%	0.87%	0.84%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.87%	0.88%	0.88%	0.87%	0.84%
Ratio of Net Investment Income/(Loss)	1.74%	1.62%	1.69%	1.71%	1.79%
Portfolio Turnover Rate	79% <sup>(2)</sup>	97% <sup>(2)</sup>	67% <sup>(2)</sup>	80%	73%

\* 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, 2019 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

### Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. 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 Balanced 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.

## 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.

In the aftermath of the 2007-2008 financial crisis, the financial sector experienced reduced liquidity in credit and other fixed-income markets, and an unusually high degree of volatility, both domestically and internationally. 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. For example, the enactment of the Dodd-Frank Act in 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, over-the-counter derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. 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.

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



# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

levels of debt. 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. 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 (commonly known as “Brexit”). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will conclude, or how financial markets will react.

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.

### **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, 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.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

### 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.

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 Henderson VIT Balanced Portfolio

### Notes to Financial Statements

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 \$40,392 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2019. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of December 31, 2019 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Total distributable earnings (loss)" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2019 are included in "Non-interested

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

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 \$468,050 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates pursuant to the provisions of the 1940 Act that govern the operation of money market funds and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., \$1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The Sweep Vehicle does not charge 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, 2019 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2019, the Portfolio engaged in cross trades amounting to \$100,504,857 in purchases and \$16,227,938 in sales, resulting in a net realized gain of \$1,118,033. 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		
\$ 53,147,204	\$ 52,915,979	\$ -	\$ -	\$ -	\$(131,752)	\$1,174,208,764

# Janus Henderson VIT Balanced 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, 2019 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>
\$ 4,177,174,470	\$1,191,580,138	\$(17,371,374)	\$ 1,174,208,764

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, 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, 2019*

<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>
\$ 77,976,625	\$ 116,073,451	\$ -	\$ -

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

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>
\$ -	\$ 2,532,359	\$ (2,532,359)

## 5. Capital Share Transactions

	<i>Year ended December 31, 2019</i>		<i>Year ended December 31, 2018</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	761,195	\$ 28,340,063	726,691	\$ 25,520,230
Shares from the Acquisition (See Note 8)	-	-	2,240	76,489
Reinvested dividends and distributions	536,983	19,713,876	611,981	20,863,874
Shares repurchased	(1,933,358)	(71,427,947)	(1,582,300)	(56,174,445)
Net Increase/(Decrease)	(635,180)	\$ (23,374,008)	(241,388)	\$ (9,713,852)
Service Shares:				
Shares sold	20,594,452	\$809,496,215	20,226,560	\$756,832,931
Shares from the Acquisition (See Note 8)	-	-	228,198	8,210,624
Reinvested dividends and distributions	4,493,890	174,336,200	3,834,282	137,724,495
Shares repurchased	(5,686,724)	(220,402,952)	(5,336,065)	(198,934,980)
Net Increase/(Decrease)	19,401,618	\$763,429,463	18,952,975	\$703,833,070

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

### 6. Purchases and Sales of Investment Securities

For the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

<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>
\$2,481,882,476	\$1,789,050,443	\$ 1,577,390,921	\$ 1,710,431,202

### 7. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update No. 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20)*, *Premium Amortization on Purchased Callable Debt Securities* ("ASU 2017-08") to amend the amortization period for certain purchased callable debt securities held at a premium. The guidance requires certain premiums on callable debt securities to be amortized to the earliest call date. The amortization period for callable debt securities purchased at a discount will not be impacted. The amendments are effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018. Management has adopted the amendments as of the beginning of this fiscal period and concluded these changes do not have a material impact on the Portfolio's financial statements.

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)*, in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 8. 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

### 9. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2019 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.



# Janus Henderson VIT 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, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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 14, 2020

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 as an exhibit to Form N-PORT within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. Historically, the Portfolio filed its complete portfolio holdings (schedule of investments) with the SEC for the first and third quarters each fiscal year on Form N-Q. The Portfolio's Form N-PORT and Form N-Q filings: (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 agreements for the Janus Henderson Funds that utilize subadvisers.

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 the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 5, 2019, 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, 2020 through February 1, 2021, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and, for the purpose 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.



# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

### ***Nature, Extent and Quality of Services***

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Janus Henderson Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Janus Henderson Funds, noting that Janus Capital generally 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 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 provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Janus Henderson Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those 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, 2019, approximately 69% 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, 2019, approximately 71% 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the third Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019. 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, and the performance trend was improving.

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 rate of management fees (investment advisory and any administration, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Janus Henderson Fund.

The independent fee consultant provided its belief 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. The independent fee consultant found: (1) the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) the total expenses, on average, were 10% under the average total expenses of their respective Broadridge Expense Group peers; and (3) and the management fees for the Janus Henderson Funds, on average, were 7% under the average management fees for their Expense Groups. The Trustees also considered the total expenses for each share class of

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

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.

For certain Janus Henderson Funds, the independent fee consultant also performed a systematic “focus list” analysis of expenses which assessed fund fees in the context of fund performance being delivered. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds was reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and/or expense waivers on such Janus Henderson Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, 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, they 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 funds subadvised by Janus Capital and to the fees Janus Capital charges to its institutional separate account clients; (2) these subadvised and institutional separate accounts have different service and infrastructure needs; and (3) Janus Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson subadvised fund and separate account investors; (4) 11 of 12 Janus Henderson Funds have lower management fees than similar funds subadvised by Janus Capital; and (5) six of nine Janus Henderson Funds have lower management fees than similar separate accounts managed by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2018, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's “total expenses”):

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value 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.

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

- 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 mutual fund advisers. 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, difference in product mix, difference in types of business (mutual fund, institutional and other), differences in the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided 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 found that (1) the expense allocation methodology and rationales utilized by Janus Capital were reasonable and (2) no clear correlation between expense allocations and operating margins. 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 and its affiliates, 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 that their independent fee consultant published a report to the Trustees in November 2019 which provided its research and analysis into economies of scale. 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, their independent fee consultant concluded that 64% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted the following: (1) that for those Janus Henderson Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale; (2) 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; (3) 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 VIT Balanced Portfolio

### Additional Information (unaudited)

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 (4) 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 the independent fee consultant's conclusion that, given the limitations of various analytical approaches to economies of scale and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus Henderson complex. In this regard, the independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller 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 provided its belief that Janus Henderson Fund investors are well-served by the fee levels and 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 reviewed, including the recent and 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 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 consistent with regulatory requirements and guidelines and 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 other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson Funds.



# 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, 2019. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

### Performance Overviews

Performance overview graphs compare the performance of a hypothetical \$10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

### Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

### Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

# 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 period. The next line reflects the total return for the period. The total return may include adjustments in accordance with

## **Janus Henderson VIT Balanced Portfolio**

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

generally accepted accounting principles required at the period end for financial reporting purposes. As a result, the total return may differ from the total return reflected for individual shareholder transactions. 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, 2019:

Capital Gain Distributions	\$116,073,451
Dividends Received Deduction Percentage	44%

## **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 58 series or funds referred to herein as the Fund Complex.

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	Independent Consultant. Formerly, Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (2016-2019), 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).	58	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds) (since 2016), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds) (since 2008), and Director of the F.B. Heron Foundation (a private grantmaking foundation) (since 2006).

# 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, Curam Holdings LLC (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).	58	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).	58	Advisory Board Member, RevOZ Fund LP and related funds (real estate investments for opportunity zones) (since 2020), 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).	58	Board Member, Van Alen Institute (nonprofit architectural and design organization) (since 2019) and Director of Brightwood Capital Advisors, LLC (since 2014).
William M. Fitzgerald, Sr. 151 Detroit Street Denver, CO 80206 DOB: 1964	Trustee	9/19-Present	Founder, Fitzgerald Asset Management LLC (since 2012). Formerly, Founder and Chief Investment Officer, Global Infrastructure Asset Management LLC (2008-2017), Chief Investment Officer of Nuveen Asset Management (2000-2007), and Managing Director, Nuveen Investment LLC (1988-2007).	58	Board of Directors, Municipal Securities Rulemaking Board (since 2017). Formerly, Board of Directors of Syncora Holdings Ltd, Syncora Guarantee Inc., and Syncora Capital Assurance Inc. (2009-2016), and Trustee, Destra Investment Trust (2010-2014).

# 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.	58	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).
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).	58	None

\*William D. Stewart retired from his role as Independent Trustee, effective December 31, 2019.

# 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>					
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	58	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).
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).	58	Director of Chicago Community Trust (Regional Community Foundation), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrapparts, LLC (digital communications company). Formerly, Director of Chicago Council on Global Affairs (until 2019), InnerWorkings (until 2019), 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.

\* 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	Executive Vice President, 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 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	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).

\* 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
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	Assistant General Counsel of Janus Capital (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.

## 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 SUMMARY

Janus Henderson VIT Global Research Portfolio's Institutional Shares and Service Shares returned 29.04% and 28.71%, respectively, over the 12-month period ending December 31, 2019, while its primary benchmark, the MSCI World Index<sup>SM</sup>, returned 27.67%. The Portfolio's secondary benchmark, the MSCI All Country World Index<sup>SM</sup>, returned 26.60%.

## MARKET ENVIRONMENT

After a sharp downturn in the final weeks of 2018 triggered by heightened macroeconomic and geopolitical concerns, global stock markets reversed direction in 2019, largely shrugging off worries about the impact of the U.S.-China trade war and slowing global growth. The recovery was driven in large part by more accommodative monetary policies adopted by central banks around the world. In the U.S., the Federal Reserve (Fed) pivoted its monetary policy by reducing interest rates. Despite a resilient U.S. economy and continued consumer strength, the Fed responded to weaker manufacturing data and risks of slowing global growth with three rate cuts in the second half of the year. In the final months of the year, better-than-expected economic, earnings and trade policy news helped stocks finish the period with strong gains.

## PERFORMANCE DISCUSSION

Our seven 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 may 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 performance were the Portfolio's selection of financials and industrials stocks. Conversely, weak security selection within the energy and technology sectors limited relative gains.

ASML was our top contributor on an absolute basis. ASML and other leading semiconductor equipment manufacturers aggressively invested in the development of new technologies during the period, providing visibility into demand for chips through 2021. This greater degree of certainty and optimism contributed to share strength for chip companies in general and ASML in particular. ASML also benefited from hitting mass production volumes for its extreme ultraviolet (EUV) lithography tools ahead of plan. EUV lithography enables chipmakers to develop more advanced and powerful microprocessors.

Portfolio performance also benefited from the strong absolute performance of Mastercard. The company continued to demonstrate how its business model can address business-to-business payment solutions. A decision by many upstart fintech companies to use Mastercard's payments networks – instead of competing against it – has also reinforced the durability of the global card network's value and helped drive the stock's appreciation. We continue to believe Mastercard's payments network is a competitive moat that positions the business as a key beneficiary as more transactions migrate from cash and check to plastic and electronic payments. Our research suggests Mastercard is particularly well positioned to benefit from this shift because the 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 faster electronic purchase volume growth.

Key drivers of performance also included JPMorgan Chase & Co., a multinational investment bank and financial services holding company that benefited from an improved outlook for the U.S. economy and rising yields

## Janus Henderson VIT Global Research Portfolio (unaudited)

on 10-year Treasuries. Better-than-expected third quarter earnings driven by stronger fee income and net interest income also supported share strength. Our outlook for the stock remains positive, as we continue to see evidence that the company is gaining market share from rivals in trading and banking. We also appreciate the bank's strong management team, diversified mix of quality businesses, international exposure and potential for further capital returns to shareholders.

Not all of our holdings met our expectations during the period. Biopharmaceutical firm AbbVie's stock declined after management announced it would purchase drug maker Allergan at a significant premium. We are concerned that AbbVie is making the acquisition because of worries about the pace of biosimilar erosion for Humira, AbbVie's lead drug, which is expected to face additional competitors in 2023. We consequently liquidated our position in the stock.

Occidental Petroleum also weighed on the Portfolio's results. The stock underperformed after the oil and gas exploration company won a bidding war with Chevron for Anadarko Petroleum that resulted in Occidental paying an extremely rich price for Anadarko. A combination of factors related to the transaction compelled us to liquidate our position in the stock, including lack of a shareholder vote to approve the deal, increasing concerns about the company's debt load and free cash flow as well as decreased potential for dividend growth.

Key detractors also included Sage Therapeutics. The biopharmaceutical firm reported disappointing phase 3 trial data for Sage-217, a treatment for major depressive disorder. Although frustrated by the results, we think Sage-217 still shows promise: The drug is a new mechanism of action in a disease category in which 40% of patients do not respond to current therapies, and a similar drug from Sage has received regulatory approval for postpartum depression. What's more, depression is a notoriously difficult condition to test and often requires multiple trials to confirm results. With additional studies already underway, we believe U.S. Food and Drug Administration approval could still be possible.

### OUTLOOK

As we head into 2020, we believe economic growth will be an important determinant of equity performance. In recent months, we have started to see signs that the global economy may be regaining its footing. In November, for example, headline purchasing managers' indices (a measure of manufacturing activity) expanded in

18 out of 30 regions, the highest ratio in two years. In the U.S., unemployment remains low and monthly wage growth has been running at 3% or more over the past year, suggesting a healthy consumer.

Should the economy be turning a corner, we believe traditionally cyclical stocks (firms closely tied to the business cycle) could be well positioned. These stocks have lagged growth peers and, in our opinion, offer attractive valuations at a time when a reaccelerating economy could drive demand for these firms' goods and services. On a regional basis, we believe beaten-down UK and Chinese equities could be well positioned. The Conservative Party's overwhelming win in the UK's general election in December suggests the end of parliamentary paralysis around Brexit, while progress on trade talks could help reinvigorate China's economy.

At the same time, plenty of uncertainty remains, from ongoing trade negotiations to the U.S. presidential election. If the economy stalls, cyclicals would likely lose their leadership position. As such, we think it's important to keep a close eye on economic indicators in 2020, including measures of corporate capital expenditure. But given geopolitical and macroeconomic uncertainties, we also believe central banks globally will keep monetary policy loose and that select governments could roll out fiscal stimulus in 2020. These efforts should add liquidity to financial markets and, in our opinion, further support equities.

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, 2019**

**5 Top Performers - Holdings**

	<b>Contribution</b>		<b>Contribution</b>
ASML Holding NV	1.35%	AbbVie Inc	-0.26%
Mastercard Inc	1.03%	Occidental Petroleum Corp	-0.23%
JPMorgan Chase & Co	0.97%	Sage Therapeutics Inc	-0.22%
Microsoft Corp	0.91%	Teck Resources Ltd	-0.16%
London Stock Exchange Group PLC	0.76%	Cabot Oil & Gas Corp	-0.14%

**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	1.92%	21.12%	21.17%
Industrials	0.57%	17.50%	17.54%
Communications	0.42%	2.47%	2.48%
Healthcare	0.06%	12.64%	12.81%
Consumer	0.02%	18.09%	18.26%

**3 Bottom Performers - Sectors\***

	<b>Portfolio Contribution</b>	<b>Portfolio Weighting (Average % of Equity)</b>	<b>MSCI World Index Weighting</b>
Energy	-0.94%	8.76%	8.93%
Technology	-0.24%	18.92%	18.81%
Other**	-0.12%	0.50%	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.

\* 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, 2019

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

Amazon.com Inc	
Internet & Direct Marketing Retail	2.7%
JPMorgan Chase & Co	
Banks	2.5%
Alphabet Inc - Class C	
Interactive Media & Services	2.3%
Mastercard Inc	
Information Technology Services	2.1%
Visa Inc	
Information Technology Services	2.0%
	11.6%

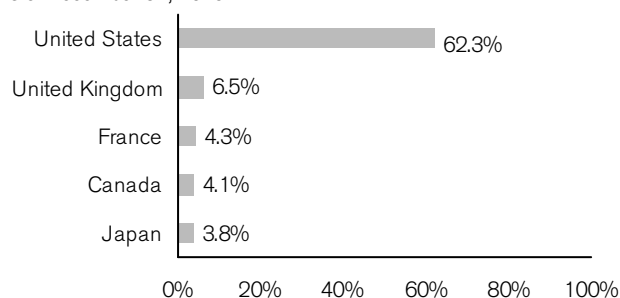
#### Asset Allocation - (% of Net Assets)

Common Stocks	99.9%
Other	0.1%
	100.0%

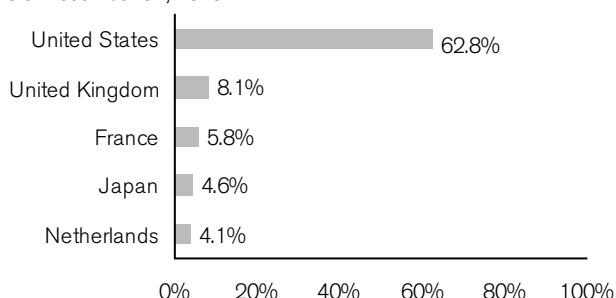
Emerging markets comprised 7.3% of total net assets.

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

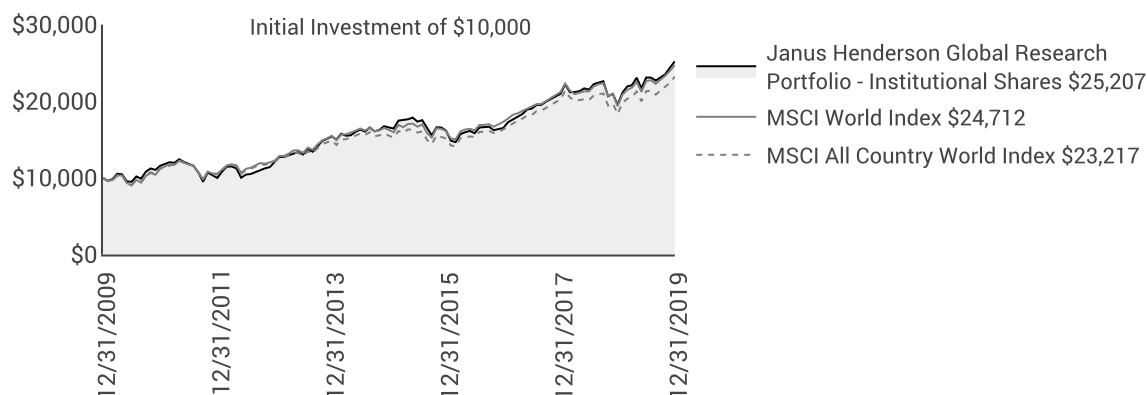
As of December 31, 2019



As of December 31, 2018



# Janus Henderson VIT Global Research Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2019					Expense Ratios
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses†
Institutional Shares	29.04%	8.77%	9.69%	8.52%	0.60%
Service Shares	28.71%	8.50%	9.41%	8.24%	0.85%
MSCI World Index	27.67%	8.74%	9.47%	7.24%	
MSCI All Country World Index	26.60%	8.41%	8.79%	N/A**	
Morningstar Quartile - Institutional Shares	2nd	2nd	2nd	2nd	
Morningstar Ranking - based on total returns for World Large Stock Funds	287/897	262/723	187/507	66/143	

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.

High absolute short-term performance is not typical and may not be achieved in the future. Such results should not be the sole basis for evaluating material facts in making an investment decision.

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

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 Global Research 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

‡ As stated in the prospectus. See Financial Highlights for actual expense ratios during the reporting period.

\*\*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 (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Beginning Account Value (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Net Annualized Expense Ratio (7/1/19 - 12/31/19)
Institutional Shares	\$1,000.00	\$1,090.90	\$4.22	\$1,000.00	\$1,021.17	\$4.08	0.80%
Service Shares	\$1,000.00	\$1,089.40	\$5.53	\$1,000.00	\$1,019.91	\$5.35	1.05%

† 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, 2019

	Shares	Value
Common Stocks – 99.9%		
Aerospace & Defense – 3.6%		
Boeing Co	20,567	\$6,699,906
L3Harris Technologies Inc	41,005	8,113,659
Safran SA	78,824	12,169,546
		26,983,111
Airlines – 0.8%		
Ryanair Holdings PLC (ADR)*	64,751	5,672,835
Auto Components – 0.8%		
Aptiv PLC	65,705	6,240,004
Automobiles – 0.7%		
Maruti Suzuki India Ltd	52,695	5,440,453
Banks – 4.9%		
Bank Rakyat Indonesia Persero Tbk PT	12,711,300	4,029,519
BNP Paribas SA	64,126	3,799,745
China Construction Bank Corp	2,735,000	2,362,298
HDFC Bank Ltd	420,498	7,494,900
JPMorgan Chase & Co	135,285	18,858,729
		36,545,191
Beverages – 2.9%		
Constellation Brands Inc	64,726	12,281,758
Pernod Ricard SA	51,605	9,226,134
		21,507,892
Biotechnology – 1.6%		
Mirati Therapeutics Inc*	21,079	2,716,240
Neurocrine Biosciences Inc*	33,321	3,581,674
Sage Therapeutics Inc*	13,979	1,009,144
Sarepta Therapeutics Inc*	14,390	1,856,886
Vertex Pharmaceuticals Inc*	14,139	3,095,734
		12,259,678
Building Products – 1.4%		
Daikin Industries Ltd	73,700	10,481,084
Capital Markets – 3.6%		
Blackstone Group Inc	140,906	7,882,282
Hong Kong Exchanges & Clearing Ltd	108,700	3,529,493
Intercontinental Exchange Inc	80,879	7,485,351
London Stock Exchange Group PLC	76,616	7,863,931
		26,761,057
Chemicals – 1.0%		
Air Products & Chemicals Inc	30,538	7,176,125
Construction Materials – 0.6%		
Vulcan Materials Co	31,604	4,550,660
Consumer Finance – 1.7%		
Nexi SpA (144A)*	468,170	6,500,757
Synchrony Financial	182,808	6,582,916
		13,083,673
Diversified Financial Services – 0.1%		
M&G PLC*	134,777	423,398
Electronic Equipment, Instruments & Components – 1.9%		
Hexagon AB	155,723	8,731,291
Keyence Corp	16,000	5,668,630
		14,399,921
Entertainment – 1.2%		
Netflix Inc*	28,667	9,275,781
Equity Real Estate Investment Trusts (REITs) – 2.1%		
American Tower Corp	24,346	5,595,198
Crown Castle International Corp	37,119	5,276,466
Equinix Inc	8,656	5,052,507
		15,924,171

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, 2019

	Shares	Value
Common Stocks – (continued)		
Health Care Equipment & Supplies – 2.6%		
Abbott Laboratories	98,372	\$8,544,592
Boston Scientific Corp*	155,971	7,053,009
Cooper Cos Inc	7,752	2,490,640
Dentsply Sirona Inc	32,664	1,848,456
		19,936,697
Health Care Providers & Services – 1.5%		
Humana Inc	10,648	3,902,705
UnitedHealth Group Inc	25,935	7,624,371
		11,527,076
Hotels, Restaurants & Leisure – 3.4%		
GVC Holdings PLC	557,741	6,531,330
McDonald's Corp	37,901	7,489,617
Norwegian Cruise Line Holdings Ltd*	91,684	5,355,262
Sands China Ltd	1,140,400	6,095,852
		25,472,061
Household Durables – 0.9%		
Sony Corp	104,000	7,084,904
Independent Power and Renewable Electricity Producers – 1.9%		
NRG Energy Inc	208,732	8,297,097
Vistra Energy Corp	254,834	5,858,634
		14,155,731
Industrial Conglomerates – 0.9%		
Honeywell International Inc	40,258	7,125,666
Information Technology Services – 6.0%		
Amdocs Ltd	90,319	6,520,129
Fidelity National Information Services Inc	58,918	8,194,905
Mastercard Inc	53,295	15,913,354
Visa Inc	78,257	14,704,490
		45,332,878
Insurance – 5.0%		
AIA Group Ltd	1,078,200	11,319,177
Aon PLC	34,539	7,194,128
Intact Financial Corp	60,424	6,534,764
Progressive Corp	130,461	9,444,072
Prudential PLC	171,611	3,293,306
		37,785,447
Interactive Media & Services – 4.9%		
Alphabet Inc - Class C*	13,209	17,660,697
Facebook Inc*	59,419	12,195,750
Tencent Holdings Ltd	145,500	7,013,758
		36,870,205
Internet & Direct Marketing Retail – 4.5%		
Alibaba Group Holding Ltd (ADR)*	39,971	8,477,849
Amazon.com Inc*	10,939	20,213,522
MercadoLibre Inc*	8,653	4,948,997
		33,640,368
Life Sciences Tools & Services – 1.0%		
Thermo Fisher Scientific Inc	23,551	7,651,013
Machinery – 1.2%		
Parker-Hannifin Corp	43,443	8,941,438
Media – 0.6%		
Liberty Broadband Corp*	35,746	4,495,059
Metals & Mining – 1.5%		
Rio Tinto PLC	125,714	7,497,287
Teck Resources Ltd	233,320	4,046,801
		11,544,088
Multi-Utilities – 0.5%		
National Grid PLC	277,722	3,473,272

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, 2019

	Shares	Value
Common Stocks – (continued)		
Oil, Gas & Consumable Fuels – 6.0%		
Cabot Oil & Gas Corp	167,857	\$2,922,390
Canadian Natural Resources Ltd	193,503	6,259,339
Enterprise Products Partners LP	276,905	7,797,645
EOG Resources Inc	75,039	6,285,267
Marathon Petroleum Corp	104,685	6,307,271
Suncor Energy Inc	250,527	8,211,976
TOTAL SA	128,980	7,117,495
		44,901,383
Personal Products – 1.6%		
Unilever NV	215,275	12,369,656
Pharmaceuticals – 6.2%		
AstraZeneca PLC	69,694	7,021,459
Bristol-Myers Squibb Co	125,703	8,068,876
Catalent Inc*	81,255	4,574,656
Elanco Animal Health Inc*	78,544	2,313,121
Merck & Co Inc	112,954	10,273,166
Novartis AG	99,038	9,406,358
Takeda Pharmaceutical Co Ltd	130,850	5,217,620
		46,875,256
Road & Rail – 1.6%		
CSX Corp	111,331	8,055,911
Uber Technologies Inc*	145,955	4,340,702
		12,396,613
Semiconductor & Semiconductor Equipment – 4.8%		
ASML Holding NV	42,793	12,656,760
Microchip Technology Inc	47,722	4,997,448
Taiwan Semiconductor Manufacturing Co Ltd	878,000	9,695,346
Texas Instruments Inc	69,687	8,940,145
		36,289,699
Software – 7.4%		
Adobe Inc*	40,495	13,355,656
Autodesk Inc*	24,935	4,574,575
Constellation Software Inc/Canada	6,219	6,040,630
Intuit Inc	17,787	4,658,949
Microsoft Corp	56,697	8,941,117
Salesforce.Com Inc*	72,762	11,834,012
SS&C Technologies Holdings Inc	101,580	6,237,012
		55,641,951
Technology Hardware, Storage & Peripherals – 0.7%		
Samsung Electronics Co Ltd	114,311	5,516,348
Textiles, Apparel & Luxury Goods – 2.6%		
adidas AG	18,326	5,956,700
Cie Financiere Richemont SA	77,997	6,131,099
NIKE Inc	75,918	7,691,253
		19,779,052
Tobacco – 1.7%		
British American Tobacco PLC	296,248	12,678,799
Trading Companies & Distributors – 1.4%		
Ferguson PLC	118,601	10,759,633
Wireless Telecommunication Services – 0.6%		
T-Mobile US Inc*	55,871	4,381,404
Total Investments (total cost \$535,936,911) – 99.9%		753,350,731
Cash, Receivables and Other Assets, net of Liabilities – 0.1%		988,466
Net Assets – 100%		\$754,339,197

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, 2019

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

<i>Country</i>	<i>Value</i>	<i>% of Investment Securities</i>
United States	\$469,359,835	62.3 %
United Kingdom	48,782,782	6.5
France	32,312,920	4.3
Canada	31,093,510	4.1
Japan	28,452,238	3.8
Netherlands	25,026,416	3.3
Hong Kong	20,944,522	2.8
China	17,853,905	2.4
Switzerland	15,537,457	2.1
India	12,935,353	1.7
Taiwan	9,695,346	1.3
Sweden	8,731,291	1.2
Italy	6,500,757	0.9
Germany	5,956,700	0.8
Ireland	5,672,835	0.7
South Korea	5,516,348	0.7
Brazil	4,948,997	0.6
Indonesia	4,029,519	0.5
Total	\$753,350,731	100.0 %

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, 2019

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

		Dividend Income		Realized Gain/(Loss)		Change in Unrealized Appreciation/ Depreciation		Value at 12/31/19
Investment Companies - N/A								
Money Markets - N/A								
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	\$	56,615	\$	738	\$	-	\$	-
Investments Purchased with Cash Collateral from Securities Lending - N/A								
Investment Companies - N/A								
Janus Henderson Cash Collateral Fund LLC, 1.4338%		14,765 <sup>Δ</sup>		-		-		-
Total Affiliated Investments - 0.0%	\$	71,380	\$	738	\$	-	\$	-

		Share Balance at 12/31/18		Purchases		Sales		Share Balance at 12/31/19
Investment Companies - N/A								
Money Markets - N/A								
Janus Henderson Cash Liquidity Fund LLC, 1.7210%		1,243,000		74,697,790		(75,940,790)		-
Investments Purchased with Cash Collateral from Securities Lending - N/A								
Investment Companies - N/A								
Janus Henderson Cash Collateral Fund LLC, 1.4338%		6,501		8,013,007		(8,019,508)		-

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

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, 2019 is \$6,500,757, which represents 0.9% of net assets.

\* Non-income producing security.

°° Rate shown is the 7-day yield as of December 31, 2019.

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, 2019. 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>	\$ 753,350,731	\$ -	\$ -

# Janus Henderson VIT Global Research Portfolio

## Statement of Assets and Liabilities

### December 31, 2019

Assets:		
Investments, at value <sup>(1)</sup>	\$	753,350,731
Cash		288,633
Non-interested Trustees' deferred compensation		19,385
Receivables:		
Investments sold		2,685,972
Dividends		620,822
Foreign tax reclaims		172,057
Portfolio shares sold		36,514
Dividends from affiliates		1,475
Other assets		23,504
<b>Total Assets</b>		<b>757,199,093</b>
Liabilities:		
Foreign cash due to custodian		24
Payables:		
Investments purchased		1,875,818
Advisory fees		466,246
Portfolio shares repurchased		292,933
12b-1 Distribution and shareholder servicing fees		46,240
Professional fees		38,413
Transfer agent fees and expenses		35,496
Non-interested Trustees' deferred compensation fees		19,385
Custodian fees		10,023
Affiliated portfolio administration fees payable		1,631
Foreign tax liability		577
Non-interested Trustees' fees and expenses		118
Accrued expenses and other payables		72,992
<b>Total Liabilities</b>		<b>2,859,896</b>
<b>Net Assets</b>	<b>\$</b>	<b>754,339,197</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	494,513,654
Total distributable earnings (loss) <sup>(2)</sup>		259,825,543
<b>Total Net Assets</b>	<b>\$</b>	<b>754,339,197</b>
Net Assets - Institutional Shares	\$	539,914,658
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,540,168
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>56.59</b>
Net Assets - Service Shares	\$	214,424,539
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		3,879,507
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>55.27</b>

(1) Includes cost of \$535,936,911.

(2) Includes \$577 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, 2019

Investment Income:		
Dividends	\$	14,260,161
Dividends from affiliates		56,615
Affiliated securities lending income, net		14,765
Other income		422
Foreign tax withheld		(670,298)
<b>Total Investment Income</b>		<b>13,661,665</b>
Expenses:		
Advisory fees		4,917,959
12b-1 Distribution and shareholder servicing fees:		
Service Shares		497,445
Transfer agent administrative fees and expenses:		
Institutional Shares		256,037
Service Shares		99,489
Other transfer agent fees and expenses:		
Institutional Shares		17,107
Service Shares		3,675
Professional fees		73,379
Shareholder reports expense		70,599
Custodian fees		31,392
Registration fees		26,800
Non-interested Trustees' fees and expenses		17,234
Affiliated portfolio administration fees		16,664
Other expenses		84,649
<b>Total Expenses</b>		<b>6,112,429</b>
<b>Net Investment Income/(Loss)</b>		<b>7,549,236</b>
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		39,063,447
Investments in affiliates		738
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>39,064,185</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation <sup>(1)</sup>		132,017,612
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>132,017,612</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>178,631,033</b>

(1) Includes change in unrealized appreciation/depreciation of \$23,125 due to foreign capital gains tax on investments.

See Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2019	Year ended December 31, 2018
Operations:		
Net investment income/(loss)	\$ 7,549,236	\$ 8,301,352
Net realized gain/(loss) on investments	39,064,185	42,223,385
Change in unrealized net appreciation/depreciation	132,017,612	(97,105,476)
Net Increase/(Decrease) in Net Assets Resulting from Operations	178,631,033	(46,580,739)
Dividends and Distributions to Shareholders		
Institutional Shares	(35,853,466)	(5,995,987)
Service Shares	(13,833,812)	(1,999,207)
Net Decrease from Dividends and Distributions to Shareholders	(49,687,278)	(7,995,194)
Capital Share Transactions:		
Institutional Shares	(16,577,616)	(38,164,525)
Service Shares	(1,596,518)	(14,602,009)
Net Increase/(Decrease) from Capital Share Transactions	(18,174,134)	(52,766,534)
Net Increase/(Decrease) in Net Assets	110,769,621	(107,342,467)
Net Assets:		
Beginning of period	643,569,576	750,912,043
End of period	\$ 754,339,197	\$ 643,569,576

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	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$47.13	\$51.20	\$40.63	\$40.24	\$41.45
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.60	0.62	0.51	0.45	0.35
Net realized and unrealized gain/(loss)	12.67	(4.09)	10.45	0.37	(1.28)
Total from Investment Operations	13.27	(3.47)	10.96	0.82	(0.93)
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.54)	(0.60)	(0.39)	(0.43)	(0.28)
Distributions (from capital gains)	(3.27)	—	—	—	—
Total Dividends and Distributions	(3.81)	(0.60)	(0.39)	(0.43)	(0.28)
Net Asset Value, End of Period	\$56.59	\$47.13	\$51.20	\$40.63	\$40.24
Total Return*	29.04%	(6.87)%	27.03%	2.07%	(2.29)%
Net Assets, End of Period (in thousands)	\$539,915	\$463,402	\$540,594	\$469,321	\$509,494
Average Net Assets for the Period (in thousands)	\$511,859	\$533,418	\$512,287	\$478,402	\$560,660
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.79%	0.60%	0.64%	0.65%	0.80%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.79%	0.60%	0.64%	0.65%	0.80%
Ratio of Net Investment Income/(Loss)	1.13%	1.19%	1.05%	1.15%	0.83%
Portfolio Turnover Rate	36%	36%	41%	45%	50%

### Service Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$46.15	\$50.17	\$39.87	\$39.53	\$40.77
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.45	0.48	0.38	0.35	0.24
Net realized and unrealized gain/(loss)	12.39	(4.00)	10.24	0.36	(1.26)
Total from Investment Operations	12.84	(3.52)	10.62	0.71	(1.02)
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.45)	(0.50)	(0.32)	(0.37)	(0.22)
Distributions (from capital gains)	(3.27)	—	—	—	—
Total Dividends and Distributions	(3.72)	(0.50)	(0.32)	(0.37)	(0.22)
Net Asset Value, End of Period	\$55.27	\$46.15	\$50.17	\$39.87	\$39.53
Total Return*	28.71%	(7.08)%	26.68%	1.82%	(2.53)%
Net Assets, End of Period (in thousands)	\$214,425	\$180,168	\$210,318	\$179,125	\$202,896
Average Net Assets for the Period (in thousands)	\$198,883	\$206,497	\$197,483	\$186,563	\$218,006
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	1.04%	0.85%	0.89%	0.90%	1.05%
Ratio of Net Expenses (After Waivers and Expense Offsets)	1.04%	0.85%	0.89%	0.90%	1.05%
Ratio of Net Investment Income/(Loss)	0.88%	0.94%	0.81%	0.91%	0.57%
Portfolio Turnover Rate	36%	36%	41%	45%	50%

\* 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, 2019 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

### Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. 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 Global 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.

## 2. Other Investments and Strategies

### Additional Investment Risk

In the aftermath of the 2007-2008 financial crisis, the financial sector experienced reduced liquidity in credit and other fixed-income markets, and an unusually high degree of volatility, both domestically and internationally. 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. For example, the enactment of the Dodd-Frank Act in 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, over-the-counter derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. 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.

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. 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

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

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. 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 (commonly known as “Brexit”). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will conclude, or how financial markets will react.

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.

### Emerging Market Investing

Within the parameters of its specific investment policies, the Portfolio 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.

### 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 Global Research 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.

### 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. Effective December 16, 2019, JPMorgan Chase Bank, National Association replaced Deutsche Bank AG as securities lending agent for the Portfolio. JPMorgan Chase Bank, National Association 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 Non-Custodial Securities Lending 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. In certain circumstances individual loan transactions could yield negative returns.

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 primarily 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.

There were no securities on loan as of December 31, 2019.

### 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%.

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>.

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

The calculation of the performance adjustment applies as follows:

Investment Advisory Fee = Base Fee Rate +/- Performance Adjustment

The investment advisory fee rate paid to Janus Capital by the Portfolio consists of two components: (1) a base fee calculated by applying the contractual fixed rate of the advisory fee to the Portfolio's average daily net assets during the previous month ("Base Fee Rate"), plus or minus (2) a performance-fee adjustment ("Performance Adjustment") calculated by applying a variable rate of up to 0.15% (positive or negative) to the Portfolio's average daily net assets based on the Portfolio's relative performance compared to the cumulative investment record of its benchmark index over a 36-month performance measurement period or shorter time period, as applicable. The investment performance of a Portfolio's Service Shares for the performance measurement period is used to calculate the Performance Adjustment. No Performance Adjustment is applied unless the difference between the Portfolio's investment performance and the cumulative investment record of the Portfolio's benchmark index is 0.50% or greater (positive or negative) during the applicable performance measurement period.

The Portfolio's prospectuses and statement(s) of additional information contain additional information about performance-based fees. The amount shown as advisory fees on the Statement of Operations reflects the Base Fee Rate plus/minus any Performance Adjustment. For the year ended December 31, 2019, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.69%.

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

## Janus Henderson VIT Global Research Portfolio

### Notes to Financial Statements

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 \$40,392 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2019. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of December 31, 2019 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Total distributable earnings (loss)" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2019 are included in "Non-interested Trustees' fees and expenses" on the Statement of Operations. Trustees are allowed to change their designation of mutual funds from time to time. Amounts will be deferred until distributed in accordance with the Deferred Plan. Deferred fees of \$468,050 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates pursuant to the provisions of the 1940 Act that govern the operation of money market funds and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., \$1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The Sweep Vehicle does not charge 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, 2019 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2019, the Portfolio engaged in cross trades amounting to \$12,884,442 in purchases and \$1,872,473 in sales, resulting in a net realized gain of \$937,888. The net realized gain is included within the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

# Janus Henderson VIT Global Research 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 (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.

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		
\$ 2,297,369	\$ 38,092,624	\$ -	\$ -	\$ -	\$ (9,362)	\$219,444,912

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, 2019 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)
\$ 533,905,242	\$228,079,932	\$ (8,634,443)	\$ 219,445,489

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, 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, 2019

Distributions			
From Ordinary Income	From Long-Term Capital Gains	Tax Return of Capital	Net Investment Loss
\$ 6,805,744	\$ 42,881,534	\$ -	\$ -

For the year ended December 31, 2018

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

Permanent book to tax basis differences may result in reclassifications between the components of net assets. These differences have no impact on the results of operations or net assets. The following reclassifications have been made to the Portfolio:

Increase/(Decrease) to Capital	Increase/(Decrease) to Undistributed Net Investment Income/Loss	Increase/(Decrease) to Undistributed Net Realized Gain/Loss
\$ -	\$ (546,673)	\$ 546,673

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

### 5. Capital Share Transactions

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares	Amount	Shares	Amount
Institutional Shares:				
Shares sold	211,898	\$ 11,104,330	269,768	\$ 14,200,485
Reinvested dividends and distributions	700,470	35,853,466	117,634	5,995,987
Shares repurchased	(1,204,072)	(63,535,412)	(1,114,142)	(58,360,997)
Net Increase/(Decrease)	(291,704)	\$(16,577,616)	(726,740)	\$(38,164,525)
Service Shares:				
Shares sold	230,603	\$ 11,845,436	380,307	\$ 19,520,767
Reinvested dividends and distributions	276,671	13,833,812	40,025	1,999,207
Shares repurchased	(531,967)	(27,275,766)	(708,059)	(36,121,983)
Net Increase/(Decrease)	(24,693)	\$ (1,596,518)	(287,727)	\$(14,602,009)

### 6. Purchases and Sales of Investment Securities

For the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

<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>
\$256,092,923	\$ 314,594,078	\$ -	\$ -

### 7. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)*, in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 8. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2019 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.



# Janus Henderson VIT 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, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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.



Denver, Colorado  
February 14, 2020

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 as an exhibit to Form N-PORT within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. Historically, the Portfolio filed its complete portfolio holdings (schedule of investments) with the SEC for the first and third quarters each fiscal year on Form N-Q. The Portfolio's Form N-PORT and Form N-Q filings: (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 agreements for the Janus Henderson Funds that utilize subadvisers.

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 the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 5, 2019, 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, 2020 through February 1, 2021, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and, for the purpose 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.

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

### ***Nature, Extent and Quality of Services***

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Janus Henderson Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Janus Henderson Funds, noting that Janus Capital generally 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 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 provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Janus Henderson Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those 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, 2019, approximately 69% 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, 2019, approximately 71% 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the third Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019. 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, and the performance trend was improving.

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 rate of management fees (investment advisory and any administration, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Janus Henderson Fund.

The independent fee consultant provided its belief 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. The independent fee consultant found: (1) the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) the total expenses, on average, were 10% under the average total expenses of their respective Broadridge Expense Group peers; and (3) and the management fees for the Janus Henderson Funds, on average, were 7% under the average management fees for their Expense Groups. The Trustees also considered the total expenses for each share class of

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

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.

For certain Janus Henderson Funds, the independent fee consultant also performed a systematic “focus list” analysis of expenses which assessed fund fees in the context of fund performance being delivered. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds was reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and/or expense waivers on such Janus Henderson Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, 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, they 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 funds subadvised by Janus Capital and to the fees Janus Capital charges to its institutional separate account clients; (2) these subadvised and institutional separate accounts have different service and infrastructure needs; and (3) Janus Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson subadvised fund and separate account investors; (4) 11 of 12 Janus Henderson Funds have lower management fees than similar funds subadvised by Janus Capital; and (5) six of nine Janus Henderson Funds have lower management fees than similar separate accounts managed by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2018, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's “total expenses”):

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value 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.

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

- 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 mutual fund advisers. 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, difference in product mix, difference in types of business (mutual fund, institutional and other), differences in the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided 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 found that (1) the expense allocation methodology and rationales utilized by Janus Capital were reasonable and (2) no clear correlation between expense allocations and operating margins. 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 and its affiliates, 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 that their independent fee consultant published a report to the Trustees in November 2019 which provided its research and analysis into economies of scale. 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, their independent fee consultant concluded that 64% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted the following: (1) that for those Janus Henderson Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale; (2) 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; (3) 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 VIT Global Research Portfolio

## Additional Information (unaudited)

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 (4) 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 the independent fee consultant's conclusion that, given the limitations of various analytical approaches to economies of scale and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus Henderson complex. In this regard, the independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller 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 provided its belief that Janus Henderson Fund investors are well-served by the fee levels and 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 reviewed, including the recent and 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 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 consistent with regulatory requirements and guidelines and 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 other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson Funds.

# 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, 2019. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

### Performance Overviews

Performance overview graphs compare the performance of a hypothetical \$10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

### Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

### Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.



# 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 period. The next line reflects the total return for the period. The total return may include adjustments in accordance with

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

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

generally accepted accounting principles required at the period end for financial reporting purposes. As a result, the total return may differ from the total return reflected for individual shareholder transactions. 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, 2019:

Capital Gain Distributions	\$42,881,534
Dividends Received Deduction Percentage	75%

## **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 58 series or funds referred to herein as the Fund Complex.

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	Independent Consultant. Formerly, Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (2016-2019), 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).	58	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds) (since 2016), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds) (since 2008), and Director of the F.B. Heron Foundation (a private grantmaking foundation) (since 2006).

# 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, Curam Holdings LLC (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).	58	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).	58	Advisory Board Member, RevOZ Fund LP and related funds (real estate investments for opportunity zones) (since 2020), 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).	58	Board Member, Van Alen Institute (nonprofit architectural and design organization) (since 2019) and Director of Brightwood Capital Advisors, LLC (since 2014).
William M. Fitzgerald, Sr. 151 Detroit Street Denver, CO 80206 DOB: 1964	Trustee	9/19-Present	Founder, Fitzgerald Asset Management LLC (since 2012). Formerly, Founder and Chief Investment Officer, Global Infrastructure Asset Management LLC (2008-2017), Chief Investment Officer of Nuveen Asset Management (2000-2007), and Managing Director, Nuveen Investment LLC (1988-2007).	58	Board of Directors, Municipal Securities Rulemaking Board (since 2017). Formerly, Board of Directors of Syncora Holdings Ltd, Syncora Guarantee Inc., and Syncora Capital Assurance Inc. (2009-2016), and Trustee, Destra Investment Trust (2010-2014).



# 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.	58	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).
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).	58	None

\*William D. Stewart retired from his role as Independent Trustee, effective December 31, 2019.

# 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>					
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	58	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).
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).	58	Director of Chicago Community Trust (Regional Community Foundation), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrappports, LLC (digital communications company). Formerly, Director of Chicago Council on Global Affairs (until 2019), InnerWorkings (until 2019), 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	Executive Vice President, 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 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	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	Assistant General Counsel of Janus Capital (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**

**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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## 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

For the 12-month period ending December 31, 2019, Janus Henderson VIT Research Portfolio's Institutional Shares and Service Shares returned 35.52% and 35.22%, respectively. Meanwhile, the Portfolio's primary benchmark, the Russell 1000<sup>®</sup> Growth Index, returned 36.39% and its secondary benchmark, the S&P 500<sup>®</sup> Index, returned 31.49%. Another benchmark we use to measure performance, the Core Growth Index, returned 33.93%. 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

After a sharp downturn in the final weeks of 2018 triggered by heightened macroeconomic and geopolitical concerns, U.S. markets reversed direction in 2019, largely shrugging off worries about the impact of the U.S.-China trade war and slowing global growth. The recovery was driven in large part by a more accommodative monetary by the Federal Reserve (Fed). Despite a resilient U.S. economy and continued consumer strength, the Fed responded to weaker manufacturing data and risks of slowing global growth with three rate cuts in the second half of the year. In the final months of the year, better-than-expected economic, earnings and trade policy news helped stocks finish the period with strong gains.

## PERFORMANCE DISCUSSION

Our seven 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 may 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 primary benchmark this year.

Our stock selection in the technology and consumer sectors detracted from relative performance. Conversely, stock selection in the industrials and financials sectors contributed to relative results.

AbbVie was our largest detractor on an absolute basis. The biopharmaceutical firm's stock declined after management announced it would purchase drug maker Allergan at a significant premium. We are concerned that AbbVie is making the acquisition because of worries about the pace of biosimilar erosion for Humira, AbbVie's lead drug, which is expected to face additional competitors in 2023. We consequently liquidated our position in the stock.

Notable detractors also included AnaptysBio. During the period, the company announced that its lead drug candidate etokimab failed to achieve the primary endpoint in a phase 2 clinical trial involving patients suffering from moderate-to-severe atopic dermatitis, a severe form of eczema. The disappointing results prompted the company to postpone a phase 2 study evaluating the drug's efficacy in treating asthma. We eliminated our position in AnaptysBio, as we are finding other more attractive investment opportunities elsewhere.

Sage Therapeutics also weighed on the Portfolio's performance. Investors bid shares lower after management reported disappointing phase 3 trial data for Sage-217, a treatment for major depressive disorder. Although frustrated by the results, we think Sage-217 still shows promise: The drug is a new mechanism of action in a disease category in which 40% of patients do not respond to current therapies, and a similar drug from Sage has received regulatory approval for postpartum depression. What's more, depression is a notoriously difficult condition to test and often requires multiple trials

## Janus Henderson VIT Research Portfolio (unaudited)

to confirm results. With additional studies already underway, we believe U.S. Food and Drug Administration approval could still be possible.

While disappointed by these results, we were pleased with the performance of other holdings, including Microsoft. The technology company's stock advanced as a result of robust growth in its Intelligent Cloud and Productivity/Business Process segments. The company also benefited from positive sentiment associated with winning a U.S. Defense Department multibillion-dollar cloud services deal. We remain impressed with the revenue growth of Microsoft's commercial cloud business, which is a leader in the buildout of enterprise cloud infrastructure globally.

Key contributors also included Apple, which rallied on a better-than-expected launch for its iPhone 11 series and robust growth in wearables, particularly AirPods. The company recently reported strong fiscal 2019 earnings results and record-setting fourth quarter revenue fueled by accelerating growth in its services business. Notably, Apple's services segment has helped create a recurring revenue stream that makes the company less dependent on the phone replacement cycle.

Alphabet also made a meaningful contribution to performance. Although the parent company of Google is one of several big tech firms facing regulatory scrutiny, strong second quarter revenue driven by growth in its core advertising business eclipsed news of the Justice Department's anti-trust reviews of Google and other market-leading Internet platforms. Our research indicates that the likelihood Alphabet will be forced to break up is small. In fact, recent developments add to our conviction in the company. These include Alphabet's approval of a \$25 billion stock repurchase plan and the introduction of new advertising formats aimed at improving the user experience. In our view, Alphabet's valuation remains attractive relative to other large-cap companies that are not growing nearly as fast as Alphabet.

### OUTLOOK

As we head into 2020, we believe economic growth will be an important determinant of equity performance. In recent months, we have started to see signs that the global economy may be regaining its footing. In November, for example, headline purchasing managers' indices (a measure of manufacturing activity) expanded in 18 out of 30 regions, the highest ratio in two years. In the U.S., unemployment remains low and monthly wage

growth has been running at 3% or more over the past year, suggesting a healthy consumer.

Should the economy be turning a corner, we believe traditionally cyclical stocks (firms closely tied to the business cycle) could be well positioned. These stocks have lagged growth peers and, in our opinion, offer attractive valuations at a time when a reaccelerating economy could drive demand for these firms' goods and services.

At the same time, plenty of uncertainty remains, from ongoing trade negotiations to the U.S. presidential election. If the economy stalls, cyclicals would likely lose their leadership position. As such, we think it's important to keep a close eye on economic indicators in 2020, including measures of corporate capital expenditure. But given geopolitical and macroeconomic uncertainties, we also believe central banks globally will keep monetary policy loose and that select governments could roll out fiscal stimulus in 2020. These efforts should add liquidity to financial markets and, in our opinion, further support equities.

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

# Janus Henderson VIT Research Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2019

#### 5 Top Performers - Holdings

	Contribution
Microsoft Corp	3.84%
Apple Inc	2.93%
Alphabet Inc - Class C	1.78%
Mastercard Inc	1.46%
Amazon.com Inc	1.37%

#### 5 Bottom Performers - Holdings

	Contribution
AbbVie Inc	-0.37%
AnaptysBio Inc	-0.31%
Sage Therapeutics Inc	-0.25%
Etsy Inc	-0.18%
ICU Medical Inc	-0.12%

#### 3 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Industrials	1.15%	12.58%	12.52%
Financials	0.58%	11.81%	11.81%
Communications	0.38%	3.73%	3.75%

#### 5 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Technology	-0.95%	36.00%	36.13%
Consumer	-0.75%	21.15%	21.44%
Healthcare	-0.17%	13.86%	13.84%
Other**	-0.15%	0.33%	0.00%
Energy	-0.07%	0.54%	0.51%

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, 2019

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

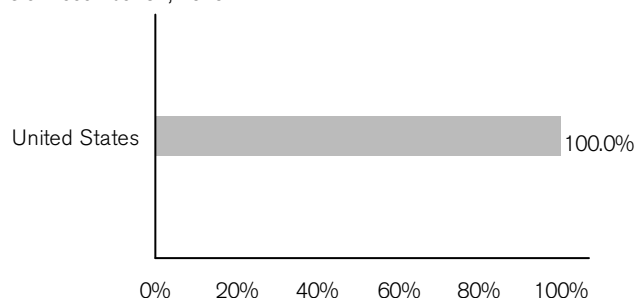
Microsoft Corp	
Software	6.5%
Amazon.com Inc	
Internet & Direct Marketing Retail	6.1%
Alphabet Inc - Class C	
Interactive Media & Services	5.8%
Apple Inc	
Technology Hardware, Storage & Peripherals	4.3%
Facebook Inc	
Interactive Media & Services	3.5%
	<u>26.2%</u>

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

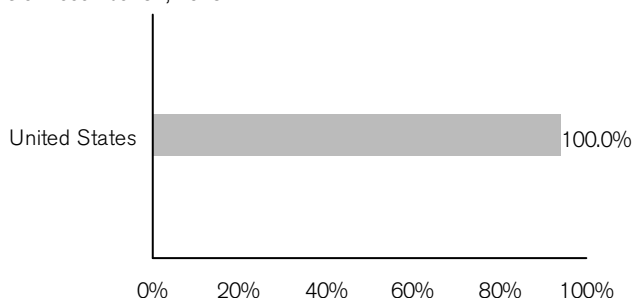
Common Stocks	99.4%
Investment Companies	0.7%
Other	<u>(0.1)%</u>
	100.0%

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

As of December 31, 2019

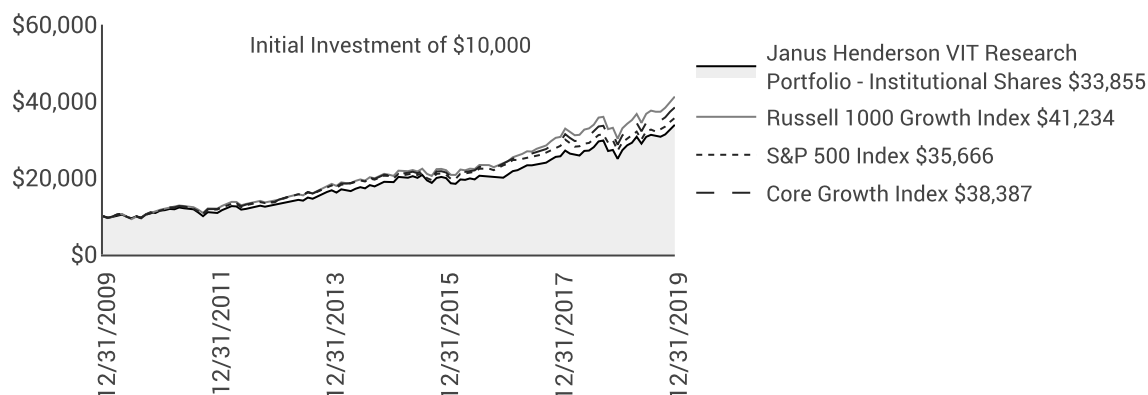


As of December 31, 2018



# Janus Henderson VIT Research Portfolio (unaudited)

## Performance



Average Annual Total Return - for the periods ended December 31, 2019					Expense Ratios
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses†
Institutional Shares	35.52%	12.32%	12.97%	8.95%	0.58%
Service Shares	35.22%	12.04%	12.69%	8.66%	0.83%
Russell 1000 Growth Index	36.39%	14.63%	15.22%	9.89%	
S&P 500 Index	31.49%	11.70%	13.56%	9.82%	
Core Growth Index	33.93%	13.17%	14.40%	9.89%	
Morningstar Quartile - Institutional Shares	1st	3rd	3rd	3rd	
Morningstar Ranking - based on total returns for Large Growth Funds	343/1,377	659/1,267	737/1,109	282/430	

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.

High absolute short-term performance is not typical and may not be achieved in the future. Such results should not be the sole basis for evaluating material facts in making an investment decision.

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

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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See important disclosures on the next page.

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

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

‡ As stated in the prospectus. See Financial Highlights for actual expense ratios during the reporting period.



# 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/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 (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Beginning Account Value (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Net Annualized Expense Ratio (7/1/19 - 12/31/19)
Institutional Shares	\$1,000.00	\$1,101.80	\$3.13	\$1,000.00	\$1,022.23	\$3.01	0.59%
Service Shares	\$1,000.00	\$1,100.60	\$4.45	\$1,000.00	\$1,020.97	\$4.28	0.84%

† 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, 2019

	Shares	Value
Common Stocks – 99.4%		
Aerospace & Defense – 2.5%		
Boeing Co	23,259	\$7,576,852
L3Harris Technologies Inc	30,785	6,091,428
		13,668,280
Auto Components – 0.6%		
Aptiv PLC	37,070	3,520,538
Beverages – 1.6%		
Constellation Brands Inc	46,312	8,787,702
Biotechnology – 2.8%		
Insmed Inc*	66,129	1,579,161
Mirati Therapeutics Inc*	16,485	2,124,257
Neurocrine Biosciences Inc*	29,580	3,179,554
Sage Therapeutics Inc*	11,544	833,361
Sarepta Therapeutics Inc*	16,271	2,099,610
Vertex Pharmaceuticals Inc*	24,616	5,389,673
		15,205,616
Capital Markets – 1.4%		
Blackstone Group Inc	43,364	2,425,782
CME Group Inc	10,311	2,069,624
Intercontinental Exchange Inc	32,158	2,976,223
		7,471,629
Chemicals – 1.5%		
Air Products & Chemicals Inc	16,109	3,785,454
Sherwin-Williams Co	7,914	4,618,136
		8,403,590
Construction Materials – 0.5%		
Vulcan Materials Co	18,574	2,674,470
Containers & Packaging – 0.3%		
Ball Corp	23,371	1,511,403
Diversified Consumer Services – 0.5%		
ServiceMaster Global Holdings Inc*	72,307	2,795,389
Electronic Equipment, Instruments & Components – 0.4%		
Cognex Corp	41,718	2,337,877
Entertainment – 2.6%		
Liberty Media Corp-Liberty Formula One*	100,485	4,618,793
Netflix Inc*	30,205	9,773,432
		14,392,225
Equity Real Estate Investment Trusts (REITs) – 3.0%		
American Tower Corp	21,771	5,003,411
Crown Castle International Corp	30,023	4,267,769
Equinix Inc	6,131	3,578,665
VICI Properties Inc	146,776	3,750,127
		16,599,972
Health Care Equipment & Supplies – 3.5%		
Abbott Laboratories	69,729	6,056,661
Boston Scientific Corp*	149,759	6,772,102
Cooper Cos Inc	8,456	2,716,828
Dentsply Sirona Inc	23,051	1,304,456
ICU Medical Inc*	11,311	2,116,514
		18,966,561
Health Care Providers & Services – 3.0%		
Humana Inc	10,123	3,710,282
UnitedHealth Group Inc	42,519	12,499,736
		16,210,018
Hotels, Restaurants & Leisure – 3.5%		
Aramark	79,142	3,434,763
Hilton Worldwide Holdings Inc	60,330	6,691,200
McDonald's Corp	23,711	4,685,531

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

# Janus Henderson VIT Research Portfolio

## Schedule of Investments

### December 31, 2019

	Shares	Value
Common Stocks – (continued)		
Hotels, Restaurants & Leisure – (continued)		
Norwegian Cruise Line Holdings Ltd*	74,674	\$4,361,708
		19,173,202
Independent Power and Renewable Electricity Producers – 0.1%		
NRG Energy Inc	10,835	430,691
Industrial Conglomerates – 1.1%		
Honeywell International Inc	35,218	6,233,586
Information Technology Services – 8.9%		
Fidelity National Information Services Inc	46,352	6,447,100
Gartner Inc*	56,284	8,673,364
Mastercard Inc	55,119	16,457,982
Visa Inc	91,645	17,220,095
		48,798,541
Insurance – 1.6%		
Aon PLC	22,528	4,692,357
Progressive Corp	59,051	4,274,702
		8,967,059
Interactive Media & Services – 9.3%		
Alphabet Inc - Class C*	23,935	32,001,574
Facebook Inc*	93,896	19,272,154
		51,273,728
Internet & Direct Marketing Retail – 7.0%		
Amazon.com Inc*	18,064	33,379,382
Etsy Inc*	60,817	2,694,193
Wayfair Inc*	28,086	2,538,132
		38,611,707
Leisure Products – 0.7%		
Hasbro Inc	36,326	3,836,389
Life Sciences Tools & Services – 1.8%		
IQVIA Holdings Inc*	17,973	2,777,008
Thermo Fisher Scientific Inc	22,227	7,220,885
		9,997,893
Machinery – 2.3%		
Deere & Co	16,946	2,936,064
Gardner Denver Holdings Inc*	75,902	2,784,085
Parker-Hannifin Corp	16,591	3,414,760
Wabtec Corp	44,171	3,436,504
		12,571,413
Media – 0.5%		
Liberty Broadband Corp*	22,937	2,884,328
Oil, Gas & Consumable Fuels – 0.2%		
Enterprise Products Partners LP	16,226	456,924
EOG Resources Inc	6,039	505,827
		962,751
Pharmaceuticals – 3.8%		
Bristol-Myers Squibb Co	98,549	6,325,860
Elanco Animal Health Inc*	55,997	1,649,112
Merck & Co Inc	139,069	12,648,326
		20,623,298
Professional Services – 1.6%		
CoStar Group Inc*	9,994	5,979,410
Verisk Analytics Inc	18,753	2,800,573
		8,779,983
Road & Rail – 1.5%		
CSX Corp	77,104	5,579,245
Uber Technologies Inc*	83,536	2,484,361
		8,063,606
Semiconductor & Semiconductor Equipment – 6.9%		
Lam Research Corp	23,364	6,831,634

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

# Janus Henderson VIT Research Portfolio

## Schedule of Investments

### December 31, 2019

	Shares	Value
Common Stocks – (continued)		
Semiconductor & Semiconductor Equipment – (continued)		
Microchip Technology Inc	42,089	\$4,407,560
Micron Technology Inc*	31,486	1,693,317
NVIDIA Corp	36,402	8,565,391
ON Semiconductor Corp*	115,792	2,823,009
Texas Instruments Inc	85,041	10,909,910
Xilinx Inc	25,627	2,505,552
		37,736,373
Software – 16.3%		
Adobe Inc*	49,631	16,368,800
Autodesk Inc*	39,520	7,250,339
HubSpot Inc*	8,319	1,318,561
Intuit Inc	18,215	4,771,055
Microsoft Corp	225,715	35,595,255
Salesforce.Com Inc*	83,669	13,607,926
SS&C Technologies Holdings Inc	44,381	2,724,993
Tyler Technologies Inc*	13,740	4,122,275
Zendesk Inc*	52,829	4,048,286
		89,807,490
Technology Hardware, Storage & Peripherals – 4.3%		
Apple Inc	81,023	23,792,404
Textiles, Apparel & Luxury Goods – 1.5%		
NIKE Inc	83,578	8,467,287
Tobacco – 1.9%		
Altria Group Inc	208,635	10,412,973
Wireless Telecommunication Services – 0.4%		
T-Mobile US Inc*	31,341	2,457,761
Total Common Stocks (cost \$361,217,396)		546,427,733
Investment Companies – 0.7%		
Money Markets – 0.7%		
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>00-12</sup> (cost \$3,520,724)	3,520,724	3,520,724
Total Investments (total cost \$364,738,120) – 100.1%		549,948,457
Liabilities, net of Cash, Receivables and Other Assets – (0.1)%		(446,528)
Net Assets – 100%		\$549,501,929

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

# Janus Henderson VIT Research Portfolio

## Schedule of Investments

### December 31, 2019

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

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/ Depreciation	Value at 12/31/19
Investment Companies - 0.7%				
Money Markets - 0.7%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	\$ 31,332	\$ (421)	\$ -	\$ 3,520,724

	Share Balance at 12/31/18	Purchases	Sales	Share Balance at 12/31/19
Investment Companies - 0.7%				
Money Markets - 0.7%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	1,134,000	71,318,256	(68,931,532)	3,520,724

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, 2019.

£ The Portfolio may invest in certain securities that are considered affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

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, 2019. 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>	\$ 546,427,733	\$ -	\$ -
<i>Investment Companies</i>	-	3,520,724	-
<b>Total Assets</b>	<u>\$ 546,427,733</u>	<u>\$ 3,520,724</u>	<u>\$ -</u>

# Janus Henderson VIT Research Portfolio

## Statement of Assets and Liabilities

### December 31, 2019

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	546,427,733
Affiliated investments, at value <sup>(2)</sup>		3,520,724
Non-interested Trustees' deferred compensation		14,119
Receivables:		
Dividends		451,005
Portfolio shares sold		11,962
Dividends from affiliates		3,855
Foreign tax reclaims		1,931
Other assets		5,735
<b>Total Assets</b>		<b>550,437,064</b>
Liabilities:		
Due to custodian		127,560
Payables:		
Investments purchased		274,503
Advisory fees		238,964
Portfolio shares repurchased		123,040
Professional fees		41,796
12b-1 Distribution and shareholder servicing fees		32,511
Transfer agent fees and expenses		25,846
Non-affiliated portfolio administration fees payable		19,659
Non-interested Trustees' deferred compensation fees		14,119
Custodian fees		1,932
Affiliated portfolio administration fees payable		1,186
Non-interested Trustees' fees and expenses		56
Accrued expenses and other payables		33,963
<b>Total Liabilities</b>		<b>935,135</b>
<b>Net Assets</b>	<b>\$</b>	<b>549,501,929</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	318,405,690
Total distributable earnings (loss)		231,096,239
<b>Total Net Assets</b>	<b>\$</b>	<b>549,501,929</b>
Net Assets - Institutional Shares	\$	398,887,923
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,777,905
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>40.79</b>
Net Assets - Service Shares	\$	150,614,006
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		3,799,965
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>39.64</b>

(1) Includes cost of \$361,217,396.

(2) Includes cost of \$3,520,724.

See Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Statement of Operations

### For the year ended December 31, 2019

Investment Income:		
Dividends	\$	5,853,070
Dividends from affiliates		31,332
Other income		180
Foreign tax withheld		(44)
<b>Total Investment Income</b>		<b>5,884,538</b>
Expenses:		
Advisory fees		2,527,213
12b-1 Distribution and shareholder servicing fees:		
Service Shares		354,042
Transfer agent administrative fees and expenses:		
Institutional Shares		187,100
Service Shares		70,808
Other transfer agent fees and expenses:		
Institutional Shares		12,140
Service Shares		2,502
Professional fees		53,508
Shareholder reports expense		44,966
Registration fees		22,808
Custodian fees		13,776
Non-interested Trustees' fees and expenses		12,404
Affiliated portfolio administration fees		12,101
Other expenses		71,255
<b>Total Expenses</b>		<b>3,384,623</b>
<b>Net Investment Income/(Loss)</b>		<b>2,499,915</b>
Net Realized Gain/(Loss) on Investments:		
Investments		45,686,832
Investments in affiliates		(421)
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>45,686,411</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation		105,351,482
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>105,351,482</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>153,537,808</b>

See Notes to Financial Statements.



# Janus Henderson VIT Research Portfolio

## Statements of Changes in Net Assets

	<i>Year ended</i> <i>December 31, 2019</i>	<i>Year ended</i> <i>December 31, 2018</i>
Operations:		
Net investment income/(loss)	\$ 2,499,915	\$ 2,266,769
Net realized gain/(loss) on investments	45,686,411	53,207,407
Change in unrealized net appreciation/depreciation	105,351,482	(64,203,109)
Net Increase/(Decrease) in Net Assets Resulting from Operations	153,537,808	(8,728,933)
Dividends and Distributions to Shareholders		
Institutional Shares	(40,472,444)	(20,256,261)
Service Shares	(15,364,380)	(7,620,740)
Net Decrease from Dividends and Distributions to Shareholders	(55,836,824)	(27,877,001)
Capital Share Transactions:		
Institutional Shares	(851,843)	(23,591,795)
Service Shares	(2,966,698)	(23,669,439)
Net Increase/(Decrease) from Capital Share Transactions	(3,818,541)	(47,261,234)
Net Increase/(Decrease) in Net Assets	93,882,443	(83,867,168)
Net Assets:		
Beginning of period	455,619,486	539,486,654
End of period	\$ 549,501,929	\$ 455,619,486

See Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Financial Highlights

### Institutional Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$33.70	\$36.51	\$28.93	\$30.84	\$35.76
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.21	0.19	0.16	0.14	0.17
Net realized and unrealized gain/(loss)	11.26	(0.94)	7.87	(0.03)	1.92
Total from Investment Operations	11.47	(0.75)	8.03	0.11	2.09
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.18)	(0.21)	(0.13)	(0.16)	(0.23)
Distributions (from capital gains)	(4.20)	(1.85)	(0.32)	(1.86)	(6.78)
Total Dividends and Distributions	(4.38)	(2.06)	(0.45)	(2.02)	(7.01)
Net Asset Value, End of Period	\$40.79	\$33.70	\$36.51	\$28.93	\$30.84
Total Return*	35.52%	(2.58)%	27.88%	0.50%	5.35%
Net Assets, End of Period (in thousands)	\$398,888	\$328,803	\$379,048	\$330,516	\$380,663
Average Net Assets for the Period (in thousands)	\$374,004	\$380,194	\$360,896	\$353,738	\$413,393
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.59%	0.58%	0.61%	0.62%	0.71%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.59%	0.58%	0.61%	0.62%	0.71%
Ratio of Net Investment Income/(Loss)	0.55%	0.50%	0.48%	0.47%	0.49%
Portfolio Turnover Rate	38%	47%	55%	58%	54%

### Service Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$32.87	\$35.68	\$28.31	\$30.24	\$35.21
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.11	0.09	0.08	0.06	0.08
Net realized and unrealized gain/(loss)	10.98	(0.92)	7.69	(0.02)	1.89
Total from Investment Operations	11.09	(0.83)	7.77	0.04	1.97
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.12)	(0.13)	(0.08)	(0.11)	(0.16)
Distributions (from capital gains)	(4.20)	(1.85)	(0.32)	(1.86)	(6.78)
Total Dividends and Distributions	(4.32)	(1.98)	(0.40)	(1.97)	(6.94)
Net Asset Value, End of Period	\$39.64	\$32.87	\$35.68	\$28.31	\$30.24
Total Return*	35.22%	(2.84)%	27.55%	0.27%	5.08%
Net Assets, End of Period (in thousands)	\$150,614	\$126,817	\$160,439	\$143,900	\$163,148
Average Net Assets for the Period (in thousands)	\$141,550	\$148,101	\$155,006	\$151,772	\$166,602
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.84%	0.83%	0.86%	0.87%	0.97%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.84%	0.83%	0.86%	0.87%	0.97%
Ratio of Net Investment Income/(Loss)	0.30%	0.25%	0.23%	0.22%	0.25%
Portfolio Turnover Rate	38%	47%	55%	58%	54%

\* 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, 2019 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

### Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. 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.

## 2. Other Investments and Strategies

### Additional Investment Risk

In the aftermath of the 2007-2008 financial crisis, the financial sector experienced reduced liquidity in credit and other fixed-income markets, and an unusually high degree of volatility, both domestically and internationally. 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. For example, the enactment of the Dodd-Frank Act in 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, over-the-counter derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. 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.

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. 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

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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. 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 (commonly known as “Brexit”). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will conclude, or how financial markets will react.

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. Prior to May 1, 2017, the Portfolio's benchmark index used in the calculation was the Core Growth Index. Effective May 1, 2017, the Portfolio's performance fee adjustment is calculated based on a combination of the Core Growth Index and Russell 1000<sup>®</sup> 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 or shorter time period, as applicable. The investment performance of a Portfolio's Service Shares for the performance measurement period is used to calculate the Performance Adjustment. No Performance Adjustment is applied unless the difference between the Portfolio's investment performance and the cumulative investment record of the benchmark index is 0.50% or greater (positive or negative) during the applicable performance measurement period.

The Portfolio's prospectuses and statement(s) of additional information contain additional information about performance-based fees. The amount shown as advisory fees on the Statement of Operations reflects the Base Fee Rate plus/minus any Performance Adjustment. For the year ended December 31, 2019, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.49%.

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 Research 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 \$40,392 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2019. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of December 31, 2019 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Total distributable earnings (loss)" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2019 are included in "Non-interested Trustees' fees and expenses" on the Statement of Operations. Trustees are allowed to change their designation of mutual funds from time to time. Amounts will be deferred until distributed in accordance with the Deferred Plan.

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

Deferred fees of \$468,050 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates pursuant to the provisions of the 1940 Act that govern the operation of money market funds and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., \$1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The Sweep Vehicle does not charge 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, 2019 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2019, the Portfolio engaged in cross trades amounting to \$349,880 in purchases and \$2,629,215 in sales, resulting in a net realized gain of \$347,965. 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		
\$ 1,609,700	\$ 45,539,081	\$ -	\$ -	\$ -	\$ (12,262)	\$183,959,720



# Janus Henderson VIT Research 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, 2019 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>
\$ 365,988,737	\$189,437,208	\$ (5,477,488)	\$ 183,959,720

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, 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, 2019*

<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>
\$ 2,134,300	\$ 53,702,524	\$ -	\$ -

*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	\$ -	\$ -

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>
\$ -	\$ (47,008)	\$ 47,008

## 5. Capital Share Transactions

	<i>Year ended December 31, 2019</i>		<i>Year ended December 31, 2018</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	149,935	\$ 5,697,516	145,948	\$ 5,564,327
Reinvested dividends and distributions	1,104,132	40,472,444	543,760	20,256,261
Shares repurchased	(1,232,956)	(47,021,803)	(1,313,591)	(49,412,383)
Net Increase/(Decrease)	21,111	\$ (851,843)	(623,883)	\$(23,591,795)
Service Shares:				
Shares sold	234,733	\$ 8,722,600	369,299	\$ 13,616,959
Reinvested dividends and distributions	431,372	15,364,380	209,452	7,620,740
Shares repurchased	(724,029)	(27,053,678)	(1,217,465)	(44,907,138)
Net Increase/(Decrease)	(57,924)	\$(2,966,698)	(638,714)	\$(23,669,439)

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

### 6. Purchases and Sales of Investment Securities

For the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

<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>
\$195,179,836	\$ 254,318,270	\$ -	\$ -

### 7. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)*, in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 8. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2019 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.

# Janus Henderson VIT 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, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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 14, 2020

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 as an exhibit to Form N-PORT within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. Historically, the Portfolio filed its complete portfolio holdings (schedule of investments) with the SEC for the first and third quarters each fiscal year on Form N-Q. The Portfolio's Form N-PORT and Form N-Q filings: (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 agreements for the Janus Henderson Funds that utilize subadvisers.

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 the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 5, 2019, 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, 2020 through February 1, 2021, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and, for the purpose 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.

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

### ***Nature, Extent and Quality of Services***

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Janus Henderson Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Janus Henderson Funds, noting that Janus Capital generally 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 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 provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Janus Henderson Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those 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, 2019, approximately 69% 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, 2019, approximately 71% 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the third Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019. 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, and the performance trend was improving.

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 rate of management fees (investment advisory and any administration, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Janus Henderson Fund.

The independent fee consultant provided its belief 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. The independent fee consultant found: (1) the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) the total expenses, on average, were 10% under the average total expenses of their respective Broadridge Expense Group peers; and (3) and the management fees for the Janus Henderson Funds, on average, were 7% under the average management fees for their Expense Groups. The Trustees also considered the total expenses for each share class of

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

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.

For certain Janus Henderson Funds, the independent fee consultant also performed a systematic “focus list” analysis of expenses which assessed fund fees in the context of fund performance being delivered. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds was reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and/or expense waivers on such Janus Henderson Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, 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, they 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 funds subadvised by Janus Capital and to the fees Janus Capital charges to its institutional separate account clients; (2) these subadvised and institutional separate accounts have different service and infrastructure needs; and (3) Janus Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson subadvised fund and separate account investors; (4) 11 of 12 Janus Henderson Funds have lower management fees than similar funds subadvised by Janus Capital; and (5) six of nine Janus Henderson Funds have lower management fees than similar separate accounts managed by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2018, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's “total expenses”):

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value 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.

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

- 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 mutual fund advisers. 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, difference in product mix, difference in types of business (mutual fund, institutional and other), differences in the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided 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 found that (1) the expense allocation methodology and rationales utilized by Janus Capital were reasonable and (2) no clear correlation between expense allocations and operating margins. 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 and its affiliates, 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 that their independent fee consultant published a report to the Trustees in November 2019 which provided its research and analysis into economies of scale. 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, their independent fee consultant concluded that 64% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted the following: (1) that for those Janus Henderson Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale; (2) 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; (3) 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 VIT Research Portfolio

## Additional Information (unaudited)

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 (4) 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 the independent fee consultant's conclusion that, given the limitations of various analytical approaches to economies of scale and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus Henderson complex. In this regard, the independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller 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 provided its belief that Janus Henderson Fund investors are well-served by the fee levels and 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 reviewed, including the recent and 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 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 consistent with regulatory requirements and guidelines and 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 other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson Funds.

# 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, 2019. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

### Performance Overviews

Performance overview graphs compare the performance of a hypothetical \$10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

### Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

### Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

# 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 period. The next line reflects the total return for the period. The total return may include adjustments in accordance with

## **Janus Henderson VIT Research Portfolio**

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

generally accepted accounting principles required at the period end for financial reporting purposes. As a result, the total return may differ from the total return reflected for individual shareholder transactions. 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, 2019:

Capital Gain Distributions	\$53,702,524
Dividends Received Deduction Percentage	80%

## **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 58 series or funds referred to herein as the Fund Complex.

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	Independent Consultant. Formerly, Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (2016-2019), 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).	58	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds) (since 2016), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds) (since 2008), and Director of the F.B. Heron Foundation (a private grantmaking foundation) (since 2006).

# 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, Curam Holdings LLC (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).	58	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).	58	Advisory Board Member, RevOZ Fund LP and related funds (real estate investments for opportunity zones) (since 2020), 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).	58	Board Member, Van Alen Institute (nonprofit architectural and design organization) (since 2019) and Director of Brightwood Capital Advisors, LLC (since 2014).
William M. Fitzgerald, Sr. 151 Detroit Street Denver, CO 80206 DOB: 1964	Trustee	9/19-Present	Founder, Fitzgerald Asset Management LLC (since 2012). Formerly, Founder and Chief Investment Officer, Global Infrastructure Asset Management LLC (2008-2017), Chief Investment Officer of Nuveen Asset Management (2000-2007), and Managing Director, Nuveen Investment LLC (1988-2007).	58	Board of Directors, Municipal Securities Rulemaking Board (since 2017). Formerly, Board of Directors of Syncora Holdings Ltd, Syncora Guarantee Inc., and Syncora Capital Assurance Inc. (2009-2016), and Trustee, Destra Investment Trust (2010-2014).

# 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.	58	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).
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).	58	None

\*William D. Stewart retired from his role as Independent Trustee, effective December 31, 2019.

# 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>					
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	58	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).
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).	58	Director of Chicago Community Trust (Regional Community Foundation), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrapparts, LLC (digital communications company). Formerly, Director of Chicago Council on Global Affairs (until 2019), InnerWorkings (until 2019), 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	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	Executive Vice President, 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 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	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	Assistant General Counsel of Janus Capital (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



# 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 ending December 31, 2019, Janus Henderson VIT Forty Portfolio’s Institutional Shares and Service Shares returned 37.16% and 36.85%, respectively, versus a return of 36.39% for the Portfolio’s primary benchmark, the Russell 1000® Growth Index. The Portfolio’s secondary benchmark, the S&P 500® Index, returned 31.49% for the period.

## INVESTMENT ENVIRONMENT

The Russell 1000 Growth Index ended the year with a strong gain for 2019 following a disappointing 2018. The Federal Reserve cut its benchmark federal funds rate three times during the year, and the central bank signaled that it does not plan to raise rates in the near future given the current economic environment. The ongoing trade war between the U.S. and China concerned markets for much of the year; however, the countries agreed to a partial truce, although not a full resolution, late in the year. Despite indications of slowing global growth, U.S. economic growth and earnings results remained solid, driven largely by a healthy consumer and a strong labor market.

## 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 year ending December 31, 2019. Stock selection in the Portfolio was the main contributor to performance relative to the primary benchmark 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.

Microsoft was among the top absolute contributors, as it continues to see strong growth in its Azure cloud product. Microsoft has emerged as a credible competitor to Amazon’s market-leading AWS cloud offering, which has had first-mover advantage in the space. Although on a smaller base, Azure growth rates have become significantly higher than those of AWS. We believe this is a result of Microsoft differentiating itself with a hybrid cloud offering and with products around the intelligent edge, a developing network of devices and systems that gather and analyze data. We think that we are still in the early stages of corporate IT transition to the cloud, a trend that should be supportive for continued growth.

Mastercard was another top absolute contributor. The company is beginning to demonstrate how its business model can address business-to-business payment solutions. A decision by many upstart fintech companies to use Mastercard’s and Visa’s payments networks – instead of competing against them – has also reinforced the durability of the two global card networks’ values and helped drive the stock’s appreciation. Mastercard has been a longtime holding and a large contributor to performance over the years. Our basic view is that Mastercard’s payments network among merchants is a competitive moat that positions the business as a key beneficiary as more transactions migrate from cash and check to plastic and electronic payments. We believe Mastercard is particularly well positioned to benefit from this shift because a majority of its revenues are generated outside the U.S., where many markets have a lower penetration of card and electronic payments and are experiencing significantly faster electronic purchase volume growth.

## Janus Henderson VIT Forty Portfolio (unaudited)

Apple was also among the top absolute contributors. The firm reported strong earnings and benefited from the news of a trade truce between the U.S. and China, given that both its end-market demand and its supply chain are deeply connected to both countries. There has been continued strength in the stock as investors have become more confident in its interconnected ecosystem of products and services as well as the durability of its revenue model. The company has shifted from a purely hardware-based model to one more reliant on providing both hardware and complementary services, like Apple Music, iCloud and the recently launched Apple TV+.

Uber Technologies was one of the top absolute detractors. Stock of the ridesharing company fell after Uber reported a larger-than-expected second quarter loss. It has also faced new state legislation that could eventually require the company, as well as primary competitor Lyft, to treat workers as employees rather than independent contractors. We have a favorable view on the duopoly industry structure and the large opportunity set, but we believe the company will need to lessen its focus on gaining market share and instead shift to bolstering its financial posture and achieving profitability.

Humana was also among the largest absolute detractors. A proposal to expand Medicare and eliminate private medical insurance in the U.S. led to a broad, significant pullback in managed care stocks, including Humana. We are cautious on the health care landscape given the scrutiny of the industry by politicians in Washington and sold the position, choosing to invest in companies we believe will be less subjected to reform.

Allergan was another detractor. We were disappointed by what we view as several executional missteps by management that weighed on the stock and sold out of the position during the period.

Please see the Derivative Instruments section in the "Notes to Financial Statements" for a discussion of derivatives used by the Portfolio.

### OUTLOOK

The trade war between the U.S. and China created uncertainty in markets for much of the year, generating daily headlines and rhetoric that if fully implemented would cause dramatic changes in input costs. The uncertainty associated with this ultimately stunted global growth. As a result of the trade truce reached toward the end of the year, and the easing of those headwinds, we

believe that refilling supply chains globally could help boost earnings growth for the global economy in 2020.

While global growth prospects have become healthier heading into the new year, our fundamental process is focused on investing in businesses that can create their own growth, regardless of the macroeconomic environment. These companies are positioned to benefit from powerful, disruptive themes that we believe are the largest factors impacting company fundamentals. Among others, these themes include digital transformation, transition to the cloud, the shift from physical to digital payments, the evolution of companies into direct-to-consumer businesses, the proliferation of semiconductor content through the industrial economy and idiosyncratic innovation within the health care industry.

Going forward, we will continue to look for durable franchises with the ability to grow market share and expand their businesses. We remain committed to our unwavering, long-term investment philosophy of investing in companies that have built sustainable competitive advantages around their businesses.

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

# Janus Henderson VIT Forty Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2019

#### 5 Top Performers - Holdings

	Contribution
Microsoft Corp	4.04%
Mastercard Inc	3.35%
Apple Inc	2.44%
ASML Holding NV	1.64%
Alphabet Inc - Class C	1.63%

#### 5 Bottom Performers - Holdings

	Contribution
Uber Technologies Inc	-0.50%
Humana Inc	-0.41%
Allergan PLC	-0.27%
Avalara Inc	-0.11%
ABIOMED Inc	-0.01%

#### 5 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Materials	0.76%	5.42%	1.61%
Consumer Discretionary	0.65%	10.51%	14.72%
Consumer Staples	0.50%	0.00%	5.26%
Information Technology	0.49%	34.10%	35.22%
Health Care	0.48%	14.37%	13.84%

#### 5 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Other**	-1.15%	2.14%	0.00%
Communication Services	-0.63%	14.21%	11.92%
Financials	-0.40%	7.81%	3.78%
Utilities	0.00%	0.00%	0.00%
Industrials	0.06%	8.70%	10.73%

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, 2019

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

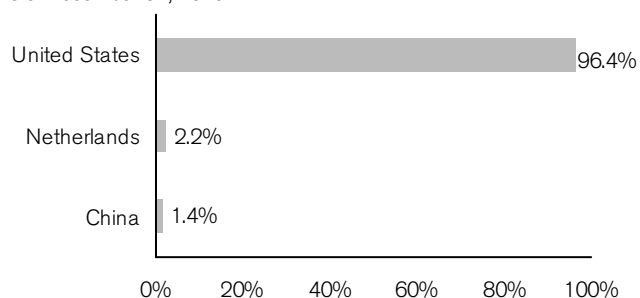
Microsoft Corp	
Software	8.2%
Mastercard Inc	
Information Technology Services	6.0%
Alphabet Inc - Class C	
Interactive Media & Services	5.6%
Apple Inc	
Technology Hardware, Storage & Peripherals	4.8%
Amazon.com Inc	
Internet & Direct Marketing Retail	4.3%
	28.9%

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

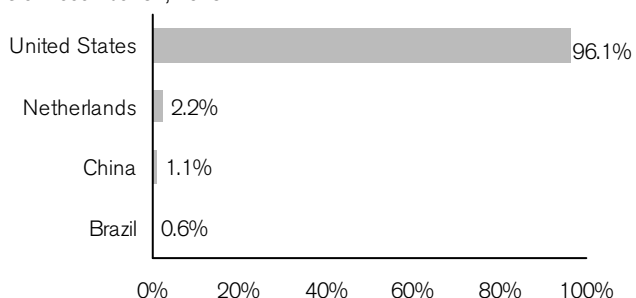
Common Stocks	98.1%
Investment Companies	2.0%
Other	(0.1)%
	100.0%

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

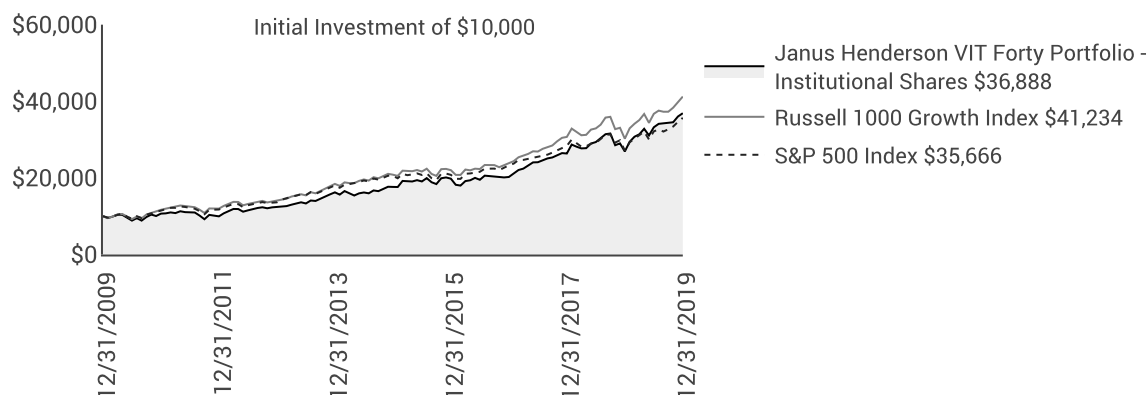
As of December 31, 2019



As of December 31, 2018



# Janus Henderson VIT Forty Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2019					Expense Ratios
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses†
Institutional Shares	37.16%	15.89%	13.94%	12.03%	0.71%
Service Shares	36.85%	15.61%	13.66%	11.72%	0.96%
Russell 1000 Growth Index	36.39%	14.63%	15.22%	8.37%	
S&P 500 Index	31.49%	11.70%	13.56%	8.39%	
Morningstar Quartile - Institutional Shares	1st	1st	2nd	1st	
Morningstar Ranking - based on total returns for Large Growth Funds	164/1,377	45/1,267	446/1,109	8/595	

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.

High absolute short-term performance is not typical and may not be achieved in the future. Such results should not be the sole basis for evaluating material facts in making an investment decision.

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

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 Forty Portfolio (unaudited) Performance**

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

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

See "Useful Information About Your Portfolio Report."

\*The Portfolio's inception date – May 1, 1997

‡ As stated in the prospectus. See Financial Highlights for actual expense ratios during the reporting period.



# 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 (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Beginning Account Value (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19)†	Net Annualized Expense Ratio (7/1/19 - 12/31/19)
Institutional Shares	\$1,000.00	\$1,110.60	\$4.26	\$1,000.00	\$1,021.17	\$4.08	0.80%
Service Shares	\$1,000.00	\$1,109.40	\$5.58	\$1,000.00	\$1,019.91	\$5.35	1.05%

† 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, 2019

	Shares	Value
Common Stocks – 98.1%		
Aerospace & Defense – 5.3%		
Boeing Co	63,081	\$20,549,267
L3Harris Technologies Inc	136,322	26,974,034
		47,523,301
Capital Markets – 7.6%		
Blackstone Group Inc	498,053	27,861,085
Charles Schwab Corp	350,930	16,690,231
Intercontinental Exchange Inc	243,178	22,506,124
		67,057,440
Chemicals – 2.9%		
Air Products & Chemicals Inc	36,114	8,486,429
Sherwin-Williams Co	29,587	17,265,198
		25,751,627
Construction Materials – 1.6%		
Vulcan Materials Co	97,030	13,971,350
Electronic Equipment, Instruments & Components – 0.5%		
Cognex Corp	88,391	4,953,432
Entertainment – 5.2%		
Live Nation Entertainment Inc*	67,709	4,839,162
Netflix Inc*	66,820	21,620,947
Walt Disney Co	134,914	19,512,612
		45,972,721
Equity Real Estate Investment Trusts (REITs) – 2.9%		
American Tower Corp	112,448	25,842,799
Health Care Equipment & Supplies – 9.2%		
Boston Scientific Corp*	637,840	28,843,125
DanaHER Corp	150,819	23,147,700
Edwards Lifesciences Corp*	33,841	7,894,767
Intuitive Surgical Inc*	36,445	21,544,462
		81,430,054
Information Technology Services – 7.3%		
Mastercard Inc	177,175	52,902,683
PayPal Holdings Inc*	108,048	11,687,552
		64,590,235
Interactive Media & Services – 9.2%		
Alphabet Inc - Class C*	36,839	49,254,480
Facebook Inc*	159,341	32,704,740
		81,959,220
Internet & Direct Marketing Retail – 5.8%		
Alibaba Group Holding Ltd (ADR)*	61,141	12,968,006
Amazon.com Inc*	20,828	38,486,811
		51,454,817
Machinery – 1.2%		
Wabtec Corp	134,116	10,434,225
Pharmaceuticals – 3.3%		
Merck & Co Inc	207,128	18,838,292
Zoetis Inc	82,455	10,912,919
		29,751,211
Professional Services – 2.1%		
CoStar Group Inc*	30,697	18,366,015
Road & Rail – 0.6%		
Uber Technologies Inc*	184,538	5,488,160
Semiconductor & Semiconductor Equipment – 7.0%		
ASML Holding NV	65,205	19,296,768
Microchip Technology Inc	93,609	9,802,734
NVIDIA Corp	34,586	8,138,086
Texas Instruments Inc	194,008	24,889,286
		62,126,874

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

# Janus Henderson VIT Forty Portfolio

## Schedule of Investments

### December 31, 2019

	Shares	Value
Common Stocks – (continued)		
Software – 17.4%		
Adobe Inc*	88,059	\$29,042,739
Avalara Inc*	107,913	7,904,627
Intuit Inc	36,699	9,612,569
Microsoft Corp	460,051	72,550,043
salesforce.com Inc*	214,988	34,965,648
		154,075,626
Specialty Retail – 2.6%		
Home Depot Inc	104,771	22,879,891
Technology Hardware, Storage & Peripherals – 4.8%		
Apple Inc	146,309	42,963,638
Textiles, Apparel & Luxury Goods – 1.6%		
NIKE Inc	139,888	14,172,053
Total Common Stocks (cost \$514,692,732)		870,764,689
Investment Companies – 2.0%		
Money Markets – 2.0%		
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>∞</sup> (cost \$17,377,566)	17,377,343	17,377,343
Total Investments (total cost \$532,070,298) – 100.1%		888,142,032
Liabilities, net of Cash, Receivables and Other Assets – (0.1)%		(1,028,815)
Net Assets – 100%		\$887,113,217

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

Country	Value	% of Investment Securities
United States	\$855,877,258	96.4 %
Netherlands	19,296,768	2.2
China	12,968,006	1.4
Total	\$888,142,032	100.0 %

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

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/Depreciation	Value at 12/31/19
Investment Companies - 2.0%				
Money Markets - 2.0%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>∞</sup>	\$ 385,766	\$ 3,041	\$ (223)	\$ 17,377,343
Investments Purchased with Cash Collateral from Securities Lending - N/A				
Investment Companies - N/A				
Janus Henderson Cash Collateral Fund LLC, 1.4338% <sup>∞</sup>	35,267 <sup>Δ</sup>	-	-	-
Total Affiliated Investments - 2.0%	\$ 421,033	\$ 3,041	\$ (223)	\$ 17,377,343

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

# Janus Henderson VIT Forty Portfolio

## Schedule of Investments

### December 31, 2019

	Share Balance at 12/31/18	Purchases	Sales	Share Balance at 12/31/19
Investment Companies - 2.0%				
Money Markets - 2.0%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>oo</sup>	25,348,887	213,734,648	(221,706,192)	17,377,343
Investments Purchased with Cash Collateral from Securities Lending - N/A				
Investment Companies - N/A				
Janus Henderson Cash Collateral Fund LLC, 1.4338% <sup>oo</sup>	-	63,241,646	(63,241,646)	-

The following table provides information about the effect of derivatives and hedging activities on the Portfolio's Statement of Operations for the year ended December 31, 2019.

#### The effect of Derivative Instruments (not accounted for as hedging instruments) on the Statement of Operations for the year ended December 31, 2019

	Amount of Realized Gain/(Loss) Recognized on Derivatives
Derivative	Equity Contracts
Swap contracts	\$2,903,097

Please see the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

#### Average Ending Monthly Market Value of Derivative Instruments During the Year Ended December 31, 2019

	Market Value
Total return swaps	\$ (109,384)

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

\* Non-income producing security.

°° Rate shown is the 7-day yield as of December 31, 2019.

£ The Portfolio may invest in certain securities that are considered affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

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

The following is a summary of the inputs that were used to value the Portfolio's investments in securities and other financial instruments as of December 31, 2019. 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>	\$ 870,764,689	\$ -	\$ -
<i>Investment Companies</i>	-	17,377,343	-
<b>Total Assets</b>	<b>\$ 870,764,689</b>	<b>\$ 17,377,343</b>	<b>\$ -</b>

# Janus Henderson VIT Forty Portfolio

## Statement of Assets and Liabilities

### December 31, 2019

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	870,764,689
Affiliated investments, at value <sup>(2)</sup>		17,377,343
Cash		12
Non-interested Trustees' deferred compensation		22,806
Receivables:		
Dividends		460,449
Portfolio shares sold		157,713
Dividends from affiliates		20,209
Foreign tax reclaims		7,366
Other assets		7,496
<b>Total Assets</b>		<b>888,818,083</b>
Liabilities:		
Payables:		
Portfolio shares repurchased		836,189
Advisory fees		555,452
12b-1 Distribution and shareholder servicing fees		113,571
Transfer agent fees and expenses		41,144
Professional fees		37,605
Non-interested Trustees' deferred compensation fees		22,806
Non-affiliated portfolio administration fees payable		21,035
Affiliated portfolio administration fees payable		1,918
Custodian fees		1,810
Non-interested Trustees' fees and expenses		141
Accrued expenses and other payables		73,195
<b>Total Liabilities</b>		<b>1,704,866</b>
<b>Net Assets</b>	<b>\$</b>	<b>887,113,217</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	459,224,073
Total distributable earnings (loss)		427,889,144
<b>Total Net Assets</b>	<b>\$</b>	<b>887,113,217</b>
Net Assets - Institutional Shares	\$	362,001,296
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		8,156,447
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>44.38</b>
Net Assets - Service Shares	\$	525,111,921
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		12,644,977
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>41.53</b>

(1) Includes cost of \$514,692,732.

(2) Includes cost of \$17,377,566.

See Notes to Financial Statements.

# Janus Henderson VIT Forty Portfolio

## Statement of Operations

### For the year ended December 31, 2019

Investment Income:		
Dividends	\$	7,959,413
Dividends from affiliates		385,766
Affiliated securities lending income, net		35,267
Foreign tax withheld		(34,369)
<b>Total Investment Income</b>		<b>8,346,077</b>
Expenses:		
Advisory fees		5,748,712
12b-1 Distribution and shareholder servicing fees:		
Service Shares		1,239,351
Transfer agent administrative fees and expenses:		
Institutional Shares		168,807
Service Shares		247,870
Other transfer agent fees and expenses:		
Institutional Shares		10,822
Service Shares		8,287
Professional fees		52,660
Shareholder reports expense		35,558
Registration fees		23,062
Non-interested Trustees' fees and expenses		20,239
Affiliated portfolio administration fees		19,607
Custodian fees		7,256
Other expenses		85,739
<b>Total Expenses</b>		<b>7,667,970</b>
<b>Net Investment Income/(Loss)</b>		<b>678,107</b>
Net Realized Gain/(Loss) on Investments:		
Investments		68,772,307
Investments in affiliates		3,041
Swap contracts		2,903,097
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>71,678,445</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation		183,133,394
Investments in affiliates		(223)
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>183,133,171</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>255,489,723</b>

See Notes to Financial Statements.

# Janus Henderson VIT Forty Portfolio

## Statements of Changes in Net Assets

	<i>Year ended</i> <i>December 31, 2019</i>	<i>Year ended</i> <i>December 31, 2018</i>
Operations:		
Net investment income/(loss)	\$ 678,107	\$ 131,716
Net realized gain/(loss) on investments	71,678,445	69,559,947
Change in unrealized net appreciation/depreciation	183,133,171	(50,240,415)
Net Increase/(Decrease) in Net Assets Resulting from Operations	255,489,723	19,451,248
Dividends and Distributions to Shareholders		
Institutional Shares	(27,749,524)	(44,744,555)
Service Shares	(42,198,627)	(70,046,355)
Net Decrease from Dividends and Distributions to Shareholders	(69,948,151)	(114,790,910)
Capital Share Transactions:		
Institutional Shares	(6,219,350)	19,835,832
Service Shares	(11,662,110)	18,730,103
Net Increase/(Decrease) from Capital Share Transactions	(17,881,460)	38,565,935
Net Increase/(Decrease) in Net Assets	167,660,112	(56,773,727)
Net Assets:		
Beginning of period	719,453,105	776,226,832
End of period	\$ 887,113,217	\$ 719,453,105

See Notes to Financial Statements.



# Janus Henderson VIT Forty Portfolio

## Financial Highlights

### Institutional Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$35.20	\$39.76	\$32.19	\$36.37	\$40.27
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.09	0.07	0.02	0.05	0.03
Net realized and unrealized gain/(loss)	12.55	1.31	9.58	0.58	4.77
Total from Investment Operations	12.64	1.38	9.60	0.63	4.80
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.06)	—	—	—	—
Distributions (from capital gains)	(3.40)	(5.94)	(2.03)	(4.81)	(8.70)
Total Dividends and Distributions	(3.46)	(5.94)	(2.03)	(4.81)	(8.70)
Net Asset Value, End of Period	\$44.38	\$35.20	\$39.76	\$32.19	\$36.37
Total Return*	37.16%	1.98%	30.31%	2.20%	12.22%
Net Assets, End of Period (in thousands)	\$362,001	\$292,132	\$309,258	\$257,009	\$295,725
Average Net Assets for the Period (in thousands)	\$337,416	\$327,962	\$297,125	\$273,374	\$298,904
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.77%	0.71%	0.82%	0.72%	0.69%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.77%	0.71%	0.82%	0.72%	0.69%
Ratio of Net Investment Income/(Loss)	0.23%	0.17%	0.05%	0.15%	0.08%
Portfolio Turnover Rate	35%	41%	39%	53%	55%

### Service Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$33.15	\$37.84	\$30.79	\$35.08	\$39.21
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	(0.01)	(0.03)	(0.07)	(0.03)	(0.06)
Net realized and unrealized gain/(loss)	11.80	1.28	9.15	0.55	4.63
Total from Investment Operations	11.79	1.25	9.08	0.52	4.57
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.01)	—	—	—	—
Distributions (from capital gains)	(3.40)	(5.94)	(2.03)	(4.81)	(8.70)
Total Dividends and Distributions	(3.41)	(5.94)	(2.03)	(4.81)	(8.70)
Net Asset Value, End of Period	\$41.53	\$33.15	\$37.84	\$30.79	\$35.08
Total Return*	36.85%	1.72%	29.99%	1.94%	11.94%
Net Assets, End of Period (in thousands)	\$525,112	\$427,321	\$466,969	\$430,510	\$501,003
Average Net Assets for the Period (in thousands)	\$495,465	\$487,559	\$457,168	\$464,943	\$501,868
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	1.02%	0.96%	1.06%	0.97%	0.94%
Ratio of Net Expenses (After Waivers and Expense Offsets)	1.02%	0.96%	1.06%	0.97%	0.94%
Ratio of Net Investment Income/(Loss)	(0.02)%	(0.08)%	(0.19)%	(0.09)%	(0.17)%
Portfolio Turnover Rate	35%	41%	39%	53%	55%

\* 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, 2019 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

### Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes.

### Expenses

The Portfolio bears expenses incurred specifically on its behalf. Each class of shares bears a portion of general expenses, which are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets. Expenses directly attributable to a specific class of shares are charged against the operations of such class.

### Estimates

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

# 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.

### 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.

## 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, 2019 is discussed in further detail below. A summary of derivative activity by the Portfolio is reflected in the tables at the end of the Schedule of Investments.

The Portfolio may use derivative instruments for hedging purposes (to offset risks associated with an investment, currency exposure, or market conditions), to adjust currency exposure relative to a benchmark index, or for speculative purposes (to earn income and seek to enhance returns). When the Portfolio invests in a derivative for speculative purposes, the Portfolio will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative's cost. The Portfolio may not use any derivative to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly. The Portfolio's ability to use derivative instruments may also be limited by tax considerations.

Investments in derivatives in general are subject to market risks that may cause their prices to fluctuate over time. Investments in derivatives may not directly correlate with the price movements of the underlying instrument. As a result,

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

the use of derivatives may expose the Portfolio to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The use of derivatives may result in larger losses or smaller gains than otherwise would be the case. Derivatives can be volatile and may involve significant risks.

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

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

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

In an effort to mitigate credit risk associated with derivatives traded OTC, the Portfolio may enter into collateral agreements with certain counterparties whereby, subject to certain minimum exposure requirements, the Portfolio may require the counterparty to post collateral if the Portfolio has a net aggregate unrealized gain on all OTC derivative contracts with a particular counterparty. Additionally, the Portfolio may deposit cash and/or treasuries as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. All liquid securities and restricted cash are considered to cover in an amount at all times equal to or greater than the Portfolio's commitment with respect to certain exchange-traded derivatives, centrally cleared derivatives, forward foreign currency exchange contracts, short sales, and/or securities with extended settlement dates. There is no guarantee that counterparty exposure is reduced and these arrangements are dependent on Janus Capital Management LLC's ("Janus Capital") ability to establish and maintain appropriate systems and trading.

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

### Swaps

Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year to exchange one set of cash flows for another. The most significant factor in the performance of swap agreements is the change in value of the specific index, security, or currency, or other factors that determine the amounts of payments due to and from the Portfolio. The use of swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Swap transactions may in some instances involve the delivery of securities or other underlying assets by the Portfolio or its counterparty to collateralize obligations under the swap. If the other party to a swap that is not collateralized defaults, the Portfolio would risk the loss of the net amount of the payments that it contractually is entitled to receive. Swap agreements entail the risk that a party will default on its payment obligations to the Portfolio. If the other party to a swap defaults, the Portfolio would risk the loss of the net amount of the payments that it contractually is entitled to receive. If the Portfolio utilizes a swap at the wrong time or judges market conditions incorrectly, the swap may result in a loss to the Portfolio and reduce the Portfolio's total return.

Swap agreements also bear the risk that the Portfolio will not be able to meet its obligation to the counterparty. Swap agreements are typically privately negotiated and entered into in the OTC market. However, certain swap agreements are required to be cleared through a clearinghouse and traded on an exchange or swap execution facility. Swaps that are required to be cleared are required to post initial and variation margins in accordance with the exchange requirements. Regulations enacted require the Portfolio to centrally clear certain interest rate and credit default index swaps through a clearinghouse or central counterparty ("CCP"). To clear a swap with a CCP, the Portfolio will submit the swap to, and post collateral with, a futures clearing merchant ("FCM") that is a clearinghouse member. Alternatively, the Portfolio may enter into a swap with a financial institution other than the FCM (the "Executing Dealer") and arrange for the swap to be transferred to the FCM for clearing. The Portfolio may also enter into a swap with the FCM itself. The CCP, the FCM, and the Executing Dealer are all subject to regulatory oversight by the U.S. Commodity Futures Trading Commission ("CFTC"). A default or failure by a CCP or an FCM, or the failure of a swap to be transferred from an Executing Dealer to the FCM for clearing, may expose the Portfolio to losses, increase its costs, or prevent the Portfolio from entering or exiting swap positions, accessing collateral, or fully implementing its investment strategies. The regulatory requirement to clear certain swaps could, either temporarily or permanently, reduce the liquidity of cleared swaps or increase the costs of entering into those swaps.

Index swaps, interest rate swaps, and credit default swaps are valued using an approved vendor supplied price. Basket swaps are valued using a broker supplied price. Equity swaps that consist of a single underlying equity are valued either at the closing price, the latest bid price, or the last sale price on the primary market or exchange it trades. The market value of swap contracts are aggregated by positive and negative values and are disclosed separately as an asset or liability on the Portfolio's Statement of Assets and Liabilities (if applicable). Realized gains and losses are reported on the Portfolio's Statement of Operations (if applicable). The change in unrealized net appreciation or depreciation during the year is included in the Statement of Operations (if applicable).

The Portfolio's maximum risk of loss from counterparty risk or credit risk is the discounted value of the payments to be received from/paid to the counterparty over the contract's remaining life, to the extent that the amount is positive. The risk is mitigated by having a netting arrangement between the Portfolio and the counterparty and by the posting of collateral by the counterparty to cover the Portfolio's exposure to the counterparty.

Total return swaps involve an exchange by two parties in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains over the payment period. A fixed-income total return swap may be written on many different kinds of underlying reference assets, and may include different indices for various kinds of debt securities (e.g., U.S. investment grade bonds, high-yield bonds, or emerging market bonds).

During the year, the Portfolio entered into total return swaps on equity indices to increase exposure to equity risk. These total return swaps require the Portfolio to pay a floating reference interest rate, and an amount equal to the negative price movement of securities or an index multiplied by the notional amount of the contract. The Portfolio will receive payments equal to the positive price movement of the same securities or index multiplied by the notional amount of the contract and, in some cases, dividends paid on the securities.

There were no swaps held at December 31, 2019.

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

### 3. Other Investments and Strategies

#### Additional Investment Risk

In the aftermath of the 2007-2008 financial crisis, the financial sector experienced reduced liquidity in credit and other fixed-income markets, and an unusually high degree of volatility, both domestically and internationally. 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. For example, the enactment of the Dodd-Frank Act in 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, over-the-counter derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. 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.

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. 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. 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 (commonly known as "Brexit"). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will conclude, or how financial markets will react.

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 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.

#### 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,

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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. Effective December 16, 2019, JPMorgan Chase Bank, National Association replaced Deutsche Bank AG as securities lending agent for the Portfolio. JPMorgan Chase Bank, National Association 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 Non-Custodial Securities Lending 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. In certain circumstances individual loan transactions could yield negative returns.

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 primarily 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.

There were no securities on loan as of December 31, 2019.

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

The Portfolio pays Janus Capital Management LLC ("Janus Capital") an investment advisory fee which is calculated daily and paid monthly. The Portfolio's "base" fee rate prior to any performance adjustment (expressed as an annual rate) is 0.64%.

The investment advisory fee rate is determined by calculating a base fee and applying a performance adjustment. The base fee rate is the same as the contractual investment advisory fee rate. The performance adjustment either increases or decreases the base fee depending on how well the Portfolio has performed relative to its benchmark index. The Portfolio's benchmark index used in the calculation is the Russell 1000<sup>®</sup> Growth Index.



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The calculation of the performance adjustment applies as follows:

Investment Advisory Fee = Base Fee Rate +/- Performance Adjustment

The investment advisory fee rate paid to Janus Capital by the Portfolio consists of two components: (1) a base fee calculated by applying the contractual fixed rate of the advisory fee to the Portfolio's average daily net assets during the previous month ("Base Fee Rate"), plus or minus (2) a performance-fee adjustment ("Performance Adjustment") calculated by applying a variable rate of up to 0.15% (positive or negative) to the Portfolio's average daily net assets based on the Portfolio's relative performance compared to the cumulative investment record of its benchmark index over a 36-month performance measurement period or shorter time period, as applicable. The investment performance of a Portfolio's Service Shares for the performance measurement period is used to calculate the Performance Adjustment. No Performance Adjustment is applied unless the difference between the Portfolio's investment performance and the cumulative investment record of the Portfolio's benchmark index is 0.50% or greater (positive or negative) during the applicable performance measurement period.

The Portfolio's prospectuses and statement(s) of additional information contain additional information about performance-based fees. The amount shown as advisory fees on the Statement of Operations reflects the Base Fee Rate plus/minus any Performance Adjustment. For the year ended December 31, 2019, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.69%.

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

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## Notes to Financial Statements

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 \$40,392 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2019. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of December 31, 2019 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Total distributable earnings (loss)" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2019 are included in "Non-interested Trustees' fees and expenses" on the Statement of Operations. Trustees are allowed to change their designation of mutual funds from time to time. Amounts will be deferred until distributed in accordance with the Deferred Plan. Deferred fees of \$468,050 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates pursuant to the provisions of the 1940 Act that govern the operation of money market funds and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., \$1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The Sweep Vehicle does not charge 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, 2019 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2019, the Portfolio engaged in cross trades amounting to \$2,096,751 in purchases.

### 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

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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>		
\$ 6,253,442	\$ 65,584,890	\$ -	\$ -	\$ -	\$ (20,116)	\$356,070,928

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, 2019 are noted below. The primary difference between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 532,071,104	\$358,487,404	\$ (2,416,476)	\$ 356,070,928

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, 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, 2019*

<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>
\$ 618,837	\$ 69,329,314	\$ -	\$ -

*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	\$ -	\$ -

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>
\$ -	\$ 1,826,142	\$ (1,826,142)

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

### 6. Capital Share Transactions

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares	Amount	Shares	Amount
Institutional Shares:				
Shares sold	1,174,768	\$ 48,016,950	809,869	\$33,052,337
Reinvested dividends and distributions	703,924	27,749,524	1,145,241	44,744,555
Shares repurchased	(2,021,587)	(81,985,824)	(1,434,162)	(57,961,060)
Net Increase/(Decrease)	(142,895)	\$ (6,219,350)	520,948	\$19,835,832
Service Shares:				
Shares sold	919,315	\$ 34,835,599	1,082,691	\$41,434,913
Reinvested dividends and distributions	1,143,734	42,198,627	1,900,851	70,046,355
Shares repurchased	(2,307,562)	(88,696,336)	(2,434,969)	(92,751,165)
Net Increase/(Decrease)	(244,513)	\$ (11,662,110)	548,573	\$18,730,103

### 7. Purchases and Sales of Investment Securities

For the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

<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>
\$284,331,463	\$ 361,487,663	\$ -	\$ -

### 8. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)*, in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 9. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2019 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.

# Janus Henderson VIT Forty Portfolio

## 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, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.



Denver, Colorado  
February 14, 2020

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 as an exhibit to Form N-PORT within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. Historically, the Portfolio filed its complete portfolio holdings (schedule of investments) with the SEC for the first and third quarters each fiscal year on Form N-Q. The Portfolio's Form N-PORT and Form N-Q filings: (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 agreements for the Janus Henderson Funds that utilize subadvisers.

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 the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 5, 2019, 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, 2020 through February 1, 2021, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and, for the purpose 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.

# Janus Henderson VIT Forty Portfolio

## Additional Information (unaudited)

### ***Nature, Extent and Quality of Services***

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Janus Henderson Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Janus Henderson Funds, noting that Janus Capital generally 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 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 provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Janus Henderson Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those 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, 2019, approximately 69% 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, 2019, approximately 71% 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

# Janus Henderson VIT Forty Portfolio

## Additional Information (unaudited)

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the third Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019. 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, and the performance trend was improving.

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 rate of management fees (investment advisory and any administration, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Janus Henderson Fund.

The independent fee consultant provided its belief 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. The independent fee consultant found: (1) the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) the total expenses, on average, were 10% under the average total expenses of their respective Broadridge Expense Group peers; and (3) the management fees for the Janus Henderson Funds, on average, were 7% under the average management fees for their Expense Groups. The Trustees also considered the total expenses for each share class of



## Janus Henderson VIT Forty Portfolio

### Additional Information (unaudited)

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.

For certain Janus Henderson Funds, the independent fee consultant also performed a systematic “focus list” analysis of expenses which assessed fund fees in the context of fund performance being delivered. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds was reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and/or expense waivers on such Janus Henderson Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, 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, they 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 funds subadvised by Janus Capital and to the fees Janus Capital charges to its institutional separate account clients; (2) these subadvised and institutional separate accounts have different service and infrastructure needs; and (3) Janus Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson subadvised fund and separate account investors; (4) 11 of 12 Janus Henderson Funds have lower management fees than similar funds subadvised by Janus Capital; and (5) six of nine Janus Henderson Funds have lower management fees than similar separate accounts managed by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2018, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's “total expenses”):

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value 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.

# Janus Henderson VIT Forty Portfolio

## Additional Information (unaudited)

- 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 mutual fund advisers. 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, difference in product mix, difference in types of business (mutual fund, institutional and other), differences in the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided 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 found that (1) the expense allocation methodology and rationales utilized by Janus Capital were reasonable and (2) no clear correlation between expense allocations and operating margins. 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 and its affiliates, 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 that their independent fee consultant published a report to the Trustees in November 2019 which provided its research and analysis into economies of scale. 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, their independent fee consultant concluded that 64% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted the following: (1) that for those Janus Henderson Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale; (2) 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; (3) 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 VIT Forty Portfolio

### Additional Information (unaudited)

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 (4) 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 the independent fee consultant's conclusion that, given the limitations of various analytical approaches to economies of scale and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus Henderson complex. In this regard, the independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller 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 provided its belief that Janus Henderson Fund investors are well-served by the fee levels and 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 reviewed, including the recent and 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 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 consistent with regulatory requirements and guidelines and 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 other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson Funds.

# 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, 2019. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

### Performance Overviews

Performance overview graphs compare the performance of a hypothetical \$10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

### Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

### Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

# Janus Henderson VIT Forty Portfolio

## Useful Information About Your Portfolio Report (unaudited)

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

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

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

### Statement of Operations

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

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

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

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

### Statements of Changes in Net Assets

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

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

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

### Financial Highlights

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

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

## **Janus Henderson VIT Forty Portfolio**

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

generally accepted accounting principles required at the period end for financial reporting purposes. As a result, the total return may differ from the total return reflected for individual shareholder transactions. 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, 2019:

Capital Gain Distributions	\$69,329,314
Dividends Received Deduction Percentage	100%

## **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 58 series or funds referred to herein as the Fund Complex.

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	Independent Consultant. Formerly, Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (2016-2019), 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).	58	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds) (since 2016), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds) (since 2008), and Director of the F.B. Heron Foundation (a private grantmaking foundation) (since 2006).

# 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, Curam Holdings LLC (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).	58	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).	58	Advisory Board Member, RevOZ Fund LP and related funds (real estate investments for opportunity zones) (since 2020), 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).	58	Board Member, Van Alen Institute (nonprofit architectural and design organization) (since 2019) and Director of Brightwood Capital Advisors, LLC (since 2014).
William M. Fitzgerald, Sr. 151 Detroit Street Denver, CO 80206 DOB: 1964	Trustee	9/19-Present	Founder, Fitzgerald Asset Management LLC (since 2012). Formerly, Founder and Chief Investment Officer, Global Infrastructure Asset Management LLC (2008-2017), Chief Investment Officer of Nuveen Asset Management (2000-2007), and Managing Director, Nuveen Investment LLC (1988-2007).	58	Board of Directors, Municipal Securities Rulemaking Board (since 2017). Formerly, Board of Directors of Syncora Holdings Ltd, Syncora Guarantee Inc., and Syncora Capital Assurance Inc. (2009-2016), and Trustee, Destra Investment Trust (2010-2014).

# 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.	58	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).
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).	58	None

\*William D. Stewart retired from his role as Independent Trustee, effective December 31, 2019.

# 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>					
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	58	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).
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).	58	Director of Chicago Community Trust (Regional Community Foundation), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrapparts, LLC (digital communications company). Formerly, Director of Chicago Council on Global Affairs (until 2019), InnerWorkings (until 2019), 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.
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.
Bruce L. Koepfgen 151 Detroit Street Denver, CO 80206 DOB: 1952	President and Chief Executive Officer	7/14-Present	Executive Vice President, 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 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	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	Assistant General Counsel of Janus Capital (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 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)(closed to certain new investors)

## 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 ending December 31, 2019, Janus Henderson VIT Enterprise Portfolio's Institutional Shares and Service Shares returned 35.48% and 35.16%, respectively. Meanwhile, the Portfolio's benchmark, the Russell Midcap® Growth Index, returned 35.47%. Stock selection in the industrials sector contributed to the Portfolio's relative performance. Stock selection in the consumer discretionary sector was a notable detractor from relative results.

## INVESTMENT ENVIRONMENT

Mid-cap stocks ended the year with strong gains despite periods of volatility sparked by uncertainty over the global economic outlook and trade policy. The U.S. economy was resilient as healthy consumer spending helped offset some slowing in the manufacturing sector. Corporate earnings were also solid despite slowing from 2018 as the boost from the tax cuts dissipated. The Federal Reserve acknowledged global economic risks with three interest rate cuts. Information technology was the strongest-performing sector of the Russell Midcap® Growth Index. Energy was the weakest-performing sector.

## PERFORMANCE DISCUSSION

We tend to own fewer economically sensitive industrial companies than the index, and that positioning helped against a backdrop of global economic uncertainty. Industrial services company CoStar Group was a top contributor to absolute returns and an example of a less-economically dependent stock we hold. We like the recurring revenue streams associated with its subscription-based commercial real estate database, and we see positive potential around its business in the apartment rental market.

We continue to look for innovation in the information technology sector, including in the global payments market, and we benefited from an investment in Global Payments. The company's merger with Total System

Services underscored the value of payments networks, and it also created enthusiasm for these companies to produce considerable cost synergies.

Within information technology, we were underexposed to some of the highly valued consumer Internet and Software as a Service (SaaS) companies that often led benchmark performance. While we own a few of these companies – and like the business models of others – we are concerned about excessive valuations for many of these businesses. This underexposure dampened our relative performance, but we remain sensitive to valuation risk and are comfortable with our portfolio positioning.

While we also continue to seek innovative companies in the health care sector, several individual health care stocks were notable detractors from absolute performance. Biotechnology company Sage Therapeutics, a stock we added during the year, has been testing one of its drugs as a treatment for major depressive disorder. While the drug performed well in early-stage clinical trials, phase 3 trial results released in December called into question the drug's approval potential and sent the stock lower. We believe the company has the potential to run additional trials on this drug, which may provide more positive results, and we maintained our position. ICU Medical, another detractor, supplies IV delivery solutions. The stock declined in the third quarter after overcapacity in the IV solution market led the company to cut back production. Despite this setback, we believe pricing in the IV solution market will eventually stabilize, and we continue to like the high margins and strong competitive positioning of the company's IV pump and consumables businesses.

Our cash position was also a drag on relative results. Strong stock price appreciation in early 2019 left valuations elevated for many of the secular growth companies and steadier, durable growth companies we typically favor. Against this backdrop, we have been patient in investing cash only when we find attractive risk-

## **Janus Henderson VIT Enterprise Portfolio (unaudited)(closed to certain new investors)**

adjusted returns, and we are still keeping some cash on hand.

### **DERIVATIVES**

To the extent we invest in foreign holdings, we may use forward exchange contracts to hedge the foreign currency. During the period, the Portfolio held no such derivatives, however. (Please see “Notes to Financial Statements” for information about derivatives use by the Fund.)

### **OUTLOOK**

While 2019 was a strong year for market performance, we would caution that such returns are not the norm and, as we look ahead to 2020, we remain cognizant of risks posed by global economic uncertainty, ongoing trade negotiations and the resulting reconfiguration of global supplier relationships. As we enter an election cycle, we also acknowledge that populist rhetoric from both sides of the political spectrum may create uncertainty for certain economic sectors, such as health care.

Additionally, we continue to see excessive valuations in certain high-growth stocks and sectors of the market. Our valuation discipline had led us to reduce holdings and move to underweights in such sectors, even in cases where we like the management teams and business models. We are not, on the other hand, turning our attention to value stocks, where technological change is increasingly disrupting established profit pools. We continue to pursue a middle way as we seek growth companies with sustainable competitive advantages, strong earnings growth potential and experienced, forward-looking management teams. And while we will not sacrifice these criteria in pursuit of attractive valuations, we also will not pay an excessive price for growth. In our current view, this middle way represents the most prudent strategy for providing our investors with positive long-term performance.

Thank you for your investment in Janus VIT Enterprise Portfolio.



# Janus Henderson VIT Enterprise Portfolio (unaudited)(closed to certain new investors)

## Portfolio At A Glance

### December 31, 2019

#### 5 Top Performers - Holdings

	Contribution
Global Payments Inc	1.45%
Lam Research Corp	1.26%
CoStar Group Inc	1.20%
KLA Corp	1.20%
Constellation Software Inc/Canada	1.11%

#### 5 Bottom Performers - Holdings

	Contribution
ICU Medical Inc	-0.20%
Sage Therapeutics Inc	-0.20%
National Instruments Corp	-0.07%
Alkermes PLC	-0.04%
GoDaddy Inc	-0.04%

#### 5 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell Midcap Growth Index Weighting
Industrials	1.27%	18.81%	16.41%
Communication Services	0.70%	1.20%	4.45%
Consumer Staples	0.49%	0.00%	3.15%
Financials	0.37%	11.14%	5.57%
Health Care	0.35%	16.70%	14.63%

#### 5 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell Midcap Growth Index Weighting
Other**	-2.07%	5.83%	0.00%
Consumer Discretionary	-0.23%	7.86%	15.71%
Real Estate	-0.10%	3.62%	2.56%
Materials	-0.04%	1.31%	3.22%
Information Technology	-0.02%	32.36%	32.95%

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)(closed to certain new investors)

## Portfolio At A Glance

### December 31, 2019

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

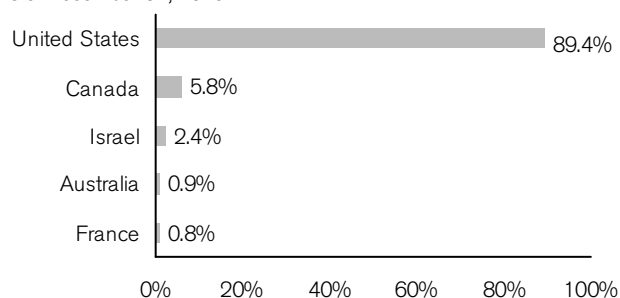
Nice Ltd (ADR)	
Software	2.4%
Microchip Technology Inc	
Semiconductor & Semiconductor Equipment	2.2%
Constellation Software Inc/Canada	
Software	2.2%
Global Payments Inc	
Information Technology Services	2.2%
Aon PLC	
Insurance	2.1%
	11.1%

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

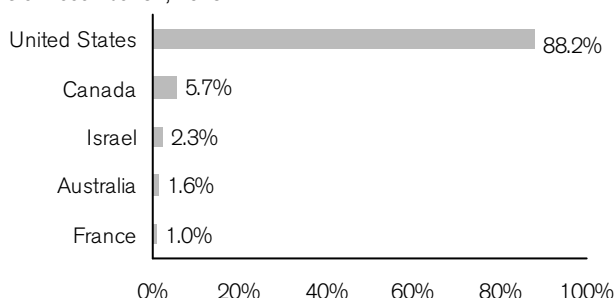
Common Stocks	93.6%
Investment Companies	6.6%
Investments Purchased with Cash	
Collateral from Securities Lending	0.3%
Rights	0.0%
Other	(0.5)%
	100.0%

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

As of December 31, 2019

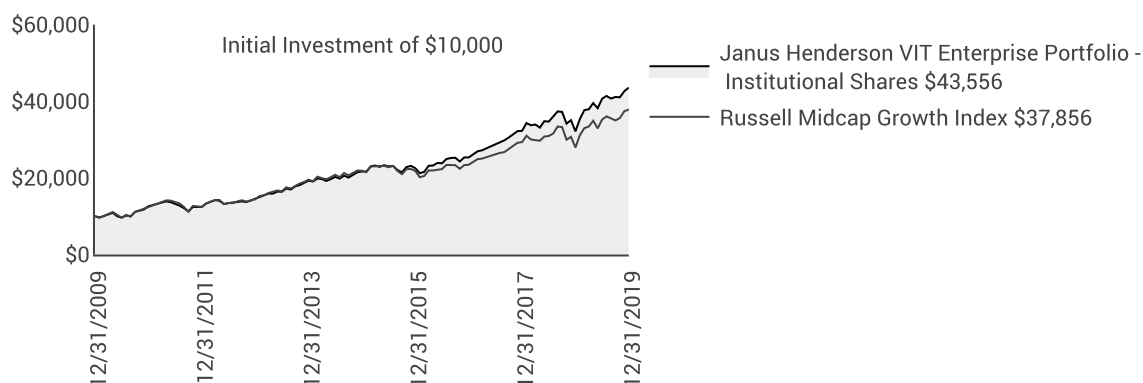


As of December 31, 2018



# Janus Henderson VIT Enterprise Portfolio (unaudited)(closed to certain new investors)

## Performance



Average Annual Total Return - for the periods ended December 31, 2019	Expense Ratios			
	One Year	Five Year	Ten Year	Since Inception*
Institutional Shares <sup>(1)</sup>	35.48%	14.98%	15.85%	11.45%
Service Shares <sup>(1)</sup>	35.16%	14.69%	15.56%	11.16%
Russell Midcap Growth Index	35.47%	11.60%	14.24%	10.12%
Morningstar Quartile - Institutional Shares	2nd	1st	1st	1st
Morningstar Ranking - based on total returns for Mid-Cap Growth Funds	219/625	21/566	20/515	18/151

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.

High absolute short-term performance is not typical and may not be achieved in the future. Such results should not be the sole basis for evaluating material facts in making an investment decision.

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

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 important disclosures on the next page.

## **Janus Henderson VIT Enterprise Portfolio (unaudited)(closed to certain new investors)** **Performance**

See "Useful Information About Your Portfolio Report."

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

‡ As stated in the prospectus. See Financial Highlights for actual expense ratios during the reporting period.

(1) Closed to certain new investors.

# Janus Henderson VIT Enterprise Portfolio (unaudited)(closed to certain new investors)

## 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 (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19) <sup>†</sup>	Beginning Account Value (7/1/19)	Ending Account Value (12/31/19)	Expenses Paid During Period (7/1/19 - 12/31/19) <sup>†</sup>	Net Annualized Expense Ratio (7/1/19 - 12/31/19)
Institutional Shares	\$1,000.00	\$1,070.60	\$3.81	\$1,000.00	\$1,021.53	\$3.72	0.73%
Service Shares	\$1,000.00	\$1,069.20	\$5.11	\$1,000.00	\$1,020.27	\$4.99	0.98%

<sup>†</sup> 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, 2019

	Shares or Principal Amounts	Value
Common Stocks – 93.6%		
Aerospace & Defense – 3.1%		
HEICO Corp	66,397	\$5,944,523
L3Harris Technologies Inc	105,294	20,834,524
Teledyne Technologies Inc*	66,350	22,992,929
		49,771,976
Airlines – 1.2%		
Ryanair Holdings PLC (ADR)*	135,999	11,914,872
Southwest Airlines Co	149,442	8,066,879
		19,981,751
Auto Components – 0.4%		
Visteon Corp*	80,376	6,959,758
Banks – 0.4%		
SVB Financial Group*	26,896	6,751,972
Biotechnology – 1.2%		
Neurocrine Biosciences Inc*	99,014	10,643,015
Sage Therapeutics Inc*	31,008	2,238,467
Sarepta Therapeutics Inc*	50,856	6,562,458
		19,443,940
Capital Markets – 4.8%		
Cboe Global Markets Inc	84,590	10,150,800
LPL Financial Holdings Inc	319,066	29,433,838
MSCI Inc	35,058	9,051,274
TD Ameritrade Holding Corp	562,144	27,938,557
		76,574,469
Commercial Services & Supplies – 3.0%		
Cimpress PLC*.*	150,495	18,927,756
Edenred	251,829	13,021,060
Ritchie Bros Auctioneers Inc	377,759	16,224,749
		48,173,565
Consumer Finance – 0.5%		
Synchrony Financial	233,256	8,399,549
Containers & Packaging – 1.1%		
Sealed Air Corp	451,026	17,964,366
Diversified Consumer Services – 1.5%		
frontdoor Inc*	181,704	8,616,404
ServiceMaster Global Holdings Inc*	382,086	14,771,445
		23,387,849
Electrical Equipment – 2.0%		
Sensata Technologies Holding PLC*	581,594	31,330,469
Electronic Equipment, Instruments & Components – 5.6%		
Belden Inc	154,853	8,516,915
Dolby Laboratories Inc	240,399	16,539,451
Flex Ltd*	1,287,847	16,252,629
National Instruments Corp	424,583	17,976,844
TE Connectivity Ltd	313,876	30,081,876
		89,367,715
Entertainment – 0.5%		
Liberty Media Corp-Liberty Formula One*	184,442	8,477,877
Equity Real Estate Investment Trusts (REITs) – 3.6%		
Crown Castle International Corp	207,128	29,443,245
Lamar Advertising Co	314,915	28,109,313
		57,552,558
Health Care Equipment & Supplies – 8.3%		
Boston Scientific Corp*	733,376	33,163,263
Cooper Cos Inc	93,802	30,137,645
DENTSPLY SIRONA Inc	183,825	10,402,657
ICU Medical Inc*	55,143	10,318,358
STERIS PLC	163,461	24,914,726
Teleflex Inc	39,161	14,741,767

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

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Common Stocks – (continued)		
Health Care Equipment & Supplies – (continued)		
Varian Medical Systems Inc*	72,022	\$10,227,844
		133,906,260
Hotels, Restaurants & Leisure – 2.9%		
Aramark	333,527	14,475,072
Dunkin' Brands Group Inc	245,287	18,528,980
Norwegian Cruise Line Holdings Ltd*	236,864	13,835,226
		46,839,278
Industrial Conglomerates – 0.9%		
Carlisle Cos Inc	91,483	14,805,609
Information Technology Services – 10.8%		
Amdocs Ltd	369,156	26,649,372
Broadridge Financial Solutions Inc	192,145	23,737,593
Euronet Worldwide Inc*	45,657	7,193,717
Fidelity National Information Services Inc	188,370	26,200,383
Gartner Inc*	10,138	1,562,266
Global Payments Inc	190,167	34,716,887
GoDaddy Inc*	377,562	25,644,011
WEX Inc*	138,445	28,998,690
		174,702,919
Insurance – 6.2%		
Aon PLC	163,736	34,104,571
Intact Financial Corp	252,478	27,305,115
Willis Towers Watson PLC	66,846	13,498,881
WR Berkley Corp	357,570	24,708,087
		99,616,654
Internet & Direct Marketing Retail – 0.3%		
Wayfair Inc*	50,409	4,555,461
Life Sciences Tools & Services – 5.1%		
IQVIA Holdings Inc*	142,379	21,998,979
PerkinElmer Inc	304,273	29,544,908
PRA Health Sciences Inc*	103,949	13,553,931
Waters Corp*	82,234	19,213,974
		82,311,792
Machinery – 3.4%		
Ingersoll-Rand PLC	71,381	9,487,962
Middleby Corp*	86,192	9,439,748
Rexnord Corp*	561,124	18,303,865
Wabtec Corp	230,728	17,950,638
		55,182,213
Media – 0.7%		
Omnicom Group Inc	131,359	10,642,706
Oil, Gas & Consumable Fuels – 1.7%		
Magellan Midstream Partners LP	444,815	27,965,519
Pharmaceuticals – 2.1%		
Bristol-Myers Squibb Co	157,065	10,082,002
Catalent Inc*	297,473	16,747,730
Elanco Animal Health Inc*	234,931	6,918,718
		33,748,450
Professional Services – 3.4%		
CoStar Group Inc*	26,849	16,063,757
IHS Markit Ltd*	204,021	15,372,982
Verisk Analytics Inc	158,826	23,719,075
		55,155,814
Road & Rail – 0.4%		
Old Dominion Freight Line Inc	34,533	6,553,673
Semiconductor & Semiconductor Equipment – 7.8%		
KLA Corp	152,971	27,254,843
Lam Research Corp	91,546	26,768,050

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

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2019

	Shares or Principal Amounts	Value
Common Stocks – (continued)		
Semiconductor & Semiconductor Equipment – (continued)		
Microchip Technology Inc	341,587	\$35,770,991
ON Semiconductor Corp*	1,142,437	27,852,614
Xilinx Inc	79,866	7,808,499
		125,454,997
Software – 7.9%		
Atlassian Corp PLC*	118,781	14,294,106
Constellation Software Inc/Canada	36,314	35,272,462
Intuit Inc	29,844	7,817,039
Nice Ltd (ADR)*	246,748	38,282,952
SS&C Technologies Holdings Inc	527,475	32,386,965
		128,053,524
Specialty Retail – 1.2%		
CarMax Inc*	121,452	10,647,697
Williams-Sonoma Inc	107,286	7,879,084
		18,526,781
Textiles, Apparel & Luxury Goods – 0.9%		
Gildan Activewear Inc	503,751	14,875,767
Trading Companies & Distributors – 0.7%		
Ferguson PLC	124,438	11,289,173
<b>Total Common Stocks (cost \$842,933,731)</b>		<b>1,508,324,404</b>
Rights – 0%		
Pharmaceuticals – 0%		
Bristol-Myers Squibb Co* (cost \$361,250)	157,065	472,766
Investment Companies – 6.6%		
Money Markets – 6.6%		
Janus Henderson Cash Liquidity Fund LLC, 1.7210% <sup>wt</sup> (cost \$106,441,680)	106,440,118	106,440,118
Investments Purchased with Cash Collateral from Securities Lending – 0.3%		
Investment Companies – 0.2%		
Janus Henderson Cash Collateral Fund LLC, 1.4338% <sup>wt</sup>	3,921,920	3,921,920
Time Deposits – 0.1%		
Canadian Imperial Bank of Commerce, 1.6000%, 1/2/20	\$980,480	980,480
<b>Total Investments Purchased with Cash Collateral from Securities Lending (cost \$4,902,400)</b>		<b>4,902,400</b>
<b>Total Investments (total cost \$954,639,061) – 100.5%</b>		<b>1,620,139,688</b>
Liabilities, net of Cash, Receivables and Other Assets – (0.5)%		(7,688,060)
<b>Net Assets – 100%</b>		<b>\$1,612,451,628</b>

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

Country	Value	% of Investment Securities
United States	\$1,448,948,605	89.4 %
Canada	93,678,093	5.8
Israel	38,282,952	2.4
Australia	14,294,106	0.9
France	13,021,060	0.8
Ireland	11,914,872	0.7
<b>Total</b>	<b>\$1,620,139,688</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, 2019

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

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/ Depreciation	Value at 12/31/19
Investment Companies - 6.6%				
Money Markets - 6.6%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	\$ 1,861,642	\$ (1,974)	\$ (1,562)	\$ 106,440,118
Investments Purchased with Cash Collateral from Securities Lending - 0.2%				
Investment Companies - 0.2%				
Janus Henderson Cash Collateral Fund LLC, 1.4338%	70,137 <sup>A</sup>	-	-	3,921,920
Total Affiliated Investments - 6.8%	\$ 1,931,779	\$ (1,974)	\$ (1,562)	\$ 110,362,038

	Share Balance at 12/31/18	Purchases	Sales	Share Balance at 12/31/19
Investment Companies - 6.6%				
Money Markets - 6.6%				
Janus Henderson Cash Liquidity Fund LLC, 1.7210%	63,166,325	194,489,248	(151,215,455)	106,440,118
Investments Purchased with Cash Collateral from Securities Lending - 0.2%				
Investment Companies - 0.2%				
Janus Henderson Cash Collateral Fund LLC, 1.4338%	2,758,029	148,960,072	(147,796,181)	3,921,920

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

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2019

#### 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	1/9/20	(6,231,000) \$	4,744,574 \$	(54,614)
Euro	1/9/20	(2,762,000)	3,082,393	(16,731)
				(71,345)
Citibank, National Association:				
Canadian Dollar	1/9/20	(8,247,000)	6,281,616	(70,320)
Euro	1/9/20	(5,296,000)	5,919,532	(22,883)
				(93,203)
Credit Suisse International:				
Canadian Dollar	2/13/20	(9,379,000)	7,067,077	(158,063)
HSBC Securities (USA), Inc.:				
Canadian Dollar	2/27/20	(9,499,000)	7,206,689	(111,096)
Euro	2/27/20	(6,926,800)	7,726,001	(69,851)
				(180,947)
JPMorgan Chase Bank, National Association:				
Euro	1/9/20	(6,095,000)	6,813,655	(25,285)
Total			\$	(528,843)

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, 2019.

#### Fair Value of Derivative Instruments (not accounted for as hedging instruments) as of December 31, 2019

	Currency Contracts
Liability Derivatives:	
Forward foreign currency exchange contracts	\$528,843

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

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2019

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, 2019.

#### The effect of Derivative Instruments (not accounted for as hedging instruments) on the Statement of Operations for the year ended December 31, 2019

<i>Amount of Realized Gain/(Loss) Recognized on Derivatives</i>	
<i>Derivative</i>	<i>Currency Contracts</i>
Forward foreign currency exchange contracts	\$ 947,825

<i>Amount of Change in Unrealized Appreciation/Depreciation Recognized on Derivatives</i>	
<i>Derivative</i>	<i>Currency Contracts</i>
Forward foreign currency exchange contracts	\$(868,277)

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, 2019

	<i>Market Value<sup>(a)</sup></i>
Forward foreign currency exchange contracts, sold	\$ 40,659,803

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

# 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

LP      Limited Partnership

PLC      Public Limited Company

\*      Non-income producing security.

°°      Rate shown is the 7-day yield as of December 31, 2019.

#      Loaned security; a portion of the security is on loan at December 31, 2019.

£      The Portfolio may invest in certain securities that are considered affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

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

The following is a summary of the inputs that were used to value the Portfolio's investments in securities and other financial instruments as of December 31, 2019. See Notes to Financial Statements for more information.

### Valuation Inputs Summary

		<b>Level 1 - Quoted Prices</b>	<b>Level 2 - Other Significant Observable Inputs</b>	<b>Level 3 - Significant Unobservable Inputs</b>
<b>Assets</b>				
<b>Investments In Securities:</b>				
<i>Common Stocks</i>	\$	1,508,324,404	\$ -	\$ -
<i>Rights</i>		472,766	-	-
<i>Investment Companies</i>		-	106,440,118	-
<i>Investments Purchased with Cash Collateral from Securities Lending</i>		-	4,902,400	-
<b>Total Assets</b>	<b>\$</b>	<b>1,508,797,170</b>	<b>\$ 111,342,518</b>	<b>\$ -</b>
<b>Liabilities</b>				
<b>Other Financial Instruments<sup>(a)</sup>:</b>				
<i>Forward Foreign Currency Exchange Contracts</i>	\$	-	\$ 528,843	\$ -

(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, 2019

Assets:		
Unaffiliated investments, at value <sup>(1)(2)</sup>	\$	1,509,777,650
Affiliated investments, at value <sup>(3)</sup>		110,362,038
Cash		126,102
Closed foreign currency contracts		13,451
Non-interested Trustees' deferred compensation		41,476
Receivables:		
Portfolio shares sold		950,367
Dividends		491,381
Investments sold		323,668
Dividends from affiliates		160,464
Other assets		13,837
<b>Total Assets</b>		<b>1,622,260,434</b>
Liabilities:		
Collateral for securities loaned (Note 3)		4,902,400
Forward foreign currency exchange contracts		528,843
Closed foreign currency contracts		2,612
Payables:		
Portfolio shares repurchased		3,049,866
Advisory fees		892,944
12b-1 Distribution and shareholder servicing fees		177,831
Transfer agent fees and expenses		74,862
Non-interested Trustees' deferred compensation fees		41,476
Professional fees		40,616
Custodian fees		4,136
Affiliated portfolio administration fees payable		3,488
Non-interested Trustees' fees and expenses		116
Accrued expenses and other payables		89,616
<b>Total Liabilities</b>		<b>9,808,806</b>
<b>Net Assets</b>	<b>\$</b>	<b>1,612,451,628</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	833,620,962
Total distributable earnings (loss)		778,830,666
<b>Total Net Assets</b>	<b>\$</b>	<b>1,612,451,628</b>
<b>Net Assets - Institutional Shares</b>	<b>\$</b>	<b>791,043,797</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,256,703
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>85.46</b>
<b>Net Assets - Service Shares</b>	<b>\$</b>	<b>821,407,831</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		10,276,332
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>79.93</b>

(1) Includes cost of \$844,275,461.

(2) Includes \$4,805,118 of securities on loan. See Note 3 in Notes to Financial Statements.

(3) Includes cost of \$110,363,600.

See Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Statement of Operations

### For the year ended December 31, 2019

Investment Income:		
Dividends	\$	14,138,901
Dividends from affiliates		1,861,642
Affiliated securities lending income, net		70,137
Other income		212
Foreign tax withheld		(342,558)
<b>Total Investment Income</b>		<b>15,728,334</b>
Expenses:		
Advisory fees		9,232,363
12b-1 Distribution and shareholder servicing fees:		
Service Shares		1,837,290
Transfer agent administrative fees and expenses:		
Institutional Shares		353,820
Service Shares		367,458
Other transfer agent fees and expenses:		
Institutional Shares		22,813
Service Shares		12,599
Shareholder reports expense		136,099
Professional fees		59,626
Non-interested Trustees' fees and expenses		35,894
Affiliated portfolio administration fees		34,179
Custodian fees		25,568
Registration fees		22,939
Other expenses		125,290
<b>Total Expenses</b>		<b>12,265,938</b>
<b>Net Investment Income/(Loss)</b>		<b>3,462,396</b>
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		110,866,124
Investments in affiliates		(1,974)
Forward foreign currency exchange contracts		947,825
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>111,811,975</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation		299,819,514
Investments in affiliates		(1,562)
Forward foreign currency exchange contracts		(868,277)
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>298,949,675</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>414,224,046</b>

See Notes to Financial Statements.

## Janus Henderson VIT Enterprise Portfolio

### Statements of Changes in Net Assets

	Year ended		Year ended	
	December 31, 2019		December 31, 2018	
Operations:				
Net investment income/(loss)	\$	3,462,396	\$	2,074,204
Net realized gain/(loss) on investments		111,811,975		84,724,787
Change in unrealized net appreciation/depreciation		298,949,675		(94,627,700)
Net Increase/(Decrease) in Net Assets Resulting from Operations		414,224,046		(7,828,709)
Dividends and Distributions to Shareholders				
Institutional Shares		(41,927,038)		(30,474,258)
Service Shares		(45,398,321)		(30,628,519)
Net Decrease from Dividends and Distributions to Shareholders		(87,325,359)		(61,102,777)
Capital Share Transactions:				
Institutional Shares		50,633,453		(10,085,696)
Service Shares		68,470,182		71,166,601
Net Increase/(Decrease) from Capital Share Transactions		119,103,635		61,080,905
Net Increase/(Decrease) in Net Assets		446,002,322		(7,850,581)
Net Assets:				
Beginning of period		1,166,449,306		1,174,299,887
End of period	\$	1,612,451,628	\$	1,166,449,306

See Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Financial Highlights

### Institutional Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$67.02	\$70.65	\$59.27	\$57.33	\$61.75
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.29	0.21	0.11	0.28	0.27
Net realized and unrealized gain/(loss)	23.06	(0.16)	15.67	6.50	2.55
Total from Investment Operations	23.35	0.05	15.78	6.78	2.82
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.16)	(0.18)	(0.17)	(0.09)	(0.40)
Distributions (from capital gains)	(4.75)	(3.50)	(4.23)	(4.75)	(6.84)
Total Dividends and Distributions	(4.91)	(3.68)	(4.40)	(4.84)	(7.24)
Net Asset Value, End of Period	\$85.46	\$67.02	\$70.65	\$59.27	\$57.33
Total Return*	35.48%	(0.41)%	27.42%	12.36%	4.05%
Net Assets, End of Period (in thousands)	\$791,044	\$577,477	\$618,750	\$459,250	\$418,158
Average Net Assets for the Period (in thousands)	\$707,052	\$641,390	\$556,940	\$435,190	\$427,941
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.72%	0.72%	0.73%	0.72%	0.68%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.72%	0.72%	0.73%	0.72%	0.68%
Ratio of Net Investment Income/(Loss)	0.37%	0.29%	0.17%	0.48%	0.44%
Portfolio Turnover Rate	14%	14%	14%	20%	22%

### Service Shares

For a share outstanding during the year ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$63.00	\$66.67	\$56.22	\$54.67	\$59.26
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.09	0.03	(0.05)	0.12	0.11
Net realized and unrealized gain/(loss)	21.63	(0.12)	14.82	6.19	2.45
Total from Investment Operations	21.72	(0.09)	14.77	6.31	2.56
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.04)	(0.08)	(0.09)	(0.01)	(0.31)
Distributions (from capital gains)	(4.75)	(3.50)	(4.23)	(4.75)	(6.84)
Total Dividends and Distributions	(4.79)	(3.58)	(4.32)	(4.76)	(7.15)
Net Asset Value, End of Period	\$79.93	\$63.00	\$66.67	\$56.22	\$54.67
Total Return*	35.14%	(0.65)%	27.09%	12.10%	3.77%
Net Assets, End of Period (in thousands)	\$821,408	\$588,973	\$555,550	\$419,251	\$321,482
Average Net Assets for the Period (in thousands)	\$734,274	\$612,433	\$489,237	\$373,400	\$299,393
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.97%	0.97%	0.98%	0.97%	0.94%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.97%	0.97%	0.98%	0.97%	0.94%
Ratio of Net Investment Income/(Loss)	0.12%	0.04%	(0.08)%	0.22%	0.19%
Portfolio Turnover Rate	14%	14%	14%	20%	22%

\* 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, 2019 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

### Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. 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 Enterprise 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.

## 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, 2019 is discussed in further detail below. A summary of derivative activity by the Portfolio is reflected in the tables at the end of the Schedule of Investments.

The Portfolio may use derivative instruments for hedging purposes (to offset risks associated with an investment, currency exposure, or market conditions), to adjust currency exposure relative to a benchmark index, or for speculative purposes (to earn income and seek to enhance returns). When the Portfolio invests in a derivative for speculative purposes, the Portfolio will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative's cost. The Portfolio may not use any derivative to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly. The Portfolio's ability to use derivative instruments may also be limited by tax considerations.

Investments in derivatives in general are subject to market risks that may cause their prices to fluctuate over time. Investments in derivatives may not directly correlate with the price movements of the underlying instrument. As a result,

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

the use of derivatives may expose the Portfolio to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The use of derivatives may result in larger losses or smaller gains than otherwise would be the case. Derivatives can be volatile and may involve significant risks.

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

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

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

In an effort to mitigate credit risk associated with derivatives traded OTC, the Portfolio may enter into collateral agreements with certain counterparties whereby, subject to certain minimum exposure requirements, the Portfolio may require the counterparty to post collateral if the Portfolio has a net aggregate unrealized gain on all OTC derivative contracts with a particular counterparty. Additionally, the Portfolio may deposit cash and/or treasuries as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. All liquid securities and restricted cash are considered to cover in an amount at all times equal to or greater than the Portfolio's commitment with respect to certain exchange-traded derivatives, centrally cleared derivatives, forward foreign currency exchange contracts, short sales, and/or securities with extended settlement dates. There is no guarantee that counterparty exposure is reduced and these arrangements are dependent on Janus Capital Management LLC's ("Janus Capital") ability to establish and maintain appropriate systems and trading.

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

### 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 period, 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

In the aftermath of the 2007-2008 financial crisis, the financial sector experienced reduced liquidity in credit and other fixed-income markets, and an unusually high degree of volatility, both domestically and internationally. 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. For example, the enactment of the Dodd-Frank Act in 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, over-the-counter derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. 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.

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. 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. 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 (commonly known as "Brexit"). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will conclude, or how financial markets will react.

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.

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

### 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, 2019" 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

<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>
JPMorgan Chase Bank, National Association	\$	4,805,118	\$	(25,285)	\$	4,779,833	\$	—
Total	\$	4,805,118	\$	(25,285)	\$	4,779,833	\$	—

### Offsetting of Financial Liabilities and Derivative Liabilities

<i>Counterparty</i>		<i>Gross Amounts of Recognized Liabilities</i>		<i>Offsetting Asset or Liability<sup>(a)</sup></i>		<i>Collateral Pledged<sup>(b)</sup></i>		<i>Net Amount</i>
Barclays Capital, Inc.	\$	71,345	\$	—	\$	—	\$	71,345
Citibank, National Association		93,203		—		—		93,203
Credit Suisse International		158,063		—		—		158,063
HSBC Securities (USA), Inc.		180,947		—		—		180,947
JPMorgan Chase Bank, National Association		25,285		(25,285)		—		—
Total	\$	528,843	\$	(25,285)	\$	—	\$	503,558

(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.

JPMorgan Chase Bank, National Association 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 Non-Custodial Securities Lending Agreement. For financial reporting purposes, the Portfolio does not offset financial instruments' payables and receivables and related collateral on the Statement of Assets and Liabilities. Securities on loan will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. See "Securities Lending" in the "Notes to Financial Statements" for additional information.

The Portfolio 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.

The Portfolio may require the counterparty to pledge securities as collateral daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized gain on OTC derivative contracts with a particular counterparty. The Portfolio may deposit cash as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. The collateral amounts are subject to minimum exposure requirements and initial margin requirements. Collateral amounts are monitored and subsequently adjusted up or down as valuations fluctuate by at least the minimum exposure requirement. Collateral may reduce the risk of loss.

# Janus Henderson VIT Enterprise 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. Effective December 16, 2019, JPMorgan Chase Bank, National Association replaced Deutsche Bank AG as securities lending agent for the Portfolio. JPMorgan Chase Bank, National Association 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 Non-Custodial Securities Lending 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. In certain circumstances individual loan transactions could yield negative returns.

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 primarily 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, 2019, securities lending transactions accounted for as secured borrowings with an overnight and continuous contractual maturity are \$4,805,118. Gross amounts of recognized liabilities for securities lending (collateral received) as of December 31, 2019 is \$4,902,400, resulting in the net amount due to the counterparty of \$97,282.

### 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 Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

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 \$40,392 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2019. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of December 31, 2019 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Total distributable earnings (loss)" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2019 are included in "Non-interested

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

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 \$468,050 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates pursuant to the provisions of the 1940 Act that govern the operation of money market funds and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., \$1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The Sweep Vehicle does not charge 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, 2019 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2019, the Portfolio engaged in cross trades amounting to \$442,227 in sales, resulting in a net realized gain of \$129,305. The net realized gain is included within the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

### 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.

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		
\$ 1,030,687	\$ 110,296,233	\$ -	\$ -	\$ -	\$ (38,957)	\$667,542,703

## Janus Henderson VIT Enterprise 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, 2019 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>
\$ 952,596,985	\$675,296,089	\$ (7,753,386)	\$ 667,542,703

Information on the tax components of derivatives as of December 31, 2019 is as follows:

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ (528,843)	\$ -	\$ -	\$ -

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,

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, 2019*

<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>
\$ 1,802,648	\$ 85,522,711	\$ -	\$ -

*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	\$ -	\$ -

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>
\$ (64)	\$ (2,090,274)	\$ 2,090,338

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

### 6. Capital Share Transactions

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares	Amount	Shares	Amount
Institutional Shares:				
Shares sold	1,542,514	\$123,201,744	1,094,919	\$ 81,180,091
Reinvested dividends and distributions	533,515	41,927,038	411,872	30,474,258
Shares repurchased	(1,435,966)	(114,495,329)	(1,648,195)	(121,740,045)
Net Increase/(Decrease)	640,063	\$ 50,633,453	(141,404)	\$ (10,085,696)
Service Shares:				
Shares sold	2,323,035	\$172,829,765	2,327,514	\$162,490,283
Reinvested dividends and distributions	617,488	45,398,321	439,794	30,628,519
Shares repurchased	(2,013,680)	(149,757,904)	(1,750,080)	(121,952,201)
Net Increase/(Decrease)	926,843	\$ 68,470,182	1,017,228	\$ 71,166,601

### 7. Purchases and Sales of Investment Securities

For the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

<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>
\$188,567,288	\$ 196,054,210	\$ -	\$ -

### 8. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)*, in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 9. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2019 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.

# Janus Henderson VIT 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, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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 14, 2020

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 as an exhibit to Form N-PORT within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. Historically, the Portfolio filed its complete portfolio holdings (schedule of investments) with the SEC for the first and third quarters each fiscal year on Form N-Q. The Portfolio's Form N-PORT and Form N-Q filings: (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 agreements for the Janus Henderson Funds that utilize subadvisers.

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 the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 5, 2019, 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, 2020 through February 1, 2021, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and, for the purpose 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.

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

### ***Nature, Extent and Quality of Services***

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Janus Henderson Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Janus Henderson Funds, noting that Janus Capital generally 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 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 provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Janus Henderson Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those 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, 2019, approximately 69% 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, 2019, approximately 71% 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the third Broadridge quartile for the 12 months ended May 31, 2019.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2019 and the bottom Broadridge quartile for the 12 months ended May 31, 2019.
- 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, 2019 and the second Broadridge quartile for the 12 months ended May 31, 2019. 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, and that the performance trend was improving
- 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, 2019 and the first Broadridge quartile for the 12 months ended May 31, 2019. 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, and the performance trend was improving.

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 rate of management fees (investment advisory and any administration, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Janus Henderson Fund.

The independent fee consultant provided its belief 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. The independent fee consultant found: (1) the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) the total expenses, on average, were 10% under the average total expenses of their respective Broadridge Expense Group peers; and (3) and the management fees for the Janus Henderson Funds, on average, were 7% under the average management fees for their Expense Groups. The Trustees also considered the total expenses for each share class of



## Janus Henderson VIT Enterprise Portfolio

### Additional Information (unaudited)

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.

For certain Janus Henderson Funds, the independent fee consultant also performed a systematic “focus list” analysis of expenses which assessed fund fees in the context of fund performance being delivered. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds was reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and/or expense waivers on such Janus Henderson Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, 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, they 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 funds subadvised by Janus Capital and to the fees Janus Capital charges to its institutional separate account clients; (2) these subadvised and institutional separate accounts have different service and infrastructure needs; and (3) Janus Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson subadvised fund and separate account investors; (4) 11 of 12 Janus Henderson Funds have lower management fees than similar funds subadvised by Janus Capital; and (5) six of nine Janus Henderson Funds have lower management fees than similar separate accounts managed by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2018, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's “total expenses”):

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value 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.

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

- 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 mutual fund advisers. 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, difference in product mix, difference in types of business (mutual fund, institutional and other), differences in the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided 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 found that (1) the expense allocation methodology and rationales utilized by Janus Capital were reasonable and (2) no clear correlation between expense allocations and operating margins. 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 and its affiliates, 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 that their independent fee consultant published a report to the Trustees in November 2019 which provided its research and analysis into economies of scale. 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, their independent fee consultant concluded that 64% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted the following: (1) that for those Janus Henderson Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale; (2) 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; (3) 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 VIT Enterprise Portfolio

## Additional Information (unaudited)

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 (4) 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 the independent fee consultant's conclusion that, given the limitations of various analytical approaches to economies of scale and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus Henderson complex. In this regard, the independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller 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 provided its belief that Janus Henderson Fund investors are well-served by the fee levels and 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 reviewed, including the recent and 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 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 consistent with regulatory requirements and guidelines and 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 other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson Funds.

# 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, 2019. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

### Performance Overviews

Performance overview graphs compare the performance of a hypothetical \$10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

### Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

### Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

# 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 period. The next line reflects the total return for the period. The total return may include adjustments in accordance with

## **Janus Henderson VIT Enterprise Portfolio**

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

generally accepted accounting principles required at the period end for financial reporting purposes. As a result, the total return may differ from the total return reflected for individual shareholder transactions. 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, 2019:

Capital Gain Distributions	\$85,522,711
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 58 series or funds referred to herein as the Fund Complex.

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	Independent Consultant. Formerly, Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (2016-2019), 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).	58	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds) (since 2016), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds) (since 2008), and Director of the F.B. Heron Foundation (a private grantmaking foundation) (since 2006).

# 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, Curam Holdings LLC (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).	58	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).	58	Advisory Board Member, RevOZ Fund LP and related funds (real estate investments for opportunity zones) (since 2020), 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).	58	Board Member, Van Alen Institute (nonprofit architectural and design organization) (since 2019) and Director of Brightwood Capital Advisors, LLC (since 2014).
William M. Fitzgerald, Sr. 151 Detroit Street Denver, CO 80206 DOB: 1964	Trustee	9/19-Present	Founder, Fitzgerald Asset Management LLC (since 2012). Formerly, Founder and Chief Investment Officer, Global Infrastructure Asset Management LLC (2008-2017), Chief Investment Officer of Nuveen Asset Management (2000-2007), and Managing Director, Nuveen Investment LLC (1988-2007).	58	Board of Directors, Municipal Securities Rulemaking Board (since 2017). Formerly, Board of Directors of Syncora Holdings Ltd, Syncora Guarantee Inc., and Syncora Capital Assurance Inc. (2009-2016), and Trustee, Destra Investment Trust (2010-2014).

# 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.	58	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).
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).	58	None

\*William D. Stewart retired from his role as Independent Trustee, effective December 31, 2019.

# 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>					
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	58	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).
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).	58	Director of Chicago Community Trust (Regional Community Foundation), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrappports, LLC (digital communications company). Formerly, Director of Chicago Council on Global Affairs (until 2019), InnerWorkings (until 2019), 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	Executive Vice President, 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 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	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	Assistant General Counsel of Janus Capital (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**

## **Janus Henderson VIT Enterprise Portfolio Notes**

## **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



## ANNUAL REPORT

December 31, 2019

T. ROWE PRICE

# Government Money Portfolio

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



INVEST WITH CONFIDENCE®

## HIGHLIGHTS

- The Government Money Portfolio returned 1.72% in the 12-month period ended December 31, 2019, versus 1.63% for the Lipper Variable Annuity Underlying U.S. Government Money Market Funds Average.
- The Federal Reserve cut rates three times in the second half of our reporting period. Other short-term interest rates also declined as a result of the Fed's actions.
- At the end of 2019, approximately 30% of the portfolio's assets were invested in Treasury bills and notes, while almost two-thirds of assets were invested in other U.S. government and agency securities. The remainder was invested primarily in repurchase agreements.
- We expect the Fed to be on hold for the foreseeable future. Central bank officials have stressed that material, concrete inflation data would need to be evident before any future rate hike would occur. On the other hand, future weak economic data could precipitate another rate cut.

## 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.

**It's convenient**—access your important account documents whenever you need them.

**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.\*

Log in to your account at **[troweprice.com](https://troweprice.com)** for more information.

\*Certain mutual fund accounts that are assessed an annual account service fee can also save money by switching to e-delivery.

## Dear Investor

Stocks posted strong gains in 2019 as most major U.S. indexes hit record highs in a broad-based rally that more than offset 2018's losses. Large- and mid-cap growth stocks were the strongest performers, with the S&P 500 and Nasdaq benchmarks recording their best year since 2013. U.S. shares outpaced their global counterparts, although most non-U.S. indexes also finished with solid double-digit gains.

Technology shares performed best within the S&P 500, helped by strong gains from industry giants Apple and Microsoft, and financial stocks also outperformed the broader market. Fixed income securities produced solid gains during the period as well—with corporate bonds leading the way—as longer-term Treasury yields fell to historic lows in late summer before partially rebounding.

In a sign that public markets have retained discipline, investors expressed skepticism about certain private-equity valuation levels when compared with their prospects for financial profitability. Relatively few initial public offerings (IPOs) saw their prices appreciate during the year, and one high-profile IPO candidate (WeWork) decided to withdraw its offering altogether after its valuation was dramatically reduced in the weeks before its proposed IPO.

Although the year opened with concerns that an escalating U.S.-China trade dispute could lead to a recession, global central banks played a key role in supporting markets. Fed policymakers delivered quarter-percentage-point rate cuts in July, September, and October and took steps to maintain liquidity in short-term lending markets. Other central banks also acted to address flagging growth, including the European Central Bank, which lowered its benchmark deposit rate deeper into negative territory and announced that it was restarting its quantitative easing program.

The pivot to a more accommodative monetary policy was a marked change from 2018, when the Fed raised rates four times, and appeared to be successful in reenergizing the economy. After contracting earlier in 2019, key U.S. manufacturing indicators showed signs of stabilizing by year-end, and the labor market remained strong, with solid payroll gains and an unemployment rate hovering near a 50-year low. With this more encouraging economic backdrop, it was not a surprise that in December Fed officials seemed satisfied that monetary policy was properly positioned to support continued growth and forecast no additional rate moves in 2020.

Besides central bank policy, investors also closely followed developments in the U.S.-China trade dispute. Stocks stumbled in May and August after the U.S. announced new tariffs on some Chinese imports and China retaliated with new tariffs of its own. However, investors generally took an optimistic view of trade negotiations, which limited the trade war's toll on markets, and in December the two countries announced a "phase one" agreement to reduce some existing tariffs and cancel the imposition of new ones.

With monetary policy worldwide largely committed to ensuring market liquidity and some global economic indicators showing signs of improvement, there are reasons to be optimistic in 2020. However, we caution investors not to expect the outsized gains of the past year. If the post-World War II era is to be a guide, the S&P 500 has on average generated mid-single-digit returns in the fourth year of a presidential cycle.

Further market advances will likely hinge on a resumption in earnings growth, which stalled in 2019, and there is no shortage of global risks in the year ahead. Unresolved trade issues, tensions in the Middle East, and policy debates on taxes, health care, and wealth disparity leading up to the U.S. presidential election all have the potential to cause market volatility.

In addition to these risks, T. Rowe Price analysts will be closely following how disruptive forces such as innovation, technological change, and automation could impact a growing number of global industries. In an uncertain environment, with a wide dispersion of returns possible, we believe that in-depth fundamental research that integrates environmental, social, and governance considerations will be critical to successfully assess opportunities and risks. I am confident our strategic investing approach will continue to serve our shareholders well.

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 portfolio perform in the past 12 months?**

The Government Money Portfolio returned 1.72% in the 12-month period ended December 31, 2019, versus 1.63% for the Lipper Variable Annuity Underlying U.S. Government Money Market Funds Average. *(Past performance cannot guarantee future results.)*

**PERFORMANCE COMPARISON**

Periods Ended 12/31/19	Total Return	
	6 Months	12 Months
Government Money Portfolio	0.76%	1.72%
Lipper Variable Annuity Underlying U.S. Government Money Market Funds Average	0.72	1.63%

**What factors influenced the portfolio's performance?**

In the early months of 2019, there was a growing belief within the market that the central bank was finished raising rates and needed to lower rates to prolong the economic expansion. The Federal Reserve eventually appeased the market with three rate reductions. The Fed decreased the federal funds target rate range by 25 basis points (0.25 percentage points) following the July, September, and October monetary policy meetings. The new range at the end of the year was 1.50% to 1.75%.

Other short-term interest rates declined as a result of the Fed's actions. For example, the yield on the 90-day Treasury bill decreased from 2.45% to 1.55% over the last 12 months, while the six-month Treasury bill yield fell from 2.56% to 1.60%. The portfolio's 7-day simple yield as of December 31, 2019, was 1.13%.

**How is the portfolio 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 repurchase agreements (repos) 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.

The portfolio's weighted average maturity at the end of 2019 was 29 days. This was little changed versus six months ago (28 days) and slightly shorter than at year-end 2018 (37 days).

At the end of December, approximately 30% of the portfolio's assets were invested in Treasury bills and notes, while almost two-thirds of assets were invested in other U.S. government and agency securities. The remainder of the portfolio was invested primarily in repurchase agreements, which have very short maturities of about one to seven days.

Repo rates were high in the latter part of our reporting period due to the heavy need for dealers to finance their inventories of securities. Then, the supply of money to finance these securities became scarce in September. These factors created an opportunity for us to provide what we considered low-risk lending with attractive yields.

After some short-lasting volatility in the repo markets, the Fed announced a temporary program to provide liquidity to the dealers as a stopgap measure. Following the central bank's late-October meeting, Fed officials announced a longer-lasting solution to buy Treasury bills out of the market to increase the reserves on the Fed's balance sheet. The program increased demand for T-bills and, thus, drove their prices higher. Investors then rotated out of T-bills and, instead, favored repo investments, ultimately providing the desired securities financing to dealers and banks.

**SECURITY DIVERSIFICATION**

Other U.S. Government and Agencies	65%
U.S. Treasury Bills	29
Repurchase Agreements	7
U.S. Treasury Notes	1
Other Assets Less Liabilities	-2
<b>Total</b>	<b>100%</b>

Based on net assets as of 12/31/19.

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

The Federal Reserve's projections and many market participants' expectations, including ours, are for the Fed to be on hold for the foreseeable future. The central bank has stressed that material, concrete inflation data would need to be evident before any future rate hike will occur. Future weak economic data, though, may precipitate another rate cut. In any event, 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.



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**T. Rowe Price Government Money Portfolio**

Supplement to Summary Prospectus Dated May 1, 2019

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On page 3, the portfolio manager table under “Management” is supplemented as follows:

Effective March 1, 2020, Douglas D. Spratley will join Joseph K. Lynagh as one of the fund’s portfolio managers and become Cochairman of the fund’s Investment Advisory Committee. Mr. Spratley joined T. Rowe Price in 2008. Effective January 1, 2021, Mr. Lynagh will step down as a portfolio manager and Cochairman of the fund’s Investment Advisory Committee and Mr. Spratley will become the sole portfolio manager and Chairman of the fund’s Investment Advisory Committee.

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The date of this supplement is February 25, 2020.

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E306-041-S 2/25/20

## 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.

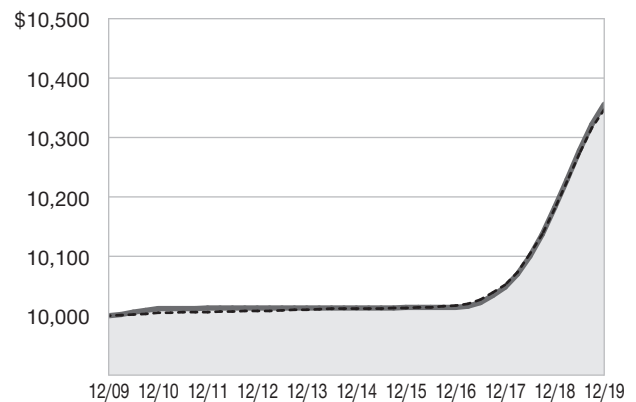
**Interest rate risks.** A decline in interest rates may lower the portfolio's yield, or a rise in the overall level of interest rates may cause a decline in the prices of fixed income securities held by the portfolio. The portfolio's yield will vary; it is not fixed for a specific period like the yield 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.

**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.

## 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 12/31/19

— Government Money Portfolio	\$ 10,356
--- Lipper Variable Annuity Underlying	10,347
U.S. Government Money Market Funds Average	

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/19	1 Year	5 Years	10 Years
Government Money Portfolio	1.72%	0.68%	0.35%

*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	Ending	Expenses
	Account	Account	Paid During
	Value	Value	Period *
	7/1/19	12/31/19	7/1/19 to 12/31/19
Actual	\$1,000.00	\$1,007.60	\$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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<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>	0.02	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	0.02	0.01	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>
Distributions					
Net investment income	(0.02)	(0.01)	— <sup>(4)</sup>	—	—
Net realized gain	—	—	—	—	— <sup>(4)</sup>
Total distributions	(0.02)	(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
<b>Ratios/Supplemental Data</b>					
Total return <sup>(2) (3) (5)</sup>	1.72%	1.33%	0.34%	0.00%	0.01%
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%	0.55%	0.40%	0.23%
Net investment income <sup>(3)</sup>	1.70%	1.32%	0.38%	0.00%	0.00%
Net assets, end of period (in thousands)	\$ 35,348	\$ 34,589	\$ 33,318	\$ 18,880	\$ 17,379

<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> See Note 5. Includes the effect of voluntary management fee waivers and operating expense reimbursements (0.00%, 0.00%, 0.00%, 0.15% and 0.32% of average net assets) for the years ended 12/31/19, 12/31/18, 12/31/17, 12/31/16 and 12/31/15, 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, and payment of no redemption or account fees, if applicable.

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

## T. ROWE PRICE GOVERNMENT MONEY PORTFOLIO

December 31, 2019

PORTFOLIO OF INVESTMENTS <sup>†</sup>	Par	\$ Value
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(Amounts in 000s)

**U.S. GOVERNMENT AGENCY DEBT 65.0% (1)**

Federal Farm Credit Bank		
2.125%, 1/29/20	500	499
Federal Home Loan Bank		
1.601%, 1/6/20	1,455	1,455
Federal Home Loan Bank		
1.602%, 1/10/20	1,000	1,000
Federal Home Loan Bank		
1.602%, 1/17/20	1,300	1,299
Federal Home Loan Bank		
1.603%, 1/3/20	1,200	1,200
Federal Home Loan Bank		
1.603%, 1/8/20	600	600
Federal Home Loan Bank		
1.603%, 1/22/20	3,595	3,592
Federal Home Loan Bank		
1.604%, 2/5/20	600	599
Federal Home Loan Bank		
1.604%, 2/10/20	2,800	2,795
Federal Home Loan Bank		
1.605%, 1/29/20	1,400	1,398
Federal Home Loan Bank		
1.61%, 1/31/20	1,000	999
Federal Home Loan Bank		
1.622%, 1/9/20	2,000	1,999
Federal Home Loan Bank		
1.623%, 1/15/20	800	799
Federal Home Loan Bank		
1.635%, 2/3/20	2,100	2,097
Federal Home Loan Bank		
1.652%, 1/2/20	450	450
Federal Home Loan Bank		
1.657%, 1/24/20	500	499
Federal Home Loan Mortgage		
1.645%, 1/9/20	250	250
Federal Home Loan Mortgage		
1.654%, 2/13/20	1,200	1,198
Federal National Mortgage Assn.		
1.645%, 1/3/20	250	250
<b>Total U.S. Government Agency Debt</b>		
<b>(Cost \$22,978)</b>		<b>22,978</b>

Par	\$ Value
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(Amounts in 000s)

**U.S. GOVERNMENT AGENCY REPURCHASE AGREEMENTS 7.2% (2)**

Credit Agricole,		
Tri-Party, Dated 12/31/19, 1.57%,		
Delivery Value of \$2,550,222 on		
1/2/20, Collateralized by U.S.		
Government securities, 3.00%,		
7/20/46, valued at \$2,601,001	2,550	2,550
<b>Total U.S. Government Agency Repurchase</b>		
<b>Agreements</b>		
<b>(Cost \$2,550)</b>		<b>2,550</b>

**U.S. TREASURY DEBT 29.7%**

U.S. Treasury Bills		
1.534%, 1/7/20	400	400
U.S. Treasury Bills		
1.546%, 2/20/20	330	329
U.S. Treasury Bills		
1.551%, 4/2/20	400	398
U.S. Treasury Bills		
1.561%, 3/26/20	695	692
U.S. Treasury Bills		
1.566%, 2/27/20	570	569
U.S. Treasury Bills		
1.572%, 7/2/20	300	298
U.S. Treasury Bills		
1.574%, 1/28/20	370	370
U.S. Treasury Bills		
1.583%, 6/25/20	450	446
U.S. Treasury Bills		
1.613%, 4/23/20	450	448
U.S. Treasury Bills		
1.633%, 4/16/20	400	398
U.S. Treasury Bills		
1.724%, 1/16/20	1,000	999
U.S. Treasury Bills		
1.741%, 2/13/20	1,175	1,173
U.S. Treasury Bills		
1.859%, 1/9/20	1,200	1,199

	Par	\$ Value
(Amounts in 000s)		
U.S. Treasury Bills		
2.013%, 1/2/20	2,000	2,000
U.S. Treasury Bills		
2.056%, 1/30/20	500	499
U.S. Treasury Notes		
3.625%, 2/15/20	285	286
<b>Total U.S. Treasury Debt</b>		
<b>(Cost \$10,504)</b>		<b>10,504</b>
<b>Total Investments in Securities</b>		
<b>101.9% of Net Assets (Cost \$36,032)</b>	<b>\$</b>	<b>36,032</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, including UMBS, currently operate under a federal conservatorship.
- (2) See Note 3. Collateralized by U.S. government securities valued at \$2,601 at December 31, 2019.

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

December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$36,032)	\$	36,032
Cash		46
Receivable for shares sold		7
Interest receivable		4
Other assets		1
Total assets		<u>36,090</u>

**Liabilities**

Payable for investment securities purchased		696
Payable for shares redeemed		25
Investment management and administrative fees payable		21
Total liabilities		<u>742</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>35,348</u></b>
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**Net Assets Consist of:**

Paid-in capital applicable to 35,329,231 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized	\$	35,348
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<b>NET ASSETS</b>	<b>\$</b>	<b><u>35,348</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 12/31/19
<b>Investment Income (Loss)</b>	
Interest income	\$ 786
Investment management and administrative expense	192
Net investment income	594
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 594</b>

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



**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 594	\$ 437
Distributions to shareholders		
Net earnings	(594)	(437)
Capital share transactions *		
Shares sold	8,029	12,650
Distributions reinvested	594	437
Shares redeemed	(7,864)	(11,816)
Increase in net assets from capital share transactions	759	1,271
<b>Net Assets</b>		
Increase during period	759	1,271
Beginning of period	34,589	33,318
<b>End of period</b>	<b>\$ 35,348</b>	<b>\$ 34,589</b>

\*Capital share transactions at net asset value of \$1.00 per share.

<sup>(1)</sup> Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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 are currently offered only to insurance company separate accounts established for the purpose of funding 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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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, 2019, all of the fund's financial instruments were classified as Level 2 in the fair value hierarchy.

### **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.

**Repurchase Agreements** The fund engages in repurchase agreements, pursuant to which it pays cash to and receives securities from a counterparty that agrees to "repurchase" the securities at a specified time, typically within seven business days, for a specified price. The fund enters into such agreements with well-established securities dealers or banks that are members of the Federal Reserve System and are on Price Associates' approved list. All repurchase agreements are fully collateralized by U.S. government or related agency securities, which are held by the custodian designated by the agreement. Collateral is evaluated daily to ensure that its market value exceeds the delivery value of the repurchase agreements at maturity. Although risk is mitigated by the collateral, the fund could experience a delay in recovering its value and a possible loss of income or value if the counterparty fails to perform in accordance with the terms of the agreement.

### **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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

Distributions during the years ended December 31, 2019 and December 31, 2018, totaled \$594,000 and \$437,000, respectively, and were characterized as ordinary income for tax purposes. At December 31, 2019, the tax-basis cost of investments and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 36,032
Paid-in capital	35,348
Net assets	\$ 35,348

#### 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 0.55% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses.

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. For the year ended December 31, 2019, the fund had no voluntary waivers.

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, 2019, 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., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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, 2020

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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2013 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 1994 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2019 [189]	Director and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Colin T. Bando, CFA (1987) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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 Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.
Jason T. Collins, CFA (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, CFA (1974) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Stephanie A. Gentile, CFA (1956) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, 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
Charles B. Hill, CFA (1961) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Keir R. Joyce, CFA (1972) 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) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Steven M. Kohlenstein, CFA (1987) Vice President	Vice President, T. Rowe Price 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
Alan D. Levenson, Ph.D. (1958) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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) Principal Financial Officer, Vice President, and Treasurer	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Cheryl A. Mickel, CFA (1967) President	Director and Vice President, T. Rowe Price Trust Company; Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, 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 and T. Rowe Price Group, Inc.
Jeanny Silva (1975) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Douglas D. Spratley, CFA (1969) 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, JPMorgan Chase (to 2017)

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, 2019

T. ROWE PRICE

# Limited-Term Bond Portfolio

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## HIGHLIGHTS

- The Limited-Term Bond Portfolio outperformed its benchmark and its Lipper peer group average in the 12 months ended December 31, 2019.
- Our overweight to corporate bonds and corresponding underweight to Treasuries boosted results, as did our allocation to out-of-benchmark positions in securitized debt.
- To add yield and increase portfolio diversification, we maintained our non-benchmark exposure in securitized debt, which offers higher yields than Treasury securities and is generally less volatile than corporate bond holdings.
- We believe that the macroeconomic environment and corporate fundamentals remain reasonably supportive of risk assets; however, uncertainty remains about the outlook for U.S. and global growth, and corporate debt levels remain historically high.

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## Dear Investor

Stocks posted strong gains in 2019 as most major U.S. indexes hit record highs in a broad-based rally that more than offset 2018's losses. Large- and mid-cap growth stocks were the strongest performers, with the S&P 500 and Nasdaq benchmarks recording their best year since 2013. U.S. shares outpaced their global counterparts, although most non-U.S. indexes also finished with solid double-digit gains.

Technology shares performed best within the S&P 500, helped by strong gains from industry giants Apple and Microsoft, and financial stocks also outperformed the broader market. Fixed income securities produced solid gains during the period as well—with corporate bonds leading the way—as longer-term Treasury yields fell to historic lows in late summer before partially rebounding.

In a sign that public markets have retained discipline, investors expressed skepticism about certain private-equity valuation levels when compared with their prospects for financial profitability. Relatively few initial public offerings (IPOs) saw their prices appreciate during the year, and one high-profile IPO candidate (WeWork) decided to withdraw its offering altogether after its valuation was dramatically reduced in the weeks before its proposed IPO.

Although the year opened with concerns that an escalating U.S.-China trade dispute could lead to a recession, global central banks played a key role in supporting markets. Fed policymakers delivered quarter-percentage-point rate cuts in July, September, and October and took steps to maintain liquidity in short-term lending markets. Other central banks also acted to address flagging growth, including the European Central Bank, which lowered its benchmark deposit rate deeper into negative territory and announced that it was restarting its quantitative easing program.

The pivot to a more accommodative monetary policy was a marked change from 2018, when the Fed raised rates four times, and appeared to be successful in reenergizing the economy. After contracting earlier in 2019, key U.S. manufacturing indicators showed signs of stabilizing by year-end, and the labor market remained strong, with solid payroll gains and an unemployment rate hovering near a 50-year low. With this more encouraging economic backdrop, it was not a surprise that in December Fed officials seemed satisfied that monetary policy was properly positioned to support continued growth and forecast no additional rate moves in 2020.

Besides central bank policy, investors also closely followed developments in the U.S.-China trade dispute. Stocks stumbled in May and August after the U.S. announced new tariffs on some Chinese imports and China retaliated with new tariffs of its own. However, investors generally took an optimistic view of trade negotiations, which limited the trade war's toll on markets, and in December the two countries announced a "phase one" agreement to reduce some existing tariffs and cancel the imposition of new ones.

With monetary policy worldwide largely committed to ensuring market liquidity and some global economic indicators showing signs of improvement, there are reasons to be optimistic in 2020. However, we caution investors not to expect the outsized gains of the past year. If the post-World War II era is to be a guide, the S&P 500 has on average generated mid-single-digit returns in the fourth year of a presidential cycle.

Further market advances will likely hinge on a resumption in earnings growth, which stalled in 2019, and there is no shortage of global risks in the year ahead. Unresolved trade issues, tensions in the Middle East, and policy debates on taxes, health care, and wealth disparity leading up to the U.S. presidential election all have the potential to cause market volatility.

In addition to these risks, T. Rowe Price analysts will be closely following how disruptive forces such as innovation, technological change, and automation could impact a growing number of global industries. In an uncertain environment, with a wide dispersion of returns possible, we believe that in-depth fundamental research that integrates environmental, social, and governance considerations will be critical to successfully assess opportunities and risks. I am confident our strategic investing approach will continue to serve our shareholders well.

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 fluctuations in principal value.

## FUND COMMENTARY

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

The Limited-Term Bond Portfolio returned 4.35% in the 12 months ended December 31, 2019, outperforming its benchmark, the Bloomberg Barclays 1–3 Year U.S. Government/Credit Bond Index and its Lipper peer group average. (Returns for Portfolio–II Class shares varied slightly, reflecting their differing fee structure. *Past performance cannot guarantee future results.*)

Periods Ended 12/31/19	Total Return	
	6 Months	12 Months
Limited-Term Bond Portfolio	1.38%	4.35%
Limited-Term Bond Portfolio–II	1.26	4.10
Bloomberg Barclays 1–3 Year U.S. Government/Credit Bond Index	1.29	4.03
Lipper Variable Annuity Underlying Short Investment Grade Debt Funds Average	1.24	3.94

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

Sector allocation was a top contributor to the fund's relative performance. Our overweight to corporate bonds and corresponding underweight to U.S. Treasuries benefited relative results, especially during periods of positive risk sentiment.

Also boosting returns was our inclusion of non-benchmark positions in commercial mortgage-backed securities, asset-backed securities, and mortgage-backed securities, which benefited from still solid consumer fundamentals and offer incremental yield above Treasury securities. Security selection among short-dated BBB rated names, including **Nordstrom**, **Diamondback Energy**, and **Enel SpA**, the Italian electric and gas company, contributed to relative performance. (Please refer to the fund's portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

During the period, we maintained a neutral duration posture versus the benchmark, which marginally hurt relative performance. (Duration measures a bond's or a bond fund's sensitivity to changes in interest rates.)

### How is the fund positioned?

We underweighted lower-yielding Treasury securities and overweighted investment-grade corporate debt, with a focus on short-maturity BBB rated issues for their incremental yield advantage over Treasuries. At the end of the reporting period, 34% of the debt in the portfolio was BBB rated. In this way, we can produce value for investors by reaping the benefit of relatively high coupon payments while still protecting the portfolio from changes in interest rates and volatility with short-term notes. Our corporate allocations have centered on high-quality bonds maturing in the next 12 to 18 months. During recent periods of volatility, we redeployed the proceeds of our maturing short-term bond holdings into corporate bonds that offered attractive pricing.

To add yield and increase the portfolio's diversification, we maintained significant out-of-benchmark exposure in securitized debt. While we believe our securitized holdings have higher quality and are less volatile than our corporate bond holdings, we have recently sought pockets of value among lower-quality asset-backed securities that have a history of high underwriting standards.

While the portfolio maintains a sizable allocation to spread products, we will look to add risk in a measured way moving forward, balancing the need for carry and roll down with tight spreads. With valuations tightening, the focus has shifted to playing idiosyncratic opportunities uncovered by our research platform.



**CREDIT QUALITY DIVERSIFICATION**

Quality Rating	Percent of Net Assets	
	6/30/19	12/31/19
U.S. Government		
Agency Securities*	8%	7%
U.S. Treasury**	13	16
AAA	18	17
AA	5	6
A	17	16
BBB	35	34
BB and Below	4	4
Reserves	0	0
<b>Total</b>	<b>100%</b>	<b>100%</b>

\*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). Unrated securities totaled 0.20% of the portfolio at the end of the reporting period.

\*\* 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 risk assets; however, uncertainty remains about the outlook for U.S. and global growth, and corporate debt levels remain historically high.

Acknowledging the ongoing challenges to the global economy, many central banks have cut interest rates and taken other measures to loosen their monetary policies. Those moves, combined with their assurances to keep rates low to support growth, have pushed interest rates lower globally. While this changed stance has given more support to riskier assets, our outlook for the coming months remains somewhat guarded. Global risks remain and could quickly spark a sell-off in securities with credit risk. Amid such uncertainty, we anticipate selectively adding to risk with holdings skewed toward shorter-maturity bonds as well as defensive securitized sectors. In such an environment, sector allocation, as well as credit selection, will be increasingly important.

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**

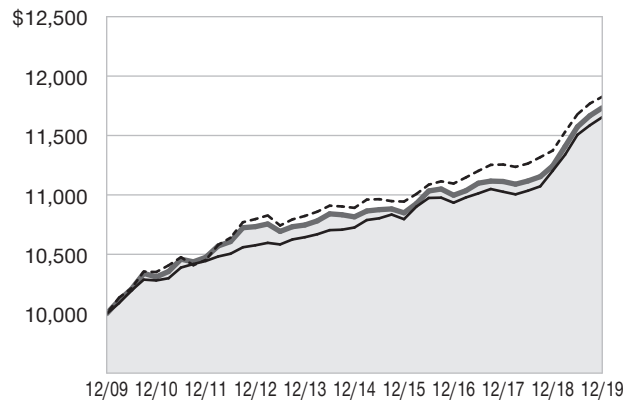
Funds that invest in fixed income securities are subject to price declines due to rising interest rates, with long-term securities generally most sensitive to rate fluctuations. Other risks include credit rating downgrades and defaults on scheduled interest and principal payments. Mortgage-backed securities 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 © 2020, 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 12/31/19**

— Limited-Term Bond Portfolio	\$11,734
— Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index	11,654
--- Lipper Variable Annuity Underlying Short Investment Grade Debt Funds Average	11,826

Note: Performance for the II Class will vary due to its differing fee structure. See the Average Annual Compound Total Return table.

**AVERAGE ANNUAL COMPOUND TOTAL RETURN**

Periods Ended 12/31/19	1 Year	5 Years	10 Years
Limited-Term Bond Portfolio	4.35%	1.64%	1.61%
Limited-Term Bond Portfolio-II	4.10	1.40	1.37

*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 the II Class. The 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 7/1/19</b>	<b>Ending Account Value 12/31/19</b>	<b>Expenses Paid During Period* 7/1/19 to 12/31/19</b>
<b>Limited-Term Bond Portfolio</b>			
Actual	\$1,000.00	\$1,013.80	\$2.54
.....			
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	1,012.60	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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 4.78	\$ 4.82	\$ 4.84	\$ 4.84	\$ 4.88
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.11	0.09	0.06	0.05	0.04
Net realized and unrealized gain / loss	0.10	(0.03)	(0.01)	0.02	(0.02)
Total from investment activities	0.21	0.06	0.05	0.07	0.02
Distributions					
Net investment income	(0.12)	(0.10)	(0.07)	(0.07)	(0.06)
<b>NET ASSET VALUE</b>					
End of period	\$ 4.87	\$ 4.78	\$ 4.82	\$ 4.84	\$ 4.84

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3)</sup></b>	<b>4.35%</b>	<b>1.18%</b>	<b>1.05%</b>	<b>1.37%</b>	<b>0.31%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(4)</sup>	0.70%	0.60%	0.70%	0.70%	0.70%
Net expenses after waivers/payments by Price Associates	0.50%	0.60%	0.70%	0.70%	0.70%
Net investment income	2.37%	1.93%	1.29%	1.05%	0.82%
Portfolio turnover rate	61.1%	52.6%	55.9%	58.0%	89.2%
Net assets, end of period (in thousands)	\$ 455,521	\$ 434,175	\$ 443,270	\$ 390,964	\$ 420,125

<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, and payment of no redemption or account fees, if applicable.

<sup>(4)</sup> See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 4.76	\$ 4.80	\$ 4.82	\$ 4.82	\$ 4.86
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.10	0.08	0.05	0.04	0.03
Net realized and unrealized gain / loss	0.09	(0.04)	(0.01)	0.01	(0.03)
Total from investment activities	0.19	0.04	0.04	0.05	-
Distributions					
Net investment income	(0.10)	(0.08)	(0.06)	(0.05)	(0.04)
<b>NET ASSET VALUE</b>					
End of period	\$ 4.85	\$ 4.76	\$ 4.80	\$ 4.82	\$ 4.82

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3)</sup></b>	<b>4.10%</b>	<b>0.93%</b>	<b>0.81%</b>	<b>1.12%</b>	<b>0.06%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(4)</sup>	0.95%	0.84%	0.95%	0.95%	0.95%
Net expenses after waivers/payments by Price Associates	0.75%	0.84%	0.95%	0.95%	0.95%
Net investment income	2.11%	1.72%	1.09%	0.77%	0.62%
Portfolio turnover rate	61.1%	52.6%	55.9%	58.0%	89.2%
Net assets, end of period (in thousands)	\$ 16,613	\$ 15,247	\$ 7,378	\$ 9,979	\$ 11,043

<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, and payment of no redemption or account fees, if applicable.

<sup>(4)</sup> See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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

## T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

December 31, 2019

**PORTFOLIO OF INVESTMENTS†****Par/Shares      \$ Value**

(Amounts in 000s)

**CORPORATE BONDS 48.4%****Financial Institutions 18.7%****Banking 13.8%**

ABN AMRO Bank, FRN, 3M USD LIBOR + 0.57%, 2.489%, 8/27/21 (1)	1,105	1,109
American Express 3.00%, 2/22/21	780	788
American Express Credit 2.20%, 3/3/20	1,030	1,030
Banco Santander 2.50%, 12/15/20 (1)	1,285	1,286
Banco Santander, FRN, 3M USD LIBOR + 1.12%, 3.121%, 4/12/23	600	604
Banco Santander Mexico Institucion De Banca Multiple Grupo Financiero Santand 4.125%, 11/9/22	1,200	1,249
Bank of America 2.503%, 10/21/22	435	439
Bank of America 2.625%, 4/19/21	535	540
Bank of America, FRN, 3M USD LIBOR + 0.38%, 2.314%, 1/23/22	610	611
Bank of America, FRN, 3M USD LIBOR + 0.65%, 2.597%, 6/25/22	590	593
Bank of America, FRN, 3M USD LIBOR + 1.16%, 3.126%, 1/20/23	995	1,009
Bank of Montreal, FRN, 3M USD LIBOR + 0.46%, 2.461%, 4/13/21	730	733
Banque Federative du Credit Mutuel 2.125%, 11/21/22 (1)	900	900
Banque Federative du Credit Mutuel 2.20%, 7/20/20 (1)	625	626
Barclays, FRN, 3M USD LIBOR + 1.625%, 3.635%, 1/10/23	475	481
Barclays Bank 2.65%, 1/11/21	665	669
BB&T 2.15%, 2/1/21	860	862
BDO Unibank 2.95%, 3/6/23	1,200	1,213

**Par/Shares      \$ Value**

(Amounts in 000s)

BPCE, FRN, 3M USD LIBOR + 1.22%, 3.119%, 5/22/22 (1)	400	406
Capital One 2.15%, 9/6/22	765	766
Capital One 2.25%, 9/13/21	470	471
Capital One 2.35%, 1/31/20	940	940
Capital One Financial 2.40%, 10/30/20	575	576
Capital One Financial 2.50%, 5/12/20	250	251
Capital One Financial 3.20%, 1/30/23	490	504
Capital One Financial 3.50%, 6/15/23	350	363
Capital One Financial 3.90%, 1/29/24	360	382
Citibank 2.125%, 10/20/20	1,080	1,081
Citibank, VR, 2.844%, 5/20/22 (2)	890	901
Citigroup 2.90%, 12/8/21	990	1,005
Citigroup, VR, 2.312%, 11/4/22 (2)	825	827
Citizens Bank 2.25%, 3/2/20	455	455
Citizens Bank 2.25%, 10/30/20	250	251
Citizens Bank 2.55%, 5/13/21	390	392
Citizens Bank 3.25%, 2/14/22	435	445
Cooperatieve Rabobank 3.95%, 11/9/22	935	975
Credit Agricole, FRN, 3M USD LIBOR + 1.02%, 2.956%, 4/24/23 (1)	470	474
Credit Suisse 2.10%, 11/12/21	920	922
Credit Suisse 5.40%, 1/14/20	220	220
Credit Suisse Group Funding Guernsey 2.75%, 3/26/20	500	501
Danske Bank 2.20%, 3/2/20 (1)	1,115	1,115
Danske Bank 5.00%, 1/12/22 (1)	670	703

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Danske Bank, VR, 3.001%, 9/20/22 (1)(2)	955	963
Deutsche Bank 2.95%, 8/20/20	595	596
Deutsche Bank 3.15%, 1/22/21	760	763
Deutsche Bank 3.375%, 5/12/21	100	101
Deutsche Bank, FRN, 3M USD LIBOR + 1.29%, 3.192%, 2/4/21	610	606
Discover Bank 3.10%, 6/4/20	310	311
Discover Bank 7.00%, 4/15/20	1,555	1,577
First Niagara Financial Group 7.25%, 12/15/21	370	405
Goldman Sachs Group 5.375%, 3/15/20	295	297
Goldman Sachs Group 5.75%, 1/24/22	1,210	1,295
Goldman Sachs Group 6.00%, 6/15/20	90	92
Goldman Sachs Group, FRN, 3M USD LIBOR + 0.78%, 2.707%, 10/31/22	750	755
Goldman Sachs Group, FRN, 3M USD LIBOR + 1.11%, 3.046%, 4/26/22	750	758
HSBC Holdings, FRN, 3M USD LIBOR + 0.60%, 2.504%, 5/18/21	805	806
HSBC USA 2.35%, 3/5/20	690	690
Huntington National Bank 2.375%, 3/10/20	1,020	1,020
ING Groep, FRN, 3M USD LIBOR + 1.15%, 3.111%, 3/29/22	480	486
JPMorgan Chase 4.25%, 10/15/20	275	280
JPMorgan Chase, FRN, 3M USD LIBOR + 0.55%, 2.435%, 3/9/21	990	991
KeyBank 3.30%, 2/1/22	440	452
Mitsubishi UFJ Financial Group 3.218%, 3/7/22	820	839

	Par/Shares	\$ Value
(Amounts in 000s)		
Mitsubishi UFJ Financial Group, FRN, 3M USD LIBOR + 0.65%, 2.586%, 7/26/21	280	281
Mitsubishi UFJ Financial Group, FRN, 3M USD LIBOR + 0.86%, 2.796%, 7/26/23	460	462
Mitsubishi UFJ Financial Group, FRN, 3M USD LIBOR + 0.92%, 2.819%, 2/22/22	570	575
Morgan Stanley 2.75%, 5/19/22	690	702
Morgan Stanley 5.50%, 1/26/20	355	355
Morgan Stanley 5.50%, 7/24/20	355	362
Morgan Stanley, FRN, 3M USD LIBOR + 0.55%, 2.451%, 2/10/21	900	899
PNC Bank 2.45%, 11/5/20	650	652
Regions Bank, FRN, 3M USD LIBOR + 0.50%, 2.405%, 8/13/21	285	285
Regions Bank, FRN, 3M USD LIBOR + 0.38%, 2.479%, 4/1/21	980	979
Standard Chartered, FRN, 3M USD LIBOR + 1.15%, 3.116%, 1/20/23 (1)	635	639
Standard Chartered, VR, 2.744%, 9/10/22 (1)(2)	545	548
SunTrust Bank 2.80%, 5/17/22	690	702
SunTrust Bank, VR, 2.59%, 1/29/21 (2)	1,090	1,090
Svenska Handelsbanken 3.35%, 5/24/21	760	774
Swedbank 2.65%, 3/10/21 (1)	1,405	1,414
Synchrony Financial 2.70%, 2/3/20	2,265	2,265
Synchrony Financial 2.85%, 7/25/22	2,217	2,246
Synchrony Financial 3.75%, 8/15/21	770	787
UBS Group 2.95%, 9/24/20 (1)	1,015	1,022

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	Par/Shares	\$ Value
(Amounts in 000s)		
UBS Group, FRN, 3M USD LIBOR + 1.22%, 3.13%, 5/23/23 (1)	590	597
US Bank, FRN, 3M USD LIBOR + 0.32%, 2.256%, 4/26/21	1,080	1,082
Wells Fargo 2.55%, 12/7/20	70	70
Wells Fargo 3.50%, 3/8/22	470	484
Wells Fargo Bank, VR, 2.082%, 9/9/22 (2)	700	700
Wells Fargo Bank, VR, 3.325%, 7/23/21 (2)	1,335	1,344
		65,067
<b>Brokerage Asset Managers Exchanges 0.2%</b>		
Charles Schwab, FRN, 3M USD LIBOR + 0.32%, 2.215%, 5/21/21	680	680
		680
<b>Finance Companies 2.3%</b>		
AerCap Ireland Capital 3.95%, 2/1/22	785	811
AerCap Ireland Capital 4.45%, 12/16/21	660	686
AerCap Ireland Capital 4.625%, 10/30/20	440	449
Air Lease 2.125%, 1/15/20	890	890
Air Lease 2.25%, 1/15/23	515	515
Air Lease 2.50%, 3/1/21	200	201
Air Lease 3.50%, 1/15/22	390	400
Avolon Holdings Funding 3.625%, 5/1/22 (1)	955	979
Avolon Holdings Funding 3.95%, 7/1/24 (1)	190	198
Avolon Holdings Funding 5.125%, 10/1/23 (1)	810	872
GATX 2.60%, 3/30/20	1,020	1,021
GE Capital International Funding 2.342%, 11/15/20	2,760	2,764
Park Aerospace Holdings 5.25%, 8/15/22 (1)	535	569
SMBC Aviation Capital Finance 3.55%, 4/15/24 (1)	235	244

	Par/Shares	\$ Value
(Amounts in 000s)		
SMBC Aviation Capital Finance 4.125%, 7/15/23 (1)	200	209
		10,808
<b>Financial Other 0.3%</b>		
DAE Funding 5.25%, 11/15/21 (1)	1,360	1,414
		1,414
<b>Insurance 1.6%</b>		
AIA Group, FRN, 3M USD LIBOR + 0.52%, 2.428%, 9/20/21 (1)	890	890
AIG Global Funding 2.30%, 7/1/22 (1)	440	441
AIG Global Funding 3.35%, 6/25/21 (1)	525	536
American International Group 4.875%, 6/1/22	485	518
American International Group 6.40%, 12/15/20	260	271
Anthem 2.50%, 11/21/20	475	477
Aon 2.20%, 11/15/22	265	266
Aon 2.80%, 3/15/21	970	979
Aon 5.00%, 9/30/20	95	97
Humana 2.90%, 12/15/22	120	122
Humana 3.15%, 12/1/22	220	226
Humana 3.85%, 10/1/24	40	42
Lincoln National 4.00%, 9/1/23	195	206
Marsh & McLennan 3.50%, 12/29/20	535	542
Marsh & McLennan 3.875%, 3/15/24	505	537
New York Life Global Funding, FRN, 3M USD LIBOR + 0.32%, 2.228%, 8/6/21 (1)	850	853
Reinsurance Group of America 5.00%, 6/1/21	90	93
Trinity Acquisition 3.50%, 9/15/21	450	458
		7,554



T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Real Estate Investment Trusts 0.5%</b>		
American Campus Communities		
Operating Partnership		
3.35%, 10/1/20	822	829
Brixmor Operating Partnership		
3.875%, 8/15/22	115	120
Highwoods Realty		
3.625%, 1/15/23	360	372
Starwood Property Trust		
3.625%, 2/1/21	1,070	1,077
Ventas Realty		
3.10%, 1/15/23	125	128
		2,526
Total Financial Institutions		88,049
<b>Industrial 26.7%</b>		
<b>Basic Industry 0.9%</b>		
Anglo American Capital		
3.75%, 4/10/22 (1)	200	206
Anglo American Capital		
4.125%, 9/27/22 (1)	430	447
ArcelorMittal		
6.25%, 2/25/22	814	877
DuPont de Nemours		
3.766%, 11/15/20	765	775
International Flavors & Fragrances		
3.40%, 9/25/20	285	288
LyondellBasell Industries		
6.00%, 11/15/21	415	441
POSCO		
2.375%, 11/12/22 (1)	1,175	1,175
Southern Copper		
5.375%, 4/16/20	145	146
		4,355
<b>Capital Goods 2.5%</b>		
Boral Finance		
3.00%, 11/1/22 (1)	100	100
Caterpillar Financial Services		
2.95%, 2/26/22	740	756
Caterpillar Financial Services, FRN,		
3M USD LIBOR + 0.28%, 2.165%,		
9/7/21	415	415
CNH Industrial Capital		
3.875%, 10/15/21	680	698
CNH Industrial Capital		
4.375%, 11/6/20	1,775	1,807

	Par/Shares	\$ Value
(Amounts in 000s)		
General Dynamics, FRN,		
3M USD LIBOR + 0.38%, 2.281%,		
5/11/21	380	381
General Electric		
2.70%, 10/9/22	700	710
General Electric		
3.15%, 9/7/22	355	363
General Electric		
3.45%, 5/15/24	340	353
General Electric		
4.65%, 10/17/21	490	511
General Electric		
5.30%, 2/11/21	85	88
Martin Marietta Materials, FRN,		
3M USD LIBOR + 0.65%, 2.549%,		
5/22/20	215	215
Northrop Grumman		
2.55%, 10/15/22	500	507
Republic Services		
2.50%, 8/15/24	540	547
Roper Technologies		
2.35%, 9/15/24	230	231
Roper Technologies		
2.80%, 12/15/21	520	527
Roper Technologies		
3.00%, 12/15/20	345	348
Roper Technologies		
3.125%, 11/15/22	945	970
Roper Technologies		
3.65%, 9/15/23	195	205
United Technologies, FRN,		
3M USD LIBOR + 0.65%, 2.554%,		
8/16/21	520	520
Vulcan Materials, FRN,		
3M USD LIBOR + 0.60%, 2.494%,		
6/15/20	520	520
Vulcan Materials, FRN,		
3M USD LIBOR + 0.65%, 2.557%,		
3/1/21	1,130	1,133
		11,905
<b>Communications 1.8%</b>		
America Movil		
5.00%, 3/30/20	308	310
Charter Communications Operating		
3.579%, 7/23/20	920	926
Charter Communications Operating		
4.464%, 7/23/22	1,610	1,692
Comcast		
3.70%, 4/15/24	645	686

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Crown Castle International		
2.25%, 9/1/21	385	385
Crown Castle International		
3.40%, 2/15/21	600	609
Crown Castle Towers		
3.72%, 7/15/23 (1)	385	398
Fox		
3.666%, 1/25/22 (1)	180	186
Fox		
4.03%, 1/25/24 (1)	215	229
Interpublic Group		
3.50%, 10/1/20	205	207
Omnicom Group		
4.45%, 8/15/20	300	304
RELX Capital		
3.50%, 3/16/23	400	415
SBA Tower Trust		
2.836%, 1/15/25 (1)	630	634
SBA Tower Trust		
3.168%, 4/11/22 (1)	235	238
SBA Tower Trust		
3.448%, 3/15/23 (1)	620	639
Vodafone Group		
3.75%, 1/16/24	465	490
WPP Finance		
3.625%, 9/7/22	195	202
		8,550
<b>Consumer Cyclical 4.9%</b>		
BMW U.S. Capital, FRN,		
3M USD LIBOR + 0.50%, 2.401%,		
8/13/21 (1)	575	576
BMW U.S. Capital, FRN,		
3M USD LIBOR + 0.41%, 2.411%,		
4/12/21 (1)	770	771
Daimler Finance North America		
2.30%, 2/12/21 (1)	1,090	1,092
Dollar Tree, FRN,		
3M USD LIBOR + 0.70%, 2.702%,		
4/17/20	865	865
DR Horton		
2.55%, 12/1/20	365	367
eBay		
2.15%, 6/5/20	540	540
Expedia Group		
5.95%, 8/15/20	233	238
Ford Motor Credit		
2.459%, 3/27/20	355	355
Ford Motor Credit		
2.681%, 1/9/20	1,205	1,205

	Par/Shares	\$ Value
(Amounts in 000s)		
Ford Motor Credit		
3.35%, 11/1/22	885	893
Ford Motor Credit		
3.47%, 4/5/21	290	293
Ford Motor Credit		
3.813%, 10/12/21	320	325
Ford Motor Credit		
5.875%, 8/2/21	200	209
Ford Motor Credit, FRN,		
3M USD LIBOR + 0.93%, 2.865%,		
9/24/20	1,340	1,341
General Motors Financial		
3.20%, 7/13/20	1,080	1,085
General Motors Financial		
3.45%, 1/14/22	255	261
General Motors Financial		
3.55%, 7/8/22	240	247
General Motors Financial, FRN,		
3M USD LIBOR + 0.85%, 2.862%,		
4/9/21	515	515
Harley-Davidson Financial Services		
2.55%, 6/9/22 (1)	240	241
Harley-Davidson Financial Services		
4.05%, 2/4/22 (1)	815	843
Harley-Davidson Financial Services,		
FRN,		
3M USD LIBOR + 0.50%, 2.395%,		
5/21/20 (1)	550	551
Harley-Davidson Financial Services,		
FRN,		
3M USD LIBOR + 0.94%, 2.847%,		
3/2/21 (1)	695	699
Hyundai Capital America		
2.45%, 6/15/21 (1)	455	455
Hyundai Capital America		
2.85%, 11/1/22 (1)	326	329
Hyundai Capital America		
3.00%, 6/20/22 (1)	670	678
Hyundai Capital America		
3.95%, 2/1/22 (1)	835	860
JD.com		
3.125%, 4/29/21	1,610	1,623
McDonald's		
3.35%, 4/1/23	445	463
Nissan Motor Acceptance		
2.15%, 9/28/20 (1)	755	754
Nissan Motor Acceptance		
3.65%, 9/21/21 (1)	295	301
O'Reilly Automotive		
3.80%, 9/1/22	285	296

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
PACCAR Financial		
3.10%, 5/10/21	865	879
QVC		
4.375%, 3/15/23	420	433
QVC		
5.125%, 7/2/22	850	895
Royal Caribbean Cruises		
2.65%, 11/28/20	185	185
Starbucks		
2.70%, 6/15/22	295	301
Volkswagen Group of America		
Finance		
2.50%, 9/24/21 (1)	200	201
Volkswagen Group of America		
Finance		
2.70%, 9/26/22 (1)	415	420
Volkswagen Group of America		
Finance		
3.875%, 11/13/20 (1)	685	696
		23,281
<b>Consumer Non-Cyclical 8.7%</b>		
AbbVie		
2.30%, 5/14/21	640	642
AbbVie		
2.60%, 11/21/24 (1)	1,760	1,772
AbbVie		
2.90%, 11/6/22	1,120	1,142
AbbVie		
3.20%, 11/6/22	120	123
Allergan Finance		
3.25%, 10/1/22	115	118
Allergan Funding		
3.45%, 3/15/22	375	384
Altria Group		
3.49%, 2/14/22	673	692
Altria Group		
3.80%, 2/14/24	920	967
AmerisourceBergen		
3.50%, 11/15/21	440	451
BAT Capital		
2.764%, 8/15/22	2,253	2,284
Baxalta		
3.60%, 6/23/22	190	195
Bayer U.S. Finance II		
3.50%, 6/25/21 (1)	450	458
Bayer U.S. Finance II, FRN,		
3M USD LIBOR + 0.63%, 2.577%,		
6/25/21 (1)	850	852
Becton Dickinson & Company		
2.404%, 6/5/20	785	786

	Par/Shares	\$ Value
(Amounts in 000s)		
Becton Dickinson & Company		
2.894%, 6/6/22	485	493
Becton Dickinson & Company, FRN,		
3M USD LIBOR + 0.875%, 2.836%,		
12/29/20	236	236
Biogen		
2.90%, 9/15/20	445	448
Bristol-Myers Squibb		
2.60%, 5/16/22 (1)	300	305
Bristol-Myers Squibb		
2.75%, 2/15/23 (1)	435	442
Bristol-Myers Squibb		
2.875%, 2/19/21 (1)	800	808
Bristol-Myers Squibb		
2.90%, 7/26/24 (1)	610	629
Bristol-Myers Squibb		
3.25%, 2/20/23 (1)	135	139
Bristol-Myers Squibb		
3.55%, 8/15/22 (1)	430	444
Bristol-Myers Squibb		
3.625%, 5/15/24 (1)	115	121
Bunge Finance		
3.00%, 9/25/22	1,535	1,557
Bunge Finance		
3.50%, 11/24/20	1,745	1,760
Bunge Finance		
4.35%, 3/15/24	80	84
Campbell Soup, FRN,		
3M USD LIBOR + 0.50%, 2.394%,		
3/16/20	700	700
Cardinal Health		
2.616%, 6/15/22	140	141
Cardinal Health		
3.079%, 6/15/24	445	457
Cardinal Health		
3.20%, 3/15/23	460	472
Cardinal Health		
3.50%, 11/15/24	540	564
Cigna		
3.00%, 7/15/23 (1)	455	461
Cigna		
3.40%, 9/17/21	255	261
Cigna		
3.75%, 7/15/23	710	741
Cigna		
3.90%, 2/15/22 (1)	350	361
Cigna		
4.125%, 9/15/20 (1)	515	523
Cigna, FRN,		
3M USD LIBOR + 0.65%, 2.55%,		
9/17/21	455	455

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	Par/Shares	\$ Value
(Amounts in 000s)		
CK Hutchison International 17 II		
2.75%, 3/29/23	510	513
Conagra Brands, FRN,		
3M USD LIBOR + 0.75%, 2.703%,		
10/22/20	315	315
CVS Health		
2.625%, 8/15/24	210	212
CVS Health		
3.35%, 3/9/21	494	501
CVS Health		
3.70%, 3/9/23	1,165	1,212
CVS Health, FRN,		
3M USD LIBOR + 0.63%, 2.515%,		
3/9/20	43	43
CVS Health, FRN,		
3M USD LIBOR + 0.72%, 2.605%,		
3/9/21	475	477
Elanco Animal Health		
3.912%, 8/27/21	515	528
EMD Finance		
2.40%, 3/19/20 (1)	2,325	2,326
EMD Finance		
2.95%, 3/19/22 (1)	275	279
Express Scripts Holding, FRN,		
3M USD LIBOR + 0.75%, 2.664%,		
11/30/20	1,100	1,101
General Mills, FRN,		
3M USD LIBOR + 0.54%, 2.541%,		
4/16/21	670	672
Hasbro		
2.60%, 11/19/22	565	568
Hasbro		
3.00%, 11/19/24	760	763
Imperial Brands Finance		
2.95%, 7/21/20 (1)	265	264
Imperial Brands Finance		
3.75%, 7/21/22 (1)	1,145	1,178
Keurig Dr Pepper		
3.551%, 5/25/21	670	684
McKesson		
3.65%, 11/30/20	965	978
Molson Coors Brewing		
2.25%, 3/15/20	430	430
Pernod Ricard		
4.45%, 1/15/22 (1)	765	801
Perrigo Finance		
3.50%, 12/15/21	600	607
Perrigo Finance		
3.90%, 12/15/24	1,175	1,208

	Par/Shares	\$ Value
(Amounts in 000s)		
Shire Acquisitions Investments		
Ireland		
2.875%, 9/23/23	80	81
Takeda Pharmaceutical		
4.00%, 11/26/21	1,120	1,157
Tyson Foods		
2.25%, 8/23/21	405	407
		40,773
<b>Energy 4.2%</b>		
Cenovus Energy		
3.00%, 8/15/22	790	799
Columbia Pipeline Group		
3.30%, 6/1/20	785	788
Diamondback Energy		
2.875%, 12/1/24	2,420	2,443
Energy Transfer Operating		
4.25%, 3/15/23	440	460
Energy Transfer Operating		
5.875%, 1/15/24	1,515	1,676
Eni, Series X-R		
4.00%, 9/12/23 (1)	270	284
Enterprise Products Operating		
2.80%, 2/15/21	720	727
Enterprise Products Operating		
3.50%, 2/1/22	715	736
EQT, FRN,		
3M USD LIBOR + 0.77%, 2.869%,		
10/1/20	1,270	1,269
Marathon Oil		
2.80%, 11/1/22	1,222	1,241
MPLX, FRN,		
3M USD LIBOR + 0.90%, 2.785%,		
9/9/21	175	175
MPLX, FRN,		
3M USD LIBOR + 1.10%, 2.985%,		
9/9/22	540	542
Occidental Petroleum		
2.60%, 8/13/21	615	619
Occidental Petroleum		
2.70%, 8/15/22	580	586
Phillips 66, FRN,		
3M USD LIBOR + 0.60%, 2.517%,		
2/26/21	495	495
Sabine Pass Liquefaction		
5.625%, 2/1/21	1,885	1,938
Schlumberger Holdings		
3.75%, 5/1/24 (1)	440	462
Western Midstream Operating		
4.00%, 7/1/22	1,155	1,179

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Williams		
3.35%, 8/15/22	140	144
Williams		
3.70%, 1/15/23	1,410	1,455
Williams		
5.25%, 3/15/20	1,860	1,871
		19,889
<b>Technology 2.8%</b>		
Apple		
2.40%, 5/3/23	470	478
Avnet		
3.75%, 12/1/21	370	378
Baidu		
2.875%, 7/6/22	570	575
Baidu		
3.50%, 11/28/22	495	509
Broadcom		
2.375%, 1/15/20	1,110	1,110
Broadcom		
3.00%, 1/15/22	1,040	1,056
Equifax		
2.30%, 6/1/21	690	692
Equifax		
3.60%, 8/15/21	390	398
Equifax, FRN,		
3M USD LIBOR + 0.87%, 2.78%,		
8/15/21	420	421
Fiserv		
2.75%, 7/1/24	1,145	1,165
Global Payments		
2.65%, 2/15/25	485	487
International Business Machines		
2.50%, 1/27/22	330	334
International Business Machines		
2.85%, 5/13/22	510	521
International Business Machines		
2.875%, 11/9/22	100	103
Jabil		
5.625%, 12/15/20	350	360
Microchip Technology		
3.922%, 6/1/21	1,395	1,425
NXP		
3.875%, 9/1/22 (1)	440	457
NXP		
4.125%, 6/1/21 (1)	450	461
NXP		
4.625%, 6/1/23 (1)	750	802
Panasonic		
2.536%, 7/19/22 (1)	475	479

	Par/Shares	\$ Value
(Amounts in 000s)		
Tencent Holdings		
2.875%, 2/11/20 (1)	1,115	1,116
		13,327
<b>Transportation 0.9%</b>		
American Airlines PTT, Series 2017-		
2, Class B		
3.70%, 10/15/25	471	471
Delta Air Lines		
2.60%, 12/4/20	280	281
Delta Air Lines		
2.875%, 3/13/20	1,265	1,267
Penske Truck Leasing		
3.20%, 7/15/20 (1)	140	141
Penske Truck Leasing		
3.30%, 4/1/21 (1)	680	689
Penske Truck Leasing		
3.65%, 7/29/21 (1)	160	163
Union Pacific		
3.20%, 6/8/21	830	844
United Airlines PTT, Series 2019-2,		
Class B		
3.50%, 5/1/28	260	262
		4,118
Total Industrial		126,198
<b>Utility 3.0%</b>		
<b>Electric 2.4%</b>		
American Electric Power		
3.65%, 12/1/21	125	129
CenterPoint Energy		
3.60%, 11/1/21	315	323
Dominion Energy		
2.579%, 7/1/20	1,661	1,665
Duke Energy		
3.55%, 9/15/21	225	230
Edison International		
2.125%, 4/15/20	805	805
Edison International		
3.125%, 11/15/22	415	420
EDP Finance		
4.125%, 1/15/20 (1)	290	290
Enel Finance International		
2.875%, 5/25/22 (1)	1,195	1,209
Enel Finance International		
4.25%, 9/14/23 (1)	585	619
Exelon Generation		
2.95%, 1/15/20	885	885
FirstEnergy		
2.85%, 7/15/22	585	594

	Par/Shares	\$ Value
(Amounts in 000s)		
NextEra Energy Capital Holdings, FRN, 3M USD LIBOR + 0.55%, 2.464%, 8/28/21	890	888
NRG Energy 3.75%, 6/15/24 (1)	385	398
PNM Resources 3.25%, 3/9/21	690	698
San Diego Gas & Electric 1.914%, 2/1/22	96	96
Southern 2.35%, 7/1/21	210	211
Vistra Operations 3.55%, 7/15/24 (1)	1,930	1,954
		11,414
<b>Natural Gas 0.6%</b>		
CenterPoint Energy Resources 4.50%, 1/15/21	445	453
Sempra Energy 2.85%, 11/15/20	1,135	1,142
Sempra Energy 2.875%, 10/1/22	390	396
Sempra Energy, FRN, 3M USD LIBOR + 0.50%, 2.501%, 1/15/21	740	739
		2,730
Total Utility		14,144
<b>Total Corporate Bonds (Cost \$226,132)</b>		<b>228,391</b>

**ASSET-BACKED SECURITIES 14.8%****Car Loan 7.2%**

Ally Auto Receivables Trust, Series 2017-2, Class C 2.46%, 9/15/22	505	506
Ally Auto Receivables Trust, Series 2017-2, Class D 2.93%, 11/15/23	135	136
Ally Master Owner Trust, Series 2018-4, Class A 3.30%, 7/17/23	740	754
AmeriCredit Automobile Receivables Trust, Series 2015-3, Class D 3.34%, 8/8/21	444	444

	Par/Shares	\$ Value
(Amounts in 000s)		
AmeriCredit Automobile Receivables Trust, Series 2016-1, Class C 2.89%, 1/10/22	425	426
AmeriCredit Automobile Receivables Trust, Series 2016-3, Class C 2.24%, 4/8/22	610	610
AmeriCredit Automobile Receivables Trust, Series 2016-3, Class D 2.71%, 9/8/22	545	548
AmeriCredit Automobile Receivables Trust, Series 2016-4, Class D 2.74%, 12/8/22	1,365	1,374
AmeriCredit Automobile Receivables Trust, Series 2017-1, Class C 2.71%, 8/18/22	225	226
AmeriCredit Automobile Receivables Trust, Series 2017-1, Class D 3.13%, 1/18/23	925	935
AmeriCredit Automobile Receivables Trust, Series 2017-3, Class B 2.24%, 6/19/23	265	265
AmeriCredit Automobile Receivables Trust, Series 2017-3, Class C 2.69%, 6/19/23	280	283
AmeriCredit Automobile Receivables Trust, Series 2017-3, Class D 3.18%, 7/18/23	970	985
AmeriCredit Automobile Receivables Trust, Series 2018-1, Class D 3.82%, 3/18/24	1,195	1,236
AmeriCredit Automobile Receivables Trust, Series 2018-3, Class A3 3.38%, 7/18/23	1,120	1,136
AmeriCredit Automobile Receivables Trust, Series 2019-3, Class B 2.13%, 7/18/25	690	688
ARI Fleet Lease Trust, Series 2017-A, Class A2 1.91%, 4/15/26 (1)	31	31

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
ARI Fleet Lease Trust, Series 2018-A, Class A2		
2.55%, 10/15/26 (1)	293	293
Avis Budget Rental Car Funding AESOP, Series 2014-2A, Class A		
2.50%, 2/20/21 (1)	640	640
Avis Budget Rental Car Funding AESOP, Series 2015-1A, Class A		
2.50%, 7/20/21 (1)	600	601
Avis Budget Rental Car Funding AESOP, Series 2015-2A, Class A		
2.63%, 12/20/21 (1)	935	938
Avis Budget Rental Car Funding AESOP, Series 2017-1A, Class B		
3.41%, 9/20/23 (1)	390	397
Avis Budget Rental Car Funding AESOP, Series 2019-1A, Class B		
3.70%, 3/20/23 (1)	646	658
Avis Budget Rental Car Funding AESOP, Series 2019-2A, Class A		
3.35%, 9/22/25 (1)	475	490
Capital Auto Receivables Asset Trust, Series 2017-1, Class B		
2.43%, 5/20/22 (1)	110	110
Capital Auto Receivables Asset Trust, Series 2017-1, Class C		
2.70%, 9/20/22 (1)	175	176
Capital Auto Receivables Asset Trust, Series 2018-2, Class B		
3.48%, 10/20/23 (1)	255	258
Capital Auto Receivables Asset Trust, Series 2018-2, Class C		
3.69%, 12/20/23 (1)	320	325
CarMax Auto Owner Trust, Series 2017-4, Class C		
2.70%, 10/16/23	150	151
Enterprise Fleet Financing, Series 2017-1, Class A2		
2.13%, 7/20/22 (1)	24	24
Enterprise Fleet Financing, Series 2017-2, Class A2		
1.97%, 1/20/23 (1)	63	63
Enterprise Fleet Financing, Series 2017-3, Class A2		
2.13%, 5/22/23 (1)	433	433

	Par/Shares	\$ Value
(Amounts in 000s)		
Enterprise Fleet Financing, Series 2017-3, Class A3		
2.36%, 5/20/23 (1)	280	281
Enterprise Fleet Financing, Series 2018-2, Class A2		
3.14%, 2/20/24 (1)	449	453
Enterprise Fleet Financing, Series 2019-1, Class A2		
2.98%, 10/20/24 (1)	380	384
Enterprise Fleet Financing, Series 2019-3, Class A2		
2.06%, 5/20/25 (1)	530	529
Ford Credit Floorplan Master Owner Trust, Series 2017-2, Class B		
2.34%, 9/15/22	2,260	2,263
GM Financial Automobile Leasing Trust, Series 2017-3, Class C		
2.73%, 9/20/21	200	200
GM Financial Automobile Leasing Trust, Series 2018-1, Class C		
3.11%, 12/20/21	295	296
GM Financial Automobile Leasing Trust, Series 2018-1, Class D		
3.37%, 10/20/22	720	724
GM Financial Automobile Leasing Trust, Series 2018-2, Class C		
3.50%, 4/20/22	325	328
GM Financial Automobile Leasing Trust, Series 2019-1, Class C		
3.56%, 12/20/22	595	603
GM Financial Consumer Automobile Receivables Trust, Series 2017-3A, Class C		
2.52%, 3/16/23 (1)	895	898
GMF Floorplan Owner Revolving Trust, Series 2017-1, Class C		
2.97%, 1/18/22 (1)	1,238	1,238
GMF Floorplan Owner Revolving Trust, Series 2018-4, Class A1		
3.50%, 9/15/23 (1)	975	998
GMF Floorplan Owner Revolving Trust, Series 2019-1, Class A		
2.70%, 4/15/24 (1)	510	513
Hyundai Auto Receivables Trust, Series 2017-A, Class B		
2.38%, 4/17/23	220	221

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Hyundai Auto Receivables Trust, Series 2019-A, Class B 2.94%, 5/15/25	460	468
Nissan Master Owner Trust Receivables, Series 2019-B, Class A, FRN, 1M USD LIBOR + 0.43%, 2.17%, 11/15/23	895	896
Santander Drive Auto Receivables Trust, Series 2015-4, Class D 3.53%, 8/16/21	209	210
Santander Drive Auto Receivables Trust, Series 2015-5, Class D 3.65%, 12/15/21	260	261
Santander Drive Auto Receivables Trust, Series 2016-1, Class D 4.02%, 4/15/22	460	463
Santander Drive Auto Receivables Trust, Series 2016-3, Class C 2.46%, 3/15/22	93	93
Santander Drive Auto Receivables Trust, Series 2017-1, Class C 2.58%, 5/16/22	43	43
Santander Drive Auto Receivables Trust, Series 2017-3, Class B 2.19%, 3/15/22	23	23
Santander Drive Auto Receivables Trust, Series 2018-1, Class C 2.96%, 3/15/24	185	186
Santander Drive Auto Receivables Trust, Series 2018-2, Class C 3.35%, 7/17/23	295	298
Santander Drive Auto Receivables Trust, Series 2018-4, Class B 3.27%, 1/17/23	460	462
Santander Drive Auto Receivables Trust, Series 2018-5, Class B 3.52%, 12/15/22	875	880
Santander Drive Auto Receivables Trust, Series 2019-1, Class B 3.21%, 9/15/23	265	267

	Par/Shares	\$ Value
(Amounts in 000s)		
Santander Drive Auto Receivables Trust, Series 2019-2, Class B 2.79%, 1/16/24	390	393
Santander Drive Auto Receivables Trust, Series 2019-3, Class B 2.28%, 9/15/23	690	690
Santander Retail Auto Lease Trust, Series 2017-A, Class C 2.96%, 11/21/22 (1)	240	241
Santander Retail Auto Lease Trust, Series 2019-A, Class B 3.01%, 5/22/23 (1)	505	510
Santander Retail Auto Lease Trust, Series 2019-C, Class B 2.17%, 11/20/23 (1)	310	308
Santander Retail Auto Lease Trust, Series 2019-C, Class C 2.39%, 11/20/23 (1)	515	511
World Omni Automobile Lease Securitization Trust, Series 2017-A, Class A4 2.32%, 8/15/22	73	73
World Omni Automobile Lease Securitization Trust, Series 2018-A, Class B 3.06%, 5/15/23	200	201
World Omni Automobile Lease Securitization Trust, Series 2019-C, Class C 2.40%, 6/15/26	460	459
		34,005
<b>Credit Card 0.8%</b>		
Capital One Multi-Asset Execution Trust, Series 2019- A2, Class A2 1.72%, 8/15/24	1,135	1,131
Synchrony Card Funding, Series 2019-A2, Class A 2.34%, 6/15/25	1,195	1,205
Synchrony Credit Card Master Note Trust, Series 2015-1, Class B 2.64%, 3/15/23	395	395
Synchrony Credit Card Master Note Trust, Series 2016-2, Class C 2.95%, 5/15/24	815	815
		3,546



T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Other Asset-Backed Securities 5.1%</b>		
Allegro III, Series 2015-1A, Class AR, CLO, FRN, 3M USD LIBOR + 0.84%, 2.78%, 7/25/27 (1)	594	593
Applebee's Funding, Series 2019-1A, Class A2I 4.194%, 6/7/49 (1)	430	436
Ascentium Equipment Receivables Trust, Series 2017-1A, Class A3 2.29%, 6/10/21 (1)	99	99
Barings, Series 2013-1A, Class AR, CLO, FRN, 3M USD LIBOR + 0.80%, 2.766%, 1/20/28 (1)	1,125	1,121
BlueMountain, Series 2015-2A, Class A1R, CLO, FRN, 3M USD LIBOR + 0.93%, 2.933%, 7/18/27 (1)	1,100	1,098
BRE Grand Islander Timeshare Issuer, Series 2019-A, Class A 3.28%, 9/26/33 (1)	237	242
Carlyle Global Market Strategies, Series 2015-3A, Class A1R, CLO, FRN, 3M USD LIBOR + 1.00%, 2.936%, 7/28/28 (1)	1,115	1,114
CNH Equipment Trust, Series 2018-A, Class B 3.47%, 10/15/25	275	282
Cole Park, Series 2015-1A, Class AR, CLO, FRN, 3M USD LIBOR + 1.05%, 3.016%, 10/20/28 (1)	1,120	1,117
Elara HGV Timeshare Issuer, Series 2014-A, Class A 2.53%, 2/25/27 (1)	15	15
Elara HGV Timeshare Issuer, Series 2017-A, Class A 2.69%, 3/25/30 (1)	155	156
Elara HGV Timeshare Issuer, Series 2019-A, Class A 2.61%, 1/25/34 (1)	667	662
Golub Capital Partners, Series 2018-39A, Class A1, CLO, FRN, 3M USD LIBOR + 1.15%, 3.116%, 10/20/28 (1)	640	639

	Par/Shares	\$ Value
(Amounts in 000s)		
GreatAmerica Leasing Receivables Funding, Series 2018-1, Class A3 2.60%, 6/15/21 (1)	237	238
Halcyon Loan Advisors Funding, Series 2014-3A, Class B1R, CLO, FRN, 3M USD LIBOR + 1.70%, 3.653%, 10/22/25 (1)	505	505
Hardee's Funding, Series 2018-1A, Class A2I 4.25%, 6/20/48 (1)	645	649
Hilton Grand Vacations Trust, Series 2014-AA, Class A 1.77%, 11/25/26 (1)	294	293
Hilton Grand Vacations Trust, Series 2017-AA, Class A 2.66%, 12/26/28 (1)	147	147
Hilton Grand Vacations Trust, Series 2017-AA, Class B 2.96%, 12/26/28 (1)	51	51
Madison Park Funding XVIII, Series 2015-18A, Class A1R, CLO, FRN, 3M USD LIBOR + 1.19%, 3.156%, 10/21/30 (1)	1,175	1,175
Magnetite XVI, Series 2015-16A, Class AR, CLO, FRN, 3M USD LIBOR + 0.80%, 2.803%, 1/18/28 (1)	1,510	1,506
MVW Owner Trust, Series 2013-1A, Class A 2.15%, 4/22/30 (1)	212	212
MVW Owner Trust, Series 2014-1A, Class A 2.25%, 9/22/31 (1)	27	27
MVW Owner Trust, Series 2015-1A, Class A 2.52%, 12/20/32 (1)	175	175
MVW Owner Trust, Series 2017-1A, Class A 2.42%, 12/20/34 (1)	609	610
MVW Owner Trust, Series 2017-1A, Class B 2.75%, 12/20/34 (1)	45	45
MVW Owner Trust, Series 2017-1A, Class C 2.99%, 12/20/34 (1)	74	73
Neuberger Berman XIX, Series 2015-19A, Class A1R2, CLO, FRN, 3M USD LIBOR + 0.80%, 2.801%, 7/15/27 (1)	1,105	1,102

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Neuberger Berman XVI, Series 2017-16SA, Class A, CLO, FRN, 3M USD LIBOR + 0.85%, 2.851%, 1/15/28 (1)	675	675
OCP, Series 2014-7A, Class A1RR, CLO, FRN, 3M USD LIBOR + 1.12%, 3.086%, 7/20/29 (1)	1,750	1,739
OCP, Series 2015-10A, Class A1R, CLO, FRN, 3M USD LIBOR + 0.82%, 2.756%, 10/26/27 (1)	1,035	1,035
OZLM VIII, Series 2014-8A, Class A1RR, CLO, FRN, 3M USD LIBOR + 1.17%, 3.172%, 10/17/29 (1)	710	707
Planet Fitness Master Issuer, Series 2018-1A, Class A2I 4.262%, 9/5/48 (1)	815	828
Sierra Timeshare Receivables Funding, Series 2015-2A, Class A 2.43%, 6/20/32 (1)	64	64
Sierra Timeshare Receivables Funding, Series 2015-3A, Class A 2.58%, 9/20/32 (1)	83	83
Sierra Timeshare Receivables Funding, Series 2016-2A, Class A 2.33%, 7/20/33 (1)	62	62
Sierra Timeshare Receivables Funding, Series 2017-1A, Class A 2.91%, 3/20/34 (1)	94	95
Sierra Timeshare Receivables Funding, Series 2019-1A, Class A 3.20%, 1/20/36 (1)	265	267
Verizon Owner Trust, Series 2016-2A, Class C 2.36%, 5/20/21 (1)	405	405
Verizon Owner Trust, Series 2017-1A, Class C 2.65%, 9/20/21 (1)	215	215
Verizon Owner Trust, Series 2017-2A, Class C 2.38%, 12/20/21 (1)	1,235	1,236
Verizon Owner Trust, Series 2017-3A, Class C 2.53%, 4/20/22 (1)	865	867

	Par/Shares	\$ Value
(Amounts in 000s)		
Verizon Owner Trust, Series 2018-1A, Class C 3.20%, 9/20/22 (1)	340	345
Verizon Owner Trust, Series 2018-A, Class C 3.55%, 4/20/23	720	737
Volvo Financial Equipment, Series 2018-1A, Class B 2.91%, 1/17/23 (1)	315	317
Volvo Financial Equipment Master Owner Trust, Series 2017-A, Class A, FRN, 1M USD LIBOR + 0.50%, 2.24%, 11/15/22 (1)	175	175
		24,234
<b>Student Loan 1.7%</b>		
Navient Private Education Refi Loan Trust, Series 2018-A, Class A1 2.53%, 2/18/42 (1)	175	175
Navient Private Education Refi Loan Trust, Series 2019-CA, Class A1 2.82%, 2/15/68 (1)	682	685
Navient Private Education Refi Loan Trust, Series 2019-EA, Class A1 2.39%, 5/15/68 (1)	420	421
Navient Private Education Refi Loan Trust, Series 2019-GA, Class A 2.40%, 10/15/68 (1)	1,380	1,371
Navient Student Loan Trust, Series 2019-2A, Class A1, FRN, 1M USD LIBOR + 0.27%, 2.062%, 2/27/68 (1)	424	424
Nelnet Student Loan Trust, Series 2005-4, Class A4, FRN, 3M USD LIBOR + 0.18%, 2.108%, 3/22/32	548	525
SLM Student Loan Trust, Series 2008-5, Class A4, FRN, 3M USD LIBOR + 1.70%, 3.64%, 7/25/23	155	156
SLM Student Loan Trust, Series 2008-9, Class A, FRN, 3M USD LIBOR + 1.50%, 3.44%, 4/25/23	110	110

	Par/Shares	\$ Value
(Amounts in 000s)		
SLM Student Loan Trust, Series 2010-1, Class A, FRN, 1M USD LIBOR + 0.40%, 2.192%, 3/25/25	605	584
SMB Private Education Loan Trust, Series 2014-A, Class A2A, 3.05%, 5/15/26 (1)	259	260
SMB Private Education Loan Trust, Series 2014-A, Class A3, FRN, 1M USD LIBOR + 1.50%, 3.24%, 4/15/32 (1)	965	973
SMB Private Education Loan Trust, Series 2015-A, Class A2B, FRN, 1M USD LIBOR + 1.00%, 2.74%, 6/15/27 (1)	180	180
SMB Private Education Loan Trust, Series 2016-C, Class A2B, FRN, 1M USD LIBOR + 1.10%, 2.84%, 9/15/34 (1)	778	779
SMB Private Education Loan Trust, Series 2018-B, Class A2B, FRN, 1M USD LIBOR + 0.72%, 2.46%, 1/15/37 (1)	1,375	1,364
		8,007
<b>Total Asset-Backed Securities (Cost \$69,613)</b>		<b>69,792</b>

#### NON-U.S. GOVERNMENT MORTGAGE-BACKED SECURITIES 11.9%

##### Collateralized Mortgage Obligations 9.0%

Angel Oak Mortgage Trust I, Series 2019-2, Class A1, CMO, ARM, 3.628%, 3/25/49 (1)	573	579
Angel Oak Mortgage Trust I, Series 2019-2, Class M1, CMO, ARM, 4.065%, 3/25/49 (1)	400	407
Bayview Mortgage Fund IVc Trust, Series 2017-RT3, Class A, CMO, ARM, 3.50%, 1/28/58 (1)	793	799

	Par/Shares	\$ Value
(Amounts in 000s)		
Bayview Opportunity Master Fund IVa Trust, Series 2017-SPL5, Class A, CMO, ARM, 3.50%, 6/28/57 (1)	684	694
Bayview Opportunity Master Fund IVb Trust, Series 2017-SPL4, Class A, CMO, ARM, 3.50%, 1/28/55 (1)	235	238
COLT Mortgage Loan Trust, Series 2018-1, Class A1, CMO, ARM, 2.93%, 2/25/48 (1)	76	77
COLT Mortgage Loan Trust, Series 2018-1, Class A3, CMO, ARM, 3.084%, 2/25/48 (1)	27	27
COLT Mortgage Loan Trust, Series 2018-2, Class A1, CMO, ARM, 3.47%, 7/27/48 (1)	467	468
COLT Mortgage Loan Trust, Series 2018-2, Class A2, CMO, ARM, 3.542%, 7/27/48 (1)	227	228
COLT Mortgage Loan Trust, Series 2018-3, Class A2, CMO, ARM, 3.763%, 10/26/48 (1)	174	175
COLT Mortgage Loan Trust, Series 2018-4, Class A1, CMO, ARM, 4.006%, 12/28/48 (1)	321	322
COLT Mortgage Loan Trust, Series 2019-2, Class A1, CMO, ARM, 3.337%, 5/25/49 (1)	369	370
COLT Mortgage Loan Trust, Series 2019-3, Class A1, CMO, ARM, 2.764%, 8/25/49 (1)	950	949
Connecticut Avenue Securities, Series 2017-C02, Class 2ED3, CMO, ARM, 1M USD LIBOR + 1.35%, 3.142%, 9/25/29	565	566
Connecticut Avenue Securities, Series 2017-C02, Class 2M1, CMO, ARM, 1M USD LIBOR + 1.15%, 2.942%, 9/25/29	119	119

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Connecticut Avenue Securities, Series 2017-C03, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.95%, 2.742%, 10/25/29	305	305
Connecticut Avenue Securities, Series 2017-C04, Class 2ED2, CMO, ARM, 1M USD LIBOR + 1.10%, 2.892%, 11/25/29	1,095	1,090
Connecticut Avenue Securities, Series 2017-C04, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.85%, 2.642%, 11/25/29	124	124
Connecticut Avenue Securities, Series 2017-C05, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.55%, 2.342%, 1/25/30	5	5
Connecticut Avenue Securities, Series 2017-C06, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 2/25/30	53	53
Connecticut Avenue Securities, Series 2018-C03, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.68%, 2.472%, 10/25/30	347	347
Connecticut Avenue Securities Trust, Series 2019-R04, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 6/25/39 (1)	292	292
Connecticut Avenue Securities Trust, Series 2019-R05, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 7/25/39 (1)	353	353
Connecticut Avenue Securities Trust, Series 2019-R06, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 9/25/39 (1)	449	449
Deephaven Residential Mortgage Trust, Series 2017- 1A, Class A3, CMO, ARM, 3.485%, 12/26/46 (1)	45	45
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A1, CMO, ARM, 2.577%, 10/25/47 (1)	228	227

	Par/Shares	\$ Value
(Amounts in 000s)		
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A2, CMO, ARM, 2.711%, 10/25/47 (1)	24	24
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A3, CMO, ARM, 2.813%, 10/25/47 (1)	24	24
Deephaven Residential Mortgage Trust, Series 2018- 1A, Class A1, CMO, ARM, 2.976%, 12/25/57 (1)	208	208
Deephaven Residential Mortgage Trust, Series 2018- 3A, Class A3, CMO, ARM, 3.963%, 8/25/58 (1)	51	51
Deephaven Residential Mortgage Trust, Series 2019- 1A, Class A1, CMO, ARM, 3.743%, 1/25/59 (1)	631	634
Deephaven Residential Mortgage Trust, Series 2019- 2A, Class A3, CMO, ARM, 3.763%, 4/25/59 (1)	407	409
Deephaven Residential Mortgage Trust, Series 2019- 2A, Class M1, CMO, ARM, 3.921%, 4/25/59 (1)	280	284
Deephaven Residential Mortgage Trust, Series 2019- 3A, Class A1, CMO, ARM, 2.964%, 7/25/59 (1)	371	372
Ellington Financial Mortgage Trust, Series 2019-2, Class A1, CMO, ARM, 2.739%, 11/25/59 (1)	420	420
Freddie Mac Whole Loan Securities Trust, Series 2017- SC01, Class M1, CMO, ARM, 3.589%, 12/25/46 (1)	225	225
Freddie Mac Whole Loan Securities Trust, Series 2017- SC02, Class M1, CMO, ARM, 3.822%, 5/25/47 (1)	97	97
Galton Funding Mortgage Trust, Series 2018-1, Class A33, CMO, ARM, 3.50%, 11/25/57 (1)	372	374
Galton Funding Mortgage Trust, Series 2019-1, Class A32, CMO, ARM, 4.00%, 2/25/59 (1)	318	321

	Par/Shares	\$ Value
(Amounts in 000s)		
Galton Funding Mortgage Trust, Series 2019-H1, Class M1, CMO, ARM, 3.339%, 10/25/59 (1)	230	230
GS Mortgage-Backed Securities Trust, Series 2014-EB1A, Class 2A1, CMO, ARM, 2.455%, 7/25/44 (1)	36	36
Homeward Opportunities Fund I Trust, Series 2018-1, Class A1, CMO, ARM, 3.766%, 6/25/48 (1)	430	433
Homeward Opportunities Fund I Trust, Series 2018-1, Class A2, CMO, ARM, 3.897%, 6/25/48 (1)	347	349
Homeward Opportunities Fund I Trust, Series 2019-1, Class A1, CMO, ARM, 3.454%, 1/25/59 (1)	756	760
Homeward Opportunities Fund I Trust, Series 2019-1, Class A3, CMO, ARM, 3.606%, 1/25/59 (1)	502	504
Homeward Opportunities Fund I Trust, Series 2019-3, Class A1, CMO, ARM, 2.675%, 11/25/59 (1)	683	681
MetLife Securitization Trust, Series 2017-1A, Class A, CMO, ARM, 3.00%, 4/25/55 (1)	328	332
Mill City Mortgage Loan Trust, Series 2016-1, Class A1, CMO, ARM, 2.50%, 4/25/57 (1)	79	79
Mill City Mortgage Loan Trust, Series 2017-2, Class A1, CMO, ARM, 2.75%, 7/25/59 (1)	493	494
New Residential Mortgage Loan Trust, Series 2018-NQM1, Class A1, CMO, ARM, 3.986%, 11/25/48 (1)	736	743
New Residential Mortgage Loan Trust, Series 2019-NQM3, Class A1, CMO, ARM, 2.802%, 7/25/49 (1)	752	753
New Residential Mortgage Loan Trust, Series 2019-NQM3, Class A3, CMO, ARM, 3.086%, 7/25/49 (1)	297	297

	Par/Shares	\$ Value
(Amounts in 000s)		
New Residential Mortgage Loan Trust, Series 2019-NQM5, Class A1, CMO, ARM, 2.71%, 11/25/59 (1)	802	802
OBX Trust, Series 2019-EXP2, Class 2A2, CMO, ARM, 1M USD LIBOR + 1.20%, 2.992%, 6/25/59 (1)	195	195
OBX Trust, Series 2019-EXP3, Class 2A1, CMO, ARM, 1M USD LIBOR + 0.90%, 2.692%, 10/25/59 (1)	915	910
Sequoia Mortgage Trust, Series 2018-CH1, Class A11, CMO, ARM, 3.50%, 2/25/48 (1)	544	545
Sequoia Mortgage Trust, Series 2018-CH2, Class A3, CMO, ARM, 4.00%, 6/25/48 (1)	812	827
Sequoia Mortgage Trust, Series 2018-CH3, Class A19, CMO, ARM, 4.50%, 8/25/48 (1)	187	192
Sequoia Mortgage Trust, Series 2018-CH4, Class A2, CMO, ARM, 4.00%, 10/25/48 (1)	293	297
SG Residential Mortgage Trust, Series 2019-3, Class A2, CMO, ARM, 2.877%, 9/25/59 (1)	725	723
Starwood Mortgage Residential Trust, Series 2019-1, Class A1, CMO, ARM, 2.941%, 6/25/49 (1)	606	606
Starwood Mortgage Residential Trust, Series 2019-1, Class A3, CMO, ARM, 3.299%, 6/25/49 (1)	419	419
Starwood Mortgage Residential Trust, Series 2019-IMC1, Class A1, CMO, ARM, 3.468%, 2/25/49 (1)	381	384
Starwood Mortgage Residential Trust, Series 2019-INV1, Class A1, CMO, ARM, 2.61%, 9/27/49 (1)	115	115
Starwood Mortgage Residential Trust, Series 2019-INV1, Class A3, CMO, ARM, 2.916%, 9/27/49 (1)	274	273

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Structured Agency Credit Risk Debt Notes, Series 2017- DNA1, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 2.992%, 7/25/29	177	177
Structured Agency Credit Risk Debt Notes, Series 2017- DNA2, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 2.992%, 10/25/29	527	529
Structured Agency Credit Risk Debt Notes, Series 2017- DNA3, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 3/25/30	944	944
Structured Agency Credit Risk Debt Notes, Series 2017- HQA1, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 2.992%, 8/25/29	131	131
Structured Agency Credit Risk Debt Notes, Series 2017- HQA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.80%, 2.592%, 12/25/29	60	60
Structured Agency Credit Risk Debt Notes, Series 2017-SPI1, Class M1, CMO, ARM, 3.984%, 9/25/47 (1)	38	38
Structured Agency Credit Risk Debt Notes, Series 2018- DNA1, Class M1, CMO, ARM, 1M USD LIBOR + 0.45%, 2.242%, 7/25/30	172	172
Structured Agency Credit Risk Debt Notes, Series 2018- DNA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.80%, 2.592%, 12/25/30 (1)	805	805
Structured Agency Credit Risk Debt Notes, Series 2018- DNA3, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 9/25/48 (1)	292	292
Structured Agency Credit Risk Debt Notes, Series 2018- HQA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 2.542%, 10/25/48 (1)	533	533

	Par/Shares	\$ Value
(Amounts in 000s)		
Structured Agency Credit Risk Debt Notes, Series 2018- HRP2, Class M1, CMO, ARM, 1M USD LIBOR + 0.85%, 2.642%, 2/25/47 (1)	40	40
Structured Agency Credit Risk Debt Notes, Series 2018- HRP2, Class M2, CMO, ARM, 1M USD LIBOR + 1.25%, 3.042%, 2/25/47 (1)	495	496
Structured Agency Credit Risk Debt Notes, Series 2018-SPI2, Class M1, CMO, ARM, 3.813%, 5/25/48 (1)	181	181
Structured Agency Credit Risk Debt Notes, Series 2018-SPI3, Class M1, CMO, ARM, 4.152%, 8/25/48 (1)	122	122
Structured Agency Credit Risk Debt Notes, Series 2019- HQA4, Class M1, CMO, ARM, 1M USD LIBOR + 0.77%, 2.562%, 11/25/49 (1)	380	380
Towd Point Mortgage Trust, Series 2015-4, Class A1B, CMO, ARM, 2.75%, 4/25/55 (1)	235	235
Towd Point Mortgage Trust, Series 2015-5, Class A1B, CMO, ARM, 2.75%, 5/25/55 (1)	218	218
Towd Point Mortgage Trust, Series 2016-1, Class A1B, CMO, ARM, 2.75%, 2/25/55 (1)	120	120
Towd Point Mortgage Trust, Series 2016-1, Class A3B, CMO, ARM, 3.00%, 2/25/55 (1)	176	177
Towd Point Mortgage Trust, Series 2016-2, Class A1A, CMO, ARM, 2.75%, 8/25/55 (1)	120	121
Towd Point Mortgage Trust, Series 2017-1, Class A1, CMO, ARM, 2.75%, 10/25/56 (1)	433	436
Towd Point Mortgage Trust, Series 2017-2, Class A1, CMO, ARM, 2.75%, 4/25/57 (1)	266	268

	Par/Shares	\$ Value
(Amounts in 000s)		
Towd Point Mortgage Trust, Series 2017-3, Class A1, CMO, ARM, 2.75%, 7/25/57 (1)	592	594
Towd Point Mortgage Trust, Series 2017-4, Class A1, CMO, ARM, 2.75%, 6/25/57 (1)	416	418
Towd Point Mortgage Trust, Series 2017-6, Class A1, CMO, ARM, 2.75%, 10/25/57 (1)	1,259	1,266
Towd Point Mortgage Trust, Series 2018-1, Class A1, CMO, ARM, 3.00%, 1/25/58 (1)	242	245
Towd Point Mortgage Trust, Series 2018-2, Class A1, CMO, ARM, 3.25%, 3/25/58 (1)	1,323	1,345
Towd Point Mortgage Trust, Series 2018-5, Class A1A, CMO, ARM, 3.25%, 7/25/58 (1)	1,082	1,102
Verus Securitization Trust, Series 2018-1, Class A1, CMO, ARM, 2.929%, 2/25/48 (1)	107	107
Verus Securitization Trust, Series 2018-2, Class A1, CMO, ARM, 3.677%, 6/1/58 (1)	523	525
Verus Securitization Trust, Series 2018-2, Class A2, CMO, ARM, 3.779%, 6/1/58 (1)	138	139
Verus Securitization Trust, Series 2018-2, Class A3, CMO, ARM, 3.83%, 6/1/58 (1)	88	89
Verus Securitization Trust, Series 2018-3, Class A1, CMO, ARM, 4.108%, 10/25/58 (1)	674	681
Verus Securitization Trust, Series 2019-1, Class A1, CMO, ARM, 3.836%, 2/25/59 (1)	732	740
Verus Securitization Trust, Series 2019-2, Class A1, CMO, ARM, 3.211%, 5/25/59 (1)	554	557

	Par/Shares	\$ Value
(Amounts in 000s)		
Verus Securitization Trust, Series 2019-3, Class A3, CMO, STEP, 3.04%, 7/25/59 (1)	629	629
Verus Securitization Trust, Series 2019-4, Class A3, CMO, STEP, 3.00%, 11/25/59 (1)	450	450
Verus Securitization Trust, Series 2019-INV1, Class A1, CMO, ARM, 3.402%, 12/25/59 (1)	304	306
Verus Securitization Trust, Series 2019-INV1, Class M1, CMO, ARM, 4.034%, 12/25/59 (1)	140	142
Verus Securitization Trust, Series 2019-INV2, Class A1, CMO, ARM, 2.913%, 7/25/59 (1)	973	973
Verus Securitization Trust, Series 2019-INV2, Class A2, CMO, ARM, 3.117%, 7/25/59 (1)	580	580
Verus Securitization Trust, Series 2019-INV3, Class A3, CMO, ARM, 3.10%, 11/25/59 (1)	457	455
		42,548
<b>Commercial Mortgage-Backed Securities 2.8%</b>		
BAMLL Commercial Mortgage- Backed Securities Trust, Series 2018-DSNY, Class A, ARM, 1M USD LIBOR + 0.85%, 2.59%, 9/15/34 (1)	680	678
Banc of America Commercial Mortgage Trust, Series 2017- BNK3, Class A1 1.957%, 2/15/50	86	86
BANK, Series 2019-BN19, Class A1 2.263%, 8/15/61	309	310
BANK, Series 2019-BN24, Class A1 2.056%, 11/15/62	360	360
CD Commercial Mortgage Trust, Series 2017-CD3, Class A1 1.965%, 2/10/50	82	82

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
CGDB Commercial Mortgage Trust, Series 2019-MOB, Class D, ARM, 1M USD LIBOR + 1.65%, 3.39%, 11/15/36 (1)	950	949
Commercial Mortgage Trust, Series 2015-LC23, Class A2 3.221%, 10/10/48	1,025	1,029
Commercial Mortgage Trust, Series 2016-CR28, Class A1 1.77%, 2/10/49	77	77
Credit Suisse Mortgage Capital Certificates, Series 2019-ICE4, Class C, ARM, 1M USD LIBOR + 1.43%, 3.17%, 5/15/36 (1)	735	735
Credit Suisse Mortgage Capital Certificates, Series 2019-ICE4, Class D, ARM, 1M USD LIBOR + 1.60%, 3.34%, 5/15/36 (1)	560	561
CSAIL Commercial Mortgage Trust, Series 2015-C3, Class A1 1.717%, 8/15/48	15	15
Fontainebleau Miami Beach Trust, Series 2019-FBLU, Class C 3.75%, 12/10/36 (1)	895	916
Great Wolf Trust, Series 2019-WOLF, Class C, ARM, 1M USD LIBOR + 1.633%, 3.355%, 12/15/36 (1)	390	389
GS Mortgage Securities Trust, Series 2015-GC32, Class A1 1.593%, 7/10/48	2	2
GS Mortgage Securities Trust, Series 2016-GS3, Class A1 1.429%, 10/10/49	46	46
InTown Hotel Portfolio Trust, Series 2018-STAY, Class A, ARM, 1M USD LIBOR + 0.70%, 2.44%, 1/15/33 (1)	175	174
InTown Hotel Portfolio Trust, Series 2018-STAY, Class C, ARM, 1M USD LIBOR + 1.25%, 2.99%, 1/15/33 (1)	145	145
JPMorgan Chase Commercial Mortgage Securities Trust, Series 2011-C4, Class A4 4.388%, 7/15/46 (1)	384	392

	Par/Shares	\$ Value
(Amounts in 000s)		
JPMorgan Chase Commercial Mortgage Securities Trust, Series 2019-BKWD, Class B, ARM, 1M USD LIBOR + 1.35%, 3.09%, 9/15/29 (1)	1,130	1,130
JPMorgan Chase Commercial Mortgage Securities Trust, Series 2019-BKWD, Class C, ARM, 1M USD LIBOR + 1.60%, 3.34%, 9/15/29 (1)	355	355
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2014-C18, Class AS, ARM, 4.11%, 10/15/47	265	282
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2015-C24, Class A1 1.706%, 5/15/48	63	63
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2016-C30, Class A1 1.389%, 9/15/49	103	102
Morgan Stanley Capital I Trust, Series 2015-MS1, Class A1 1.638%, 5/15/48	58	57
Morgan Stanley Capital I Trust, Series 2019-MEAD, Class D 3.177%, 11/10/36 (1)	710	696
New Orleans Hotel Trust, Series 2019-HNLA, Class B, ARM, 1M USD LIBOR + 1.289%, 3.029%, 4/15/32 (1)	1,140	1,137
RETL, Series 2019-RVP, Class A, ARM, 1M USD LIBOR + 1.15%, 2.89%, 3/15/36 (1)	456	456
SLIDE, Series 2018-FUN, Class D, ARM, 1M USD LIBOR + 1.85%, 3.59%, 6/15/31 (1)	556	556
Wells Fargo Commercial Mortgage Trust, Series 2013-LC12, Class A1 1.676%, 7/15/46	179	178
Wells Fargo Commercial Mortgage Trust, Series 2015-NXS2, Class A2 3.02%, 7/15/58	275	276



	Par/Shares	\$ Value
(Amounts in 000s)		
Wells Fargo Commercial Mortgage Trust, Series 2016- C32, Class A1 1.577%, 1/15/59	81	81
WFRBS Commercial Mortgage Trust, Series 2012-C6, Class B 4.697%, 4/15/45	540	563
		12,878
<b>Home Equity Loans Backed 0.1%</b>		
Citigroup Mortgage Loan Trust, Series 2019-IMC1, Class A1, CMO, ARM, 2.72%, 7/25/49 (1)	581	581
		581
<b>Total Non-U.S. Government Mortgage-Backed Securities (Cost \$55,924)</b>		<b>56,007</b>

### U.S. GOVERNMENT & AGENCY MORTGAGE-BACKED SECURITIES 6.0%

#### U.S. Government Agency Obligations 4.6% (3)

Federal Home Loan Mortgage 3.50%, 3/1/46	1,106	1,170
5.00%, 12/1/23 - 7/1/25	59	63
5.50%, 4/1/23 - 10/1/38	22	23
6.00%, 10/1/21 - 1/1/38	141	159
7.00%, 3/1/39	113	131
7.50%, 6/1/38	125	144
Federal Home Loan Mortgage, ARM 12M USD LIBOR + 1.591%, 3.841%, 9/1/35	4	4
12M USD LIBOR + 1.997%, 4.028%, 11/1/36	3	3
12M USD LIBOR + 1.625%, 4.315%, 7/1/38	17	18
1Y CMT + 2.25%, 4.383%, 10/1/36	4	4
12M USD LIBOR + 1.726%, 4.48%, 7/1/35	5	5
12M USD LIBOR + 1.831%, 4.482%, 1/1/37	3	3
12M USD LIBOR + 1.625%, 4.50%, 6/1/38	38	39
12M USD LIBOR + 1.733%, 4.518%, 10/1/36	13	14
12M USD LIBOR + 1.625%, 4.553%, 4/1/37	13	14

	Par/Shares	\$ Value
(Amounts in 000s)		
12M USD LIBOR + 1.726%, 4.61%, 5/1/38	11	11
1Y CMT + 2.245%, 4.642%, 1/1/36	13	13
12M USD LIBOR + 1.775%, 4.65%, 5/1/37	11	11
12M USD LIBOR + 1.75%, 4.858%, 2/1/35	12	12
12M USD LIBOR + 1.749%, 4.874%, 2/1/37	6	6
12M USD LIBOR + 2.083%, 5.207%, 2/1/38	15	16
Federal Home Loan Mortgage, CMO 2.00%, 2/15/40	206	207
4.00%, 11/15/36	130	132
Federal Home Loan Mortgage UMBS, 4.50%, 3/1/49 - 12/1/49	1,727	1,818
Federal National Mortgage Assn., ARM 12M USD LIBOR + 1.34%, 3.34%, 12/1/35	2	2
12M USD LIBOR + 1.569%, 3.692%, 12/1/35	7	7
12M USD LIBOR + 1.77%, 3.77%, 12/1/35	1	1
12M USD LIBOR + 1.892%, 3.852%, 12/1/35	2	2
12M USD LIBOR + 1.78%, 3.905%, 1/1/34	7	7
12M USD LIBOR + 2.04%, 4.132%, 12/1/36	4	5
12M USD LIBOR + 1.655%, 4.264%, 8/1/37	5	5
12M USD LIBOR + 1.626%, 4.27%, 7/1/35	2	3
12M USD LIBOR + 1.603%, 4.288%, 7/1/36	15	16
12M USD LIBOR + 1.853%, 4.521%, 8/1/38	11	12
12M USD LIBOR + 1.83%, 4.719%, 4/1/38	25	26
12M USD LIBOR + 1.788%, 4.743%, 5/1/38	9	10
12M USD LIBOR + 1.869%, 4.763%, 5/1/38	16	17
Federal National Mortgage Assn., CMO, 4.00%, 6/25/44	659	681
Federal National Mortgage Assn., UMBS 3.00%, 1/1/27	310	318
3.50%, 11/1/26 - 2/1/48	1,932	2,008
4.00%, 11/1/43 - 11/1/49	2,168	2,276

	Par/Shares	\$ Value
(Amounts in 000s)		
4.50%, 11/1/20 - 11/1/49	4,911	5,260
5.00%, 5/1/20 - 2/1/49	2,478	2,712
5.50%, 7/1/20 - 5/1/40	850	946
6.00%, 9/1/21 - 2/1/49	1,746	1,996
6.50%, 7/1/32 - 12/1/32	100	112
UMBS, TBA,		
3.50%, 1/1/35 (4)	1,515	1,570
		22,012
<b>U.S. Government Obligations 1.4%</b>		
Government National Mortgage Assn.		
3.50%, 3/20/43 - 2/20/48	201	209
4.00%, 2/20/48 - 11/20/49	1,842	1,920
4.50%, 5/20/49	242	253
5.00%, 12/20/34 - 2/20/48	2,082	2,245
5.50%, 2/20/34 - 3/20/49	1,505	1,661
Government National Mortgage Assn., CMO, ARM,		
1M USD LIBOR + 0.30%, 2.065%, 9/20/48	226	225
		6,513
<b>Total U.S. Government &amp; Agency Mortgage-Backed Securities (Cost \$28,209)</b>		<b>28,525</b>

**U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED) 16.7%**
**U.S. Government Agency Obligations 0.7% (3)**

Federal National Mortgage Assn.		
1.50%, 7/30/20	3,530	3,527
		3,527

**U.S. Treasury Obligations 16.0%**

U.S. Treasury Notes		
1.375%, 5/31/21 (5)	1,895	1,889
U.S. Treasury Notes		
1.50%, 9/30/21	6,745	6,733
U.S. Treasury Notes		
1.50%, 9/15/22	1,780	1,775
U.S. Treasury Notes		
1.625%, 12/15/22	5,910	5,913
U.S. Treasury Notes		
1.75%, 6/15/22	4,835	4,852
U.S. Treasury Notes		
1.75%, 7/15/22	9,020	9,051
U.S. Treasury Notes		
2.125%, 5/15/22	5,680	5,748

	Par/Shares	\$ Value
(Amounts in 000s)		
U.S. Treasury Notes		
2.25%, 4/15/22	6,505	6,599
U.S. Treasury Notes		
2.375%, 3/15/22	9,655	9,818
U.S. Treasury Notes		
2.50%, 1/15/22	5,170	5,261
U.S. Treasury Notes		
2.50%, 2/15/22	5,465	5,568
U.S. Treasury Notes		
2.625%, 12/15/21	6,845	6,979
U.S. Treasury Notes		
2.875%, 10/15/21	5,150	5,264
		75,450
<b>Total U.S. Government Agency Obligations (Excluding Mortgage-Backed) (Cost \$78,449)</b>		<b>78,977</b>

**FOREIGN GOVERNMENT OBLIGATIONS & MUNICIPALITIES 1.7%**
**Government Sponsored 0.2%**

Equate Petrochemical		
3.00%, 3/3/22	600	604
		604

**Owned No Guarantee 1.5%**

Axiata		
3.466%, 11/19/20	475	479
China Shenhua Overseas Capital		
3.125%, 1/20/20	930	930
CNAC HK Finbridge		
3.00%, 7/19/20	570	571
CNAC HK Finbridge		
4.125%, 3/14/21	535	544
Eastern Creation II Investment Holdings		
2.75%, 9/26/20	940	942
Saudi Arabian Oil		
2.75%, 4/16/22 (1)	1,155	1,168
State Grid Overseas Investment		
2016, 2.25%, 5/4/20 (1)	1,485	1,485
Syngenta Finance		
3.698%, 4/24/20 (1)	650	652
Syngenta Finance		
3.933%, 4/23/21 (1)	385	391
		7,162

**Total Foreign Government Obligations & Municipalities (Cost \$7,715)**
**7,766**

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>SHORT-TERM INVESTMENTS 1.7%</b>		
<b>Commercial Paper 0.2%</b>		
<b>4(2) 0.2% (6)</b>		
Ford Motor Credit, 2.934%, 8/4/20	430	423
Ford Motor Credit, 3.251%, 7/27/20	495	487
		910

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Money Market Funds 1.5%</b>		
T. Rowe Price Government Reserve Fund, 1.59% (7)(8)	7,255	7,254
		7,254
<b>Total Short-Term Investments (Cost \$8,163)</b>		<b>8,164</b>
<b>Total Investments in Securities</b>		
<b>101.2% of Net Assets (Cost \$474,205)</b>	<b>\$</b>	<b>477,622</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 \$148,033 and represents 31.4% 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) 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, including UMBS, currently operate under a federal conservatorship.
  - (4) See Note 4. To-Be-Announced purchase commitment. Total value of such securities at period-end amounts to \$1,570 and represents 0.3% of net assets.
  - (5) At December 31, 2019, 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 \$910 and represents 0.2% of net assets.
  - (7) Affiliated Companies
  - (8) 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)  
1Y CMT One year U.S. Treasury note constant maturity 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  
FRN Floating Rate Note  
PTT Pass-Through Trust  
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  
UMBS Uniform Mortgage-Backed Securities  
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.

(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>				
Barclays Bank, Protection Sold (Relevant Credit: Apache, 3.25%, 4/15/22, \$101.51*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	1,500	(19)	(60)	41
Barclays Bank, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	1,409	—	(21)	21
JPMorgan Chase, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	91	—	(1)	1
Bank of America, N.A., Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	195	3	(1)	4
Barclays Bank, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	245	3	—	3
Citibank, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	315	4	(2)	6
Morgan Stanley, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay Upon credit default, 12/20/24	600	8	(3)	11
<b>Total Credit Default Swaps, Protection Sold</b>			<b>(88)</b>	<b>87</b>
<b>Total Bilateral Swaps</b>			<b>(88)</b>	<b>87</b>

\* Market price at December 31, 2019

**Futures Contracts**

(\$000s)

	<b>Expiration Date</b>	<b>Notional Amount</b>	<b>Value and Unrealized Gain (Loss)</b>
Short, 121 U.S. Treasury Notes five year contracts	3/20	(14,352) \$	58
Short, 115 U.S. Treasury Notes ten year contracts	3/20	(14,768)	165
Long, 646 U.S. Treasury Notes two year contracts	3/20	139,213	(184)
<b>Net payments (receipts) of variation margin to date</b>			<b>7</b>
<b>Variation margin receivable (payable) on open futures contracts</b>		<b>\$</b>	<b>46</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, 2019. 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	\$ —#	\$ —	\$ 90+

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/18</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/19</b>
T. Rowe Price Government Reserve Fund	\$ 1,052	□	□ \$	7,254^

# Capital gain distributions from mutual funds represented \$0 of the net realized gain (loss).

+ Investment income comprised \$90 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 \$7,254.

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

December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$474,205)	\$	477,622
Interest receivable		2,705
Unrealized gain on bilateral swaps		87
Variation margin receivable on futures contracts		46
Receivable for shares sold		27
Cash		20
Other assets		29
Total assets		<u>480,536</u>

**Liabilities**

Payable for investment securities purchased		7,490
Payable for shares redeemed		588
Investment management and administrative fees payable		236
Bilateral swap premiums received		88
Total liabilities		<u>8,402</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>472,134</u></b>
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**Net Assets Consist of:**

Total distributable earnings (loss)	\$	(550)
Paid-in capital applicable to 97,020,581 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>472,684</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>472,134</u></b>
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**NET ASSET VALUE PER SHARE**

<b>Limited-Term Bond Class</b> <b>(\$455,520,298 / 93,594,962 shares outstanding)</b>	<b>\$</b>	<b><u>4.87</u></b>
<b>Limited-Term Bond-II Class</b> <b>(\$16,613,254 / 3,425,619 shares outstanding)</b>	<b>\$</b>	<b><u>4.85</u></b>

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/19
<b>Investment Income (Loss)</b>	
Income	
Interest	\$ 13,258
Dividend	90
Total income	13,348
Expenses	
Investment management and administrative expense	3,257
Rule 12b-1 fees – Limited-Term Bond-II Class	34
Waived/Paid by Price Associates	(930)
Net expenses	2,361
Net investment income	10,987
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	480
Futures	1,211
Swaps	48
Options written	(25)
Forward currency exchange contracts	5
Foreign currency transactions	(2)
Net realized gain	1,717
Change in net unrealized gain / loss	
Securities	7,297
Futures	(633)
Swaps	87
Forward currency exchange contracts	1
Change in net unrealized gain / loss	6,752
Net realized and unrealized gain / loss	8,469
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 19,456</b>

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



**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 10,987	\$ 8,550
Net realized gain (loss)	1,717	(1,550)
Change in net unrealized gain / loss	6,752	(1,696)
Increase in net assets from operations	19,456	5,304
Distributions to shareholders		
Net earnings		
Limited-Term Bond Class	(10,835)	(8,706)
Limited-Term Bond-II Class	(288)	(189)
Decrease in net assets from distributions	(11,123)	(8,895)
Capital share transactions *		
Shares sold		
Limited-Term Bond Class	68,151	44,632
Limited-Term Bond-II Class	9,517	16,286
Distributions reinvested		
Limited-Term Bond Class	10,834	8,715
Limited-Term Bond-II Class	288	189
Shares redeemed		
Limited-Term Bond Class	(65,756)	(58,909)
Limited-Term Bond-II Class	(8,655)	(8,548)
Increase in net assets from capital share transactions	14,379	2,365
<b>Net Assets</b>		
Increase (decrease) during period	22,712	(1,226)
Beginning of period	449,422	450,648
<b>End of period</b>	<b>\$ 472,134</b>	<b>\$ 449,422</b>

## \*Share information

Shares sold		
Limited-Term Bond Class	14,108	9,330
Limited-Term Bond-II Class	1,966	3,422
Distributions reinvested		
Limited-Term Bond Class	2,237	1,823
Limited-Term Bond-II Class	60	40
Shares redeemed		
Limited-Term Bond Class	(13,595)	(12,313)
Limited-Term Bond-II Class	(1,803)	(1,797)
Increase in shares outstanding	2,973	505

<sup>(1)</sup> Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price 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 to insurance company separate accounts established for the purpose of funding 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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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. Non-cash dividends, if any, are recorded at the fair market value of the asset received. 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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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 independent pricing services or by broker dealers who make markets in such securities. When valuing securities, the independent pricing services consider 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. 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 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, 2019 (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>	\$ —	\$ 469,458	\$ —	\$ 469,458
Short-Term Investments	7,254	910	—	8,164
Total Securities	7,254	470,368	—	477,622
Swaps	—	18	—	18
Futures Contracts	46	—	—	46
Total	\$ 7,300	\$ 470,386	\$ —	\$ 477,686
<b>Liabilities</b>				
Swaps	\$ —	\$ 19	\$ —	\$ 19

<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.

### NOTE 3 - DERIVATIVE INSTRUMENTS

During the year ended December 31, 2019, 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, 2019, 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*	\$ 223
Credit derivatives	Bilateral Swaps, and Premiums	18
Total		<u>\$ 241</u>
<b>Liabilities</b>		
Interest rate derivatives	Futures*	\$ 184
Credit derivatives	Bilateral Swaps, and Premiums	19
Total		<u>\$ 203</u>

\*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, 2019, 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	Futures	Forward Currency Exchange Contracts	Swaps	Total
<b>Realized Gain (Loss)</b>					
Interest rate derivatives	\$ —	\$ 1,211	\$ —	\$ —	\$ 1,211
Foreign exchange derivatives	—	—	5	—	5
Credit derivatives	(25)	—	—	48	23
Total	<u>\$ (25)</u>	<u>\$ 1,211</u>	<u>\$ 5</u>	<u>\$ 48</u>	<u>\$ 1,239</u>
<b>Change in Unrealized Gain (Loss)</b>					
Interest rate derivatives	\$ —	\$ (633)	\$ —	\$ —	\$ (633)
Foreign exchange derivatives	—	—	1	—	1
Credit derivatives	—	—	—	87	87
Total	<u>\$ —</u>	<u>\$ (633)</u>	<u>\$ 1</u>	<u>\$ 87</u>	<u>\$ (545)</u>

**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 next 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, 2019, no collateral was pledged by either the fund or counterparties for bilateral derivatives. As of December 31, 2019, securities valued at \$339,000 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, 2019, 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, 2019, the volume of the fund's activity in futures, based on underlying notional amounts, was generally between 22% and 33% of net assets.

**Options** The fund is subject to credit 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, 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 credit ratings; and, for options written, potential losses in excess of the fund's initial investment. During the year ended December 31, 2019, the volume of the fund's activity in options, based on underlying notional amounts, was generally between 0% 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 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. 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, 2019, the notional amount of protection sold by the fund totaled \$4,355,000 (0.9% 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, 2019, 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 invests 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 invests 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 enters 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 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, 2019, no collateral was pledged by the fund or counterparties for MSFTA Transactions.

**Mortgage-Backed Securities** The fund invests 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 \$179,049,000 and \$174,237,000, respectively, for the year ended December 31, 2019. Purchases and sales of U.S. government securities aggregated \$125,334,000 and \$105,824,000, respectively, for the year ended December 31, 2019.



**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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The permanent book/tax adjustments have no impact on results of operations or net assets and relate primarily to the character of paydown gains and losses on asset-backed securities.

Distributions during the years ended December 31, 2019 and December 31, 2018, totaled \$11,123,000 and \$8,895,000, respectively, and were characterized as ordinary income for tax purposes. At December 31, 2019, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 474,385
Unrealized appreciation	\$ 3,907
Unrealized depreciation	(632)
Net unrealized appreciation (depreciation)	3,275
Undistributed ordinary income	74
Capital loss carryforwards	(3,899)
Paid-in capital	472,684
Net assets	\$ 472,134

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. During the year ended December 31, 2019, the fund utilized \$1,105,000 of capital loss carryforwards.

**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 services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2020 to waive a portion of its management fee in order to limit the fund's management fee to 0.50% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$930,000 and allocated ratably in the amounts of \$903,000 and 27,000 for the Limited-Term Bond Portfolio Class and Limited-Term Bond Portfolio-II Class respectively, for the year ended December 31, 2019.

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, 2019, 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 Personal Limited-Term Bond Portfolio (one of the portfolios constituting T. Rowe Price Fixed Income Series, Inc., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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, 2020

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 12/31/19**

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 \$22,000 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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2013 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 1994 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2019 [189]	Director and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Colin T. Bando, CFA (1987) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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 Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.
Jason T. Collins, CFA (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, CFA (1974) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Stephanie A. Gentile, CFA (1956) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, 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

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) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Charles B. Hill, CFA (1961) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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 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
Alan D. Levenson, Ph.D. (1958) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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) Principal Financial Officer, Vice President, and Treasurer	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Cheryl A. Mickel, CFA (1967) President	Director and Vice President, T. Rowe Price Trust Company; Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
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
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, 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 and T. Rowe Price Group, Inc.
Jeanny Silva (1975) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Douglas D. Spratley, CFA (1969) 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, JPMorgan Chase (to 2017)

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, 2019

T. ROWE PRICE

# Equity Income Portfolio

For more insights from T. Rowe Price investment professionals,  
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INVEST WITH CONFIDENCE®

## HIGHLIGHTS

- U.S. stocks surged in 2019, with several major indexes hitting all-time highs in the second half of the year.
- The Equity Income Portfolio returned 26.40% for the year and performed in line with the Russell 1000 Value Index.
- Top absolute detractors hailed from a variety of sectors, with many names underperforming due to idiosyncratic events. Likewise, leading contributors were spread among several sectors, including financials and information technology.
- Hard economic data remain weak, but economic indicators appear to be bottoming. While a strong consumer and more accommodative monetary policy provide support, we believe political, regulatory, and geopolitical risks are likely to be elevated in 2020.

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

**It's convenient**—access your important account documents whenever you need them.

**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

Stocks posted strong gains in 2019 as most major U.S. indexes hit record highs in a broad-based rally that more than offset 2018's losses. Large- and mid-cap growth stocks were the strongest performers, with the S&P 500 and Nasdaq benchmarks recording their best year since 2013. U.S. shares outpaced their global counterparts, although most non-U.S. indexes also finished with solid double-digit gains.

Technology shares performed best within the S&P 500, helped by strong gains from industry giants Apple and Microsoft, and financial stocks also outperformed the broader market. Fixed income securities produced solid gains during the period as well—with corporate bonds leading the way—as longer-term Treasury yields fell to historic lows in late summer before partially rebounding.

In a sign that public markets have retained discipline, investors expressed skepticism about certain private-equity valuation levels when compared with their prospects for financial profitability. Relatively few initial public offerings (IPOs) saw their prices appreciate during the year, and one high-profile IPO candidate (WeWork) decided to withdraw its offering altogether after its valuation was dramatically reduced in the weeks before its proposed IPO.

Although the year opened with concerns that an escalating U.S.-China trade dispute could lead to a recession, global central banks played a key role in supporting markets. Fed policymakers delivered quarter-percentage-point rate cuts in July, September, and October and took steps to maintain liquidity in short-term lending markets. Other central banks also acted to address flagging growth, including the European Central Bank, which lowered its benchmark deposit rate deeper into negative territory and announced that it was restarting its quantitative easing program.

The pivot to a more accommodative monetary policy was a marked change from 2018, when the Fed raised rates four times, and appeared to be successful in reenergizing the economy. After contracting earlier in 2019, key U.S. manufacturing indicators showed signs of stabilizing by year-end, and the labor market remained strong, with solid payroll gains and an unemployment rate hovering near a 50-year low. With this more encouraging economic backdrop, it was not a surprise that in December Fed officials seemed satisfied that monetary policy was properly positioned to support continued growth and forecast no additional rate moves in 2020.

Besides central bank policy, investors also closely followed developments in the U.S.-China trade dispute. Stocks stumbled in May and August after the U.S. announced new tariffs on some Chinese imports and China retaliated with new tariffs of its own. However, investors generally took an optimistic view of trade negotiations, which limited the trade war's toll on markets, and in December the two countries announced a "phase one" agreement to reduce some existing tariffs and cancel the imposition of new ones.

With monetary policy worldwide largely committed to ensuring market liquidity and some global economic indicators showing signs of improvement, there are reasons to be optimistic in 2020. However, we caution investors not to expect the outsized gains of the past year. If the post-World War II era is to be a guide, the S&P 500 has on average generated mid-single-digit returns in the fourth year of a presidential cycle.

Further market advances will likely hinge on a resumption in earnings growth, which stalled in 2019, and there is no shortage of global risks in the year ahead. Unresolved trade issues, tensions in the Middle East, and policy debates on taxes, health care, and wealth disparity leading up to the U.S. presidential election all have the potential to cause market volatility.

In addition to these risks, T. Rowe Price analysts will be closely following how disruptive forces such as innovation, technological change, and automation could impact a growing number of global industries. In an uncertain environment, with a wide dispersion of returns possible, we believe that in-depth fundamental research that integrates environmental, social, and governance considerations will be critical to successfully assess opportunities and risks. I am confident our strategic investing approach will continue to serve our shareholders well.

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 six months?

The Equity Income Portfolio returned 26.40% for the 12 months ended December 31, 2019. The portfolio performed in line with the Russell 1000 Value Index and outperformed its peer group, the Lipper Variable Annuity Underlying Equity Income Funds Average. *(Past performance cannot guarantee future results.)*

### PERFORMANCE COMPARISON

Periods Ended 12/31/19	Total Return	
	6 Months	12 Months
Equity Income Portfolio	9.29%	26.40%
Equity Income Portfolio-II	9.13	26.04
Russell 1000 Value Index	8.86	26.54
S&P 500 Index	10.92	31.49
Lipper Variable Annuity Underlying Equity Income Funds Average	8.69	24.52

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

Absolute detractors hailed from several sectors. Share prices of global energy exploration and production company **Occidental Petroleum** fell as the firm pursued a debt-fueled takeover of Anadarko Petroleum. The market balked not only at the valuation and strategic rationale for the deal, but also at the way Occidental Petroleum financed the transaction seemingly to avoid a shareholder vote. Shares of **DuPont de Nemours** traded lower as a result of concerns over the company's ultimate liability to remediate chemical contamination in water systems surrounding some of its plants and slowing demand in its end markets. **Pfizer** shares suffered following the company's decision to spin off Upjohn, its off-patent drug business, into a standalone firm, which will subsequently merge with Mylan. Shares of **PG&E** declined due to concerns that the utility could face significant liability claims amid massive wildfires in California. We eliminated our position due to concerns regarding the company's future profitability.

Compared with the benchmark, stock selection in the consumer staples and information technology sectors added the most to performance. On the other hand, stock selection in communication services and materials detracted the most from relative returns. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

Likewise, contributors were spread throughout several sectors. In financials, shares of **JPMorgan Chase** outperformed as the global bank continued its trend of rising profitability fueled largely by stronger-than-expected net interest income. Improved sentiment for big banks amid rising market optimism also boosted shares late in the period. In the information technology sector, shares of **Qualcomm** finished higher as a result of the chip manufacturer reaching a multibillion-dollar settlement with Apple in the second quarter, followed by stronger-than-expected revenues later in the year, as Mobile Station Modem chip shipments exceeded expectations. **Microsoft** continued to generate strong growth within cloud computing through its Intelligent Cloud, which includes Azure, on-premises, and professional service offerings. Investors also reacted positively to the software giant's USD \$10 billion Pentagon cloud contract win late in the period.

Elsewhere in the portfolio, investors reacted positively to news that **Southern Company's** Vogtle nuclear power project is progressing and were drawn to the sector's durable earnings profile during several periods of market volatility during the period. Shares of **Tyson Foods** continued to benefit from the ongoing effects of African swine fever, causing global protein prices to rise in wake of the outbreak, and the reopening of the Chinese market to U.S. poultry sales later in the year. **TC Energy**, a utility-like infrastructure company that also operates an irreplaceable natural gas pipeline in the U.S., was a significant contributor. Shares finished higher over the year after a series of successful asset sales have, in our view, positioned the company to transition into a self-funding business.

### SECTOR DIVERSIFICATION

	Percent of Net Assets	
	6/30/19	12/31/19
Financials	23.0%	23.6%
Health Care	13.2	13.2
Industrials and Business Services	11.6	11.8
Energy	9.6	8.7
Utilities	7.7	8.3
Consumer Staples	8.1	8.3
Information Technology	8.5	8.0
Communication Services	6.6	6.1
Materials	4.1	4.1
Real Estate	3.1	3.5
Consumer Discretionary	2.3	2.4
Other and Reserves	2.2	2.0
<b>Total</b>	<b>100%</b>	<b>100%</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 portfolio's 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.

Given our cautious outlook, we are positioned neutrally relative to our benchmark in terms of companies tied to the economic cycle. Our exposure to the financials, the portfolio's largest sector, reflects much of our cyclical positions and remained broadly unchanged in absolute terms but declined relative to the benchmark as we trimmed holdings that performed well over the year. We reduced our positions in JPMorgan Chase and **Citigroup** after strong performance. We eliminated our stake in **Ameriprise Financial** due to our concerns with the stock's risk-adjusted upside in light of recent share price appreciation. We increased our position in **Wells Fargo**, our top holding at period-end. Despite the onslaught of reputational and regulatory problems stemming from a fake customer accounts scandal in 2016, we believe Wells Fargo has good long-term fundamentals and has made progress in addressing past issues in its sales culture. We also like the bank's expense discipline.

Our allocation to health care, the second-largest allocation, declined in absolute terms but rose relative to the benchmark. We eliminated our holdings in **Merck** midway through the period after a strong run and bought a stake in **AbbVie** in the wake of its announced acquisition of **Allergan**, a deal that we believe provides the company with several new durable revenue streams. Before its deal with AbbVie was announced, we also initiated a position in Allergan early in the period and increased our stake in the runup to the deal announcement.

Other notable equity subtractions include Microsoft, **Johnson Controls International**, and **Hess**, all of which we trimmed on strength. In utilities, we took advantage of share price appreciation to exit our position in **Duke Energy**. We are wary of the company's elevated debt load, ongoing legal troubles regarding its Atlantic Coast Pipeline, and worsening risk/reward profile relative to peers. We added to our stake in **GE**. Though we acknowledge prior management's missteps

and the remaining challenges GE faces, we remain confident in the current leadership team. We also like the company's attractive valuation and its progress on its turnaround efforts. While its power business continues to struggle, we believe the current management team will be successful in de-risking its balance sheet and turning around struggling businesses.

### What is portfolio management's outlook?

U.S. stocks surged in 2019, with several major indexes hitting all-time highs in the second half of the year. The Federal Reserve's decision to keep rates steady in the first half of the year and then reduce them three times starting in July was a major driver of market performance. Trade discussions between the U.S. and China also drove market sentiment. Speculation arose numerous times during the year that the two countries were "close" to reaching an agreement, though occasional tensions seemed to reduce its likelihood. A preliminary "phase one" trade deal was not officially struck until December.

Hard economic data remain weak, but economic indicators appear to be bottoming. Moreover, the Federal Reserve's accommodative monetary policy and a warming in U.S.-China trade relations have improved investor sentiment.

Given the strength of the market over the past year, we believe investors may be too complacent; caution is warranted. While a strong consumer and more accommodative monetary policy provide support, we believe political, regulatory, and geopolitical risks are likely to be elevated in 2020. Given this backdrop, we expect positive but muted returns for the equity market in 2020 coupled with the potential for more extreme outcomes.

Share price appreciation in recent periods has made pockets of attractive investment opportunities tougher to come by. Despite this challenging environment, we have identified attractively valued investment opportunities through bottom-up, fundamental analysis and continue to maintain a disciplined, longer-term approach while also taking advantage of volatility to selectively add shares of high-quality companies.

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 portfolio'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 portfolio may prove incorrect, resulting in losses or poor performance, even in rising markets. Also, the portfolio'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 portfolio's overall investment program and achieve the portfolio'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**

Note: Frank Russell Company (Russell) is the source and owner of the Russell index data contained or reflected in these materials and all trademarks and copyrights related thereto. Russell® is a registered trademark of Russell. Russell is not responsible for the formatting or configuration of these materials or for any inaccuracy in T. Rowe Price Associates' presentation thereof.

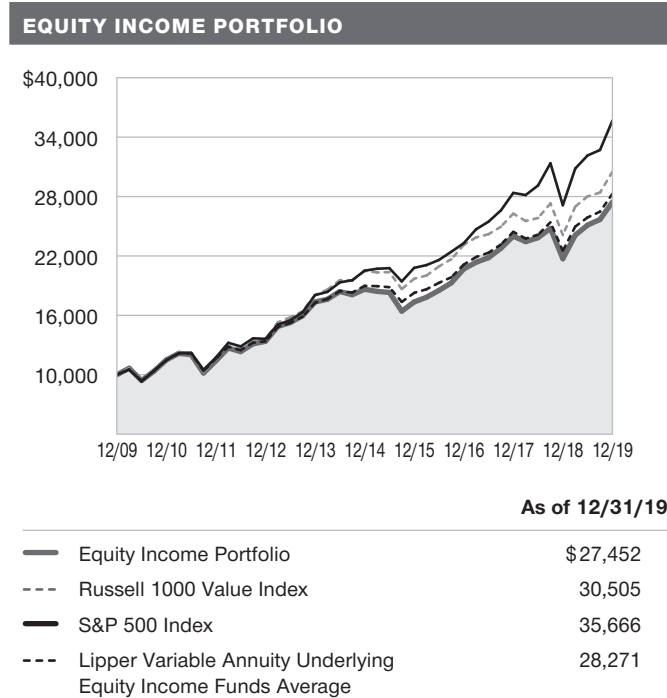
**TWENTY-FIVE LARGEST HOLDINGS**

	Percent of Net Assets 12/31/19
Wells Fargo	3.8%
JPMorgan Chase	3.3
Southern Company	2.7
Qualcomm	2.5
Total	2.3
Johnson & Johnson	2.2
Morgan Stanley	1.9
Chubb	1.9
Tyson Foods	1.8
GE	1.8
TC Energy	1.8
ExxonMobil	1.7
Verizon Communications	1.7
Philip Morris International	1.7
CVS Health	1.6
American International Group	1.6
State Street	1.6
Boeing	1.6
Kimberly-Clark	1.6
Pfizer	1.5
Microsoft	1.5
L3Harris Technologies	1.5
Fifth Third Bancorp	1.5
UPS	1.5
Medtronic	1.5
<b>Total</b>	<b>48.1%</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.



Note: Performance for the II Class will vary due to its differing fee structure. See the Average Annual Compound Total Return table.

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/19	1 Year	5 Years	10 Years
Equity Income Portfolio	26.40%	8.06%	10.63%
Equity Income Portfolio-II	26.04	7.78	10.35

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 7/1/19</b>	<b>Ending Account Value 12/31/19</b>	<b>Expenses Paid During Period * 7/1/19 to 12/31/19</b>
<b>Equity Income Portfolio</b>			
Actual	\$1,000.00	\$1,092.90	\$3.90
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.48	3.77
<b>Equity Income Portfolio-II</b>			
Actual	1,000.00	1,091.30	5.22
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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 23.36	\$ 29.27	\$ 28.34	\$ 26.81	\$ 30.02
Investment activities					
Net investment income <sup>(1)(2)</sup>	0.61	0.58	0.51	0.61	0.52
Net realized and unrealized gain / loss	5.49	(3.28)	4.00	4.50 <sup>(3)</sup>	(2.58)
Total from investment activities	6.10	(2.70)	4.51	5.11	(2.06)
Distributions					
Net investment income	(0.62)	(0.59)	(0.53)	(0.67)	(0.53)
Net realized gain	(1.71)	(2.62)	(3.05)	(2.91)	(0.62)
Total distributions	(2.33)	(3.21)	(3.58)	(3.58)	(1.15)
<b>NET ASSET VALUE</b>					
End of period	\$ 27.13	\$ 23.36	\$ 29.27	\$ 28.34	\$ 26.81

## Ratios/Supplemental Data

<b>Total return<sup>(2)(4)</sup></b>	<b>26.40%</b>	<b>(9.50)%</b>	<b>16.02%</b>	<b>19.17%<sup>(3)</sup></b>	<b>(6.85)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(5)</sup>	0.85%	0.80%	0.85%	0.85%	0.85%
Net expenses after waivers/payments by Price Associates	0.74%	0.80%	0.85%	0.85%	0.85%
Net investment income	2.31%	2.01%	1.73%	2.17%	1.78%
Portfolio turnover rate	19.5%	16.5%	19.9%	18.5%	27.5%
Net assets, end of period (in millions)	\$ 477	\$ 428	\$ 541	\$ 551	\$ 605

<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, and payment of no redemption or account fees, if applicable.

<sup>(5)</sup> See Note 5. Prior to December 31, 2019, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 23.27	\$ 29.16	\$ 28.25	\$ 26.73	\$ 29.94
Investment activities					
Net investment income <sup>(1)(2)</sup>	0.55	0.51	0.44	0.52	0.44
Net realized and unrealized gain / loss	5.45	(3.26)	3.98	4.50 <sup>(3)</sup>	(2.57)
Total from investment activities	6.00	(2.75)	4.42	5.02	(2.13)
Distributions					
Net investment income	(0.55)	(0.52)	(0.46)	(0.59)	(0.46)
Net realized gain	(1.71)	(2.62)	(3.05)	(2.91)	(0.62)
Total distributions	(2.26)	(3.14)	(3.51)	(3.50)	(1.08)
<b>NET ASSET VALUE</b>					
End of period	\$ 27.01	\$ 23.27	\$ 29.16	\$ 28.25	\$ 26.73

## Ratios/Supplemental Data

<b>Total return<sup>(2)(4)</sup></b>	<b>26.04%</b>	<b>(9.69)%</b>	<b>15.73%</b>	<b>18.85%<sup>(3)</sup></b>	<b>(7.10)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(5)</sup>	1.10%	1.05%	1.10%	1.10%	1.10%
Net expenses after waivers/payments by Price Associates	0.99%	1.05%	1.10%	1.10%	1.10%
Net investment income	2.07%	1.77%	1.48%	1.89%	1.51%
Portfolio turnover rate	19.5%	16.5%	19.9%	18.5%	27.5%
Net assets, end of period (in thousands)	\$ 238,540	\$ 183,383	\$ 208,017	\$ 205,562	\$ 270,238

<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, and payment of no redemption or account fees, if applicable.

<sup>(5)</sup> See Note 5. Prior to December 31, 2019, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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

December 31, 2019

**PORTFOLIO OF INVESTMENTS<sup>†</sup>****Shares/Par      \$ Value**

(Cost and value in \$000s)

**COMMON STOCKS 95.9%****Communication Services 6.1%****Diversified Telecommunication Services 2.5%**

AT&T	46,407	1,814
CenturyLink	60,866	804
Telefonica (EUR)	403,832	2,824
Verizon Communications	202,021	12,404
		17,846

**Entertainment 1.6%**

Fox, Class B	218,533	7,955
Walt Disney	22,916	3,314
		11,269

**Media 2.0%**

Comcast, Class A	181,772	8,174
News, Class A	436,100	6,166
		14,340
Total Communication Services		43,455

**Consumer Discretionary 2.4%****Hotels, Restaurants & Leisure 1.2%**

Las Vegas Sands	105,601	7,291
MGM Resorts International	39,600	1,317
		8,608

**Leisure Products 0.5%**

Mattel (1)	242,240	3,282
		3,282

**Multiline Retail 0.5%**

Kohl's	67,530	3,441
		3,441

**Specialty Retail 0.2%**

L Brands	90,060	1,632
		1,632
Total Consumer Discretionary		16,963

**Shares/Par      \$ Value**

(Cost and value in \$000s)

**Consumer Staples 8.3%****Food & Staples Retailing 0.7%**

Walmart	41,200	4,896
		4,896

**Food Products 4.3%**

Bunge	58,600	3,372
Conagra Brands	291,626	9,985
Corteva	88,823	2,626
Kellogg	21,600	1,494
Tyson Foods, Class A	144,889	13,191
		30,668

**Household Products 1.6%**

Kimberly-Clark	82,000	11,279
		11,279

**Tobacco 1.7%**

Philip Morris International	145,300	12,364
		12,364

Total Consumer Staples

59,207

**Energy 8.7%****Oil, Gas & Consumable Fuels 8.7%**

Chevron	20,210	2,436
Equitrans Midstream	52,768	705
Exxon Mobil	178,102	12,428
Hess	32,071	2,143
Occidental Petroleum	206,500	8,510
Pioneer Natural Resources	27,800	4,208
Targa Resources	49,800	2,033
TC Energy	242,248	12,914
TOTAL (EUR)	300,395	16,669
Total Energy		62,046

**Financials 23.1%****Banks 11.2%**

Bank of America	13,175	464
Citigroup	24,400	1,949
Fifth Third Bancorp	346,541	10,653
JPMorgan Chase	170,558	23,776

T. ROWE PRICE EQUITY INCOME PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
PNC Financial Services Group	50,600	8,077
U.S. Bancorp	131,714	7,809
Wells Fargo	506,969	27,275
		80,003
<b>Capital Markets 4.7%</b>		
Bank of New York Mellon	43,100	2,169
Franklin Resources	135,550	3,522
Morgan Stanley	269,899	13,797
Northern Trust	22,600	2,401
State Street	145,500	11,509
		33,398
<b>Diversified Financial Services 0.5%</b>		
AXA Equitable Holdings	155,955	3,865
		3,865
<b>Insurance 6.7%</b>		
American International Group	225,996	11,600
Chubb	87,359	13,598
Loews	115,310	6,053
Marsh & McLennan	29,398	3,275
MetLife	194,300	9,904
Willis Towers Watson	18,430	3,722
		48,152
Total Financials		165,418
<b>Health Care 12.4%</b>		
<b>Biotechnology 1.8%</b>		
AbbVie	63,600	5,631
Gilead Sciences	108,700	7,063
		12,694
<b>Health Care Equipment &amp; Supplies 2.2%</b>		
Becton Dickinson & Company	9,348	2,542
Medtronic	92,911	10,541
Zimmer Biomet Holdings	16,300	2,440
		15,523
<b>Health Care Providers &amp; Services 3.0%</b>		
Anthem	33,152	10,013
CVS Health	156,517	11,628
		21,641

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Pharmaceuticals 5.4%</b>		
Allergan	33,400	6,385
Bristol-Myers Squibb	49,700	3,190
GlaxoSmithKline (GBP)	112,195	2,637
Johnson & Johnson	108,096	15,768
Pfizer	282,931	11,085
		39,065
Total Health Care		88,923
<b>Industrials &amp; Business Services 11.8%</b>		
<b>Aerospace &amp; Defense 3.3%</b>		
Boeing	35,042	11,415
L3Harris Technologies	54,007	10,687
United Technologies	8,800	1,318
		23,420
<b>Air Freight &amp; Logistics 1.5%</b>		
United Parcel Service, Class B	90,179	10,556
		10,556
<b>Airlines 1.4%</b>		
Alaska Air Group	80,616	5,462
Delta Air Lines	48,030	2,809
Southwest Airlines	28,171	1,520
		9,791
<b>Building Products 0.8%</b>		
Johnson Controls International	138,320	5,631
		5,631
<b>Commercial Services &amp; Supplies 0.7%</b>		
Stericycle (1)	78,802	5,028
		5,028
<b>Electrical Equipment 0.8%</b>		
Emerson Electric	55,500	4,233
nVent Electric	74,800	1,913
		6,146
<b>Industrial Conglomerates 1.8%</b>		
General Electric	1,159,800	12,943
		12,943

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Machinery 0.8%</b>		
Flowserve	8,795	438
PACCAR	30,593	2,420
Snap-on	18,400	3,117
		5,975
<b>Professional Services 0.7%</b>		
Nielsen Holdings	256,931	5,216
		5,216
Total Industrials & Business Services		84,706
<b>Information Technology 8.0%</b>		
<b>Communications Equipment 1.2%</b>		
Cisco Systems	171,778	8,238
		8,238
<b>Electronic Equipment, Instruments &amp; Components 0.2%</b>		
TE Connectivity	13,200	1,265
		1,265
<b>IT Services 0.5%</b>		
Cognizant Technology Solutions, Class A	60,650	3,762
		3,762
<b>Semiconductors &amp; Semiconductor Equipment 4.4%</b>		
Applied Materials	89,900	5,487
NXP Semiconductors	15,000	1,909
QUALCOMM	205,112	18,097
Texas Instruments	48,442	6,215
		31,708
<b>Software 1.5%</b>		
Microsoft	69,691	10,990
		10,990
<b>Technology Hardware, Storage &amp; Peripherals 0.2%</b>		
Western Digital	23,099	1,466
		1,466
Total Information Technology		57,429

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Materials 4.1%</b>		
<b>Chemicals 3.0%</b>		
Akzo Nobel (EUR)	10,945	1,118
CF Industries Holdings	145,200	6,932
Dow	106,189	5,811
DuPont de Nemours	103,723	6,659
PPG Industries	7,146	954
		21,474
<b>Containers &amp; Packaging 0.9%</b>		
International Paper	137,753	6,344
		6,344
<b>Metals &amp; Mining 0.2%</b>		
Nucor	26,067	1,467
		1,467
Total Materials		29,285
<b>Real Estate 3.5%</b>		
<b>Real Estate Investment Trusts 3.5%</b>		
Equity Residential, REIT	80,900	6,547
Rayonier, REIT	163,561	5,358
SL Green Realty, REIT	48,534	4,459
Weyerhaeuser, REIT	288,706	8,719
Total Real Estate		25,083
<b>Utilities 7.1%</b>		
<b>Electric Utilities 4.7%</b>		
Edison International	123,254	9,294
Evergy	7,800	508
NextEra Energy	29,867	7,233
Southern	262,903	16,747
		33,782
<b>Multi-Utilities 2.4%</b>		
CenterPoint Energy	116,300	3,171
NiSource	366,338	10,199
Sempra Energy	22,146	3,355
		16,725
Total Utilities		50,507

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Total Miscellaneous Common Stocks 0.4% (2)		2,970
<b>Total Common Stocks</b> <b>(Cost \$488,090)</b>		<b>685,992</b>
<b>CONVERTIBLE PREFERRED STOCKS 2.0%</b>		
<b>Health Care 0.8%</b>		
<b>Health Care Equipment &amp; Supplies 0.8%</b>		
Becton Dickinson & Company, Series A, 6.125%, 5/1/20	86,513	5,671
Total Health Care		5,671
<b>Utilities 1.2%</b>		
<b>Electric Utilities 0.4%</b>		
Southern, Series A, 6.75%, 8/1/22	53,957	2,872
		2,872
<b>Multi-Utilities 0.7%</b>		
Sempra Energy, Series A, 6.00%, 1/15/21	30,401	3,655
Sempra Energy, Series B, 6.75%, 7/15/21	9,767	1,161
		4,816

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Water Utilities 0.1%</b>		
Aqua America, 6.00%, 4/30/22	17,595	1,089
		1,089
Total Utilities		8,777
<b>Total Convertible Preferred Stocks</b> <b>(Cost \$11,931)</b>		<b>14,448</b>
<b>CORPORATE BONDS 0.2%</b>		
<b>Corporate Bonds 0.2%</b>		
AXA, 7.25%, 5/15/21 (3)	1,288,000	1,490
<b>Total Corporate Bonds</b> <b>(Cost \$1,288)</b>		<b>1,490</b>
<b>SHORT-TERM INVESTMENTS 1.7%</b>		
<b>Money Market Funds 1.7%</b>		
T. Rowe Price Government Reserve Fund, 1.59% (4)(5)	12,179,680	12,180
<b>Total Short-Term Investments</b> <b>(Cost \$12,180)</b>		<b>12,180</b>
<b>Total Investments in Securities</b>		
<b>99.8% of Net Assets (Cost \$513,489)</b>	<b>\$</b>	<b>714,110</b>

- ‡ 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 \$1,490 and represents 0.2% of net assets.
  - (4) Seven-day yield
  - (5) Affiliated Companies
- 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, 2019. 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	\$ —#	\$ —	\$ 240+

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/18</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/19</b>
T. Rowe Price Government Reserve Fund	\$ 10,148	□	□ \$	12,180^

# Capital gain distributions from mutual funds represented \$0 of the net realized gain (loss).

+ Investment income comprised \$240 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 \$12,180.

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



December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$513,489)	\$ 714,110
Dividends and interest receivable	1,433
Receivable for shares sold	795
Foreign currency (cost \$152)	154
Other assets	119
Total assets	<u>716,611</u>

**Liabilities**

Investment management and administrative fees payable	561
Payable for shares redeemed	357
Total liabilities	<u>918</u>

**NET ASSETS****\$ 715,693****Net Assets Consist of:**

Total distributable earnings (loss)	\$ 200,788
Paid-in capital applicable to 26,419,942 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized	<u>514,905</u>

**NET ASSETS****\$ 715,693****NET ASSET VALUE PER SHARE****Equity Income Class**

(\$477,153,321 / 17,588,773 shares outstanding)	\$ 27.13
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**Equity Income – II Class**

(\$238,540,150 / 8,831,169 shares outstanding)	\$ 27.01
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The accompanying notes are an integral part of these financial statements.

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/19
<b>Investment Income (Loss)</b>	
Income	
Dividend	\$ 20,256
Interest	199
Total income	20,455
Expenses	
Investment management and administrative expense	5,693
Rule 12b-1 fees – Equity Income-II Class	528
Waived/Paid by Price Associates	(736)
Net expenses	5,485
Net investment income	14,970
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	40,005
Payment from Price Associates (Note 6)	18
Foreign currency transactions	5
Net realized gain	40,028
Change in net unrealized gain/loss on securities	99,363
Net realized and unrealized gain / loss	139,391
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 154,361</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 14,970	\$ 13,834
Net realized gain	40,028	51,641
Change in net unrealized gain / loss	99,363	(130,419)
Increase (decrease) in net assets from operations	154,361	(64,944)
Distributions to shareholders		
Net earnings		
Equity Income Class	(38,663)	(53,147)
Equity Income – II Class	(18,569)	(22,070)
Decrease in net assets from distributions	(57,232)	(75,217)
Capital share transactions *		
Shares sold		
Equity Income Class	28,521	20,707
Equity Income – II Class	36,940	37,966
Distributions reinvested		
Equity Income Class	38,663	53,148
Equity Income – II Class	18,569	22,069
Shares redeemed		
Equity Income Class	(85,882)	(87,935)
Equity Income – II Class	(30,043)	(42,630)
Increase in net assets from capital share transactions	6,768	3,325
<b>Net Assets</b>		
Increase (decrease) during period	103,897	(136,836)
Beginning of period	611,796	748,632
<b>End of period</b>	<b>\$ 715,693</b>	<b>\$ 611,796</b>

## \*Share information

Shares sold		
Equity Income Class	1,079	716
Equity Income – II Class	1,392	1,326
Distributions reinvested		
Equity Income Class	1,445	2,188
Equity Income – II Class	696	915
Shares redeemed		
Equity Income Class	(3,272)	(3,040)
Equity Income – II Class	(1,138)	(1,493)
Increase in shares outstanding	202	612

<sup>(1)</sup> Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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 to insurance company separate accounts established for the purpose of funding 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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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. Non-cash dividends, if any, are recorded at the fair market value of the asset received. 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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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 independent pricing services or by broker dealers who make markets in such securities. When valuing securities, the independent pricing services consider 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, 2019 (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	\$ 662,744	\$ 23,248	\$ —	\$ 685,992
Convertible Preferred Stocks	—	14,448	—	14,448
Fixed Income Securities <sup>1</sup>	—	1,490	—	1,490
Short-Term Investments	12,180	—	—	12,180
Total	\$ 674,924	\$ 39,186	\$ —	\$ 714,110

<sup>1</sup>Includes Corporate Bonds.

**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 invests 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 \$128,085,000 and \$164,989,000, respectively, for the year ended December 31, 2019.

**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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

Distributions during the years ended December 31, 2019 and December 31, 2018, were characterized for tax purposes as follows:

	December 31,	
	2019	2018
Ordinary income	\$ 17,413	\$ 14,910
Long-term capital gain	39,819	60,307
Total distributions	<u>\$ 57,232</u>	<u>\$ 75,217</u>

At December 31, 2019, the tax-basis cost of investments and components of net assets were as follows:

	(\$000s)
Cost of investments	\$ 516,879
Unrealized appreciation	\$ 216,965
Unrealized depreciation	(19,731)
Net unrealized appreciation (depreciation)	197,234
Undistributed ordinary income	356
Undistributed long-term capital gain	3,198
Paid-in capital	514,905
Net assets	<u>\$ 715,693</u>

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales for tax purposes..

**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 services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2020 to waive a portion of its management fee in order to limit the fund's management fee to 0.74% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$736,000 and allocated ratably in the amount of \$504,000 for the Equity Income Class and in the amount of \$232,000 for the Equity Income - II Class for the year ended December 31, 2019.

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.

On April 2, 2019, Price Associates reimbursed the fund \$18,000 (0.0% of net assets) for the estimated effect of an under-reported cash balance available for investment.

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, 2019, the fund had no purchases or sales cross trades with other funds or accounts advised by 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 district court denied that motion, and the trustee has appealed. 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. On December 19, 2019, the appellate court reaffirmed its earlier decision in favor of the defendants. 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 (3.59% 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., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodians and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
February 7, 2020

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 12/31/19**

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:

- \$2,473,000 from short-term capital gains,
- \$39,819,000 from long-term capital gains, subject to a long-term capital gains tax rate not greater than 20%.

For taxable non-corporate shareholders, \$16,854,000 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, \$16,790,000 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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2017 [189]	Director and Vice President, T. Rowe Price; Vice President, 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.

\*\*Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**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 Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alexa M. Gagliardi (1988) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Trust Company
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) Principal Financial Officer, Vice President, and Treasurer	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
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, T. Rowe Price

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) Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
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 (1966) 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, JPMorgan 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, 2019

T. ROWE PRICE

# Moderate Allocation Portfolio

*(formerly T. Rowe Price Personal Strategy Balanced Portfolio)*

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



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## HIGHLIGHTS

- The Moderate Allocation Portfolio returned 19.80% for the year ended December 31, 2019, outperforming its combined index portfolio benchmark and its Lipper peer group average.
- Portfolio positioning and the inclusion of diversifying sectors, particularly those within fixed income, contributed to relative performance. Conversely, security selection within the underlying investments detracted, most notably among U.S. large-cap growth stocks.
- Over the year, we adjusted positioning based on relative valuations and sought value in segments where market imbalances appeared to have created attractive risk/reward opportunities. We increased our exposure to global stocks as we believe growth has stabilized, albeit at low levels, which should be supportive of equity markets. We also added to high yield bonds as the sector continues to offer attractive carry and default expectations remain low.
- In our view, the trends in trade and how the tenor of trade negotiations influence corporate spending decisions will be key drivers of the direction of growth in the global economy and markets. We believe that the Moderate Allocation Portfolio's diversification, along with our ability to adjust allocations in response to the evolution of risks and opportunities in financial markets, will prove beneficial to shareholders in a range of environments.

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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.

**It's convenient**—access your important account documents whenever you need them.

**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

Stocks posted strong gains in 2019 as most major U.S. indexes hit record highs in a broad-based rally that more than offset 2018's losses. Large- and mid-cap growth stocks were the strongest performers, with the S&P 500 and Nasdaq benchmarks recording their best year since 2013. U.S. shares outpaced their global counterparts, although most non-U.S. indexes also finished with solid double-digit gains.

Technology shares performed best within the S&P 500, helped by strong gains from industry giants Apple and Microsoft, and financial stocks also outperformed the broader market. Fixed income securities produced solid gains during the period as well—with corporate bonds leading the way—as longer-term Treasury yields fell to historic lows in late summer before partially rebounding.

In a sign that public markets have retained discipline, investors expressed skepticism about certain private-equity valuation levels when compared with their prospects for financial profitability. Relatively few initial public offerings (IPOs) saw their prices appreciate during the year, and one high-profile IPO candidate (WeWork) decided to withdraw its offering altogether after its valuation was dramatically reduced in the weeks before its proposed IPO.

Although the year opened with concerns that an escalating U.S.-China trade dispute could lead to a recession, global central banks played a key role in supporting markets. Fed policymakers delivered quarter-percentage-point rate cuts in July, September, and October and took steps to maintain liquidity in short-term lending markets. Other central banks also acted to address flagging growth, including the European Central Bank, which lowered its benchmark deposit rate deeper into negative territory and announced that it was restarting its quantitative easing program.

The pivot to a more accommodative monetary policy was a marked change from 2018, when the Fed raised rates four times, and appeared to be successful in reenergizing the economy. After contracting earlier in 2019, key U.S. manufacturing indicators showed signs of stabilizing by year-end, and the labor market remained strong, with solid payroll gains and an unemployment rate hovering near a 50-year low. With this more encouraging economic backdrop, it was not a surprise that in December Fed officials seemed satisfied that monetary policy was properly positioned to support continued growth and forecast no additional rate moves in 2020.

Besides central bank policy, investors also closely followed developments in the U.S.-China trade dispute. Stocks stumbled in May and August after the U.S. announced new tariffs on some Chinese imports and China retaliated with new tariffs of its own. However, investors generally took an optimistic view of trade negotiations, which limited the trade war's toll on markets, and in December the two countries announced a "phase one" agreement to reduce some existing tariffs and cancel the imposition of new ones.

With monetary policy worldwide largely committed to ensuring market liquidity and some global economic indicators showing signs of improvement, there are reasons to be optimistic in 2020. However, we caution investors not to expect the outsized gains of the past year. If the post-World War II era is to be a guide, the S&P 500 has on average generated mid-single-digit returns in the fourth year of a presidential cycle.

Further market advances will likely hinge on a resumption in earnings growth, which stalled in 2019, and there is no shortage of global risks in the year ahead. Unresolved trade issues, tensions in the Middle East, and policy debates on taxes, health care, and wealth disparity leading up to the U.S. presidential election all have the potential to cause market volatility.

In addition to these risks, T. Rowe Price analysts will be closely following how disruptive forces such as innovation, technological change, and automation could impact a growing number of global industries. In an uncertain environment, with a wide dispersion of returns possible, we believe that in-depth fundamental research that integrates environmental, social, and governance considerations will be critical to successfully assess opportunities and risks. I am confident our strategic investing approach will continue to serve our shareholders well.

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 Moderate Allocation Portfolio returned 19.80% for the 12 months ended December 31, 2019. The portfolio outperformed its combined index portfolio benchmark and 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 12/31/19	Total Return	
	6 Months	12 Months
Moderate Allocation Portfolio	5.74%	19.80%
Morningstar Moderate Target Risk Index	6.20	19.03
Combined Index Portfolio*	6.46	19.55
Lipper Variable Annuity Underlying Mixed-Asset Target Allocation Moderate Funds Average	5.61	17.80

\*For a definition of the combined index portfolio, please see the Benchmark Information section.

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

Tactical decisions to overweight and underweight asset classes positively contributed to relative returns. Our high-level allocations to equity, fixed income, and cash had a positive impact for the year. In the second quarter, markets pulled back as trade and monetary policy risks fueled recession fears. This pullback created an attractive opportunity to add to our position in stocks as valuations better reflected the risks in the marketplace, while, in our view, bonds appeared increasingly more expensive. Our positioning between stocks, bonds, and cash lifted returns as stocks rallied over the course of the year to deliver strong absolute returns. Within equities, we added to our position in equity markets outside the U.S. An overweight to international stocks relative to U.S. stocks, which significantly outpaced international stock markets for the year, had a negative impact on performance. Early in 2019, we held an underweight to high yield debt as investors remained wary of riskier asset classes following the late 2018 market sell-off. Although this decision weighed on results as below investment-grade debt benefited from the first quarter's risk-on rally, we have since moved overweight to high yield bonds since midyear as spreads have continued to tighten.

The inclusion of diversifying sectors, particularly those within fixed income, also had a positive impact on relative performance. An allocation to emerging markets debt added value, as the sector was supported by investors' continued demand for yield and improved risk appetite. An allocation to high yield bonds also lifted relative returns. High yield bonds fared better than investment-grade issues, as accommodative monetary policy pressured already low yields for higher-quality debt even lower, driving investors to seek higher returns from riskier assets. Our exposure to real assets equities detracted somewhat, though an underweight to real assets stocks relative to equities helped mitigate the negative impact of this allocation. Although real assets stocks produced positive returns during the year, the sector lagged the advance of the broader global equity market.

Security selection in the fund's underlying investments had a negative impact on performance. U.S. large-cap growth stocks were the most notable detractor, as some of our key holdings in the space lagged the broader market. Security selection among U.S. large-cap value stocks and emerging markets bonds also weighed on returns as these strategies underperformed their respective benchmarks. Following a period of underperformance, our allocation to international equities rebounded to add significant value for the year, as favorable security selection in both developed and emerging markets positively contributed to relative performance. Strong selection among U.S. small-cap stocks continued to be a boon for the portfolio, as the allocation outpaced its benchmark for the year.

**How is the fund positioned?**

As of December 31, 2019, we were modestly overweight stocks relative to bonds. We began the period neutral to equities as valuations had returned to reasonable levels following a sharp sell-off in the fourth quarter of 2018. More recently, we increased our exposure to stocks and are now overweight relative to bonds, as we believe that global growth is stabilizing—albeit at low levels—which should be supportive for equity markets. Bond valuations have become extended following a decline in interest rates due to concerns over slowing growth.

**Stocks**

As of December 31, 2019, the portfolio was overweight international stocks. Regions outside of the U.S. may benefit from a softer dollar, as the Federal Reserve remains on pause and is not expected to raise interest rates in the near term. While under pressure from the slowdown in global trade and continued weakness in the manufacturing sector, trade concerns have abated and geopolitical risks have eased in Europe as recent parliamentary elections in the UK have reduced Brexit-related uncertainty, which may be supportive.

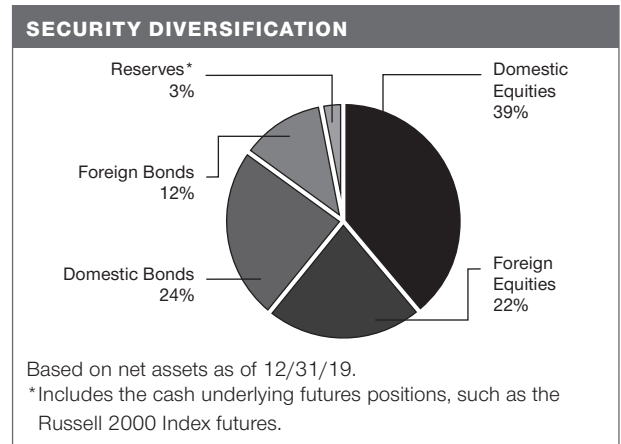
In the U.S., we maintained our overweight position in growth stocks as secular growth companies are less sensitive to broad economic events. While regulatory concerns and elevated valuations are challenges, we believe that favorable fundamentals reflected in growth stocks' ability to outpace market expectations in a low-growth environment should benefit the sector. Although the improved global growth sentiment may support value stocks in the near term, we expect the gains to be short-lived. We are overweight to U.S. small-cap stocks relative to large-cap stocks. U.S. small-cap valuations are attractive and smaller companies benefit from low interest rates, but headwinds include risks from higher leverage and wage pressures.

We remained underweight to real assets equities for the period. We are cautious on the long-term prospects for energy and commodity prices, given continued advances in productivity growth in extractive industries—such as mining and drilling—and further signs of fading Chinese demand for industrial metals. Real estate investment trust fundamentals are broadly positive, with muted supply growth and healthy levels of occupancy and rental income.

### **Bonds**

We remain underweight in U.S. investment-grade bonds. Although near-term fundamentals may be supportive, valuations are extended and corporate spreads (the yield differences between bonds with higher and lower credit quality) remain tight relative to history. We added to high yield bonds, which offer reasonably attractive yields in a generally low-yield environment, and we are vigilant about late-stage risks of the credit cycle and weakness within the lowest-quality segment.

We remained underweight to nondollar international developed markets bonds at period-end. Extended duration is a risk for nondollar bonds, from the perspective of unhedged U.S. investors, and low/negative yields remain un compelling versus U.S. yields. We are overweight to emerging markets bonds given compelling yield levels and supportive central banks, but instability in several key markets and the potential for contagion remain concerns, which reinforces the role of active management and research when investing in emerging markets debt.



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

Risk assets persevered to deliver a strong rally from the marked downturn at the end of 2018, despite the myriad risks that headlined 2019, from Brexit concerns and U.S.-China trade tensions to sluggish global growth and disappointing manufacturing data. Stocks soared to hit all-time highs in the fourth quarter, while bonds were led by emerging markets and high yield debt as we saw the U.S. yield curve steepen, reflecting an improving outlook for growth. Progress on trade negotiations between the U.S. and China and a decisive election victory for Prime Minister Boris Johnson's government have eased fears of a no-deal Brexit. While some manufacturing data have not reaccelerated, we have seen signs of stabilization that should be supportive for growth in the coming year. We believe that the trends in trade and how the tenor of trade negotiations influence corporate spending decisions will be key drivers of the direction of growth in the global economy and markets. While the current economic cycle is aging, we expect the strong labor environment to continue supporting consumer spending and underpin economic growth.

The dovish shift in central bank policies and a broader easing of financial and liquidity conditions have tempered near-term recession fears but may leave global central banks ill-equipped to respond to a more pronounced downturn. While this shift in policy should help to stabilize global growth, it will not, in our view, be sufficient to ignite a sustained acceleration in growth.

The potential for heightened volatility, combined with above-average valuations in many asset classes against a backdrop filled with geopolitical and monetary policy risks, underscores the value of our thoughtful strategic investment approach. Given the confluence of positive and negative forces on the horizon that can drive global financial markets, we believe that the Moderate Allocation 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.

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**T. Rowe Price Moderate Allocation Portfolio**

Supplement to Summary Prospectus Dated May 1, 2019

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On page 4, the portfolio manager table under “Management” is supplemented as follows:

Effective March 1, 2020, Toby M. Thompson will join Charles M. Shriver as one of the fund’s portfolio managers and become Cochairman of the fund’s Investment Advisory Committee.

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The date of this supplement is February 20, 2020.

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E304-041-S 2/20/20

**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, 2019: 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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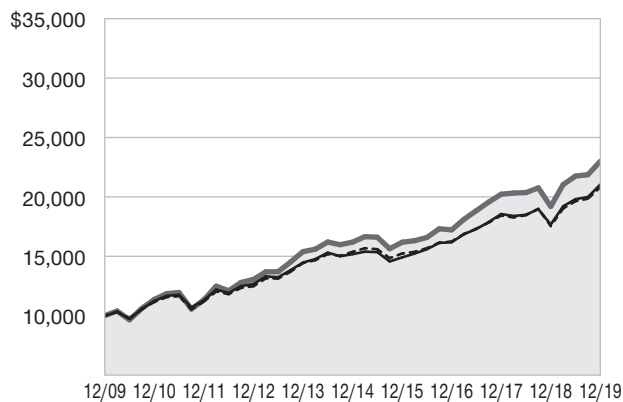
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## GROWTH OF \$10,000

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.

### MODERATE ALLOCATION PORTFOLIO



As of 12/31/19

— Moderate Allocation Portfolio	\$23,001
--- Morningstar Moderate Target Risk Index	21,038
--- Lipper Variable Annuity Underlying Mixed-Asset Target Allocation Moderate Funds Average	20,814

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/19	1 Year	5 Years	10 Years
Moderate Allocation Portfolio	19.80%	7.27%	8.69%

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.

### MODERATE ALLOCATION PORTFOLIO

	Beginning Account Value 7/1/19	Ending Account Value 12/31/19	Expenses Paid During Period* 7/1/19 to 12/31/19
Actual	\$1,000.00	\$1,057.40	\$3.73
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.58	3.67

\*Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.72%), 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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 18.31	\$ 21.09	\$ 19.17	\$ 18.73	\$ 20.56
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.38	0.39	0.30	0.31	0.34
Net realized and unrealized gain/loss	3.22	(1.44)	3.02	0.89	(0.35)
Total from investment activities	3.60	(1.05)	3.32	1.20	(0.01)
Distributions					
Net investment income	(0.40)	(0.38)	(0.32)	(0.32)	(0.36)
Net realized gain	(0.55)	(1.35)	(1.08)	(0.44)	(1.46)
Total distributions	(0.95)	(1.73)	(1.40)	(0.76)	(1.82)
<b>NET ASSET VALUE</b>					
End of period	\$ 20.96	\$ 18.31	\$ 21.09	\$ 19.17	\$ 18.73

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3)</sup></b>	<b>19.80%</b>	<b>(5.08)%</b>	<b>17.41%</b>	<b>6.45%</b>	<b>(0.05)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(4)</sup>	0.90%	0.88%	0.90%	0.90%	0.90%
Net expenses after waivers/payments by Price Associates	0.72%	0.76%	0.78%	0.77%	0.77%
Net investment income	1.88%	1.84%	1.43%	1.63%	1.66%
Portfolio turnover rate	91.2%	77.0%	61.8%	75.4%	71.5%
Net assets, end of period (in thousands)	\$ 184,645	\$ 166,744	\$ 184,401	\$ 159,611	\$ 163,344

<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, and payment of no redemption or account fees, if applicable.

<sup>(4)</sup> See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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

December 31, 2019

**PORTFOLIO OF INVESTMENTS<sup>†</sup>****Shares/Par      \$ Value**

(Cost and value in \$000s)

**COMMON STOCKS 54.6%****Communication Services 4.8%****Diversified Telecommunication Services 0.4%**

AT&T	66	3
KT (KRW) (1)	2,662	62
Nippon Telegraph & Telephone (JPY)	18,000	455
Telecom Italia (EUR)	104,817	64
Telefonica Deutschland Holding (EUR)	36,890	107
Telstra (AUD)	15,121	38
		729

**Entertainment 0.6%**

Electronic Arts (1)	735	79
Netflix (1)	1,502	486
Spotify Technology (1)	559	84
Walt Disney	3,140	454
Zynga, Class A (1)	8,080	49
		1,152

**Interactive Media & Services 3.3%**

Alphabet, Class A (1)	303	406
Alphabet, Class C (1)	1,486	1,987
Baidu, ADR (1)	466	59
Facebook, Class A (1)	10,433	2,141
IAC/InterActiveCorp (1)	865	215
JOYY, ADR (1)	1,397	74
Match Group (1)	730	60
NAVER (KRW)	504	81
Tencent Holdings (HKD)	18,300	882
Z Holdings (JPY)	19,500	82
		5,987

**Media 0.3%**

Cable One	86	128
CyberAgent (JPY)	2,800	97
Eutelsat Communications (EUR)	5,141	84
Stroeer (EUR)	1,099	89

**Shares/Par      \$ Value**

(Cost and value in \$000s)

WPP (GBP)	14,427	203
		601

**Wireless Telecommunication Services 0.2%**

SoftBank Group (JPY)	2,100	91
Vodafone Group, ADR	11,009	213
		304
Total Communication Services		8,773

**Consumer Discretionary 6.3%****Auto Components 0.4%**

Aisin Seiki (JPY)	2,100	78
Aptiv	1,978	188
Autoliv, SDR (SEK)	1,289	109
Gentherm (1)	866	38
Magna International	3,650	200
Stanley Electric (JPY)	3,800	110
Sumitomo Rubber Industries (JPY)	4,600	56
Visteon (1)	421	37
		816

**Automobiles 0.3%**

Ferrari	206	34
Honda Motor (JPY) (2)	2,500	71
Suzuki Motor (JPY)	2,700	113
Toyota Motor (JPY)	4,500	317
		535

**Diversified Consumer Services 0.1%**

API Group (1)	2,506	27
API Group, Warrants, 10/10/20 (1)	2,406	—
Bright Horizons Family Solutions (1)	346	52
Chegg (1)	612	23
Strategic Education	50	8
		110

**Hotels, Restaurants & Leisure 0.8%**

Chipotle Mexican Grill (1)	30	25
Chuy's Holdings (1)	887	23
Compass Group (GBP)	5,721	143

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Denny's (1)	1,830	36
Drive Shack (1)	2,020	7
Dunkin' Brands Group	713	54
Fiesta Restaurant Group (1)	1,209	12
Hilton Worldwide Holdings	1,640	182
Las Vegas Sands	1,680	116
Marriott International, Class A	940	142
OneSpaWorld Holdings (1)	1,500	25
Papa John's International	1,020	64
Red Robin Gourmet Burgers (1)	802	27
Restaurant Brands International	861	55
Royal Caribbean Cruises	2,117	283
Wynn Resorts	1,393	194
Yum! Brands	383	39
		1,427
<b>Household Durables 0.3%</b>		
Cavco Industries (1)	153	30
Panasonic (JPY)	12,200	115
Persimmon (GBP)	3,873	138
Skyline Champion (1)	1,252	40
Sony (JPY)	2,200	149
Tempur Sealy International (1)	659	57
TRI Pointe Group (1)	2,783	43
		572
<b>Internet &amp; Direct Marketing Retail 2.9%</b>		
A Place for Rover, Acquisition		
Date: 5/25/18, Cost \$-		
(1)(3)(4)	52	—
Alibaba Group Holding, ADR (1)	7,668	1,627
Amazon.com (1)	1,583	2,925
ASOS (GBP) (1)	2,752	123
Booking Holdings (1)	241	495
Trip.com Group, ADR (1)	1,480	50
Zalando (EUR) (1)	2,208	111
		5,331
<b>Multiline Retail 0.5%</b>		
Dollar General	2,483	387
Dollar Tree (1)	4,827	454

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Ollie's Bargain Outlet Holdings (1)	1,312	86
Tuesday Morning (1)	4,300	8
		935
<b>Specialty Retail 0.5%</b>		
Aaron's	1,480	85
Burlington Stores (1)	523	119
Five Below (1)	92	12
Kingfisher (GBP)	45,656	131
Michaels (1)	3,450	28
Monro	1,294	101
National Vision Holdings (1)	319	10
RH (1)	89	19
Ross Stores	2,598	303
TJX	820	50
		858
<b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>		
Allbirds, Acquisition Date:		
10/10/18 - 12/21/18, Cost \$6		
(1)(3)(4)	580	7
Burberry Group (GBP)	4,646	136
Kering (EUR)	262	173
Lululemon Athletica (1)	670	155
Moncler (EUR)	3,615	163
NIKE, Class B	1,930	195
Samsonite International (HKD)	37,500	90
VF	700	70
		989
Total Consumer Discretionary		11,573
<b>Consumer Staples 2.0%</b>		
<b>Beverages 0.2%</b>		
Boston Beer, Class A (1)	247	93
Constellation Brands, Class A	17	3
Diageo (GBP)	5,289	223
Kirin Holdings (JPY)	3,900	85
		404
<b>Food &amp; Staples Retailing 0.2%</b>		
Grocery Outlet Holding (1)	110	4

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Performance Food Group (1)	1,213	62
Seven & i Holdings (JPY)	4,800	176
Welcia Holdings (JPY)	1,200	76
		318
<b>Food Products 1.2%</b>		
BellRing Brands, Class A (1)	620	13
Cal-Maine Foods	1,281	55
Collier Creek Holdings (1)	1,436	15
Conagra Brands	2,487	85
Nestle (CHF)	7,459	808
Nomad Foods (1)	1,687	38
Post Holdings (1)	734	80
Sanderson Farms	364	64
Simply Good Foods (1)	1,209	34
TreeHouse Foods (1)	1,302	63
Tyson Foods, Class A	8,172	744
Wilmar International (SGD)	40,000	123
		2,122
<b>Personal Products 0.4%</b>		
L'Oreal (EUR)	830	245
Pola Orbis Holdings (JPY) (2)	1,700	41
Unilever (GBP)	9,429	540
		826
<b>Tobacco 0.0%</b>		
Philip Morris International	10	1
		1
Total Consumer Staples		3,671
<b>Energy 1.9%</b>		
<b>Energy Equipment &amp; Services 0.4%</b>		
Computer Modelling Group (CAD)	1,550	10
Dril-Quip (1)	431	20
Halliburton	8,000	196
Liberty Oilfield Services, Class A	2,832	31
Nextier Oilfield Solutions (1)	3,270	22
Schlumberger	6,308	254
Worley (AUD)	12,704	137
		670

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Oil, Gas &amp; Consumable Fuels 1.5%</b>		
BP, ADR	2,281	86
Concho Resources	395	35
ConocoPhillips	2,973	193
Continental Resources	1,433	49
Devon Energy	2,913	76
Diamondback Energy	498	46
EOG Resources	4,822	404
Equinor (NOK)	9,563	191
Jagged Peak Energy (1)	2,347	20
Kosmos Energy	1,156	7
Magnolia Oil & Gas, Class A (1)	3,340	42
Marathon Petroleum	1,300	78
New Fortress Energy (1)	625	10
Noble Energy	3,321	82
Occidental Petroleum	5,519	227
Pioneer Natural Resources	1,287	195
Royal Dutch Shell, Class B, ADR	3,939	236
Seven Generations Energy, Class A (CAD) (1)	2,820	18
TC Energy	7,031	375
TOTAL (EUR)	6,372	354
TOTAL, ADR	142	8
Venture Global LNG, Series B, Acquisition Date: 3/8/18, Cost \$3 (1)(3)(4)	1	5
Venture Global LNG, Series C, Acquisition Date: 5/25/17 - 3/8/18, Cost \$18 (1)(3)(4)	5	26
		2,763
Total Energy		3,433
<b>Financials 8.7%</b>		
<b>Banks 3.4%</b>		
ABN AMRO Bank, CVA (EUR)	7,802	142
Atlantic Capital Bancshares (1)	893	16
Australia & New Zealand Banking Group (AUD)	7,770	134
BankUnited	1,645	60
Barclays, ADR	3,304	31
BNP Paribas (EUR)	4,366	260

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Bridge Bancorp	1,000	34
CenterState Bank	1,843	46
Citigroup	2,276	182
Columbia Banking System	632	26
Commerzbank (EUR)	3,912	24
CrossFirst Bankshares (1)	759	11
CrossFirst Bankshares, Acquisition Date: 10/23/18, Cost \$7 (1)(3)	490	7
Danske Bank (DKK)	6,350	103
DBS Group Holdings (SGD)	6,075	117
DNB (NOK)	12,226	229
Dogwood State Bank, Non- Voting Shares, Acquisition Date: 5/6/19, Cost \$3 (1)(3)(4)	307	3
Dogwood State Bank, Voting Shares, Acquisition Date: 5/6/19, Cost \$2 (1)(3)(4)	151	2
Dogwood State Bank, Warrants, 5/6/24, Acquisition Date: 5/6/19, Cost \$- (1)(3)(4)	46	—
East West Bancorp	620	30
Equity Bancshares, Class A (1)	760	24
Erste Group Bank (EUR)	1,723	65
FB Financial	1,121	44
Fifth Third Bancorp	6,376	196
First Bancshares	765	27
Grasshopper Bancorp, Acquisition Date: 10/12/18 - 5/2/19, Cost \$5 (1)(3)(4)	528	5
Grasshopper Bancorp, Warrants, 10/12/28, Acquisition Date: 10/12/18, Cost \$- (1)(3)(4)	104	—
Heritage Commerce	2,064	27
Heritage Financial	956	27
Home BancShares	3,860	76
Hope Bancorp	1,390	21
Independent Bank	277	23
Independent Bank Group	973	54
ING Groep (EUR)	16,959	204
Intesa Sanpaolo (EUR)	42,249	111
Investors Bancorp	2,700	32

	Shares/Par	\$ Value
(Cost and value in \$000s)		
JPMorgan Chase	10,247	1,428
Live Oak Bancshares	1,100	21
Lloyds Banking Group (GBP)	230,806	191
Mitsubishi UFJ Financial Group (JPY)	34,400	186
National Bank of Canada (CAD) (2)	3,400	189
Origin Bancorp	1,015	38
Pacific Premier Bancorp	888	29
Pinnacle Financial Partners	1,176	75
Prosperity Bancshares	694	50
Seacoast Banking (1)	2,019	62
Signature Bank	90	12
South State	409	36
Standard Chartered (GBP)	12,610	119
Sumitomo Mitsui Trust Holdings (JPY)	2,935	116
Svenska Handelsbanken, A Shares (SEK)	19,649	212
Texas Capital Bancshares (1)	410	23
Towne Bank	1,126	31
United Overseas Bank (SGD)	8,500	167
Webster Financial	790	42
Wells Fargo	13,779	741
Western Alliance Bancorp	1,613	92
		6,253
<b>Capital Markets 1.4%</b>		
Cboe Global Markets	971	116
Charles Schwab	7,585	361
Close Brothers Group (GBP)	1,495	32
CME Group	110	22
Conyers Park II Acquisition (1)	1,427	16
GAM Holding (CHF) (1)(2)	4,451	13
Goldman Sachs Group	100	23
Intercontinental Exchange	3,429	317
Macquarie Group (AUD)	1,918	186
Morgan Stanley	15,637	799
S&P Global	699	191
State Street	3,250	257
TD Ameritrade Holding	3,706	184

	Shares/Par	\$ Value
(Cost and value in \$000s)		
XP, Class A (1)	685	26
		2,543
<b>Consumer Finance 0.3%</b>		
Ally Financial	2,561	78
American Express	1,680	209
Capital One Financial	1,590	164
Encore Capital Group (1)	1,256	44
PRA Group (1)	1,365	50
SLM	2,100	19
		564
<b>Diversified Financial Services 0.3%</b>		
AXA Equitable Holdings	12,829	318
Challenger (AUD)	18,769	107
Element Fleet Management (CAD) (2)	19,409	166
Mitsubishi UFJ Lease & Finance (JPY)	13,600	87
		678
<b>Insurance 3.2%</b>		
AIA Group (HKD)	11,400	120
American International Group	22,835	1,172
Assurant	611	80
Aviva (GBP)	21,143	117
AXA (EUR)	12,355	349
Axis Capital Holdings	894	53
Chubb	4,051	631
Direct Line Insurance Group (GBP)	35,552	147
Hanover Insurance Group	463	63
Marsh & McLennan	3,807	424
MetLife	2,800	143
Munich Re (EUR)	1,053	311
PICC Property & Casualty, H Shares (HKD)	142,000	171
Ping An Insurance Group, H Shares (HKD)	13,000	154
ProSight Global (1)	387	6
Prudential (GBP)	6,527	125
RSA Insurance Group (GBP)	13,156	99
Safety Insurance Group	322	30

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sampo, A Shares (EUR)	2,092	91
Selective Insurance Group	1,259	82
State Auto Financial	651	20
Storebrand (NOK)	18,833	148
Sun Life Financial (CAD)	5,275	241
Tokio Marine Holdings (JPY)	4,300	241
Willis Towers Watson	3,221	651
Zurich Insurance Group (CHF)	561	230
		5,899
<b>Thriffs &amp; Mortgage Finance 0.1%</b>		
Capitol Federal Financial	2,037	28
Essent Group	630	33
Meridian Bancorp	2,225	45
PennyMac Financial Services	1,665	56
Radian Group	1,545	39
Sterling Bancorp	1,636	13
		214
Total Financials		16,151

**Health Care 8.2%****Biotechnology 1.2%**

AbbVie	5,593	495
ACADIA Pharmaceuticals (1)	225	10
Acceleron Pharma (1)	340	18
Agiros Pharmaceuticals (1)	305	15
Aimmune Therapeutics (1)	805	27
Alexion Pharmaceuticals (1)	1,115	121
Allogene Therapeutics (1)	160	4
Amgen	22	5
Argenx, ADR (1)	312	50
Ascendis Pharma, ADR (1)	1,113	155
Biogen (1)	510	151
Blueprint Medicines (1)	456	36
Corvus Pharmaceuticals (1)	370	2
CRISPR Therapeutics (1)	65	4
CSL (AUD)	461	89
Enanta Pharmaceuticals (1)	50	3
Forty Seven (1)	93	4
G1 Therapeutics (1)	288	8

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Global Blood Therapeutics (1)	943	75
Homology Medicines (1)	479	10
IGM Biosciences (1)	200	8
Immunomedics (1)	780	16
Insmmed (1)	1,578	38
Iovance Biotherapeutics (1)	150	4
Krystal Biotech (1)	105	6
Momenta Pharmaceuticals (1)	928	18
Orchard Therapeutics, ADR (1)	1,353	19
Principia Biopharma (1)	315	17
PTC Therapeutics (1)	340	16
Radius Health (1)	1,940	39
Sage Therapeutics (1)	312	22
Scholar Rock Holding (1)	219	3
Seattle Genetics (1)	411	47
Tricida (1)	415	16
Ultragenyx Pharmaceutical (1)	560	24
Vertex Pharmaceuticals (1)	2,502	548
Xencor (1)	841	29
		2,152
<b>Health Care Equipment &amp; Supplies 2.9%</b>		
Abbott Laboratories	277	24
Alcon (CHF) (1)	1,120	63
AtriCure (1)	580	19
Avanos Medical (1)	1,244	42
Becton Dickinson & Company	2,476	673
Boston Scientific (1)	6,740	305
Danaher	9,464	1,453
Elekta, B Shares (SEK) (2)	8,022	106
Envista Holdings (1)	3,745	111
Exact Sciences (1)	540	50
GN Store Nord (DKK)	2,081	98
ICU Medical (1)	176	33
Intuitive Surgical (1)	823	486
iRhythm Technologies (1)	583	40
JAND, Class A, Acquisition Date: 3/9/18, Cost \$7 (1)(3)(4)	443	8
Koninklijke Philips (EUR)	9,080	444
Medtronic	2,630	298
Nevro (1)	286	34

	Shares/Par	\$ Value
(Cost and value in \$000s)		
NuVasive (1)	463	36
Pax Labs, Class A, Acquisition Date: 4/18/19, Cost \$15 (1)(3)(4)	3,864	10
Penumbra (1)	40	7
Quidel (1)	1,041	78
Stryker	3,390	712
Teleflex	20	7
Zimmer Biomet Holdings	1,011	151
		5,288
<b>Health Care Providers &amp; Services 1.5%</b>		
Acadia Healthcare (1)	1,189	39
Amedisys (1)	383	64
Anthem	1,745	527
Centene (1)	2,382	150
Cigna	2,869	587
Cross Country Healthcare (1)	1,345	16
Fresenius (EUR)	3,982	224
Hanger (1)	2,133	59
HCA Healthcare	1,061	157
Molina Healthcare (1)	767	104
Pennant Group (1)	632	21
U.S. Physical Therapy	325	37
UnitedHealth Group	2,673	786
WellCare Health Plans (1)	335	110
		2,881
<b>Health Care Technology 0.1%</b>		
HMS Holdings (1)	1,314	39
Siemens Healthineers (EUR)	3,362	161
Tabula Rasa HealthCare (1)	160	8
Veeva Systems, Class A (1)	240	34
		242
<b>Life Sciences Tools &amp; Services 0.6%</b>		
Adaptive Biotechnologies (1)	244	7
Agilent Technologies	70	6
Bruker	1,361	69
Evotec (EUR) (1)	1,894	49
Thermo Fisher Scientific	3,087	1,003
		1,134



	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Pharmaceuticals 1.9%</b>		
Astellas Pharma (JPY)	22,500	384
Bayer (EUR)	4,217	343
Cara Therapeutics (1)	472	8
Catalent (1)	1,545	87
Elanco Animal Health (1)	4,269	126
GlaxoSmithKline, ADR	5,750	270
Johnson & Johnson	613	89
Merck	1,974	179
MyoKardia (1)	536	39
Novartis (CHF)	5,498	521
Novo Nordisk, B Shares (DKK)	1,893	110
Odonate Therapeutics (1)	120	4
Otsuka Holdings (JPY) (2)	3,300	147
Pfizer	4,126	162
Reata Pharmaceuticals, Class A (1)	214	44
Roche Holding (CHF)	1,601	520
Sanofi (EUR)	3,100	311
Takeda Pharmaceutical, ADR	3,261	64
TherapeuticsMD (1)	10,048	24
Turning Point Therapeutics (1)	225	14
WaVe Life Sciences (1)	136	1
Zoetis	360	48
		3,495
Total Health Care		15,192

**Industrials & Business Services 5.4%****Aerospace & Defense 0.9%**

Aerojet Rocketdyne Holdings (1)	1,049	48
Boeing	2,574	838
BWX Technologies	1,335	83
Cubic	1,019	65
L3Harris Technologies	485	96
Meggitt (GBP)	26,983	235
Northrop Grumman	461	158
Teledyne Technologies (1)	348	121
		1,644

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Air Freight &amp; Logistics 0.2%</b>		
United Parcel Service, Class B	2,707	317
		317
<b>Airlines 0.1%</b>		
Alclear Holdings, Class B, Acquisition Date: 3/6/18 - 12/13/18, Cost \$18 (1)(3)(4)(5)	118	32
Hawaiian Holdings	1,040	30
United Airlines Holdings (1)	1,942	171
		233
<b>Building Products 0.1%</b>		
Gibraltar Industries (1)	1,178	59
PGT Innovations (1)	1,592	24
Quanex Building Products	402	7
Simpson Manufacturing	531	43
		133
<b>Commercial Services &amp; Supplies 0.2%</b>		
Brink's	1,249	113
Cintas	129	35
Heritage-Crystal Clean (1)	942	30
Rentokil Initial (GBP)	10,028	60
Stericycle (1)	170	11
Team (1)	1,410	22
Tetra Tech	120	10
Waste Connections	492	45
		326
<b>Construction &amp; Engineering 0.1%</b>		
Jacobs Engineering Group	2,167	195
Valmont Industries	291	43
		238
<b>Electrical Equipment 0.5%</b>		
ABB (CHF)	8,273	200
AZZ	1,041	48
Bloom Energy, Class A (1)	1,085	8
Legrand (EUR)	1,348	110
Melrose Industries (GBP)	57,303	182
Mitsubishi Electric (JPY)	18,200	248

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Prysmian (EUR)	4,932	119
Thermon Group Holdings (1)	420	11
		926
<b>Industrial Conglomerates 1.4%</b>		
3M	360	64
CK Hutchison Holdings (HKD)	18,784	179
DCC (GBP)	1,550	134
General Electric	96,148	1,073
Honeywell International	1,014	180
Roper Technologies	1,141	404
Siemens (EUR)	3,605	471
		2,505
<b>Machinery 0.8%</b>		
Barnes Group	420	26
Caterpillar	1,270	188
Chart Industries (1)	784	53
Cummins	370	66
Deere	1,771	307
Dover	420	48
ESCO Technologies	881	82
Federal Signal	270	9
Fortive	161	12
Gardner Denver Holdings (1)	1,260	46
Graco	870	45
Helios Technologies	529	25
John Bean Technologies	873	98
Knorr-Bremse (EUR)	869	88
Mueller Water Products, Class A	3,460	41
REV Group	840	10
SMC (JPY)	200	92
Stanley Black & Decker	180	30
THK (JPY)	5,400	145
Toro	974	78
		1,489
<b>Marine 0.0%</b>		
Matson	1,678	69
		69

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Professional Services 0.3%</b>		
CoStar Group (1)	241	144
Equifax	440	61
Huron Consulting Group (1)	320	22
IHS Markit (1)	544	41
Recruit Holdings (JPY)	4,800	180
TechnoPro Holdings (JPY)	1,100	77
		525
<b>Road &amp; Rail 0.4%</b>		
Canadian Pacific Railway	309	79
Central Japan Railway (JPY)	600	121
Kansas City Southern	251	38
Knight-Swift Transportation Holdings	1,205	43
Landstar System	270	31
Norfolk Southern	1,028	199
Schneider National, Class B	1,231	27
Union Pacific	1,682	304
		842
<b>Trading Companies &amp; Distributors 0.4%</b>		
Mitsubishi (JPY)	6,600	175
SiteOne Landscape Supply (1)	1,253	113
Sumitomo (JPY)	15,700	233
United Rentals (1)	1,090	182
		703
Total Industrials & Business Services		9,950
<b>Information Technology 11.0%</b>		
<b>Communications Equipment 0.3%</b>		
Cisco Systems	1,100	53
LM Ericsson, B Shares (SEK)	22,421	196
Motorola Solutions	2,126	342
		591
<b>Electronic Equipment, Instruments &amp; Components 0.6%</b>		
Belden	160	9
CTS	1,416	43
Hamamatsu Photonics (JPY)	2,300	94
Keysight Technologies (1)	3,111	319

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Largan Precision (TWD)	1,000	167
Littelfuse	220	42
Murata Manufacturing (JPY)	2,200	135
National Instruments	1,684	71
Novanta (1)	885	78
Omron (JPY)	2,000	117
TE Connectivity	260	25
		1,100

**IT Services 2.8%**

ANT International, Class C, Acquisition Date: 6/7/18, Cost \$61 (1)(3)(4)		
	10,922	70
Automatic Data Processing	265	45
Booz Allen Hamilton Holding	1,124	80
Euronet Worldwide (1)	489	77
Evo Payments, Class A (1)	392	10
Fidelity National Information Services		
	4,271	594
Fiserv (1)	4,616	534
FleetCor Technologies (1)	582	167
Global Payments	3,489	637
Mastercard, Class A	3,600	1,075
Parsons (1)	498	21
PayPal Holdings (1)	4,880	528
ServiceTitan, Acquisition Date: 11/9/18, Cost \$- (1)(3)(4)		
	19	1
StoneCo, Class A (1)	992	40
Tucows, Class A (1)	244	15
Visa, Class A	6,580	1,236
		5,130

**Semiconductors & Semiconductor Equipment 3.0%**

Advanced Micro Devices (1)	2,120	97
Applied Materials	9,509	580
ASML Holding	235	70
ASML Holding (EUR)	808	239
Broadcom	2,208	698
Entegris	2,073	104
Inphi (1)	512	38
KLA	537	96
Lam Research	307	90

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Lattice Semiconductor (1)	5,067	97
Marvell Technology Group	5,229	139
Maxim Integrated Products	586	36
Microchip Technology (2)	184	19
Micron Technology (1)	6,087	327
MKS Instruments	190	21
Monolithic Power Systems	150	27
NVIDIA	1,021	240
NXP Semiconductors	6,534	832
PDF Solutions (1)	1,359	23
QUALCOMM	8,127	717
Renesas Electronics (JPY) (1)	8,400	57
Semtech (1)	290	15
Skyworks Solutions	560	68
Taiwan Semiconductor Manufacturing (TWD)		
	36,219	401
Texas Instruments	2,543	326
Tokyo Electron (JPY)	700	153
Xilinx	1,349	132
		5,642

**Software 3.6%**

Atlassian, Class A (1)	221	27
Bill.com Holdings (1)	54	2
Ceridian HCM Holding (1)	1,149	78
Checkr, Acquisition Date: 6/29/18 - 12/2/19, Cost \$5 (1)(3)(4)		
	198	6
Coupa Software (1)	405	59
Descartes Systems Group (1)	2,202	94
DocuSign (1)	910	67
Five9 (1)	805	53
Intuit	2,330	610
Microsoft	18,336	2,892
nCino, Acquisition Date: 9/16/19, Cost \$9 (1)(3)(4)		
	422	9
PagerDuty (1)	417	10
Paycom Software (1)	583	154
Paylocity Holding (1)	50	6
Proofpoint (1)	507	58
salesforce.com (1)	3,809	619

	Shares/Par	\$ Value
(Cost and value in \$000s)		
ServiceNow (1)	2,251	636
Splunk (1)	1,724	258
SS&C Technologies Holdings	1,471	90
Synopsys (1)	1,555	216
Toast, Acquisition Date: 9/14/18, Cost \$- (1)(3)(4)	1	—
VMware, Class A (1)	1,941	295
Workday, Class A (1)	2,028	334
Zendesk (1)	765	59
		6,632
<b>Technology Hardware, Storage &amp; Peripherals 0.7%</b>		
Apple	2,895	850
Samsung Electronics (KRW)	7,531	363
		1,213
Total Information Technology		20,308
<b>Materials 2.4%</b>		
<b>Chemicals 1.4%</b>		
Air Liquide (EUR)	1,217	173
Air Products & Chemicals	142	33
Asahi Kasei (JPY)	15,000	168
BASF (EUR)	2,118	160
CF Industries Holdings	5,162	246
Covestro (EUR)	1,963	91
Eastman Chemical	1,309	104
Element Solutions (1)	2,103	25
GCP Applied Technologies (1)	1,098	25
Johnson Matthey (GBP)	4,330	172
Linde	3,691	786
Minerals Technologies	710	41
PolyOne	710	26
PPG Industries	1,780	238
Quaker Chemical	234	38
Sherwin-Williams	145	85
Tosoh (JPY)	1,700	26
Umicore (EUR)	3,134	153
		2,590
<b>Containers &amp; Packaging 0.3%</b>		
Amcor, CDI (AUD)	9,637	105

	Shares/Par	\$ Value
(Cost and value in \$000s)		
International Paper	2,138	98
Packaging Corp. of America	3,237	363
		566
<b>Metals &amp; Mining 0.6%</b>		
Alacer Gold (CAD) (1)	3,337	18
Antofagasta (GBP)	10,921	132
BHP Group (GBP)	6,791	159
BHP Group (AUD)	1,903	52
Constellium (1)	2,580	34
Franco-Nevada (CAD)	420	43
Freeport-McMoRan	23,072	303
Haynes International	780	28
Independence Group (AUD)	26,064	114
Northern Star Resources (AUD)	6,208	49
Osisko Gold Royalties (CAD) (2)	1,420	14
Rio Tinto (AUD)	1,027	73
South32 (AUD)	42,796	81
		1,100
<b>Paper &amp; Forest Products 0.1%</b>		
Stora Enso, R Shares (EUR)	12,000	175
West Fraser Timber (CAD) (2)	1,280	56
		231
Total Materials		4,487
<b>Real Estate 1.0%</b>		
<b>Equity Real Estate Investment Trusts 0.8%</b>		
Acadia Realty Trust, REIT	944	24
Alexander & Baldwin, REIT	889	19
American Campus Communities, REIT	1,393	65
American Tower, REIT	5	1
Community Healthcare Trust, REIT	270	12
CubeSmart, REIT	1,182	37
EastGroup Properties, REIT	779	103
First Industrial Realty Trust, REIT	672	28
Great Portland Estates (GBP)	9,465	108
JBG SMITH Properties, REIT	1,945	78
Paramount Group, REIT	1,410	20

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Prologis, REIT	7,628	680
PS Business Parks, REIT	579	95
Regency Centers, REIT	374	24
Rexford Industrial Realty, REIT	1,330	61
Scentre Group (AUD)	33,366	90
Unibail-Rodamco-Westfield (EUR)	521	82
		1,527
<b>Real Estate Management &amp; Development 0.2%</b>		
Colliers International Group	154	12
Deutsche Wohnen (EUR)	2,481	101
FirstService	1,031	96
Mitsui Fudosan (JPY)	7,700	188
		397
Total Real Estate		1,924
<b>Utilities 2.7%</b>		
<b>Electric Utilities 1.5%</b>		
American Electric Power	1,190	113
Edison International	8,616	650
Entergy	3,642	436
NextEra Energy	4,918	1,191
PNM Resources	2,135	108
Southern	6,252	398
		2,896
<b>Gas Utilities 0.2%</b>		
Beijing Enterprises Holdings (HKD)	16,500	76
Chesapeake Utilities	541	52
ONE Gas	1,031	96
Southwest Gas Holdings	1,150	87
		311
<b>Independent Power &amp; Renewable Electricity Producers 0.1%</b>		
Electric Power Development (JPY)	4,400	107
NextEra Energy Partners	590	31
		138
<b>Multi-Utilities 0.8%</b>		
Ameren	399	31

	Shares/Par	\$ Value
(Cost and value in \$000s)		
CenterPoint Energy	6,614	180
Engie (EUR)	14,459	234
National Grid (GBP)	12,044	150
NiSource	3,723	104
Sempra Energy	5,082	770
		1,469
<b>Water Utilities 0.1%</b>		
California Water Service Group	664	34
Middlesex Water	473	30
SJW Group	707	51
		115
Total Utilities		4,929
Total Miscellaneous Common Stocks 0.2% (6)		366
<b>Total Common Stocks (Cost \$61,061)</b>		<b>100,757</b>

**CONVERTIBLE PREFERRED STOCKS 0.3%****Consumer Discretionary 0.0%****Automobiles 0.0%**

Rivian Automotive, Series D, Acquisition Date: 12/23/19, Cost \$13 (1)(3)(4)	1,224	13
		13

**Diversified Consumer Services 0.0%**

1stdibs.com, Series D, Acquisition Date: 2/7/19, Cost \$6 (1)(3)(4)	1,120	6
		6

**Internet & Direct Marketing Retail 0.0%**

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	20
Roofoods, Series G, Acquisition Date: 5/16/19, Cost \$1 (1)(3)(4)	2	1
		26

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Specialty Retail 0.0%</b>		
Vroom, Series F, Acquisition Date: 6/30/17, Cost \$8 (1)(3)(4)	480	13
Vroom, Series H, Acquisition Date: 11/21/19, Cost \$5 (1)(3)(4)	192	5
		18
<b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>		
Allbirds, Series A, Acquisition Date: 10/10/18, Cost \$2 (1)(3)(4)	190	3
Allbirds, Series B, Acquisition Date: 10/10/18, Cost \$- (1)(3)(4)	35	1
Allbirds, Series C, Acquisition Date: 10/9/18, Cost \$4 (1)(3)(4)	320	4
Allbirds, Series Seed, Acquisition Date: 10/10/18, Cost \$1 (1)(3)(4)	100	1
		9
Total Consumer Discretionary		72
<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	17
Total Consumer Staples		17
<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	949	62
JAND, Series E, Acquisition Date: 3/9/18, Cost \$9 (1)(3)(4)	546	10
Total Health Care		72
<b>Industrials &amp; Business Services 0.0%</b>		
<b>Machinery 0.0%</b>		
Fortive, Series A, 5.00%, 7/1/21	45	44
		44

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Road &amp; Rail 0.0%</b>		
Convoy, Series C, Acquisition Date: 9/14/18, Cost \$9 (1)(3)(4)	1,241	17
Convoy, Series D, Acquisition Date: 10/30/19, Cost \$10 (1)(3)(4)	764	10
		27
Total Industrials & Business Services		71
<b>Information Technology 0.1%</b>		
<b>IT Services 0.0%</b>		
ServiceTitan, Series D, Acquisition Date: 11/9/18, Cost \$5 (1)(3)(4)	184	5
		5
<b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>		
Broadcom, Series A, 8.00%, 9/30/22	70	82
		82
<b>Software 0.0%</b>		
Checkr, Series C, Acquisition Date: 4/10/18, Cost \$4 (1)(3)(4)	300	9
Checkr, Series D, Acquisition Date: 9/6/19, Cost \$12 (1)(3)(4)	400	12
Plex Systems Holdings, Series B, Acquisition Date: 6/9/14, Cost \$5 (1)(3)(4)	2,270	7
Seismic Software, Series E, Acquisition Date: 12/13/18, Cost \$7 (1)(3)(4)	223	8
Toast, Series B, Acquisition Date: 9/14/18, Cost \$- (1)(3)(4)	10	—
Toast, Series D, Acquisition Date: 6/27/18, Cost \$13 (1)(3)(4)	737	20
		56
Total Information Technology		143

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Utilities 0.1%</b>		
<b>Electric Utilities 0.1%</b>		
Southern, Series A, 6.75%, 8/1/22	2,463	131
		131
<b>Multi-Utilities 0.0%</b>		
Sempra Energy, Series A, 6.00%, 1/15/21	570	68
Sempra Energy, Series B, 6.75%, 7/15/21	301	36
		104
Total Utilities		235
<b>Total Convertible Preferred Stocks (Cost \$525)</b>		<b>610</b>
<b>CORPORATE BONDS 8.1%</b>		
AbbVie, 3.60%, 5/14/25	85,000	90
AbbVie, 4.05%, 11/21/39 (7)	45,000	47
AbbVie, 4.25%, 11/21/49 (7)	50,000	53
AbbVie, 4.70%, 5/14/45	55,000	61
AbbVie, 4.875%, 11/14/48	120,000	138
AerCap Ireland Capital, 4.875%, 1/16/24	175,000	190
Alexandria Real Estate Equities, 3.45%, 4/30/25	40,000	42
Alexandria Real Estate Equities, 3.95%, 1/15/27	40,000	43
Alexandria Real Estate Equities, 3.95%, 1/15/28	65,000	70
Altria Group, 4.80%, 2/14/29	40,000	44
Altria Group, 5.80%, 2/14/39	50,000	58
Altria Group, 5.95%, 2/14/49	48,000	58
American Airlines PTT, Series 2014- 1, Class B, 4.375%, 10/1/22	2,788	3
American Airlines PTT, Series 2015- 1, Class B, 3.70%, 5/1/23	8,967	9

	Shares/Par	\$ Value
(Cost and value in \$000s)		
American Airlines PTT, Series 2016- 1, Class AA, 3.575%, 1/15/28	12,853	13
American Airlines PTT, Series 2016- 3, Class B, 3.75%, 10/15/25	41,162	42
American Airlines PTT, Series 2017- 1, Class B, 4.95%, 2/15/25	55,090	58
American Airlines PTT, Series 2017- 2, Class AA, 3.35%, 10/15/29	18,376	19
American Airlines PTT, Series 2017- 2, Class B, 3.70%, 10/15/25	59,384	59
American Airlines PTT, Series 2019- 1, Class B, 3.85%, 2/15/28	5,000	5
American Campus Communities Operating Partnership, 3.30%, 7/15/26	20,000	21
American Campus Communities Operating Partnership, 3.625%, 11/15/27	45,000	47
American International Group, 3.90%, 4/1/26	12,000	13
Anheuser-Busch InBev Worldwide, 5.55%, 1/23/49	189,000	245
APT Pipelines, 3.875%, 10/11/22 (7)	35,000	36
APT Pipelines, 4.25%, 7/15/27 (7)	180,000	193
Arrow Electronics, 4.00%, 4/1/25	50,000	52
AT&T, 4.50%, 3/9/48	110,000	121
Ausgrid Finance, 3.85%, 5/1/23 (7)	30,000	31
Ausgrid Finance, 4.35%, 8/1/28 (7)	40,000	43
Avnet, 3.75%, 12/1/21	60,000	61
Avolon Holdings Funding, 3.95%, 7/1/24 (7)	15,000	16
Avolon Holdings Funding, 4.375%, 5/1/26 (7)	30,000	32
Avolon Holdings Funding, 5.125%, 10/1/23 (7)	75,000	81
AXA Equitable Holdings, 4.35%, 4/20/28	40,000	43

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Baidu,		
2.875%, 7/6/22	200,000	202
Banco de Bogota,		
4.375%, 8/3/27	200,000	212
Bank of America, VR,		
3.366%, 1/23/26 (8)	215,000	224
Bank of America, VR,		
4.271%, 7/23/29 (8)	65,000	72
Barclays, VR,		
4.61%, 2/15/23 (8)	200,000	209
BAT Capital,		
3.222%, 8/15/24	40,000	41
BAT Capital,		
3.557%, 8/15/27	150,000	153
BBVA Bancomer,		
4.375%, 4/10/24 (7)	150,000	160
Becton Dickinson & Company,		
3.70%, 6/6/27	134,000	142
Becton Dickinson & Company,		
4.669%, 6/6/47	35,000	41
Boardwalk Pipelines,		
3.375%, 2/1/23	61,000	62
Boardwalk Pipelines,		
4.45%, 7/15/27	10,000	10
Boardwalk Pipelines,		
4.95%, 12/15/24	35,000	38
Boardwalk Pipelines,		
5.95%, 6/1/26	10,000	11
Boral Finance,		
3.00%, 11/1/22 (7)	5,000	5
Boral Finance,		
3.75%, 5/1/28 (2)(7)	80,000	80
Boston Properties,		
3.20%, 1/15/25	105,000	109
Boston Properties,		
3.65%, 2/1/26	30,000	32
Brambles USA,		
4.125%, 10/23/25 (7)	20,000	21
Braskem Finance,		
7.375% (9)	100,000	102
Bristol-Myers Squibb,		
3.875%, 8/15/25 (7)	100,000	108
Bristol-Myers Squibb,		
4.625%, 5/15/44 (7)	5,000	6
Bristol-Myers Squibb,		
5.25%, 8/15/43 (7)	30,000	38
Brixmor Operating Partnership,		
3.65%, 6/15/24	31,000	32
Brixmor Operating Partnership,		
3.85%, 2/1/25	60,000	63

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Brixmor Operating Partnership,		
4.125%, 5/15/29	20,000	21
Broadcom,		
3.625%, 1/15/24	20,000	21
Bunge Finance,		
3.25%, 8/15/26	5,000	5
Bunge Finance,		
3.75%, 9/25/27	35,000	36
Bunge Finance,		
4.35%, 3/15/24	10,000	11
Cameron LNG,		
2.902%, 7/15/31 (7)	15,000	15
Cameron LNG,		
3.302%, 1/15/35 (7)	20,000	20
Cameron LNG,		
3.701%, 1/15/39 (7)	15,000	15
Capital One Financial,		
0.80%, 6/12/24 (EUR)	100,000	114
Capital One Financial,		
3.75%, 3/9/27	75,000	80
Cardinal Health,		
3.75%, 9/15/25	40,000	42
Cardinal Health,		
4.50%, 11/15/44	10,000	10
Cardinal Health,		
4.90%, 9/15/45	10,000	10
CC Holdings,		
3.849%, 4/15/23	185,000	194
Cenovus Energy,		
3.80%, 9/15/23	30,000	31
Cenovus Energy,		
4.25%, 4/15/27	20,000	21
Cenovus Energy,		
5.40%, 6/15/47	25,000	29
Charter Communications Operating,		
4.908%, 7/23/25	50,000	55
Charter Communications Operating,		
5.75%, 4/1/48	53,000	62
Charter Communications Operating,		
6.484%, 10/23/45	12,000	15
Cheniere Corpus Christi Holdings,		
3.70%, 11/15/29 (7)	45,000	46
Cheniere Corpus Christi Holdings,		
5.125%, 6/30/27	15,000	17
Cigna,		
3.40%, 3/1/27 (7)	45,000	47
Cigna,		
4.375%, 10/15/28	80,000	89
Cigna,		
4.50%, 2/25/26 (7)	55,000	60



T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Cigna, 4.90%, 12/15/48	65,000	77
CNO Financial Group, 5.25%, 5/30/25	65,000	72
Comcast, 3.20%, 7/15/36	5,000	5
Comcast, 3.25%, 11/1/39	50,000	50
Comcast, 3.30%, 2/1/27	104,000	110
Comcast, 4.15%, 10/15/28	30,000	34
Comcast, 4.70%, 10/15/48	45,000	55
Crown Castle Towers, 3.663%, 5/15/25 (7)	85,000	88
CVS Health, 3.70%, 3/9/23	115,000	120
CVS Health, 4.10%, 3/25/25	70,000	75
CVS Health, 4.30%, 3/25/28	25,000	27
CVS Health, 5.05%, 3/25/48	120,000	142
CVS Health, 5.125%, 7/20/45	5,000	6
Danske Bank, 3.875%, 9/12/23 (7)	200,000	207
Dell International, 4.90%, 10/1/26 (7)	65,000	72
Diamondback Energy, 2.875%, 12/1/24	75,000	76
Diamondback Energy, 3.25%, 12/1/26	50,000	51
Diamondback Energy, 3.50%, 12/1/29	75,000	76
Discover Financial Services, 3.75%, 3/4/25	200,000	211
Empresa Nacional de Telecomunicaciones, 4.875%, 10/30/24	200,000	213
Enel Americas, 4.00%, 10/25/26	50,000	52
Enel Chile, 4.875%, 6/12/28	135,000	150
Energy Transfer Operating, 4.50%, 4/15/24	10,000	11
Energy Transfer Operating, 4.95%, 6/15/28	20,000	22
Energy Transfer Operating, 5.25%, 4/15/29	25,000	28

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Energy Transfer Operating, 5.875%, 1/15/24	40,000	44
Energy Transfer Operating, 6.00%, 6/15/48	70,000	81
Energy Transfer Operating, 6.25%, 4/15/49	40,000	48
Eni, Series X-R, 4.75%, 9/12/28 (7)	205,000	231
Essex Portfolio, 3.375%, 4/15/26	35,000	36
Essex Portfolio, 3.875%, 5/1/24	40,000	42
Expedia Group, 4.50%, 8/15/24	35,000	37
Expedia Group, 5.00%, 2/15/26	132,000	145
Fidelity National Financial, 4.50%, 8/15/28	50,000	54
Fidelity National Information Services, 0.75%, 5/21/23 (EUR)	100,000	114
FirstEnergy, Series B, 3.90%, 7/15/27	105,000	112
FirstEnergy Transmission, 4.35%, 1/15/25 (7)	65,000	70
Fiserv, 3.20%, 7/1/26	35,000	36
Fox, 4.709%, 1/25/29 (7)	35,000	40
GE Capital International Funding, 4.418%, 11/15/35	205,000	218
General Electric, 3.375%, 3/11/24	13,000	13
General Electric, 3.45%, 5/15/24	10,000	10
General Electric, 5.55%, 1/5/26	40,000	45
General Electric, Series D, VR, 5.00% (8)(9)	27,000	26
General Motors, 5.95%, 4/1/49	65,000	72
General Motors, 6.25%, 10/2/43	15,000	17
General Motors Financial, 4.00%, 10/6/26	20,000	21
General Motors Financial, 4.30%, 7/13/25	45,000	48
General Motors Financial, 4.35%, 4/9/25	22,000	24
General Motors Financial, 5.10%, 1/17/24	20,000	22

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
General Motors Financial, 5.25%, 3/1/26	50,000	55
GLP Capital, 3.35%, 9/1/24	10,000	10
GLP Capital, 5.25%, 6/1/25	15,000	16
Goldman Sachs Group, 3.50%, 11/16/26	175,000	183
Goldman Sachs Group, VR, 2.908%, 6/5/23 (8)	45,000	46
Goldman Sachs Group, VR, 4.223%, 5/1/29 (8)	70,000	77
Hasbro, 3.00%, 11/19/24	55,000	55
Hasbro, 3.55%, 11/19/26	25,000	25
Healthcare Realty Trust, 3.625%, 1/15/28	60,000	62
Healthpeak Properties, 3.25%, 7/15/26	5,000	5
Healthpeak Properties, 3.50%, 7/15/29	10,000	10
Highwoods Realty, 3.05%, 2/15/30	65,000	64
Highwoods Realty, 4.125%, 3/15/28	56,000	59
HSBC Holdings, VR, 3.95%, 5/18/24 (8)	200,000	210
Humana, 3.85%, 10/1/24	55,000	58
Israel Chemicals, 6.375%, 5/31/38 (2)(7)	85,000	101
JPMorgan Chase, 2.95%, 10/1/26	105,000	108
JPMorgan Chase, 3.20%, 6/15/26	25,000	26
JPMorgan Chase, 3.90%, 7/15/25	70,000	76
JPMorgan Chase, VR, 3.54%, 5/1/28 (8)	25,000	26
Keysight Technologies, 4.60%, 4/6/27	55,000	61
Kilroy Realty, 4.375%, 10/1/25	13,000	14
Kimco Realty, 3.30%, 2/1/25	25,000	26
Las Vegas Sands, 3.20%, 8/8/24	15,000	15
Las Vegas Sands, 3.50%, 8/18/26	25,000	26

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Martin Marietta Materials, 4.25%, 7/2/24	65,000	70
Micron Technology, 4.185%, 2/15/27	40,000	43
Micron Technology, 4.64%, 2/6/24	85,000	92
Micron Technology, 4.663%, 2/15/30	5,000	6
Netflix, 6.375%, 5/15/29	55,000	62
NRG Energy, 3.75%, 6/15/24 (7)	10,000	10
NRG Energy, 4.45%, 6/15/29 (7)	25,000	26
NXP, 4.875%, 3/1/24 (7)	55,000	60
NXP, 5.35%, 3/1/26 (7)	20,000	22
Occidental Petroleum, 2.90%, 8/15/24	95,000	97
Occidental Petroleum, 3.20%, 8/15/26	5,000	5
Occidental Petroleum, 4.20%, 3/15/48	50,000	49
Occidental Petroleum, 4.40%, 8/15/49	60,000	62
PerkinElmer, 3.30%, 9/15/29	65,000	66
Peru LNG, 5.375%, 3/22/30	200,000	198
Plains All American Pipeline, 2.85%, 1/31/23	15,000	15
Plains All American Pipeline, 3.55%, 12/15/29	30,000	29
QVC, 5.125%, 7/2/22	109,000	115
Regency Centers, 4.125%, 3/15/28	15,000	16
Reynolds American, 4.45%, 6/12/25	55,000	59
Roper Technologies, 2.35%, 9/15/24	15,000	15
Roper Technologies, 2.95%, 9/15/29	20,000	20
Sabine Pass Liquefaction, 5.00%, 3/15/27	115,000	127
Sabine Pass Liquefaction, 5.875%, 6/30/26	35,000	40
Sasol Financing USA, 5.875%, 3/27/24	200,000	217

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
SBA Tower Trust, 3.168%, 4/11/22 (7)	65,000	66
SBA Tower Trust, 3.448%, 3/15/23 (7)	30,000	31
SBA Tower Trust, STEP, 3.869%, 10/15/49 (7)	125,000	130
Sempra Energy, 3.25%, 6/15/27	20,000	20
Sempra Energy, 3.80%, 2/1/38	30,000	31
Sigma Alimentos, 4.125%, 5/2/26	200,000	210
SMBC Aviation Capital Finance, 3.55%, 4/15/24 (7)	205,000	213
Southern, 3.25%, 7/1/26	60,000	62
Synchrony Financial, 3.70%, 8/4/26	10,000	10
Synchrony Financial, 4.25%, 8/15/24	12,000	13
Synchrony Financial, 4.375%, 3/19/24	15,000	16
Tencent Holdings, 3.80%, 2/11/25	200,000	211
Thermo Fisher Scientific, 0.50%, 3/1/28 (EUR)	100,000	111
Transcontinental Gas Pipe Line, 4.00%, 3/15/28	15,000	16
Transcontinental Gas Pipe Line, 4.60%, 3/15/48	30,000	32
Transurban Finance, 3.375%, 3/22/27 (7)	15,000	15
Transurban Finance, 4.125%, 2/2/26 (7)	15,000	16
Trinity Acquisition, 3.50%, 9/15/21	15,000	15
Trinity Acquisition, 4.40%, 3/15/26	65,000	70
U.S. Airways PTT, Series 2013-1, Class A, 3.95%, 11/15/25	22,833	24
United Airlines PTT, Series 2019-2, Class A, 2.90%, 5/1/28	15,000	15
United Airlines PTT, Series 2019-2, Class AA, 2.70%, 5/1/32	10,000	10
United Airlines PTT, Series 2019-2, Class B, 3.50%, 5/1/28	15,000	15

	Shares/Par	\$ Value
(Cost and value in \$000s)		
UnitedHealth Group, 3.50%, 8/15/39	18,000	19
UnitedHealth Group, 4.45%, 12/15/48	40,000	48
Ventas Realty, 3.25%, 10/15/26	60,000	61
VEREIT Operating Partnership, 3.95%, 8/15/27	110,000	115
VEREIT Operating Partnership, 4.60%, 2/6/24	75,000	81
VEREIT Operating Partnership, 4.875%, 6/1/26	20,000	22
Verizon Communications, 4.672%, 3/15/55	16,000	20
Verizon Communications, 4.75%, 11/1/41	15,000	18
Verizon Communications, 4.862%, 8/21/46	75,000	93
Verizon Communications, 5.012%, 4/15/49	33,000	42
Vistra Operations, 3.55%, 7/15/24 (7)	80,000	81
Vistra Operations, 3.70%, 1/30/27 (7)	65,000	65
Vistra Operations, 4.30%, 7/15/29 (7)	63,000	64
Vodafone Group, 4.375%, 5/30/28	89,000	98
Vodafone Group, 5.25%, 5/30/48	65,000	79
Volkswagen Group of America Finance, 3.20%, 9/26/26 (7)	205,000	210
Voya Financial, 3.125%, 7/15/24	55,000	56
Westlake Chemical, 1.625%, 7/17/29 (EUR)	100,000	112
Williams, 3.90%, 1/15/25	90,000	94
Williams, 4.00%, 9/15/25	20,000	21
Williams, 4.30%, 3/4/24	5,000	5
Williams, 4.85%, 3/1/48	35,000	38
Willis North America, 3.60%, 5/15/24	45,000	47
Woodside Finance, 3.65%, 3/5/25 (7)	45,000	47
Woodside Finance, 3.70%, 9/15/26 (7)	40,000	42

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Woodside Finance, 3.70%, 3/15/28 (7)	71,000	73
WPP Finance, 3.625%, 9/7/22	40,000	41
<b>Total Corporate Bonds</b> <b>(Cost \$14,239)</b>		<b>14,991</b>

**ASSET-BACKED SECURITIES 1.7%**

AmeriCredit Automobile Receivables Trust Series 2016-4, Class D, 2.74%, 12/8/22	90,000	91
AmeriCredit Automobile Receivables Trust Series 2019-1, Class B, 3.13%, 2/18/25	20,000	20
Applebee's Funding Series 2019-1A, Class A2I, 4.194%, 6/7/49 (7)	120,000	122
Avis Budget Rental Car Funding AESOP Series 2016-1A, Class A, 2.99%, 6/20/22 (7)	100,000	101
BlueMountain Series 2015-2A, Class A1R, CLO, FRN 3M USD LIBOR + 0.93%, 2.933%, 7/18/27 (7)	250,000	249
BlueMountain Series 2015-2A, Class BR, CLO, FRN 3M USD LIBOR + 1.50%, 3.503%, 7/18/27 (7)	250,000	247
CBAM Series 2019-9A, Class A, CLO, FRN 3M USD LIBOR + 1.28%, 3.281%, 2/12/30 (7)	250,000	250
CCG Receivables Trust Series 2017-1, Class A2, 1.84%, 11/14/23 (7)	14,037	14
CNH Equipment Trust Series 2017-C, Class B, 2.54%, 5/15/25	5,000	5
Elara HGV Timeshare Issuer Series 2014-A, Class A, 2.53%, 2/25/27 (7)	11,708	12
Ford Credit Auto Owner Trust Series 2018-1, Class C, 3.49%, 7/15/31 (7)	100,000	102

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Ford Credit Auto Owner Trust Series 2019-1, Class A, 3.52%, 7/15/30 (7)	115,000	121
Halcyon Loan Advisors Funding Series 2014-3A, Class AR, CLO, FRN 3M USD LIBOR + 1.10%, 3.053%, 10/22/25 (7)	108,779	109
Hardee's Funding Series 2018-1A, Class A2I, 4.25%, 6/20/48 (7)	39,500	40
Hardee's Funding Series 2018-1A, Class A2II, 4.959%, 6/20/48 (7)	54,313	56
Hilton Grand Vacations Trust Series 2014-AA, Class A, 1.77%, 11/25/26 (7)	13,079	13
Hyundai Auto Receivables Trust Series 2016-B, Class D, 2.68%, 9/15/23	35,000	35
Jack In the Box Funding Series 2019-1A, Class A2I, 3.982%, 8/25/49 (7)	65,000	65
Jimmy Johns Funding Series 2017-1A, Class A2I, 3.61%, 7/30/47 (7)	24,438	24
MMAF Equipment Finance Series 2018-A, Class A4, 3.39%, 1/10/25 (7)	100,000	102
MVW Owner Trust Series 2014-1A, Class A, 2.25%, 9/22/31 (7)	18,634	19
Neuberger Berman XIX Series 2015-19A, Class A2R2, CLO, FRN 3M USD LIBOR + 1.15%, 3.151%, 7/15/27 (7)	250,000	243
Santander Drive Auto Receivables Trust Series 2015-5, Class D, 3.65%, 12/15/21	5,369	5
Santander Drive Auto Receivables Trust Series 2017-1, Class C, 2.58%, 5/16/22	4,539	4
Santander Retail Auto Lease Trust Series 2019-B, Class D, 3.31%, 6/20/24 (7)	100,000	100
Sierra Timeshare Receivables Funding Series 2015-3A, Class A, 2.58%, 9/20/32 (7)	13,342	13

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sierra Timeshare Receivables		
Funding		
Series 2016-1A, Class A, 3.08%, 3/21/33 (7)	22,503	23
Sierra Timeshare Receivables		
Funding		
Series 2019-1A, Class A, 3.20%, 1/20/36 (7)	65,407	66
SLM Student Loan Trust		
Series 2008-9, Class A, FRN 3M USD LIBOR + 1.50%, 3.44%, 4/25/23	25,526	26
SMART Trust		
Series 2016-2US, Class A3A, 1.71%, 3/15/21	7,707	8
SMB Private Education Loan Trust		
Series 2015-B, Class A2A, 2.98%, 7/15/27 (7)	42,739	43
SMB Private Education Loan Trust		
Series 2017-B, Class A2A, 2.82%, 10/15/35 (7)	177,510	178
SMB Private Education Loan Trust		
Series 2018-A, Class A2A, 3.50%, 2/15/36 (7)	105,000	109
SMB Private Education Loan Trust		
Series 2018-C, Class A2A, 3.63%, 11/15/35 (7)	100,000	104
Southwick Park		
Series 2019-4A, Class A1, CLO, FRN 3M USD LIBOR + 1.30%, 3.466%, 7/20/32 (7)	250,000	250
Synchrony Credit Card Master Note		
Trust		
Series 2015-4, Class B, 2.62%, 9/15/23	25,000	25
Taco Bell Funding		
Series 2018-1A, Class A2I, 4.318%, 11/25/48 (7)	74,250	76
<b>Total Asset-Backed Securities</b> <b>(Cost \$3,052)</b>		<b>3,070</b>

#### NON-U.S. GOVERNMENT MORTGAGE-BACKED SECURITIES 4.4%

Angel Oak Mortgage Trust		
Series 2019-3, Class A3, CMO, ARM 3.238%, 5/25/59 (7)	58,581	59

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Angel Oak Mortgage Trust I		
Series 2019-1, Class A1, CMO, ARM 3.92%, 11/25/48 (7)	86,931	88
Angel Oak Mortgage Trust I		
Series 2019-2, Class A1, CMO, ARM 3.628%, 3/25/49 (7)	75,400	76
Ashford Hospitality Trust		
Series 2018-ASHF, Class B, ARM 1M USD LIBOR + 1.25%, 2.99%, 4/15/35 (7)	45,000	45
Ashford Hospitality Trust		
Series 2018-ASHF, Class C, ARM 1M USD LIBOR + 1.40%, 3.14%, 4/15/35 (7)	20,000	20
BANK		
Series 2017-BNK5, Class B, ARM 3.896%, 6/15/60	80,000	84
BANK		
Series 2019-BN18, Class B, 3.977%, 5/15/62	75,000	80
BANK		
Series 2019-BN20, Class A2, 2.758%, 9/15/61	65,000	66
BANK		
Series 2019-BN21, Class A4, 2.60%, 10/17/52	70,000	70
BANK		
Series 2019-BN21, Class A5, 2.851%, 10/17/52	30,000	30
BANK		
Series 2019-BN21, Class C, 3.517%, 10/17/52	25,000	25
BANK		
Series 2019-BN22, Class D, 2.50%, 11/15/62 (7)	55,000	47
Bayview Mortgage Fund IVc Trust		
Series 2017-RT3, Class A, CMO, ARM 3.50%, 1/28/58 (7)	58,510	59
Bayview Opportunity Master Fund		
IVa Trust		
Series 2017-RT1, Class A1, CMO, ARM 3.00%, 3/28/57 (7)	50,026	50
BBCMS Mortgage Trust		
Series 2019-BWAY, Class D, ARM 1M USD LIBOR + 2.16%, 3.90%, 11/25/34 (7)	25,000	25
Benchmark Mortgage Trust		
Series 2019-B13, Class A3, 2.701%, 8/15/57	80,000	80

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Benchmark Mortgage Trust		
Series 2019-B13, Class AM, 3.183%, 8/15/57	35,000	36
BXP Trust		
Series 2017-GM, Class A, 3.379%, 6/13/39 (7)	85,000	89
Cantor Commercial Real Estate		
Lending		
Series 2019-CF1, Class B, ARM 4.178%, 5/15/52	100,000	107
Cantor Commercial Real Estate		
Lending		
Series 2019-CF2, Class A4, 2.624%, 11/15/52	70,000	70
CIM Trust		
Series 2019-INV3, Class A15, CMO, ARM 3.50%, 8/25/49 (7)	100,734	101
Citigroup Commercial Mortgage		
Trust		
Series 2014-GC21, Class AS, 4.026%, 5/10/47	35,000	37
Citigroup Commercial Mortgage		
Trust		
Series 2015-GC27, Class AS, 3.571%, 2/10/48	15,000	16
Citigroup Commercial Mortgage		
Trust		
Series 2017-P7, Class AS, 3.915%, 4/14/50	25,000	27
Citigroup Commercial Mortgage		
Trust		
Series 2018-B2, Class C, ARM 4.673%, 3/10/51	30,000	31
COLT Mortgage Loan Trust		
Series 2018-1, Class A2, CMO, ARM 2.981%, 2/25/48 (7)	22,827	23
COLT Mortgage Loan Trust		
Series 2018-3, Class A3, CMO, ARM 3.865%, 10/26/48 (7)	49,823	50
COLT Mortgage Loan Trust		
Series 2018-4, Class A1, CMO, ARM 4.006%, 12/28/48 (7)	59,068	59
COLT Mortgage Loan Trust		
Series 2019-3, Class A1, CMO, ARM 2.764%, 8/25/49 (7)	81,538	81
Commercial Mortgage Trust		
Series 2014-UBS6, Class AM, 4.048%, 12/10/47	110,000	116

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Commercial Mortgage Trust		
Series 2015-CR24, Class AM, ARM 4.028%, 8/10/48	25,000	27
Commercial Mortgage Trust		
Series 2015-CR25, Class B, ARM 4.54%, 8/10/48	95,000	101
Commercial Mortgage Trust		
Series 2015-CR25, Class C, ARM 4.54%, 8/10/48	20,000	21
Commercial Mortgage Trust		
Series 2015-LC21, Class B, ARM 4.299%, 7/10/48	45,000	48
Commercial Mortgage Trust		
Series 2015-PC1, Class B, ARM 4.436%, 7/10/50	20,000	21
Commercial Mortgage Trust		
Series 2016-CR28, Class AHR, 3.651%, 2/10/49	28,506	30
Connecticut Avenue Securities		
Series 2017-C01, Class 1M1, CMO, ARM 1M USD LIBOR + 1.30%, 3.092%, 7/25/29	4,234	4
Connecticut Avenue Securities		
Series 2017-C02, Class 2ED3, CMO, ARM 1M USD LIBOR + 1.35%, 3.142%, 9/25/29	90,000	90
Connecticut Avenue Securities		
Series 2017-C03, Class 1M1, CMO, ARM 1M USD LIBOR + 0.95%, 2.742%, 10/25/29	5,945	6
Connecticut Avenue Securities		
Series 2018-C01, Class 1M1, CMO, ARM 1M USD LIBOR + 0.60%, 2.392%, 7/25/30	92,605	93
Connecticut Avenue Securities Trust		
Series 2019-R02, Class 1M1, CMO, ARM 1M USD LIBOR + 0.85%, 2.642%, 8/25/31 (7)	2,072	2
Connecticut Avenue Securities Trust		
Series 2019-R03, Class 1M1, CMO, ARM 1M USD LIBOR + 0.75%, 2.542%, 9/25/31 (7)	12,809	13
Connecticut Avenue Securities Trust		
Series 2019-R04, Class 2M1, CMO, ARM 1M USD LIBOR + 0.75%, 2.542%, 6/25/39 (7)	30,056	30

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Connecticut Avenue Securities Trust Series 2019-R05, Class 1M1, CMO, ARM 1M USD LIBOR + 0.75%, 2.542%, 7/25/39 (7)	24,331	24
CSAIL Commercial Mortgage Trust Series 2016-C6, Class A5, 3.09%, 1/15/49	50,000	51
CSAIL Commercial Mortgage Trust Series 2019-C16, Class A3, 3.329%, 6/15/52	110,000	115
CSAIL Commercial Mortgage Trust Series 2019-C17, Class A4, 2.763%, 9/15/52	65,000	65
CSAIL Commercial Mortgage Trust Series 2019-C17, Class AS, 3.278%, 9/15/52	30,000	30
CSAIL Commercial Mortgage Trust Series 2019-C17, Class B, 3.48%, 9/15/52	35,000	35
Deephaven Residential Mortgage Trust Series 2018-2A, Class A1, CMO, ARM 3.479%, 4/25/58 (7)	45,680	46
Deephaven Residential Mortgage Trust Series 2018-3A, Class M1, CMO, ARM 4.357%, 8/25/58 (7)	100,000	101
Ellington Financial Mortgage Trust Series 2019-2, Class A1, CMO, ARM 2.739%, 11/25/59 (7)	102,678	103
FREMF Mortgage Trust Series 2018-K731, Class B, ARM 3.932%, 2/25/25 (7)	65,000	67
FREMF Mortgage Trust Series 2019-K100, Class B, ARM 3.49%, 11/25/52 (7)	45,000	45
FREMF Mortgage Trust Series 2019-K92, Class B, ARM 4.194%, 5/25/29 (7)	20,000	21
FREMF Mortgage Trust Series 2019-K97, Class B, 3.764%, 7/25/29 (7)	50,000	51
FREMF Mortgage Trust Series 2019-K98, Class B, ARM 3.862%, 10/25/52 (7)	25,000	25
Galton Funding Mortgage Trust Series 2018-1, Class A23, CMO, ARM 3.50%, 11/25/57 (7)	54,291	54

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Galton Funding Mortgage Trust Series 2018-2, Class A22, CMO, ARM 4.00%, 10/25/58 (7)	64,262	65
Galton Funding Mortgage Trust Series 2019-H1, Class A1, CMO, ARM 2.657%, 10/25/59 (7)	98,657	99
Galton Funding Mortgage Trust Series 2019-H1, Class A3, CMO, ARM 2.964%, 10/25/59 (7)	99,644	100
Goldman Sachs Mortgage Securities Trust Series 2013-GC16, Class B, ARM 5.161%, 11/10/46	120,000	131
Goldman Sachs Mortgage Securities Trust Series 2017-GS8, Class C, ARM 4.337%, 11/10/50	45,000	47
Goldman Sachs Mortgage Securities Trust Series 2019-GC40, Class A4, 3.16%, 7/10/52	100,000	104
Goldman Sachs Mortgage Securities Trust Series 2019-GC42, Class A3, 2.749%, 9/1/52	70,000	71
Goldman Sachs Mortgage Securities Trust Series 2019-SOHO, Class C, ARM 1M USD LIBOR + 1.30%, 3.04%, 6/15/36 (7)	85,000	85
Great Wolf Trust Series 2019-WOLF, Class C, ARM 1M USD LIBOR + 1.633%, 3.355%, 12/15/36 (7)	35,000	35
Hilton Orlando Trust Series 2018-ORL, Class A, ARM 1M USD LIBOR + 0.77%, 2.51%, 12/15/34 (7)	100,000	100
Homeward Opportunities Fund I Trust Series 2019-1, Class A, CMO, ARM 3.556%, 1/25/59 (7)	93,571	94
Homeward Opportunities Fund I Trust Series 2019-2, Class A1, CMO, ARM 2.702%, 9/25/59 (7)	87,251	87

T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Homeward Opportunities Fund I Trust Series 2019-3, Class A1, CMO, ARM 2.675%, 11/25/59 (7)	97,637	97
Hudson Yards Mortgage Trust Series 2019-30HY, Class B, ARM 3.38%, 7/10/39 (7)	100,000	103
Hudson Yards Mortgage Trust Series 2019-30HY, Class D, ARM 3.443%, 7/10/39 (7)	100,000	100
Independence Plaza Trust Series 2018-INDP, Class A, 3.763%, 7/10/35 (7)	105,000	110
JPMorgan Barclays Bank Commercial Mortgage Securities Trust Series 2014-C19, Class AS, ARM 4.243%, 4/15/47	35,000	37
JPMorgan Chase Commercial Mortgage Securities Trust Series 2016-JP2, Class AS, 3.056%, 8/15/49	35,000	35
JPMorgan Chase Commercial Mortgage Securities Trust Series 2016-JP3, Class B, ARM 3.397%, 8/15/49	20,000	20
JPMorgan Chase Commercial Mortgage Securities Trust Series 2018-WPT, Class AFX, 4.248%, 7/5/33 (7)	20,000	21
JPMorgan Deutsche Bank Commercial Mortgage Securities Trust Series 2016-C1, Class AM, 3.539%, 5/10/49	100,000	104
JPMorgan Deutsche Bank Commercial Mortgage Securities Trust Series 2018-C8, Class C, ARM 4.745%, 6/15/51	35,000	38
JPMorgan Mortgage Trust Series 2019-INV2, Class A3, CMO, ARM 3.50%, 2/25/50 (7)	37,700	38
MetLife Securitization Trust Series 2018-1A, Class A, CMO, ARM 3.75%, 3/25/57 (7)	98,548	102
Mill City Mortgage Loan Trust Series 2016-1, Class A1, CMO, ARM 2.50%, 4/25/57 (7)	35,978	36

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Morgan Stanley Bank of America Merrill Lynch Trust Series 2014-C18, Class 300A, 3.749%, 8/15/31	25,000	26
Morgan Stanley Bank of America Merrill Lynch Trust Series 2015-C24, Class AS, ARM 4.036%, 5/15/48	10,000	11
Morgan Stanley Bank of America Merrill Lynch Trust Series 2015-C27, Class AS, 4.068%, 12/15/47	40,000	43
Morgan Stanley Bank of America Merrill Lynch Trust Series 2016-C30, Class A5, 2.86%, 9/15/49	40,000	41
Morgan Stanley Capital I Trust Series 2015-MS1, Class AS, ARM 4.031%, 5/15/48	10,000	11
Morgan Stanley Capital I Trust Series 2017-ASHF, Class B, ARM 1M USD LIBOR + 1.25%, 2.99%, 11/15/34 (7)	90,000	90
New Orleans Hotel Trust Series 2019-HNLA, Class B, ARM 1M USD LIBOR + 1.289%, 3.029%, 4/15/32 (7)	100,000	100
New Residential Mortgage Loan Trust Series 2019-NQM1, Class A1, CMO, ARM 3.675%, 1/25/49 (7)	68,473	69
New Residential Mortgage Loan Trust Series 2019-NQM2, Class A1, CMO, ARM 3.60%, 4/25/49 (7)	80,709	81
RETL Series 2019-RVP, Class A, ARM 1M USD LIBOR + 1.15%, 2.89%, 3/15/36 (7)	27,115	27
Seasoned Credit Risk Transfer Trust Series 2016-1, Class M1, CMO, ARM 3.00%, 9/25/55 (7)	25,000	24
Sequoia Mortgage Trust Series 2013-4, Class B1, CMO, ARM 3.489%, 4/25/43	80,042	81
Sequoia Mortgage Trust Series 2017-CH2, Class A19, CMO, ARM 4.00%, 12/25/47 (7)	52,744	53



	Shares/Par	\$ Value
(Cost and value in \$000s)		
SG Residential Mortgage Trust Series 2019-3, Class A1, CMO, ARM 2.703%, 9/25/59 (7)	96,349	96
SLIDE Series 2018-FUN, Class E, ARM 1M USD LIBOR + 2.30%, 4.04%, 6/15/31 (7)	53,154	53
Starwood Mortgage Residential Trust Series 2019-IMC1, Class A1, CMO, ARM 3.468%, 2/25/49 (7)	78,644	79
Starwood Mortgage Residential Trust Series 2019-INV1, Class A1, CMO, ARM 2.61%, 9/27/49 (7)	96,195	96
Structured Agency Credit Risk Debt Notes Series 2016-DNA1, Class M2, CMO, ARM 1M USD LIBOR + 2.90%, 4.692%, 7/25/28	55,854	56
Structured Agency Credit Risk Debt Notes Series 2018-DNA1, Class M1, CMO, ARM 1M USD LIBOR + 0.45%, 2.242%, 7/25/30	9,456	9
Structured Agency Credit Risk Debt Notes Series 2018-DNA1, Class M2AT, CMO, ARM 1M USD LIBOR + 1.05%, 2.842%, 7/25/30	65,000	65
Structured Agency Credit Risk Debt Notes Series 2018-DNA2, Class M1, CMO, ARM 1M USD LIBOR + 0.80%, 2.592%, 12/25/30 (7)	53,457	53
Structured Agency Credit Risk Debt Notes Series 2018-DNA3, Class M1, CMO, ARM 1M USD LIBOR + 0.75%, 2.542%, 9/25/48 (7)	10,808	11

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Structured Agency Credit Risk Debt Notes Series 2018-HQA1, Class M2AS, CMO, ARM 1M USD LIBOR + 1.10%, 2.892%, 9/25/30	60,000	60
Structured Agency Credit Risk Debt Notes Series 2018-HRP2, Class M1, CMO, ARM 1M USD LIBOR + 0.85%, 2.642%, 2/25/47 (7)	6,475	6
Structured Agency Credit Risk Debt Notes Series 2018-HRP2, Class M2, CMO, ARM 1M USD LIBOR + 1.25%, 3.042%, 2/25/47 (7)	65,000	65
Structured Agency Credit Risk Debt Notes Series 2018-SPI2, Class M2, CMO, ARM 3.813%, 5/25/48 (7)	10,000	10
Structured Agency Credit Risk Debt Notes Series 2018-SPI3, Class M2, CMO, ARM 4.152%, 8/25/48 (7)	65,000	65
Structured Agency Credit Risk Debt Notes Series 2019-HQA1, Class M1, CMO, ARM 1M USD LIBOR + 0.90%, 2.692%, 2/25/49 (7)	11,730	12
Structured Agency Credit Risk Debt Notes Series 2019-HQA3, Class M1, CMO, ARM 1M USD LIBOR + 0.75%, 2.542%, 9/25/49 (7)	25,316	25
Structured Agency Credit Risk Debt Notes Series 2019-HQA4, Class M1, CMO, ARM 1M USD LIBOR + 0.77%, 2.562%, 11/25/49 (7)	45,000	45
Towd Point Mortgage Trust Series 2015-3, Class A1B, CMO, ARM 3.00%, 3/25/54 (7)	19,520	20

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Towd Point Mortgage Trust Series 2015-5, Class A1B, CMO, ARM 2.75%, 5/25/55 (7)	29,258	29
Towd Point Mortgage Trust Series 2016-1, Class A1B, CMO, ARM 2.75%, 2/25/55 (7)	27,028	27
Towd Point Mortgage Trust Series 2017-1, Class A1, CMO, ARM 2.75%, 10/25/56 (7)	51,821	52
Towd Point Mortgage Trust Series 2017-1, Class M1, CMO, ARM 3.75%, 10/25/56 (7)	100,000	103
Towd Point Mortgage Trust Series 2017-3, Class A1, CMO, ARM 2.75%, 7/25/57 (7)	58,612	59
Towd Point Mortgage Trust Series 2018-2, Class A1, CMO, ARM 3.25%, 3/25/58 (7)	113,708	116
Towd Point Mortgage Trust Series 2018-3, Class A1, CMO, ARM 3.75%, 5/25/58 (7)	78,446	81
Towd Point Mortgage Trust Series 2018-SJ1, Class A1, CMO, ARM 4.00%, 10/25/58 (7)	61,561	62
Verus Securitization Trust Series 2018-INV2, Class A1FX, CMO, ARM 4.148%, 10/25/58 (7)	78,114	79
Verus Securitization Trust Series 2019-1, Class A1, CMO, ARM 3.836%, 2/25/59 (7)	78,964	80
Verus Securitization Trust Series 2019-2, Class A3, CMO, ARM 3.448%, 5/25/59 (7)	87,029	88
Verus Securitization Trust Series 2019-3, Class A3, CMO, STEP 3.04%, 7/25/59 (7)	89,803	90
Verus Securitization Trust Series 2019-INV1, Class A1, CMO, ARM 3.402%, 12/25/59 (7)	85,670	86

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Verus Securitization Trust Series 2019-INV3, Class A1, CMO, ARM 2.692%, 11/25/59 (7)	99,241	99
Wells Fargo Commercial Mortgage Trust Series 2015-C29, Class C, ARM 4.222%, 6/15/48	95,000	98
Wells Fargo Commercial Mortgage Trust Series 2015-LC20, Class C, ARM 4.056%, 4/15/50	35,000	36
Wells Fargo Commercial Mortgage Trust Series 2015-NXS2, Class C, ARM 4.313%, 7/15/58	10,000	11
Wells Fargo Commercial Mortgage Trust Series 2017-C38, Class B, ARM 3.917%, 7/15/50	100,000	105
Wells Fargo Commercial Mortgage Trust Series 2017-C39, Class B, 4.025%, 9/15/50	125,000	131
Wells Fargo Commercial Mortgage Trust Series 2019-C51, Class A4, 3.311%, 6/15/52	115,000	121
Wells Fargo Commercial Mortgage Trust Series 2019-C53, Class B, ARM 3.514%, 10/15/52	30,000	30
Wells Fargo Commercial Mortgage Trust Series 2019-JWDR, Class A, 2.584%, 9/15/31 (7)	100,000	98
WFRBS Commercial Mortgage Trust Series 2014-C19, Class A5, 4.101%, 3/15/47	40,000	43
<b>Total Non-U.S. Government Mortgage-Backed Securities (Cost \$8,057)</b>		<b>8,132</b>

#### U.S. GOVERNMENT & AGENCY MORTGAGE-BACKED SECURITIES 4.3%

#### U.S. Government Agency Obligations 3.2% (10)

Federal Home Loan Mortgage 2.50%, 4/1/30	34,303	35
3.00%, 12/1/42 - 4/1/43	116,467	121
3.50%, 8/1/42 - 3/1/46	348,999	367

	Shares/Par	\$ Value
(Cost and value in \$000s)		
4.00%, 8/1/40 - 8/1/45	122,783	132
4.50%, 6/1/39 - 5/1/42	115,701	126
5.00%, 1/1/24 - 8/1/40	39,419	43
6.00%, 8/1/21 - 8/1/38	11,390	11
6.50%, 3/1/32 - 4/1/32	2,699	3
7.00%, 6/1/32	673	—
Federal Home Loan Mortgage, ARM		
12M USD LIBOR + 1.785%,		
4.035%, 9/1/32	102	—
12M USD LIBOR + 1.831%,		
4.482%, 1/1/37	1,923	2
12M USD LIBOR + 1.749%,		
4.874%, 2/1/37	6,032	6
Federal Home Loan Mortgage		
UMBS, 3.00%, 9/1/49	14,812	15
Federal National Mortgage Assn.		
3.00%, 8/1/43 - 2/1/44	21,537	23
3.50%, 6/1/42 - 5/1/46	361,152	378
4.00%, 11/1/40	66,307	71
Federal National Mortgage Assn.		
ARM, 12M USD LIBOR + 1.885%,		
4.517%, 8/1/36	2,668	3
Federal National Mortgage Assn.		
CMO, 4.00%, 6/25/44	54,058	56
Federal National Mortgage Assn.		
CMO, IO, 6.50%, 2/25/32	800	—
Federal National Mortgage Assn., UMBS		
2.50%, 1/1/32 - 6/1/45	407,095	410
3.00%, 6/1/27 - 11/1/49	1,398,487	1,437
3.50%, 11/1/32 - 10/1/49	869,741	910
4.00%, 11/1/40 - 11/1/49	928,404	982
4.50%, 12/1/20 - 10/1/48	325,184	351
5.00%, 10/1/21 - 7/1/42	106,245	119
5.50%, 12/1/34 - 9/1/41	114,953	127
6.00%, 8/1/21 - 1/1/41	75,907	88
6.50%, 7/1/32 - 5/1/40	44,631	51
7.00%, 4/1/32	426	1
UMBS		
TBA, 3.50%, 1/1/35 (11)	80,000	83
		5,951
<b>U.S. Government Obligations 1.1%</b>		
Government National Mortgage Assn.		
3.00%, 7/15/43 - 10/20/49	179,169	183
3.50%, 7/20/42 - 1/20/49	590,443	614
4.00%, 7/20/42 - 8/20/49	477,718	500
4.50%, 10/20/39 - 7/20/47	171,281	185
5.00%, 3/20/34 - 5/20/48	247,059	269
5.50%, 10/20/32 - 3/20/49	129,475	141

	Shares/Par	\$ Value
(Cost and value in \$000s)		
6.00%, 4/15/36 - 12/20/38	16,090	18
6.50%, 3/15/26 - 12/20/33	4,320	4
7.00%, 9/20/27	2,695	3
8.00%, 4/15/26	325	—
Government National Mortgage		
Assn., CMO,		
3.00%, 11/20/47-12/20/47	48,726	49
Government National Mortgage		
Assn.		
CMO, ARM, 1M USD LIBOR +		
0.30%, 2.065%, 9/20/48	30,398	30
Government National Mortgage		
Assn., CMO, IO,		
4.50%, 2/20/39-12/20/39	6,442	—
		1,996
<b>Total U.S. Government &amp; Agency Mortgage-Backed Securities</b>		
<b>(Cost \$7,838)</b>		<b>7,947</b>

**U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED) 4.4%**
**U.S. Treasury Obligations 4.4%**

U.S. Treasury Bonds,		
2.875%, 11/15/46	160,000	176
U.S. Treasury Bonds,		
2.875%, 5/15/49	440,400	486
U.S. Treasury Bonds,		
3.00%, 8/15/48	190,000	214
U.S. Treasury Bonds,		
3.00%, 2/15/49	640,000	722
U.S. Treasury Bonds,		
4.625%, 2/15/40	30,000	42
U.S. Treasury Notes,		
1.375%, 10/15/22 (12)	2,055,000	2,042
U.S. Treasury Notes,		
1.50%, 9/30/21	370,000	369
U.S. Treasury Notes,		
1.50%, 11/30/21	475,000	474
U.S. Treasury Notes,		
1.50%, 8/15/22	955,000	952
U.S. Treasury Notes,		
1.50%, 9/15/22	660,000	658
U.S. Treasury Notes,		
1.625%, 11/15/22	1,360,000	1,360
U.S. Treasury Notes,		
1.625%, 12/15/22	125,000	125
U.S. Treasury Notes,		
1.75%, 6/30/22	125,000	125

	Shares/Par	\$ Value
(Cost and value in \$000s)		
U.S. Treasury Notes, 2.50%, 1/15/22	370,000	377
<b>Total U.S. Government Agency Obligations (Excluding Mortgage-Backed) (Cost \$7,974)</b>		<b>8,122</b>
<b>FOREIGN GOVERNMENT OBLIGATIONS &amp; MUNICIPALITIES 0.5%</b>		
CNAC HK Finbridge, 4.625%, 3/14/23	200,000	211
KazMunayGas National, 4.75%, 4/19/27	200,000	220
Perusahaan Gas Negara, 5.125%, 5/16/24 (7)	200,000	217
State of Israel, 5.50%, 1/31/42 (ILS)	560,000	278
<b>Total Foreign Government Obligations &amp; Municipalities (Cost \$835)</b>		<b>926</b>
<b>BOND MUTUAL FUNDS 13.0%</b>		
T. Rowe Price Inflation Protected Bond Fund - I Class, 2.46% (13)(14)	448	5
T. Rowe Price Institutional Emerging Markets Bond Fund, 4.69% (13)(14)	940,525	8,070
T. Rowe Price Institutional Floating Rate Fund, 4.43% (13)(14)	128,357	1,269
T. Rowe Price Institutional High Yield Fund, 4.34% (13)(14)	937,788	8,337
T. Rowe Price International Bond Fund - I Class, 1.62% (13)(14)	654,928	5,914
T. Rowe Price Limited Duration Inflation Focused Bond Fund - I Class, 2.40% (13)(14)	59,899	301
<b>Total Bond Mutual Funds (Cost \$23,674)</b>		<b>23,896</b>

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>EQUITY MUTUAL FUNDS 6.0%</b>		
T. Rowe Price Institutional Emerging Markets Equity Fund (13)	200,563	8,536
T. Rowe Price Real Assets Fund - I Class (13)	218,283	2,560
<b>Total Equity Mutual Funds (Cost \$7,358)</b>		<b>11,096</b>
<b>SHORT-TERM INVESTMENTS 2.5%</b>		
<b>Money Market Funds 2.5%</b>		
T. Rowe Price Treasury Reserve Fund, 1.59% (13)(15)	4,688,659	4,689
<b>Total Short-Term Investments (Cost \$4,689)</b>		<b>4,689</b>
<b>SECURITIES LENDING COLLATERAL 0.4%</b>		
<b>Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank 0.4%</b>		
<b>Short-Term Funds 0.4%</b>		
T. Rowe Price Short-Term Fund, 1.79% (13)(15)	74,032	740
<b>Total Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank</b>		<b>740</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, 1.79% (13)(15)	1,577	16
<b>Total Investments in a Pooled Account through Securities Lending Program with State Street Bank and Trust Company</b>		<b>16</b>
<b>Total Securities Lending Collateral (Cost \$756)</b>		<b>756</b>
<b>Total Investments in Securities</b>		
<b>100.2% of Net Assets (Cost \$140,058)</b>	<b>\$</b>	<b>184,992</b>

‡ Shares/Par and Notional Amount are denominated in U.S. dollars unless otherwise noted.

- (1) Non-income producing
- (2) See Note 4. All or a portion of this security is on loan at December 31, 2019.
- (3) 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 \$378 and represents 0.2% of net assets.
- (4) See Note 2. Level 3 in fair value hierarchy.
- (5) 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.
- (6) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
- (7) 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 \$11,156 and represents 6.0% of net assets.
- (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) 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, including UMBS, currently operate under a federal conservatorship.
- (11) See Note 4. To-Be-Announced purchase commitment. Total value of such securities at period-end amounts to \$83 and represents 0.0% of net assets.
- (12) At December 31, 2019, all or a portion of this security is pledged as collateral and/or margin deposit to cover future funding obligations.
- (13) Affiliated Companies
- (14) SEC 30-day yield
- (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

CAD Canadian Dollar

CDI CHES or CREST Depositary Interest

CHF Swiss Franc

CLO Collateralized Loan Obligation

CMO Collateralized Mortgage Obligation

CVA Dutch Certificate (Certificaten Van Aandelen)

DKK Danish Krone

EUR Euro

FRN Floating Rate Note

GBP British Pound

HKD Hong Kong Dollar

ILS Israeli Shekel

IO Interest-only security for which the fund receives interest on notional principal

JPY Japanese Yen

KRW South Korean Won

NOK Norwegian Krone

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

SGD Singapore Dollar

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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

UMBS Uniform Mortgage-Backed Securities

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.

(Amounts In 000s, except market price)

**SWAPS 0.1%**

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, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	5	—	—	—
Barclays Bank, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	26	—	—	—
Barclays Bank, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	5	—	—	—
Barclays Bank, Protection Sold (Relevant Credit: Republic of Colombia, 10.38%, 1/28/33, \$161.63*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	217	3	1	2
Barclays Bank, Protection Sold (Relevant Credit: Republic of Indonesia, 3.70%, 1/8/22, \$102.85*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	265	5	2	3
Barclays Bank, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$100.73*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	57	1	—	1
Barclays Bank, Protection Sold (Relevant Credit: Republic of South Africa, 5.50%, 3/9/20, \$100.66*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	51	(1)	(2)	1
BNP Paribas, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	23	—	—	—
BNP Paribas, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	5	—	—	—
Citibank, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	10	—	—	—
Citibank, Protection Sold (Relevant Credit: Republic of Colombia, 10.38%, 1/28/33, \$161.63*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	670	9	2	7
Citibank, Protection Sold (Relevant Credit: Republic of South Africa, 5.50%, 3/9/20, \$100.66*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	91	(2)	(3)	1
Goldman Sachs, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$100.73*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	437	8	3	5
Goldman Sachs, Protection Sold (Relevant Credit: Republic of South Africa, 5.50%, 3/9/20, \$100.66*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	47	(2)	(2)	—

(Amounts In 000s, except market price)

Description	Notional Amount	\$ Value	Upfront Payments/ \$ (Receipts)	Unrealized \$ Gain/(Loss)
JPMorgan Chase, Protection Sold (Relevant Credit: Barclays Bank, 2.65%, 1/11/21, \$100.63*), Receive 1.00% Quarterly, Pay upon credit default, 6/20/24 (EUR)	10	—	—	—
JPMorgan Chase, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	4	—	—	—
Morgan Stanley, Protection Sold (Relevant Credit: Cardinal Health, 4.63%, 12/15/20, \$102.62*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	13	—	—	—
Morgan Stanley, Protection Sold (Relevant Credit: Devon Energy, 7.95%, 4/15/32, \$141.99*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	20	—	—	—
Morgan Stanley, Protection Sold (Relevant Credit: Republic of Colombia, 10.38%, 1/28/33, \$161.63*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	120	1	—	1
Morgan Stanley, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$100.73*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/24	494	9	3	6
<b>Total Bilateral Credit Default Swaps, Protection Sold</b>			<b>4</b>	<b>27</b>
<b>Total Bilateral Swaps</b>			<b>4</b>	<b>27</b>

Description	Notional Amount	\$ Value	Initial \$ Value	Unrealized \$ Gain/(Loss)
<b>CENTRALLY CLEARED SWAPS 0.1%</b>				
<b>Credit Default Swaps, Protection Sold 0.1%</b>				
Protection Sold (Relevant Credit: Markit CDX.NA.HY-S33, 5 Year Index), Receive 5.00% Quarterly, Pay upon credit default 12/20/24	281	27	21	6
Protection Sold (Relevant Credit: Markit CDX.NA.IG-S33, 5 Year Index), Receive 1.00% Quarterly, Pay upon credit default 12/20/24	4,505	119	103	16
<b>Total Credit Default Swaps, Protection Sold</b>			<b>124</b>	<b>22</b>
<b>Total Centrally Cleared Swaps</b>				<b>22</b>
<b>Net payments (receipts) of variation margin to date</b>				<b>(23)</b>
<b>Variation margin receivable (payable) on centrally cleared swaps</b>			<b>\$</b>	<b>(1)</b>

Market price at December 31, 2019.



**Forward Currency Exchange Contracts**

(Amounts In 000s)

<b>Counterparty</b>	<b>Settlement</b>	<b>Receive</b>	<b>Deliver</b>	<b>Unrealized Gain/(Loss)</b>	
Bank of America	1/14/20	USD	132 ILS	458 \$	(1)
Citibank	1/14/20	USD	135 ILS	473	(2)
Citibank	2/21/20	USD	324 EUR	292	(5)
HSBC Bank	2/21/20	EUR	104 USD	115	2
State Street	2/21/20	USD	55 EUR	50	(1)
UBS Investment Bank	2/21/20	USD	194 EUR	174	(2)
Net unrealized gain (loss) on open forward currency exchange contracts				\$	(9)

**Futures Contracts**

(\$000s)

	<b>Expiration Date</b>	<b>Notional Amount</b>	<b>Value and Unrealized Gain (Loss)</b>
Long, 38 U.S. Treasury Notes five year contracts	3/20	4,507 \$	(23)
Short, 10 U.S. Treasury Notes ten year contracts	3/20	(1,284)	14
Long, 51 U.S. Treasury Notes two year contracts	3/20	10,991	(2)
Long, 8 Ultra U.S. Treasury Bonds contracts	3/20	1,453	(44)
Short, 25 Ultra U.S. Treasury Notes ten year contracts	3/20	(3,518)	42
<b>Net payments (receipts) of variation margin to date</b>			<b>11</b>
<b>Variation margin receivable (payable) on open futures contracts</b>		<b>\$</b>	<b>(2)</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, 2019. 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	\$ 5	\$ 11	\$ 2
T. Rowe Price Institutional Emerging Markets Bond Fund	(88)	631	439
T. Rowe Price Institutional Emerging Markets Equity Fund	19	1,699	121
T. Rowe Price Institutional Floating Rate Fund	(12)	52	52
T. Rowe Price Institutional High Yield Fund	(37)	612	440
T. Rowe Price International Bond Fund - I Class	(90)	352	128
T. Rowe Price Limited Duration Inflation Focused Bond Fund - I Class	—	1	—
T. Rowe Price Real Assets Fund - I Class	2	360	70
T. Rowe Price Treasury Reserve Fund	—	—	111
T. Rowe Price Short-Term Fund	—	—	— <sup>++</sup>
<b>Totals</b>	<b>\$ (201)<sup>#</sup></b>	<b>\$ 3,718</b>	<b>\$ 1,363<sup>+</sup></b>

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/18</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/19</b>
T. Rowe Price Inflation Protected Bond Fund - I Class	\$ 258	\$ 1	\$ 265	\$ 5
T. Rowe Price Institutional Emerging Markets Bond Fund	8,385	442	1,388	8,070
T. Rowe Price Institutional Emerging Markets Equity Fund	6,747	421	331	8,536
T. Rowe Price Institutional Floating Rate Fund	1,308	382	473	1,269
T. Rowe Price Institutional High Yield Fund	6,666	1,591	532	8,337
T. Rowe Price International Bond Fund - I Class	6,124	128	690	5,914
T. Rowe Price Limited Duration Inflation Focused Bond Fund - I Class	—	300	—	301
T. Rowe Price Real Assets Fund - I Class	2,228	70	98	2,560
T. Rowe Price Treasury Reserve Fund	5,118	□	□	4,689
T. Rowe Price Short-Term Fund	199	□	□	756
			<b>\$</b>	<b>40,437<sup>^</sup></b>

# 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 \$1,363 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 \$36,477.

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

December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$140,058)	\$	184,992
Interest and dividends receivable		353
Receivable for investment securities sold		336
Foreign currency (cost \$110)		111
Receivable for shares sold		38
Cash		27
Unrealized gain on bilateral swaps		27
Bilateral swap premiums paid		11
Unrealized gain on forward currency exchange contracts		2
Other assets		76
Total assets		185,973

**Liabilities**

Obligation to return securities lending collateral		756
Payable for investment securities purchased		382
Investment management and administrative fees payable		151
Payable for shares redeemed		18
Unrealized loss on forward currency exchange contracts		11
Bilateral swap premiums received		7
Variation margin payable on futures contracts		2
Variation margin payable on centrally cleared swaps		1
Total liabilities		1,328

**NET ASSETS****\$ 184,645****Net Assets Consist of:**

Total distributable earnings (loss)	\$	45,580
Paid-in capital applicable to 8,808,703 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		139,065

**NET ASSETS****\$ 184,645****NET ASSET VALUE PER SHARE****\$ 20.96**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/19
<b>Investment Income (Loss)</b>	
Income	
Dividend	\$ 3,197
Interest	1,420
Securities lending	7
Total income	4,624
Expenses	
Investment management and administrative expense	1,603
Waived / paid by Price Associates	(319)
Net expenses	1,284
Net investment income	3,340
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	6,526
Futures	196
Swaps	26
Options written	(21)
Forward currency exchange contracts	23
Foreign currency transactions	(3)
Net realized gain	6,747
Change in net unrealized gain / loss	
Securities	21,804
Futures	(188)
Swaps	54
Forward currency exchange contracts	(11)
Other assets and liabilities denominated in foreign currencies	3
Change in net unrealized gain / loss	21,662
Net realized and unrealized gain / loss	28,409
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 31,749</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 3,340	\$ 3,382
Net realized gain	6,747	10,048
Change in net unrealized gain / loss	21,662	(22,293)
Increase (decrease) in net assets from operations	31,749	(8,863)
Distributions to shareholders		
Net earnings	(8,180)	(14,768)
Capital share transactions *		
Shares sold	15,615	23,115
Distributions reinvested	8,180	14,768
Shares redeemed	(29,463)	(31,909)
Increase (decrease) in net assets from capital share transactions	(5,668)	5,974
<b>Net Assets</b>		
Increase (decrease) during period	17,901	(17,657)
Beginning of period	166,744	184,401
<b>End of period</b>	<b>\$ 184,645</b>	<b>\$ 166,744</b>
 *Share information		
Shares sold	769	1,093
Distributions reinvested	397	787
Shares redeemed	(1,464)	(1,516)
Increase (decrease) in shares outstanding	(298)	364

<sup>(1)</sup> Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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 Moderate Allocation Portfolio (the fund), formerly the Personal Strategy Balanced Portfolio, 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 are currently offered only to insurance company separate accounts established for the purpose of funding 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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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. Non-cash dividends, if any, are recorded at the fair market value of the asset received. 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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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 independent pricing services or by broker dealers who make markets in such securities. When valuing securities, the independent pricing services consider 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, 2019 (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	\$ 75,298	\$ 25,275	\$ 184	\$ 100,757
Convertible Preferred Stocks	—	423	187	610
Fixed Income Securities <sup>1</sup>	—	43,188	—	43,188
Bond Mutual Funds	23,896	—	—	23,896
Equity Mutual Funds	11,096	—	—	11,096
Short-Term Investments	4,689	—	—	4,689
Securities Lending Collateral	756	—	—	756
Total Securities	115,735	68,886	371	184,992
Swaps	—	36	—	36
Forward Currency Exchange Contracts	—	2	—	2
Total	\$ 115,735	\$ 68,924	\$ 371	\$ 185,030
<b>Liabilities</b>				
Swaps	\$ —	\$ 6	\$ —	\$ 6
Forward Currency Exchange Contracts	—	11	—	11
Futures Contracts	2	—	—	2
Total	\$ 2	\$ 17	\$ —	\$ 19

<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.

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2019. 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, 2019, totaled \$31,000 for the year ended December 31, 2019. During the year, transfers out of Level 3 were because observable market data became available for the security. Additionally, during the period, transfers into and out of Level 3 include securities acquired as a result of a corporate action.

(\$000s)	Beginning Balance 1/1/19	Gain (Loss) During Period	Total Purchases	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance 12/31/19
Investment in Securities						
Common Stocks	\$ 142	\$ 13	\$ 36	\$ 1	\$ (8)	\$ 184
Convertible Preferred Stocks	131	18	47	—	(9)	187
Convertible Bonds	1	—	—	—	(1)	—
Total	\$ 274	\$ 31	\$ 83	\$ 1	\$ (18)	\$ 371

**NOTE 3 - DERIVATIVE INSTRUMENTS**

During the year ended December 31, 2019, 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, 2019, 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*	\$ 56
Foreign exchange derivatives	Forwards	2
Credit derivatives	Bilateral Swaps and Premiums, Centrally Cleared Swaps*	58
Total		<b>\$ 116</b>
<b>Liabilities</b>		
Interest rate derivatives	Futures*	\$ 69
Foreign exchange derivatives	Forwards	11
Credit derivatives	Bilateral Swaps and Premiums	5
Total		<b>\$ 85</b>

\*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, 2019, 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	Futures	Forward Currency Exchange Contracts	Swaps	Total	
<b>Realized Gain (Loss)</b>						
Interest rate derivatives	\$ (22)	\$ 196	\$ —	\$ —	\$	174
Foreign exchange derivatives	—	—	23	—		23
Credit derivatives	1	—	—	26		27
<b>Total</b>	<b>\$ (21)</b>	<b>\$ 196</b>	<b>\$ 23</b>	<b>\$ 26</b>	<b>\$</b>	<b>224</b>
<b>Change in Unrealized Gain (Loss)</b>						
Interest rate derivatives	\$ —	\$ (188)	\$ —	\$ —	\$	(188)
Foreign exchange derivatives	—	—	(11)	—		(11)
Credit derivatives	—	—	—	54		54
<b>Total</b>	<b>\$ —</b>	<b>\$ (188)</b>	<b>\$ (11)</b>	<b>\$ 54</b>	<b>\$</b>	<b>(145)</b>

**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 next 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, 2019, no collateral was pledged by either the fund or counterparties for bilateral derivatives. As of December 31, 2019, securities valued at \$201,000 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, 2019, the volume of the fund's activity in forwards, based on underlying notional amounts, was generally between 0% and 2% 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, 2019, the volume of the fund's activity in futures, based on underlying notional amounts, was generally between 5% and 19% 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, 2019, the volume of the fund's activity in options, based on underlying notional amounts, was generally less than 1% 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, 2019, the notional amount of protection sold by the fund totaled \$7,357,000 (4.0% 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, 2019, the volume of the fund's activity in swaps, based on underlying notional amounts, was generally between 0% and 4% 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 invests, either directly or through investments in other T. Rowe Price 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. 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 invests 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 invests 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 enters 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 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, 2019, 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, 2019, the value of loaned securities was \$724,000; the value of cash collateral and related investments was \$756,000.

**Mortgage-Backed Securities** The fund invests 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 invests 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 \$80,517,000 and \$88,635,000, respectively, for the year ended December 31, 2019. Purchases and sales of U.S. government securities aggregated \$78,571,000 and \$81,603,000, respectively, for the year ended December 31, 2019.

**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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The permanent book/tax adjustments have no impact on results of operations or net assets and relate primarily to the character of paydown gains and losses on asset-backed securities.

Distributions during the years ended December 31, 2019 and December 31, 2018, were characterized for tax purposes as follows:

(\$000s)

	December 31	
	2019	2018
Ordinary income	\$ 3,820	\$ 4,156
Long-term capital gain	4,360	10,612
Total distributions	\$ 8,180	\$ 14,768

At December 31, 2019, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:

(\$000s)

Cost of investments	\$ 141,828
Unrealized appreciation	\$ 46,141
Unrealized depreciation	(2,820)
Net unrealized appreciation (depreciation)	43,321
Undistributed ordinary income	395
Undistributed long-term capital gain	1,864
Paid-in capital	139,065
Net assets	\$ 184,645

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales for tax purposes.



**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 services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2020 to waive a portion of its management fee in order to limit the fund's management fee to 0.85% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$89,000 for the year ended December 31, 2019.

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, 2019, are as follows:

(\$000s)	Effective Management Fee Rate	Management Fee Waived
T. Rowe Price Inflation Protected Bond Fund—I Class	0.17%	\$ —
T. Rowe Price Institutional Emerging Markets Bond Fund	0.70%	57
T. Rowe Price Institutional Emerging Markets Equity Fund	1.10%	87
T. Rowe Price Institutional Floating Rate Fund	0.55%	5
T. Rowe Price Institutional High Yield Fund	0.50%	38
T. Rowe Price International Bond Fund—I Class	0.49%	28
T. Rowe Price Limited Duration Inflation Focused Bond Fund—I Class	0.25%	—
T. Rowe Price Real Assets Fund—I Class	0.64%	15
Total Management Fee Waived		\$ 230

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, 2019, 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, 2019.

**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 Moderate Allocation Portfolio  
(formerly known as 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 Moderate Allocation Portfolio (formerly known as T. Rowe Price Personal Strategy Balanced Portfolio) (one of the portfolios constituting T. Rowe Price Equity Series, Inc., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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, 2020

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 12/31/19**

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:

- \$342,000 from short-term capital gains,
- \$4,360,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%

For taxable non-corporate shareholders, \$1,765,000 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, \$876,000 of the fund's income qualifies for the dividends received deduction.

For individuals and certain trusts and estates which are entitled to claim a deduction of up to 20% of their combined qualified real estate investment trust (REIT) dividends, \$18,000 of the fund's income qualifies as qualified real estate investment trust (REIT) dividends.

**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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2017 [189]	Director and Vice President, T. Rowe Price; Vice President, 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.

\*\*Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**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 Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alexa M. Gagliardi (1988) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Trust Company
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) Principal Financial Officer, Vice President, and Treasurer	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

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) Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, 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 (1966) 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, JPMorgan 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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## ANNUAL REPORT

December 31, 2019

T. ROWE PRICE

# International Stock Portfolio

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## HIGHLIGHTS

- Your portfolio returned 27.77% in the 12 months ended December 31, 2019, handily outperforming the MSCI All Country World Index ex USA Net and modestly outperforming its Lipper peer group average.
- The International Stock Portfolio benefited from stock selection in information technology and financials, but stock selection in the industrials and business services sector detracted.
- We buy and hold companies with durable franchises that we believe can generate steady earnings and cash flow growth over the long term.
- We think the portfolio is a balanced blend of defensive growth names, such as aerospace and defense stocks, and procyclical holdings, such as our positions in India and information technology.

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## Dear Investor

Stocks posted strong gains in 2019 as most major U.S. indexes hit record highs in a broad-based rally that more than offset 2018's losses. Large- and mid-cap growth stocks were the strongest performers, with the S&P 500 and Nasdaq benchmarks recording their best year since 2013. U.S. shares outpaced their global counterparts, although most non-U.S. indexes also finished with solid double-digit gains.

Technology shares performed best within the S&P 500, helped by strong gains from industry giants Apple and Microsoft, and financial stocks also outperformed the broader market. Fixed income securities produced solid gains during the period as well—with corporate bonds leading the way—as longer-term Treasury yields fell to historic lows in late summer before partially rebounding.

In a sign that public markets have retained discipline, investors expressed skepticism about certain private-equity valuation levels when compared with their prospects for financial profitability. Relatively few initial public offerings (IPOs) saw their prices appreciate during the year, and one high-profile IPO candidate (WeWork) decided to withdraw its offering altogether after its valuation was dramatically reduced in the weeks before its proposed IPO.

Although the year opened with concerns that an escalating U.S.-China trade dispute could lead to a recession, global central banks played a key role in supporting markets. Fed policymakers delivered quarter-percentage-point rate cuts in July, September, and October and took steps to maintain liquidity in short-term lending markets. Other central banks also acted to address flagging growth, including the European Central Bank, which lowered its benchmark deposit rate deeper into negative territory and announced that it was restarting its quantitative easing program.

The pivot to a more accommodative monetary policy was a marked change from 2018, when the Fed raised rates four times, and appeared to be successful in reenergizing the economy. After contracting earlier in 2019, key U.S. manufacturing indicators showed signs of stabilizing by year-end, and the labor market remained strong, with solid payroll gains and an unemployment rate hovering near a 50-year low. With this more encouraging economic backdrop, it was not a surprise that in December Fed officials seemed satisfied that monetary policy was properly positioned to support continued growth and forecast no additional rate moves in 2020.

Besides central bank policy, investors also closely followed developments in the U.S.-China trade dispute. Stocks stumbled in May and August after the U.S. announced new tariffs on some Chinese imports and China retaliated with new tariffs of its own. However, investors generally took an optimistic view of trade negotiations, which limited the trade war's toll on markets, and in December the two countries announced a "phase one" agreement to reduce some existing tariffs and cancel the imposition of new ones.

With monetary policy worldwide largely committed to ensuring market liquidity and some global economic indicators showing signs of improvement, there are reasons to be optimistic in 2020. However, we caution investors not to expect the outsized gains of the past year. If the post-World War II era is to be a guide, the S&P 500 has on average generated mid-single-digit returns in the fourth year of a presidential cycle.

Further market advances will likely hinge on a resumption in earnings growth, which stalled in 2019, and there is no shortage of global risks in the year ahead. Unresolved trade issues, tensions in the Middle East, and policy debates on taxes, health care, and wealth disparity leading up to the U.S. presidential election all have the potential to cause market volatility.

In addition to these risks, T. Rowe Price analysts will be closely following how disruptive forces such as innovation, technological change, and automation could impact a growing number of global industries. In an uncertain environment, with a wide dispersion of returns possible, we believe that in-depth fundamental research that integrates environmental, social, and governance considerations will be critical to successfully assess opportunities and risks. I am confident our strategic investing approach will continue to serve our shareholders well.

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 27.77% in the 12 months ended December 31, 2019. The portfolio outperformed its benchmark, the MSCI All Country World Index ex USA Net, and the Lipper Variable Annuity Underlying International Multi-Cap Growth Funds Average. *(Past performance cannot guarantee future results.)*

### PERFORMANCE COMPARISON

Periods Ended 12/31/19	Total Return	
	6 Months	12 Months
International Stock Portfolio	9.54%	27.77%
MSCI All Country World Index ex USA Net	6.96	21.51
Lipper Variable Annuity Underlying International Multi-Cap Growth Funds Average	8.36	26.96

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

Stock selection was the primary driver of the portfolio's strong relative performance, although allocation decisions also generated a good contribution. Stock selection and an overweight allocation to information technology generated excellent performance. The fund's best absolute and relative performance contributor for the year was **NXP Semiconductors**, a Netherlands-based diversified, mixed-signal semiconductor manufacturer. The company has posted solid revenues and earnings gains, led by new orders in the automotive area. Not only does the company have a good product portfolio and serve healthy end markets, but it also trades at a relatively inexpensive valuation. We expect strong organic revenue growth acceleration and operating margin expansion coupled with improvement in free cash flow generation. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

The portfolio also benefited from solid gains in Netherlands-based **ASML Holding**. It is the dominant supplier of lithography equipment for semiconductor manufacturing, the most critical step in the semiconductor manufacturing process. Due to its unique technology leadership position (and virtual monopoly status), ASML maintains longer lead times than its semiconductor capital equipment peers, leading to revenue stability and unparalleled pricing power. The stock rallied on better-than-expected revenue and earnings. We believe that ASML has near- and long-term organic and free cash flow growth generation potential and that the company is deserving of its premium valuation.

Stock selection in the financials sector, coupled with an underweight allocation, generated the next-best relative performance contribution. **London Stock Exchange Group**, which operates a diversified exchange business, was a strong absolute and relative performance contributor. The stock rose sharply late in the year following an acquisition offer from fellow exchange operator Hong Kong Exchange that was later rejected. We like the stock because the company's growth is underpinned by structural drivers, the company is under-earning in several areas that are showing improvement, and because we believe it can generate margin expansion for several years.

**Banca Mediolanum**, the Italian family-owned wealth manager, posted strong gains and has a solid long-term record as an asset gatherer. The company is benefiting from reconfiguring its performance-based fee structure into a more stable management fee structure, which we believe could result in a higher price/earnings multiple for the shares over time. Lower-than-expected costs and an announced dividend that exceeded 2018's payout also boosted the stock in the fourth quarter. Management's moves have gained investor favor that we believe can result in a larger customer base and improved customer retention.

Within the communication services sector, stock selection, notably in the interactive media and services industry, drove relative results. **NAVER** was the best contributor in the sector. It is the leading search engine in South Korea and operates a leading mobile messenger (Line) in Japan, Taiwan, Thailand, and Indonesia. After a disappointing second quarter due to rising expenses and contracting margins, the stock staged a solid recovery. NAVER's high-quality domestic business is generating stable growth, in part because of new initiatives in online video, e-commerce, and NAVER Pay. We believe the company offers good growth at an attractive valuation and it commands a solid position in its domestic market.

**SECTOR DIVERSIFICATION**

	Percent of Net Assets	
	6/30/19	12/31/19
Financials	17.0%	15.8%
Consumer Discretionary	15.5	15.5
Information Technology	13.4	15.3
Consumer Staples	12.2	12.1
Health Care	11.1	11.8
Industrials and Business Services	10.6	11.3
Communication Services	7.4	8.4
Materials	4.4	4.3
Energy	2.9	2.7
Utilities	1.4	1.2
Real Estate	0.5	0.0
Other and Reserves	3.6	1.6
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Historical weightings reflect current industry/sector classifications.

Stock selection and an overweight allocation in the industrials and business services sector detracted from relative returns. **Thales**, a large position in the aerospace segment, declined. The global aerospace and defense company operates in structurally growing end markets such as digital security, air traffic management, rail signaling, and in-flight entertainment and connectivity. In the past 12 months, the company has suffered from a weaker-than-anticipated rate of growth in the commercial satellite market that has caused the stock to suffer. We believe this is a transitory issue in what is a structurally growing market. In our view, Thales's research and development investments will yield good results over time.

**How is the fund positioned?**

The International Stock Portfolio's sector positioning is the result of bottom-up stock selection. While we may occasionally have a qualitative macroeconomic view that modestly influences sector and industry weightings, they are predominantly a residual of our bottom-up stock selection process. This process has proven to be extremely durable and style-consistent.

Overall, our regional allocations have not shifted materially over the year. Developed Europe (44% of portfolio assets) offers opportunities to buy durable growth companies with good risk/reward trade-offs. While it remained the largest regional weighting, we are slightly underweight versus the benchmark. Our holdings in the Pacific ex-Japan region totaled 24%, and we have remained underweight in Japan (15%), which has struggled to maintain economic growth this

year. We have maintained a modest overweight allocation to emerging markets, where we continue to find solid growth companies trading at reasonable valuations.

The portfolio's financials sector holdings generated a double-digit return, handily outperforming the benchmark. Our relative returns also benefited from an underweight allocation in the sector. We were active buyers and sellers in the sector, but, overall, we sold more than we added. We eliminated our position in insurer **Prudential**. While we still view the company as a structural compounder in the Asia business, we became concerned with the long-term outlook for its U.S. subsidiary. We also eliminated Finnish insurer **Sampo**. The stock had been volatile. After it rebounded in October, we decided to close out our position as a source of funds for other ideas. We initiated a position in UK-listed **Hiscox**, a specialty insurer domiciled in Bermuda, following poor earnings that disappointed the market. Hiscox's management is one of the best in European insurance, and we are confident in its long-term earnings growth potential.

The portfolio's overweight allocation in consumer discretionary was relatively unchanged for the year. We added to our position in **Prosus**, the holding company for the international internet assets of South Africa-listed **Naspers**, which is also owned in the portfolio. Prosus' portfolio includes stakes in Tencent Holdings, Mail.ru, Ctrip.com International, and others. The business also includes Naspers' online classified ads business, food delivery investments, and financial technology interests. The stock trades at a significant discount to the underlying value of its assets, and management is committed to closing that gap while building out the classified, food delivery, and payments businesses.

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

At present, markets have been swinging between a more optimistic view that economic growth is bottoming and worries about a trade deal and late-cycle attributes of some economies. While cyclical stocks were extremely attractive earlier in the year, many of these cyclical stocks have had strong rallies on the narrative that economic growth is bottoming, and risk/reward has become somewhat less appealing in certain areas. Meanwhile, many of the classic defensive areas of the market remain expensive, in our opinion, leading us to areas such as defense companies, which we believe offer a better risk/reward trade-off. On the margin, we have moved the portfolio into a slightly more defensive position, given where we are finding better opportunities at the stock level after the rally in markets and considering the macro uncertainties we face in 2020, including Brexit, the U.S. presidential campaign, and the U.S.-China trade war.

Given the late-cycle nature of many economies and also the prospect that economic growth appears to be bottoming, we think the portfolio is well balanced between defensive and cyclical holdings where we can still find attractive risk/reward, such as certain auto parts and emerging markets holdings. We remain optimistic on a number of emerging markets, such as India, which have weathered a period of slower growth with low levels of investment and are now entering a rate-cutting cycle that should help to stimulate demand. We feel these emerging markets are at a different point in their economic cycle than many of the developed markets that have relied heavily on quantitative easing to stimulate growth and, therefore, have healthier midterm outlooks.

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**

Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. 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. These risks are generally greater for investments in emerging markets.

**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.

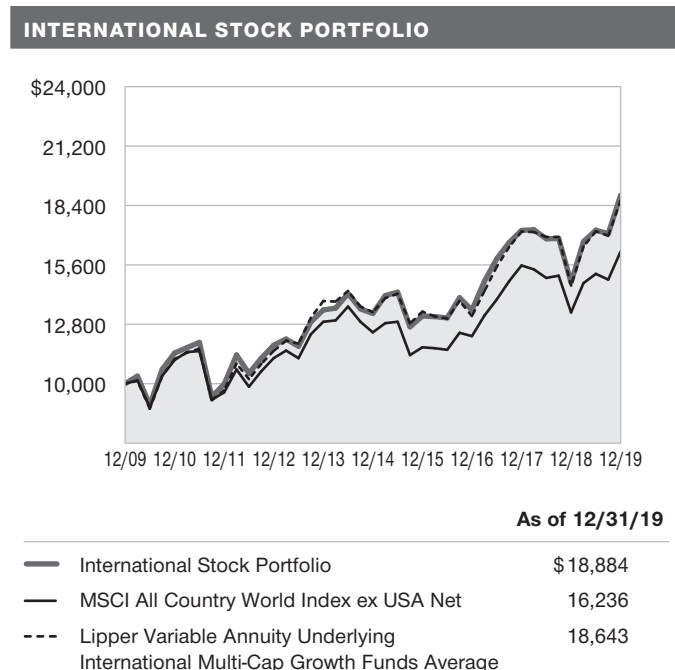
**TWENTY-FIVE LARGEST HOLDINGS**

<b>Company</b>	<b>Country</b>	<b>Percent of Net Assets 12/31/19</b>
Thales	France	2.6%
Alibaba Group Holding	China	2.3
Taiwan Semiconductor Manufacturing	Taiwan	2.2
Takeda Pharmaceutical	Japan	2.1
Housing Development Finance	India	2.1
NXP Semiconductors	Netherlands	2.0
Naspers	South Africa	2.0
Samsung Electronics	South Korea	1.9
Essity	Sweden	1.9
NAVER	South Korea	1.9
Nestle	Switzerland	1.9
AlA Group	Hong Kong	1.7
Nippon Telegraph & Telephone	Japan	1.6
Koninklijke Philips	Netherlands	1.5
Galp Energia	Portugal	1.5
ASML Holding	Netherlands	1.5
Amcor	United Kingdom	1.4
Lonza Group	Switzerland	1.4
Prosus	Netherlands	1.4
Philip Morris International	United States	1.4
EssilorLuxottica	France	1.3
Magna International	Canada	1.3
Bank Central Asia	Indonesia	1.3
Erste Group Bank	Austria	1.3
Seven & i Holdings	Japan	1.3
<b>Total</b>		<b>42.8%</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 12/31/19	1 Year	5 Years	10 Years
International Stock Portfolio	27.77%	7.25%	6.56%

*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 7/1/19	Ending Account Value 12/31/19	Expenses Paid During Period* 7/1/19 to 12/31/19
Actual	\$1,000.00	\$1,095.40	\$5.02
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 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 13.04	\$ 17.35	\$ 14.27	\$ 14.67	\$ 15.26
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.34 <sup>(3)</sup>	0.21	0.17	0.17	0.14
Net realized and unrealized gain/loss	3.27	(2.67)	3.80	0.14	(0.28)
Total from investment activities	3.61	(2.46)	3.97	0.31	(0.14)
Distributions					
Net investment income	(0.37)	(0.23)	(0.19)	(0.16)	(0.15)
Net realized gain	(0.66)	(1.62)	(0.70)	(0.55)	(0.30)
Total distributions	(1.03)	(1.85)	(0.89)	(0.71)	(0.45)
<b>NET ASSET VALUE</b>					
End of period	\$ 15.62	\$ 13.04	\$ 17.35	\$ 14.27	\$ 14.67

## Ratios/Supplemental Data

<b>Total return<sup>(2) (4)</sup></b>	<b>27.77%</b>	<b>(14.20)%</b>	<b>27.88%</b>	<b>2.13%</b>	<b>(0.90)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(5)</sup>	1.05%	1.00%	1.05%	1.05%	1.05%
Net expenses after waivers/payments by Price Associates	0.95%	1.00%	1.05%	1.05%	1.05%
Net investment income	2.31% <sup>(3)</sup>	1.28%	1.04%	1.15%	0.88%
Portfolio turnover rate	33.8%	36.3%	34.0%	39.5%	37.3%
Net assets, end of period (in thousands)	\$ 295,743	\$ 271,207	\$ 382,759	\$ 310,621	\$ 305,031

<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> Reflects special dividends which amounted to \$0.16 per share and 1.07% of average net assets.<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, and payment of no redemption or account fees, if applicable.<sup>(5)</sup> See Note 7. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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

## T. ROWE PRICE INTERNATIONAL STOCK PORTFOLIO

December 31, 2019

PORTFOLIO OF INVESTMENTS†	Shares	\$ Value
(Cost and value in \$000s)		
<b>ARGENTINA 0.2%</b>		
<b>Common Stocks 0.2%</b>		
Globant (USD) (1)	6,835	725
<b>Total Argentina</b> <b>(Cost \$364)</b>		<b>725</b>
<b>AUSTRALIA 0.5%</b>		
<b>Common Stocks 0.5%</b>		
South32	826,814	1,561
<b>Total Australia</b> <b>(Cost \$1,045)</b>		<b>1,561</b>
<b>AUSTRIA 1.3%</b>		
<b>Common Stocks 1.3%</b>		
Erste Group Bank (2)	102,789	3,861
<b>Total Austria</b> <b>(Cost \$3,230)</b>		<b>3,861</b>
<b>BELGIUM 0.4%</b>		
<b>Common Stocks 0.4%</b>		
Galapagos (1)	6,040	1,258
<b>Total Belgium</b> <b>(Cost \$631)</b>		<b>1,258</b>
<b>BRAZIL 1.1%</b>		
<b>Common Stocks 1.1%</b>		
Banco Bradesco, ADR (USD)	199,174	1,783
StoneCo, Class A (USD) (1)(3)	30,432	1,214
XP, Class A (USD) (1)(3)	7,792	300
<b>Total Brazil</b> <b>(Cost \$2,097)</b>		<b>3,297</b>
<b>CANADA 3.2%</b>		
<b>Common Stocks 3.2%</b>		
Canadian Pacific Railway	5,233	1,334
Magna International (USD)	71,843	3,940

	Shares	\$ Value
(Cost and value in \$000s)		
Restaurant Brands International (USD)	30,629	1,953
Seven Generations Energy, Class A (1)	342,559	2,234
<b>Total Canada</b> <b>(Cost \$9,021)</b>		<b>9,461</b>
<b>CAYMAN ISLANDS 0.1%</b>		
<b>Convertible Preferred Stocks 0.1%</b>		
ByteDance, Series E, Acquisition Date: 7/8/19, Cost: \$293 (USD) (1)(4)(5)	5,954	293
<b>Total Cayman Islands</b> <b>(Cost \$293)</b>		<b>293</b>
<b>CHINA 6.8%</b>		
<b>Common Stocks 4.6%</b>		
58.com, ADR (USD) (1)	27,882	1,805
Alibaba Group Holding, ADR (USD) (1)	31,400	6,660
China Mengniu Dairy (HKD)	370,000	1,497
Tencent Holdings (HKD)	74,800	3,603
		13,565
<b>Common Stocks - China A Shares 2.0%</b>		
BTG Hotels Group, A Shares (CNH)	285,691	847
Gree Electric Appliances of Zhuhai, A Shares (CNH)	265,500	2,505
Kweichow Moutai, A Shares (CNH)	15,270	2,600
		5,952
<b>Convertible Preferred Stocks 0.2%</b>		
Xiaoju Kuaizhi, Series A-17, Acquisition Date: 10/19/15, Cost: \$343 (USD) (1)(4)(5)	12,518	638
		638
<b>Total China</b> <b>(Cost \$8,489)</b>		<b>20,155</b>

(Cost and value in \$000s)

**FRANCE 8.0%****Common Stocks 8.0%**

Air Liquide	17,398	2,466
Airbus	17,375	2,550
Dassault Aviation	2,424	3,181
EssilorLuxottica	25,997	3,974
LVMH Moët Hennessy Louis Vuitton	1,843	859
Thales	73,707	7,670
<b>TOTAL</b>	<b>22,235</b>	<b>1,234</b>
Ubisoft Entertainment (1)(2)	22,929	1,589

**Total France**  
**(Cost \$19,750)** ..... **23,523**

**GERMANY 4.7%****Common Stocks 4.5%**

Bayer	46,546	3,784
Evotec (1)(3)	36,338	937
Knorr-Bremse	13,174	1,339
SAP	24,023	3,233
Siemens	10,551	1,378
TeamViewer (1)	47,765	1,703
Zalando (1)	20,006	1,009

13,383

**Preferred Stocks 0.2%**

Sartorius (6)	2,053	439
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439

**Total Germany**  
**(Cost \$11,822)** ..... **13,822**

**HONG KONG 2.6%****Common Stocks 2.6%**

AIA Group	486,400	5,116
CK Hutchison Holdings	186,384	1,777
Jardine Matheson Holdings (USD)	12,100	674

**Total Hong Kong**  
**(Cost \$4,000)** ..... **7,567**

(Cost and value in \$000s)

**INDIA 5.0%****Common Stocks 5.0%**

Axis Bank	329,432	3,475
Housing Development Finance	179,337	6,065
Maruti Suzuki India	18,025	1,862
NTPC	2,059,296	3,434

**Total India**  
**(Cost \$8,546)** ..... **14,836**

**INDONESIA 1.9%****Common Stocks 1.9%**

Bank Central Asia	1,608,800	3,869
Sarana Menara Nusantara	29,199,700	1,693

**Total Indonesia**  
**(Cost \$2,273)** ..... **5,562**

**ITALY 0.6%****Common Stocks 0.6%**

Banca Mediolanum	192,292	1,911
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**Total Italy**  
**(Cost \$1,279)** ..... **1,911**

**JAPAN 14.5%****Common Stocks 14.5%**

Chugai Pharmaceutical	18,100	1,667
Daichi Sankyo	15,900	1,050
Disco	6,200	1,456
en-japan	22,600	982
Fujitsu General	103,600	2,325
Hoshizaki	11,000	981
Kansai Paint	37,700	921
Kusuri no Aoki Holdings	7,400	463
Mitsubishi Electric	132,000	1,797
Murata Manufacturing	53,800	3,311
Nippon Telegraph & Telephone	183,800	4,645
Otsuka Holdings (3)	23,400	1,043
Outsourcing	89,700	944
Pan Pacific International Holdings	64,400	1,068
Persol Holdings	87,100	1,632
Sega Sammy Holdings	19,600	284

	Shares	\$ Value
(Cost and value in \$000s)		
Seven & i Holdings	104,900	3,845
Stanley Electric	60,300	1,742
Suzuki Motor	23,000	960
Takeda Pharmaceutical	157,432	6,227
Terumo	45,900	1,628
Trend Micro (1)	15,800	809
Z Holdings	700,500	2,958
<b>Total Japan</b>		
<b>(Cost \$34,158)</b>		<b>42,738</b>
<b>NETHERLANDS 7.4%</b>		
<b>Common Stocks 7.4%</b>		
Adyen (1)	602	495
ASML Holding (2)	15,011	4,444
Koninklijke Philips	91,767	4,486
NXP Semiconductors (USD)	46,626	5,934
Prosus (1)	55,646	4,165
Unilever	41,109	2,359
<b>Total Netherlands</b>		
<b>(Cost \$14,895)</b>		<b>21,883</b>
<b>PERU 0.6%</b>		
<b>Common Stocks 0.6%</b>		
Credicorp (USD)	8,775	1,870
<b>Total Peru</b>		
<b>(Cost \$1,631)</b>		<b>1,870</b>
<b>PHILIPPINES 0.4%</b>		
<b>Common Stocks 0.4%</b>		
SM Investments	54,395	1,119
<b>Total Philippines</b>		
<b>(Cost \$888)</b>		<b>1,119</b>
<b>POLAND 0.5%</b>		
<b>Common Stocks 0.5%</b>		
Powszechny Zaklad Ubezpieczen	146,531	1,548
<b>Total Poland</b>		
<b>(Cost \$1,503)</b>		<b>1,548</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>PORTUGAL 2.6%</b>		
<b>Common Stocks 2.6%</b>		
Galp Energia	265,325	4,454
Jerónimo Martins	198,946	3,279
<b>Total Portugal</b>		
<b>(Cost \$7,227)</b>		<b>7,733</b>
<b>SAUDI ARABIA 0.4%</b>		
<b>Common Stocks 0.4%</b>		
Al Rajhi Bank	67,649	1,180
<b>Total Saudi Arabia</b>		
<b>(Cost \$1,019)</b>		<b>1,180</b>
<b>SOUTH AFRICA 2.7%</b>		
<b>Common Stocks 2.7%</b>		
FirstRand	448,385	2,012
Naspers, N Shares	35,586	5,823
<b>Total South Africa</b>		
<b>(Cost \$8,892)</b>		<b>7,835</b>
<b>SOUTH KOREA 4.4%</b>		
<b>Common Stocks 4.4%</b>		
LG Household & Health Care	1,615	1,754
NAVER	34,693	5,582
Samsung Electronics	119,018	5,735
<b>Total South Korea</b>		
<b>(Cost \$7,722)</b>		<b>13,071</b>
<b>SPAIN 1.3%</b>		
<b>Common Stocks 1.3%</b>		
Amadeus IT Group, A Shares	45,228	3,704
<b>Total Spain</b>		
<b>(Cost \$1,796)</b>		<b>3,704</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>SWEDEN 2.5%</b>		
<b>Common Stocks 2.5%</b>		
Essity, B Shares	177,778	5,726
Hexagon, B Shares (2)	32,283	1,809
<b>Total Sweden</b> <b>(Cost \$4,736)</b>		<b>7,535</b>
<b>SWITZERLAND 7.6%</b>		
<b>Common Stocks 7.6%</b>		
Alcon (1)	29,875	1,692
dormakaba Holding	2,006	1,436
Julius Baer Group	58,354	3,008
Lonza Group	11,478	4,187
Nestle	50,814	5,501
Roche Holding	8,870	2,883
UBS Group	304,644	3,845
<b>Total Switzerland</b> <b>(Cost \$18,050)</b>		<b>22,552</b>
<b>TAIWAN 2.2%</b>		
<b>Common Stocks 2.2%</b>		
Taiwan Semiconductor Manufacturing	594,000	6,574
<b>Total Taiwan</b> <b>(Cost \$1,744)</b>		<b>6,574</b>
<b>THAILAND 0.6%</b>		
<b>Common Stocks 0.6%</b>		
CP ALL	747,000	1,809
<b>Total Thailand</b> <b>(Cost \$884)</b>		<b>1,809</b>
<b>UNITED ARAB EMIRATES 1.4%</b>		
<b>Common Stocks 1.4%</b>		
First Abu Dhabi Bank	415,861	1,720
Network International Holdings (GBP) (1)	270,441	2,289
<b>Total United Arab Emirates</b> <b>(Cost \$3,016)</b>		<b>4,009</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>UNITED KINGDOM 7.2%</b>		
<b>Common Stocks 7.0%</b>		
Arcor, CDI (AUD)	385,214	4,212
British American Tobacco	71,548	3,041
Burberry Group	36,641	1,070
Farfetch, Class A (USD) (1)(3)	66,597	689
Hiscox	75,853	1,432
HomeServe	105,340	1,764
LivaNova (USD) (1)(3)	19,713	1,487
London Stock Exchange Group	35,551	3,654
Smith & Nephew	85,542	2,062
Vodafone Group	609,998	1,184
		20,595
<b>Convertible Preferred Stocks 0.2%</b>		
Roofoods, Series G, Acquisition Date: 5/16/19, Cost: \$567 (USD) (1)(4)(5)	1,358	568
		568
<b>Total United Kingdom</b> <b>(Cost \$18,060)</b>		<b>21,163</b>
<b>UNITED STATES 5.7%</b>		
<b>Common Stocks 5.7%</b>		
Booking Holdings (1)	1,429	2,935
Liberty Latin America, Class C (1)	83,814	1,631
Linde (EUR)	15,884	3,408
Mastercard, Class A	6,200	1,851
Philip Morris International	47,676	4,057
Waste Connections	32,045	2,909
<b>Total United States</b> <b>(Cost \$11,041)</b>		<b>16,791</b>
<b>SHORT-TERM INVESTMENTS 1.3%</b>		
<b>MONEY MARKET FUNDS 1.3%</b>		
T. Rowe Price Government Reserve Fund, 1.59% (7)(8)	3,932,776	3,933
<b>Total Short-Term Investments</b> <b>(Cost \$3,933)</b>		<b>3,933</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>SECURITIES LENDING COLLATERAL 1.2%</b>		
<b>Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank 1.2%</b>		
<b>Short-Term Funds 1.2%</b>		
T. Rowe Price Short-Term Fund,		
1.79% (7)(8)	353,798	3,538

	\$ Value
(Cost and value in \$000s)	
<b>Total Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank</b>	<b>3,538</b>
<b>Total Securities Lending Collateral (Cost \$3,538)</b>	<b>3,538</b>
<b>Total Investments in Securities</b>	
<b>100.9% of Net Assets (Cost \$217,573)</b>	<b>\$ 298,417</b>

‡ Country classifications are generally based on MSCI categories or another unaffiliated third party data provider; Shares and Notional Amount 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 pledged to cover or as collateral for written call options at December 31, 2019.
  - (3) See Note 4. All or a portion of this security is on loan at December 31, 2019.
  - (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 \$1,499 and represents 0.5% of net assets.
  - (5) See Note 2. Level 3 in fair value hierarchy.
  - (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  
AUD Australian Dollar  
CDI CHESS or CREST Depositary Interest  
CNH Offshore China Renminbi  
EUR Euro  
GBP British Pound  
HKD Hong Kong Dollar  
JPY Japanese Yen  
OTC Over-the-counter  
SEK Swedish Krona  
USD U.S. Dollar

(Amounts in 000s, except for contracts)

**OPTIONS WRITTEN (0.0)%****OTC Options Written (0.0)%**

Counterparty	Description	Contracts	Notional Amount	\$ Value
Goldman Sachs	ASML Holding, Call, 1/17/20 @ 260.00 (EUR)	5	132	(4)
Goldman Sachs	ASML Holding, Call, 2/21/20 @ 280.00 (EUR)	10	264	(3)
JPMorgan Chase	Erste Group Bank, Call, 1/17/20 @ 35.00 (EUR)	39	131	(1)
JPMorgan Chase	Hexagon, Call, 1/17/20 @ 570.00 (SEK)	2	105	—
JPMorgan Chase	Ubisoft Entertainment, Call, 1/17/20 @ 60.00 (EUR)	30	185	(9)
<b>Total Options Written (Premiums \$(11))</b>			<b>\$</b>	<b>(17)</b>

**Forward Currency Exchange Contracts**

(Amounts in 000s)

<b>Counterparty</b>	<b>Settlement</b>	<b>Receive</b>	<b>Deliver</b>	<b>Unrealized Gain/(Loss)</b>
Morgan Stanley	1/15/20	USD	1,430 JPY	154,931 \$ ..... 3
Net unrealized gain (loss) on open forward currency exchange contracts				\$ ..... 3



**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, 2019. 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	\$ —	\$ —	\$ 155
T. Rowe Price Short-Term Fund	—	—	— <sup>++</sup>
Totals	\$ — <sup>#</sup>	\$ —	\$ 155 <sup>+</sup>

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/18</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/19</b>
T. Rowe Price Government Reserve Fund	\$ 1,822	□	□ \$	3,933
T. Rowe Price Short-Term Fund	7,613	□	□	3,538
			\$	7,471 <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 \$155 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 \$7,471.

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

December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$217,573)	\$	298,417
Receivable for investment securities sold		400
Dividends receivable		357
Foreign currency (cost \$349)		356
Receivable for shares sold		11
Unrealized gain on forward currency exchange contracts		3
Other assets		350
Total assets		<u>299,894</u>

**Liabilities**

Obligation to return securities lending collateral		3,538
Investment management and administrative fees payable		296
Payable for investment securities purchased		158
Payable for shares redeemed		142
Options written (premiums \$11)		17
Total liabilities		<u>4,151</u>

**NET ASSETS****\$ 295,743****Net Assets Consist of:**

Total distributable earnings (loss)	\$	77,087
Paid-in capital applicable to 18,929,659 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>218,656</u>

**NET ASSETS****\$ 295,743****NET ASSET VALUE PER SHARE****\$ 15.62**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/19
<b>Investment Income (Loss)</b>	
Income	
Dividend (net of foreign taxes of \$596)	\$ 9,345
Securities lending	45
Total income	9,390
Expenses	
Investment management and administrative expense	3,022
Waived/Paid by Price Associates	(288)
Net expenses	2,734
Net investment income	6,656
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	11,307
Options written	114
Forward currency exchange contracts	(34)
Foreign currency transactions	(31)
Net realized gain	11,356
Change in net unrealized gain / loss	
Securities	52,003
Options written	(6)
Forward currency exchange contracts	55
Other assets and liabilities denominated in foreign currencies	5
Change in net unrealized gain / loss	52,057
Net realized and unrealized gain / loss	63,413
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 70,069</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 6,656	\$ 4,227
Net realized gain	11,356	25,835
Change in net unrealized gain / loss	52,057	(75,122)
Increase (decrease) in net assets from operations	70,069	(45,060)
Distributions to shareholders		
Net earnings	(18,455)	(33,799)
Capital share transactions*		
Shares sold	21,319	17,045
Distributions reinvested	18,455	33,799
Shares redeemed	(66,852)	(83,537)
Decrease in net assets from capital share transactions	(27,078)	(32,693)
<b>Net Assets</b>		
Increase (decrease) during period	24,536	(111,552)
Beginning of period	271,207	382,759
<b>End of period</b>	<b>\$ 295,743</b>	<b>\$ 271,207</b>
 *Share information		
Shares sold	1,427	1,000
Distributions reinvested	1,195	2,586
Shares redeemed	(4,487)	(4,853)
Decrease in shares outstanding	(1,865)	(1,267)

<sup>(1)</sup>Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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 Portfolio (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 to insurance company separate accounts established for the purpose of funding 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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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. Non-cash dividends, if any, are recorded at the fair market value of the asset received. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid annually. 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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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. Listed options, and OTC options with a listed equivalent, are valued at the mean of the closing bid and asked prices and generally are categorized in Level 2 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, 2019 (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	\$ 41,743	\$ 247,265	\$ —	\$ 289,008
Convertible Preferred Stocks	—	—	1,499	1,499
Preferred Stocks	—	439	—	439
Short-Term Investments	3,933	—	—	3,933
Securities Lending Collateral	3,538	—	—	3,538
Total Securities	49,214	247,704	1,499	298,417
Forward Currency Exchange Contracts	—	3	—	3
Total	\$ 49,214	\$ 247,707	\$ 1,499	\$ 298,420
<b>Liabilities</b>				
Options Written	\$ —	\$ 17	\$ —	\$ 17

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2019. 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, 2019, totaled \$51,000 for the year ended December 31, 2019.

(\$000s)	Beginning Balance 1/1/19	Gain (Loss) During Period	Total Purchases	Ending Balance 12/31/19
Investment in Securities				
Convertible Preferred Stocks	\$ 587	\$ 51	\$ 861	\$ 1,499

### NOTE 3 - DERIVATIVE INSTRUMENTS

During the year ended December 31, 2019, 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, 2019, 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>		
Foreign exchange derivatives	Forwards	\$ 3
<b>Liabilities</b>		
Equity derivatives	Options Written	\$ (17)



Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the year ended December 31, 2019, 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
<b>Realized Gain (Loss)</b>			
Foreign exchange derivatives	\$ —	\$ (34)	\$ (34)
Equity derivatives	114	—	114
Total	\$ 114	\$ (34)	\$ 80
<b>Change in Unrealized Gain (Loss)</b>			
Foreign exchange derivatives	\$ —	\$ 55	\$ 55
Equity derivatives	(6)	—	(6)
Total	\$ (6)	\$ 55	\$ 49

**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 next 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, 2019, 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 relative to the U.S. dollar. 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, 2019, the volume of the fund's activity in forwards, based on underlying notional amounts, was generally less than 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, 2019, 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 and Frontier Markets** The fund invests, either directly or through investments in other T. Rowe Price 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. 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 invests 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, 2019, the value of loaned securities was \$3,458,000; the value of cash collateral and related investments was \$3,538,000.

**Other** Purchases and sales of portfolio securities other than short-term securities aggregated \$94,443,000 and \$134,711,000, respectively, for the year ended December 31, 2019.

## 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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

Distributions during the years ended December 31, 2019 and December 31, 2018, were characterized for tax purposes as follows:

	December 31	
	2019	2018
Ordinary income	\$ 7,525	\$ 8,039
Long-term capital gain	10,930	25,760
Total distributions	\$ 18,455	\$ 33,799

At December 31, 2019, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:

	(\$000s)
Cost of investments	\$ 223,132
Unrealized appreciation	\$ 85,648
Unrealized depreciation	(10,389)
Net unrealized appreciation (depreciation)	75,259
Undistributed ordinary income	584
Undistributed long-term capital gain	1,244
Paid-in capital	218,656
Net assets	\$ 295,743

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 for tax purposes.

**NOTE 6 - FOREIGN TAXES**

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, 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. 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. To the extent that the fund has country specific capital loss carryforwards, such carryforwards are applied against net unrealized gains when determining the deferred tax liability. Any deferred tax liability incurred by the fund is included in either Other liabilities or Deferred tax liability on the accompanying Statement of Assets and Liabilities.

**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 services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2020 to waive a portion of its management fee in order to limit the fund's management fee to 0.95% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$288,000 for the year ended December 31, 2019.

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, 2019, 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 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 (constituting T. Rowe Price International Series, Inc., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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, 2020

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 12/31/19**

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:

- \$896,000 from short-term capital gains,
- \$10,929,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%.

For taxable non-corporate shareholders, \$4,903,000 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, \$182,000 of the fund's income qualifies for the dividends-received deduction.

The fund will pass through foreign source income of \$7,680,000 and foreign taxes paid of \$461,000.

**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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2017 [189]	Director and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**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 Retirement Plan 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
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, 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
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) Principal Financial Officer, Vice President, and Treasurer	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company

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 International Series</b>	<b>Principal Occupation(s)</b>
Tobias F. Mueller, CFA (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
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, T. Rowe Price
Sebastian Schrott (1977) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Bin Shen, CFA (1987) Vice President	Employee, T. Rowe Price
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, JPMorgan Chase (to 2017)
Ernest C. Yeung, CFA (1979) Executive Vice President	Director 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, 2019

T. ROWE PRICE

# Mid-Cap Growth Portfolio

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## HIGHLIGHTS

- Mid-cap growth stocks recorded stellar returns in 2019, helping our portfolio notch its best annual gain since 2013.
- Our wariness toward overextended valuations, particularly in the technology sector, led to the portfolio moderately underperforming its benchmark.
- Our stock selection within sectors benefited returns, however. Our technology holdings outperformed even those in the Russell Midcap Growth Index, returning over 48% on a weighted basis.
- We believe valuations will eventually move back in line with fundamentals, but experience has taught us that periods of market excess can persist for some time.

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## Fellow Shareholders

Mid-cap growth stocks recorded stellar returns in 2019, helping our portfolio record its best return since 2013. We must admit that the market's sharp rise in the face of elevated valuations, stagnant earnings, and a sluggish global economy felt a bit surreal to us, however. Our skepticism was reflected in the portfolio's modest underperformance relative to its benchmark, which in turn reflected our higher-than-usual cash position and our significant underweight in technology, the market's highest-flying sector. Conversely, our stock selection—even within the tech sector—bolstered our results, reflecting a durable research process that has delivered strong results over almost three decades. While we have experienced bouts of underperformance in previous periods of market excess, we view them as an acceptable tradeoff for our risk-aware and valuation-sensitive approach.

### PERFORMANCE COMPARISON

Periods Ended 12/31/19	Total Return	
	6 Months	12 Months
Mid-Cap Growth Portfolio	5.73%	31.29%
Mid-Cap Growth Portfolio-II	5.63	30.98
Russell Midcap Growth Index	7.45	35.47
Lipper Variable Annuity Underlying Mid-Cap Growth Funds Average	6.18	35.04

The Mid-Cap Growth Portfolio returned 31.29% in the 12 months ended December 31, 2019; the Mid-Cap Growth Portfolio-II returned 30.98% over that same period. The portfolio lagged its benchmark and peer group average but remained favorably ranked relative to its competitors over longer time periods. (Based on cumulative total return, Lipper ranked the Mid-Cap Growth Portfolio 83 of 94, 56 of 91, 17 of 88, and 10 of 80 funds in the Lipper variable annuity underlying mid-cap growth funds category for the 1-, 3-, 5-, and 10-year periods ended December 31, 2019, respectively. Lipper ranked the Mid-Cap Growth Portfolio-II 88 of 94, 63 of 91, 25 of 88, and 19 of 80 funds in the Lipper variable annuity underlying mid-cap growth funds category for the 1-, 3-, 5-, and 10-year periods ended December 31, 2019, respectively. *Past performance cannot guarantee future results.*)

### MARKET ENVIRONMENT

The hurdles that the market had to clear in 2019 were daunting. Global growth slowed considerably over the year, with the manufacturing sector falling into recession in almost every major economy. The U.S.-China trade war heated up further in the spring and reached a point of peak intensity in August, when President Donald Trump imposed a range of

new tariffs on Chinese imports and threatened additional measures for later in the year. The populist backlash against free trade and open markets was not restricted to the U.S., however, and it seemed highly likely for much of the year that the UK would crash out of the eurozone in a no-deal Brexit. Meanwhile, the two parties in Washington seemed to agree on nothing except their readiness to push the federal deficit back up above the \$1 trillion level. Against all this, corporate earnings growth stalled as the impact of the 2018 tax cuts faded and export markets slumped. Yet the market climbed throughout almost the entire year, with the S&P 500 Index recording only two monthly losses in 2019.

What accounts for the market's resilience? A variety of explanations are possible, but to us one seems glaring—central banks' continued inflation of asset prices. As the year began, Federal Reserve Chair Jerome Powell stated that policymakers were ready "to use all our tools to support the economy," signaling that the Fed would call a halt to its program of slow rate increases. By the spring, he and other officials began communicating that they would, in fact, begin cutting rates in what they termed a "mid-cycle adjustment." Three quarter-point cuts followed in the summer and fall, bringing the federal funds rate by October back down to a range of 1.50%–1.75%—an astonishing level with the unemployment rate at a 50-year low. Meanwhile, President Trump complained that the Fed should, in fact, push interest rates into negative territory to compete with the even more radical policy being pursued by the European Central Bank (ECB). "Give me some of that money!" he joked to the Economic Club of New York in November.

The Fed also joined the ECB in expanding its balance sheet in 2019. In September, the Fed began buying Treasury bills to help stabilize short-term lending markets—a strategy that Dallas Fed Governor Steven Kaplan has recently acknowledged as a form of quantitative easing. By buying trillions in sovereign and even corporate debt over the past decade, central banks have flooded the global economy with liquidity, an experiment defended as necessary to fend off recession and economic hardship. As we have long argued, the dollars, euros, and yen did not flow into the pockets of the poor and middle classes, as intended, but rather into financial assets overwhelmingly benefiting the rich. The U.S. stock market has been one of the primary recipients of these flows, which have helped stock prices rise much faster than corporate profits. Hence, the S&P 500 rose by nearly a third in 2019, even as overall profits for its companies declined slightly.

While investors might enjoy the gains for now, we caution that they are likely to have come at a steep price. Most obviously, higher current valuations should be expected to weigh on future returns, but the flood of liquidity has also distorted

markets in dangerous ways. Borrowing from Lewis Carroll, central banks seem to have guided investors “through the looking glass” into a world in which everything is exactly reversed. Some of the “curious and curiöser” investment precepts of 2019:

*Profitability is unappealing.* Within the mid-cap growth universe, companies with no earnings performed best in 2019.

*Conversely, high valuations are attractive.* To the extent they had earnings, companies with the highest price-to-earnings ratios performed best. Momentum ruled, with investors piling into the companies that had already outperformed—a strategy pursued on autopilot by index funds, which buy more of a company as its market capitalization increases.

*Dilution is welcome.* Companies with the highest level of stock-based compensation—or the highest level of options expense relative to earnings—performed best in 2019. Investors apparently looked forward to employees cashing in their shares in future years, thereby diluting earnings gains for existing shareholders.

*...and illiquid, private companies trump more liquid, public markets.* One of the fundamentals taught in business school is that stocks in public markets should trade at premium because of the relative ease with which they can be bought or sold. In 2019, however, privately traded stocks were notably more expensive than public ones, resulting in a liquidity discount for public companies. Stock volatility is viewed as a proxy for risk, and we surmise that some investors are equating the infrequent pricing changes in private markets with lower risk. In effect, they're falling prey to an illusion of stability.

#### GROWTH VS. VALUE

Periods Ended				
12/31/19	6 Months	12 Months	3 Years	5 Years
Russell Midcap Growth Index	7.45%	35.47%	61.64%	73.14%
Russell Midcap Value Index	7.66	27.06	26.32	44.33

Cumulative returns.

These factors heavily favored growth stocks over value shares in 2019. Technology shares led the gains within the Russell Midcap Growth Index, returning over 44%, while the beleaguered energy sector performed worst, gaining 8%. We saw glimmers of a reversal in the final month of the year when value stocks outperformed among mid- and small-caps. As of this writing, however, growth has resumed its lead. Mega-cap growth shares have also recently towered above all, as they did for much of 2019.

#### PORTFOLIO REVIEW

Technology ended the year representing slightly over a third of the Russell Midcap Growth Index but only about 20% of our portfolio. While owning more of the market-leading sector would have benefited our results, the stocks we did hold performed exceptionally well, returning over 48% overall. We described the strong performance of **Agilent Technologies**, **Keysight Technologies**, and **Worldpay** in our semiannual letter. Strong performers in the back half of the year included **Microchip Technology**, a leader in microcontrollers—essentially, computers shrunk down to a single chip—as well as other types of devices used for specialized purposes. The company's shares rallied as investors anticipated a rebound in global semiconductor demand. In June, we participated in the initial public offering (IPO) of **Slack Technologies** (in which we also held a small position when it was a private company), one of our few detractors from absolute returns in the sector. A provider of cloud-based messaging software, Slack suffered from a service outage and an unexpected deceleration in its revenue growth. (Please refer to the fund's portfolio of investments for a complete list of our holdings and the amount each represents in the portfolio.)

We have long held an overweight position in industrials and business services shares, although we have moderated it in recent years as valuations in the sector have become less compelling. Our standout performer here was **L3Harris Technologies**, the product of a June 2019 merger of two portfolio holdings, L3 Technologies and Harris. The company specializes in secure communications products such as tactical radios, defense electronics, and space and intelligence systems. The company beat earnings expectations, helped by robust defense spending and cost savings brought about by the merger. We have recently trimmed our large position.

Health care stocks trailed the overall market, but we enjoyed strong results from several of our holdings. Our standout performer was medical device maker **Teleflex**, a longtime holding. The company continued to enjoy strong earnings growth from savvy acquisitions of new product lines, particularly in health care consumables such as specialized surgical bandages. Medical instrument makers were another source of gains for the portfolio. **Bruker**, which makes scientific instruments used in medical research, was also particularly strong after beating earnings estimates. A new position in generic drugmaker **Amneal Pharmaceuticals** was a notable disappointment as the company proved slow to introduce new products. Competition has also been more intense than we realized, and we liquidated our position. Meanwhile, **Alkermes** fell sharply following disappointing sales of several marketed products and a significant regulatory setback for its depression drug.



## SECTOR DIVERSIFICATION

	Percent of Net Assets	
	6/30/19	12/31/19
Information Technology	19.8%	20.2%
Health Care	18.7	20.2
Industrials and Business Services	18.3	17.8
Consumer Discretionary	14.1	14.4
Financials	7.7	8.6
Materials	6.4	5.6
Energy	2.9	2.3
Communication Services	1.5	2.1
Consumer Staples	2.5	2.1
Utilities	1.8	2.1
Real Estate	0.5	0.1
Other and Reserves	5.8	4.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Historical weightings reflect current industry/sector classifications.

Our top contributor over the past six months was **Burlington Stores**, the third-largest off-price retailer in the U.S. The off-price sector has become the modern version of the department store, with Marshalls, Ross, and Burlington leading the way. Burlington has navigated the trend from traditional clothing to more casual athleisure wear quite nimbly. Unfortunately, affordable luxury holding company **Tapestry** has not adapted as well to changing fashion tastes and was one of our largest underperformers. Its Coach division has suffered as older shoppers turn to higher-end luxury brands such as Louis Vuitton and younger women dispense with handbags entirely. Moreover, its recently acquired Kate Spade division has stumbled badly.

Finally, a word about **WeWork**. In 2014, we made a small private investment in this upstart provider of amenity-rich office space that, unfortunately, has since caused us outsized headaches and disappointments. Explicit in our investment was an understanding with WeWork's management that they would slow the company's blistering pace of growth and focus instead on developing a more sustainable business strategy. They took our advice for a few months, but new investors soon arrived who convinced management to put its foot back on the accelerator.

Massive losses soon followed, but the CEO promised profitability was just over the horizon. We did not take him at his word, and we communicated to WeWork's management and board our displeasure with its eroding corporate governance. In 2017 and again in 2019, we sold stock in tenders totaling about 16% of our shares and 50% of our initial investment. We

also had a tentative deal to sell our remaining shares to a large investor in early 2019. Unfortunately, WeWork's management had to approve the transaction, and they refused. In the wake of intense public scrutiny, WeWork abandoned its IPO plans this fall, leaving our remaining shares worth a fraction of their earlier valuation.

While it's possible that WeWork's new management will improve operations somewhat, we are ready to declare this a terrible investment. We seek to learn from our missteps, and it is clear that we misread the motivations of WeWork's management and our investment partners. Fortunately, our cautious approach toward the private market limited the damage. We have invested in more than a dozen private companies over the past decade, and many of them have performed quite well. These investments often provide us with useful insight into the changing dynamics of industries, the impact of technological disruption, and future competition facing our existing holdings that we need to consider in the management of our portfolio. Each investment has been small, however, and we ended 2019 with just 0.58% of our portfolio in non-listed securities. In short, we believe the WeWork debacle was an error in judgment, not in process.

## INVESTMENT STRATEGY AND OUTLOOK

The market's continuing surge is being described as a "melt-up"—surely another phenomenon worthy of Lewis Carroll. It is unclear what will bring the rally to an end, much less when it will happen, but we can imagine several dire scenarios that would undermine confidence and might even spark the next bear market. For example, one possibility is that the dollar will fall victim to the nation's trillion-dollar deficits, which rely heavily on funding from non-U.S. investors. A cheaper dollar and other forces might also reignite inflation, forcing the Fed to move quickly back to a tighter monetary regime. The market stumbled badly when the federal funds reached a little over 2% in late 2018; how it would fare if rates moved back to a more normal range of 4% or 5% is sobering to ponder.

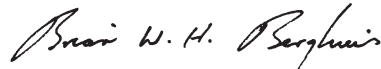
Yet we can also envision a gradual draining of excesses that slowly brings valuations back in line with fundamentals. We expect that 2020 might be the year that some of the excitement in private markets begins to subside, reducing stretched valuations and encouraging promising companies to come to the public markets earlier. According to Strategas, the private equity market is worth nearly \$6 trillion today compared with about \$500 million in 2000. During that time period, the number of public companies has almost halved. Even a partial reversal of this shift might bring some sobriety to markets and create additional opportunities for many investors.

In this light, the mixed reception recently given to some recent IPOs may be a hopeful sign. The year 2019 was slated to be the year that a wave of “unicorns”—tech-oriented companies with private valuations in excess of \$1 billion—cashed in with public offerings. Real estate agents in San Francisco and the Valley braced for the arrival of a legion of newly minted millionaires, and the private equity firms that had backed them eagerly awaited their paydays. The results were underwhelming, or, in the case of WeWork, a bust. Two of the largest IPOs, for example, were ride-sharing companies Lyft and Uber Technologies, which saw their shares promptly drop 51% and 33%, respectively.

How quickly valuations move back in line with fundamentals, and when this will occur, is anyone’s guess. In the nearly three decades that we have been running the fund, we have seen periods of excess last much longer than we anticipated. For this reason and others, we have not drastically raised our cash position or abandoned our mandate by becoming value managers.

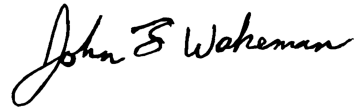
Rather, we are redoubling our efforts to find companies where the tradeoff between risk and reward is attractive. Very few stocks in our investment universe are attractive on an absolute basis, but even in the technology sector, we are finding cases where moderately elevated valuations appear justified based on the company’s potential. As mentioned above, our fundamental process and the careful research of our analysts helped us select some very good stocks in 2019, and we are confident that these efforts will continue to benefit our shareholders in the years ahead.

Respectfully submitted,



Brian W.H. Berghuis

*Chairman of the portfolio’s Investment Advisory Committee*



John F. Wakeman

*Executive vice president of the portfolio*

January 17, 2020

*The committee chairman has day-to-day responsibility for managing the portfolio and works with committee members in developing and executing the fund’s investment program.*

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 STOCK INVESTING**

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. The financial 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. The stocks of mid-cap companies entail greater risk and are usually more volatile than the shares of larger companies. In addition, growth stocks can be volatile for several reasons. Since they usually reinvest a high proportion of earnings in their own businesses, they may lack the dividends usually associated with value stocks that can cushion their decline in a falling market. Also, since investors buy these stocks because of their expected superior earnings growth, earnings disappointments often result in sharp price declines.

**GLOSSARY**

**Lipper indexes:** Fund benchmarks that consist of a small number of the largest mutual funds in a particular category as defined by Lipper Inc.

**Russell Midcap Growth Index:** An unmanaged index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecast growth values.

**Russell Midcap Value Index:** An unmanaged index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecast growth values.

**S&P 500 Index:** An unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies.

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**TWENTY-FIVE LARGEST HOLDINGS**

	<b>Percent of Net Assets 12/31/19</b>
Teleflex	2.6%
Cooper Companies	2.1
Hologic	2.0
Microchip Technology	1.8
Ball	1.7
IAC/InterActiveCorp	1.6
Agilent Technologies	1.6
Willis Towers Watson	1.4
Global Payments	1.4
Dollar General	1.4
Norwegian Cruise Line Holdings	1.4
Textron	1.4
MGM Resorts International	1.4
Bruker	1.4
Sensata Technologies Holding	1.3
Catalent	1.3
Gardner Denver Holdings	1.3
Keysight Technologies	1.3
Concho Resources	1.3
Fiserv	1.2
IDEX	1.2
L3Harris Technologies	1.2
Burlington Stores	1.2
Sempra Energy	1.1
FleetCor Technologies	1.1
<b>Total</b>	<b>36.7%</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.

**CONTRIBUTIONS TO THE CHANGE IN NET ASSET VALUE**

Six Months Ended 12/31/19

**BEST CONTRIBUTORS**

Burlington Stores	10¢
Skyworks Solutions	10
Microchip Technology	10
Teleflex	9
Fiserv	8
DocuSign	8
Seattle Genetics	8
Agilent Technologies	6
IAC/InterActiveCorp	6
MGM Resorts International	6
<b>Total</b>	<b>81¢</b>

**WORST CONTRIBUTORS**

WeWork	-10¢
Workday	-8
Textron	-8
SAGE Therapeutics	-5
ServiceMaster Global Holdings	-5
Ball	-4
Concho Resources	-4
ICU Medical	-4
Ulta Beauty	-4
Tapestry	-4
<b>Total</b>	<b>-56¢</b>

12 Months Ended 12/31/19

**BEST CONTRIBUTORS**

Teleflex	26¢
Keysight Technologies	22
L3Harris Technologies	21
Worldpay*	21
Microchip Technology	19
Bruker	18
Catalent	17
Ball	15
Fiserv	14
Gardner Denver Holdings	14
<b>Total</b>	<b>187¢</b>

**WORST CONTRIBUTORS**

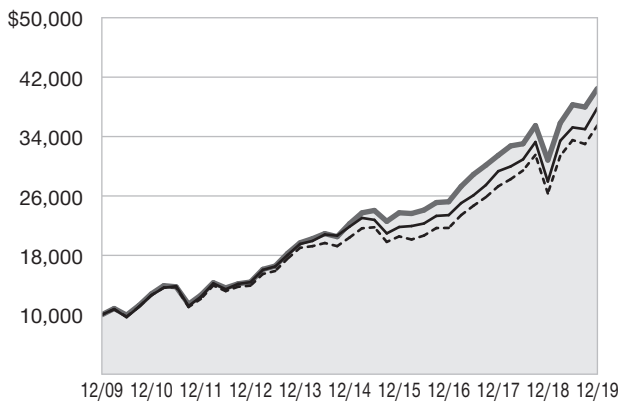
WeWork	-9¢
Amneal Pharmaceuticals*	-7
Tapestry	-5
Alkermes	-5
Concho Resources	-5
ICU Medical	-3
Centennial Resource Development*	-2
Cabot Oil & Gas*	-2
Sprouts Farmers Market	-2
MEDNAX*	-1
<b>Total</b>	<b>-41¢</b>

\* Position eliminated.

## 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.

### MID-CAP GROWTH PORTFOLIO



As of 12/31/19

— Mid-Cap Growth Portfolio	\$40,479
--- Russell Midcap Growth Index	37,856
--- Lipper Variable Annuity Underlying Mid-Cap Growth Funds Average	35,502

Note: Performance for the II Class will vary due to its differing fee structure. See the Average Annual Compound Total Return table.

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/19	1 Year	5 Years	10 Years
Mid-Cap Growth Portfolio	31.29%	12.69%	15.01%
Mid-Cap Growth Portfolio-II	30.98	12.41	14.72

*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 the 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)****MID-CAP GROWTH PORTFOLIO**

	<b>Beginning Account Value 7/1/19</b>	<b>Ending Account Value 12/31/19</b>	<b>Expenses Paid During Period* 7/1/19 to 12/31/19</b>
<b>Mid-Cap Growth Portfolio</b>			
Actual	\$1,000.00	\$1,057.30	\$4.36
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.97	4.28
<b>Mid-Cap Growth Portfolio-II</b>			
Actual	1,000.00	1,056.30	5.65
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.71	5.55

\* 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 Mid-Cap Growth Portfolio was 0.84%, and the Mid-Cap Growth Portfolio-II was 1.09%.

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

## Mid-Cap Growth Class

	Year Ended 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 23.70	\$ 28.25	\$ 25.57	\$ 25.70	\$ 27.88
Investment activities					
Net investment income (loss) <sup>(1)(2)</sup>	0.03	0.01	(0.04)	(0.03)	(0.05)
Net realized and unrealized gain / loss	7.36	(0.54)	6.39	1.66	1.85
Total from investment activities	7.39	(0.53)	6.35	1.63	1.80
Distributions					
Net investment income	(0.04)	-	-	-	-
Net realized gain	(2.17)	(4.02)	(3.67)	(1.76)	(3.98)
Total distributions	(2.21)	(4.02)	(3.67)	(1.76)	(3.98)
<b>NET ASSET VALUE</b>					
End of period	\$ 28.88	\$ 23.70	\$ 28.25	\$ 25.57	\$ 25.70

## Ratios/Supplemental Data

<b>Total return<sup>(2)(3)</sup></b>	<b>31.29%</b>	<b>(2.03)%</b>	<b>24.77%</b>	<b>6.26%</b>	<b>6.56%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(4)</sup>	0.85%	0.85%	0.85%	0.85%	0.85%
Net expenses after waivers/payments by Price Associates	0.84%	0.85%	0.85%	0.85%	0.85%
Net investment income (loss)	0.12%	0.05%	(0.13)%	(0.11)%	(0.18)%
Portfolio turnover rate	22.1%	24.6%	24.7%	28.9%	29.4%
Net assets, end of period (in thousands)	\$ 474,038	\$ 379,884	\$ 411,412	\$ 353,074	\$ 350,626

<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> 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, and payment of no redemption or account fees, if applicable.<sup>(4)</sup> See Note 5. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Mid-Cap Growth - II Class**

	Year Ended 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 22.58	\$ 27.11	\$ 24.65	\$ 24.85	\$ 27.08
Investment activities					
Net investment loss <sup>(1) (2)</sup>	(0.03)	(0.06)	(0.11)	(0.09)	(0.12)
Net realized and unrealized gain / loss	7.00	(0.52)	6.15	1.61	1.79
Total from investment activities	6.97	(0.58)	6.04	1.52	1.67
Distributions					
Net realized gain	(2.14)	(3.95)	(3.58)	(1.72)	(3.90)
<b>NET ASSET VALUE</b>					
End of period	\$ 27.41	\$ 22.58	\$ 27.11	\$ 24.65	\$ 24.85

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3)</sup></b>	<b>30.98%</b>	<b>(2.30)%</b>	<b>24.44%</b>	<b>6.03%</b>	<b>6.27%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates <sup>(4)</sup>	1.10%	1.10%	1.10%	1.10%	1.10%
Net expenses after waivers/payments by Price Associates	1.09%	1.10%	1.10%	1.10%	1.10%
Net investment loss	(0.13)%	(0.20)%	(0.38)%	(0.36)%	(0.43)%
Portfolio turnover rate	22.1%	24.6%	24.7%	28.9%	29.4%
Net assets, end of period (in thousands)	\$ 56,450	\$ 44,782	\$ 52,926	\$ 54,691	\$ 52,528

<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> 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, and payment of no redemption or account fees, if applicable.<sup>(4)</sup> See Note 5. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

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



T. ROWE PRICE MID-CAP GROWTH PORTFOLIO

December 31, 2019

PORTFOLIO OF INVESTMENTS†	Shares	\$ Value
(Cost and value in \$000s)		
<b>COMMON STOCKS 95.1%</b>		
<b>Communication Services 2.1%</b>		
<b>Entertainment 0.5%</b>		
Spotify Technology (1)	18,000	2,692
		2,692
<b>Interactive Media &amp; Services 1.6%</b>		
IAC/InterActiveCorp (1)	35,000	8,719
		8,719
Total Communication Services		11,411
<b>Consumer Discretionary 14.1%</b>		
<b>Auto Components 1.3%</b>		
Aptiv	53,000	5,034
Visteon (1)	21,000	1,818
		6,852
<b>Diversified Consumer Services 0.4%</b>		
ServiceMaster Global Holdings (1)	60,000	2,320
		2,320
<b>Hotels, Restaurants &amp; Leisure 6.0%</b>		
Darden Restaurants	14,000	1,526
Dunkin' Brands Group	38,000	2,870
Hilton Worldwide Holdings	38,000	4,215
Marriott International, Class A	23,000	3,483
MGM Resorts International	221,000	7,353
Norwegian Cruise Line Holdings (1)	130,000	7,593
Vail Resorts	19,000	4,557
		31,597
<b>Internet &amp; Direct Marketing Retail 0.1%</b>		
Chewy, Class A (1)	8,000	232
		232
<b>Multiline Retail 2.3%</b>		
Dollar General	49,000	7,643
Dollar Tree (1)	50,000	4,702
		12,345

	Shares	\$ Value
(Cost and value in \$000s)		
<b>Specialty Retail 2.9%</b>		
Burlington Stores (1)	27,000	6,157
CarMax (1)	21,000	1,841
O'Reilly Automotive (1)	8,000	3,506
Tiffany	15,000	2,005
Ulta Beauty (1)	7,000	1,772
		15,281
<b>Textiles, Apparel &amp; Luxury Goods 1.1%</b>		
Levi Strauss, Class A	38,000	733
Tapestry	91,000	2,454
Under Armour, Class C (1)	46,000	882
VF	19,000	1,894
		5,963
Total Consumer Discretionary		74,590
<b>Consumer Staples 2.1%</b>		
<b>Food &amp; Staples Retailing 1.2%</b>		
Casey's General Stores	29,000	4,611
Sprouts Farmers Market (1)	91,000	1,761
		6,372
<b>Food Products 0.9%</b>		
Conagra Brands	57,000	1,952
TreeHouse Foods (1)	53,000	2,570
		4,522
Total Consumer Staples		10,894
<b>Energy 2.3%</b>		
<b>Oil, Gas &amp; Consumable Fuels 2.3%</b>		
Concho Resources	76,000	6,655
Continental Resources	53,000	1,818
Pioneer Natural Resources	21,000	3,179
Venture Global LNG, Series B, Acquisition Date: 3/8/18, Cost \$60 (1)(2)(3)	20	104
Venture Global LNG, Series C, Acquisition Date: 10/16/17 - 3/8/18, Cost \$511 (1)(2)(3)	139	723
Total Energy		12,479

	Shares	\$ Value
(Cost and value in \$000s)		
<b>Financials 8.6%</b>		
<b>Banks 0.9%</b>		
Fifth Third Bancorp	76,000	2,336
Webster Financial	50,000	2,668
		5,004
<b>Capital Markets 3.4%</b>		
Cboe Global Markets	38,000	4,560
E*TRADE Financial	69,000	3,131
KKR, Class A	108,000	3,150
MarketAxess Holdings	6,000	2,275
TD Ameritrade Holding	57,000	2,833
Tradeweb Markets, Class A	44,000	2,039
		17,988
<b>Consumer Finance 0.2%</b>		
SLM	114,000	1,016
		1,016
<b>Insurance 4.1%</b>		
Assurant	30,000	3,932
Axis Capital Holdings	53,000	3,150
Fidelity National Financial	122,000	5,533
Progressive	19,000	1,375
Willis Towers Watson	38,000	7,674
		21,664
Total Financials		45,672
<b>Health Care 20.2%</b>		
<b>Biotechnology 3.3%</b>		
ACADIA Pharmaceuticals (1)	11,000	471
Alkermes (1)	114,000	2,326
Alnylam Pharmaceuticals (1)	18,000	2,073
Argenx, ADR (1)	9,000	1,445
Ascendis Pharma, ADR (1)	6,000	835
Incyte (1)	28,000	2,445
Neurocrine Biosciences (1)	23,000	2,472
Sage Therapeutics (1)	8,000	577
Sarepta Therapeutics (1)	8,000	1,032
Seattle Genetics (1)	32,000	3,656
		17,332

	Shares	\$ Value
(Cost and value in \$000s)		
<b>Health Care Equipment &amp; Supplies 8.9%</b>		
Alcon (1)	49,000	2,772
Cooper	34,000	10,924
Exact Sciences (1)	29,000	2,682
Hologic (1)	206,000	10,755
ICU Medical (1)	12,000	2,245
IDEXX Laboratories (1)	6,000	1,567
Teleflex	36,000	13,552
West Pharmaceutical Services	18,000	2,706
		47,203
<b>Health Care Providers &amp; Services 0.5%</b>		
Acadia Healthcare (1)	79,000	2,624
		2,624
<b>Health Care Technology 0.3%</b>		
Veeva Systems, Class A (1)	12,000	1,688
		1,688
<b>Life Sciences Tools &amp; Services 4.4%</b>		
Agilent Technologies	99,000	8,446
Avantor (1)	177,000	3,212
Bruker	143,000	7,289
PRA Health Sciences (1)	42,000	4,668
		23,615
<b>Pharmaceuticals 2.8%</b>		
Catalent (1)	122,000	6,869
Elanco Animal Health (1)	137,000	4,035
Perrigo	76,000	3,926
		14,830
Total Health Care		107,292
<b>Industrials &amp; Business Services 17.8%</b>		
<b>Aerospace &amp; Defense 3.2%</b>		
BWX Technologies	49,000	3,042
L3Harris Technologies	33,000	6,529
Textron	168,000	7,493
		17,064
<b>Airlines 0.8%</b>		
Alaska Air Group	23,000	1,558

	Shares	\$ Value
(Cost and value in \$000s)		
United Airlines Holdings (1)	31,000	2,731
		4,289
<b>Building Products 0.3%</b>		
Allegion	11,000	1,370
		1,370
<b>Commercial Services &amp; Supplies 0.4%</b>		
Waste Connections	23,000	2,088
		2,088
<b>Electrical Equipment 1.3%</b>		
Sensata Technologies Holding (1)	130,000	7,003
		7,003
<b>Industrial Conglomerates 1.0%</b>		
Roper Technologies	15,000	5,314
		5,314
<b>Machinery 5.3%</b>		
Colfax (1)	126,000	4,584
Fortive	69,000	5,271
Gardner Denver Holdings (1)	187,000	6,859
IDEX	38,000	6,536
Xylem	57,000	4,491
		27,741
<b>Professional Services 4.6%</b>		
Clarivate Analytics (1)	134,000	2,251
CoStar Group (1)	8,000	4,786
Equifax	18,210	2,552
IHS Markit (1)	57,000	4,295
TransUnion	65,000	5,565
Verisk Analytics	34,000	5,077
		24,526
<b>Road &amp; Rail 0.9%</b>		
JB Hunt Transport Services	42,000	4,905
		4,905
Total Industrials & Business Services		94,300

	Shares	\$ Value
(Cost and value in \$000s)		
<b>Information Technology 20.2%</b>		
<b>Electronic Equipment, Instruments &amp; Components 3.4%</b>		
Cognex	21,000	1,177
Corning	175,000	5,094
FLIR Systems	35,000	1,823
Keysight Technologies (1)	65,000	6,671
National Instruments	80,000	3,387
		18,152
<b>IT Services 6.7%</b>		
Black Knight (1)	42,000	2,708
CoreLogic (1)	94,000	4,109
Fidelity National Information Services	30,000	4,173
Fiserv (1)	57,000	6,591
FleetCor Technologies (1)	20,000	5,754
Gartner (1)	15,000	2,311
Global Payments	42,000	7,668
Shopify, Class A (1)	500	199
WEX (1)	9,665	2,024
		35,537
<b>Semiconductors &amp; Semiconductor Equipment 5.7%</b>		
Entegris	47,000	2,354
Marvell Technology Group	210,000	5,578
Maxim Integrated Products	61,000	3,752
Microchip Technology	89,000	9,320
Skyworks Solutions	38,000	4,593
Xilinx	50,000	4,889
		30,486
<b>Software 4.4%</b>		
Atlassian, Class A (1)	27,000	3,249
Ceridian HCM Holding (1)	61,000	4,141
DocuSign (1)	57,000	4,224
Slack Technologies, Class A (1)	49,000	1,101
Splunk (1)	31,000	4,643
SS&C Technologies Holdings	27,000	1,658
Workday, Class A (1)	24,000	3,947

	Shares	\$ Value
(Cost and value in \$000s)		
Zoom Video Communications, Class A (1)	4,000	272
		23,235
Total Information Technology		107,410
<b>Materials 5.6%</b>		
<b>Chemicals 1.7%</b>		
Air Products & Chemicals	14,000	3,290
RPM International	57,000	4,375
Valvoline	57,000	1,220
		8,885
<b>Construction Materials 0.3%</b>		
Martin Marietta Materials	6,000	1,678
		1,678
<b>Containers &amp; Packaging 3.1%</b>		
Avery Dennison	30,000	3,925
Ball	141,000	9,118
Sealed Air	84,000	3,346
		16,389
<b>Metals &amp; Mining 0.5%</b>		
Kirkland Lake Gold	61,000	2,688
		2,688
Total Materials		29,640
<b>Real Estate 0.0%</b>		
<b>Real Estate Management &amp; Development 0.0%</b>		
WeWork, Class A, Acquisition Date: 5/26/15, Cost \$54 (1)(2)(3)	3,835	54
Total Real Estate		54
<b>Utilities 2.1%</b>		
<b>Electric Utilities 0.6%</b>		
Eversource Energy	38,000	3,233
		3,233
<b>Gas Utilities 0.4%</b>		
Atmos Energy	17,000	1,901
		1,901

	Shares	\$ Value
(Cost and value in \$000s)		
<b>Multi-Utilities 1.1%</b>		
Sempra Energy	38,000	5,756
		5,756
Total Utilities		10,890
<b>Total Common Stocks (Cost \$302,193)</b>		
		504,632
<b>Convertible Preferred Stocks 0.4%</b>		
<b>Consumer Discretionary 0.3%</b>		
<b>Automobiles 0.2%</b>		
Rivian Automotive, Series D, Acquisition Date: 12/23/19, Cost \$921 (1)(2)(3)	85,735	921
		921
<b>Internet &amp; Direct Marketing Retail 0.1%</b>		
Roofoods, Series F, Acquisition Date: 9/12/17, Cost \$662 (1)(2)(3)	1,871	727
Roofoods, Series G, Acquisition Date: 5/16/19, Cost \$21 (1)(2)(3)	51	22
		749
Total Consumer Discretionary		1,670
<b>Real Estate 0.1%</b>		
<b>Real Estate Management &amp; Development 0.1%</b>		
WeWork, Series D-1, Acquisition Date: 12/9/14, Cost \$362 (1)(2)(3)	21,721	306
WeWork, Series D-2, Acquisition Date: 12/9/14, Cost \$284 (1)(2)(3)	17,066	240
Total Real Estate		546
<b>Total Convertible Preferred Stocks (Cost \$2,250)</b>		
		2,216

	Shares	\$ Value
(Cost and value in \$000s)		

**SHORT-TERM INVESTMENTS 4.9%****Money Market Funds 4.9%**

T. Rowe Price Treasury Reserve Fund, 1.59% (4)(5)	25,639,869	25,640
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<b>Total Short-Term Investments</b>		
<b>(Cost \$25,640)</b>		<b>25,640</b>

**Total Investments in Securities**

<b>100.4% of Net Assets (Cost \$330,083)</b>	<b>\$</b>	<b>532,488</b>
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- ‡ Shares are denominated in U.S. dollars unless otherwise noted.
- (1) Non-income producing
- (2) 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 \$3,097 and represents 0.6% of net assets.
- (3) See Note 2. Level 3 in fair value hierarchy.
- (4) Seven-day yield
- (5) Affiliated Companies
- ADR American Depositary Receipts

**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, 2019. 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 Treasury Reserve Fund	\$ —	\$ —	\$ 621
T. Rowe Price Short-Term Fund	—	—	—++
	<u>\$ —#</u>	<u>\$ —</u>	<u>\$ 621+</u>

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/18</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/19</b>
T. Rowe Price Treasury Reserve Fund	\$ 26,785	□	□	\$ 25,640
T. Rowe Price Short-Term Fund	—	□	□	—
				<u>25,640^</u>

# 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 3.

+ Investment income comprised \$621 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 \$25,640.

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

December 31, 2019

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$330,083)	\$	532,488
Dividends receivable		206
Receivable for investment securities sold		74
Receivable for shares sold		2
Other assets		1
Total assets		<u>532,771</u>

**Liabilities**

Payable for investment securities purchased		1,645
Investment management and administrative fees payable		421
Payable for shares redeemed		217
Total liabilities		<u>2,283</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>530,488</u></b>
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**Net Assets Consist of:**

Total distributable earnings (loss)	\$	206,091
Paid-in capital applicable to 18,474,075 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>324,397</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>530,488</u></b>
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**NET ASSET VALUE PER SHARE**

<b>Mid-Cap Growth Class</b> <b>(\$474,038,413 / 16,414,289 shares outstanding)</b>	<b>\$</b>	<b><u>28.88</u></b>
<b>Mid-Cap Growth - II Class</b> <b>(\$56,449,524 / 2,059,786 shares outstanding)</b>	<b>\$</b>	<b><u>27.41</u></b>

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/19
<b>Investment Income (Loss)</b>	
Income	
Dividend	\$ 4,770
Securities lending	7
Total income	4,777
Expenses	
Investment management and administrative expense	4,224
Rule 12b-1 fees - Mid-Cap Growth - II Class	130
Waived / paid by Price Associates	(50)
Net expenses	4,304
Net investment income	473
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain on securities	40,477
Change in net unrealized gain/loss on securities	89,370
Net realized and unrealized gain / loss	129,847
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 130,320</b>

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



**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/19	12/31/18 <sup>(1)</sup>
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 473	\$ 95
Net realized gain	40,477	57,962
Change in net unrealized gain / loss	89,370	(65,505)
Increase (decrease) in net assets from operations	130,320	(7,448)
Distributions to shareholders		
Net earnings		
Mid-Cap Growth Class	(33,681)	(55,449)
Mid-Cap Growth - II Class	(4,011)	(6,758)
Decrease in net assets from distributions	(37,692)	(62,207)
Capital share transactions *		
Shares sold		
Mid-Cap Growth Class	23,936	23,284
Mid-Cap Growth - II Class	8,249	6,532
Distributions reinvested		
Mid-Cap Growth Class	33,681	55,449
Mid-Cap Growth - II Class	4,011	6,758
Shares redeemed		
Mid-Cap Growth Class	(46,535)	(48,163)
Mid-Cap Growth - II Class	(10,148)	(13,877)
Increase in net assets from capital share transactions	13,194	29,983
<b>Net Assets</b>		
Increase (decrease) during period	105,822	(39,672)
Beginning of period	424,666	464,338
<b>End of period</b>	<b>\$ 530,488</b>	<b>\$ 424,666</b>

## \*Share information

Shares sold		
Mid-Cap Growth Class	855	781
Mid-Cap Growth - II Class	308	238
Distributions reinvested		
Mid-Cap Growth Class	1,180	2,314
Mid-Cap Growth - II Class	148	296
Shares redeemed		
Mid-Cap Growth Class	(1,650)	(1,627)
Mid-Cap Growth - II Class	(379)	(503)
Increase in shares outstanding	462	1,499

<sup>(1)</sup> Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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 Mid-Cap Growth Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. Shares of the fund currently are offered only to insurance company separate accounts established for the purpose of funding variable annuity contracts and variable life insurance policies. The fund seeks to provide long-term capital appreciation by investing in mid-cap stocks with potential for above-average earnings growth. The fund has two classes of shares: the Mid-Cap Growth Portfolio (Mid-Cap Growth Class) and the Mid-Cap Growth Portfolio-II (Mid-Cap Growth-II Class). Mid-Cap Growth-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 prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to 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. Non-cash dividends, if any, are recorded at the fair market value of the asset received. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid by each class annually. 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. Mid-Cap Growth-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** Effective January 1, 2019, the fund adopted FASB guidance that shortened the amortization period for certain callable debt securities held at a premium. Adoption had 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. Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. 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. 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, 2019 (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	\$ 503,751	\$ —	\$ 881	\$ 504,632
Convertible Preferred Stocks	—	—	2,216	2,216
Short-Term Investments	25,640	—	—	25,640
Total	\$ 529,391	\$ —	\$ 3,097	\$ 532,488

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2019. 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, 2019, totaled \$(2,002,000) for the year ended December 31, 2019. During the year, transfers out of Level 3 were because observable market data became available for the security.

(\$000s)	Beginning Balance 1/1/19	Gain (Loss) During Period	Total Purchases	Total Sales	Transfers Out of Level 3	Ending Balance 12/31/19
<b>Investment in Securities</b>						
Common Stocks	\$ 1,259	\$ (135)	\$ —	\$ (243)	\$ —	\$ 881
Convertible Preferred Stocks	3,283	(1,690)	943	—	(320)	2,216
Total	\$ 4,542	\$ (1,825)	\$ 943	\$ (243)	\$ (320)	\$ 3,097

### 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 invests 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, 2019, there were no securities on loan.

**Other** Purchases and sales of portfolio securities other than short-term securities aggregated \$103,410,000 and \$126,902,000, respectively, for the year ended December 31, 2019.

#### 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.

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.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The permanent book/tax adjustments have no impact on results of operations or net assets and relate primarily to per-share rounding of distributions.

Distributions during the years ended December 31, 2019 and December 31, 2018, were characterized for tax purposes as follows:

(\$000s)

	December 31,	
	2019	2018
Ordinary income	\$ 1,580	\$ 4,531
Long-term capital gain	36,112	57,676
Total distributions	<u>\$ 37,692</u>	<u>\$ 62,207</u>

At December 31, 2019, the tax-basis cost of investments and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 331,066
Unrealized appreciation	\$ 209,151
Unrealized depreciation	(7,729)
Net unrealized appreciation (depreciation)	201,422
Undistributed ordinary income	346
Undistributed long-term capital gain	4,323
Paid-in capital	324,397
Net assets	\$ 530,488

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales for tax purposes.

#### 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 services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2020 to waive a portion of its management fee in order to limit the fund's management fee to 0.84% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$50,000 and allocated ratably in the amount of \$45,000 for the Mid-Cap Growth Class and in the amount of \$5,000 for the Mid-Cap Growth–II Class for the year ended December 31, 2019.

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, 2019, 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 Equity Series, Inc.  
and Shareholders of T. Rowe Price Mid-Cap Growth 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 Mid-Cap Growth Portfolio (one of the portfolios constituting T. Rowe Price Equity Series, Inc., referred to hereafter as the “Fund”) as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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, 2020

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 12/31/19**

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:

- \$1,012,000 from short-term capital gains.
- \$36,112,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%.

For taxable non-corporate shareholders, \$1,623,000 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, \$1,623,000 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://www.troweprice.com/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, a fund, except a money market 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, a fund, including a money market 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. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, 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 (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels (1959) 2018 [189]	President, The Johns Hopkins University <sup>(b)</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; Member, Investment Company Institute Board of Governors (2017 to present); Member, Independent Directors Council Governing Board (2017 to present); Senior Advisor, KKR (November 2018 to present); 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 January 2016); Chairman of the Board, all funds (July 2018 to present)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, 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 2018); Vice President (2015 to 2016) and Board Member, American Economic Association (2018 to present)
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); 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 (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Mark R. Tercek <sup>(c)</sup> (1957) 2009 [0]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of February 19, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</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.

<sup>(c)</sup>Effective February 15, 2019, Mr. Tercek resigned from his role as independent director of the Price Funds.

**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>
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 (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA** (1971) 2017 [189]	Director and Vice President, T. Rowe Price; Vice President, 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.

\*\* Mr. Sharps replaced Edward A. Wiese as director of the domestic fixed income Price Funds effective January 1, 2019.

**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 Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.
Alan S. Dupski, CPA (1982) Assistant Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alexa M. Gagliardi (1988) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Trust Company
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) Principal Financial Officer, Vice President, and Treasurer	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

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) Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Shannon H. Rauser (1987) Assistant Secretary	Assistant Vice President, 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 (1966) 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, JPMorgan 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.

**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, 2019

# Vanguard Variable Insurance Fund

Equity Index Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets—affecting stocks, bonds, and commodities—has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

**Mortimer J. Buckley**  
Chairman and Chief Executive Officer  
January 23, 2020

# Equity Index Portfolio

## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2019, the Equity Index Portfolio of Vanguard Variable Insurance Fund returned 31.30%, in line with the 31.49% return of its benchmark index after factoring in the portfolio's expenses.
- Stocks benefited from accommodative monetary policies from the Federal Reserve and other major central banks and better-than-expected corporate earnings during the 12 months. Large-capitalization stocks outpaced mid- and small-caps, and growth stocks beat their value counterparts.
- The portfolio benefited most from its holdings in information technology, financials, and communication services.
- The portfolio recorded an average annual return of 13.40% for the past ten years, in line with its benchmark average of 13.56%.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%



## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

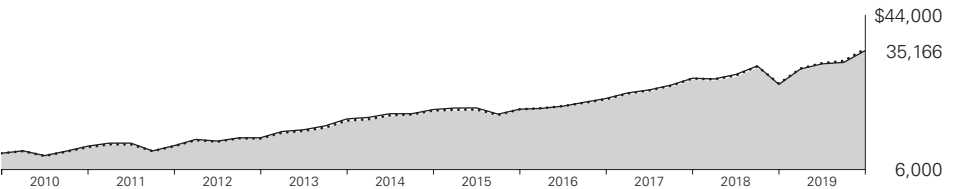
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
Equity Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,108.53	\$0.74
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.50	\$0.71

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.14%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Equity Index Portfolio	31.30%	11.55%	13.40%	\$35,166
S&P 500 Index	31.49	11.70	13.56	35,666
Dow Jones U.S. Total Stock Market Float Adjusted Index	30.90	11.18	13.43	35,251

## Sector Diversification

As of December 31, 2019

Communication Services	10.4%
Consumer Discretionary	9.7
Consumer Staples	7.2
Energy	4.3
Financials	13.0
Health Care	14.2
Industrials	9.1
Information Technology	23.2
Materials	2.7
Real Estate	2.9
Utilities	3.3

The table reflects the portfolio's equity exposure, based on its investments in stocks and stock index futures. Any holdings in short-term reserves are excluded. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.



## Equity Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Cabot Oil & Gas Corp.	97,645	1,700	Everest Re Group Ltd.	9,808	2,715	STERIS plc	20,374	3,105
Cimarex Energy Co.	24,374	1,279	Raymond James Financial Inc.	29,688	2,656	* Varian Medical Systems Inc.	21,843	3,102
Helmerich & Payne Inc.	26,103	1,186	Globe Life Inc.	23,846	2,510	AmerisourceBergen Corp. Class A	36,028	3,063
		<b>279,019</b>	Comerica Inc.	34,500	2,475	Dentsply Sirona Inc.	53,455	3,025
<b>Financials (12.9%)</b>			E*TRADE Financial Corp.	54,349	2,466	Universal Health Services Inc. Class B	19,248	2,761
JPMorgan Chase & Co.	752,435	104,889	VR Berkley Corp.	34,736	2,400	PerkinElmer Inc.	26,711	2,594
* Berkshire Hathaway Inc. Class B	437,823	99,167	Zions Bancorp NA	40,798	2,118	* Mylan NV	123,531	2,483
Bank of America Corp.	1,942,181	68,404	Assurant Inc.	14,586	1,912	* Henry Schein Inc.	35,202	2,349
Wells Fargo & Co.	923,324	49,675	People's United Financial Inc.	106,292	1,796	* ABIOMED Inc.	10,806	1,843
Citigroup Inc.	523,776	41,844	Franklin Resources Inc.	66,742	1,734	Perrigo Co. plc	32,577	1,683
US Bancorp	340,918	20,213	Invesco Ltd.	89,065	1,601	* DaVita Inc.	21,432	1,608
American Express Co.	160,955	20,037	Unum Group	49,546	1,445			<b>911,749</b>
Truist Financial Corp.	321,697	18,118			<b>831,400</b>	<b>Industrials (9.0%)</b>		
Goldman Sachs Group Inc.	76,459	17,580	<b>Health Care (14.1%)</b>			Boeing Co.	128,265	41,784
CME Group Inc.	85,964	17,255	Johnson & Johnson	631,389	92,101	Honeywell International Inc.	171,403	30,338
Chubb Ltd.	108,717	16,923	UnitedHealth Group Inc.	227,287	66,818	Union Pacific Corp.	166,545	30,110
PNC Financial Services Group Inc.	105,099	16,777	Merck & Co. Inc.	610,782	55,551	United Technologies Corp.	194,638	29,149
S&P Global Inc.	58,624	16,007	Pfizer Inc.	1,327,673	52,018	3M Co.	137,967	24,340
Morgan Stanley	295,128	15,087	Abbott Laboratories	423,980	36,827	General Electric Co.	2,095,232	23,383
BlackRock Inc.	28,289	14,221	Medtronic plc	321,536	36,478	Lockheed Martin Corp.	59,542	23,184
Marsh & McLennan Cos. Inc.	121,057	13,487	Bristol-Myers Squibb Co.	562,369	36,098	United Parcel Service Inc. Class B	168,103	19,678
Charles Schwab Corp.	274,275	13,045	Amgen Inc.	142,542	34,363	Caterpillar Inc.	132,592	19,581
Intercontinental Exchange Inc.	133,555	12,361	AbbVie Inc.	354,771	31,411	Raytheon Co.	66,806	14,680
Aon plc	56,158	11,697	Thermo Fisher Scientific Inc.	96,195	31,251	CSX Corp.	186,562	13,500
Capital One Financial Corp.	111,734	11,499	Eli Lilly & Co.	202,699	26,641	Deere & Co.	75,542	13,088
American International Group Inc.	208,725	10,714	Danaher Corp.	153,350	23,536	Northrop Grumman Corp.	37,600	12,933
Progressive Corp.	140,247	10,153	CVS Health Corp.	312,110	23,187	Illinois Tool Works Inc.	70,161	12,603
Bank of New York Mellon Corp.	201,333	10,133	Gilead Sciences Inc.	303,516	19,722	Norfolk Southern Corp.	62,555	12,144
MetLife Inc.	187,574	9,561	Anthem Inc.	60,831	18,373	Emerson Electric Co.	146,140	11,145
Aflac Inc.	176,067	9,314	Cigna Corp.	89,588	18,320	Waste Management Inc.	93,617	10,669
Moody's Corp.	38,947	9,246	Becton Dickinson and Co.	64,882	17,646	L3Harris Technologies Inc.	53,029	10,493
Prudential Financial Inc.	96,476	9,044	* Intuitive Surgical Inc.	27,726	16,390	General Dynamics Corp.	56,225	9,915
Allstate Corp.	77,686	8,736	Stryker Corp.	77,237	16,215	Eaton Corp. plc	99,169	9,393
Travelers Cos. Inc.	61,915	8,479	Zoetis Inc.	114,258	15,122	Roper Technologies Inc.	24,959	8,841
* Berkshire Hathaway Inc. Class A	21	7,131	* Boston Scientific Corp.	334,354	15,119	FedEx Corp.	57,590	8,708
State Street Corp.	87,241	6,901	Allergan plc	78,753	15,055	Delta Air Lines Inc.	138,054	8,073
T. Rowe Price Group Inc.	56,043	6,828	* Vertex Pharmaceuticals Inc.	61,684	13,506	Ingersoll-Rand plc	57,459	7,637
Discover Financial Services	75,182	6,377	* Biogen Inc.	43,289	12,845	Johnson Controls International plc	185,035	7,533
Willis Towers Watson plc	30,839	6,228	* Illumina Inc.	35,266	11,699	* IHS Markit Ltd.	96,162	7,246
Northern Trust Corp.	50,831	5,400	* Edwards Lifesciences Corp.	50,030	11,671	TransDigm Group Inc.	11,946	6,690
M&T Bank Corp.	31,660	5,374	Humana Inc.	31,769	11,644	Cummins Inc.	36,747	6,576
MSCI Inc. Class A	20,336	5,250	Baxter International Inc.	122,469	10,241	PACCAR Inc.	82,955	6,562
Hartford Financial Services Group Inc.	86,390	5,250	HCA Healthcare Inc.	63,476	9,382	Parker-Hannifin Corp.	30,820	6,343
Fifth Third Bancorp	170,283	5,235	Zimmer Biomet Holdings Inc.	49,334	7,384	Southwest Airlines Co.	113,602	6,132
Synchrony Financial	142,636	5,136	* Regeneron Pharmaceuticals Inc.	19,163	7,195	Stanley Black & Decker Inc.	36,471	6,045
Ameriprise Financial Inc.	30,400	5,064	* IQVIA Holdings Inc.	43,289	6,689	Verisk Analytics Inc. Class A	39,311	5,871
KeyCorp	236,396	4,785	Agilent Technologies Inc.	74,258	6,335	Rockwell Automation Inc.	27,721	5,618
First Republic Bank	40,416	4,747	* Centene Corp.	99,274	6,241	AMETEK Inc.	54,838	5,470
Arthur J Gallagher & Co.	44,695	4,256	McKesson Corp.	43,230	5,980	Fortive Corp.	70,966	5,421
Citizens Financial Group Inc.	104,378	4,239	* Alexion Pharmaceuticals Inc.	53,090	5,742	Cintas Corp.	20,113	5,412
Regions Financial Corp.	231,638	3,975	Cerner Corp.	75,351	5,530	Fastenal Co.	137,593	5,084
Cincinnati Financial Corp.	36,489	3,837	* IDEXX Laboratories Inc.	20,579	5,374	* United Airlines Holdings Inc.	52,229	4,601
Huntington Bancshares Inc.	248,048	3,741	ResMed Inc.	34,487	5,344	Republic Services Inc. Class A	50,553	4,531
MarketAxess Holdings Inc.	9,088	3,445	* Align Technology Inc.	17,211	4,803	* Copart Inc.	49,102	4,465
Principal Financial Group Inc.	62,045	3,412	* Mettler-Toledo International Inc.	5,836	4,630	Equifax Inc.	29,051	4,071
Loews Corp.	61,390	3,222	Teleflex Inc.	11,094	4,176	Dover Corp.	34,891	4,021
Cboe Global Markets Inc.	26,640	3,197	* WellCare Health Plans Inc.	12,067	3,985	Kansas City Southern	23,807	3,646
* SVB Financial Group	12,394	3,111	* Laboratory Corp. of America Holdings	23,310	3,943	WW Grainger Inc.	10,459	3,541
Nasdaq Inc.	27,580	2,954	Cooper Cos. Inc.	11,904	3,825	Xylem Inc.	43,256	3,408
Lincoln National Corp.	47,637	2,811	* Incyte Corp.	42,929	3,749	Westinghouse Air Brake Technologies Corp.	43,689	3,399
			* Waters Corp.	15,472	3,615	Masco Corp.	68,235	3,275
			Cardinal Health Inc.	70,237	3,553			
			Quest Diagnostics Inc.	32,348	3,454			
			* Hologic Inc.	64,272	3,356			

## Equity Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Expeditors International of Washington Inc.	40,915	3,192	KLA Corp.	37,844	6,743	Avery Dennison Corp.	20,017	2,619
IDEX Corp.	18,274	3,143	Motorola Solutions Inc.	41,096	6,622	Eastman Chemical Co.	32,621	2,586
* United Rentals Inc.	18,060	3,012	Paychex Inc.	76,409	6,499	Packaging Corp. of America	22,654	2,537
Jacobs Engineering Group Inc.	32,573	2,926	Microchip Technology Inc.	57,326	6,003	CF Industries Holdings Inc.	52,302	2,497
Old Dominion Freight Line Inc.	15,302	2,904	* FleetCor Technologies Inc.	20,816	5,989	Albemarle Corp.	25,372	1,853
Arconic Inc.	93,043	2,863	Xilinx Inc.	60,328	5,898	Mosaic Co.	83,663	1,810
Allegion plc	22,270	2,773	Corning Inc.	184,537	5,372	Sealed Air Corp.	36,974	1,473
American Airlines Group Inc.	93,752	2,689	* ANSYS Inc.	20,533	5,285			170,433
CH Robinson Worldwide Inc.	32,528	2,544	* Synopsys Inc.	36,091	5,024	<b>Real Estate (2.9%)</b>		
Huntington Ingalls Industries Inc.	9,788	2,456	Skyworks Solutions Inc.	40,881	4,942	American Tower Corp.	106,260	24,421
Textron Inc.	54,744	2,442	CDW Corp.	34,476	4,925	Crown Castle International Corp.	99,743	14,178
JB Hunt Transport Services Inc.	20,404	2,383	Hewlett Packard Enterprise Co.	310,513	4,925	Prologis Inc.	151,543	13,508
Snap-on Inc.	13,135	2,225	* VeriSign Inc.	24,794	4,777	Equinix Inc.	20,456	11,940
Fortune Brands Home & Security Inc.	33,475	2,187	* Cadence Design Systems Inc.	67,224	4,663	Simon Property Group Inc.	73,636	10,969
Alaska Air Group Inc.	29,477	1,997	* Keysight Technologies Inc.	44,993	4,618	Welltower Inc.	97,336	7,960
Pentair plc	40,215	1,845	Western Digital Corp.	71,388	4,531	Public Storage	36,035	7,674
Robert Half International Inc.	28,132	1,776	Maxim Integrated Products Inc.	64,963	3,996	AvalonBay Communities Inc.	33,496	7,024
Nielsen Holdings plc	85,151	1,729	* Fortinet Inc.	34,063	3,637	Equity Residential	83,726	6,775
AO Smith Corp.	32,910	1,568	NortonLifeLock Inc.	137,740	3,515	SBA Communications Corp. Class A	27,016	6,511
Flowserve Corp.	31,307	1,558	NetApp Inc.	54,830	3,413	Digital Realty Trust Inc.	50,075	5,996
Quanta Services Inc.	34,051	1,386	Broadridge Financial Solutions Inc.	27,543	3,403	Realty Income Corp.	78,184	5,757
Rollins Inc.	33,685	1,117	* Akamai Technologies Inc.	38,828	3,354	Weyerhaeuser Co.	178,793	5,399
		581,045	* Gartner Inc.	21,496	3,313	Ventas Inc.	89,430	5,164
<b>Information Technology (23.1%)</b>			Seagate Technology plc	55,545	3,305	* CBRE Group Inc. Class A	80,334	4,924
Apple Inc.	1,001,977	294,231	Citrix Systems Inc.	29,409	3,261	Essex Property Trust Inc.	15,859	4,771
Microsoft Corp.	1,830,140	288,613	* Qorvo Inc.	27,923	3,245	Boston Properties Inc.	34,510	4,757
Visa Inc. Class A	410,650	77,161	* Zebra Technologies Corp.	12,553	3,207	Alexandria Real Estate Equities Inc.	27,646	4,467
Mastercard Inc. Class A	212,955	63,586	Leidos Holdings Inc.	31,967	3,129	Healthpeak Properties Inc.	118,842	4,096
Intel Corp.	1,043,559	62,457	Western Union Co.	100,812	2,700	Mid-America Apartment Communities Inc.	27,339	3,605
Cisco Systems Inc.	1,017,763	48,812	Jack Henry & Associates Inc.	18,501	2,695	UDR Inc.	70,406	3,288
* Adobe Inc.	116,124	38,299	* Arista Networks Inc.	12,983	2,641	Extra Space Storage Inc.	31,120	3,287
* salesforce.com Inc.	212,786	34,607	DXC Technology Co.	61,270	2,303	Host Hotels & Resorts Inc.	172,322	3,197
NVIDIA Corp.	146,818	34,546	* F5 Networks Inc.	14,627	2,043	Duke Realty Corp.	88,342	3,063
Accenture plc Class A	152,333	32,077	Juniper Networks Inc.	80,114	1,973	Regency Centers Corp.	40,102	2,530
* PayPal Holdings Inc.	281,686	30,470	FLIR Systems Inc.	32,314	1,683	Vornado Realty Trust	37,905	2,521
Broadcom Inc.	95,160	30,072	Xerox Holdings Corp.	44,500	1,641	Iron Mountain Inc.	69,123	2,203
Texas Instruments Inc.	224,242	28,768	* IPG Photonics Corp.	8,509	1,233	Federal Realty Investment Trust	16,806	2,163
International Business Machines Corp.	212,466	28,479	Alliance Data Systems Corp.	9,809	1,101	Kimco Realty Corp.	101,049	2,093
Oracle Corp.	519,725	27,535			1,489,073	Apartment Investment & Management Co.	35,620	1,840
QUALCOMM Inc.	273,926	24,168	<b>Materials (2.6%)</b>			SL Green Realty Corp.	19,511	1,793
Fidelity National Information Services Inc.	147,425	20,505	Linde plc	128,862	27,435	Macerich Co.	1,770	48
Automatic Data Processing Inc.	103,785	17,695	Air Products & Chemicals Inc.	52,876	12,425			187,922
Intuit Inc.	62,442	16,355	Ecolab Inc.	60,155	11,609	<b>Utilities (3.3%)</b>		
* Fiserv Inc.	136,995	15,841	Sherwin-Williams Co.	19,708	11,500	NextEra Energy Inc.	117,247	28,393
* Micron Technology Inc.	265,584	14,283	DuPont de Nemours Inc.	177,749	11,412	Dominion Energy Inc.	197,439	16,352
Applied Materials Inc.	221,593	13,526	Dow Inc.	177,906	9,737	Southern Co.	251,561	16,024
Global Payments Inc.	72,083	13,159	Newmont Goldcorp Corp.	196,646	8,544	Duke Energy Corp.	174,914	15,954
* ServiceNow Inc.	45,242	12,773	PPG Industries Inc.	56,726	7,572	American Electric Power Co. Inc.	118,482	11,198
* Advanced Micro Devices Inc.	267,151	12,252	LyondellBasell Industries NV Class A	61,602	5,820	Exelon Corp.	233,252	10,634
Analog Devices Inc.	88,346	10,499	Corteva Inc.	179,713	5,312	Sempra Energy	67,616	10,242
Lam Research Corp.	34,799	10,175	Ball Corp.	78,495	5,076	Xcel Energy Inc.	125,783	7,986
* Autodesk Inc.	52,783	9,684	Freeport-McMoRan Inc.	348,269	4,569	Consolidated Edison Inc.	79,726	7,213
Cognizant Technology Solutions Corp. Class A	131,352	8,146	Vulcan Materials Co.	31,715	4,567	Public Service Enterprise Group Inc.	121,309	7,163
Amphenol Corp. Class A	71,110	7,696	International Paper Co.	94,099	4,333	WEC Energy Group Inc.	75,645	6,977
TE Connectivity Ltd.	80,249	7,691	Amcor plc	388,930	4,216	Eversource Energy	77,646	6,605
HP Inc.	355,478	7,305	Martin Marietta Materials Inc.	14,989	4,192	Edison International	86,033	6,488
			Nucor Corp.	72,792	4,097	FirstEnergy Corp.	129,604	6,299
			Celanese Corp. Class A	29,027	3,574	PPL Corp.	173,481	6,224
			International Flavors & Fragrances Inc.	25,569	3,299	DTE Energy Co.	46,078	5,984
			FMC Corp.	31,145	3,109	Entergy Corp.	47,760	5,722
			Westrock Co.	61,998	2,660			

# Equity Index Portfolio

	Shares	Market Value* (\$000)
American Water Works Co. Inc.	43,374	5,328
Ameren Corp.	59,075	4,537
CMS Energy Corp.	68,142	4,282
Energys Inc.	54,752	3,564
CenterPoint Energy Inc.	120,685	3,291
Atmos Energy Corp.	28,687	3,209
AES Corp.	159,530	3,175
Alliant Energy Corp.	57,752	3,160
NiSource Inc.	89,391	2,489
Pinnacle West Capital Corp.	26,897	2,419
NRG Energy Inc.	60,211	2,393
		<b>213,305</b>
<b>Total Common Stocks</b> <b>(Cost \$3,704,149)</b>		<b>6,419,625</b>
<b>Temporary Cash Investments (0.8%)<sup>1</sup></b>		
<b>Money Market Fund (0.8%)</b>		
<sup>2,3</sup> Vanguard Market Liquidity Fund, 1.816%	477,431	47,748
	Face Amount (\$000)	
<b>U.S. Government and Agency Obligations (0.0%)</b>		
<sup>4</sup> United States Treasury Bill, 1.546%, 3/26/20	1,000	996
<sup>4</sup> United States Treasury Bill, 1.527%–1.541%, 4/30/20	1,470	1,463
		<b>2,459</b>
<b>Total Temporary Cash Investments</b> <b>(Cost \$50,210)</b>		<b>50,207</b>
<b>Total Investments (100.2%)</b> <b>(Cost \$3,754,359)</b>		<b>6,469,832</b>

	Amount (\$000)
<b>Other Assets and Liabilities (-0.2%)</b>	
<b>Other Assets</b>	
Investment in Vanguard	280
Receivables for Investment Securities Sold	37
Receivables for Accrued Income	6,569
Receivables for Capital Shares Issued	511
Variation Margin Receivable—Futures Contracts	94
<b>Total Other Assets</b>	<b>7,491</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	(15,083)
Collateral for Securities on Loan	(264)
Payables for Capital Shares Redeemed	(1,992)
Payables to Vanguard	(1,966)
<b>Total Liabilities</b>	<b>(19,305)</b>
<b>Net Assets (100%)</b>	
Applicable to 135,394,379 outstanding \$0.01 par value shares of beneficial interest (unlimited authorization)	6,458,018
<b>Net Asset Value Per Share</b>	<b>\$47.70</b>

At December 31, 2019, net assets consisted of:

	Amount (\$000)
Paid-in Capital	3,511,475
Total Distributable Earnings (Loss)	2,946,543
<b>Net Assets</b>	<b>6,458,018</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

<sup>^</sup> Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$259,000.

<sup>1</sup> The portfolio invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the portfolio's effective common stock and temporary cash investment positions represent 100.0% and 0.2%, respectively, of net assets.

<sup>2</sup> Collateral of \$264,000 was received for securities on loan.

<sup>3</sup> Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

<sup>4</sup> Securities with a value of \$1,549,000 have been segregated as initial margin for open futures contracts.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

				((\$000))
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
E-mini S&P 500 Index	March 2020	243	39,258	596



## Statement of Operations

	Year Ended December 31, 2019
	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends	114,609
Interest <sup>1</sup>	618
Securities Lending—Net	84
Total Income	115,311
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	854
Management and Administrative	6,511
Marketing and Distribution	525
Custodian Fees	21
Auditing Fees	75
Shareholders' Reports	41
Trustees' Fees and Expenses	3
Total Expenses	8,030
<b>Net Investment Income</b>	<b>107,281</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	124,531
Futures Contracts	7,573
<b>Realized Net Gain (Loss)</b>	<b>132,104</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	1,295,700
Futures Contracts	296
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>1,295,996</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>1,535,381</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$582,000, (\$2,000), and (\$4,000), respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Year Ended December 31,	
	2019	2018
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	107,281	103,632
Realized Net Gain (Loss)	132,104	138,799
Change in Unrealized Appreciation (Depreciation)	1,295,996	(473,810)
Net Increase (Decrease) in Net Assets Resulting from Operations	1,535,381	(231,379)
<b>Distributions</b>		
Net Investment Income	(107,141)	(88,315)
Realized Capital Gain <sup>1</sup>	(140,285)	(85,966)
Total Distributions	(247,426)	(174,281)
<b>Capital Share Transactions</b>		
Issued	584,985	560,449
Issued in Lieu of Cash Distributions	247,426	174,281
Redeemed	(596,018)	(573,178)
Net Increase (Decrease) from Capital Share Transactions	236,393	161,552
Total Increase (Decrease)	1,524,348	(244,108)
<b>Net Assets</b>		
Beginning of Period	4,933,670	5,177,778
End of Period	6,458,018	4,933,670

<sup>1</sup> Includes fiscal 2019 and 2018 short-term gain distributions totaling \$347,000 and \$2,110,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.



## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$38.03</b>	<b>\$41.17</b>	<b>\$35.63</b>	<b>\$33.25</b>	<b>\$34.44</b>
<b>Investment Operations</b>					
Net Investment Income	.805 <sup>1</sup>	.804 <sup>1</sup>	.699 <sup>1</sup>	.704	.759 <sup>2</sup>
Net Realized and Unrealized Gain (Loss) on Investments	10.791	(2.556)	6.734	3.055	(.338)
Total from Investment Operations	11.596	(1.752)	7.433	3.759	.421
<b>Distributions</b>					
Dividends from Net Investment Income	(.834)	(.703)	(.699)	(.759)	(.569)
Distributions from Realized Capital Gains	(1.092)	(.685)	(1.194)	(.620)	(1.042)
Total Distributions	(1.926)	(1.388)	(1.893)	(1.379)	(1.611)
<b>Net Asset Value, End of Period</b>	<b>\$47.70</b>	<b>\$38.03</b>	<b>\$41.17</b>	<b>\$35.63</b>	<b>\$33.25</b>
<b>Total Return</b>	<b>31.30%</b>	<b>-4.51%</b>	<b>21.66%</b>	<b>11.81%</b>	<b>1.27%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$6,458	\$4,934	\$5,178	\$4,329	\$3,985
Ratio of Total Expenses to Average Net Assets	0.14%	0.14%	0.15%	0.15%	0.15%
Ratio of Net Investment Income to Average Net Assets	1.87%	1.94%	1.85%	2.08%	2.31% <sup>2</sup>
Portfolio Turnover Rate	4%	5%	5%	7%	4%

<sup>1</sup> Calculated based on average shares outstanding.

<sup>2</sup> Net investment income per share and the ratio of net investment income to average net assets include \$.13 and 0.35%, respectively, resulting from a special dividend from Medtronic plc in January 2015.

## Notes to Financial Statements

The Equity Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The portfolio may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any assets pledged as initial margin for open contracts are noted in the Statement of Net Assets.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

During the year ended December 31, 2019, the portfolio's average investments in long and short futures contracts represented less than 1% and 0%, respectively, of net assets, based on the average of the notional amounts at each quarter-end during the period.

3. **Federal Income Taxes:** The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties.

The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

**6. Credit Facility:** The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

**7. Other:** Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

**B.** In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$280,000, representing less than 0.01% of the portfolio's net assets and 0.11% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

**C.** Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks	6,419,625	—	—
Temporary Cash Investments	47,748	2,459	—
Futures Contracts—Assets <sup>1</sup>	94	—	—
Total	6,467,467	2,459	—

<sup>1</sup> Represents variation margin on the last day of the reporting period.

D. Permanent differences between book-basis and tax-basis components of net assets, if any, are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share.

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales and the realization of unrealized gains or losses on certain futures contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	105,297
Undistributed Long-Term Gains	127,272
Capital Loss Carryforwards (Non-expiring)	—
Net Unrealized Gains (Losses)	2,715,473

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	3,754,359
Gross Unrealized Appreciation	3,036,531
Gross Unrealized Depreciation	(321,058)
Net Unrealized Appreciation (Depreciation)	2,715,473

E. During the year ended December 31, 2019, the portfolio purchased \$335,753,000 of investment securities and sold \$242,628,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019	2018
	Shares	Shares
	(000)	(000)
Issued	13,588	13,586
Issued in Lieu of Cash Distributions	6,019	4,242
Redeemed	(13,957)	(13,844)
Net Increase (Decrease) in Shares Outstanding	5,650	3,984

At December 31, 2019, two shareholders (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders and Total Stock Market Index Portfolio), were each the record or beneficial owner of 25% or more of the portfolio's net assets, with a combined ownership of 63%. If any of these shareholders were to redeem their investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

G. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Equity Index Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets of Equity Index Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### Special 2019 tax information (unaudited) for corporate shareholders only for Equity Index Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2019, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$139,938,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 95.4% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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P.O. Box 2600  
Valley Forge, PA 19482-2600

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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**Annual Report** | December 31, 2019

# Vanguard Variable Insurance Fund

Balanced Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets—affecting stocks, bonds, and commodities—has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

Mortimer J. Buckley  
Chairman and Chief Executive Officer  
January 23, 2020

# Balanced Portfolio

## Your Portfolio's Performance at a Glance

- The Balanced Portfolio of Vanguard Variable Insurance Fund returned 22.48% for the 12 months ended December 31, 2019, trailing the 24.40% return of its composite benchmark. Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.
- Stocks and bonds recorded their best results in years. Stocks benefited from three reductions of the Federal Reserve's target for short-term interest rates during the year. And safer assets including bonds attracted investors as U.S.-China trade tensions fueled global economic growth concerns.
- Growth stocks outperformed their value counterparts, while large- and mid-capitalization stocks surpassed small-caps.
- The portfolio's returns were positive in all 11 equity sectors. The advisor's holdings in industrials and consumer discretionary contributed most to relative performance. Information technology and communication services were the biggest net detractors.
- The fixed income portfolio benefited from strong selection in investment-grade corporate bonds and modestly from duration and yield curve positioning.
- Over the decade ended December 31, 2019, the portfolio's average annual return trailed that of its benchmark.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%



## Advisor's Report

The Balanced Portfolio returned 22.48% for the 12 months ended December 31, 2019, below the 24.40% return of its blended benchmark (a mix of 65% large-capitalization stocks and 35% high-quality corporate bonds). The stock portion of the portfolio underperformed its benchmark, the Standard & Poor's 500 Index, while the bond portion outperformed its benchmark, the Bloomberg Barclays U.S. Credit A or Better Bond Index.

### The investment environment

Stock markets in the United States and abroad posted positive results for the year. The S&P 500 Index returned 31.49%, the MSCI World Index 28.40%, and the MSCI EAFE Index 22.01%.

The market rallied sharply at the start of 2019 because of supportive rhetoric from the Federal Reserve, the perception of easing tensions between the U.S. and China, and solid corporate earnings. As the year progressed, corporate earnings remained resilient but not robust, and geopolitical tensions again spiked. Ultimately, the combination of stabilizing economic data, accommodative central banks, and continued optimism toward an eventual U.S.-China trade deal proved favorable for equities.

The Fed pursued what could be termed a pro-market policy path, cutting interest rates 75 basis points over the year. (A basis point is one-hundredth of a percentage point.) Although geopolitical tensions ebbed and flowed, President Trump seemed to give the market sufficient hope that a trade deal with China could ultimately be consummated.

Corporate earnings for the 12 months were decent, if not spectacular. Earnings growth for the S&P 500 slowed significantly, but stocks and earnings over the past three years have largely moved in lockstep.

In the United States, large-capitalization growth stocks significantly outperformed large-cap value stocks, as measured by the Russell 1000 Growth Index (36.39%) and the Russell 1000 Value Index (26.54%).

This served as a slight headwind to the portfolio, which historically has had a value tilt.

The broad fixed income market generated largely positive returns, driven by a decline in sovereign yields in most markets, particularly in the first three quarters of the year. Corporate bond spreads tightened because of optimism that monetary accommodation could offset the drag on global growth from restrictive trade policies. Inflation showed no meaningful acceleration even as wage growth edged higher.

The Bloomberg Barclays U.S. Aggregate Bond Index returned 8.72%. The higher-quality credit market performed even better, as the Bloomberg Barclays U.S. Credit A or Better Bond Index returned 11.53%. The yield on the 10-year U.S. Treasury note declined 76 basis points, ending 2019 at 1.92%.

### Our successes

In the stock portion of the portfolio, although security selection was a slight detractor to overall performance, selection was best in industrials, consumer discretionary, energy, and financials. Our holdings in Bank of America, JPMorgan Chase, American Tower, and Hilton Worldwide were strong contributors.

Relative performance was also boosted by not holding some securities. These included Berkshire Hathaway, Amazon.com, Johnson & Johnson, and Boeing.

In the fixed income market, spread sectors rallied at the beginning of 2019, reversing the widening that occurred at the end of 2018. Security selection in investment-grade corporates, particularly consumer noncyclicals and the communications subsector of industrials, drove the portfolio's relative outperformance. Selection in financials and utilities also helped. In noncorporate credit, underweights to supranationals and local agency bonds as well as selection in local agency and taxable municipals contributed.

Duration/yield curve positioning modestly lifted overall performance. But short duration/yield curve flattening strategies, particularly in the early part of the year, detracted, partially offsetting the positive impact of a longer duration positioning later. Duration is a measure of the sensitivity of fixed income securities to changes in yields.

### Our shortfalls

In the stock portion of the portfolio, sector allocation detracted most from relative performance. Our underweighted position in information technology was a significant headwind, as was our overweight to energy.

Security selection in communication services, information technology, and materials also hurt. Notable detractors included Verizon Communications, Simon Property Group, Pfizer, and Exelon. Stocks we did not hold or held underweighted positions in that reduced relative performance included Apple, Facebook, and Mastercard.

In fixed income, the portfolio's underweighted positioning in credit spread duration versus the all-credit benchmark lagged most as spreads tightened during the year. An underweight to financials (banking) and an overweight to utilities (electric) also hurt. An out-of-benchmark allocation to agency mortgage-backed securities—pass-throughs and collateralized mortgage obligations—detracted further.

### Portfolio positioning

Our intermediate-term outlook for equity markets is balanced. On the encouraging side, economic growth is modestly positive in most regions, central banks have largely adopted an accommodative posture to setting monetary policy, and President Trump has sustained a pro-market orientation with respect to trade negotiations and fiscal policy. On the cautious side, we are ten years into an economic cycle and growth remains subdued, geopolitical relations delicate, and equity valuations near all-time highs.

In the stock portion of the portfolio, we are enthusiastic about the prospects for many individual businesses, such as JPMorgan Chase and Bank of America. These two, in particular, are extending their competitive advantage through investments in technology. Additionally, large pharmaceutical companies including Pfizer, Novartis, and AstraZeneca are reinvigorating their growth pipelines.

Global consumer staples such as Nestle and Diageo are using sharpened strategies to deliver growth. Consumer companies including Hilton Worldwide, Home Depot, Lowe's, and TJX are reinvesting their scale advantages to enhance consumer value. Technology firms such as Microsoft and Alphabet are providing compelling innovation in attractive end-markets and driving scale benefits from their customers, employees, and shareholders.

Over the course of the year, we initiated new positions in American Express, Raytheon, and Boston Properties. We believe these companies are superb fits for our philosophy and process and we are optimistic about their future. We eliminated holdings in United Parcel Service, Citigroup, and Halliburton as we believe that challenging industry dynamics will make it difficult for these businesses to compound value at an attractive rate.

The portfolio is overweighted in financials because we believe large U.S. banks present a particularly compelling combination of quality and value. It is underweighted in information technology because we are concerned about the sustainability of very high growth rates and lofty equity valuations.

We remain committed to our investment philosophy and process of constructing a portfolio of resilient businesses at reasonable valuations run by strong management teams likely to make value-enhancing decisions. Our goal is to deliver a superior rate of economic growth (earnings plus dividends) over the long term and protect on the downside during difficult markets and economies.

In fixed income, we believe credit valuations are modestly rich because of risks involving geopolitics, trade tensions, and elections. However, global central banks should continue to support asset valuations. We expect global inflation to remain benign, making it unlikely that we will see a sustained move higher in global rates in 2020. We have positioned the fixed income portion of the portfolio with a slight duration overweight relative to the benchmark.

We are increasingly cautious about the business cycle and believe that credit fundamentals have deteriorated in part because of slowing earnings growth. Credit remains the portfolio's main investment focus, and we continue to look for opportunities in the sector. We are positioned with an underweight to corporate credit relative to the all-credit benchmark and a bias toward more defensive sectors such as utilities and communication services.

We believe that taxable municipals remain fairly valued and a high-quality diversifier relative to our corporate bond risk. We retain a core overweighted position to the sector but have modestly reduced it recently, particularly for not-for-profit hospitals, because of secular headwinds and tight valuations.

The portfolio maintains an out-of-benchmark allocation to Treasury bills. We have increased our out-of-benchmark mortgage allocation and favor low- to mid-coupon agency pass-throughs and collateralized mortgage obligations for their favorable prepayment profile.

We own a modest out-of-benchmark allocation to prime, non-agency mortgage-backed securities. We also hold out-of-benchmark allocations to the securitized sectors, such as asset-backed securities, collateralized loan obligations, and commercial mortgage-backed securities, that offer attractive value and diversification relative to corporates. We are focused on acquiring high-quality issuance and senior portions of the capital structure.

Consistent with our practices, we always endeavor to hold adequate liquidity in the fixed income portion of the portfolio, most notably by owning government bonds and agency mortgage-backed securities. This liquidity should provide some downside protection for shareholders if the economic cycle or the equity portfolio takes an unfavorable turn.

We remain disciplined in the application of our investment process, allowing us to create a balanced portfolio that we believe should perform well in a variety of environments. We focus on long-term, low-turnover investing—features that have served the portfolio's shareholders well over time.

Portfolio Managers:

Edward P. Bousa, CFA,  
Senior Managing Director and  
Equity Portfolio Manager

Daniel J. Pozen  
Senior Managing Director and  
Equity Portfolio Manager

Michael E. Stack, CFA,  
Senior Managing Director and  
Fixed Income Portfolio Manager

Loren L. Moran, CFA,  
Senior Managing Director and  
Fixed Income Portfolio Manager

Wellington Management Company LLP

January 14, 2020

## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table below illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

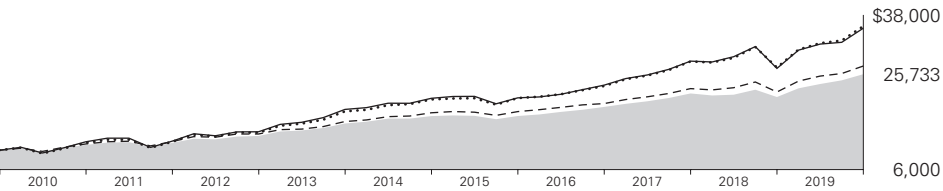
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
Balanced Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,085.76	\$1.10
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.15	1.07

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.21%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Balanced Portfolio	22.48%	8.56%	9.91%	\$25,733
S&P 500 Index	31.49	11.70	13.56	35,666
Composite Stock/Bond Index	24.40	9.09	10.62	27,428
Dow Jones U.S. Total Stock Market Float Adjusted Index	30.90	11.18	13.43	35,251

Composite Stock/Bond Index: Weighted 65% S&P 500 Index and 35% Bloomberg Barclays U.S. Credit A or Better Bond Index.

## Sector Diversification

As of December 31, 2019

### Equity Exposure

Communication Services	10.0%
Consumer Discretionary	5.3
Consumer Staples	7.4
Energy	6.7
Financials	22.7
Health Care	16.2
Industrials	9.5
Information Technology	13.9
Materials	1.2
Real Estate	2.6
Utilities	4.5

The table reflects the portfolio's equity exposure, based on its investments in stocks and stock index futures. Any holdings in short-term reserves are excluded. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

### Fixed Income Exposure

Asset-Backed	4.8%
Finance	24.7
Foreign	4.1
Government Mortgage-Backed	8.2
Industrial	30.9
Treasury	13.8
Utilities	8.4
Other	5.1

The table reflects the portfolio's market exposure. Any holdings in short-term reserves are excluded. The agency and mortgage-backed securities sectors may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Financial Statements

### Statement of Net Assets

As of December 31, 2019

The portfolio files its 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. The portfolio's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
<b>Common Stocks (65.4%)</b>								
<b>Communication Services (6.6%)</b>								
Verizon Communications Inc.	1,303,788	80,053	PNC Financial Services Group Inc.	137,040	21,876	Vinci SA	150,742	16,789
* Alphabet Inc. Class A	53,232	71,298	Northern Trust Corp.	201,607	21,419	Schneider Electric SE	162,824	16,729
Comcast Corp. Class A	1,137,493	51,153	American International Group Inc.	415,596	21,332	General Dynamics Corp.	91,047	16,056
AT&T Inc.	294,452	11,507	Intercontinental Exchange Inc.	218,861	20,256	Raytheon Co.	72,108	15,845
		<b>214,011</b>	Progressive Corp.	272,331	19,714	Johnson Controls International plc	321,084	13,071
<b>Consumer Discretionary (3.4%)</b>			BlackRock Inc.	38,607	19,408	CSX Corp.	103,239	7,470
Home Depot Inc.	122,973	26,855	Mitsubishi UFJ Financial Group Inc.	2,891,510	15,632	Eaton Corp. plc	47,031	4,455
Lowe's Cos. Inc.	193,594	23,185	Bank of Nova Scotia	261,909	14,795			<b>202,673</b>
TJX Cos. Inc.	330,934	20,207	Hartford Financial Services Group Inc.	186,106	11,310	<b>Information Technology (9.1%)</b>		
Hilton Worldwide Holdings Inc.	181,998	20,185	Marsh & McLennan Cos. Inc.	95,276	10,615	Microsoft Corp.	732,676	115,543
McDonald's Corp.	85,336	16,863	Charles Schwab Corp.	204,970	9,748	Apple Inc.	162,022	47,578
Ross Stores Inc.	45,465	5,293	Tokio Marine Holdings Inc.	135,665	7,596	Intel Corp.	669,571	40,074
		<b>112,588</b>	ING Groep NV	517,786	6,225	Cisco Systems Inc.	628,530	30,144
<b>Consumer Staples (4.8%)</b>			BNP Paribas SA	91,845	5,459	Texas Instruments Inc.	142,936	18,337
Nestle SA	295,228	31,963	UBS Group AG	350,957	4,415	Accenture plc Class A	68,489	14,422
PepsiCo Inc.	188,116	25,710	Prudential plc	186,082	3,565	Samsung Electronics Co. Ltd. GDR	9,633	11,528
Coca-Cola Co.	448,365	24,817			<b>485,075</b>	HP Inc.	368,146	7,565
Sysco Corp.	272,758	23,332	<b>Health Care (10.6%)</b>			Taiwan Semiconductor Manufacturing Co. Ltd. ADR	114,254	6,638
Walmart Inc.	186,283	22,138	Pfizer Inc.	1,213,471	47,544	International Business Machines Corp.	37,796	5,066
Diageo plc	460,154	19,389	AstraZeneca plc ADR	834,171	41,592			<b>296,895</b>
Unilever NV	175,236	10,057	UnitedHealth Group Inc.	119,218	35,048	<b>Materials (0.8%)</b>		
		<b>157,406</b>	Medtronic plc	307,627	34,900	International Paper Co.	388,896	17,909
<b>Energy (4.4%)</b>			Merck & Co. Inc.	338,198	30,759	PPG Industries Inc.	56,890	7,594
Chevron Corp.	418,565	50,441	Novartis AG	308,797	29,240			<b>25,503</b>
TOTAL SA	498,338	27,653	Eli Lilly & Co.	221,262	29,081	<b>Real Estate (1.7%)</b>		
ConocoPhillips	312,942	20,351	CVS Health Corp.	334,459	24,847	American Tower Corp.	100,026	22,988
Suncor Energy Inc.	588,518	19,289	Bristol-Myers Squibb Co.	350,653	22,508	Simon Property Group Inc.	125,970	18,765
Exxon Mobil Corp.	159,283	11,115	Koninklijke Philips NV	352,247	17,219	Boston Properties Inc.	94,960	13,091
BP plc	1,435,658	9,031	Abbott Laboratories	186,541	16,203			<b>54,844</b>
Hess Corp.	75,089	5,017	HCA Healthcare Inc.	92,481	13,670	<b>Utilities (2.9%)</b>		
		<b>142,897</b>	Becton Dickinson and Co.	16,051	4,365	Dominion Energy Inc.	383,799	31,786
<b>Financials (14.9%)</b>					<b>346,976</b>	NextEra Energy Inc.	111,577	27,020
JPMorgan Chase & Co.	608,572	84,835	<b>Industrials (6.2%)</b>			Exelon Corp.	526,359	23,997
Bank of America Corp.	2,346,016	82,627	United Technologies Corp.	200,832	30,077	* Iberdrola SA	1,241,308	12,792
Chubb Ltd.	265,934	41,395	Union Pacific Corp.	163,546	29,567			<b>95,595</b>
Prudential Financial Inc.	399,275	37,428	Deere & Co.	162,251	28,112	<b>Total Common Stocks</b>		
American Express Co.	204,233	25,425	Lockheed Martin Corp.	62,927	24,502	<b>(Cost \$1,514,146)</b>		
								<b>2,134,463</b>

## Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>U.S. Government and Agency Obligations (7.3%)</b>				
<b>U.S. Government Securities (4.6%)</b>				
United States Treasury Note/Bond	1.500%	8/31/21	4,500	4,492
United States Treasury Note/Bond	2.875%	11/15/21	4,100	4,196
United States Treasury Note/Bond	2.500%	3/31/23	18,815	19,327
United States Treasury Note/Bond	2.625%	6/30/23	6,650	6,871
United States Treasury Note/Bond	2.875%	10/31/23	5,600	5,849
United States Treasury Note/Bond	2.625%	12/31/23	6,400	6,635
United States Treasury Note/Bond	1.750%	6/30/24	12,675	12,707
United States Treasury Note/Bond	1.500%	10/31/24	4,100	4,064
United States Treasury Note/Bond	3.125%	11/15/28	570	627
United States Treasury Note/Bond	2.625%	2/15/29	5,695	6,035
United States Treasury Note/Bond	2.375%	5/15/29	18,515	19,244
United States Treasury Note/Bond	1.625%	8/15/29	11,730	11,426
United States Treasury Note/Bond	1.750%	11/15/29	4,300	4,235
United States Treasury Note/Bond	2.875%	5/15/43	6,088	6,635
United States Treasury Note/Bond	3.375%	5/15/44	2,935	3,475
United States Treasury Note/Bond	3.125%	8/15/44	1,740	1,980
United States Treasury Note/Bond	2.500%	2/15/45	2,060	2,103
United States Treasury Note/Bond	2.250%	8/15/46	3,068	2,982
United States Treasury Note/Bond	2.750%	8/15/47	2,390	2,563
United States Treasury Note/Bond	3.000%	8/15/48	545	614
United States Treasury Note/Bond	2.875%	5/15/49	8,100	8,932
United States Treasury Note/Bond	2.250%	8/15/49	8,780	8,521
United States Treasury Strip Principal	0.000%	5/15/47	4,910	2,527
United States Treasury Strip Principal	0.000%	8/15/47	6,835	3,491
			<b>149,531</b>	
<b>Conventional Mortgage-Backed Securities (2.1%)</b>				
<sup>2,3</sup> Fannie Mae Pool	2.500%	4/1/37–12/1/49	4,762	4,731
<sup>2,3</sup> Fannie Mae Pool	2.780%	6/1/26	1,025	1,061
<sup>2,3</sup> Fannie Mae Pool	3.000%	11/1/49	7,038	7,141
<sup>2,3</sup> Fannie Mae Pool	3.070%	2/1/25	500	522
<sup>2,3</sup> Fannie Mae Pool	3.500%	12/1/47–1/1/58	17,781	18,369
<sup>2,3</sup> Fannie Mae Pool	4.000%	8/1/48–12/1/49	3,605	3,765
<sup>2,3</sup> Freddie Mac Gold Pool	4.000%	9/1/41–12/1/48	1,475	1,537
<sup>2</sup> Ginnie Mae I Pool	7.000%	11/15/31–11/15/33	68	76
<sup>2</sup> Ginnie Mae I Pool	8.000%	9/15/30	45	53
<sup>2,3,4</sup> UMBS Pool	2.500%	11/1/49–1/1/50	18,884	18,735
<sup>2,3,4</sup> UMBS Pool	3.000%	7/1/49–1/1/50	8,862	8,993
<sup>2,3</sup> UMBS Pool	4.000%	12/1/49	4,753	4,977
<sup>2,3,4</sup> UMBS TBA	3.500%	1/1/50	400	411
			<b>70,371</b>	
<b>Nonconventional Mortgage-Backed Securities (0.6%)</b>				
<sup>2,3</sup> Fannie Mae REMICS	1.500%	8/25/41–6/25/42	766	744
<sup>2,3</sup> Fannie Mae REMICS	1.700%	6/25/43	157	155
<sup>2,3</sup> Fannie Mae REMICS	2.000%	6/25/44	180	179
<sup>2,3</sup> Fannie Mae REMICS	3.000%	3/25/53–9/25/57	3,079	3,140
<sup>2,3</sup> Fannie Mae REMICS	3.500%	4/25/31–6/25/59	10,422	10,870
<sup>2,3</sup> Fannie Mae REMICS	4.000%	9/25/29–7/25/53	628	654
<sup>2,3</sup> Freddie Mac REMICS	3.000%	12/15/39	222	226
<sup>2,3</sup> Freddie Mac REMICS	3.500%	3/15/31	116	121
<sup>2,3</sup> Freddie Mac REMICS	4.000%	12/15/30–4/15/31	2,186	2,320

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>2</sup> Government National Mortgage Assn.	1.700%	10/20/45	326	322
<sup>2</sup> Government National Mortgage Assn.	1.800%	5/20/41	359	355
			<b>19,086</b>	
<b>Total U.S. Government and Agency Obligations (Cost \$233,314)</b>				
			<b>238,988</b>	
<b>Asset-Backed/Commercial Mortgage-Backed Securities (1.6%)</b>				
<sup>2,5</sup> Aaset 2019-1 Trust	3.844%	5/15/39	426	429
<sup>2,5</sup> American Express Credit Account Master Trust	2.950%	3/15/23	1,720	1,739
<sup>5</sup> American Tower Trust I	3.070%	3/15/23	1,100	1,114
<sup>2</sup> AmeriCredit Automobile Receivables Trust 2016-3	2.240%	4/8/22	360	360
<sup>2,5</sup> Angel Oak Mortgage Trust 2019-5	2.593%	10/25/49	428	427
<sup>2,5</sup> Angel Oak Mortgage Trust 2019-6	2.620%	11/25/59	1,085	1,083
<sup>2,5</sup> Angel Oak Mortgage Trust I LLC 2019-2	3.628%	3/25/49	258	261
<sup>2,5</sup> Angel Oak Mortgage Trust LLC	2.993%	7/26/49	891	893
<sup>2,5,6</sup> Ares XXIX CLO Ltd., 3M USD LIBOR + 1.190%	3.192%	4/17/26	328	329
<sup>2,5,6</sup> Atlas Senior Loan Fund X Ltd., 3M USD LIBOR + 1.090%	3.091%	1/15/31	250	248
<sup>2,5,6</sup> Avery Point IV CLO Ltd., 3M USD LIBOR + 1.100%	3.040%	4/25/26	569	570
<sup>5</sup> Bank of Montreal	2.500%	1/1/22	1,700	1,723
<sup>2</sup> BMW Vehicle Lease Trust 2018-1A	3.260%	7/20/21	295	297
<sup>2,5</sup> Canadian Pacer Auto Receivable Trust A Series 2018	3.000%	6/21/21	87	87
<sup>2,5</sup> Canadian Pacer Auto Receivable Trust A Series 2018	3.270%	12/19/22	140	141
<sup>2</sup> CarMax Auto Owner Trust 2018-4	3.110%	2/15/22	542	544
<sup>2</sup> CarMax Auto Owner Trust 2018-4	3.360%	9/15/23	975	993
<sup>2,5</sup> Castlelake Aircraft Securitization Trust 2019-1	3.967%	4/15/39	842	853
<sup>2,5,6</sup> Cent CLO, 3M USD LIBOR + 1.150%	3.090%	10/25/28	550	551
<sup>2,5</sup> Chesapeake Funding II LLC	3.390%	1/15/31	759	768
<sup>2,5</sup> Chesapeake Funding II LLC 2017-2A	1.990%	5/15/29	94	93
<sup>2,5</sup> Chesapeake Funding II LLC 2018-1	3.040%	4/15/30	784	792
<sup>2,5</sup> Cloud Pass-Through Trust 2019-1	3.554%	12/5/22	939	950
<sup>2,5</sup> COLT 2018-3 Mortgage Loan Trust	3.692%	10/26/48	249	250
<sup>2,5</sup> COLT 2019-2 Mortgage Loan Trust	3.337%	5/25/49	430	434
<sup>2</sup> COMM 2012-CCRE2 Mortgage Trust	3.147%	8/15/45	480	490
<sup>2,5</sup> Daimler Trucks Retail Trust 2019-1	2.770%	4/15/21	549	550
<sup>2,5</sup> DB Master Finance LLC	3.787%	5/20/49	453	462
<sup>2,5</sup> DB Master Finance LLC	4.021%	5/20/49	403	413
<sup>2,5</sup> DeePhave Residential Mortgage Trust 2019-2	3.558%	4/25/59	399	405
<sup>5</sup> DNB Boligkreditt AS	2.500%	3/28/22	1,315	1,332
<sup>2,5</sup> Enterprise Fleet Financing LLC	3.100%	10/20/23	270	274
<sup>2,5</sup> Enterprise Fleet Financing LLC	2.290%	2/20/25	960	963
<sup>2,5</sup> Enterprise Fleet Financing LLC Series 2017-1	2.130%	7/20/22	19	19
<sup>2,5</sup> Enterprise Fleet Financing LLC Series 2018-1	2.870%	10/20/23	532	534
<sup>2,5</sup> Enterprise Fleet Financing LLC Series 2018-3	3.380%	5/20/24	467	472
<sup>2,5</sup> Enterprise Fleet Financing LLC Series 2019-1	2.980%	10/20/24	745	752
<sup>2,5</sup> Enterprise Fleet Financing LLC Series 2019-3	2.060%	5/20/25	645	646
<sup>2,5</sup> Exeter Automobile Receivables Trust 2018-3	2.900%	1/18/22	8	8
<sup>2,5</sup> Exeter Automobile Receivables Trust 2019-3	2.590%	9/15/22	312	313
<sup>2,5</sup> Exeter Automobile Receivables Trust 2019-4	2.180%	1/17/23	513	513



## Balanced Portfolio

			Maturity	Face	Market				Maturity	Face	Market	
	Coupon	Date	Amount	Value*	Value*		Coupon	Date	Amount	Value*	Value*	
			(\$000)	(\$000)	(\$000)				(\$000)	(\$000)	(\$000)	
2,3,6	Fannie Mae Connecticut Avenue Securities, 1M USD LIBOR + 5.900%	7.692%	10/25/28	273	293	2	Verizon Owner Trust 2018-A	3.230%	4/20/23	585	594	
2	Ford Credit Floorplan Master Owner Trust A	2.440%	9/15/26	370	371	2,5	Verus Securitization Trust 2019-2	3.211%	5/25/59	438	442	
2,3	Freddie Mac Multifamily Structured Pass Through Certificates	2.610%	1/25/26	525	531	2,5,6	Voya CLO 2014-1 Ltd., 3M USD LIBOR + 0.990%	2.993%	4/18/31	515	510	
2,3	Freddie Mac Multifamily Structured Pass Through Certificates	2.282%	7/25/26	885	885	2,5	Westlake Automobile Receivables Trust	2.150%	2/15/23	415	415	
2,5	Golden Credit Card Trust	1.980%	4/15/22	545	545	Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$51,612)						51,879
2,5	Golden Credit Card Trust 2018-1A	2.620%	1/15/23	485	488	Corporate Bonds (21.2%)						
5	GTP Acquisition Partners I LLC	2.350%	6/15/20	580	580	Finance (8.2%)						
2,5	Hertz Fleet Lease Funding LP 2019-1	2.700%	1/10/33	1,095	1,103	Banking (6.8%)						
2,5	Horizon Aircraft Finance Ltd.	3.721%	7/15/39	324	324	5	ABN AMRO Bank NV	2.450%	6/4/20	623	624	
2,5	Horizon Aircraft Finance Ltd.	3.425%	11/15/39	323	321		American Express Credit Corp.	2.700%	3/3/22	1,505	1,529	
2,5	MACH 1 Cayman 2019-1 Ltd.	3.474%	10/15/39	385	383		Banco Santander SA	3.125%	2/23/23	800	816	
2,5,6	Madison Park Funding XII Ltd., 3M USD LIBOR + 1.260%	3.226%	7/20/26	399	399		Banco Santander SA	3.848%	4/12/23	400	416	
2,5,6	Madison Park Funding XIII Ltd., 3M USD LIBOR + 0.950%	2.916%	4/19/30	930	925		Bank of America Corp.	3.300%	1/11/23	120	124	
2,5	MAPS Ltd.	4.458%	3/15/44	233	240	2	Bank of America Corp.	2.816%	7/21/23	1,645	1,668	
2,5,6	Master Credit Card Trust II Series 2018-1A, 1M USD LIBOR + 0.490%	2.275%	7/21/24	1,000	998		Bank of America Corp.	3.004%	12/20/23	3,408	3,482	
2	Nissan Auto Lease Trust 2018-B	3.250%	9/15/21	460	464		Bank of America Corp.	4.000%	1/22/25	875	930	
2,5	OneMain Direct Auto Receivables Trust	3.430%	12/16/24	1,100	1,114	2	Bank of America Corp.	3.559%	4/23/27	2,450	2,583	
2,5	OneMain Direct Auto Receivables Trust 2017-2	2.310%	12/14/21	44	44	2	Bank of America Corp.	3.593%	7/21/28	1,025	1,088	
2,5	OneMain Financial Issuance Trust 2017-1	2.370%	9/14/32	220	220	2	Bank of America Corp.	3.419%	12/20/28	512	536	
2,5	OneMain Financial Issuance Trust 2019-1	3.480%	2/14/31	1,000	1,010	2	Bank of America Corp.	4.271%	7/23/29	4,780	5,294	
2	Santander Drive Auto Receivables Trust 2018-5	3.190%	3/15/22	170	170	2	Bank of America Corp.	3.974%	2/7/30	1,895	2,063	
2,5	Santander Retail Auto Lease Trust 2019-A	2.720%	1/20/22	528	530	2	Bank of America Corp.	3.194%	7/23/30	1,055	1,091	
2,5	Santander Retail Auto Lease Trust 2019-B	2.300%	1/20/23	345	347		Bank of America Corp.	5.875%	2/7/42	260	369	
2	Seasoned Credit Risk Transfer Trust Series 2018-4	3.500%	3/25/58	741	759		Bank of America Corp.	5.000%	1/21/44	1,000	1,306	
2	Seasoned Credit Risk Transfer Trust Series 2019-1	3.500%	7/25/58	1,072	1,102	2	Bank of America Corp.	4.330%	3/15/50	2,235	2,680	
2	Seasoned Credit Risk Transfer Trust Series 2019-3	3.500%	10/25/58	1,681	1,730		Bank of Montreal	3.100%	4/13/21	1,290	1,309	
2,5	Securitized Term Auto Receivables Trust 2018-2	3.060%	2/25/21	120	120		Bank of New York Mellon Corp.	2.150%	2/24/20	1,580	1,580	
2,5	Securitized Term Auto Receivables Trust 2018-2	3.325%	8/25/22	550	557		Bank of New York Mellon Corp.	2.200%	8/16/23	460	465	
2,5,6	Seneca Park CLO Ltd. 2014-1, 3M USD LIBOR + 1.120%	3.122%	7/17/26	223	223		Bank of New York Mellon Corp.	3.000%	2/24/25	720	748	
2,5	SFAVE Commercial Mortgage Securities Trust 2015-5AVE	4.144%	1/5/43	700	726	6	Bank of New York Mellon Corp., 3M USD LIBOR + 1.050%	2.986%	10/30/23	1,145	1,165	
2,5	SoFi Consumer Loan Program 2018-2 Trust	2.930%	4/26/27	14	14		Bank of Nova Scotia	2.800%	7/21/21	750	760	
2,5	SoFi Consumer Loan Program 2018-4 Trust	3.540%	11/26/27	421	424		Bank of Nova Scotia	2.700%	8/3/26	1,825	1,854	
2,5	SoFi Consumer Loan Program 2019-1 Trust	3.240%	2/25/28	538	541	5	Banque Federative du Credit Mutuel SA	2.750%	10/15/20	1,200	1,208	
2,5	Springleaf Funding Trust 2015-B	3.480%	5/15/28	590	594		Barclays Bank plc	5.140%	10/14/20	160	163	
5,2,5	Start III Ltd.	3.536%	11/15/44	399	399	2	Barclays plc	3.932%	5/7/25	1,565	1,644	
2,5	START Ireland	4.089%	3/15/44	549	556	6	Barclays plc, 3M USD LIBOR + 1.380%	3.284%	5/16/24	1,005	1,015	
2,5,6	Symphony CLO XIV Ltd., 3M USD LIBOR + 0.950%	2.951%	7/14/26	1,125	1,124	5	BNP Paribas SA	2.950%	5/23/22	200	204	
2,5,6	Thacher Park CLO Ltd., 3M USD LIBOR + 1.160%	3.126%	10/20/26	271	271		BNP Paribas SA	3.250%	3/3/23	190	197	
5	Toronto-Dominion Bank	2.500%	1/18/22	2,100	2,126	5	BNP Paribas SA	3.800%	1/10/24	1,170	1,227	
2,5	Towd Point Mortgage Trust 2016-3	2.250%	4/25/56	40	40	5	BNP Paribas SA	3.375%	1/9/25	1,775	1,837	
2,5	Trillium Credit Card Trust II 2019-2A	3.038%	1/26/24	1,250	1,264	2,5	BNP Paribas SA	2.819%	11/19/25	1,335	1,345	
2	Utility Debt Securitization Authority Series 2013T	3.435%	12/15/25	210	216	5	BNP Paribas SA	3.500%	11/16/27	2,050	2,136	
2,5	Vantage Data Centers LLC 2018-1A	4.072%	2/16/43	481	501	5	BPCE SA	5.700%	10/22/23	270	298	
2,5	Vantage Data Centers LLC 2019-1A	3.188%	7/15/44	269	271		BPCE SA	4.000%	4/15/24	775	829	
						5	BPCE SA	5.150%	7/21/24	1,260	1,381	
						5	BPCE SA	3.500%	10/23/27	1,780	1,840	
						5	BPCE SA	2.700%	10/1/29	1,450	1,437	
						6	Canadian Imperial Bank of Commerce, 3M USD LIBOR + 0.720%	2.614%	6/16/22	1,565	1,579	
							Capital One Financial Corp.	2.500%	5/12/20	500	501	
							Capital One Financial Corp.	4.750%	7/15/21	400	416	
							Capital One Financial Corp.	3.750%	4/24/24	1,305	1,369	
							Capital One Financial Corp.	3.200%	2/5/25	760	783	
							Citibank NA	3.050%	5/1/20	1,850	1,855	
							Citigroup Inc.	2.400%	2/18/20	800	800	
							Citigroup Inc.	4.500%	1/14/22	1,975	2,069	
						2	Citigroup Inc.	3.520%	10/27/28	1,975	2,074	
							Citigroup Inc.	6.625%	6/15/32	2,000	2,679	
						2	Citigroup Inc.	3.878%	1/24/39	1,025	1,121	
							Citigroup Inc.	8.125%	7/15/39	101	169	
							Comerica Bank	2.500%	7/23/24	790	799	
							Commonwealth Bank of Australia	2.300%	3/12/20	655	655	
						5	Credit Agricole SA	3.750%	4/24/23	1,160	1,210	
						5	Credit Agricole SA	3.250%	10/4/24	2,390	2,472	
							Credit Suisse AG	3.000%	10/29/21	735	749	
							Credit Suisse AG	3.625%	9/9/24	250	265	



## Balanced Portfolio

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)			Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
5	Credit Suisse Group AG	3.574%	1/9/23	550	564						
2.5	Credit Suisse Group AG	4.207%	6/12/24	340	359	2	Morgan Stanley	3.625%	1/20/27	1,250	1,327
2.5	Credit Suisse Group AG	2.593%	9/11/25	520	521		Morgan Stanley	3.772%	1/24/29	3,910	4,200
2.5	Credit Suisse Group AG	3.869%	1/12/29	305	324		Morgan Stanley	4.300%	1/27/45	850	998
5.6	Credit Suisse Group AG, 3M USD LIBOR + 1.240%	3.127%	6/12/24	690	699	2.5	Nationwide Building Society	3.622%	4/26/23	680	699
	Credit Suisse Group Funding Guernsey Ltd.	3.800%	9/15/22	1,335	1,388	5	NBK SPC Ltd.	2.750%	5/30/22	1,530	1,540
	Credit Suisse Group Funding Guernsey Ltd.	3.750%	3/26/25	3,470	3,667		PNC Bank NA	3.300%	10/30/24	460	478
5	Danske Bank A/S	2.000%	9/8/21	1,120	1,113		PNC Bank NA	2.950%	2/23/25	1,105	1,130
5	Danske Bank A/S	5.000%	1/12/22	610	640		PNC Bank NA	4.200%	11/1/25	255	277
5	Danske Bank A/S	3.875%	9/12/23	1,220	1,264		PNC Bank NA	3.100%	10/25/27	1,165	1,215
5	Danske Bank A/S	5.375%	1/12/24	795	872		PNC Bank NA	3.250%	1/22/28	1,675	1,759
	Deutsche Bank AG	4.250%	10/14/21	815	838		PNC Financial Services Group Inc.	3.900%	4/29/24	580	610
	Fifth Third Bank	2.875%	10/1/21	425	431		Royal Bank of Canada	2.750%	2/1/22	1,195	1,215
	Fifth Third Bank	3.850%	3/15/26	830	882		Santander Holdings USA Inc.	2.650%	4/17/20	580	581
	Goldman Sachs Group Inc.	5.375%	3/15/20	405	408		Santander Holdings USA Inc.	3.700%	3/28/22	915	940
	Goldman Sachs Group Inc.	2.600%	4/23/20	170	170		Santander Holdings USA Inc.	3.400%	1/18/23	605	620
	Goldman Sachs Group Inc.	5.250%	7/27/21	865	907	5	Skandinaviska Enskilda Banken AB	2.450%	5/27/20	1,600	1,603
	Goldman Sachs Group Inc.	5.750%	1/24/22	360	385	5	Societe Generale SA	3.250%	1/12/22	1,015	1,036
2	Goldman Sachs Group Inc.	2.876%	10/31/22	1,795	1,817	2.5	Standard Chartered plc	2.744%	9/10/22	2,030	2,039
	Goldman Sachs Group Inc.	3.625%	1/22/23	1,980	2,056	2	State Street Corp.	2.653%	5/15/23	840	853
2	Goldman Sachs Group Inc.	3.272%	9/29/25	1,205	1,244		Svenska Handelsbanken AB	1.875%	9/7/21	1,050	1,048
	Goldman Sachs Group Inc.	3.500%	11/16/26	2,000	2,086		Synchrony Bank	3.650%	5/24/21	1,290	1,315
	Goldman Sachs Group Inc.	3.850%	1/26/27	740	787		Toronto-Dominion Bank	2.500%	12/14/20	985	990
2	Goldman Sachs Group Inc.	3.691%	6/5/28	810	859		Truist Bank	2.625%	1/15/22	1,250	1,265
2	Goldman Sachs Group Inc.	3.814%	4/23/29	3,065	3,279		Truist Bank	3.300%	5/15/26	340	353
2	Goldman Sachs Group Inc.	4.223%	5/1/29	2,630	2,889		Truist Financial Corp.	3.200%	9/3/21	665	678
	Goldman Sachs Group Inc.	6.750%	10/1/37	835	1,157		Truist Financial Corp.	2.750%	4/1/22	1,700	1,730
5	HSBC Bank plc	4.750%	1/19/21	1,700	1,743		Truist Financial Corp.	3.700%	6/5/25	1,385	1,492
	HSBC Holdings plc	3.400%	3/8/21	1,535	1,558	5	UBS AG	2.200%	6/8/20	750	751
	HSBC Holdings plc	4.000%	3/30/22	2,395	2,492	2.5	UBS Group AG	3.126%	8/13/30	555	565
	HSBC Holdings plc	3.600%	5/25/23	1,600	1,664	5	UBS Group Funding Jersey Ltd.	2.950%	9/24/20	1,160	1,168
2	HSBC Holdings plc	4.041%	3/13/28	890	950	5	UBS Group Funding Jersey Ltd.	2.650%	2/1/22	1,250	1,263
2	HSBC Holdings plc	4.583%	6/19/29	1,675	1,869		US Bancorp	2.625%	1/24/22	1,305	1,324
	HSBC Holdings plc	6.500%	5/2/36	1,000	1,360		US Bancorp	3.700%	1/30/24	1,560	1,658
	HSBC Holdings plc	6.100%	1/14/42	375	532		Wachovia Corp.	7.500%	4/15/35	1,000	1,400
	HSBC Holdings plc	5.250%	3/14/44	440	557		Wells Fargo & Co.	3.000%	1/22/21	505	511
6	HSBC Holdings plc, 3M USD LIBOR + 1.000%	2.904%	5/18/24	730	735		Wells Fargo & Co.	3.500%	3/8/22	640	660
	HSBC USA Inc.	2.350%	3/5/20	2,775	2,775		Wells Fargo & Co.	3.069%	1/24/23	195	198
	HSBC USA Inc.	3.500%	6/23/24	620	656		Wells Fargo & Co.	3.450%	2/13/23	735	760
	Huntington Bancshares Inc.	3.150%	3/14/21	800	808		Wells Fargo & Co.	4.480%	1/16/24	1,199	1,291
	Huntington National Bank	2.400%	4/1/20	1,160	1,160		Wells Fargo & Co.	3.750%	1/24/24	1,560	1,643
	ING Groep NV	3.150%	3/29/22	365	373		Wells Fargo & Co.	3.000%	2/19/25	890	918
	ING Groep NV	3.950%	3/29/27	2,695	2,898		Wells Fargo & Co.	3.550%	9/29/25	860	909
	JPMorgan Chase & Co.	4.350%	8/15/21	1,862	1,931		Wells Fargo & Co.	3.000%	4/22/26	1,045	1,075
	JPMorgan Chase & Co.	4.500%	1/24/22	495	519		Wells Fargo & Co.	4.100%	6/3/26	340	365
	JPMorgan Chase & Co.	3.250%	9/23/22	970	1,002		Wells Fargo & Co.	3.000%	10/23/26	170	174
	JPMorgan Chase & Co.	3.375%	5/1/23	875	908	2	Wells Fargo & Co.	3.196%	6/17/27	1,705	1,765
	JPMorgan Chase & Co.	3.875%	2/1/24	800	856	2	Wells Fargo & Co.	2.879%	10/30/30	435	438
	JPMorgan Chase & Co.	3.900%	7/15/25	2,270	2,449		Wells Fargo & Co.	5.606%	1/15/44	2,276	3,010
	JPMorgan Chase & Co.	4.125%	12/15/26	765	837		Wells Fargo & Co.	4.900%	11/17/45	515	629
	JPMorgan Chase & Co.	4.250%	10/1/27	2,295	2,537		Wells Fargo & Co.	4.750%	12/7/46	2,070	2,465
2	JPMorgan Chase & Co.	4.452%	12/5/29	2,100	2,389		Westpac Banking Corp.	2.300%	5/26/20	630	631
	JPMorgan Chase & Co.	5.400%	1/6/42	750	1,014		<b>Brokerage (0.0%)</b>				
2	JPMorgan Chase & Co.	3.964%	11/15/48	6,150	6,896		Ameriprise Financial Inc.	5.300%	3/15/20	305	307
5	Macquarie Bank Ltd.	2.400%	1/21/20	330	330		Charles Schwab Corp.	3.200%	3/2/27	545	572
2.5	Macquarie Group Ltd.	4.150%	3/27/24	1,375	1,441		<b>Insurance (1.2%)</b>				
	Manufacturers & Traders Trust Co.	2.100%	2/6/20	495	495		Aetna Inc.	2.800%	6/15/23	680	691
	Manufacturers & Traders Trust Co.	2.900%	2/6/25	685	704	5	AIA Group Ltd.	3.600%	4/9/29	1,475	1,552
	Mitsubishi UFJ Financial Group Inc.	2.623%	7/18/22	1,940	1,965		American International Group Inc.	4.250%	3/15/29	1,040	1,155
	Morgan Stanley	5.750%	1/25/21	1,740	1,804		American International Group Inc.	4.500%	7/16/44	200	229
	Morgan Stanley	2.500%	4/21/21	1,175	1,180		American International Group Inc.	4.750%	4/1/48	135	161
	Morgan Stanley	2.625%	11/17/21	800	809		Anthem Inc.	3.300%	1/15/23	1,100	1,138
	Morgan Stanley	2.750%	5/19/22	1,710	1,740		Anthem Inc.	3.650%	12/1/27	750	791
	Morgan Stanley	3.700%	10/23/24	750	794		Anthem Inc.	4.101%	3/1/28	1,140	1,235
2	Morgan Stanley	2.720%	7/22/25	1,750	1,766		Anthem Inc.	4.650%	8/15/44	426	473
	Morgan Stanley	3.125%	7/27/26	1,345	1,384		Anthem Inc.	4.375%	12/1/47	625	685
	Morgan Stanley	6.250%	8/9/26	3,000	3,642		Berkshire Hathaway Inc.	2.750%	3/15/23	1,050	1,078
							Berkshire Hathaway Inc.	3.125%	3/15/26	715	754
							Chubb INA Holdings Inc.	2.300%	11/3/20	170	171
							Chubb INA Holdings Inc.	3.350%	5/15/24	555	583

			Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)				Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
		Chubb INA Holdings Inc.	4.350%	11/3/45	800	961			General Dynamics Corp.	3.875%	7/15/21	355	365	
5		Five Corners Funding Trust	4.419%	11/15/23	210	228			General Electric Co.	2.700%	10/9/22	210	213	
5		Liberty Mutual Group Inc.	4.250%	6/15/23	80	85			General Electric Co.	3.100%	1/9/23	360	367	
5		Liberty Mutual Group Inc.	4.569%	2/1/29	280	313			Honeywell International Inc.	4.250%	3/1/21	1,002	1,032	
		Loews Corp.	2.625%	5/15/23	440	448			Illinois Tool Works Inc.	3.500%	3/1/24	1,295	1,371	
		Marsh & McLennan Cos. Inc.	4.375%	3/15/29	675	769			John Deere Capital Corp.	3.450%	3/13/25	1,200	1,274	
		Marsh & McLennan Cos. Inc.	4.900%	3/15/49	265	335			Lockheed Martin Corp.	2.900%	3/1/25	610	634	
2.5		Massachusetts Mutual Life Insurance Co.							Lockheed Martin Corp.	4.500%	5/15/36	211	250	
		MetLife Inc.	7.625%	11/15/23	2,000	2,283			Lockheed Martin Corp.	4.700%	5/15/46	376	475	
		MetLife Inc.	3.600%	4/10/24	580	618			Lockheed Martin Corp.	4.090%	9/15/52	144	161	
		MetLife Inc.	4.125%	8/13/42	145	164			Parker-Hannifin Corp.	3.250%	6/14/29	270	280	
		MetLife Inc.	4.875%	11/13/43	530	656			Parker-Hannifin Corp.	4.450%	11/21/44	450	500	
5		Metropolitan Life Global Funding I	3.450%	10/9/21	810	832			Siemens Financieringsmaatschappij NV	2.900%	5/27/22	1,050	1,070	
5		Metropolitan Life Global Funding I	2.650%	4/8/22	340	345		5	Siemens Financieringsmaatschappij NV	3.125%	3/16/24	1,680	1,740	
5		Metropolitan Life Global Funding I	3.450%	12/18/26	640	683		5	Siemens Financieringsmaatschappij NV	4.400%	5/27/45	800	955	
5		Metropolitan Life Global Funding I	3.000%	9/19/27	1,165	1,199			Stanley Black & Decker Inc.	4.850%	11/15/48	685	846	
5		Nationwide Financial Services Inc.	3.900%	11/30/49	1,430	1,481			United Technologies Corp.	3.100%	6/1/22	535	549	
5		New York Life Global Funding	2.900%	1/17/24	810	836			United Technologies Corp.	4.125%	11/16/28	1,125	1,265	
5		New York Life Insurance Co.	5.875%	5/15/33	2,100	2,766			United Technologies Corp.	6.050%	6/1/36	675	909	
5		New York Life Insurance Co.	4.450%	5/15/69	435	499			United Technologies Corp.	4.450%	11/16/38	275	323	
5		Northwestern Mutual Life Insurance Co.							United Technologies Corp.	4.500%	6/1/42	787	942	
			3.850%	9/30/47	656	688			United Technologies Corp.	3.750%	11/1/46	163	178	
5		Northwestern Mutual Life Insurance Co.	3.625%	9/30/59	270	268			Communication (1.6%)					
5		Principal Financial Global Funding LLC	2.500%	9/16/29	1,000	986			America Movil SAB de CV	3.125%	7/16/22	1,880	1,918	
5		Teachers Insurance & Annuity Assn. of America	4.900%	9/15/44	875	1,079			America Movil SAB de CV	3.625%	4/22/29	780	827	
5		Teachers Insurance & Annuity Assn. of America	4.270%	5/15/47	1,145	1,302			America Movil SAB de CV	6.125%	3/30/40	390	523	
		UnitedHealth Group Inc.	3.875%	10/15/20	601	608			American Tower Corp.	3.450%	9/15/21	1,125	1,152	
		UnitedHealth Group Inc.	2.875%	3/15/22	27	28			American Tower Corp.	5.000%	2/15/24	80	88	
		UnitedHealth Group Inc.	2.875%	3/15/23	1,175	1,202			American Tower Corp.	4.400%	2/15/26	450	492	
		UnitedHealth Group Inc.	3.100%	3/15/26	430	448			American Tower Corp.	3.800%	8/15/29	1,111	1,187	
		UnitedHealth Group Inc.	3.850%	6/15/28	1,190	1,303			AT&T Inc.	2.450%	6/30/20	225	226	
		UnitedHealth Group Inc.	4.625%	7/15/35	240	290			AT&T Inc.	4.600%	2/15/21	100	102	
		UnitedHealth Group Inc.	4.250%	3/15/43	1,600	1,819			AT&T Inc.	3.600%	7/15/25	625	660	
		UnitedHealth Group Inc.	4.750%	7/15/45	760	928		5	British Telecommunications plc	3.250%	11/8/29	905		

## Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
NBCUniversal Media LLC	4.450%	1/15/43	309	358	Allergan Funding SCS	4.850%	6/15/44	450	500
Orange SA	4.125%	9/14/21	1,740	1,804	Altria Group Inc.	4.750%	5/5/21	590	610
Orange SA	9.000%	3/1/31	530	820	Altria Group Inc.	2.850%	8/9/22	455	463
<sup>5</sup> SK Telecom Co. Ltd.	3.750%	4/16/23	385	399	Altria Group Inc.	5.800%	2/14/39	770	900
<sup>5</sup> Sky Ltd.	3.750%	9/16/24	1,435	1,535	Altria Group Inc.	4.500%	5/2/43	245	249
<sup>2,5</sup> Sprint Spectrum Co LLC /					Altria Group Inc.	3.875%	9/16/46	625	580
Sprint Spectrum Co II LLC / Sprint					Amgen Inc.	5.150%	11/15/41	620	750
Spectrum Co III LLC	4.738%	3/20/25	1,300	1,377	Anheuser-Busch Cos. LLC /				
Telefonica Emisiones SAU	5.213%	3/8/47	800	950	Anheuser-Busch InBev Worldwide Inc.	4.900%	2/1/46	1,940	2,297
Telefonica Emisiones SAU	5.520%	3/1/49	755	944	Anheuser-Busch Cos. LLC /				
Time Warner Entertainment Co. LP	8.375%	3/15/23	95	112	Anheuser-Busch InBev Worldwide Inc.	4.700%	2/1/36	1,290	1,488
Verizon Communications Inc.	4.812%	3/15/39	2,406	2,909	Anheuser-Busch InBev Finance Inc.	3.300%	2/1/23	1,798	1,860
Verizon Communications Inc.	4.750%	11/1/41	290	351	Anheuser-Busch InBev Worldwide Inc.	2.500%	7/15/22	1,007	1,024
Verizon Communications Inc.	4.862%	8/21/46	1,151	1,425	Anheuser-Busch InBev Worldwide Inc.	3.750%	7/15/42	520	526
Verizon Communications Inc.	5.012%	4/15/49	647	827	Anheuser-Busch InBev Worldwide Inc.	4.600%	4/15/48	395	449
Verizon Communications Inc.	4.672%	3/15/55	274	336	Archer-Daniels-Midland Co.	4.500%	3/15/49	970	1,183
Viacom Inc.	5.850%	9/1/43	600	752	Ascension Health	2.532%	11/15/29	655	647
ViacomCBS Inc.	4.300%	2/15/21	675	687	Ascension Health	3.945%	11/15/46	280	310
ViacomCBS Inc.	3.700%	6/1/28	440	459	<sup>2</sup> Ascension Health	4.847%	11/15/53	55	69
Vodafone Group plc	5.000%	5/30/38	50	58	AstraZeneca plc	2.375%	11/16/20	1,180	1,184
Vodafone Group plc	5.250%	5/30/48	1,260	1,522	AstraZeneca plc	4.000%	1/17/29	2,345	2,600
Walt Disney Co.	3.000%	9/15/22	245	252	AstraZeneca plc	6.450%	9/15/37	615	861
Walt Disney Co.	2.000%	9/1/29	2,600	2,520	BAT Capital Corp.	3.557%	8/15/27	1,875	1,909
Walt Disney Co.	2.750%	9/1/49	560	526	<sup>5</sup> BAT International Finance plc	3.500%	6/15/22	235	242
					<sup>5</sup> BAT International Finance plc	3.250%	6/7/22	1,480	1,512
<b>Consumer Cyclical (1.1%)</b>					<sup>5</sup> Bayer US Finance II LLC	4.250%	12/15/25	2,325	2,503
Alibaba Group Holding Ltd.	3.600%	11/28/24	1,065	1,119	<sup>5</sup> Bayer US Finance LLC	3.000%	10/8/21	1,980	2,005
Alibaba Group Holding Ltd.	3.400%	12/6/27	3,470	3,616	<sup>5</sup> Bayer US Finance LLC	3.375%	10/8/24	815	839
<sup>5</sup> Alimentation Couche-Tard Inc.	3.550%	7/26/27	2,450	2,511	Boston Scientific Corp.	4.000%	3/1/29	195	215
Amazon.com Inc.	2.500%	11/29/22	885	902	<sup>5</sup> Bristol-Myers Squibb Co.	3.550%	8/15/22	662	684
Amazon.com Inc.	2.800%	8/22/24	715	740	<sup>5</sup> Bristol-Myers Squibb Co.	2.750%	2/15/23	138	140
Amazon.com Inc.	4.800%	12/5/34	995	1,253	<sup>5</sup> Bristol-Myers Squibb Co.	3.250%	2/20/23	239	246
Amazon.com Inc.	4.950%	12/5/44	580	759	<sup>5</sup> Bristol-Myers Squibb Co.	4.000%	8/15/23	45	48
Amazon.com Inc.	4.250%	8/22/57	1,335	1,622	<sup>5</sup> Bristol-Myers Squibb Co.	3.400%	7/26/29	885	945
AutoZone Inc.	3.700%	4/15/22	1,371	1,414	<sup>5</sup> Bristol-Myers Squibb Co.	4.125%	6/15/39	505	582
<sup>5</sup> BMW US Capital LLC	2.000%	4/11/21	585	585	<sup>5</sup> Bristol-Myers Squibb Co.	4.550%	2/20/48	217	266
<sup>5</sup> BMW US Capital LLC	2.250%	9/15/23	2,500	2,498	<sup>5</sup> Bristol-Myers Squibb Co.	4.250%	10/26/49	1,100	1,296
<sup>5</sup> Daimler Finance North America LLC	2.200%	5/5/20	470	470	<sup>5</sup> Bristol-Myers Squibb Co.	4.307%	5/14/21	2,092	2,158
<sup>5</sup> Daimler Finance North America LLC	2.450%	5/18/20	155	155	<sup>5</sup> Cargill Inc.	6.875%	5/1/28	645	813
<sup>5</sup> Daimler Finance North America LLC	2.300%	2/12/21	945	947	<sup>5</sup> Cargill Inc.	4.760%	11/23/45	635	790
<sup>5</sup> Daimler Finance North America LLC	3.250%	8/1/24	160	165	<sup>5</sup> Cigna Corp.	3.250%	4/15/25	880	905
Ford Motor Credit Co. LLC	3.157%	8/4/20	710	713	<sup>5</sup> Cigna Corp.	4.375%	10/15/28	515	570
Ford Motor Credit Co. LLC	3.815%	11/2/27	1,075	1,038	<sup>5</sup> Cigna Corp.	4.800%	8/15/38	730	840
General Motors Financial Co. Inc.	3.550%	4/9/21	455	462	<sup>5</sup> Cigna Corp.	4.900%	12/15/48	497	589
General Motors Financial Co. Inc.	3.950%	4/13/24	1,570	1,641	Coca-Cola European Partners plc	3.500%	9/15/20	500	505
Home Depot Inc.	2.700%	4/1/23	720	737	Coca-Cola Femsa SAB de CV	3.875%	11/26/23	850	898
Home Depot Inc.	3.900%	12/6/28	290	324	Colgate-Palmolive Co.	7.600%	5/19/25	480	604
Home Depot Inc.	4.400%	3/15/45	780	928	CommonSpirit Health	2.950%	11/1/22	535	544
Home Depot Inc.	4.500%	12/6/48	345	425	CommonSpirit Health	4.200%	8/1/23	535	562
<sup>5</sup> Hyundai Capital America	2.550%	4/3/20	790	791	CommonSpirit Health	2.760%	10/1/24	860	865
<sup>5,6</sup> Hyundai Capital America, 3M USD					CommonSpirit Health	3.347%	10/1/29	1,245	1,252
LIBOR + 0.940%	2.967%	7/8/21	1,400	1,403	<sup>2</sup> CommonSpirit Health	4.350%	11/1/42	536	551
Lowe's Cos. Inc.	3.100%	5/3/27	1,300	1,342	CommonSpirit Health	4.187%	10/1/49	1,275	1,271
Lowe's Cos. Inc.	6.500%	3/15/29	334	424	Conagra Brands Inc.	4.600%	11/1/25	220	242
Lowe's Cos. Inc.	4.550%	4/5/49	1,140	1,330	Conagra Brands Inc.	5.300%	11/1/38	655	777
McDonald's Corp.	2.625%	1/15/22	195	198	Constellation Brands Inc.	2.700%	5/9/22	65	66
McDonald's Corp.	3.250%	6/10/24	140	147	CVS Health Corp.	2.750%	12/1/22	965	980
McDonald's Corp.	4.875%	12/9/45	1,160	1,399	CVS Health Corp.	4.875%	7/20/35	315	359
McDonald's Corp.	3.625%	9/1/49	275	279	CVS Health Corp.	5.125%	7/20/45	855	1,007
Starbucks Corp.	4.500%	11/15/48	1,000	1,148	<sup>5</sup> Danone SA	2.947%	11/2/26	735	744
Walmart Inc.	2.550%	4/11/23	1,250	1,275	Diageo Capital plc	2.625%	4/29/23	1,230	1,250
Walmart Inc.	3.550%	6/26/25	1,605	1,717	Diageo Capital plc	2.375%	10/24/29	580	571
Walmart Inc.	3.625%	12/15/47	380	421	Diageo Investment Corp.	2.875%	5/11/22	525	535
					Dignity Health	3.812%	11/1/24	560	587
<b>Consumer Noncyclical (3.3%)</b>					<sup>5</sup> EMD Finance LLC	2.950%	3/19/22	605	614
<sup>5</sup> AbbVie Inc.	4.050%	11/21/39	590	617	Estee Lauder Cos. Inc.	2.375%	12/1/29	370	370
<sup>5</sup> AbbVie Inc.	4.250%	11/21/49	970	1,021	<sup>5</sup> Forest Laboratories Inc.	4.875%	2/15/21	268	274
<sup>5</sup> Alcon Finance Corp.	2.750%	9/23/26	200	203	Gilead Sciences Inc.	2.550%	9/1/20	615	618
<sup>5</sup> Alcon Finance Corp.	3.800%	9/23/49	400	418	Gilead Sciences Inc.	3.700%	4/1/24	1,010	1,072
Allergan Funding SCS	3.450%	3/15/22	450	460	Gilead Sciences Inc.	3.500%	2/1/25	560	594
Allergan Funding SCS	3.800%	3/15/25	575	602	Gilead Sciences Inc.	4.500%	2/1/45	825	952

## Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Gilead Sciences Inc.	4.750%	3/1/46	195	233					
GlaxoSmithKline Capital Inc.	2.800%	3/18/23	385	394					
GlaxoSmithKline Capital Inc.	5.375%	4/15/34	2,000	2,550					
Imperial Tobacco Finance plc	3.750%	7/21/22	1,680	1,729					
Kaiser Foundation Hospitals	3.500%	4/1/22	285	294					
Kaiser Foundation Hospitals	3.150%	5/1/27	490	511					
Kaiser Foundation Hospitals	4.875%	4/1/42	365	447					
Kroger Co.	3.850%	8/1/23	270	285					
Kroger Co.	4.000%	2/1/24	540	573					
Medtronic Inc.	3.150%	3/15/22	664	683					
Medtronic Inc.	3.500%	3/15/25	566	606					
Memorial Sloan-Kettering Cancer Center	4.125%	7/1/52	310	357					
Memorial Sloan-Kettering Cancer Center	4.200%	7/1/55	280	325					
Merck & Co. Inc.	2.350%	2/10/22	790	800					
Merck & Co. Inc.	2.800%	5/18/23	1,175	1,211					
Merck & Co. Inc.	2.750%	2/10/25	1,210	1,250					
Merck & Co. Inc.	3.400%	3/7/29	1,470	1,588					
Merck & Co. Inc.	4.150%	5/18/43	760	898					
Merck & Co. Inc.	4.000%	3/7/49	1,915	2,229					
Merck Health	4.302%	7/1/28	570	630					
Molson Coors Beverage Co.	3.500%	5/1/22	690	708					
Molson Coors Beverage Co.	3.000%	7/15/26	1,800	1,819					
New York & Presbyterian Hospital	4.024%	8/1/45	180	200					
Novartis Capital Corp.	3.400%	5/6/24	415	439					
Novartis Capital Corp.	4.400%	5/6/44	640	777					
Partners Healthcare System	3.443%	7/1/21	50	51					
PepsiCo Inc.	2.750%	3/5/22	670	684					
PepsiCo Inc.	2.375%	10/6/26	1,945	1,972					
PepsiCo Inc.	4.000%	3/5/42	845	961					
PepsiCo Inc.	3.450%	10/6/46	1,215	1,283					
Pfizer Inc.	3.000%	6/15/23	755	784					
Pfizer Inc.	3.000%	12/15/26	725	760					
Pfizer Inc.	3.450%	3/15/29	2,165	2,328					
Pfizer Inc.	4.100%	9/15/38	1,505	1,719					
Philip Morris International Inc.	4.500%	3/26/20	250	251					
Philip Morris International Inc.	4.125%	5/17/21	1,025	1,054					
Philip Morris International Inc.	2.500%	8/22/22	575	580					
Philip Morris International Inc.	2.625%	3/6/23	1,150	1,169					
Philip Morris International Inc.	3.600%	11/15/23	620	652					
Philip Morris International Inc.	3.375%	8/11/25	424	446					
Philip Morris International Inc.	4.875%	11/15/43	145	171					
Procter & Gamble - Esop	9.360%	1/1/21	350	367					
Providence St. Joseph Health Obligated Group	2.746%	10/1/26	490	495					
Providence St. Joseph Health Obligated Group	2.532%	10/1/29	505	494					
Providence St. Joseph Health Obligated Group	3.930%	10/1/48	325	348					
Roche Holdings Inc.	2.375%	1/28/27	1,650	1,655					
Sanofi	4.000%	3/29/21	1,130	1,159					
Sigma Alimentos SA de CV	4.125%	5/2/26	510	534					
SSM Health Care Corp.	3.823%	6/1/27	940	994					
Unilever Capital Corp.	4.250%	2/10/21	2,805	2,880					
<b>Energy (1.0%)</b>									
BG Energy Capital plc	4.000%	10/15/21	555	574					
BP Capital Markets America Inc.	4.500%	10/1/20	400	408					
BP Capital Markets America Inc.	3.245%	5/6/22	650	671					
BP Capital Markets plc	2.315%	2/13/20	160	160					
BP Capital Markets plc	3.062%	3/17/22	1,100	1,128					
BP Capital Markets plc	2.500%	11/6/22	500	509					
BP Capital Markets plc	3.994%	9/26/23	420	448					
BP Capital Markets plc	3.814%	2/10/24	1,700	1,814					
BP Capital Markets plc	3.506%	3/17/25	1,280	1,362					
Chevron Corp.	3.191%	6/24/23	1,235	1,284					
Cimarex Energy Co.	4.375%	6/1/24	927	976					
ConocoPhillips Co.	4.950%	3/15/26	115	132					
Dominion Energy Gas Holdings LLC	3.550%	11/1/23	470	486					
Dominion Energy Gas Holdings LLC	3.000%	11/15/29	585	581					
Dominion Energy Gas Holdings LLC	4.800%	11/1/43	125	139					
Dominion Energy Gas Holdings LLC	4.600%	12/15/44	1,603	1,740					
Energy Transfer Operating LP	5.250%	4/15/29	1,375	1,541					
Energy Transfer Partners LP	5.300%	4/15/47	155	165					
Enterprise Products Operating LLC	4.250%	2/15/48	730	787					
Exxon Mobil Corp.	2.726%	3/1/23	320	328					
Exxon Mobil Corp.	3.043%	3/1/26	225	236					
Exxon Mobil Corp.	2.275%	8/16/26	1,070	1,073					
Exxon Mobil Corp.	2.440%	8/16/29	735	739					
Exxon Mobil Corp.	4.114%	3/1/46	320	374					
Occidental Petroleum Corp.	2.700%	2/15/23	250	252					
Occidental Petroleum Corp.	3.400%	4/15/26	240	245					
Phillips 66 Partners LP	3.750%	3/1/28	1,525	1,585					
Schlumberger Holdings Corp.	3.900%	5/17/28	807	857					
Schlumberger Investment SA	2.400%	8/1/22	630	634					
Schlumberger Investment SA	3.650%	12/1/23	1,120	1,179					
Shell International Finance BV	4.125%	5/11/35	1,130	1,319					
Shell International Finance BV	5.500%	3/25/40	345	467					
Shell International Finance BV	4.375%	5/11/45	2,500	2,977					
Suncor Energy Inc.	5.950%	12/1/34	500	651					
Sunoco Logistics Partners Operations LP	5.350%	5/15/45	90	96					
Sunoco Logistics Partners Operations LP	5.400%	10/1/47	20	22					
Total Capital International SA	2.700%	1/25/23	885	904					
Total Capital International SA	3.750%	4/10/24	1,400	1,495					
TransCanada PipeLines Ltd.	3.800%	10/1/20	1,220	1,230					
TransCanada PipeLines Ltd.	4.875%	1/15/26	1,255	1,402					
<b>Other Industrial (0.1%)</b>									
Georgetown University	4.315%	4/1/49	205	246					
Johns Hopkins University	4.083%	7/1/53	690	797					
SBA Tower Trust	3.168%	4/11/22	1,330	1,345					
SBA Tower Trust	3.448%	3/15/23	705	727					
SBA Tower Trust	2.836%	1/15/25	725	729					
<b>Technology (1.9%)</b>									
Apple Inc.	3.000%	2/9/24	620	642					
Apple Inc.	3.450%	5/6/24	1,000	1,063					
Apple Inc.	2.850%	5/11/24	1,225	1,266					
Apple Inc.	2.750%	1/13/25	590	609					
Apple Inc.	3.250%	2/23/26	1,020	1,079					
Apple Inc.	2.450%	8/4/26	1,170	1,186					
Apple Inc.	3.350%	2/9/27	1,545	1,644					
Apple Inc.	3.200%	5/11/27	1,065	1,122					
Apple Inc.	2.900%	9/12/27	2,250	2,339					
Apple Inc.	3.850%	5/4/43	430	480					
Apple Inc.	4.450%	5/6/44	120	147					
Apple Inc.	3.850%	8/4/46	985	1,106					
Broadcom Corp. / Broadcom Cayman Finance Ltd.	3.625%	1/15/24	1,380	1,429					
Broadcom Corp. / Broadcom Cayman Finance Ltd.	3.875%	1/15/27	1,265	1,312					
Broadcom Inc.	4.250%	4/15/26	170	180					
Cisco Systems Inc.	2.500%	9/20/26	431	439					
Fiserv Inc.	3.200%	7/1/26	655	678					
Intel Corp.	2.875%	5/11/24	800	830					
Intel Corp.	4.100%	5/19/46	1,360	1,563					
International Business Machines Corp.	3.375%	8/1/23	1,750	1,830					
International Business Machines Corp.	3.000%	5/15/24	2,500	2,589					
International Business Machines Corp.	3.300%	5/15/26	4,500	4,741					
International Business Machines Corp.	3.500%	5/15/29	2,975	3,193					
International Business Machines Corp.	5.875%	11/29/32	1,010	1,333					
Microsoft Corp.	3.625%	12/15/23	500	532					
Microsoft Corp.	2.875%	2/6/24	1,385	1,436					
Microsoft Corp.	2.700%	2/12/25	760	786					
Microsoft Corp.	3.125%	11/3/25	845	893					
Microsoft Corp.	2.400%	8/8/26	1,890	1,909					
Microsoft Corp.	3.500%	2/12/35	605	666					
Microsoft Corp.	3.450%	8/8/36	1,725	1,886					
Microsoft Corp.	4.100%	2/6/37	1,225	1,443					



## Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Microsoft Corp.	4.450%	11/3/45	380	473	Commonwealth Edison Co.	2.950%	8/15/27	645	663
Microsoft Corp.	3.700%	8/8/46	1,615	1,822	Commonwealth Edison Co.	4.350%	11/15/45	375	435
Microsoft Corp.	4.250%	2/6/47	2,500	3,051	Commonwealth Edison Co.	3.650%	6/15/46	175	184
Oracle Corp.	2.800%	7/8/21	375	380	Commonwealth Edison Co.	4.000%	3/1/48	480	534
Oracle Corp.	2.500%	5/15/22	1,210	1,227	Consolidated Edison Co. of New York Inc.	4.500%	12/1/45	980	1,143
Oracle Corp.	2.950%	11/15/24	2,190	2,270	Consolidated Edison Co. of New York Inc.	3.850%	6/15/46	76	82
Oracle Corp.	2.950%	5/15/25	355	369	Consolidated Edison Co. of New York Inc.	4.625%	12/1/54	1,835	2,193
Oracle Corp.	3.250%	11/15/27	3,065	3,241	Consolidated Edison Co. of New York Inc.	4.500%	5/15/58	680	787
Oracle Corp.	4.000%	11/15/47	895	1,000	Delmarva Power & Light Co.	3.500%	11/15/23	305	319
QUALCOMM Inc.	2.600%	1/30/23	705	717	Dominion Energy Inc.	2.579%	7/1/20	640	642
QUALCOMM Inc.	2.900%	5/20/24	1,020	1,051	Dominion Energy Inc.	2.715%	8/15/21	450	453
5 Tencent Holdings Ltd.	3.575%	4/1/26	200	208	5 Dominion Energy Inc.	2.450%	1/15/23	3,240	3,247
5 Tencent Holdings Ltd.	3.595%	1/19/28	2,495	2,610	Dominion Energy Inc.	5.250%	8/1/33	1,000	1,200
5 Tencent Holdings Ltd.	3.975%	4/1/29	925	995	Dominion Energy Inc.	4.600%	3/15/49	875	1,016
<b>Transportation (0.5%)</b>					Dominion Energy South Carolina Inc.	6.625%	2/1/32	138	186
Burlington Northern Santa Fe LLC	3.000%	3/15/23	565	580	Dominion Energy South Carolina Inc.	5.300%	5/15/33	44	55
Burlington Northern Santa Fe LLC	3.850%	9/1/23	1,630	1,731	Dominion Energy South Carolina Inc.	6.050%	1/15/38	1,260	1,695
Burlington Northern Santa Fe LLC	4.550%	9/1/44	250	298	Dominion Energy South Carolina Inc.	5.450%	2/1/41	95	122
2 Continental Airlines 2007-1 Class A					Dominion Energy South Carolina Inc.	4.600%	6/15/43	202	238
Pass Through Trust	5.983%	10/19/23	608	640	Dominion Energy South Carolina Inc.	5.100%	6/1/65	715	929
CSX Corp.	4.300%	3/1/48	445	500	DTE Energy Co.	3.800%	3/15/27	250	264
CSX Corp.	3.350%	9/15/49	415	408	Duke Energy Carolinas LLC	6.100%	6/1/37	391	530
5 ERAC USA Finance LLC	4.500%	8/16/21	325	337	Duke Energy Carolinas LLC	3.700%	12/1/47	470	503
5 ERAC USA Finance LLC	3.300%	10/15/22	40	41	Duke Energy Corp.	2.650%	9/1/26	315	315
5 ERAC USA Finance LLC	7.000%	10/15/37	1,150	1,619	Duke Energy Corp.	3.400%	6/15/29	350	365
5 ERAC USA Finance LLC	5.625%	3/15/42	340	422	Duke Energy Corp.	4.800%	12/15/45	1,200	1,417
2 Federal Express Corp. 1998 Pass					Duke Energy Corp.	3.750%	9/1/46	265	271
Through Trust	6.720%	1/15/22	443	455	Duke Energy Florida LLC	6.350%	9/15/37	200	278
FedEx Corp.	2.700%	4/15/23	255	259	Duke Energy Progress LLC	6.300%	4/1/38	365	504
FedEx Corp.	4.100%	2/1/45	130	125	Duke Energy Progress LLC	4.100%	3/15/43	118	131
FedEx Corp.	4.750%	11/15/45	361	380	Duke Energy Progress LLC	4.200%	8/15/45	2,045	2,312
FedEx Corp.	4.550%	4/1/46	178	182	Emera US Finance LP	3.550%	6/15/26	965	1,001
FedEx Corp.	4.050%	2/15/48	48	46	Entergy Louisiana LLC	3.120%	9/1/27	410	424
FedEx Corp.	4.950%	10/17/48	333	362	Evergy Inc.	2.450%	9/15/24	425	427
Kansas City Southern	4.950%	8/15/45	480	563	Evergy Inc.	2.900%	9/15/29	600	596
5 Penske Truck Leasing Co. LP / PTL					Eversource Energy	2.900%	10/1/24	690	704
Finance Corp.	3.450%	7/1/24	465	482	Eversource Energy	3.150%	1/15/25	110	113
5 Penske Truck Leasing Co. LP / PTL					Eversource Energy	3.300%	1/15/28	400	412
Finance Corp.	2.700%	11/1/24	385	387	Florida Power & Light Co.	5.650%	2/1/35	1,000	1,269
5 Penske Truck Leasing Co. LP / PTL					Florida Power & Light Co.	4.950%	6/1/35	1,000	1,224
Finance Corp.	3.950%	3/10/25	1,435	1,518	Florida Power & Light Co.	5.950%	2/1/38	785	1,074
5 Penske Truck Leasing Co. LP / PTL					Florida Power & Light Co.	5.690%	3/1/40	675	912
Finance Corp.	4.450%	1/29/26	925	997	Florida Power & Light Co.	3.700%	12/1/47	480	529
2 Southwest Airlines Co. 2007-1 Pass					Fortis Inc.	3.055%	10/4/26	1,195	1,218
Through Trust	6.150%	2/1/24	225	237	Georgia Power Co.	5.400%	6/1/40	205	237
Union Pacific Corp.	3.700%	3/1/29	505	550	Georgia Power Co.	4.750%	9/1/40	988	1,119
Union Pacific Corp.	4.300%	3/1/49	625	715	Georgia Power Co.	4.300%	3/15/42	1,646	1,782
Union Pacific Corp.	3.799%	10/1/51	666	706	Indiana Michigan Power Co.	4.250%	8/15/48	415	472
2 United Airlines 2018-1 Class B Pass					Kansas City Power & Light Co.	4.200%	3/15/48	137	157
Through Trust	4.600%	3/1/26	198	204	Massachusetts Electric Co.	5.900%	11/15/39	585	777
United Parcel Service Inc.	2.450%	10/1/22	425	432	5 Metropolitan Edison Co.	4.300%	1/15/29	199	221
			<b>335,242</b>		5 Mid-Atlantic Interstate Transmission LLC				
<b>Utilities (2.8%)</b>					LLC	4.100%	5/15/28	195	213
<b>Electric (2.4%)</b>					MidAmerican Energy Co.	4.250%	5/1/46	45	53
AEP Texas Inc.	4.150%	5/1/49	145	161	MidAmerican Energy Co.	4.250%	7/15/49	315	378
AEP Texas Inc.	3.450%	1/15/50	380	380	MidAmerican Energy Co.	3.150%	4/15/50	1,390	1,372
Alabama Power Co.	5.200%	6/1/41	120	147	5 Monongahela Power Co.	5.400%	12/15/43	135	173
Alabama Power Co.	4.100%	1/15/42	215	230	National Rural Utilities Cooperative Finance Corp.	2.950%	2/7/24	415	428
Alabama Power Co.	3.750%	3/1/45	630	661	National Rural Utilities Cooperative Finance Corp.	2.850%	1/27/25	1,040	1,070
Alabama Power Co.	4.300%	7/15/48	775	893	NextEra Energy Capital Holdings Inc.	2.403%	9/1/21	1,295	1,301
Ameren Illinois Co.	3.800%	5/15/28	590	643	NextEra Energy Capital Holdings Inc.	3.250%	4/1/26	260	270
Ameren Illinois Co.	6.125%	12/15/28	1,000	1,192	NextEra Energy Capital Holdings Inc.	3.550%	5/1/27	880	932
Ameren Illinois Co.	3.700%	12/1/47	140	148	NextEra Energy Capital Holdings Inc.	3.500%	4/1/29	390	412
Berkshire Hathaway Energy Co.	6.125%	4/1/36	1,160	1,597	NextEra Energy Capital Holdings Inc.	2.750%	11/1/29	590	589
Berkshire Hathaway Energy Co.	5.150%	11/15/43	1,490	1,872	5 Niagara Mohawk Power Corp.	4.278%	12/15/28	1,000	1,112
CenterPoint Energy Houston Electric LLC	4.250%	2/1/49	195	228					
Cleco Corporate Holdings LLC	3.743%	5/1/26	1,042	1,076					
5 Cleco Corporate Holdings LLC	3.375%	9/15/29	405	402					

## Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Northern States Power Co.	6.250%	6/1/36	2,000	2,745
25 Oglethorpe Power Corp.	6.191%	1/1/31	1,065	1,247
Oglethorpe Power Corp.	5.950%	11/1/39	170	212
Oglethorpe Power Corp.	4.550%	6/1/44	50	53
Oglethorpe Power Corp.	4.250%	4/1/46	537	550
Oglethorpe Power Corp.	5.050%	10/1/48	80	94
Oglethorpe Power Corp.	5.250%	9/1/50	630	755
Oncor Electric Delivery Co. LLC	4.550%	12/1/41	75	88
PacifiCorp	6.250%	10/15/37	2,000	2,800
PacifiCorp	4.150%	2/15/50	250	287
Potomac Electric Power Co.	3.050%	4/1/22	460	469
Potomac Electric Power Co.	6.500%	11/15/37	750	1,060
San Diego Gas & Electric Co.	6.000%	6/1/26	600	704
San Diego Gas & Electric Co.	4.150%	5/15/48	500	547
Sierra Pacific Power Co.	3.375%	8/15/23	850	883
Sierra Pacific Power Co.	2.600%	5/1/26	221	222
Southern California Edison Co.	2.400%	2/1/22	170	171
Southern California Edison Co.	3.700%	8/1/25	90	95
Southern California Edison Co.	6.000%	1/15/34	1,000	1,240
Southern California Edison Co.	5.550%	1/15/37	2,250	2,703
Southern California Edison Co.	6.050%	3/15/39	55	72
Southern California Edison Co.	4.000%	4/1/47	195	204
Southern California Edison Co.	4.125%	3/1/48	645	682
Southern Co.	2.950%	7/1/23	1,280	1,303
Southern Co.	4.400%	7/1/46	755	834
Southwestern Electric Power Co.	6.200%	3/15/40	400	528
Southwestern Public Service Co.	3.700%	8/15/47	102	107
Virginia Electric & Power Co.	2.750%	3/15/23	690	701
Virginia Electric & Power Co.	3.500%	3/15/27	435	462
Westar Energy Inc.	3.250%	9/1/49	630	615
Wisconsin Electric Power Co.	5.700%	12/1/36	690	899
<b>Natural Gas (0.3%)</b>				
5 Boston Gas Co.	3.150%	8/1/27	140	145
5 Boston Gas Co.	3.001%	8/1/29	175	178
5 Brooklyn Union Gas Co.	3.407%	3/10/26	95	98
5 Brooklyn Union Gas Co.	4.273%	3/15/48	1,720	1,903
CenterPoint Energy Resources Corp.	4.500%	1/15/21	105	107
CenterPoint Energy Resources Corp.	4.000%	4/1/28	1,369	1,468
5 Infraestructura Energetica Nova SAB de CV	4.875%	1/14/48	455	435
5 KeySpan Gas East Corp.	2.742%	8/15/26	670	668
NiSource Finance Corp.	5.250%	2/15/43	390	472
NiSource Finance Corp.	4.800%	2/15/44	1,355	1,554
Sempra Energy	2.875%	10/1/22	750	763
Sempra Energy	3.250%	6/15/27	1,095	1,121
Sempra Energy	6.000%	10/15/39	600	779
Southern California Gas Co.	2.600%	6/15/26	820	819
<b>Other Utility (0.1%)</b>				
American Water Capital Corp.	2.950%	9/1/27	540	550
American Water Capital Corp.	4.200%	9/1/48	810	913
				<b>90,919</b>

**Total Corporate Bonds (Cost \$644,994) 694,532**

**Sovereign Bonds (1.4%)**

7 Canadian Treasury Bill	1.751%	1/6/20	945	728
5 Electricite de France SA	4.600%	1/27/20	1,200	1,202
5 Electricite de France SA	4.875%	9/21/38	2,400	2,797
5 Electricite de France SA	4.875%	1/22/44	50	58
5 Electricite de France SA	4.950%	10/13/45	400	465
Equinor ASA	2.900%	11/8/20	1,410	1,422
Equinor ASA	2.750%	11/10/21	850	864
Equinor ASA	2.450%	1/17/23	382	388
Equinor ASA	2.650%	1/15/24	360	368
Equinor ASA	3.700%	3/1/24	640	682
Equinor ASA	3.250%	11/10/24	795	837
International Bank for Reconstruction & Development	4.750%	2/15/35	2,000	2,608
8 Japan	0.100%	1/15/20	86,750	798

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
9 Japan Bank for International Cooperation	2.250%	2/24/20	1,190	1,190
9 Japan Bank for International Cooperation	2.125%	6/1/20	882	883
9 Japan Bank for International Cooperation	2.125%	7/21/20	1,100	1,101
5,10 Kingdom of Saudi Arabia	2.375%	10/26/21	850	853
5,10 Kingdom of Saudi Arabia	2.875%	3/4/23	1,130	1,150
11 Korea Development Bank	2.500%	3/1/20	2,000	2,002
12 Province of Ontario	2.500%	4/27/26	2,150	2,201
13 Province of Quebec	2.500%	4/20/26	3,820	3,910
5 Saudi Arabian Oil Co.	3.500%	4/16/29	1,030	1,064
5 Sinopec Group Overseas Development 2015 Ltd.	2.500%	4/28/20	1,615	1,616
5 Sinopec Group Overseas Development 2015 Ltd.	3.250%	4/28/25	1,615	1,664
5 Sinopec Group Overseas Development 2017 Ltd.	3.000%	4/12/22	850	863
5 Sinopec Group Overseas Development 2018 Ltd.	2.950%	11/12/29	1,165	1,169
5 State Grid Overseas Investment 2016 Ltd.	2.750%	5/4/22	1,550	1,563
5 State Grid Overseas Investment 2016 Ltd.	3.500%	5/4/27	775	812
5,14 State of Qatar	5.250%	1/20/20	1,665	1,668
5,14 State of Qatar	2.375%	6/2/21	1,590	1,594
5,14 State of Qatar	3.875%	4/23/23	1,985	2,096
5,14 State of Qatar	4.000%	3/14/29	851	949
5,14 State of Qatar	5.103%	4/23/48	820	1,048
5 Temasek Financial I Ltd.	2.375%	1/23/23	1,130	1,140
5 Temasek Financial I Ltd.	3.625%	8/1/28	1,025	1,128

**Total Sovereign Bonds (Cost \$42,628) 44,881**

**Taxable Municipal Bonds (1.7%)**

Atlanta GA Downtown Development Authority Revenue	6.875%	2/1/21	130	134
Bay Area Toll Authority California Toll Bridge Revenue (San Francisco Bay Area)	2.574%	4/1/31	350	348
Bay Area Toll Authority California Toll Bridge Revenue (San Francisco Bay Area)	6.263%	4/1/49	685	1,046
Bay Area Toll Authority California Toll Bridge Revenue (San Francisco Bay Area)	7.043%	4/1/50	1,025	1,664
California GO	5.700%	11/1/21	185	198
California GO	7.500%	4/1/34	155	233
California GO	7.550%	4/1/39	675	1,083
California GO	7.350%	11/1/39	2,000	3,072
California GO	7.625%	3/1/40	35	56
California GO	7.600%	11/1/40	700	1,156
Chicago IL Metropolitan Water Reclamation District GO	5.720%	12/1/38	215	281
Chicago IL O'Hare International Airport Revenue	6.845%	1/1/38	530	532
Chicago IL O'Hare International Airport Revenue	6.395%	1/1/40	245	352
Chicago IL Transit Authority Sales Tax Receipts Revenue	6.200%	12/1/40	550	720
Chicago IL Transit Authority Sales Tax Receipts Revenue	6.899%	12/1/40	825	1,115
Chicago IL Transit Authority Transfer Tax Receipts Revenue	6.899%	12/1/40	1,780	2,405
County of Broward FL Airport System Revenue	3.477%	10/1/43	300	301
Dallas TX Area Rapid Transit Revenue	5.999%	12/1/44	750	1,069
Foothill-Eastern California Transportation Corridor Agency	4.094%	1/15/49	295	295
15 Foothill-Eastern California Transportation Corridor Agency	3.924%	1/15/53	1,030	1,016

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Georgia Municipal Electric Power Authority Revenue	6.637%	4/1/57	1,985	2,673
Georgia Municipal Electric Power Authority Revenue	6.655%	4/1/57	233	321
Grand Parkway Transportation Corp. Texas System Toll Revenue	5.184%	10/1/42	1,015	1,300
Houston TX GO	6.290%	3/1/32	400	482
Illinois GO	5.100%	6/1/33	810	873
Illinois Toll Highway Authority Revenue	6.184%	1/1/34	750	996
<sup>15</sup> Kansas Development Finance Authority Revenue (Public Employees Retirement System)	5.501%	5/1/34	2,000	2,485
Los Angeles CA Community College District GO	6.750%	8/1/49	180	296
Maryland Transportation Authority Facilities Projects Revenue	5.888%	7/1/43	545	727
Massachusetts School Building Authority Dedicated Sales Tax Revenue	5.715%	8/15/39	1,000	1,320
Massachusetts School Building Authority Dedicated Sales Tax Revenue	3.395%	10/15/40	500	500
Michigan Finance Authority Revenue (Trinity Health Credit Group)	3.084%	12/1/34	295	294
Michigan Finance Authority Revenue (Trinity Health Credit Group)	3.384%	12/1/40	535	534
New Jersey Turnpike Authority Revenue	7.414%	1/1/40	410	643
New Jersey Turnpike Authority Revenue	7.102%	1/1/41	600	915
New York City NY Municipal Water Finance Authority Water & Sewer System Revenue	5.790%	6/15/41	25	25
New York City NY Municipal Water Finance Authority Water & Sewer System Revenue	5.790%	6/15/41	90	91
New York City NY Municipal Water Finance Authority Water & Sewer System Revenue	5.882%	6/15/44	15	22
New York Metropolitan Transportation Authority Revenue	6.814%	11/15/40	70	99
New York Metropolitan Transportation Authority Revenue (Dedicated Tax Fund)	7.336%	11/15/39	325	509
New York Metropolitan Transportation Authority Revenue (Dedicated Tax Fund)	6.089%	11/15/40	445	598
New York State Dormitory Authority Revenue	3.142%	7/1/43	325	322
New York State Dormitory Authority Revenue (Personal Income Tax)	3.110%	2/15/39	640	640
New York State Dormitory Authority Revenue (Personal Income Tax)	3.190%	2/15/43	355	356
New York State Thruway Authority	2.900%	1/1/35	490	488
New York State Thruway Authority	3.500%	1/1/42	275	274
New York State Urban Development Corp. Revenue	2.100%	3/15/22	2,315	2,320
North Texas Tollway Authority System Revenue	6.718%	1/1/49	1,480	2,322
Oregon Department of Transportation Highway User Tax Revenue	5.834%	11/15/34	655	873

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>15</sup> Oregon School Boards Association GO	5.528%	6/30/28	2,000	2,359
<sup>16</sup> Philadelphia PA Authority for Industrial Development	6.550%	10/15/28	1,945	2,427
Port Authority of New York & New Jersey Revenue	5.859%	12/1/24	65	76
Port Authority of New York & New Jersey Revenue	6.040%	12/1/29	265	341
Port Authority of New York & New Jersey Revenue	4.458%	10/1/62	1,175	1,440
Port Authority of New York & New Jersey Revenue	4.810%	10/15/65	640	806
Rutgers The State University of New Jersey	3.270%	5/1/43	350	346
Sales Tax Securitization Corp. Illinois Revenue	4.787%	1/1/48	1,000	1,162
San Antonio TX Electric & Gas Systems Revenue	5.985%	2/1/39	305	420
University of California Regents Medical Center Revenue	3.063%	7/1/25	1,280	1,340
University of California Regents Medical Center Revenue	6.548%	5/15/48	195	282
University of California Regents Medical Center Revenue	6.583%	5/15/49	765	1,101
University of California Revenue	3.349%	7/1/29	210	224
University of California Revenue	4.601%	5/15/31	590	674
University of California Revenue	5.770%	5/15/43	1,010	1,339
University of California Revenue	4.765%	5/15/44	145	156
University of California Revenue	3.931%	5/15/45	570	611
<b>Total Taxable Municipal Bonds (Cost \$47,778)</b>				<b>55,478</b>

		Shares		
<b>Temporary Cash Investments (0.7%)</b>				
<b>Money Market Fund (0.0%)</b>				
<sup>17</sup> Vanguard Market Liquidity Fund	1.816%		104	10
			Face Amount (\$000)	
<b>Repurchase Agreement (0.5%)</b>				
RBS Securities, Inc. (Dated 12/31/19, Repurchase Value \$17,101,000, collateralized by U.S. Treasury Note/Bond, 0.125%, 7/15/22, with a value of \$17,442,000)				
	1.550%	1/2/20	17,100	17,100
<b>Certificate of Deposit (0.1%)</b>				
<sup>7</sup> Toronto-Dominion Bank (New York Branch)	2.000%	1/3/20	2,000	1,540
<b>Commercial Paper (0.1%)</b>				
<sup>5,18</sup> Boeing Co.	2.160%	2/26/20	2,640	2,631
Ford Motor Credit Co. LLC	3.550%	5/1/20	1,100	1,091
				<b>3,722</b>
<b>Total Temporary Cash Investments (Cost \$22,340)</b>				<b>22,372</b>
<b>Total Investments (99.3%) (Cost \$2,556,812)</b>				<b>3,242,593</b>

	Amount (\$000)
<b>Other Assets and Liabilities (0.7%)</b>	
<b>Other Assets</b>	
Investment in Vanguard	144
Receivables for Investment Securities Sold	16,008
Receivables for Accrued Income	10,748
Receivables for Capital Shares Issued	1,781
Unrealized Appreciation—Forward Currency Contracts	1
Other Assets	192
<b>Total Other Assets</b>	<b>28,874</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	(1,514)
Payables for Capital Shares Redeemed	(1,274)
Payables to Vanguard	(2,055)
Variation Margin Payable—Futures Contracts	(6)
Unrealized Depreciation—Forward Currency Contracts	(35)
Other Liabilities	(80)
<b>Total Liabilities</b>	<b>(4,964)</b>
<b>Net Assets (100%)</b>	
Applicable to 130,965,210 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,266,503
<b>Net Asset Value Per Share</b>	<b>\$24.94</b>

## At December 31, 2019, net assets consisted of:

	Amount (\$000)
Paid-in Capital	2,404,119
Total Distributable Earnings (Loss)	862,384
<b>Net Assets</b>	<b>3,266,503</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

§ Security value determined using significant unobservable inputs.

1 Securities with a value of \$313,000 have been segregated as initial margin for open futures contracts.

2 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

3 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.

4 Includes securities purchased on a when-issued or delayed-delivery basis for which the portfolio has not taken delivery as of December 31, 2019.

5 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2019, the aggregate value of these securities was \$198,472,000, representing 6.1% of net assets.

6 Adjustable-rate security; rate shown is effective rate at period end. Certain adjustable-rate securities are not based on a published reference rate and spread but are determined by the issuer or agent based on current market conditions.

7 Face amount denominated in Canadian dollars.

8 Face amount denominated in Japanese yen.

9 Guaranteed by the Government of Japan.

10 Guaranteed by the Kingdom of Saudi Arabia.

11 Guaranteed by the Republic of Korea.

12 Guaranteed by the Province of Ontario.

13 Guaranteed by Province of Quebec.

14 Guaranteed by the State of Qatar.

15 Scheduled principal and interest payments are guaranteed by AGM (Assured Guaranty Municipal Corporation).

16 Scheduled principal and interest payments are guaranteed by National Public Finance Guarantee Corp.

17 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

18 Security exempt from registration under Section 4(2) of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration only to dealers in that program or other "accredited investors." At December 31, 2019, the value of these securities was \$2,631,000, representing 0.1% of net assets.

ADR—American Depositary Receipt.

GDR—Global Depositary Receipt.

GO—General Obligation Bond.

LIBOR—London Interbank Offered Rate.

REMICS—Real Estate Mortgage Investment Conduits.

TBA—To Be Announced.

UMBS—Uniform Mortgage-Backed Securities.



## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
5-Year U.S. Treasury Note	March 2020	268	31,787	(116)

## Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (\$000)	Unrealized (Depreciation) (\$000)
		Receive		Deliver			
J.P. Morgan Securities LLC	1/3/20	USD	1,511	CAD	2,000	—	(29)
J.P. Morgan Securities LLC	1/15/20	USD	800	JPY	86,750	1	—
Bank of America, N.A.	1/6/20	USD	721	CAD	945	—	(6)
						1	(35)

CAD—Canadian dollar.

JPY—Japanese yen.

USD—U.S. dollar.

## Statement of Operations

	Year Ended December 31, 2019 (\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends <sup>1</sup>	51,489
Interest	35,291
Securities Lending—Net	151
<b>Total Income</b>	<b>86,931</b>
<b>Expenses</b>	
Investment Advisory Fees—Note B	
Basic Fee	1,555
Performance Adjustment	(90)
The Vanguard Group—Note C	
Management and Administrative	4,447
Marketing and Distribution	271
Custodian Fees	31
Auditing Fees	32
Shareholders' Reports	31
Trustees' Fees and Expenses	3
<b>Total Expenses</b>	<b>6,280</b>
<b>Net Investment Income</b>	<b>80,651</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>2</sup>	104,128
Futures Contracts	141
Swap Contracts	(65)
Forward Currency Contracts	(451)
Foreign Currencies	(15)
<b>Realized Net Gain (Loss)</b>	<b>103,738</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>2</sup>	419,579
Futures Contracts	119
Swap Contracts	3
Forward Currency Contracts	151
Foreign Currencies	15
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>419,867</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>604,256</b>

<sup>1</sup> Dividends are net of foreign withholding taxes of \$1,038,000.

<sup>2</sup> Realized net gain (loss) and change in unrealized appreciation (depreciation) from an affiliated company of the fund were (\$1,000) and (\$1,000). Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Year Ended December 31, 2019      2018 (\$000)      (\$000)	
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	80,651	76,968
Realized Net Gain (Loss)	103,738	161,353
Change in Unrealized Appreciation (Depreciation)	419,867	(334,570)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>604,256</b>	<b>(96,249)</b>
<b>Distributions</b>		
Net Investment Income	(80,367)	(68,274)
Realized Capital Gain <sup>1</sup>	(161,598)	(144,148)
<b>Total Distributions</b>	<b>(241,965)</b>	<b>(212,422)</b>
<b>Capital Share Transactions</b>		
Issued	264,878	245,575
Issued in Lieu of Cash Distributions	241,965	212,422
Redeemed	(310,250)	(384,075)
<b>Net Increase (Decrease) from Capital Share Transactions</b>	<b>196,593</b>	<b>73,922</b>
<b>Total Increase (Decrease)</b>	<b>558,884</b>	<b>(234,749)</b>
<b>Net Assets</b>		
<b>Beginning of Period</b>	<b>2,707,619</b>	<b>2,942,368</b>
<b>End of Period</b>	<b>3,266,503</b>	<b>2,707,619</b>

<sup>1</sup> Includes fiscal 2019 and 2018 short-term gain distributions totaling \$0 and \$13,427,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$22.20</b>	<b>\$24.80</b>	<b>\$23.03</b>	<b>\$22.32</b>	<b>\$23.99</b>
<b>Investment Operations</b>					
Net Investment Income	.623 <sup>1</sup>	.626 <sup>1</sup>	.582 <sup>1</sup>	.581	.576
Net Realized and Unrealized Gain (Loss) on Investments	4.105	(1.414)	2.648	1.713	(.548)
Total from Investment Operations	4.728	(.788)	3.230	2.294	.028
<b>Distributions</b>					
Dividends from Net Investment Income	(.660)	(.582)	(.567)	(.576)	(.570)
Distributions from Realized Capital Gains	(1.328)	(1.230)	(.893)	(1.008)	(1.128)
Total Distributions	(1.988)	(1.812)	(1.460)	(1.584)	(1.698)
<b>Net Asset Value, End of Period</b>	<b>\$24.94</b>	<b>\$22.20</b>	<b>\$24.80</b>	<b>\$23.03</b>	<b>\$22.32</b>
<b>Total Return</b>	<b>22.48%</b>	<b>-3.41%</b>	<b>14.72%</b>	<b>11.01%</b>	<b>0.09%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$3,267	\$2,708	\$2,942	\$2,554	\$2,312
Ratio of Total Expenses to Average Net Assets <sup>2</sup>	0.21%	0.21%	0.23%	0.23%	0.23%
Ratio of Net Investment Income to Average Net Assets	2.68%	2.67%	2.49%	2.66%	2.53%
Portfolio Turnover Rate <sup>3</sup>	29%	36%	28%	33%	45%

<sup>1</sup> Calculated based on average shares outstanding

<sup>1</sup> Includes performance-based investment advisory fee increases (decreases) of (0.00%), (0.00%), (0.00%), (0.01%), and 0.00%.

<sup>3</sup> Includes 8%, 2%, 0%, 0%, and 14% attributable to mortgage-dollar-roll activity.

## Notes to Financial Statements

The Balanced Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts. Certain of the portfolio's investments are in corporate debt instruments; the issuers' abilities to meet their obligations may be affected by economic developments in their respective industries.

**A.** The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Bonds and temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the portfolio's pricing time. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the portfolio's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. **Futures Contracts:** The portfolio uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any assets pledged as initial margin for open contracts are noted in the Statement of Net Assets.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

During the year ended December 31, 2019, the portfolio's average investments in long and short futures contracts represented 1% and less than 1% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

4. Forward Currency Contracts: The portfolio enters into forward currency contracts to protect the value of securities and related receivables and payables against changes in future foreign exchange rates. The portfolio's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The portfolio mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any assets pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized forward currency contract gains (losses).

During the year ended December 31, 2019, the portfolio's average investment in forward currency contracts represented less than 1% of net assets, based on the average of notional amounts at each quarter-end during the period.

5. Swap Contracts: The portfolio invests in credit default swaps to adjust the overall credit risk of the portfolio or to actively overweight or underweight credit risk to a specific issuer or group of issuers. The portfolio may sell credit protection through credit default swaps to simulate investments in long positions that are either unavailable or considered to be less attractively priced in the bond market. The portfolio may purchase credit protection through credit default swaps to reduce credit exposure to a given issuer or issuers. Under the terms of the swaps, an up-front payment may be exchanged between the seller and buyer. In addition, the seller of the credit protection receives a periodic payment of premium from the buyer that is a fixed percentage applied to a notional amount. If, for example, the reference entity is subject to a credit event (such as bankruptcy, failure to pay, or obligation acceleration) during the term of the swap, the seller agrees to either physically settle or cash settle the swap contract. If the swap is physically settled, the seller agrees to pay the buyer an amount equal to the notional amount and take delivery of a debt instrument of the reference issuer with a par amount equal to such notional amount. If the swap is cash settled, the seller agrees to pay the buyer the difference between the notional amount and the final price for the relevant debt instrument, as determined either in a market auction or pursuant to a pre-agreed-upon valuation procedure.

The notional amounts of swap contracts are not recorded in the Statement of Net Assets.

Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the seller of credit protection is required to take delivery (or, in a cash settled swap, pay the settlement amount determined) upon occurrence of a credit event, periodic payments are made, or the swap terminates, at which time realized gain (loss) is recorded. The net premium to be received or paid by the portfolio under swap contracts is accrued daily and recorded as realized gain (loss) over the life of the contract.

The primary risk associated with selling credit protection is that, upon the occurrence of a defined credit event, the market value of the debt instrument received by the portfolio (or, in a cash settled swap, the debt instruments used to determine the settlement payment by the portfolio) will be significantly less than the amount paid by the portfolio and, in a physically settled swap, the portfolio may receive an illiquid debt instrument. A risk associated with all types of swaps is the possibility that a counterparty may default on its obligation to pay net amounts due to the portfolio. The portfolio's maximum amount subject to counterparty risk is the unrealized appreciation on the swap contract. The portfolio mitigates its counterparty risk by entering into swaps only with a diverse group of

prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. In the event of a counterparty's default (including bankruptcy), the portfolio may terminate any swap contracts with that counterparty, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The swap contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the swap contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

During the year ended December 31, 2019, the portfolio's average amounts of investments in credit protection purchased swaps represented less than 1% of net assets, based on the average of notional amounts at each quarter-end during the period. The portfolio had no open swap contracts at December 31, 2019.

6. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The portfolio may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the portfolio is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The portfolio mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The portfolio may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the portfolio may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements.

7. Mortgage Dollar Rolls: The portfolio enters into mortgage-dollar-roll transactions, in which the portfolio sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The portfolio forgoes principal and interest paid on the securities sold, and is compensated by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The portfolio has also entered into mortgage-dollar-roll transactions in which the portfolio buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The portfolio continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The portfolio accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the portfolio's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Net Assets.

8. Repurchase Agreements: The portfolio enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the portfolio under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The portfolio further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any repurchase agreements with

that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

9. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

10. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

11. Securities Lending: To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

12. Credit Facility: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

13. Other: Dividend income is recorded on the ex-dividend date. Interest income is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

**B.** Wellington Management Company LLP provides investment advisory services to the portfolio for a fee calculated at an annual percentage rate of average net assets. The basic fee is subject to quarterly adjustments based on the portfolio's performance relative to the combined index comprising the S&P 500 Index and the Bloomberg Barclays U.S. Credit A or Better Bond Index for the preceding three years. For the year ended December 31, 2019, the investment advisory fee represented an effective annual basic rate of 0.05% of the portfolio's average net assets before a decrease of \$90,000 (0.00%) based on performance.

**C.** In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio corporate management, administrative, marketing, and distribution at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees.

Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$144,000, representing less than 0.01% of the portfolio's net assets and 0.06% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

D. Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks	1,893,594	240,869	—
U.S. Government and Agency Obligations	—	238,988	—
Asset-Backed/Commercial Mortgage-Backed Securities	—	51,480	399
Corporate Bonds	—	694,532	—
Sovereign Bonds	—	44,881	—
Taxable Municipal Bonds	—	55,478	—
Temporary Cash Investments	10	22,362	—
Futures Contracts—Liabilities <sup>1</sup>	(6)	—	—
Forward Currency Contracts—Assets	—	1	—
Forward Currency Contracts—Liabilities	—	(35)	—
Total	1,893,598	1,348,556	399

<sup>1</sup> Represents variation margin on the last day of the reporting period.

E. At December 31, 2019, the fair values of derivatives were reflected in the Statement of Net Assets as follows:

Statement of Net Assets Caption	Interest Rate Contracts (\$000)	Currency Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Unrealized Appreciation— Forward Currency Contracts	—	1	—	1
Total Assets	—	1	—	1
Variation Margin Payable—Futures Contracts	(6)	—	—	(6)
Unrealized Depreciation— Forward Currency Contracts	—	(35)	—	(35)
Total Liabilities	(6)	(35)	—	(41)



## Balanced Portfolio

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended December 31, 2019, were:

	Interest Rate Contracts (\$000)	Currency Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives				
Futures Contracts	141	—	—	141
Swap Contracts	—	—	(65)	(65)
Forward Currency Contracts	—	(451)	—	(451)
Realized Net Gain (Loss) on Derivatives	141	(451)	(65)	(375)
Change in Unrealized Appreciation (Depreciation) on Derivatives				
Futures Contracts	119	—	—	119
Swap Contracts	—	—	3	3
Forward Currency Contracts	—	151	—	151
Change in Unrealized Appreciation (Depreciation) on Derivatives	119	151	3	273

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions and swap agreements were reclassified between the individual components of total distributable earnings (loss).

	Amount (\$000)
Paid-in Capital	—
Total Distributable Earnings (Loss)	—

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales and straddles; and the realization of unrealized gains or losses on certain futures contracts and forward currency contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	79,973
Undistributed Long-Term Gains	98,697
Capital Loss Carryforwards (Non-expiring)	—
Net Unrealized Gains (Losses)	685,140

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	2,557,469
Gross Unrealized Appreciation	710,745
Gross Unrealized Depreciation	(25,622)
Net Unrealized Appreciation (Depreciation)	685,123

G. During the year ended December 31, 2019, the portfolio purchased \$618,313,000 of investment securities and sold \$624,282,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$279,934,000 and \$240,716,000, respectively.

## H. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019 Shares (000)	2018 Shares (000)
Issued	11,351	10,418
Issued in Lieu of Cash Distributions	10,988	9,268
Redeemed	(13,353)	(16,340)
Net Increase (Decrease) in Shares Outstanding	8,986	3,346

At December 31, 2019, one shareholder, an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders, was the record or beneficial owner of 73% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

I. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of  
Balanced Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets of Balanced Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### Special 2019 tax information (unaudited) for corporate shareholders only for Balanced Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2019, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$161,598,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 44.7% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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P.O. Box 2600  
Valley Forge, PA 19482-2600

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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**Annual Report** | December 31, 2019

# Vanguard Variable Insurance Fund

High Yield Bond Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets— affecting stocks, bonds, and commodities— has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

Mortimer J. Buckley  
Chairman and Chief Executive Officer  
January 23, 2020

# High Yield Bond Portfolio

## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2019, the High Yield Bond Portfolio returned 15.67%, ahead of its benchmark, the High-Yield Corporate Composite Index (+14.61).
- Stocks and bonds recorded their best results in years. Stocks benefited from accommodative monetary policies implemented by the Federal Reserve and other major central banks. With the U.S.-China trade conflict fueling economic growth concerns, investors were also drawn to assets, like bonds, that are generally considered safer.
- U.S. Treasuries returned nearly 7%. Mortgage-backed securities returned a little less than that, but corporate bonds fared even better, returning more than 14%. By credit quality, lower-rated investment-grade bonds bested higher-rated ones; by maturity, longer-dated bonds significantly outperformed shorter-dated ones.
- Within the high-yield market, however, higher-quality bonds generally outperformed those of lower quality, with BB- and B-rated bonds posting higher returns than their CCC-rated counterparts.
- For the ten years ended December 31, 2019, the portfolio posted an average annual return of 7.01%. Its benchmark index recorded an average annual return of 7.14%.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%

## Advisor's Report

### The investment environment

For the 12 months ended December 31, 2019, the High Yield Bond Portfolio returned 15.67%, compared with the benchmark return of 14.61%. Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

High-yield markets benefited from both decreasing interest rates and tightening credit spreads. Sovereign yields declined across most markets after the injection of monetary stimulus by the U.S. Federal Reserve and the European Central Bank. With a U.S.-China trade agreement proving elusive, Brexit still unresolved, and an impeachment trial looking likely in the U.S., geopolitical uncertainty remained elevated for much of the period.

Despite these concerns, high-yield bond spreads tightened on optimism that monetary accommodation could offset the drag on global growth from restrictive trade policies. The Fed cut rates three times but later indicated it would adopt a wait-and-see stance to assess incoming economic data and track trade-negotiation developments.

The 10-year U.S. Treasury yield decreased to 1.92% by the end of December 2019 from 2.69% a year earlier. Major central banks deployed more accommodative policies amid trade headwinds, geopolitical tensions, and weaker global growth data, contributing to the decline in Treasury yields.

This dynamic lifted bond prices, as bond yields and bond prices generally move in opposite directions. The spread of the high-yield market tightened to 336 basis points over Treasuries as of December 31, 2019, from 526 basis points a year earlier.

(A basis point is one-hundredth of a percentage point.) The average price of the high-yield market increased \$8 to \$101 per \$100 of par or face value.

There was notable dispersion in performance by credit quality, with the high-yield market generally rewarding higher-credit-quality corporate bonds during the period. Highest-rated BB bonds led (returning 15.51%, according to Bloomberg Barclays U.S. Corporate High Yield Index data), while CCC-rated bonds (+9.52%) lagged and B-rated bonds returned 14.80%.

Although our macroeconomic outlook is somewhat mixed as we move into the new calendar year, we believe that the probability of a U.S. recession in 2020 is declining. Looking ahead to 2021, the macro environment remains unclear, which tempers our overall macroeconomic outlook. High-yield fundamentals and technicals, however, remain supportive, and while we expect defaults to increase over the next 12 months, we do not believe we are on the verge of the next default cycle.

High-yield spreads are inside historical median levels, but there is a bifurcation in higher- and lower-quality spreads, and we are finding attractive idiosyncratic opportunities. We also expect bouts of spread-widening around developments in the U.S. presidential race, and these may present attractive total-return opportunities.

Overall, we forecast a below-coupon—but still positive—total return for high yield in 2020, with security selection the key driver of benchmark-relative outperformance. Although high-yield spreads appear tight by historical standards, the asset class should generate attractive income, and technicals remain supportive as the demand for income persists around much of the globe.

Moody's trailing 12-month global issuer-weighted speculative-grade default rate ended November 2019 at 2.8%, below the long-term average of 4.2%. Although bouts of volatility may persist, we continue to take a long-term, issuer-specific approach to finding opportunities in this market.

Global political uncertainty and elevated trade tensions may contribute to additional bouts of market volatility. However, most of the high-yield companies within our opportunity set operate in domestically focused industries. While we are more uncertain about the long-term U.S. macroeconomic outlook, we continue to favor higher-quality issuers expected to benefit from a stable U.S. consumer.

As we move into 2020, global trade represents a key source of uncertainty. The prospects for global growth likely hinge on whether trade policy developments lead to stability or push down manufacturing (and, subsequently, the consumer). However, we assign a low probability of U.S. and euro area recession over the next year.

### The portfolio's shortfalls

Positioning and security selection within the wirelines and consumer cyclical services sectors detracted from relative returns, as did credit selection in utilities.

### The portfolio's successes

The portfolio benefited from positioning and positive credit selection within the financial institutions sector, as well as credit selection within the media and entertainment sector. An underweight to government securities also helped relative performance.

### **The portfolio's positioning**

The portfolio remains consistent in its investment objective and strategy and maintains meaningful exposure to relatively higher-quality names within the high-yield market. We believe these companies have more stable credit profiles and greater predictability of cash flows than those at the lower end of the quality spectrum.

We prefer higher-quality credits in an effort to minimize defaults and to provide stable income. We continue to diversify the portfolio's holdings by issuer and industry. We also continue to deemphasize non-cash-paying securities, preferred stocks, and equity-linked securities, such as convertibles, because of their potential for volatility.

Michael L. Hong, CFA  
Senior Managing Director and Fixed  
Income Portfolio Manager

Wellington Management Company LLP

January 24, 2020

## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table below illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

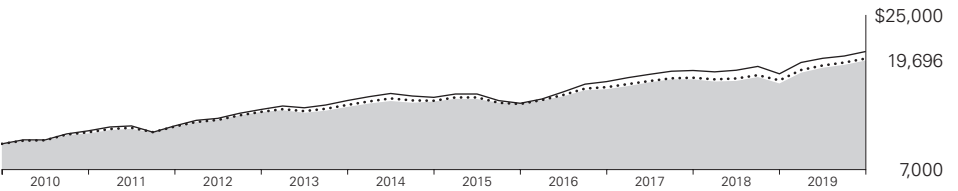
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
High Yield Bond Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,044.64	\$1.34
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.89	1.33

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.26%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor’s shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio’s returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
High Yield Bond Portfolio	15.67%	5.70%	7.01%	\$19,696
High-Yield Corporate Composite Index	14.61	5.83	7.14	19,929
Bloomberg Barclays U.S. Corporate High Yield Index	14.32	6.13	7.57	20,747

High-Yield Corporate Composite Index: Weighted 95% Bloomberg Barclays U.S. High-Yield Ba/B 2% Issuer Capped Index and 5% Bloomberg Barclays U.S. 1-5 Year Treasury Bond Index.



## Sector Diversification

As of December 31, 2019

Basic Industry	4.0%
Capital Goods	13.6
Communication	19.8
Consumer Cyclical	14.5
Consumer Non-Cyclical	12.8
Energy	9.6
Finance	12.8
Other Industrial	0.8
Technology	9.9
Transportation	0.2
Other	0.4
Utilities	1.6

The table reflects the portfolio's market exposure. Any holdings in short-term reserves are excluded. The agency and mortgage-backed securities sectors may include issues from government sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

## Financial Statements

### Statement of Net Assets

As of December 31, 2019

The portfolio files its 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. The portfolio's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>Corporate Bonds (90.0%)</b>									
<b>Finance (11.5%)</b>									
<b>Banking (3.4%)</b>									
Ally Financial Inc.	4.625%	5/19/22	105	110					
Ally Financial Inc.	5.125%	9/30/24	1,480	1,630					
Ally Financial Inc.	5.750%	11/20/25	3,415	3,821					
Ally Financial Inc.	8.000%	11/1/31	215	297					
Barclays plc	4.375%	9/11/24	715	750					
Barclays plc	5.200%	5/12/26	300	327					
<sup>1</sup> BNP Paribas SA	6.750%	3/14/66	1,805	1,927					
CIT Group Inc.	5.250%	3/7/25	243	268					
<sup>1</sup> Credit Suisse AG	6.250%	12/31/50	5,280	5,754					
<sup>1</sup> ING Groep NV	6.875%	4/16/66	2,400	2,565					
<sup>2</sup> Intesa Sanpaolo SPA	5.017%	6/26/24	300	313					
<sup>2</sup> Intesa Sanpaolo SPA	5.710%	1/15/26	3,105	3,353					
Royal Bank of Scotland Group plc	6.125%	12/15/22	1,635	1,788					
<sup>1</sup> UBS Group AG	6.875%	3/22/66	3,700	3,856					
<b>Finance Companies (5.2%)</b>									
<sup>1,2</sup> AerCap Global Aviation Trust	6.500%	6/15/45	3,950	4,355					
Aircastle Ltd.	5.000%	4/1/23	465	498					
Aircastle Ltd.	4.125%	5/1/24	2,110	2,212					
<sup>2</sup> Avolon Holdings Funding Ltd.	5.250%	5/15/24	1,630	1,779					
CIT Group Inc.	5.000%	8/15/22	1,707	1,814					
CIT Group Inc.	5.000%	8/1/23	850	917					
CIT Group Inc.	4.750%	2/16/24	240	256					
<sup>2</sup> Freedom Mortgage Corp.	8.250%	4/15/25	740	726					
Navient Corp.	7.250%	1/25/22	1,320	1,435					
Navient Corp.	6.500%	6/15/22	4,150	4,503					
Navient Corp.	5.500%	1/25/23	2,625	2,796					
Navient Corp.	7.250%	9/25/23	590	668					
Navient Corp.	6.750%	6/25/25	4,030	4,463					
Navient Corp.	5.625%	8/1/33	1,052	905					
<sup>2</sup> Park Aerospace Holdings Ltd.	5.500%	2/15/24	600	659					
Springleaf Finance Corp.	8.250%	12/15/20	1,265	1,330					
Springleaf Finance Corp.	7.750%	10/1/21	1,965	2,125					
Springleaf Finance Corp.	6.125%	5/15/22	385	415					
Springleaf Finance Corp.	8.250%	10/1/23	515	601					
Springleaf Finance Corp.	6.125%	3/15/24	1,715	1,882					
Springleaf Finance Corp.	6.875%	3/15/25	715	812					
Springleaf Finance Corp.	7.125%	3/15/26	4,396	5,083					
Springleaf Finance Corp.	6.625%	1/15/28	765	859					
<b>Insurance (2.5%)</b>									
<sup>1</sup> Aegon NV	5.500%	4/11/48	730	793					
<sup>3,4</sup> Asurion LLC. Bank Loan, 1M USD LIBOR + 3.000%	4.799%	11/3/24	3,063	3,078					
Centene Corp.	4.750%	1/15/25	600	621					
<sup>2</sup> Centene Corp.	4.250%	12/15/27	855	881					
<sup>2</sup> Centene Corp.	4.625%	12/15/29	1,250	1,315					
CNO Financial Group Inc.	5.250%	5/30/25	1,785	1,975					
CNO Financial Group Inc.	5.250%	5/30/29	1,635	1,827					
Genworth Holdings Inc.	7.700%	6/15/20	130	133					
Genworth Holdings Inc.	7.200%	2/15/21	830	852					
Genworth Holdings Inc.	7.625%	9/24/21	760	800					
Genworth Holdings Inc.	4.900%	8/15/23	1,475	1,444					
Genworth Holdings Inc.	4.800%	2/15/24	475	465					
MGIC Investment Corp.	5.750%	8/15/23	725	803					
Radian Group Inc.	4.500%	10/1/24	2,485	2,634					
Radian Group Inc.	4.875%	3/15/27	300	315					
WellCare Health Plans Inc.	5.250%	4/1/25	1,325	1,381					
<b>Real Estate Investment Trusts (0.4%)</b>									
Felcor Lodging LP	6.000%	6/1/25	1,100	1,148					
<sup>2</sup> VICI Properties LP / VICI Note Co. Inc.	4.250%	12/1/26	1,225	1,260					
<sup>2</sup> VICI Properties LP / VICI Note Co. Inc.	4.625%	12/1/29	820	855					
				<b>90,432</b>					
<b>Industrial (77.1%)</b>									
<b>Basic Industry (3.6%)</b>									
<sup>2</sup> Alliance Resource Operating Partners LP / Alliance Resource Finance Corp.	7.500%	5/1/25	1,353	1,224					
Chemours Co.	6.625%	5/15/23	1,327	1,329					
Chemours Co.	7.000%	5/15/25	3,115	3,123					
Chemours Co.	5.375%	5/15/27	930	822					
Commercial Metals Co.	5.750%	4/15/26	1,414	1,478					
Commercial Metals Co.	5.375%	7/15/27	565	593					
<sup>2</sup> Constellium NV	5.750%	5/15/24	1,085	1,115					
<sup>2</sup> Constellium NV	6.625%	3/1/25	2,185	2,267					
<sup>2</sup> Constellium NV	5.875%	2/15/26	260	274					
<sup>2,5</sup> CTC BondCo GmbH	5.250%	12/15/25	425	498					
Graphic Packaging International Inc.	4.125%	8/15/24	1,065	1,112					
<sup>2</sup> Graphic Packaging International LLC	4.750%	7/15/27	205	220					
<sup>2</sup> Novelis Corp.	6.250%	8/15/24	1,950	2,045					
<sup>2</sup> Novelis Corp.	5.875%	9/30/26	2,035	2,170					
<sup>2,5</sup> OCI NV	3.125%	11/1/24	910	1,059					
<sup>2</sup> OCI NV	5.250%	11/1/24	1,205	1,250					
Olin Corp.	5.125%	9/15/27	1,775	1,857					
Olin Corp.	5.625%	8/1/29	1,285	1,357					
Olin Corp.	5.000%	2/1/30	325	329					
<sup>3,4</sup> Starfruit Finco BV Bank Loan, 3M USD LIBOR + 3.250%	4.960%	10/1/25	534	534					
<sup>3,4</sup> Starfruit Finco BV Bank Loan, 3M USD LIBOR + 3.250%	4.960%	10/1/25	104	104					
<sup>2</sup> Tronox Finance plc	5.750%	10/1/25	675	685					
<sup>2</sup> Tronox Inc.	6.500%	4/15/26	2,725	2,800					
<b>Capital Goods (12.3%)</b>									
<sup>2</sup> American Builders & Contractors Supply Co. Inc.	5.875%	5/15/26	1,840	1,953					
<sup>2</sup> American Builders & Contractors Supply Co. Inc.	4.000%	1/15/28	896	909					
<sup>2</sup> ARD Finance SA	6.500%	6/30/27	955	987					
<sup>2</sup> Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	6.000%	2/15/25	4,365	4,578					
<sup>2</sup> Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.125%	8/15/26	1,490	1,527					
<sup>2,6</sup> Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.750%	7/15/27	160	222					
<sup>2</sup> Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	5.250%	8/15/27	700	734					
<sup>2</sup> Ashtead Capital Inc.	4.125%	8/15/25	1,325	1,361					
<sup>2</sup> Ashtead Capital Inc.	5.250%	8/1/26	545	583					
<sup>2</sup> Ashtead Capital Inc.	4.375%	8/15/27	1,545	1,599					
Ball Corp.	4.000%	11/15/23	465	489					
Ball Corp.	5.250%	7/1/25	141	157					
Ball Corp.	4.875%	3/15/26	3,400	3,693					
<sup>5</sup> Ball Corp.	1.500%	3/15/27	1,270	1,433					

High Yield Bond Portfolio

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>2</sup>	BBA US Holdings Inc.	4.000%	3/1/28	1,900	1,872					
<sup>2</sup>	Beacon Escrow Corp.	4.875%	11/1/25	2,585	2,591					
<sup>2</sup>	Beacon Roofing Supply Inc.	4.500%	11/15/26	305	315					
<sup>2</sup>	Berry Global Escrow Corp.	5.625%	7/15/27	215	231					
<sup>2</sup>	Berry Global Inc.	4.500%	2/15/26	1,655	1,701					
<sup>2</sup>	Berry Global Inc.	4.875%	7/15/26	1,630	1,729					
<sup>2</sup>	Bombardier Inc.	5.750%	3/15/22	675	697					
<sup>2</sup>	Bombardier Inc.	6.125%	1/15/23	2,698	2,759					
<sup>2</sup>	Bombardier Inc.	7.500%	12/1/24	460	483					
<sup>2</sup>	Bombardier Inc.	7.500%	3/15/25	1,412	1,454					
<sup>2</sup>	Bombardier Inc.	7.875%	4/15/27	1,675	1,721					
<sup>2</sup>	CD&R Waterworks Merger Sub LLC	6.125%	8/15/25	160	166					
<sup>2</sup>	Cemex SAB de CV	6.125%	5/5/25	3,280	3,403					
<sup>2</sup>	Cemex SAB de CV	7.750%	4/16/26	735	801					
<sup>2</sup>	Clean Harbors Inc.	4.875%	7/15/27	960	1,010					
<sup>2</sup>	Clean Harbors Inc.	5.125%	7/15/29	768	818					
	Crown Americas LLC / Crown Americas Capital Corp. IV	4.500%	1/15/23	300	315					
	Crown Americas LLC / Crown Americas Capital Corp. VI	4.750%	2/1/26	1,415	1,493					
<sup>2,5</sup>	Crown European Holdings SA	2.875%	2/1/26	1,555	1,890					
<sup>2</sup>	Flex Acquisition Co. Inc.	6.875%	1/15/25	4,000	4,030					
<sup>2</sup>	HD Supply Inc.	5.375%	10/15/26	1,210	1,283					
<sup>2</sup>	Herc Holdings Inc.	5.500%	7/15/27	3,700	3,894					
<sup>2</sup>	Jeld-Wen Inc.	4.625%	12/15/25	345	354					
<sup>2</sup>	Jeld-Wen Inc.	4.875%	12/15/27	195	199					
<sup>2</sup>	LANXESS AG	6.000%	4/1/24	288	296					
<sup>2,5</sup>	Loxam SAS	4.250%	4/15/24	190	220					
<sup>2</sup>	OI European Group BV	4.000%	3/15/23	675	680					
<sup>2</sup>	Owens-Brockway Glass Container Inc.	5.000%	1/15/22	180	187					
<sup>2</sup>	Owens-Brockway Glass Container Inc.	5.875%	8/15/23	2,140	2,284					
<sup>2</sup>	Owens-Brockway Glass Container Inc.	6.375%	8/15/25	1,195	1,306					
	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer Lu	5.750%	10/15/20	644	644					
<sup>2</sup>	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer Lu	5.125%	7/15/23	2,240	2,293					
<sup>2</sup>	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer Lu	7.000%	7/15/24	440	455					
<sup>2</sup>	Standard Industries Inc.	5.500%	2/15/23	295	299					
<sup>2</sup>	Standard Industries Inc.	5.375%	11/15/24	2,323	2,384					
<sup>2</sup>	Standard Industries Inc.	6.000%	10/15/25	4,295	4,515					
<sup>2</sup>	Standard Industries Inc.	5.000%	2/15/27	495	516					
<sup>2</sup>	Standard Industries Inc.	4.750%	1/15/28	1,025	1,052					
	TransDigm Inc.	6.500%	7/15/24	3,090	3,190					
	TransDigm Inc.	6.500%	5/15/25	2,565	2,671					
	TransDigm Inc.	6.375%	6/15/26	900	953					
<sup>2</sup>	TransDigm Inc.	5.500%	11/15/27	2,810	2,845					
<sup>2,5</sup>	Trivium Packaging Finance BV	3.750%	8/15/26	180	214					
<sup>2</sup>	Trivium Packaging Finance BV	5.500%	8/15/26	345	365					
	United Rentals North America Inc.	5.500%	7/15/25	2,230	2,314					
	United Rentals North America Inc.	4.625%	10/15/25	1,665	1,713					
	United Rentals North America Inc.	5.875%	9/15/26	1,955	2,092					
	United Rentals North America Inc.	6.500%	12/15/26	1,590	1,745					
	United Rentals North America Inc.	5.500%	5/15/27	2,125	2,274					
	United Rentals North America Inc.	3.875%	11/15/27	880	899					
	United Rentals North America Inc.	4.875%	1/15/28	1,470	1,527					
	United Rentals North America Inc.	5.250%	1/15/30	740	794					
	<b>Communication (17.9%)</b>									
<sup>2</sup>	Alice Financing SA	6.625%	2/15/23	1,875	1,908					
<sup>2</sup>	Alice France SA	7.375%	5/1/26	4,025	4,312					
<sup>2</sup>	Alice Luxembourg SA	7.625%	2/15/25	1,200	1,243					
	Belo Corp.	7.750%	6/1/27	920	1,065					
	Belo Corp.	7.250%	9/15/27	667	759					
	CCO Holdings LLC / CCO Holdings Capital Corp.	5.250%	9/30/22	365	369					
	CCO Holdings LLC / CCO Holdings Capital Corp.	5.125%	2/15/23	400	405					
<sup>2</sup>	CCO Holdings LLC / CCO Holdings Capital Corp.	5.125%	5/1/23	2,990	3,046					
	CCO Holdings LLC / CCO Holdings Capital Corp.	5.750%	9/1/23	1,150	1,166					
	CCO Holdings LLC / CCO Holdings Capital Corp.	5.750%	1/15/24	66	67					
<sup>2</sup>	CCO Holdings LLC / CCO Holdings Capital Corp.	5.375%	5/1/25	2,871	2,964					
<sup>2</sup>	CCO Holdings LLC / CCO Holdings Capital Corp.	5.750%	2/15/26	1,450	1,524					
<sup>2</sup>	CCO Holdings LLC / CCO Holdings Capital Corp.	5.500%	5/1/26	1,386	1,459					
<sup>2</sup>	CCO Holdings LLC / CCO Holdings Capital Corp.	5.875%	5/1/27	445	469					
	CenturyLink Inc.	5.800%	3/15/22	303	318					
	CenturyLink Inc.	6.750%	12/1/23	755	842					
	CenturyLink Inc.	7.500%	4/1/24	557	629					
	Charter Communications Operating LLC / Charter Communications Operating Capital	6.484%	10/23/45	891	1,110					
	CSC Holdings LLC	6.750%	11/15/21	1,735	1,861					
<sup>2</sup>	CSC Holdings LLC	5.375%	7/15/23	280	287					
<sup>2</sup>	CSC Holdings LLC	6.625%	10/15/25	700	743					
<sup>2</sup>	CSC Holdings LLC	5.500%	5/15/26	3,890	4,114					
<sup>2</sup>	CSC Holdings LLC	5.500%	4/15/27	2,610	2,796					
	DISH DBS Corp.	6.750%	6/1/21	4,530	4,751					
	DISH DBS Corp.	5.875%	7/15/22	3,746	3,971					
	DISH DBS Corp.	5.000%	3/15/23	1,384	1,417					
	DISH DBS Corp.	5.875%	11/15/24	2,405	2,450					
	DISH DBS Corp.	7.750%	7/1/26	3,260	3,447					
	Embarq Corp.	7.995%	6/1/36	720	760					
	Gannett Co. Inc.	6.375%	10/15/23	850	877					
<sup>2</sup>	Gray Escrow Inc.	7.000%	5/15/27	415	462					
<sup>2</sup>	Gray Television Inc.	5.125%	10/15/24	1,961	2,032					
<sup>2</sup>	Gray Television Inc.	5.875%	7/15/26	1,470	1,564					
<sup>2</sup>	iHeartCommunications Inc.	4.750%	1/15/28	905	928					
	Level 3 Financing Inc.	5.375%	8/15/22	1,862	1,869					
	Level 3 Financing Inc.	5.625%	2/1/23	870	873					
	Level 3 Financing Inc.	5.125%	5/1/23	1,120	1,130					
	Nokia Oyj	4.375%	6/12/27	2,210	2,303					
<sup>2</sup>	Outfront Media Capital LLC / Outfront Media Capital Corp.	4.625%	3/15/30	1,535	1,564					
	Quebecor Media Inc.	5.750%	1/15/23	2,810	3,052					
	Qwest Corp.	6.875%	9/15/33	481	483					
<sup>2</sup>	Sinclair Television Group Inc.	5.625%	8/1/24	470	484					
<sup>2</sup>	Sinclair Television Group Inc.	5.875%	3/15/26	2,740	2,877					
<sup>2</sup>	Sinclair Television Group Inc.	5.125%	2/15/27	1,975	2,029					
<sup>2</sup>	Sirius XM Radio Inc.	4.625%	7/15/24	1,640	1,714					
	Sprint Capital Corp.	6.875%	11/15/28	2,915	3,141					
	Sprint Capital Corp.	8.750%	3/15/32	2,070	2,515					
<sup>2</sup>	Sprint Communications Inc.	7.000%	3/1/20	2,285	2,296					
	Sprint Communications Inc.	6.000%	11/15/22	755	791					
	Sprint Corp.	7.875%	9/15/23	9,234	10,192					
	Sprint Corp.	7.125%	6/15/24	2,101	2,264					
	Sprint Corp.	7.625%	2/15/25	1,595	1,750					
	T-Mobile USA Inc.	6.500%	1/15/26	690	737					
	T-Mobile USA Inc.	5.375%	4/15/27	3,510	3,738					
	Telecom Italia Capital SA	6.375%	11/15/33	381	422					
	Telecom Italia Capital SA	6.000%	9/30/34	1,005	1,073					
	Telecom Italia Capital SA	7.721%	6/4/38	1,280	1,578					
<sup>2</sup>	Telecom Italia SPA	5.303%	5/30/24	445	479					
<sup>2</sup>	Telenet Finance Luxembourg Notes Sarl	5.500%	3/1/28	3,600	3,817					
	Time Warner Cable LLC	5.875%	11/15/40	60	69					
	Time Warner Cable LLC	5.500%	9/1/41	1,223	1,365					
<sup>2</sup>	UPCB Finance IV Ltd.	5.375%	1/15/25	2,225	2,286					
<sup>1</sup>	Viacom Inc.	5.875%	2/28/57	2,560	2,672					

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
1 Viacom Inc.	6.250%	2/28/57	944	1,038	Lennar Corp.	4.125%	1/15/22	1,015	1,040
Videotron Ltd.	5.000%	7/15/22	3,923	4,139	Lennar Corp.	4.875%	12/15/23	625	668
2 Videotron Ltd.	5.375%	6/15/24	260	286	Lennar Corp.	4.500%	4/30/24	3,165	3,343
2 Virgin Media Finance plc	6.000%	10/15/24	1,855	1,908	Lennar Corp.	5.875%	11/15/24	490	546
2 Virgin Media Secured Finance plc	5.500%	8/15/26	940	980	Lennar Corp.	5.250%	6/1/26	270	295
2 Virgin Media Secured Finance plc	5.500%	5/15/29	870	921	Coupon	Maturity			
2 VTR Finance BV	6.875%	1/15/24	2,521	2,568	Lennar Corp.	5.000%	6/15/27	1,245	1,348
2 WMG Acquisition Corp.	5.000%	8/1/23	840	860	Lennar Corp.	4.750%	11/29/27	1,085	1,169
2 WMG Acquisition Corp.	4.875%	11/1/24	1,475	1,525	2,5 LHMC Finco Sarl	6.250%	12/20/23	1,460	1,731
2 WMG Acquisition Corp.	5.500%	4/15/26	2,651	2,790	2 LHMC Finco Sarl	7.875%	12/20/23	1,523	1,607
2,5 WMG Acquisition Corp.	3.625%	10/15/26	220	261	2 Lithia Motors Inc.	5.250%	8/1/25	171	180
Zayo Group LLC / Zayo Capital Inc.	6.000%	4/1/23	3,315	3,390	2 Lithia Motors Inc.	4.625%	12/15/27	1,745	1,800
2 Ziggo BV	5.500%	1/15/27	1,845	1,949	Meritage Homes Corp.	5.125%	6/6/27	505	539
2 Ziggo BV	4.875%	1/15/30	1,799	1,850	MGM Growth Properties Operating Partnership LP / MGP Finance Co-Issuer Inc.	5.625%	5/1/24	150	164
<b>Consumer Cyclical (13.2%)</b>					MGM Resorts International	6.000%	3/15/23	680	747
2 1011778 BC ULC / New Red Finance Inc.	4.250%	5/15/24	4,062	4,164	MGM Resorts International	6.750%	6/15/25	1,500	1,680
2 1011778 BC ULC / New Red Finance Inc.	5.000%	10/15/25	3,240	3,361	MGM Resorts International	5.500%	4/15/27	1,365	1,515
2 1011778 BC ULC / New Red Finance Inc.	3.875%	1/15/28	830	834	2 Panther BF Aggregator 2 LP / Panther Finance Co. Inc.	8.500%	5/15/27	540	572
2 Adient Global Holdings Ltd.	4.875%	8/15/26	4,720	4,213	3,4 Panther BF Aggregator Bank Loan, 3M USD LIBOR + 3.500%	5.305%	4/30/26	1,082	1,085
2 Adient US LLC	7.000%	5/15/26	540	589	2 PetSmart Inc.	5.875%	6/1/25	1,252	1,279
2 APX Group Inc.	8.875%	12/1/22	4,155	4,124	PulteGroup Inc.	5.500%	3/1/26	2,075	2,319
3,4 Bass Pro Group, LLC Bank Loan, 3M USD LIBOR + 5.000%	6.799%	12/15/23	1,891	1,882	PulteGroup Inc.	5.000%	1/15/27	130	142
2 Boyd Gaming Corp.	4.750%	12/1/27	2,690	2,794	Service Corp. International	8.000%	11/15/21	1,225	1,347
2 Cedar Fair LP	5.250%	7/15/29	925	997	Service Corp. International	4.625%	12/15/27	505	527
Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millennium Op	5.375%	4/15/27	775	830	Service Corp. International	5.125%	6/1/29	1,305	1,383
Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp.	5.375%	6/1/24	535	549	2 Speedway Motorsports LLC / Speedway Funding II Inc.	4.875%	11/1/27	600	607
2 CRC Escrow Issuer LLC / CRC Finco Inc.	5.250%	10/15/25	5,768	5,970	Toll Brothers Finance Corp.	4.375%	4/15/23	300	313
Dana Holding Corp.	5.500%	12/15/24	1,055	1,085	Toll Brothers Finance Corp.	4.875%	11/15/25	295	322
Delta Merger Sub Inc.	6.000%	9/15/26	1,820	2,004	Toll Brothers Finance Corp.	4.875%	3/15/27	1,955	2,116
2 FirstCash Inc.	5.375%	6/1/24	223	231	William Lyon Homes Inc.	7.000%	8/15/22	64	64
GLP Capital LP / GLP Financing II Inc.	4.375%	4/15/21	105	107	William Lyon Homes Inc.	6.000%	9/1/23	390	407
GLP Capital LP / GLP Financing II Inc.	5.375%	11/1/23	2,630	2,858	William Lyon Homes Inc.	5.875%	1/31/25	1,415	1,450
GLP Capital LP / GLP Financing II Inc.	5.375%	4/15/26	1,010	1,104	2 Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.500%	3/1/25	3,030	3,242
GLP Capital LP / GLP Financing II Inc.	5.300%	1/15/29	1,030	1,148	2 Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.250%	5/15/27	1,636	1,736
Goodyear Tire & Rubber Co.	5.000%	5/31/26	2,009	2,094	2 Wynn Resorts Finance LLC / Wynn Resorts Capital Corp.	5.125%	10/1/29	660	706
Goodyear Tire & Rubber Co.	4.875%	3/15/27	3,278	3,401	2 Yum Brands Inc.	4.750%	1/15/30	400	420
2 Hanesbrands Inc.	4.625%	5/15/24	730	771	<b>Consumer Noncyclical (11.6%)</b>				
2 Hanesbrands Inc.	4.875%	5/15/26	735	775	Aramark Services Inc.	5.125%	1/15/24	1,367	1,403
Hilton Domestic Operating Co. Inc.	4.250%	9/1/24	1,770	1,801	2 Aramark Services Inc.	5.000%	4/1/25	1,935	2,017
Hilton Domestic Operating Co. Inc.	5.125%	5/1/26	2,830	2,979	Aramark Services Inc.	4.750%	6/1/26	940	980
Hilton Domestic Operating Co. Inc.	4.875%	1/15/30	260	276	2 Aramark Services Inc.	5.000%	2/1/28	1,465	1,542
Hilton Worldwide Finance LLC / Hilton Worldwide Finance Corp.	4.625%	4/1/25	3,395	3,493	2 Avantar Inc.	6.000%	10/1/24	1,000	1,065
Hilton Worldwide Finance LLC / Hilton Worldwide Finance Corp.	4.875%	4/1/27	1,750	1,857	2 B&G Foods Inc.	5.250%	9/15/27	3,000	2,996
2 Jack Ohio Finance LLC / Jack Ohio Finance 1 Corp.	6.750%	11/15/21	16	16	2 Bausch Health Americas Inc.	9.250%	4/1/26	520	598
2 Jacobs Entertainment Inc.	7.875%	2/1/24	600	636	2 Bausch Health Cos. Inc.	5.875%	5/15/23	19	19
KB Home	7.000%	12/15/21	230	247	2 Bausch Health Cos. Inc.	7.000%	3/15/24	1,090	1,134
KB Home	7.500%	9/15/22	215	242	2 Bausch Health Cos. Inc.	5.500%	11/1/25	2,140	2,236
KB Home	7.625%	5/15/23	1,300	1,459	2 Bausch Health Cos. Inc.	7.000%	1/15/28	540	595
KB Home	4.800%	11/15/29	325	332	2 Bausch Health Cos. Inc.	7.250%	5/30/29	60	68
2 KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC	5.000%	6/1/24	1,965	2,039	2 Catalent Pharma Solutions Inc.	5.000%	7/15/27	630	660
2 KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC	5.250%	6/1/26	872	922	2 Change Healthcare Holdings LLC / Change Healthcare Finance Inc.	5.750%	3/1/25	2,000	2,065
2 KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC	4.750%	6/1/27	710	749	2 Charles River Laboratories International Inc.	5.500%	4/1/26	705	759
L Brands Inc.	6.694%	1/15/27	537	537	2 Charles River Laboratories International Inc.	4.250%	5/1/28	350	357
L Brands Inc.	5.250%	2/1/28	1,301	1,233	CHS/Community Health Systems Inc.	5.125%	8/1/21	525	526
					CHS/Community Health Systems Inc.	6.250%	3/31/23	3,450	3,493
					2 CHS/Community Health Systems Inc.	8.125%	6/30/24	1,203	986
					2,5 Darling Global Finance BV	3.625%	5/15/26	395	467

High Yield Bond Portfolio

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
2	Darling Ingredients Inc.	5.250%	4/15/27	575	611
2.5	Diamond BC BV	5.625%	8/15/25	3,235	3,569
2	Endo Dac / Endo Finance LLC / Endo Finco Inc.	6.000%	2/1/25	2,395	1,617
2	Endo Finance LLC / Endo Ltd. / Endo Finco Inc.	6.000%	7/15/23	2,535	1,838
2.5	Grifols SA	1.625%	2/15/25	810	926
2.5	Grifols SA	2.250%	11/15/27	905	1,049
	HCA Inc.	6.250%	2/15/21	870	908
	HCA Inc.	7.500%	2/15/22	155	171
	HCA Inc.	5.875%	5/1/23	2,725	3,004
	HCA Inc.	5.375%	2/1/25	1,955	2,160
	HCA Inc.	7.690%	6/15/25	130	157
	HCA Inc.	5.875%	2/15/26	2,895	3,293
	HCA Inc.	5.625%	9/1/28	390	446
	HCA Inc.	5.875%	2/1/29	450	520
2	Hologic Inc.	4.625%	2/1/28	570	604
2	IQVIA Inc.	5.000%	5/15/27	1,993	2,108
2.5	IQVIA Inc.	2.250%	1/15/28	1,200	1,388
3.4	Lands' End, Inc. Bank Loan, 3M USD LIBOR + 3.250%	5.049%	3/12/21	2,257	2,210
2	MPH Acquisition Holdings LLC	7.125%	6/1/24	1,590	1,542
2	Performance Food Group Inc.	5.500%	10/15/27	2,100	2,237
2	Polaris Intermediate Corp.	8.500%	12/1/22	2,565	2,389
2	Post Holdings Inc.	5.500%	3/1/25	2,125	2,223
2	Post Holdings Inc.	5.000%	8/15/26	3,800	4,009
2	Post Holdings Inc.	5.750%	3/1/27	970	1,040
2	Post Holdings Inc.	5.625%	1/15/28	2,170	2,333
2	Quintiles IMS Inc.	5.000%	10/15/26	2,050	2,163
	Revlon Consumer Products Corp.	5.750%	2/15/21	570	486
	Revlon Consumer Products Corp.	6.250%	8/1/24	2,130	1,041
3.4	Revlon Consumer Products Corp. Bank Loan, 1M USD LIBOR + 3.500%	5.409%	9/7/23	176	134
3.4	Revlon Consumer Products Corp. Bank Loan, 1M USD LIBOR + 3.500%	5.409%	9/7/23	589	449
	Tenet Healthcare Corp.	4.625%	7/15/24	279	287
	Teva Pharmaceutical Finance Netherlands III BV	3.150%	10/1/26	2,720	2,264
	Teva Pharmaceutical Finance Netherlands III BV	6.750%	3/1/28	2,785	2,813
	Teva Pharmaceutical Finance Netherlands III BV	4.100%	10/1/46	300	216
2	TreeHouse Foods Inc.	6.000%	2/15/24	2,100	2,176
2	Valeant Pharmaceuticals International Inc.	9.000%	12/15/25	815	926
2	Valeant Pharmaceuticals International Inc.	8.500%	1/31/27	1,150	1,311
2	VRX Escrow Corp.	6.125%	4/15/25	5,700	5,885
2	West Street Merger Sub Inc.	6.375%	9/1/25	4,336	4,314
<b>Energy (8.7%)</b>					
	AmeriGas Finance LLC / AmeriGas Finance Corp.	5.625%	5/20/24	1,395	1,507
	AmeriGas Finance LLC / AmeriGas Finance Corp.	5.875%	8/20/26	1,765	1,948
	AmeriGas Partners LP / AmeriGas Finance Corp.	5.500%	5/20/25	620	670
	AmeriGas Partners LP / AmeriGas Finance Corp.	5.750%	5/20/27	1,745	1,920
2	Blue Racer Midstream LLC / Blue Racer Finance Corp.	6.125%	11/15/22	1,042	1,021
2	Blue Racer Midstream LLC / Blue Racer Finance Corp.	6.625%	7/15/26	775	705
	Cheniere Corpus Christi Holdings LLC	5.875%	3/31/25	95	107
	Cheniere Corpus Christi Holdings LLC	5.125%	6/30/27	1,233	1,366
2	Cheniere Energy Partners LP	4.500%	10/1/29	1,566	1,609

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
	Chesapeake Energy Corp.	11.500%	1/1/25	2,791	2,638
2	DCP Midstream LLC	5.350%	3/15/20	335	337
2	DCP Midstream Operating LP	4.750%	9/30/21	672	690
	DCP Midstream Operating LP	4.950%	4/1/22	1,436	1,493
	DCP Midstream Operating LP	3.875%	3/15/23	801	819
	Ferrellgas LP / Ferrellgas Finance Corp.	6.500%	5/1/21	2,560	2,214
	Ferrellgas LP / Ferrellgas Finance Corp.	6.750%	1/15/22	474	403
	Ferrellgas LP / Ferrellgas Finance Corp.	6.750%	6/15/23	769	650
	Laredo Petroleum Inc.	5.625%	1/15/22	2,107	2,044
	Laredo Petroleum Inc.	6.250%	3/15/23	2,758	2,586
	Matador Resources Co.	5.875%	9/15/26	2,840	2,854
2	MEG Energy Corp.	6.375%	1/30/23	850	850
2	MEG Energy Corp.	7.000%	3/31/24	1,139	1,148
2	MEG Energy Corp.	6.500%	1/15/25	2,850	2,971
2	Noble Holding International Ltd.	7.875%	2/1/26	460	334
2	Parsley Energy LLC / Parsley Finance Corp.	5.375%	1/15/25	1,344	1,381
2	Parsley Energy LLC / Parsley Finance Corp.	5.250%	8/15/25	190	195
	QEP Resources Inc.	5.375%	10/1/22	1,270	1,275
	QEP Resources Inc.	5.250%	5/1/23	1,262	1,253
2	Rockies Express Pipeline LLC	7.500%	7/15/38	1,134	1,211
2	Rockies Express Pipeline LLC	6.875%	4/15/40	420	438
	SM Energy Co.	6.125%	11/15/22	935	944
	SM Energy Co.	5.000%	1/15/24	1,994	1,914
	SM Energy Co.	5.625%	6/1/25	1,651	1,568
	SM Energy Co.	6.750%	9/15/26	720	707
	SM Energy Co.	6.625%	1/15/27	500	491
	Sunoco LP / Sunoco Finance Corp.	4.875%	1/15/23	1,475	1,508
	Sunoco LP / Sunoco Finance Corp.	5.500%	2/15/26	1,589	1,653
	Sunoco LP / Sunoco Finance Corp.	6.000%	4/15/27	2,265	2,418
	Sunoco LP / Sunoco Finance Corp.	5.875%	3/15/28	555	591
2	Tallgrass Energy Partners LP / Tallgrass Energy Finance Corp.	4.750%	10/1/23	1,880	1,875
2	Tallgrass Energy Partners LP / Tallgrass Energy Finance Corp.	5.500%	9/15/24	210	211
2	Tallgrass Energy Partners LP / Tallgrass Energy Finance Corp.	5.500%	1/15/28	1,845	1,808
	Targa Resources Partners LP / Targa Resources Partners Finance Corp.	6.750%	3/15/24	300	311
2	Targa Resources Partners LP / Targa Resources Partners Finance Corp.	6.875%	1/15/29	1,200	1,329
1.2	Transocean Guardian Ltd.	5.875%	1/15/24	1,573	1,608
1.2	Transocean Phoenix 2 Ltd.	7.750%	10/15/24	714	757
1.2	Transocean Pontus Ltd.	6.125%	8/1/25	1,278	1,313
1.2	Transocean Proteus Ltd.	6.250%	12/1/24	837	863
2	Vine Oil & Gas LP / Vine Oil & Gas Finance Corp.	8.750%	4/15/23	1,915	938
	Whiting Petroleum Corp.	6.625%	1/15/26	3,281	2,231
	WPX Energy Inc.	5.250%	9/15/24	3,734	3,967
	WPX Energy Inc.	5.750%	6/1/26	370	395
<b>Other Industrial (0.7%)</b>					
2	Brand Energy & Infrastructure Services Inc.	8.500%	7/15/25	3,222	3,303
3.4	Core & Main LP Bank Loan, 3M USD LIBOR + 3.000%	4.441%	8/1/24	47	46
3.4	Core & Main LP Bank Loan, 3M USD LIBOR + 3.000%	4.441%	8/1/24	114	114
3.4	Core & Main LP Bank Loan, 3M USD LIBOR + 3.000%	4.664%	8/1/24	104	103
2	KAR Auction Services Inc.	5.125%	6/1/25	1,819	1,890
<b>Technology (8.9%)</b>					
	Alcatel-Lucent USA Inc.	6.500%	1/15/28	1,355	1,391
	Alcatel-Lucent USA Inc.	6.450%	3/15/29	2,612	2,772

High Yield Bond Portfolio

		Maturity	Face	Market	
	Coupon	Date	Amount (\$000)	Value* (\$000)	
	CDK Global Inc.	5.875%	6/15/26	915	977
	CDK Global Inc.	4.875%	6/1/27	585	618
2	CDK Global Inc.	5.250%	5/15/29	775	827
	CDW LLC / CDW Finance Corp.	5.500%	12/1/24	185	205
	CDW LLC / CDW Finance Corp.	5.000%	9/1/25	910	951
	CDW LLC / CDW Finance Corp.	4.250%	4/1/28	2,685	2,816
3,4	Dun and Bradstreet Corp. Bank Loan, 3M USD LIBOR + 5.000%	6.792%	2/8/26	3,360	3,382
2	Entegris Inc.	4.625%	2/10/26	150	155
4	Equinix Inc.	2.875%	2/1/26	3,115	3,623
	Equinix Inc.	5.375%	5/15/27	1,365	1,479
3,4	Grizzly Acquisitions Inc. Bank Loan, 3M USD LIBOR + 3.250%	5.349%	10/1/25	736	735
	Infor US Inc.	6.500%	5/15/22	3,060	3,110
	Iron Mountain Inc.	5.750%	8/15/24	972	982
2	Iron Mountain Inc.	4.875%	9/15/27	595	612
2	Iron Mountain Inc.	4.875%	9/15/29	2,177	2,210
2	MSCI Inc.	5.250%	11/15/24	149	153
2	MSCI Inc.	5.750%	8/15/25	1,915	2,008
2	MSCI Inc.	4.750%	8/1/26	210	220
2	MSCI Inc.	5.375%	5/15/27	690	745
2	MSCI Inc.	4.000%	11/15/29	2,710	2,747
	Nokia Oyj	6.625%	5/15/39	3,735	4,286
2	Open Text Corp.	5.625%	1/15/23	1,070	1,087
2	Open Text Corp.	5.875%	6/1/26	1,895	2,023
	Pitney Bowes Inc.	4.625%	5/15/22	1,015	1,020
	Pitney Bowes Inc.	5.200%	4/1/23	2,395	2,347
	Pitney Bowes Inc.	4.625%	3/15/24	975	907
	Qorvo Inc.	5.500%	7/15/26	2,044	2,172
2	Qorvo Inc.	4.375%	10/15/29	2,260	2,367
2	Sensata Technologies BV	4.875%	10/15/23	300	319
2	Sensata Technologies BV	5.625%	11/1/24	575	638
2	Sensata Technologies BV	5.000%	10/1/25	1,625	1,761
2	Sensata Technologies UK Financing Co. plc	6.250%	2/15/26	1,520	1,642
3,4	SS&C Technologies Holdings Inc. Bank Loan, 3M USD LIBOR + 2.250%	4.049%	4/16/25	676	681
3,4	SS&C Technologies Holdings Inc. Bank Loan, 3M USD LIBOR + 2.250%	4.049%	4/16/25	826	832
3,4	SS&C Technologies Holdings Inc. Bank Loan, 3M USD LIBOR + 2.250%	4.049%	4/16/25	73	577
2	SS&C Technologies Inc.	5.500%	9/30/27	3,575	3,816
	Symantec Corp.	3.950%	6/15/22	345	351
2	Symantec Corp.	5.000%	4/15/25	4,250	4,324
	Western Digital Corp.	4.750%	2/15/26	2,519	2,626
	Xerox Corp.	4.500%	5/15/21	720	736
	Xerox Corp.	4.125%	3/15/23	750	778
	Xerox Corp.	4.800%	3/1/35	542	488
	Xerox Corp.	6.750%	12/15/39	1,600	1,688
Transportation (0.2%)					
	Avis Budget Car Rental LLC / Avis Budget Finance Inc.	5.500%	4/1/23	602	611
2	Avis Budget Car Rental LLC / Avis Budget Finance Inc.	6.375%	4/1/24	715	742
				603,474	
Utilities (1.4%)					
Electric (1.4%)					
	AES Corp.	4.500%	3/15/23	1,835	1,881
	AES Corp.	4.875%	5/15/23	516	525
	AES Corp.	5.500%	4/15/25	150	155
	AES Corp.	6.000%	5/15/26	30	32

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
AES Corp.	5.125%	9/1/27	2,115	2,257
<sup>2</sup> NextEra Energy Operating Partners LP	4.250%	7/15/24	1,173	1,220
<sup>2</sup> NextEra Energy Operating Partners LP	4.250%	9/15/24	1,145	1,191
<sup>2</sup> NextEra Energy Operating Partners LP	3.875%	10/15/26	3,035	3,058
<sup>2</sup> NextEra Energy Operating Partners LP	4.500%	9/15/27	700	728
				11,047
Total Corporate Bonds (Cost \$684,752)				704,953
Sovereign Bonds (0.4%)				
<sup>2</sup> DAE Funding LLC	4.000%	8/1/20	130	131
<sup>2</sup> DAE Funding LLC	5.250%	11/15/21	705	731
<sup>2</sup> DAE Funding LLC	4.500%	8/1/22	1,264	1,283
<sup>2</sup> DAE Funding LLC	5.000%	8/1/24	1,020	1,069
Total Sovereign Bonds (Cost \$3,154)				3,214
Shares				
Common Stocks (0.1%)				
Utilities (0.1%)				
<sup>*,7</sup> Homer City Generation LP (Cost \$1,287)			62,633	448
Temporary Cash Investment (8.1%)				
Repurchase Agreement (8.1%)				
Bank of America Securities, LLC (Dated 12/31/19, Repurchase Value \$63,606,000, collateralized by Federal National Mortgage Assn., 4.000%, 6/01/34, and Federal Home Loan Mortgage Corp., 3.500%–4.500%, 9/01/46–5/01/49, with a value of \$64,872,000) (Cost \$63,600)				
	1.570%	1/2/20	63,600	63,600
Total Investments (98.6%) (Cost \$752,793)				772,215
Amount (\$000)				
Other Assets and Liabilities (1.4%)				
Other Assets				
Investment in Vanguard				35
Receivables for Investment Securities Sold				272
Receivables for Accrued Income				10,235
Receivables for Capital Shares Issued				413
Other Assets <sup>8</sup>				806
Total Other Assets				11,761
Liabilities				
Payables for Investment Securities Purchased				(19)
Payables to Investment Advisor				(115)
Payables for Capital Shares Redeemed				(316)
Payables to Vanguard				(493)
Variation Margin Payable—CC Swap Contracts				(1)
Unrealized Depreciation—Forward Currency Contracts				(127)
Total Liabilities				(1,071)
Net Assets (100%)				
Applicable to 95,578,799 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)				782,905
Net Asset Value Per Share				\$8.19



## At December 31, 2019, net assets consisted of:

	Amount (\$000)
Paid-in Capital	733,724
Total Distributable Earnings (Loss)	49,181
<b>Net Assets</b>	<b>782,905</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

1 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

2 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2019, the aggregate value of these securities was \$336,646,000, representing 43.0% of net assets.

3 Security is a senior, secured, high-yield floating-rate loan. These loans are debt obligations issued by public and private companies and are comparable to high-yield bonds from a ratings and leverage perspective. At December 31, 2019, the aggregate value of these securities was \$15,946,000, representing 2.0% of net assets.

4 Adjustable-rate security; rate shown is effective rate at period end. Certain adjustable-rate securities are not based on a published reference rate and spread but are determined by the issuer or agent based on current market conditions.

5 Face amount denominated in euro.

6 Face amount denominated in British pounds.

7 Security value determined using significant unobservable inputs.

8 Cash of \$527,000 has been segregated as initial margin for open cleared swap contracts.

CC—Centrally Cleared.

LIBOR—London Interbank Offered Rate.

## Derivative Financial Instruments Outstanding as of Period End

## Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)		Unrealized Appreciation (\$000)	Unrealized (Depreciation) (\$000)
		Receive	Deliver		
Citibank, N.A.	1/31/20	USD 17,861	EUR 16,004	—	(126)
Bank of America, N.A.	1/31/20	USD 62	GBP 48	—	(1)
				—	(127)

EUR—euro.

GBP—British pound.

USD—U.S. dollar.

## Centrally Cleared Credit Default Swaps

Reference Entity	Termination Date	Notional Amount (000)		Periodic Premium Received	Value (\$000)	Unrealized Appreciation (Depreciation) (\$000)
				(Paid) <sup>1</sup> (%)		
Credit Protection Sold						
CDX-NA-HY-S33-V1	12/20/24	USD	9,900	5.000	959	211

The notional amount represents the maximum potential amount the fund could be required to pay as a seller of credit protection if the reference entity was subject to a credit event.

<sup>1</sup> Periodic premium received/paid quarterly.

USD—U.S. dollar.

## Statement of Operations

	Year Ended December 31, 2019 (\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest	40,612
Total Income	40,612
<b>Expenses</b>	
Investment Advisory Fees—Note B	446
The Vanguard Group—Note C	
Management and Administrative	1,339
Marketing and Distribution	82
Custodian Fees	13
Auditing Fees	35
Shareholders' Reports	16
Trustees' Fees and Expenses	1
Total Expenses	1,932
<b>Net Investment Income</b>	<b>38,680</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold	(1,299)
Swap Contracts	(11)
Forward Currency Contracts	843
Foreign Currencies	(7)
<b>Realized Net Gain (Loss)</b>	<b>(474)</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities	68,687
Swap Contracts	597
Forward Currency Contracts	(151)
Foreign Currencies	4
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>69,137</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>107,343</b>

## Statement of Changes in Net Assets

	Year Ended December 31, 2019      2018 (\$000)      (\$000)	
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	38,680	39,756
Realized Net Gain (Loss)	(474)	5,329
Change in Unrealized Appreciation (Depreciation)	69,137	(65,575)
Net Increase (Decrease) in Net Assets Resulting from Operations	107,343	(20,490)
<b>Distributions</b>		
Net Investment Income	(42,939)	(35,316)
Realized Capital Gain	—	—
Total Distributions	(42,939)	(35,316)
<b>Capital Share Transactions</b>		
Issued	152,281	118,985
Issued in Lieu of Cash Distributions	42,939	35,316
Redeemed	(180,636)	(146,831)
Net Increase (Decrease) from Capital Share Transactions	14,584	7,470
Total Increase (Decrease)	78,988	(48,336)
<b>Net Assets</b>		
Beginning of Period	703,917	752,253
End of Period	782,905	703,917

See accompanying Notes, which are an integral part of the Financial Statements.



## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$7.53</b>	<b>\$8.13</b>	<b>\$7.99</b>	<b>\$7.59</b>	<b>\$8.14</b>
<b>Investment Operations</b>					
Net Investment Income	.410 <sup>1</sup>	.420 <sup>1</sup>	.419 <sup>1</sup>	.397	.427
Net Realized and Unrealized Gain (Loss) on Investments	.731	(.636)	.119	.426	(.541)
Total from Investment Operations	1.141	(.216)	.538	.823	(.114)
<b>Distributions</b>					
Dividends from Net Investment Income	(.481)	(.384)	(.398)	(.423)	(.423)
Distributions from Realized Capital Gains	—	—	—	—	(.013)
Total Distributions	(.481)	(.384)	(.398)	(.423)	(.436)
<b>Net Asset Value, End of Period</b>	<b>\$8.19</b>	<b>\$7.53</b>	<b>\$8.13</b>	<b>\$7.99</b>	<b>\$7.59</b>
<b>Total Return</b>	<b>15.67%</b>	<b>-2.73%</b>	<b>7.00%</b>	<b>11.35%</b>	<b>-1.58%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$783	\$704	\$752	\$622	\$521
Ratio of Total Expenses to Average Net Assets	0.26%	0.26%	0.28%	0.28%	0.28%
Ratio of Net Investment Income to Average Net Assets	5.21%	5.39%	5.22%	5.44%	5.41%
Portfolio Turnover Rate	27%	23%	28%	27%	38%

<sup>1</sup> Calculated based on average shares outstanding.

## Notes to Financial Statements

The High Yield Bond Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts. Certain of the portfolio's investments are in corporate debt instruments; the issuers' abilities to meet their obligations may be affected by economic developments in their respective industries.

**A.** The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Bonds and temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the portfolio's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. Forward Currency Contracts: The portfolio enters into forward currency contracts to protect the value of securities and related receivables and payables against changes in future foreign exchange rates. The portfolio's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The portfolio mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any assets pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized forward currency contract gains (losses).

During the year ended December 31, 2019, the portfolio's average investment in forward currency contracts represented 2% of net assets, based on the average of notional amounts at each quarter-end during the period.

4. Swap Contracts: The portfolio invests in credit default swaps to adjust the overall credit risk of the portfolio or to actively overweight or underweight credit risk to a specific issuer or group of issuers. The portfolio may sell credit protection through credit default swaps to simulate investments in long positions that are either unavailable or considered to be less attractively priced in the bond market. The portfolio may purchase credit protection through credit default swaps to reduce credit exposure to a given issuer or issuers. Under the terms of the swaps, an up-front payment may be exchanged between the seller and buyer. In addition, the seller of the credit protection receives a periodic payment of premium from the buyer that is a fixed percentage applied to a notional amount. If, for example, the reference entity is subject to a credit event (such as bankruptcy, failure to pay, or obligation acceleration) during the term of the swap, the seller agrees to either physically settle or cash settle the swap contract. If the swap is physically settled, the seller agrees to pay the buyer an amount equal to the notional amount and take delivery of a debt instrument of the reference issuer with a par amount equal to such notional amount. If the swap is cash settled, the seller agrees to pay the buyer the difference between the notional amount and the final price for the relevant debt instrument, as determined either in a market auction or pursuant to a pre-agreed-upon valuation procedure.

The notional amounts of swap contracts are not recorded in the Statement of Net Assets. Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the seller of credit protection is required to take delivery (or, in a cash settled swap, pay the settlement amount determined) upon occurrence of a credit event, periodic payments are made, or the swap terminates, at which time realized gain (loss) is recorded. The net premium to be received or paid by the portfolio under swap contracts is accrued daily and recorded as realized gain (loss) over the life of the contract.

The primary risk associated with selling credit protection is that, upon the occurrence of a defined credit event, the market value of the debt instrument received by the portfolio (or, in a cash settled swap, the debt instruments used to determine the settlement payment by the portfolio) will be significantly less than the amount paid by the portfolio and, in a physically settled swap, the portfolio may receive an illiquid debt instrument. A risk associated with all types of swaps is the possibility that a counterparty may default on its obligation to pay net amounts due to the portfolio. The portfolio's maximum amount subject to counterparty risk is the unrealized appreciation on the swap contract. The portfolio mitigates

its counterparty risk by entering into swaps only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. In the event of a counterparty's default (including bankruptcy), the portfolio may terminate any swap contracts with that counterparty, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The swap contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the swap contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

The portfolio enters into centrally cleared credit default swaps to achieve the same objectives specified with respect to the equivalent over-the-counter swaps but with less counterparty risk because a regulated clearinghouse is the counterparty instead of the clearing broker or executing broker. The clearinghouse imposes initial margin requirements to secure the portfolio's performance, and requires daily settlement of variation margin representing changes in the market value of each contract. To further mitigate counterparty risk, the portfolio trades with a diverse group of prequalified executing brokers; monitors the financial strength of its clearing brokers, executing brokers, and clearinghouse; and has entered into agreements with its clearing brokers and executing brokers.

During the year ended December 31, 2019, the portfolio's average amounts of investments in credit protection sold and credit protection purchased represented 1% and 0% of net assets, respectively, based on the average of notional amounts at each quarter-end during the period.

5. Repurchase Agreements: The portfolio enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the portfolio under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The portfolio further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

6. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

7. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

8. Credit Facility: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

9. Other: Interest income is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

**B.** Wellington Management Company LLP provides investment advisory services to the portfolio for a fee calculated at an annual percentage rate of average net assets. For the year ended December 31, 2019, the investment advisory fee represented an effective annual rate of 0.06% of the portfolio's average net assets.

**C.** In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$35,000, representing less than 0.01% of the portfolio's net assets and 0.01% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

**D.** Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Corporate Bonds	—	704,953	—
Sovereign Bonds	—	3,214	—
Common Stocks	—	—	448
Temporary Cash Investments	—	63,600	—
Swap Contracts—Liabilities <sup>1</sup>	(1)	—	—
Forward Currency Contracts—Liabilities	—	(127)	—
Total	(1)	771,640	448

<sup>1</sup> Represents variation margin on the last day of the reporting period.

E. At December 31, 2019, the fair values of derivatives were reflected in the Statement of Net Assets as follows:

Statement of Net Assets Caption	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Variation Margin Payable—Swap Contracts	—	(1)	(1)
Unrealized Depreciation—Forward Currency Contracts	(127)	—	(127)
Total Liabilities	(127)	(1)	(128)

	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Swap Contracts	—	(11)	(11)
Forward Currency Contracts	843	—	843
Realized Net Gain (Loss) on Derivatives	843	(11)	832

Change in Unrealized Appreciation (Depreciation) on Derivatives			
Swap Contracts	—	597	597
Forward Currency Contracts	(151)	—	(151)
Change in Unrealized Appreciation (Depreciation) on Derivatives	(151)	597	446

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions and swap agreements were reclassified between the individual components of total distributable earnings (loss).

	Amount (\$000)
Paid-in Capital	—
Total Distributable Earnings (Loss)	—

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales; the realization of unrealized gains or losses on forward currency contracts; the amortization of premiums on certain callable debt instruments; and the tax recognition of gain or loss from foreign currency hedges. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	37,555
Undistributed Long-Term Gains	—
Capital Loss Carryforwards (Non-expiring)	(7,692)
Net Unrealized Gains (Losses)	19,730

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	752,696
Gross Unrealized Appreciation	30,996
Gross Unrealized Depreciation	(11,266)
Net Unrealized Appreciation (Depreciation)	19,730

G. During the year ended December 31, 2019, the portfolio purchased \$181,205,000 of investment securities and sold \$193,984,000 of investment securities, other than U.S. government securities and temporary cash investments. There were no purchases or sales of U.S. government securities during the period.

H. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019 Shares (000)	2018 Shares (000)
Issued	19,313	15,135
Issued in Lieu of Cash Distributions	5,672	4,616
Redeemed	(22,931)	(18,772)
Net Increase (Decrease) in Shares Outstanding	2,054	979

At December 31, 2019, one shareholder, an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders, was the record or beneficial owner of 48% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

I. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of High Yield Bond Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets of High Yield Bond Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 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.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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**Annual Report** | December 31, 2019

# Vanguard Variable Insurance Fund

Mid-Cap Index Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets— affecting stocks, bonds, and commodities— has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

Mortimer J. Buckley  
Chairman and Chief Executive Officer  
January 23, 2020

# Mid-Cap Index Portfolio

## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2019, the Mid-Cap Index Portfolio returned 30.87%, in line with its benchmark index after factoring in the portfolio's expenses.
- The Mid-Cap Index Portfolio offers investors broad exposure to the hundreds of mid-capitalization stocks in the U.S. equity market. Stocks of every style and from every industry sector are represented.
- Stocks benefited from accommodative monetary policies from the Federal Reserve and other major central banks and corporate earnings that generally proved more resilient than expected. Over the fiscal year, large-cap stocks outpaced mid- and small-caps, and growth stocks beat their value counterparts.
- Industrial stocks contributed most to the portfolio's results. Financials and technology were also top contributors. All but one of the portfolio's sectors finished with double-digit returns.
- Over the past ten years, the portfolio recorded an average annual return of 12.93%, in line with its benchmark average.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%



## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

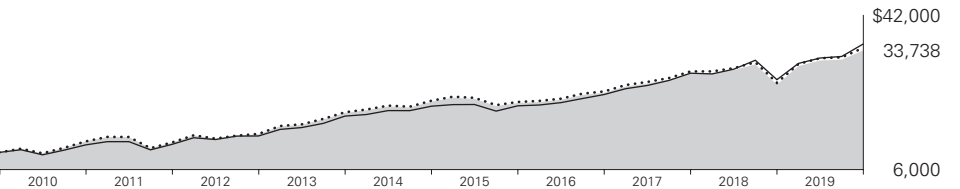
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
Mid-Cap Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,074.69	\$0.89
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.35	0.87

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.17%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Mid-Cap Index Portfolio	30.87%	9.13%	12.93%	\$33,738
Spliced Mid-Cap Index	31.09	9.29	13.13	\$34,328
Dow Jones U.S. Total Stock Market Float Adjusted Index	30.90	11.18	13.43	\$35,251

Spliced Mid-Cap Index: MSCI US Mid Cap 450 Index through January 30, 2013; CRSP US Mid Cap Index thereafter.

## Sector Diversification

As of December 31, 2019

Basic Materials	4.2%
Consumer Goods	9.5
Consumer Services	11.5
Financials	21.6
Health Care	9.3
Industrials	16.4
Oil & Gas	4.5
Technology	15.9
Telecommunications	0.6
Utilities	6.5

The table reflects the portfolio's equity exposure, based on its investments in stocks and stock index futures. Any holdings in short-term reserves are excluded. Sector categories are based on the Industry Classification Benchmark ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

## Financial Statements

### Statement of Net Assets

As of December 31, 2019

The portfolio files its 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. The portfolio's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
<b>Common Stocks (99.6%)<sup>1</sup></b>			Coty Inc. Class A	147,616	1,661	* Carvana Co. Class A	12,200	1,123
<b>Basic Materials (4.2%)</b>			Levi Strauss & Co. Class A	21,400	413	* Chewy Inc.	20,300	589
Newmont Goldcorp Corp.	396,901	17,245	Lennar Corp. Class B	6,899	308	ViacomCBS Inc. Class A	2,790	125
International Paper Co.	190,788	8,786			203,770	News Corp. Class B	3,475	50
Freeport-McMoRan Inc.	666,776	8,748	<b>Consumer Services (11.4%)</b>					246,761
Nucor Corp.	146,636	8,253	* Chipotle Mexican Grill Inc.			<b>Financials (21.5%)</b>		
Celanese Corp. Class A	58,620	7,217	Class A	13,405	11,221	* IHS Markit Ltd.	184,306	13,888
International Flavors			Royal Caribbean Cruises Ltd.	81,282	10,852	SBA Communications Corp.		
& Fragrances Inc.	51,667	6,666	* Dollar Tree Inc.	114,586	10,777	Class A	54,501	13,134
FMC Corp.	62,642	6,253	Best Buy Co. Inc.	108,400	9,518	Digital Realty Trust Inc.	100,988	12,092
Avery Dennison Corp.	40,517	5,301	* Copart Inc.	101,349	9,217	Realty Income Corp.	157,605	11,604
CF Industries Holdings Inc.	105,030	5,014	* Liberty Broadband Corp.	70,076	8,812	Hartford Financial Services		
Eastman Chemical Co.	59,337	4,703	Omnicom Group Inc.	105,256	8,528	Group Inc.	174,382	10,597
Albemarle Corp.	51,301	3,747	MGM Resorts International	224,306	7,463	M&T Bank Corp.	60,668	10,298
Mosaic Co.	164,678	3,564	Tiffany & Co.	55,180	7,375	MSCI Inc. Class A	38,967	10,061
Reliance Steel & Aluminum			Expedia Group Inc.	67,369	7,285	KeyCorp	476,403	9,642
Co.	15,382	1,842	* CarMax Inc.	79,563	6,975	Essex Property Trust Inc.	31,993	9,625
* Axalta Coating Systems Ltd.	51,197	1,556	* AutoZone Inc.	5,765	6,868	First Republic Bank	81,640	9,589
Westlake Chemical Corp.	18,647	1,308	* Ultra Beauty Inc.	27,115	6,864	* CBRE Group Inc. Class A	154,039	9,441
		90,203	Darden Restaurants Inc.	59,343	6,469	Alexandria Real Estate		
<b>Consumer Goods (9.5%)</b>			Wynn Resorts Ltd.	44,254	6,146	Equities Inc.	55,723	9,004
* Lululemon Athletica Inc.	56,697	13,135	* Norwegian Cruise Line			Arthur J Gallagher & Co.	90,280	8,597
McCormick & Co. Inc.	59,834	10,156	Holdings Ltd.	103,104	6,022	Citizens Financial Group Inc.	210,467	8,547
Clorox Co.	60,755	9,328	AmerisourceBergen Corp.			Healthpeak Properties Inc.	246,924	8,512
DR Horton Inc.	169,499	8,941	Class A	69,934	5,946	Cincinnati Financial Corp.	79,052	8,312
Church & Dwight Co. Inc.	118,710	8,350	Domino's Pizza Inc.	19,820	5,823	Equifax Inc.	58,574	8,207
Conagra Brands Inc.	235,357	8,059	* Roku Inc.	42,100	5,637	Regions Financial Corp.	467,159	8,016
Lennar Corp. Class A	135,786	7,576	American Airlines Group Inc.	190,970	5,477	* Arch Capital Group Ltd.	186,650	8,005
Genuine Parts Co.	66,814	7,098	ViacomCBS Inc. Class B	129,252	5,425	Invitation Homes Inc.	260,360	7,803
Garmin Ltd.	68,981	6,730	Tractor Supply Co.	57,250	5,349	Huntington Bancshares Inc.	499,133	7,527
* Take-Two Interactive			Aramark	120,871	5,246	Principal Financial Group Inc.	134,558	7,401
Software Inc.	54,856	6,716	Advance Auto Parts Inc.	31,851	5,101	KKR & Co. Inc. Class A	253,192	7,386
Hasbro Inc.	62,292	6,579	* Discovery Communications			Mid-America Apartment		
Tyson Foods Inc. Class A	71,369	6,497	Inc.	165,516	5,047	Communities Inc.	55,248	7,285
* NVR Inc.	1,701	6,478	FactSet Research Systems			* Markel Corp.	6,355	7,265
Lamb Weston Holdings Inc.	70,609	6,074	Inc.	18,360	4,926	AvalonBay Communities Inc.	33,810	7,090
Aptiv plc	61,687	5,858	* Live Nation Entertainment			Sun Communities Inc.	44,800	6,725
Hormel Foods Corp.	129,223	5,829	Inc.	67,300	4,810	WP Carey Inc.	83,500	6,683
JM Smucker Co.	52,440	5,461	* United Airlines Holdings Inc.	52,064	4,586	MarketAxess Holdings Inc.	17,500	6,634
Corteva Inc.	181,269	5,358	Interpublic Group of			UDR Inc.	141,766	6,621
PulteGroup Inc.	124,323	4,824	Cos. Inc.	187,510	4,332	Annaly Capital Management		
* LKQ Corp.	133,692	4,773	* Lyft Inc. Class A	96,963	4,171	Inc.	691,576	6,515
Campbell Soup Co.	94,776	4,684	* Altice USA Inc. Class A	152,182	4,161	Host Hotels & Resorts Inc.	347,286	6,442
Molson Coors Brewing Co.			* DISH Network Corp.			Loews Corp.	122,492	6,430
Class B	85,322	4,599	Class A	115,940	4,112	Cboe Global Markets Inc.	53,573	6,429
Whirlpool Corp.	30,595	4,514	Alaska Air Group Inc.	59,733	4,047	Extra Space Storage Inc.	59,623	6,297
Fortune Brands Home			Kohl's Corp.	76,905	3,918	* SVB Financial Group	25,006	6,278
& Security Inc.	67,380	4,403	* Burlington Stores Inc.	16,000	3,649	Duke Realty Corp.	178,044	6,173
BorgWarner Inc.	100,109	4,343	* Liberty Media Corp-Liberty			Nasdaq Inc.	55,461	5,940
Lear Corp.	29,260	4,014	SiriusXM Class C	73,957	3,560	Fidelity National Financial		
* Mohawk Industries Inc.	27,653	3,771	Nielsen Holdings plc	172,738	3,507	Inc.	126,449	5,735
PVH Corp.	35,846	3,769	News Corp. Class A	244,021	3,450	Lincoln National Corp.	96,072	5,669
Bunge Ltd.	65,309	3,759	* Discovery Communications			Ally Financial Inc.	184,067	5,625
Tapestry Inc.	133,404	3,598	Inc. Class A	73,004	2,390	Vornado Realty Trust	83,104	5,526
Newell Brands Inc.	184,932	3,554	Rollins Inc.	71,298	2,364	Everest Re Group Ltd.	19,716	5,458
* WABCO Holdings Inc.	24,780	3,358	Vail Resorts Inc.	9,800	2,350	Weyerhaeuser Co.	180,443	5,449
* Wayfair Inc.	30,300	2,738	* Liberty Media Corp-Liberty			Western Union Co.	203,091	5,439
Ralph Lauren Corp. Class A	22,882	2,682	SiriusXM Class A	42,345	2,047	Raymond James Financial		
*^ Under Armour Inc. Class A	90,615	1,957	* Liberty Broadband Corp.			Inc.	60,405	5,404
* Under Armour Inc. Class C	95,169	1,825	Class A	12,365	1,540	* Alleghany Corp.	6,647	5,315
			Hyatt Hotels Corp. Class A	16,848	1,511	Regency Centers Corp.	81,119	5,118

Mid-Cap Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Ameriprise Financial Inc.	30,600	5,097	* CoStar Group Inc.	17,739	10,613	Baker Hughes a GE Co. Class A	157,152	4,028
AXA Equitable Holdings Inc.	202,304	5,013	Fastenal Co.	277,770	10,264	HollyFrontier Corp.	70,483	3,574
Comerica Inc.	69,638	4,997	Ball Corp.	158,232	10,233	Cabot Oil & Gas Corp.	99,512	1,732
Camden Property Trust	46,865	4,972	* Mettler-Toledo International Inc.	11,759	9,328	Continental Resources Inc.	35,713	1,225
Globe Life Inc.	47,142	4,962	* Keysight Technologies Inc.	90,700	9,309			<b>96,493</b>
E*TRADE Financial Corp.	109,228	4,956	Vulcan Materials Co.	64,072	9,226	<b>Technology (15.8%)</b>		
Reinsurance Group of America Inc. Class A	30,325	4,945	Martin Marietta Materials Inc.	30,284	8,469	KLA Corp.	76,379	13,608
VEREIT Inc.	515,626	4,764	Dover Corp.	70,257	8,098	* Motorola Solutions Inc.	82,957	13,368
Federal Realty Investment Trust	36,606	4,712	TransUnion	91,256	7,812	* Advanced Micro Devices Inc.	269,386	12,354
AGNC Investment Corp.	261,090	4,616	WW Grainger Inc.	22,226	7,524	Microchip Technology Inc.	115,620	12,108
WR Berkley Corp.	66,721	4,610	Kansas City Southern	47,957	7,345	Xilinx Inc.	121,821	11,910
Iron Mountain Inc.	138,700	4,420	* Waters Corp.	31,185	7,286	* Twitter Inc.	356,650	11,431
Zions Bancorp NA	82,444	4,281	Xylem Inc.	87,186	6,869	* Splunk Inc.	74,651	11,180
SEI Investments Co.	65,337	4,278	Wabtec Corp.	88,162	6,859	Cerner Corp.	144,422	10,599
Kimco Realty Corp.	194,398	4,026	Broadridge Financial Solutions Inc.	55,402	6,844	* ANSYS Inc.	40,790	10,500
Voya Financial Inc.	65,367	3,986	Masco Corp.	138,347	6,639	* Palo Alto Networks Inc.	45,073	10,423
SL Green Realty Corp.	38,751	3,560	Old Dominion Freight Line Inc.	34,778	6,600	* Synopsys Inc.	72,721	10,123
Franklin Resources Inc.	132,774	3,450	Expeditors International of Washington Inc.	82,449	6,433	Skyworks Solutions Inc.	82,426	9,964
* Athene Holding Ltd. Class A	69,028	3,246	* United Rentals Inc.	36,322	6,057	CDW Corp.	69,691	9,955
Invesco Ltd.	176,040	3,165	Arconic Inc.	188,719	5,807	* VeriSign Inc.	51,154	9,856
Jones Lang LaSalle Inc.	12,451	2,168	Jacobs Engineering Group Inc.	64,387	5,784	* IAC/InterActiveCorp	38,067	9,483
People's United Financial Inc.	107,671	1,820	Rockwell Automation Inc.	27,962	5,667	* Cadence Design Systems Inc.	135,931	9,428
Interactive Brokers Group Inc.	18,112	844	Westrock Co.	124,913	5,360	* Veeva Systems Inc. Class A	63,700	8,960
		<b>463,721</b>	* Square Inc.	84,117	5,262	Western Digital Corp.	136,755	8,680
<b>Health Care (9.2%)</b>			Packaging Corp. of America	45,816	5,131	Marvell Technology Group Ltd.	322,867	8,575
* IQVIA Holdings Inc.	79,837	12,336	CH Robinson Worldwide Inc.	65,557	5,127	Maxim Integrated Products Inc.	131,104	8,064
* Centene Corp.	190,266	11,962	Trimble Inc.	120,726	5,033	* Snap Inc.	468,418	7,649
* IDEXX Laboratories Inc.	41,500	10,837	Huntington Ingalls Industries Inc.	19,769	4,960	* Fortinet Inc.	70,300	7,505
ResMed Inc.	69,569	10,781	Textron Inc.	110,547	4,930	NortonLifeLock Inc.	271,583	6,931
* DexCom Inc.	44,300	9,690	JB Hunt Transport Services Inc.	41,373	4,832	NetApp Inc.	110,480	6,877
* Align Technology Inc.	34,340	9,582	* Crown Holdings Inc.	65,428	4,746	Citrix Systems Inc.	59,815	6,634
Teleflex Inc.	22,423	8,441	Snap-on Inc.	26,592	4,505	* Qorvo Inc.	56,282	6,542
* WellCare Health Plans Inc.	24,400	8,057	* Sensata Technologies Holding plc	77,066	4,152	Seagate Technology plc	108,163	6,436
* Laboratory Corp. of America Holdings	46,974	7,947	Hubbell Inc. Class B	26,297	3,887	* Akamai Technologies Inc.	74,466	6,432
* Incyte Corp.	88,505	7,728	HEICO Corp. Class A	39,700	3,554	SS&C Technologies Holdings Inc.	103,813	6,374
Cooper Cos. Inc.	23,963	7,699	Xerox Holdings Corp.	89,274	3,292	* Paycom Software Inc.	24,000	6,354
* BioMarin Pharmaceutical Inc.	86,828	7,341	Jack Henry & Associates Inc.	18,600	2,710	* Gartner Inc.	41,087	6,332
Cardinal Health Inc.	141,700	7,167	* IPG Photonics Corp.	16,641	2,412	* Okta Inc.	51,500	5,942
Quest Diagnostics Inc.	65,206	6,964	Cognex Corp.	39,141	2,193	* Twilio Inc. Class A	60,200	5,916
* Hologic Inc.	129,959	6,785	HEICO Corp.	19,000	2,169	* GoDaddy Inc. Class A	82,716	5,618
* Seattle Genetics Inc.	58,058	6,634	Pentair plc	40,820	1,872	* Arista Networks Inc.	25,905	5,269
* Exact Sciences Corp.	71,300	6,594	* XPO Logistics Inc.	22,351	1,781	Hewlett Packard Enterprise Co.	313,800	4,977
* Varian Medical Systems Inc.	43,928	6,238	Robert Half International Inc.	26,816	1,693	* Black Knight Inc.	68,840	4,439
* Alnylam Pharmaceuticals Inc.	53,905	6,208	FLIR Systems Inc.	32,291	1,681	* F5 Networks Inc.	29,436	4,111
Dentsply Sirona Inc.	107,709	6,095	AO Smith Corp.	33,189	1,581	Juniper Networks Inc.	161,593	3,980
* Elanco Animal Health Inc.	180,665	5,321	Global Payments Inc.	200	37	* RingCentral Inc. Class A	18,100	3,053
Universal Health Services Inc. Class B	37,042	5,314			<b>351,842</b>	* Pinterest Inc. Class A	153,090	2,854
* Mylan NV	250,135	5,028	<b>Oil &amp; Gas (4.5%)</b>			*^ Slack Technologies Inc. Class A	112,498	2,529
* Henry Schein Inc.	71,092	4,743	ONEOK Inc.	200,107	15,142	DXC Technology Co.	61,631	2,317
* Jazz Pharmaceuticals plc	26,026	3,885	Halliburton Co.	403,846	9,882	*^ Match Group Inc.	25,555	2,098
* ABIOMED Inc.	20,746	3,539	Hess Corp.	132,569	8,857	* Dropbox Inc. Class A	103,933	1,861
* Perrigo Co. plc	62,713	3,240	Concho Resources Inc.	97,253	8,516	* Datadog Inc. Class A	13,300	502
* DaVita Inc.	40,850	3,065	Diamondback Energy Inc.	77,672	7,213	* CrowdStrike Holdings Inc. Class A	9,900	494
		<b>199,221</b>	* Cheniere Energy Inc.	111,017	6,780			<b>340,595</b>
<b>Industrials (16.3%)</b>			Noble Energy Inc.	231,615	5,753	<b>Telecommunications (0.6%)</b>		
Amphenol Corp. Class A	143,612	15,543	Marathon Oil Corp.	386,637	5,251	CenturyLink Inc.	527,655	6,970
TransDigm Group Inc.	24,570	13,759	National Oilwell Varco Inc.	187,098	4,687	* Zayo Group Holdings Inc.	114,420	3,965
Willis Towers Watson plc	62,190	12,559	Apache Corp.	182,225	4,663	*^ Zoom Video Communications Inc. Class A	21,942	1,493
* FleetCor Technologies Inc.	42,039	12,095	Targa Resources Corp.	112,798	4,606			<b>12,428</b>
Verisk Analytics Inc. Class A	79,263	11,837	Devon Energy Corp.	176,500	4,584			
Waste Connections Inc.	127,561	11,581						
Cintas Corp.	42,636	11,473						
AMETEK Inc.	110,576	11,029						

# Mid-Cap Index Portfolio

	Shares	Market Value* (\$000)
<b>Utilities (6.6%)</b>		
WEC Energy Group Inc.	152,671	14,081
Eversource Energy	156,648	13,326
FirstEnergy Corp.	261,568	12,712
DTE Energy Co.	92,649	12,032
Entergy Corp.	96,432	11,553
American Water Works Co. Inc.	87,485	10,747
Ameren Corp.	119,130	9,149
CMS Energy Corp.	137,486	8,640
Eversource Energy	110,435	7,188
CenterPoint Energy Inc.	242,573	6,615
Alliant Energy Corp.	118,234	6,470
AES Corp.	321,346	6,395
NiSource Inc.	180,903	5,036
Pinnacle West Capital Corp.	54,395	4,892
Vistra Energy Corp.	188,788	4,340
OGE Energy Corp.	97,028	4,315
NRG Energy Inc.	57,700	2,294
Avangrid Inc.	29,845	1,527
		<b>141,312</b>
<b>Total Common Stocks</b>		
(Cost \$1,665,949)		<b>2,146,346</b>
<b>Temporary Cash Investments (0.6%)<sup>1</sup></b>		
<b>Money Market Fund (0.6%)</b>		
<sup>2,3</sup> Vanguard Market Liquidity Fund, 1.816%	113,181	11,319
	Face Amount (\$000)	
<b>U.S. Government and Agency Obligations (0.0%)</b>		
<sup>4</sup> United States Treasury Bill, 1.527%, 4/30/20	400	398
<b>Total Temporary Cash Investments</b>		
(Cost \$11,718)		<b>11,717</b>
<b>Total Investments (100.2%)</b>		
(Cost \$1,677,667)		<b>2,158,063</b>

	Amount (\$000)
<b>Other Assets and Liabilities (-0.2%)</b>	
<b>Other Assets</b>	
Investment in Vanguard	94
Receivables for Accrued Income	3,588
Receivables for Capital Shares Issued	685
Variation Margin Receivable—	
Futures Contracts	18
Other Assets <sup>4</sup>	191
<b>Total Other Assets</b>	<b>4,576</b>
<b>Liabilities</b>	
Payables for Investment Securities	
Purchased	(102)
Collateral for Securities on Loan	(3,913)
Payables for Capital Shares Redeemed	(2,895)
Payables to Vanguard	(745)
Other Liabilities	(206)
<b>Total Liabilities</b>	<b>(7,861)</b>
<b>Net Assets (100%)</b>	
Applicable to 89,684,771 outstanding \$0.01 par value shares of beneficial interest (unlimited authorization)	
	<b>2,154,778</b>
<b>Net Asset Value Per Share</b>	<b>\$24.03</b>

At December 31, 2019, net assets consisted of:

	Amount (\$000)
Paid-in Capital	1,535,254
Total Distributable Earnings (Loss)	619,524
<b>Net Assets</b>	<b>2,154,778</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

<sup>^</sup> Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$3,819,000.

<sup>1</sup> The portfolio invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the portfolio's effective common stock and temporary cash investment positions represent 100.1% and 0.1%, respectively, of net assets.

<sup>2</sup> Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

<sup>3</sup> Collateral of \$3,913,000 was received for securities on loan.

<sup>4</sup> Securities with a value of \$183,000 and cash of \$163,000 have been segregated as initial margin for open futures contracts.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
E-mini S&P 500 Index	March 2020	43	6,947	73
E-mini S&P Mid-Cap 400 Index	March 2020	10	2,065	36
				<b>109</b>

## Statement of Operations

	Year Ended December 31, 2019 (\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends	32,028
Interest <sup>1</sup>	111
Securities Lending—Net	167
<b>Total Income</b>	<b>32,306</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	290
Management and Administrative	2,736
Marketing and Distribution	198
Custodian Fees	36
Auditing Fees	33
Shareholders' Reports	30
Trustees' Fees and Expenses	1
<b>Total Expenses</b>	<b>3,324</b>
Expenses Paid Indirectly	(19)
<b>Net Expenses</b>	<b>3,305</b>
<b>Net Investment Income</b>	<b>29,001</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	111,773
Futures Contracts	1,145
<b>Realized Net Gain (Loss)</b>	<b>112,918</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	359,752
Futures Contracts	295
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>360,047</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>501,966</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$102,000, \$2,000, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Year Ended December 31, 2019      2018 (\$000)      (\$000)	
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	29,001	27,241
Realized Net Gain (Loss)	112,918	143,656
Change in Unrealized Appreciation (Depreciation)	360,047	(339,835)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>501,966</b>	<b>(168,938)</b>
<b>Distributions</b>		
Net Investment Income	(27,995)	(21,762)
Realized Capital Gain <sup>1</sup>	(144,308)	(88,481)
<b>Total Distributions</b>	<b>(172,303)</b>	<b>(110,243)</b>
<b>Capital Share Transactions</b>		
Issued	300,982	255,681
Issued in Lieu of Cash Distributions	172,303	110,243
Redeemed	(269,427)	(269,732)
<b>Net Increase (Decrease) from Capital Share Transactions</b>	<b>203,858</b>	<b>96,192</b>
<b>Total Increase (Decrease)</b>	<b>533,521</b>	<b>(182,989)</b>
<b>Net Assets</b>		
<b>Beginning of Period</b>	<b>1,621,257</b>	<b>1,804,246</b>
<b>End of Period</b>	<b>2,154,778</b>	<b>1,621,257</b>

<sup>1</sup> Includes fiscal 2019 and 2018 short-term gain distributions totaling \$4,013,000 and \$3,072,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$20.23</b>	<b>\$23.72</b>	<b>\$21.11</b>	<b>\$20.76</b>	<b>\$22.49</b>
<b>Investment Operations</b>					
Net Investment Income	.334 <sup>1</sup>	.343 <sup>1</sup>	.292 <sup>1</sup>	.280	.291
Net Realized and Unrealized Gain (Loss) on Investments	5.621	(2.386)	3.575	1.814	(.552)
Total from Investment Operations	5.955	(2.043)	3.867	2.094	(.261)
<b>Distributions</b>					
Dividends from Net Investment Income	(.350)	(.286)	(.270)	(.292)	(.268)
Distributions from Realized Capital Gains	(1.805)	(1.161)	(.987)	(1.452)	(1.201)
Total Distributions	(2.155)	(1.447)	(1.257)	(1.744)	(1.469)
<b>Net Asset Value, End of Period</b>	<b>\$24.03</b>	<b>\$20.23</b>	<b>\$23.72</b>	<b>\$21.11</b>	<b>\$20.76</b>
<b>Total Return</b>	<b>30.87%</b>	<b>-9.33%</b>	<b>19.08%</b>	<b>11.11%</b>	<b>-1.43%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$2,155	\$1,621	\$1,804	\$1,495	\$1,363
Ratio of Total Expenses to Average Net Assets	0.17%	0.17%	0.19%	0.19%	0.19%
Ratio of Net Investment Income to Average Net Assets	1.49%	1.49%	1.32%	1.40%	1.35%
Portfolio Turnover Rate	21%	21%	18%	21%	23%

<sup>1</sup> Calculated based on average shares outstanding.



## Notes to Financial Statements

The Mid-Cap Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The portfolio may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any assets pledged as initial margin for open contracts are noted in the Statement of Net Assets.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

During the year ended December 31, 2019, the portfolio's average investments in long and short futures contracts represented less than 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. **Federal Income Taxes:** The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties.

The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

**6. Credit Facility:** The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

**7. Other:** Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities purchased are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities which are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

**B.** In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$94,000, representing less than 0.01% of the portfolio's net assets and 0.04% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

**C.** The portfolio's custodian bank has agreed to reduce its fees when the portfolio maintains cash on deposit in the non-interest-bearing custody account. For the year ended December 31, 2019, custodian fee offset arrangements reduced the portfolio's expenses by \$19,000 (an annual rate of less than 0.01% of average net assets).

**D.** Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks	2,146,346	—	—
Temporary Cash Investments	11,319	398	—
Futures Contracts—Assets <sup>1</sup>	18	—	—
Total	2,157,683	398	—

<sup>1</sup> Represents variation margin on the last day of the reporting period.

E. Permanent differences between book-basis and tax-basis components of net assets, if any, are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share.

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales and the realization of unrealized gains or losses on certain futures contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	28,442
Undistributed Long-Term Gains	111,241
Capital Loss Carryforwards (Non-expiring)	—
Net Unrealized Gains (Losses)	480,396

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	1,677,667
Gross Unrealized Appreciation	576,482
Gross Unrealized Depreciation	(96,086)
Net Unrealized Appreciation (Depreciation)	480,396

F. During the year ended December 31, 2019, the portfolio purchased \$463,048,000 of investment securities and sold \$403,744,000 of investment securities, other than temporary cash investments.

The portfolio purchased securities from and sold securities to other Vanguard funds or accounts managed by Vanguard or its affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the year ended December 31, 2019, such purchases and sales were \$53,731,000 and \$188,215,000, respectively; these amounts are included in the purchases and sales of investment securities noted above.

G. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019	2018
	Shares	Shares
	(000)	(000)
Issued	13,473	11,048
Issued in Lieu of Cash Distributions	8,135	4,812
Redeemed	(12,082)	(11,768)
Net Increase (Decrease) in Shares Outstanding	9,526	4,092

At December 31, 2019, one shareholder, an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders, was the record or beneficial owner of 40% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

H. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Mid-Cap Index Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets of Mid-Cap Index Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### Special 2019 tax information (unaudited) for corporate shareholders only for Mid-Cap Index Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2019, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$140,295,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 83.5% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://www.sec.gov). In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).



P.O. Box 2600  
Valley Forge, PA 19482-2600

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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**Annual Report** | December 31, 2019

# Vanguard Variable Insurance Fund

Real Estate Index Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets—affecting stocks, bonds, and commodities—has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

Mortimer J. Buckley  
Chairman and Chief Executive Officer  
January 23, 2020

# Real Estate Index Portfolio

## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2019, the Real Estate Index Portfolio returned 28.81%, in line with its target benchmark index after factoring in the portfolio's expenses, and about 2 percentage points behind the broad U.S. stock market.
- The Federal Reserve reduced its target for short-term interest rates three times during the year. Real estate investment trusts (REITs), which are particularly sensitive to rate changes, attracted investors searching for more solid sources of income in the low-rate environment.
- All subsectors of the REIT market finished in positive territory. Specialized REITs, which account for about a third of the portfolio, added the most to results. Residential, industrial, office, health care, and diversified REITs also made notable contributions.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund (VVIF) are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%



## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

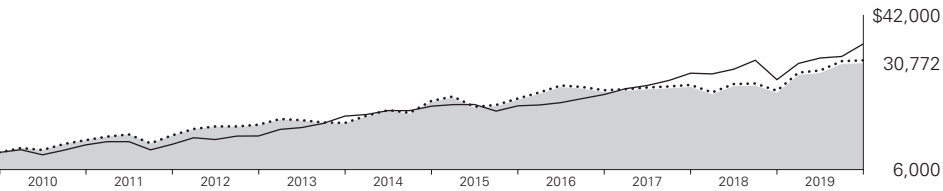
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
Real Estate Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,080.19	\$1.36
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.89	1.33

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.26%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Real Estate Index Portfolio	28.81 %	7.19%	11.90%	\$30,772
Real Estate Spliced Index	29.03	7.42	12.13	31,431
Dow Jones U.S. Total Stock Market Float Adjusted Index	30.90	11.18	13.43	35,251

Real Estate Spliced Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; the MSCI US REIT Index through January 18, 2018; and the MSCI US Investable Market Real Estate 25/50 Index thereafter.

## Subindustry Diversification

As of December 31, 2019

Diversified REITs	4.8%
Health Care REITs	9.6
Hotel & Resort REITs	4.2
Industrial REITs	8.3
Office REITs	9.5
Residential REITs	14.6
Retail REITs	12.0
Specialized REITs	33.2
Real Estate Management and Development	3.8

The table reflects the portfolio's equity exposure, based on its investments in stocks and stock index futures. Any holdings in short-term reserves are excluded. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Financial Statements

### Statement of Net Assets

As of December 31, 2019

The portfolio files its 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. The portfolio's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
<b>Equity Real Estate Investment Trusts (REITs) (96.1%)<sup>1</sup></b>								
<b>Diversified REITs (4.8%)</b>								
WP Carey Inc.	166,211	13,304	MGM Growth Properties LLC Class A	111,091	3,440	Equity Commonwealth	118,772	3,899
VEREIT Inc.	1,025,658	9,477	Pebblebrook Hotel Trust	127,993	3,431	Corporate Office Properties Trust	109,490	3,217
Liberty Property Trust	152,367	9,150	Apple Hospitality REIT Inc.	208,759	3,392	Piedmont Office Realty Trust Inc. Class A	123,285	2,742
STORE Capital Corp.	213,175	7,939	Sunstone Hotel Investors Inc.	220,264	3,066	Brandywine Realty Trust	170,705	2,689
PS Business Parks Inc.	20,081	3,311	RLJ Lodging Trust	169,838	3,010	Paramount Group Inc.	181,442	2,526
Washington REIT	77,594	2,264	Xenia Hotels & Resorts Inc.	109,152	2,359	Columbia Property Trust Inc.	113,262	2,368
American Assets Trust Inc.	49,172	2,257	DiamondRock Hospitality Co.	193,998	2,150	Mack-Cali Realty Corp.	87,728	2,029
Colony Capital Inc.	447,869	2,127	Summit Hotel Properties Inc.	101,743	1,256	Easterly Government Properties Inc.	68,985	1,637
Empire State Realty Trust Inc.	146,452	2,044	Chatham Lodging Trust	45,726	839	Office Properties Income Trust	46,645	1,499
Essential Properties Realty Trust Inc.	73,947	1,835	Hersha Hospitality Trust Class A	36,250	527	Franklin Street Properties Corp.	104,158	891
Global Net Lease Inc.	81,806	1,659	CorePoint Lodging Inc.	39,021	417	City Office REIT Inc.	52,875	715
Alexander & Baldwin Inc.	66,358	1,391	Ashford Hospitality Trust Inc.	94,335	263			<b>117,961</b>
Armada Hoffer Properties Inc.	51,086	937	Braemar Hotels & Resorts Inc.	26,792	239	<b>Residential REITs (14.6%)</b>		
iStar Inc.	60,180	873			<b>51,657</b>	Equity Residential	360,785	29,195
Gladstone Commercial Corp.	30,059	657	<b>Industrial REITs (8.3%)</b>			AvalonBay Communities Inc.	135,816	28,481
One Liberty Properties Inc.	14,567	396	Prologis Inc.	614,038	54,735	Essex Property Trust Inc.	63,961	19,243
*.s Winthrop Realty Trust	32,397	28	Duke Realty Corp.	351,565	12,189	Invitation Homes Inc.	523,493	15,689
		<b>59,649</b>	Americold Realty Trust	177,061	6,208	Mid-America Apartment Communities Inc.	110,990	14,635
<b>Health Care REITs (9.6%)</b>			First Industrial Realty Trust Inc.	123,146	5,112	UDR Inc.	285,137	13,316
Welltower Inc.	394,404	32,254	Rexford Industrial Realty Inc.	106,834	4,879	Sun Communities Inc.	88,155	13,232
Ventas Inc.	362,744	20,945	EastGroup Properties Inc.	36,578	4,853	Equity LifeStyle Properties Inc.	168,252	11,843
Healthpeak Properties Inc.	477,627	16,464	STAG Industrial Inc.	124,114	3,918	Camden Property Trust	94,246	10,000
Medical Properties Trust Inc.	496,604	10,483	Terreno Realty Corp.	63,956	3,463	Apartment Investment & Management Co.	144,835	7,481
Omega Healthcare Investors Inc.	212,664	9,006	Lexington Realty Trust Class B	204,649	2,173	American Homes 4 Rent Class A	262,313	6,875
Healthcare Trust of America Inc. Class A	199,577	6,043	Hannon Armstrong Sustainable Infrastructure Capital Inc.	63,654	2,048	American Campus Communities Inc.	133,616	6,284
Healthcare Realty Trust Inc.	125,955	4,203	Industrial Logistics Properties Trust	63,059	1,414	Independence Realty Trust Inc.	88,730	1,249
Sabra Health Care REIT Inc.	184,999	3,948	Monmouth Real Estate Investment Corp.	87,871	1,272	NexPoint Residential Trust Inc.	18,919	851
National Health Investors Inc.	42,068	3,428	^ Innovative Industrial Properties Inc.	10,978	833	Investors Real Estate Trust	11,169	810
Physicians Realty Trust	180,872	3,426			<b>103,097</b>	Front Yard Residential Corp.	49,478	611
Senior Housing Properties Trust	230,360	1,944	<b>Office REITs (9.5%)</b>			Preferred Apartment Communities Inc. Class A	43,231	576
CareTrust REIT Inc.	92,577	1,910	Boston Properties Inc.	150,386	20,732	UMH Properties Inc.	35,299	555
LTC Properties Inc.	38,504	1,724	Alexandria Real Estate Equities Inc.	110,278	17,819			<b>180,926</b>
Universal Health Realty Income Trust	12,708	1,492	Vornado Realty Trust	166,885	11,098	<b>Retail REITs (12.0%)</b>		
Community Healthcare Trust Inc.	17,872	766	Kilroy Realty Corp.	98,120	8,232	Simon Property Group Inc.	299,882	44,670
New Senior Investment Group Inc.	80,535	616	SL Green Realty Corp.	80,179	7,367	Realty Income Corp.	309,757	22,807
Global Medical REIT Inc.	39,551	523	Douglas Emmett Inc.	161,907	7,108	Regency Centers Corp.	163,282	10,302
		<b>119,175</b>	Cousins Properties Inc.	141,460	5,828	Federal Realty Investment Trust	72,809	9,373
<b>Hotel &amp; Resort REITs (4.2%)</b>			Hudson Pacific Properties Inc.	150,291	5,658	National Retail Properties Inc.	158,837	8,517
Host Hotels & Resorts Inc.	711,309	13,195	JBG SMITH Properties	124,333	4,960	Kimco Realty Corp.	410,139	8,494
Park Hotels & Resorts Inc.	232,831	6,023	Highwoods Properties Inc.	101,141	4,947	Brixmor Property Group Inc.	289,715	6,261
Ryman Hospitality Properties Inc.	47,634	4,128				Spirit Realty Capital Inc.	87,767	4,316
Service Properties Trust	161,190	3,922						

**Real Estate Index Portfolio**

	Shares	Market Value* (\$000)
Weingarten Realty Investors	119,479	3,733
^ Macerich Co.	109,516	2,948
Agree Realty Corp.	41,008	2,878
Retail Properties of America Inc.	206,987	2,774
Urban Edge Properties	117,416	2,252
Acadia Realty Trust	81,825	2,122
SITE Centers Corp.	139,964	1,962
Retail Opportunity Investments Corp.	110,741	1,956
Taubman Centers Inc.	59,251	1,842
Kite Realty Group Trust	81,404	1,590
American Finance Trust Inc.	103,234	1,369
Seritage Growth Properties Class A	33,914	1,359
^ Tanger Factory Outlet Centers Inc.	90,655	1,335
RPT Realty	77,623	1,167
Getty Realty Corp.	33,985	1,117
Alexander's Inc.	2,212	731
Urstadt Biddle Properties Inc. Class A	28,790	715
Saul Centers Inc.	13,416	708
^ Washington Prime Group Inc.	180,008	655
Retail Value Inc.	14,702	541
Whitestone REIT	36,779	501
^ Pennsylvania REIT	71,364	380
Cedar Realty Trust Inc.	85,440	252
Spirit MTA REIT	42,040	32
		<b>149,659</b>

**Specialized REITs (33.1%)**

American Tower Corp.	430,674	98,978
Crown Castle International Corp.	404,528	57,504
Equinix Inc.	82,510	48,161
Public Storage	152,884	32,558
SBA Communications Corp. Class A	110,070	26,526
Digital Realty Trust Inc.	202,663	24,267
Weyerhaeuser Co.	724,760	21,888
Extra Space Storage Inc.	124,961	13,198
VICI Properties Inc.	448,722	11,465
Iron Mountain Inc.	278,991	8,891
Gaming and Leisure Properties Inc.	198,166	8,531
Lamar Advertising Co. Class A	83,577	7,460
CyrusOne Inc.	110,043	7,200
CubeSmart	187,194	5,893
EPR Properties	75,482	5,332
Life Storage Inc.	45,408	4,917
Rayonier Inc.	126,376	4,140
CoreSite Realty Corp.	35,965	4,032
Outfront Media Inc.	139,823	3,750
QTS Realty Trust Inc. Class A	53,577	2,908
PotlatchDeltic Corp.	65,689	2,842
CoreCivic Inc.	115,268	2,003
GEO Group Inc.	117,514	1,952
National Storage Affiliates Trust	57,449	1,931
Four Corners Property Trust Inc.	66,246	1,867
Uniti Group Inc.	187,157	1,537
CorEnergy Infrastructure Trust Inc.	13,108	586

	Shares	Market Value* (\$000)
CatchMark Timber Trust Inc. Class A	47,483	545
Jernigan Capital Inc.	21,540	412
Safehold Inc.	9,798	395
		<b>411,669</b>

**Total Equity Real Estate Investment Trusts (REITs) (Cost \$1,093,553) 1,193,793**
**Real Estate Management & Development (3.8%)<sup>1</sup>**

* CBRE Group Inc. Class A	311,282	19,078
Jones Lang LaSalle Inc.	50,093	8,721
* Howard Hughes Corp.	39,985	5,070
Kennedy-Wilson Holdings Inc.	124,080	2,767
Newmark Group Inc. Class A	143,946	1,937
* Cushman & Wakefield plc	94,647	1,935
* ^ Redfin Corp.	71,357	1,509
^ Realogy Holdings Corp.	110,760	1,072
* Marcus & Millichap Inc.	22,767	848
RE/MAX Holdings Inc. Class A	18,043	694
* St. Joe Co.	34,711	688
RMR Group Inc. Class A	14,631	668
* Five Point Holdings LLC Class A	49,235	342
* Tejon Ranch Co.	21,312	341
* FRP Holdings Inc.	6,769	337
* Forestar Group Inc.	16,023	334
* ^ eXp World Holdings Inc.	20,656	234
* Altisource Portfolio Solutions SA	6,356	123

**Total Real Estate Management & Development (Cost \$41,907) 46,698**
**Temporary Cash Investments (0.3%)<sup>1</sup>**

<sup>2,3</sup> Vanguard Market Liquidity Fund, 1.816%	38,726	3,873
	Face Amount (\$000)	

**U.S. Government and Agency Obligations (0.0%)**

<sup>4</sup> United States Treasury Bill, 1.541%, 4/30/20	100	100
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**Total Temporary Cash Investments (Cost \$3,973) 3,973**
**Total Investments (100.2%) (Cost \$1,139,433) 1,244,464**
**Amount (\$000)**
**Other Assets and Liabilities (-0.2%)**

<b>Other Assets</b>	
Investment in Vanguard	56
Receivables for Investment Securities Sold	1
Receivables for Accrued Income	5,402
Receivables for Capital Shares Issued	297
Variation Margin Receivable—Futures Contracts	15
Other Assets	46

**Total Other Assets 5,817**

<b>Liabilities</b>	
Payables for Investment Securities Purchased	(2,011)
Collateral for Securities on Loan	(3,858)
Payables for Capital Shares Redeemed	(1,288)
Payables to Vanguard	(526)
Other Liabilities	(147)

**Total Liabilities (7,830)**
**Net Assets (100%)**

Applicable to 90,431,333 outstanding \$0.01 par value shares of beneficial interest (unlimited authorization)	1,242,451
<b>Net Asset Value Per Share</b>	<b>\$13.74</b>

**At December 31, 2019, net assets consisted of:**

	Amount (\$000)
Paid-in Capital	1,093,312
Total Distributable Earnings (Loss)	149,139
<b>Net Assets</b>	<b>1,242,451</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

§ Security value determined using significant unobservable inputs.

^ Includes partial security positions on loan to broker-dealers.

The total value of securities on loan is \$3,753,000.

<sup>1</sup> The portfolio invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the portfolio's effective common stock and temporary cash investment positions represent 100.1% and 0.1%, respectively, of net assets.

<sup>2</sup> Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

<sup>3</sup> Collateral of \$3,858,000 was received for securities on loan.

<sup>4</sup> Securities with a value of \$89,000 have been segregated as initial margin for open futures contracts.

REIT—Real Estate Investment Trust.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
Dow Jones U.S. Real Estate Index	March 2020	65	2,389	85

## Statement of Operations

	Year Ended December 31, 2019 (\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends	32,059
Interest <sup>1</sup>	32
Securities Lending—Net	61
Total Income	32,152
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	173
Management and Administrative	2,658
Marketing and Distribution	112
Custodian Fees	25
Auditing Fees	35
Shareholders' Reports	19
Trustees' Fees and Expenses	1
Total Expenses	3,023
Expenses Paid Indirectly	(19)
Net Expenses	3,004
<b>Net Investment Income</b>	<b>29,148</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	11,579
Futures Contracts	270
Capital Gain Distributions Received	5,739
<b>Realized Net Gain (Loss)</b>	<b>17,588</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	229,952
Futures Contracts	218
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>230,170</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>276,906</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$29,000, \$3,000, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Year Ended December 31, 2019      2018 (\$000)      (\$000)	
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	29,148	30,686
Realized Net Gain (Loss)	17,588	53,322
Change in Unrealized Appreciation (Depreciation)	230,170	(141,621)
Net Increase (Decrease) in Net Assets Resulting from Operations	276,906	(57,613)
<b>Distributions</b>		
Net Investment Income	(30,595)	(30,725)
Realized Capital Gain <sup>1</sup>	(55,292)	(37,675)
Total Distributions	(85,887)	(68,400)
<b>Capital Share Transactions</b>		
Issued	159,509	145,927
Issued in Lieu of Cash Distributions	85,887	68,400
Redeemed	(159,033)	(200,093)
Net Increase (Decrease) from Capital Share Transactions	86,363	14,234
Total Increase (Decrease)	277,382	(111,779)
<b>Net Assets</b>		
Beginning of Period	965,069	1,076,848
End of Period	1,242,451	965,069

<sup>1</sup> Includes fiscal 2019 and 2018 short-term gain distributions totaling \$6,455,000 and \$441,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.57</b>	<b>\$13.14</b>	<b>\$13.48</b>	<b>\$13.77</b>	<b>\$14.17</b>
<b>Investment Operations</b>					
Net Investment Income	.329 <sup>1</sup>	.367 <sup>1</sup>	.375 <sup>1</sup>	.346	.358
Net Realized and Unrealized Gain (Loss) on Investments	2.874	(1.084)	.220	.734	(.032)
Total from Investment Operations	3.203	(.717)	.595	1.080	.326
<b>Distributions</b>					
Dividends from Net Investment Income	(.368)	(.383)	(.336)	(.375)	(.251)
Distributions from Realized Capital Gains	(.665)	(.470)	(.599)	(.995)	(.475)
Total Distributions	(1.033)	(.853)	(.935)	(1.370)	(.726)
<b>Net Asset Value, End of Period</b>	<b>\$13.74</b>	<b>\$11.57</b>	<b>\$13.14</b>	<b>\$13.48</b>	<b>\$13.77</b>
<b>Total Return</b>	<b>28.81%</b>	<b>-5.35%</b>	<b>4.78%</b>	<b>8.36%</b>	<b>2.22%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$1,242	\$965	\$1,077	\$1,093	\$990
Ratio of Total Expenses to Average Net Assets	0.26%	0.26%	0.27%	0.27%	0.27%
Ratio of Net Investment Income to Average Net Assets	2.52%	3.04%	2.87%	2.55%	2.60%
Portfolio Turnover Rate	7%	35%	10%	14%	21%

<sup>1</sup> Calculated based on average shares outstanding.



## Notes to Financial Statements

The Real Estate Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The portfolio may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any assets pledged as initial margin for open contracts are noted in the Statement of Net Assets.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

During the year ended December 31, 2019, the portfolio's average investments in long and short futures contracts represented less than 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. **Federal Income Taxes:** The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties.

The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

6. Credit Facility: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

7. Other: Distributions received from investment securities are recorded on the ex-dividend date. Each investment security typically reports annually the tax character of its distributions. Dividend income, capital gain distributions received, and unrealized appreciation (depreciation) reflect the amounts of taxable income, capital gain, and return of capital reported by the investment securities, and management's estimates of such amounts for investment security distributions for which actual information has not been reported. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$56,000, representing less than 0.01% of the portfolio's net assets and 0.02% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

C. The portfolio's custodian bank has agreed to reduce its fees when the portfolio maintains cash on deposit in the non-interest-bearing custody account. For the year ended December 31, 2019, custodian fee offset arrangements reduced the portfolio's expenses by \$19,000 (an annual rate of less than 0.01% of average net assets).

D. Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Investments			
Common Stocks	1,240,463	—	28
Temporary Cash Investments	3,873	100	—
Futures Contracts—Assets <sup>1</sup>	15	—	—
Total	1,244,351	100	28

<sup>1</sup> Represents variation margin on the last day of the reporting period.

E. Permanent differences between book-basis and tax-basis components of net assets, if any, are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share.

	Amount (\$000)
Paid-in Capital	—
Total Distributable Earnings (Loss)	—

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales and the realization of unrealized gains or losses on certain futures contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	26,310
Undistributed Long-Term Gains	16,178
Capital Loss Carryforwards (Non-expiring)	—
Net Unrealized Gains (Losses)	105,031

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	1,139,433
Gross Unrealized Appreciation	229,375
Gross Unrealized Depreciation	(124,344)
Net Unrealized Appreciation (Depreciation)	105,031

F. During the year ended December 31, 2019, the portfolio purchased \$122,461,000 of investment securities and sold \$81,611,000 of investment securities, other than temporary cash investments.

## G. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019 Shares (000)	2018 Shares (000)
Issued	12,229	12,072
Issued in Lieu of Cash Distributions	7,040	6,005
Redeemed	(12,225)	(16,621)
Net Increase (Decrease) in Shares Outstanding	7,044	1,456

At December 31, 2019, one shareholder, an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders, was the record or beneficial owner of 44% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

H. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Real Estate Index Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets of Real Estate Index Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### Special 2019 tax information (unaudited) for corporate shareholders only for Vanguard Real Estate Index Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2019, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$48,837,000 as capital gain dividends (from net long-term capital gains) to shareholders during the fiscal year. The portfolio designates \$47,555,000 of its capital gain dividends as 20% rate gain distributions and \$1,282,000 as unrecaptured section 1250 gain distributions (25% rate gain).

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://www.sec.gov). In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).



P.O. Box 2600  
Valley Forge, PA 19482-2600

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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**Annual Report** | December 31, 2019

# Vanguard Variable Insurance Fund

Small Company Growth Portfolio

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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## A Note From Our Chairman



**Tim Buckley**  
Chairman and Chief Executive Officer

Dear Planholder,

Recent volatility in financial markets— affecting stocks, bonds, and commodities— has been a good reminder of the wise old adage, “Never keep all your eggs in one basket.” Maintaining balance and diversification in your investment portfolio can help to both limit risk and set you up for long-term success.

It’s understandable why some investors might become complacent after a long market run-up like the one that lifted stock prices, especially U.S. stock prices, in the years following the global financial crisis. But failing to rebalance regularly can leave a portfolio with a much different mix of assets than intended and, often, more risk than intended.

Balance across and diversification within asset classes are powerful tools for managing risk and achieving your investment goals. A portfolio’s allocation will determine a large portion of its long-term return and also the majority of its volatility risk. A well-diversified portfolio is less vulnerable to significant swings in the performance of any one segment of the asset classes in which it invests.

Balance and diversification will never eliminate the risk of loss, nor will they guarantee positive returns in a declining market. But they may reduce the chance that you’ll suffer disproportionate losses in one particular high-flying asset class or sector when it comes back to earth. And exposure to all key market components should give you at least some participation in the sectors that are performing best at any given time.

Vanguard is committed to helping you achieve balance and diversification in your portfolios to help meet your investment goals. We thank you for your continued loyalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mortimer J. Buckley". The signature is fluid and cursive, with a long, sweeping tail on the last name.

Mortimer J. Buckley  
Chairman and Chief Executive Officer  
January 23, 2020

# Small Company Growth Portfolio

## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2019, the Small Company Growth Portfolio of Vanguard Variable Insurance Fund returned 28.05%. It lagged the 32.65% return of its benchmark, the Russell 2500 Growth Index.
- Stocks and bonds recorded their best results in years. Stocks benefited from accommodative monetary policies implemented by the Federal Reserve and other major central banks. Safer assets such as bonds also attracted investors as the U.S.-China trade conflict fueled global economic growth concerns.
- Both allocation and selection detracted from performance. Selection in information technology, health care, and communication services weighed on returns. In information technology, selection in the software industry hurt the most. An overweight allocation to consumer discretionary and an underweighting of information technology also modestly dragged on performance. Selection in consumer discretionary boosted returns.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2019		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	31.43%	15.05%	11.48%
Russell 2000 Index (Small-caps)	25.53	8.59	8.23
Russell 3000 Index (Broad U.S. market)	31.02	14.57	11.24
FTSE All-World ex US Index (International)	21.81	9.96	5.83
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	8.72%	4.03%	3.05%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	7.54	4.72	3.53
FTSE Three-Month U.S. Treasury Bill Index	2.25	1.65	1.04
<b>CPI</b>			
Consumer Price Index	2.29%	2.10%	1.82%



## Advisors' Report

The Small Company Growth Portfolio returned 28.05% for the 12 months ended December 31, 2019. It lagged the 32.65% return of its benchmark, the Russell 2500 Growth Index.

The portfolio is managed by two independent advisors, a strategy that enhances diversification by providing exposure to distinct yet complementary investment approaches. It is not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The advisors, the amount and percentage of the portfolio's assets each manages, and brief descriptions of their investment strategies are presented in the accompanying table. Each advisor has also prepared a discussion of the investment environment that existed during the 12 months and its effect on the portfolio's positioning. These comments were prepared on January 23, 2020.

### Vanguard Quantitative Equity Group

Portfolio Managers:

James P. Stetler

Binbin Guo, Principal, Head of Alpha Equity Investments

#### The investment environment

Stocks in the United States surged in 2019, outperforming their international counterparts. The S&P 500 Index returned 31.49%, while the FTSE Global All Cap ex US Index returned 21.80%. The primary catalysts for the strong results were accommodative monetary policy by the U.S. Federal Reserve, corporate earnings, and an easing of geopolitical tensions near the end of the year.

The 12 months began with concerns about moderating economic growth, tightening fiscal policy, and geopolitical tensions. However, the market quickly pivoted and produced strong results in the first quarter of 2019 because of more supportive rhetoric from the Fed, the perception

of easing tensions between the U.S. and China, and solid corporate earnings. Concerns grew about corporate earnings and geopolitical risks midyear. But the combination of stabilizing economic data, accommodative central banks, and the announcement of a U.S.-China "phase one" trade deal boosted equities later.

The Federal Reserve ended the fiscal year by reversing course from the previous year and pursuing a pro-market policy. After raising interest rates by 25 basis points in December 2018, the Fed cut them three times by a combined 0.75% over the course of 2019. The reaching of the U.S.-China trade deal provided more certainty and helped produce a more supportive environment. Corporate earnings for the 12 months remained resilient, if not spectacular.

The broad fixed income markets generated positive returns, primarily because of stronger-than-expected growth, tame inflation, and continued central bank monetary support. Against this backdrop, U.S. Treasury yields fell and the Bloomberg Barclays U.S. Aggregate Float Adjusted Index returned 8.87% for the year. Sovereign yields also declined in most markets following the injection of monetary stimulus by the Fed and the European Central Bank. The Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged returned 8.06%.

#### Investment objective and strategy

Although our overall performance is affected by the macroeconomic factors we've described, our approach to investing focuses on specific stock fundamentals that we believe are more likely to produce outperformance over the long run. Those fundamentals include high quality, management decisions, consistent earnings growth, strong market sentiment, and reasonable valuation.

Using these five themes, we generate a composite stock ranking, seeking to capitalize on investor biases. We then monitor our portfolio based on those

rankings and adjust when appropriate to maximize expected return while minimizing exposure to risks that our research indicates do not improve returns (such as industry selection and other risks relative to our benchmark).

#### Our successes and shortfalls

Over the 12 months, our quality, growth, and management decisions models detracted from performance. Our sentiment model produced gains. Results lagged the benchmark in all 11 industry sectors. Health care, consumer discretionary, and communication services detracted the most from relative performance.

At the individual stock level, the greatest shortfalls came from underweighting Dexcom and overweighting Acorda Therapeutics, Boingo Wireless, PagerDuty, and Tailored Brands. The strongest results came from underweighting Grubhub and overweighting Arrowhead Pharmaceuticals, Lattice Semiconductor, Array BioPharma, and Generac Holdings.

We continue to believe that a portfolio focused on fundamentals will benefit investors over the long term, although we recognize that the market can reward or punish us in the near term. We believe our portfolio offers a strong mix of stocks with attractive growth, sentiment, and value characteristics.

### ArrowMark Partners

Portfolio Managers:

Chad Meade, Partner

Brian Schaub, CFA, Partner

#### The investment environment

U.S. equity markets delivered solid performance during the fourth quarter, ending a strong year in which all major indexes appreciated by more than 20%. Despite the positive returns, trade disruptions, a contraction in manufacturing, and geopolitical risks weighed on U.S. and global economic growth.

Balancing these economic concerns, strong employment numbers and benign inflation boosted the economy. During the year, Federal Reserve policymakers responded to heightened global economic risks by cutting the federal funds rate three times, in August, September, and October, for a total reduction of 75 basis points. Equity valuations expanded in many sectors, affording fewer opportunities to find companies that meet our strict investment criteria.

#### Investment objective

Our investment process prioritizes the management of risk over the opportunity for return. Our goal is to build an all-weather portfolio that can perform in a variety of market conditions, mitigating capital losses on the downside and participating 100% in market recoveries.

#### Portfolio results

Industrial holdings delivered the largest positive contribution to returns for the year. We maintained an overweight position, specifically in the professional and commercial services segment. This area typically contains companies with attractive business models, recurring revenues, and less economic sensitivity than the broader sector.

In the subsector, long-term holding Clean Harbors, a leading hazardous waste treatment, storage, and disposal management company, delivered strong performance. We have always liked the company's hazardous waste incinerators, which are nearly impossible to replicate. The stock rallied during the year on news of solid financial results.

Consumer discretionary holdings including Skechers USA, which designs and sells lifestyle and athletic footwear, also contributed. The third-largest footwear manufacturer in the U.S., it has a strong and growing international presence. In our view, the market does not fully recognize the growth opportunity represented by this international business. The stock soared after the company reported significantly higher margins and strong organic growth.

Information technology and health care detracted from relative returns. In information technology, an underweight to this top-performing sector and our individual holdings hurt performance.

The largest detractor in the sector was 2U, an educational technology firm that partners with leading nonprofit colleges and universities to offer online degree

programs. The company has many of the qualities that we believe define a good business. These include long-term contracts and recurring revenue, attractive unit economics that should deliver strong EBITDA margins at scale, and brand recognition with marquee university partners to drive growth.

During the fiscal year, however, 2U reported disappointing financial results. Enrollment declined in some of its legacy programs, and competition in online education increased. Our longer-term outlook for the company remains positive. We believe it will continue to grow its core graduate program business at a rate in the mid-to-high teens and that newly launched initiatives will become increasingly profitable over the next year.

Health care lagged partly because of underperformance from biotechnology company Spectrum Pharmaceuticals. The firm announced disappointing clinical trial results for one of its lead drug candidates for the treatment of non-small cell lung cancer.

As always, we will continue to look for opportunities that can perform in a variety of market conditions and mitigate capital losses.

#### Small Company Growth Portfolio Investment Advisors

Investment Advisor	Portfolio Assets Managed		Investment Strategy
	%	\$ Million	
Vanguard Quantitative Equity Group	50	1,048	Employs a quantitative approach that focuses on fundamental factors, using models that assess valuation, growth prospects, management decisions, market sentiment, and earnings and balance-sheet quality of companies as compared with their peers.
ArrowMark Partners	48	1,024	The firm uses in-depth fundamental research to uncover companies that, in its opinion, can control their own economic destiny. It starts by identifying businesses with strong competitive advantages in industries with high barriers to entry, then narrows the focus to companies with large potential markets and high-quality business models focused on the future. Finally, considerations are made for potential downside risk, resulting in a diversified portfolio of between 75 and 100 stocks.
Cash Investments	2	39	These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor may also maintain a modest cash position.

## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table below illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2019

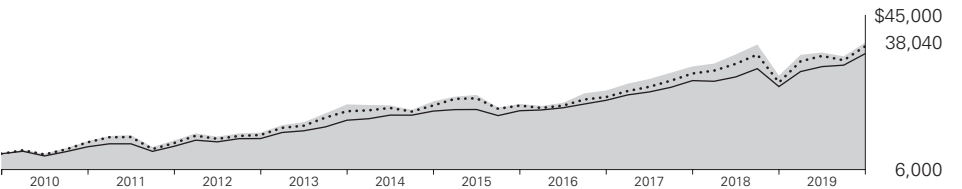
	Beginning Account Value 6/30/2019	Ending Account Value 12/31/2019	Expenses Paid During Period
Small Company Growth Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,071.00	\$1.67
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.59	1.63

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.32%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

# Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor’s shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio’s returns would be lower.

Cumulative Performance: December 31, 2009–December 31, 2019  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2019			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Small Company Growth Portfolio	28.05%	10.39%	14.29%	\$38,040
Russell 2500 Growth Index	32.65	10.84	14.01	37,108
Dow Jones U.S. Total Stock Market Float Adjusted Index	30.90	11.18	13.43	35,251

## Sector Diversification

As of December 31, 2019

Communication Services	3.5%
Consumer Discretionary	15.7
Consumer Staples	1.1
Energy	0.3
Financials	4.3
Health Care	23.1
Industrials	21.7
Information Technology	25.6
Materials	2.3
Other	0.0
Real Estate	2.1
Utilities	0.3

The table reflects the portfolio's equity exposure, based on its investments in stocks and stock index futures. Any holdings in short-term reserves are excluded. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.





**Small Company Growth Portfolio**

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
* Vanda Pharmaceuticals Inc.	185,523	3,044	ABM Industries Inc.	565,249	21,316	Kimball International Inc. Class B	64,327	1,330
* Alkermes plc	145,887	2,976	Cimpress NV	134,502	16,916	Lennox International Inc.	5,197	1,268
*^ Intrexon Corp.	538,831	2,953	Ritchie Bros Auctioneers Inc. (XNYS)	384,778	16,526	* JetBlue Airways Corp.	59,781	1,119
Mesa Laboratories Inc.	11,548	2,880	Tennant Co.	205,399	16,005	Mueller Industries Inc.	34,495	1,095
* Molina Healthcare Inc.	19,674	2,670	* Middleby Corp.	137,612	15,071	Brady Corp. Class A	19,024	1,089
*^ SmileDirectClub Inc.	305,343	2,669	John Bean Technologies Corp.	133,640	15,056	Allegiant Travel Co. Class A	5,460	950
* Retrophin Inc.	181,556	2,578	* Kirby Corp.	150,604	13,484	* SPX Corp.	16,225	826
* Voyager Therapeutics Inc.	180,587	2,519	Heartland Express Inc.	579,928	12,207	* FTI Consulting Inc.	6,983	773
* Natera Inc.	71,731	2,417	Woodward Inc.	89,015	10,543	KAR Auction Services Inc.	32,673	712
* Surmodics Inc.	57,902	2,399	CH Robinson Worldwide Inc.	132,831	10,387	National Presto Industries Inc.	6,597	583
* Epizyme Inc.	97,028	2,387	Matson Inc.	214,145	8,737	Fortune Brands Home & Security Inc.	8,872	580
* Horizon Therapeutics plc	65,347	2,366	Allison Transmission Holdings Inc.	178,897	8,644	EnPro Industries Inc.	7,935	531
* Enanta Pharmaceuticals Inc.	37,745	2,332	Spirit AeroSystems Holdings Inc. Class A	113,749	8,290	Steelcase Inc. Class A	22,284	456
* HMS Holdings Corp.	72,528	2,147	Armstrong World Industries Inc.	83,662	7,862	* Echo Global Logistics Inc.	20,938	433
* Spectrum Pharmaceuticals Inc.	577,240	2,101	Forward Air Corp.	109,786	7,680	Knoll Inc.	16,155	408
* DexCom Inc.	9,295	2,033	* Builders FirstSource Inc.	299,973	7,622	<b>Information Technology (24.7%)</b>		
* MacroGenics Inc.	183,847	2,000	* MasTec Inc.	118,183	7,583	LogMeIn Inc.	452,269	38,778
* ICU Medical Inc.	10,617	1,987	EMCOR Group Inc.	82,127	7,088	j2 Global Inc.	313,436	29,372
* Align Technology Inc.	6,677	1,863	* Atkore International Group Inc.	168,766	6,828	* ON Semiconductor Corp.	859,827	20,963
* Silk Road Medical Inc.	45,725	1,846	MSC Industrial Direct Co. Inc. Class A	83,873	6,581	* Cornerstone OnDemand Inc.	337,741	19,775
* Catalent Inc.	31,226	1,758	Korn Ferry	150,749	6,392	* SolarWinds Corp.	1,027,530	19,061
LeMaitre Vascular Inc.	45,977	1,653	Kforce Inc.	152,932	6,071	Belden Inc.	313,650	17,251
* Precision BioSciences Inc.	118,241	1,642	Westinghouse Air Brake Technologies Corp.	75,873	5,903	SS&C Technologies Holdings Inc.	279,657	17,171
* Global Blood Therapeutics Inc.	20,648	1,641	* Proto Labs Inc.	56,916	5,780	* 2U Inc.	567,446	13,613
* NanoString Technologies Inc.	58,572	1,629	Landstar System Inc.	50,560	5,757	* Nuance Communications Inc.	744,287	13,271
* Lantheus Holdings Inc.	78,815	1,617	* Aerojet Rocketdyne Holdings Inc.	126,008	5,754	* Paycom Software Inc.	47,528	12,583
* Inovalon Holdings Inc. Class A	84,043	1,582	GMS Inc.	199,252	5,396	* FireEye Inc.	671,977	11,108
* Haemonetics Corp.	13,681	1,572	Acuity Brands Inc.	37,785	5,214	* Fair Isaac Corp.	29,572	11,080
US Physical Therapy Inc.	13,305	1,521	Kennametal Inc.	141,312	5,213	Booz Allen Hamilton Holding Corp. Class A	148,137	10,537
* Exact Sciences Corp.	15,289	1,414	HEICO Corp. Class A	55,489	4,968	Switch Inc.	704,734	10,444
Luminex Corp.	60,247	1,395	* Meritor Inc.	189,456	4,962	* Trimble Inc.	244,388	10,189
* Myriad Genetics Inc.	49,499	1,348	Robert Half International Inc.	76,616	4,838	* Euronet Worldwide Inc.	62,877	9,907
* Endo International plc	259,857	1,219	Albany International Corp. Class A	61,131	4,641	* Gartner Inc.	61,410	9,463
* Veracyte Inc.	42,316	1,181	* HD Supply Holdings Inc.	105,093	4,227	* New Relic Inc.	127,408	8,372
* Fluidigm Corp.	329,894	1,148	IDEX Corp.	22,626	3,892	* Five9 Inc.	125,263	8,215
* FibroGen Inc.	25,916	1,112	* Foundation Building Materials Inc.	193,569	3,746	* Proofpoint Inc.	69,693	7,999
* Jounce Therapeutics Inc.	126,213	1,102	* Generac Holdings Inc.	35,609	3,582	* Cardtronics plc Class A	174,421	7,788
* Iovance Biotherapeutics Inc.	37,478	1,037	* American Woodmark Corp.	32,643	3,411	* Manhattan Associates Inc.	97,261	7,757
*^ Eidos Therapeutics Inc.	15,517	891	Huntington Ingalls Industries Inc.	13,094	3,285	MAXIMUS Inc.	92,411	6,874
* Pieris Pharmaceuticals Inc.	243,036	880	* MSA Safety Inc.	25,464	3,218	* Zebra Technologies Corp.	26,224	6,699
* Pennant Group Inc.	26,553	878	* Hub Group Inc. Class A	59,244	3,039	* Diodes Inc.	118,487	6,679
*^ Clovis Oncology Inc.	83,792	874	* Great Lakes Dredge & Dock Corp.	265,777	3,011	* Verint Systems Inc.	119,332	6,606
Atrion Corp.	1,109	833	* TrueBlue Inc.	111,653	2,686	* Lattice Semiconductor Corp.	343,934	6,583
Phibro Animal Health Corp. Class A	32,100	797	Covanta Holding Corp.	180,729	2,682	* Fortinet Inc.	61,439	6,559
* Acorda Therapeutics Inc.	367,609	750	Hillenbrand Inc.	76,659	2,553	Jabil Inc.	155,570	6,430
* ACADIA Pharmaceuticals Inc.	17,221	737	Triumph Group Inc.	96,450	2,437	* Pluralsight Inc. Class A	369,932	6,367
* Endologix Inc.	462,140	730	* Tetra Tech Inc.	28,174	2,427	CDW Corp.	44,070	6,295
* Natus Medical Inc.	20,851	688	* Astronics Corp.	86,268	2,411	* Cadence Design Systems Inc.	87,487	6,068
* Assertio Therapeutics Inc.	528,241	660	Barrett Business Services Inc.	20,901	1,891	*^ Enphase Energy Inc.	232,226	6,068
* Akorn Inc.	410,955	616	Terex Corp.	62,928	1,874	Sabre Corp.	268,645	6,028
* Avantar Inc.	33,587	610	Mobile Mini Inc.	48,865	1,852	* HubSpot Inc.	37,628	5,964
* Apellis Pharmaceuticals Inc.	19,358	593	* Avis Budget Group Inc.	49,917	1,609	* Teradata Corp.	220,088	5,892
* CryoLife Inc.	21,279	576	McGrath RentCorp	20,738	1,587	* Workiva Inc. Class A	139,082	5,848
* Radius Health Inc.	27,422	553	* ArcBest Corp.	56,261	1,553	* Anaplan Inc.	109,272	5,726
* Seattle Genetics Inc.	4,692	536	Herc Holdings Inc.	28,699	1,405	* RingCentral Inc. Class A	33,419	5,637
* Orthofix Medical Inc.	10,615	490				* Atlassian Corp. plc Class A	42,771	5,147
*^ Inovio Pharmaceuticals Inc.	125,905	415				* Box Inc.	297,997	5,000
*^ Novavax Inc.	31,922	127				* Ceridian HCM Holding Inc.	70,436	4,781
* Cyclacel Therapeutics Inc.	37,118	101				* RealPage Inc.	79,507	4,273
		<b>469,197</b>				* NCR Corp.	120,417	4,234
<b>Industrials (20.9%)</b>						* EPAM Systems Inc.	19,212	4,076
* Sensata Technologies Holding plc	476,418	25,665						
* Clean Harbors Inc.	291,127	24,964						
* TriNet Group Inc.	430,453	24,368						

	Shares	Market Value* (\$000)
* Trade Desk Inc. Class A	14,631	3,801
* Cirrus Logic Inc.	41,396	3,411
* Alteryx Inc. Class A	31,903	3,193
* ChannelAdvisor Corp.	342,626	3,097
* Extreme Networks Inc.	403,292	2,972
* Synaptics Inc.	44,571	2,931
* SPS Commerce Inc.	52,608	2,916
* OSI Systems Inc.	28,520	2,873
* Unisys Corp.	223,141	2,646
* Everbridge Inc.	31,650	2,471
* TTEC Holdings Inc.	62,344	2,470
* Insight Enterprises Inc.	31,157	2,190
* Itron Inc.	25,877	2,172
* PagerDuty Inc.	91,058	2,130
CSG Systems International Inc.	40,732	2,109
* eGain Corp.	261,786	2,073
* Cerence Inc.	82,612	1,869
* Domo Inc.	82,029	1,782
* Model N Inc.	48,881	1,714
* Inphi Corp.	21,672	1,604
* EVERTEC Inc.	44,889	1,528
* Nutanix Inc.	45,574	1,425
* SunPower Corp.	178,615	1,393
* Diebold Nixdorf Inc.	131,737	1,391
* Perspecta Inc.	52,368	1,385
* Endurance International Group Holdings Inc.	280,425	1,318
* Teradyne Inc.	19,292	1,316
* Paycom Software Inc.	123,816	1,257
* PAR Technology Corp.	35,476	1,091
* Avid Technology Inc.	114,851	985
* Perficient Inc.	20,799	958
* FormFactor Inc.	36,541	949
* Virtusa Corp.	19,760	896
* MicroStrategy Inc. Class A	5,311	757
* MobileIron Inc.	154,871	753
* Okta Inc.	6,522	752
* MaxLinear Inc.	32,546	691
* A10 Networks Inc.	98,231	675
* ePlus Inc.	6,264	528
* Altair Engineering Inc. Class A	13,722	493
* Xperi Corp.	22,959	425
* Alarm.com Holdings Inc.	8,923	383
* PFSweb Inc.	73,268	280
* DSP Group Inc.	15,480	244
		<b>520,828</b>

**Materials (2.2%)**

Graphic Packaging Holding Co.	490,823	8,172
Scotts Miracle-Gro Co.	67,805	7,200
* Element Solutions Inc.	554,422	6,476
Sealed Air Corp.	125,164	4,985
Huntsman Corp.	154,018	3,721
Myers Industries Inc.	184,305	3,074
CF Industries Holdings Inc.	62,831	3,000
Royal Gold Inc.	20,664	2,526
* Kraton Corp.	57,610	1,459
* Verso Corp.	67,349	1,214
Avery Dennison Corp.	8,259	1,080
Boise Cascade Co.	24,197	884
* Koppers Holdings Inc.	21,032	804
* Novagold Resources Inc.	76,537	686
Packaging Corp. of America	4,558	510
* AdvanSix Inc.	20,190	403
		<b>46,194</b>

	Shares	Market Value* (\$000)
<b>Other (0.0%)</b>		
* NuPathe Inc. CVR	345,900	—
<b>Real Estate (2.1%)</b>		
GEO Group Inc.	465,614	7,734
EastGroup Properties Inc.	52,423	6,955
National Health Investors Inc.	77,163	6,287
Hannon Armstrong Sustainable Infrastructure Capital Inc.	187,114	6,021
PS Business Parks Inc.	23,902	3,941
^ Tanger Factory Outlet Centers Inc.	184,729	2,721
Universal Health Realty Income Trust	20,778	2,438
Kennedy-Wilson Holdings Inc.	104,723	2,335
American Finance Trust Inc.	105,927	1,405
^ Pennsylvania REIT	255,865	1,364
iStar Inc.	62,304	904
Alexander's Inc.	1,907	630
Equity LifeStyle Properties Inc.	6,800	479
		<b>43,214</b>
<b>Utilities (0.3%)</b>		
NRG Energy Inc.	135,290	5,378
TerraForm Power Inc. Class A	61,943	953
		<b>6,331</b>

<b>Total Common Stocks (Cost \$1,883,987)</b>	<b>2,034,066</b>
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**Temporary Cash Investments (5.2%)<sup>1</sup>**

<b>Money Market Fund (5.1%)</b>		
<sup>2,3</sup> Vanguard Market Liquidity Fund, 1.816%	1,086,909	108,702
	Face Amount (\$000)	

**U.S. Government and Agency Obligations (0.1%)**

<sup>4</sup> United States Treasury Bill, 1.547%, 1/30/20	200	200
United States Treasury Bill, 1.527%, 4/30/20	1,700	1,691
		<b>1,891</b>

<b>Total Temporary Cash Investments (Cost \$110,601)</b>	<b>110,593</b>
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<b>Total Investments (101.6%) (Cost \$1,994,588)</b>	<b>2,144,659</b>
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<b>Other Assets and Liabilities (-1.6%)</b>	
Other Assets <sup>4</sup>	3,015
Liabilities <sup>3</sup>	(36,548)
	<b>(33,533)</b>

<b>Net Assets (100%)</b>	
Applicable to 91,475,185 outstanding \$0.01 par value shares of beneficial interest (unlimited authorization)	2,111,126
<b>Net Asset Value Per Share</b>	<b>\$23.08</b>

**Statement of Assets and Liabilities**

<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers	2,035,957
Affiliated Issuers	108,702
Total Investments in Securities	2,144,659
Investment in Vanguard	94
Receivables for Investment Securities Sold	248
Receivables for Accrued Income	903
Receivables for Capital Shares Issued	275
Variation Margin Receivables—	
Futures Contracts	61
Other Assets <sup>4</sup>	1,434
<b>Total Assets</b>	<b>2,147,674</b>
<b>Liabilities</b>	
Payables for Investment Securities	
Purchased	406
Collateral for Securities on Loan	33,084
Payable to Investment Advisor	524
Payables for Capital Shares Redeemed	1,485
Payables to Vanguard	1,049
<b>Total Liabilities</b>	<b>36,548</b>
<b>Net Assets</b>	<b>2,111,126</b>

**At December 31, 2019, net assets consisted of:**

	Amount (\$000)
Paid-in Capital	1,774,959
Total Distributable Earnings (Loss)	336,167
<b>Net Assets</b>	<b>2,111,126</b>

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

^ Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$31,740,000.

\$ Security value determined using significant unobservable inputs.

1 The portfolio invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the portfolio's effective common stock and temporary cash investment positions represent 98.5% and 3.1%, respectively, of net assets.

2 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

3 Collateral of \$33,084,000 was received for securities on loan.

4 Securities with a value of \$200,000 and cash of \$1,434,000 have been segregated as initial margin for open futures contracts.

ADR—American Depositary Receipt.

CVR—Contingent Value Rights.

REIT—Real Estate Investment Trust.



Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

			(\$000)	
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
E-mini Russell 2000 Index	March 2020	528	44,104	677

## Statement of Operations

	Year Ended December 31, 2019 (\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends	14,704
Interest <sup>1</sup>	2,096
Securities Lending—Net	1,834
<b>Total Income</b>	<b>18,634</b>
<b>Expenses</b>	
Investment Advisory Fees—Note B	
Basic Fee	2,825
Performance Adjustment	122
The Vanguard Group—Note C	
Management and Administrative	3,273
Marketing and Distribution	253
Custodian Fees	24
Auditing Fees	34
Shareholders' Reports	39
Trustees' Fees and Expenses	2
<b>Total Expenses</b>	<b>6,572</b>
<b>Net Investment Income</b>	<b>12,062</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	171,067
Futures Contracts	3,457
<b>Realized Net Gain (Loss)</b>	<b>174,524</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	299,972
Futures Contracts	2,604
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>302,576</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>489,162</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$1,876,000, \$11,000, and (\$1,000), respectively.

## Statement of Changes in Net Assets

	Year Ended December 31, 2019      2018 (\$000)      (\$000)	
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	12,062	10,278
Realized Net Gain (Loss)	174,524	225,393
Change in Unrealized Appreciation (Depreciation)	302,576	(409,764)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>489,162</b>	<b>(174,093)</b>
<b>Distributions</b>		
Net Investment Income	(10,333)	(7,284)
Realized Capital Gain <sup>1</sup>	(224,554)	(197,105)
<b>Total Distributions</b>	<b>(234,887)</b>	<b>(204,389)</b>
<b>Capital Share Transactions</b>		
Issued	241,143	616,100
Issued in Lieu of Cash Distributions	234,887	204,389
Redeemed	(446,197)	(365,139)
<b>Net Increase (Decrease) from Capital Share Transactions</b>	<b>29,833</b>	<b>455,350</b>
<b>Total Increase (Decrease)</b>	<b>284,108</b>	<b>76,868</b>
<b>Net Assets</b>		
<b>Beginning of Period</b>	<b>1,827,018</b>	<b>1,750,150</b>
<b>End of Period</b>	<b>2,111,126</b>	<b>1,827,018</b>

<sup>1</sup> Includes fiscal 2019 and 2018 short-term gain distributions totaling \$42,828,000 and \$49,729,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$20.30</b>	<b>\$24.62</b>	<b>\$21.50</b>	<b>\$20.79</b>	<b>\$24.14</b>
<b>Investment Operations</b>					
Net Investment Income	.128 <sup>1</sup>	.123 <sup>1</sup>	.109 <sup>1</sup>	.116	.078
Net Realized and Unrealized Gain (Loss) on Investments	5.323	(1.563)	4.652	2.547	(.577)
Total from Investment Operations	5.451	(1.440)	4.761	2.663	(.499)
<b>Distributions</b>					
Dividends from Net Investment Income	(.118)	(.103)	(.111)	(.074)	(.087)
Distributions from Realized Capital Gains	(2.553)	(2.777)	(1.530)	(1.879)	(2.764)
Total Distributions	(2.671)	(2.880)	(1.641)	(1.953)	(2.851)
<b>Net Asset Value, End of Period</b>	<b>\$23.08</b>	<b>\$20.30</b>	<b>\$24.62</b>	<b>\$21.50</b>	<b>\$20.79</b>
<b>Total Return</b>	<b>28.05%</b>	<b>-7.22%</b>	<b>23.46%</b>	<b>14.94%</b>	<b>-2.75%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$2,111	\$1,827	\$1,750	\$1,397	\$1,256
Ratio of Total Expenses to Average Net Assets <sup>2</sup>	0.32%	0.32%	0.34%	0.36%	0.37%
Ratio of Net Investment Income to Average Net Assets	0.59%	0.52%	0.48%	0.58%	0.33%
Portfolio Turnover Rate	58%	66%	93%	91%	57%

<sup>1</sup> Calculated based on average shares outstanding.

<sup>2</sup> Includes performance-based investment advisory fee increases (decreases) of 0.01%, 0.01%, 0.00%, 0.00%, and (0.01%).

## Notes to Financial Statements

The Small Company Growth Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

**A.** The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the portfolio's pricing time. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The portfolio may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any assets pledged as initial margin for open contracts are noted in the Statement of Net Assets.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

During the year ended December 31, 2019, the portfolio's average investments in long and short futures contracts represented 3% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. **Federal Income Taxes:** The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2016–2019), and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

6. **Credit Facility:** The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement

of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at December 31, 2019, or at any time during the period then ended.

7. Other: Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. The investment advisory firm ArrowMark Colorado Holdings, LLC, provides investment advisory services to a portion of the portfolio for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fee of ArrowMark Colorado Holdings, LLC, is subject to quarterly adjustments based on performance relative to the Russell 2500 Growth Index since March 31, 2016.

Vanguard provides investment advisory services to a portion of the portfolio as described below; the portfolio paid Vanguard advisory fees of \$887,000 for the year ended December 31, 2019.

For the year ended December 31, 2019, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.14% of the portfolio's average net assets, before an increase of \$122,000 (0.01%) based on performance.

C. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Assets and Liabilities. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2019, the portfolio had contributed to Vanguard capital in the amount of \$94,000, representing less than 0.01% of the portfolio's net assets and 0.04% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

D. Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

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

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2019, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks	2,034,066	—	—
Temporary Cash Investments	108,702	1,891	—
Futures Contracts—Assets <sup>1</sup>	61	—	—
Total	2,142,829	1,891	—

<sup>1</sup> Represents variation margin on the last day of the reporting period.

E. Permanent differences between book-basis and tax-basis components of net assets, if any, are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share.

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the tax deferral of losses on wash sales and the realization of unrealized gains or losses on certain futures contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	14,264
Undistributed Long-Term Gains	175,000
Capital Loss Carryforwards (Non-expiring)	—
Net Unrealized Gains (Losses)	147,710

As of December 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	1,996,949
Gross Unrealized Appreciation	340,511
Gross Unrealized Depreciation	(192,801)
Net Unrealized Appreciation (Depreciation)	147,710

F. During the year ended December 31, 2019, the portfolio purchased \$1,135,415,000 of investment securities and sold \$1,347,142,000 of investment securities, other than temporary cash investments.

G. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2019	2018
	Shares	Shares
	(000)	(000)
Issued	11,011	25,424
Issued in Lieu of Cash Distributions	11,101	8,894
Redeemed	(20,656)	(15,398)
Net Increase (Decrease) in Shares Outstanding	1,456	18,920

At December 31, 2019, one shareholder, an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders, was the record or beneficial owner of 42% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

H. Management has determined that no events or transactions occurred subsequent to December 31, 2019, that would require recognition or disclosure in these financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Small Company Growth Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of net assets and statement of assets and liabilities of Small Company Growth Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### Special 2019 tax information (unaudited) for corporate shareholders only for Vanguard Small Company Growth Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2019, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$181,726,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 80.1% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (January 2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (January 2018–present) of Vanguard; chief executive officer, president, and trustee (January 2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (February 2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; trustee (2018–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School

of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania. Trustee of the National Constitution Center.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services), and the Lumina Foundation. Director of the V Foundation and Oxfam America. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (1989–present) and vice president (1996–present) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Chairman of the board of TIFF Advisory Services, Inc. Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: president (2010–present) and chief executive officer (2011–present) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of

The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, the Partnership for New York City (business leadership), and the Committee Encouraging Corporate Philanthropy. Trustee of the Economic Club of New York and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Board of advisors and investment committee member of the Museum of Fine Arts Boston. Board member (2018–present) of RIT Capital Partners (investment firm); investment committee member of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments; director (2017–present) of Reserve Trust. Rubinstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (October 2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (October 2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadl

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (May 2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings

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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://www.sec.gov). In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).



P.O. Box 2600  
Valley Forge, PA 19482-2600

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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