

# Semiannual Report

June 30, 2020

## VP Inflation Protection Fund

Class I (APTIX)

Class II (AIPTX)

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

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

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# Fund Characteristics

**JUNE 30, 2020**

<b>Types of Investments in Portfolio</b>	<b>% of net assets</b>
U.S. Treasury Securities	51.8%
Corporate Bonds	13.6%
Collateralized Mortgage Obligations	10.9%
Sovereign Governments and Agencies	5.7%
Asset-Backed Securities	5.7%
U.S. Government Agency Mortgage-Backed Securities	5.3%
Collateralized Loan Obligations	2.7%
U.S. Government Agency Securities	1.3%
Municipal Securities	0.3%
Temporary Cash Investments	3.3%
Other Assets and Liabilities	(0.6)%

## **Portfolio at a Glance**

Average Duration (effective)	7.7 years
Weighted Average Life to Maturity	8.7 years

# Shareholder Fee Example

Fund shareholders may incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and redemption/exchange fees; and (2) ongoing costs, including management fees; distribution and service (12b-1) fees; and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in your fund and to compare these costs with the ongoing cost of investing in other mutual funds.

The example is based on an investment of \$1,000 made at the beginning of the period and held for the entire period from January 1, 2020 to June 30, 2020.

## Actual Expenses

The table provides information about actual account values and actual expenses for each class. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. First, identify the share class you own. Then 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 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 table also provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio of each class of your fund and an assumed rate of return of 5% per year before expenses, which is not the actual return of a fund’s share class. 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 your fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or redemption/exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 1/1/20	Ending Account Value 6/30/20	Expenses Paid During Period <sup>(1)</sup> 1/1/20 - 6/30/20	Annualized Expense Ratio <sup>(1)</sup>
<b>Actual</b>				
Class I	\$1,000	\$1,035.60	\$2.43	0.48%
Class II	\$1,000	\$1,034.40	\$3.69	0.73%
<b>Hypothetical</b>				
Class I	\$1,000	\$1,022.48	\$2.41	0.48%
Class II	\$1,000	\$1,021.23	\$3.67	0.73%

- (1) Expenses are equal to the class’s annualized expense ratio listed in the table above, multiplied by the average account value over the period, multiplied by 182, the number of days in the most recent fiscal half-year, divided by 366, to reflect the one-half year period. Annualized expense ratio reflects actual expenses, including any applicable fee waivers or expense reimbursements and excluding any acquired fund fees and expenses.

# Schedule of Investments

JUNE 30, 2020 (UNAUDITED)

	Principal Amount	Value
<b>U.S. TREASURY SECURITIES — 51.8%</b>		
U.S. Treasury Inflation Indexed Bonds, 2.00%, 1/15/26 <sup>(1)</sup>	\$ 15,019,526	\$ 17,477,155
U.S. Treasury Inflation Indexed Bonds, 2.375%, 1/15/27	5,700,778	6,930,339
U.S. Treasury Inflation Indexed Bonds, 1.75%, 1/15/28	9,614,408	11,480,403
U.S. Treasury Inflation Indexed Bonds, 3.625%, 4/15/28	3,481,077	4,688,784
U.S. Treasury Inflation Indexed Bonds, 2.50%, 1/15/29	5,343,911	6,856,680
U.S. Treasury Inflation Indexed Bonds, 2.125%, 2/15/40	3,202,794	4,727,664
U.S. Treasury Inflation Indexed Bonds, 2.125%, 2/15/41	3,788,612	5,667,490
U.S. Treasury Inflation Indexed Bonds, 0.75%, 2/15/42	21,769,587	26,106,857
U.S. Treasury Inflation Indexed Bonds, 0.625%, 2/15/43	15,145,124	17,874,391
U.S. Treasury Inflation Indexed Bonds, 1.375%, 2/15/44	11,771,070	16,087,743
U.S. Treasury Inflation Indexed Bonds, 0.75%, 2/15/45	10,670,142	13,073,672
U.S. Treasury Inflation Indexed Bonds, 1.00%, 2/15/46	757,442	980,972
U.S. Treasury Inflation Indexed Bonds, 1.00%, 2/15/48	1,039,710	1,377,271
U.S. Treasury Inflation Indexed Bonds, 1.00%, 2/15/49	203,778	272,504
U.S. Treasury Inflation Indexed Bonds, 0.25%, 2/15/50	4,417,818	4,966,938
U.S. Treasury Inflation Indexed Notes, 0.625%, 4/15/23	4,128,800	4,297,819
U.S. Treasury Inflation Indexed Notes, 0.375%, 7/15/23	12,229,092	12,748,658
U.S. Treasury Inflation Indexed Notes, 0.625%, 1/15/24	20,547,934	21,664,741
U.S. Treasury Inflation Indexed Notes, 0.25%, 1/15/25	25,438,280	26,798,350
U.S. Treasury Inflation Indexed Notes, 0.125%, 4/15/25	2,977,800	3,123,184
U.S. Treasury Inflation Indexed Notes, 0.375%, 7/15/25 <sup>(1)</sup>	14,271,180	15,262,694
U.S. Treasury Inflation Indexed Notes, 0.625%, 1/15/26	8,254,580	8,949,519
U.S. Treasury Inflation Indexed Notes, 0.125%, 7/15/26	8,022,150	8,530,531
U.S. Treasury Inflation Indexed Notes, 0.375%, 7/15/27	12,734,658	13,860,421
U.S. Treasury Inflation Indexed Notes, 0.50%, 1/15/28	9,250,838	10,141,605
U.S. Treasury Inflation Indexed Notes, 0.75%, 7/15/28	663,910	749,287
U.S. Treasury Inflation Indexed Notes, 0.25%, 7/15/29	15,987,164	17,507,961
U.S. Treasury Inflation Indexed Notes, 0.125%, 1/15/30	29,048,558	31,421,877
<b>TOTAL U.S. TREASURY SECURITIES</b> (Cost \$275,236,530)		<b>313,625,510</b>
<b>CORPORATE BONDS — 13.6%</b>		
<b>Aerospace and Defense — 0.3%</b>		
Boeing Co. (The), 5.15%, 5/1/30	600,000	670,694
Lockheed Martin Corp., 3.80%, 3/1/45	300,000	364,744
Raytheon Technologies Corp., 2.25%, 7/1/30	570,000	595,930
		1,631,368
<b>Automobiles — 0.4%</b>		
Ford Motor Credit Co. LLC, MTN, 4.39%, 1/8/26	470,000	446,282
General Motors Co., 5.15%, 4/1/38	1,140,000	1,093,610
General Motors Financial Co., Inc., 2.75%, 6/20/25	710,000	700,487
		2,240,379
<b>Banks — 3.1%</b>		
Banco Santander SA, 2.75%, 5/28/25	200,000	207,402
Bank of America Corp., MTN, 3.30%, 1/11/23	720,000	766,994
Bank of America Corp., MTN, VRN, 1.32%, 6/19/26	1,090,000	1,093,887
Bank of America Corp., MTN, VRN, 2.50%, 2/13/31	1,735,000	1,820,942

	Principal Amount	Value
Bank of America Corp., MTN, VRN, 2.68%, 6/19/41	\$ 1,000,000	\$ 1,030,868
Barclays plc, VRN, 2.65%, 6/24/31	400,000	397,916
Citigroup, Inc., 2.35%, 8/2/21	362,000	369,051
Citigroup, Inc., 4.05%, 7/30/22	760,000	808,153
Citigroup, Inc., VRN, 4.08%, 4/23/29	530,000	604,955
Citigroup, Inc., VRN, 2.57%, 6/3/31	610,000	631,249
Cooperatieve Rabobank UA, 3.95%, 11/9/22	250,000	264,726
Cooperatieve Rabobank UA, VRN, 1.34%, 6/24/26 <sup>(2)</sup>	880,000	881,535
Credit Suisse AG, 2.80%, 4/8/22	550,000	571,348
Credit Suisse AG (New York), MTN, 3.625%, 9/9/24	500,000	552,559
Discover Bank, 3.45%, 7/27/26	450,000	486,890
HSBC Holdings plc, VRN, 4.04%, 3/13/28	470,000	519,682
Huntington Bancshares, Inc., 4.35%, 2/4/23	550,000	591,807
JPMorgan Chase & Co., 4.50%, 1/24/22	1,249,000	1,327,402
JPMorgan Chase & Co., VRN, 2.18%, 6/1/28	800,000	828,583
JPMorgan Chase & Co., VRN, 3.90%, 1/23/49	700,000	847,223
Lloyds Banking Group plc, VRN, 2.44%, 2/5/26	400,000	413,407
Nordea Bank Abp, 1.00%, 6/9/23 <sup>(2)</sup>	360,000	364,188
Royal Bank of Scotland Group plc, VRN, 2.36%, 5/22/24	500,000	513,680
Truist Bank, 2.25%, 3/11/30	898,000	908,071
Wells Fargo & Co., 4.125%, 8/15/23	280,000	305,240
Wells Fargo & Co., MTN, 3.55%, 9/29/25	375,000	419,079
Wells Fargo & Co., MTN, 4.10%, 6/3/26	560,000	631,708
Wells Fargo & Co., MTN, VRN, 1.65%, 6/2/24	300,000	304,988
Wells Fargo & Co., MTN, VRN, 2.39%, 6/2/28	220,000	227,483
		18,691,016
<b>Beverages<sup>†</sup></b>		
PepsiCo, Inc., 1.625%, 5/1/30	290,000	296,068
<b>Biotechnology — 0.4%</b>		
AbbVie, Inc., 2.90%, 11/6/22	2,000	2,099
AbbVie, Inc., 3.85%, 6/15/24 <sup>(2)</sup>	350,000	384,664
AbbVie, Inc., 4.55%, 3/15/35 <sup>(2)</sup>	430,000	530,952
AbbVie, Inc., 4.45%, 5/14/46	590,000	718,447
Amgen, Inc., 3.625%, 5/22/24	450,000	493,737
Gilead Sciences, Inc., 3.65%, 3/1/26	300,000	343,589
		2,473,488
<b>Capital Markets — 0.9%</b>		
Credit Suisse Group AG, VRN, 2.19%, 6/5/26 <sup>(2)</sup>	750,000	760,256
Goldman Sachs Group, Inc. (The), 3.75%, 5/22/25	1,500,000	1,663,034
Goldman Sachs Group, Inc. (The), 3.50%, 11/16/26	400,000	440,229
Goldman Sachs Group, Inc. (The), 2.60%, 2/7/30	627,000	655,374
Morgan Stanley, MTN, 3.875%, 1/27/26	170,000	192,451
Morgan Stanley, MTN, VRN, 2.70%, 1/22/31	460,000	489,203
Morgan Stanley, VRN, 2.19%, 4/28/26	1,246,000	1,297,338
		5,497,885
<b>Chemicals — 0.1%</b>		
Dow Chemical Co. (The), 3.50%, 10/1/24	300,000	324,188
<b>Commercial Services and Supplies — 0.1%</b>		
Republic Services, Inc., 2.30%, 3/1/30	600,000	626,567
<b>Consumer Finance — 0.1%</b>		
Capital One Financial Corp., 3.75%, 3/9/27	670,000	740,438

	Principal Amount	Value
<b>Containers and Packaging<sup>†</sup></b>		
WRKCo, Inc., 3.00%, 6/15/33	\$ 260,000	\$ 271,842
<b>Diversified Telecommunication Services — 0.7%</b>		
AT&T, Inc., 4.05%, 12/15/23	200,000	222,150
AT&T, Inc., 4.45%, 4/1/24	300,000	336,261
AT&T, Inc., 3.80%, 2/15/27	700,000	788,936
AT&T, Inc., 2.30%, 6/1/27	225,000	232,665
AT&T, Inc., 2.75%, 6/1/31	300,000	311,063
AT&T, Inc., 3.50%, 6/1/41	200,000	210,809
AT&T, Inc., 4.80%, 6/15/44	350,000	414,959
AT&T, Inc., 5.15%, 11/15/46	107,000	134,761
Deutsche Telekom International Finance BV, 3.60%, 1/19/27 <sup>(2)</sup>	800,000	896,575
Verizon Communications, Inc., 5.01%, 8/21/54	570,000	827,214
		4,375,393
<b>Electric Utilities — 0.6%</b>		
AEP Transmission Co. LLC, 3.75%, 12/1/47	300,000	345,270
American Electric Power Co., Inc., 3.20%, 11/13/27	300,000	329,749
Duke Energy Corp., 3.15%, 8/15/27	200,000	221,780
Duke Energy Florida LLC, 1.75%, 6/15/30	610,000	617,115
FirstEnergy Corp., 4.85%, 7/15/47	600,000	761,294
NextEra Energy Capital Holdings, Inc., 3.55%, 5/1/27	400,000	454,131
Southern Co. Gas Capital Corp., 3.95%, 10/1/46	300,000	332,090
Xcel Energy, Inc., 3.40%, 6/1/30	770,000	887,745
		3,949,174
<b>Energy Equipment and Services — 0.1%</b>		
Schlumberger Investment SA, 2.65%, 6/26/30	360,000	369,399
<b>Entertainment — 0.1%</b>		
Walt Disney Co. (The), 2.20%, 1/13/28	430,000	449,562
Walt Disney Co. (The), 3.60%, 1/13/51	270,000	301,650
		751,212
<b>Equity Real Estate Investment Trusts (REITs) — 0.8%</b>		
American Tower Corp., 3.30%, 2/15/21	1,450,000	1,474,726
Crown Castle International Corp., 3.30%, 7/1/30	882,000	964,996
Crown Castle International Corp., 2.25%, 1/15/31	200,000	201,905
Equinix, Inc., 1.25%, 7/15/25	475,000	477,256
Equinix, Inc., 1.80%, 7/15/27	270,000	271,628
Kilroy Realty LP, 3.80%, 1/15/23	301,000	311,118
Ventas Realty LP / Ventas Capital Corp., 3.25%, 8/15/22	468,000	479,201
Welltower, Inc., 2.75%, 1/15/31	600,000	598,314
		4,779,144
<b>Food and Staples Retailing — 0.3%</b>		
Costco Wholesale Corp., 1.60%, 4/20/30	1,200,000	1,215,041
Kroger Co. (The), 3.875%, 10/15/46	600,000	674,177
		1,889,218
<b>Food Products<sup>†</sup></b>		
Mondelez International, Inc., 2.75%, 4/13/30	237,000	256,164
<b>Health Care Equipment and Supplies — 0.1%</b>		
Stryker Corp., 1.95%, 6/15/30	590,000	593,269
<b>Health Care Providers and Services — 0.4%</b>		
Aetna, Inc., 2.75%, 11/15/22	406,000	423,084
Anthem, Inc., 2.375%, 1/15/25	170,000	180,277
Cigna Corp., 4.50%, 2/25/26 <sup>(2)</sup>	200,000	232,842



	Principal Amount	Value
Cigna Corp., 4.90%, 12/15/48	\$ 300,000	\$ 397,205
CVS Health Corp., 4.78%, 3/25/38	260,000	323,381
Duke University Health System, Inc., 3.92%, 6/1/47	467,000	584,718
UnitedHealth Group, Inc., 1.25%, 1/15/26	200,000	203,864
		2,345,371
<b>Insurance — 0.6%</b>		
American International Group, Inc., 4.50%, 7/16/44	480,000	560,688
Five Corners Funding Trust II, 2.85%, 5/15/30 <sup>(2)</sup>	685,000	707,234
Hartford Financial Services Group, Inc. (The), 3.60%, 8/19/49	146,000	155,275
Metropolitan Life Global Funding I, 0.90%, 6/8/23 <sup>(2)</sup>	605,000	608,884
New York Life Global Funding, 2.90%, 1/17/24 <sup>(2)</sup>	1,115,000	1,197,299
Prudential Financial, Inc., MTN, VRN, 2.12%, (CPI YoY plus 2.00%), 11/2/20	189,000	189,428
Teachers Insurance & Annuity Association of America, 3.30%, 5/15/50 <sup>(2)</sup>	306,000	316,127
		3,734,935
<b>IT Services — 0.3%</b>		
Fiserv, Inc., 2.25%, 6/1/27	400,000	418,859
International Business Machines Corp., 1.70%, 5/15/27	500,000	511,526
International Business Machines Corp., 1.95%, 5/15/30	300,000	307,448
PayPal Holdings, Inc., 2.30%, 6/1/30	400,000	416,580
		1,654,413
<b>Life Sciences Tools and Services — 0.1%</b>		
Agilent Technologies, Inc., 2.10%, 6/4/30	300,000	308,263
<b>Media — 0.6%</b>		
Charter Communications Operating LLC / Charter Communications Operating Capital, 6.48%, 10/23/45	960,000	1,279,953
Comcast Corp., 1.95%, 1/15/31	380,000	387,919
Comcast Corp., 6.50%, 11/15/35	556,000	846,353
Comcast Corp., 3.75%, 4/1/40	200,000	236,088
Comcast Corp., 2.80%, 1/15/51	275,000	282,489
Discovery Communications LLC, 3.625%, 5/15/30	200,000	219,190
ViacomCBS, Inc., 3.70%, 6/1/28	250,000	272,204
ViacomCBS, Inc., 4.20%, 5/19/32	330,000	366,963
		3,891,159
<b>Multi-Utilities — 0.2%</b>		
Dominion Energy, Inc., 4.90%, 8/1/41	550,000	687,391
Sempra Energy, 3.25%, 6/15/27	350,000	385,640
		1,073,031
<b>Oil, Gas and Consumable Fuels — 1.3%</b>		
Chevron Corp., 2.00%, 5/11/27	390,000	408,735
Enbridge, Inc., 3.50%, 6/10/24	190,000	206,378
Enbridge, Inc., 3.70%, 7/15/27	400,000	441,948
Energy Transfer Operating LP, 3.60%, 2/1/23	312,000	322,881
Energy Transfer Operating LP, 5.30%, 4/15/47	770,000	745,729
Enterprise Products Operating LLC, 4.85%, 3/15/44	250,000	290,073
Equinor ASA, 1.75%, 1/22/26	390,000	399,787
Magellan Midstream Partners LP, 5.15%, 10/15/43	350,000	388,048
MPLX LP, 4.50%, 4/15/38	300,000	300,262
MPLX LP, 5.20%, 3/1/47	400,000	430,652
Petroleos Mexicanos, 3.50%, 1/30/23	331,000	315,988
Petroleos Mexicanos, 4.875%, 1/18/24	700,000	674,551

	Principal Amount	Value
Phillips 66, 2.15%, 12/15/30	\$ 590,000	\$ 572,306
Sabine Pass Liquefaction LLC, 5.625%, 3/1/25	950,000	1,086,428
Transcontinental Gas Pipe Line Co. LLC, 3.25%, 5/15/30 <sup>(2)</sup>	400,000	428,051
Williams Cos., Inc. (The), 4.30%, 3/4/24	600,000	652,593
		7,664,410
<b>Pharmaceuticals — 0.2%</b>		
Bristol-Myers Squibb Co., 3.625%, 5/15/24 <sup>(2)</sup>	150,000	165,276
Pfizer, Inc., 1.70%, 5/28/30	340,000	346,396
Upjohn, Inc., 2.70%, 6/22/30 <sup>(2)</sup>	526,000	541,573
Upjohn, Inc., 4.00%, 6/22/50 <sup>(2)</sup>	215,000	231,140
		1,284,385
<b>Road and Rail — 0.3%</b>		
Burlington Northern Santa Fe LLC, 3.75%, 4/1/24	300,000	332,163
Burlington Northern Santa Fe LLC, 3.00%, 4/1/25	320,000	352,287
Burlington Northern Santa Fe LLC, 4.95%, 9/15/41	250,000	329,265
Norfolk Southern Corp., 3.05%, 5/15/50	600,000	620,498
Union Pacific Corp., 2.75%, 4/15/23	150,000	157,970
		1,792,183
<b>Semiconductors and Semiconductor Equipment — 0.2%</b>		
Broadcom Corp. / Broadcom Cayman Finance Ltd., 3.125%, 1/15/25	206,000	220,184
NXP BV / NXP Funding, LLC / NXP USA, Inc., 2.70%, 5/1/25 <sup>(2)</sup>	110,000	115,730
NXP BV / NXP Funding, LLC / NXP USA, Inc., 3.15%, 5/1/27 <sup>(2)</sup>	388,000	412,505
QUALCOMM, Inc., 2.15%, 5/20/30	400,000	417,421
		1,165,840
<b>Software — 0.3%</b>		
Adobe, Inc., 2.30%, 2/1/30	930,000	1,005,419
Infor, Inc., 1.45%, 7/15/23 <sup>(2)</sup>	130,000	131,171
Infor, Inc., 1.75%, 7/15/25 <sup>(2)</sup>	165,000	165,885
Oracle Corp., 2.50%, 10/15/22	200,000	209,108
Oracle Corp., 2.65%, 7/15/26	350,000	378,008
		1,889,591
<b>Technology Hardware, Storage and Peripherals — 0.1%</b>		
Apple, Inc., 1.125%, 5/11/25	180,000	183,430
NetApp, Inc., 1.875%, 6/22/25	160,000	162,269
		345,699
<b>Water Utilities — 0.1%</b>		
Essential Utilities, Inc., 2.70%, 4/15/30	560,000	586,595
<b>Wireless Telecommunication Services — 0.8%</b>		
T-Mobile USA, Inc., 3.50%, 4/15/25 <sup>(2)</sup>	2,850,000	3,111,901
T-Mobile USA, Inc., 3.875%, 4/15/30 <sup>(2)</sup>	748,000	835,101
T-Mobile USA, Inc., 2.55%, 2/15/31 <sup>(2)</sup>	625,000	628,762
		4,575,764
<b>TOTAL CORPORATE BONDS</b>		
(Cost \$77,122,966)		<b>82,067,851</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS — 10.9%</b>		
<b>Private Sponsor Collateralized Mortgage Obligations — 7.6%</b>		
ABN Amro Mortgage Corp., Series 2003-4, Class A4, 5.50%, 3/25/33	64,873	67,917
ABN Amro Mortgage Corp., Series 2003-6, Class 1A4, 5.50%, 5/25/33	87,781	90,417
Agate Bay Mortgage Loan Trust, Series 2014-3, Class A2, VRN, 3.50%, 11/25/44 <sup>(2)</sup>	951,117	984,564

	Principal Amount	Value
Agate Bay Mortgage Loan Trust, Series 2015-7, Class A3, VRN, 3.50%, 10/25/45 <sup>(2)</sup>	\$ 922,915	\$ 955,894
Agate Bay Mortgage Loan Trust, Series 2016-1, Class A3, VRN, 3.50%, 12/25/45 <sup>(2)</sup>	1,350,325	1,367,433
Agate Bay Mortgage Loan Trust, Series 2016-3, Class A3, VRN, 3.50%, 8/25/46 <sup>(2)</sup>	971,235	1,002,495
Angel Oak Mortgage Trust, Series 2019-5, Class A3, VRN, 2.92%, 10/25/49 <sup>(2)</sup>	2,057,231	2,064,433
Angel Oak Mortgage Trust I LLC, Series 2019-4, Class A3 SEQ, VRN, 3.30%, 7/26/49 <sup>(2)</sup>	928,448	935,314
Arroyo Mortgage Trust, Series 2020-1, Class A1B SEQ, 2.10%, 3/25/55 <sup>(2)</sup>	1,200,000	1,199,985
Bunker Hill Loan Depository Trust, Series 2020-1, Class A1, VRN, 1.72%, 2/25/55 <sup>(2)</sup>	3,200,000	3,199,950
Cendant Mort Capital LLC, Series 2003-6, Class A3, 5.25%, 7/25/33	228,184	229,538
Citigroup Mortgage Loan Trust, Series 2019-IMC1, Class A1, VRN, 2.72%, 7/25/49 <sup>(2)</sup>	1,201,344	1,220,617
Countrywide Home Loan Mortgage Pass-Through Trust, Series 2004-5, Class 2A4, 5.50%, 5/25/34	103,043	105,256
Credit Suisse Mortgage Trust, Series 2015-WIN1, Class A10, VRN, 3.50%, 12/25/44 <sup>(2)</sup>	1,356,407	1,403,858
Credit Suisse Mortgage Trust, Series 2019-AFC1, Class A1, VRN, 2.57%, 7/25/49 <sup>(2)</sup>	1,397,738	1,431,866
Credit Suisse Mortgage Trust, Series 2019-NQM1, Class A1, 2.66%, 10/25/59 <sup>(2)</sup>	2,579,336	2,637,427
Galton Funding Mortgage Trust, Series 2020-H1, Class A1, VRN, 2.31%, 1/25/60 <sup>(2)</sup>	969,210	975,159
JPMorgan Mortgage Trust, Series 2013-1, Class 2A2 SEQ, VRN, 2.50%, 3/25/43 <sup>(2)</sup>	774,668	794,723
JPMorgan Mortgage Trust, Series 2014-5, Class A1, VRN, 2.96%, 10/25/29 <sup>(2)</sup>	1,229,083	1,282,869
JPMorgan Mortgage Trust, Series 2016-1, Class A7 SEQ, VRN, 3.50%, 5/25/46 <sup>(2)</sup>	3,500,000	3,623,913
JPMorgan Mortgage Trust, Series 2017-1, Class A2, VRN, 3.50%, 1/25/47 <sup>(2)</sup>	2,562,576	2,637,927
New Residential Mortgage Loan Trust, Series 2017-2A, Class A3, VRN, 4.00%, 3/25/57 <sup>(2)</sup>	1,205,581	1,304,890
New Residential Mortgage Loan Trust, Series 2017-5A, Class A1, VRN, 1.68%, (1-month LIBOR plus 1.50%), 6/25/57 <sup>(2)</sup>	1,486,140	1,491,983
Sequoia Mortgage Trust, Series 2014-3, Class A14, SEQ, VRN, 3.00%, 10/25/44 <sup>(2)</sup>	180,075	180,959
Sequoia Mortgage Trust, Series 2014-4, Class A2 SEQ, VRN, 3.50%, 11/25/44 <sup>(2)</sup>	197,817	198,700
Sequoia Mortgage Trust, Series 2017-7, Class A7 SEQ, VRN, 3.50%, 10/25/47 <sup>(2)</sup>	1,750,000	1,817,933
Sequoia Mortgage Trust, Series 2017-CH1, Class A1, VRN, 4.00%, 8/25/47 <sup>(2)</sup>	1,032,743	1,056,488
Sequoia Mortgage Trust, Series 2019-4, Class A7 SEQ, VRN, 3.50%, 11/25/49 <sup>(2)</sup>	6,250,000	6,550,219
Thornburg Mortgage Securities Trust, Series 2004-3, Class A, VRN, 0.92%, (1-month LIBOR plus 0.74%), 9/25/34	93,634	87,769
Verus Securitization Trust, Series 2019-4, Class A3, 3.00%, 11/25/59 <sup>(2)</sup>	1,760,195	1,797,640
Verus Securitization Trust, Series 2020-1, Class A3 SEQ, VRN, 2.72%, 1/25/60 <sup>(2)</sup>	1,187,251	1,182,262
Vista Point Securitization Trust, Series 2020-1, Class A2 SEQ, VRN, 2.77%, 3/25/65 <sup>(2)</sup>	1,900,000	1,899,924
WaMu Mortgage Pass-Through Certificates, Series 2003-S11, Class 3A5, 5.95%, 11/25/33	126,973	130,568
		45,910,890

	Principal Amount	Value
<b>U.S. Government Agency Collateralized Mortgage Obligations — 3.3%</b>		
FHLMC, Series 2014-DN1, Class M2, VRN, 2.38%, (1-month LIBOR plus 2.20%), 2/25/24	\$ 1,161,097	\$ 1,165,071
FHLMC, Series 2015-DNA1, Class M3, VRN, 3.48%, (1-month LIBOR plus 3.30%), 10/25/27	4,750,000	4,863,041
FHLMC, Series K088, Class A2 SEQ, 3.69%, 1/25/29	5,000,000	6,003,211
FHLMC, Series K108, Class A2 SEQ, 1.52%, 3/25/30	6,000,000	6,276,688
FNMA, Series 2014-C02, Class 2M2, VRN, 2.78%, (1-month LIBOR plus 2.60%), 5/25/24	1,644,134	1,464,534
FNMA, Series 2014-C04, Class 2M2, VRN, 5.18%, (1-month LIBOR plus 5.00%), 11/25/24	557,387	576,919
		20,349,464
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b> (Cost \$64,678,094)		<b>66,260,354</b>
<b>SOVEREIGN GOVERNMENTS AND AGENCIES — 5.7%</b>		
<b>Australia — 0.3%</b>		
Australia Government Bond, 4.00%, 8/20/20	AUD 1,517,000	1,857,435
<b>Canada — 5.4%</b>		
Canadian Government Real Return Bond, 4.25%, 12/1/21	CAD 1,918,551	1,495,455
Canadian Government Real Return Bond, 4.25%, 12/1/26	CAD 23,300,446	22,310,315
Canadian Government Real Return Bond, 4.00%, 12/1/31	CAD 2,674,206	2,961,462
Canadian Government Real Return Bond, 3.00%, 12/1/36	CAD 5,602,393	6,214,257
		32,981,489
<b>TOTAL SOVEREIGN GOVERNMENTS AND AGENCIES</b> (Cost \$35,652,277)		<b>34,838,924</b>
<b>ASSET-BACKED SECURITIES — 5.7%</b>		
BRE Grand Islander Timeshare Issuer LLC, Series 2017-1A, Class A SEQ, 2.94%, 5/25/29 <sup>(2)</sup>	\$ 510,708	506,702
Hilton Grand Vacations Trust, Series 2014-AA, Class A SEQ, 1.77%, 11/25/26 <sup>(2)</sup>	208,833	208,220
Hilton Grand Vacations Trust, Series 2017-AA, Class A SEQ, 2.66%, 12/26/28 <sup>(2)</sup>	1,801,124	1,779,869
Hilton Grand Vacations Trust, Series 2019-AA, Class B, 2.54%, 7/25/33 <sup>(2)</sup>	2,644,183	2,529,825
MVW LLC, Series 2019-2A, Class A SEQ, 2.22%, 10/20/38 <sup>(2)</sup>	2,128,083	2,131,869
MVW Owner Trust, Series 2016-1A, Class A SEQ, 2.25%, 12/20/33 <sup>(2)</sup>	334,320	329,625
Progress Residential Trust, Series 2019-SFR1, Class A SEQ, 3.42%, 8/17/35 <sup>(2)</sup>	2,997,040	3,110,852
Progress Residential Trust, Series 2019-SFR3, Class A SEQ, 2.27%, 9/17/36 <sup>(2)</sup>	6,300,000	6,443,983
Progress Residential Trust, Series 2019-SFR4, Class B, 2.94%, 10/17/36 <sup>(2)</sup>	3,900,000	3,990,279
Progress Residential Trust, Series 2020-SFR2, Class A SEQ, 2.08%, 6/18/37 <sup>(2)</sup>	1,600,000	1,650,261
Sierra Timeshare Receivables Funding LLC, Series 2016-1A, Class A SEQ, 3.08%, 3/21/33 <sup>(2)</sup>	252,638	252,411
Sierra Timeshare Receivables Funding LLC, Series 2019-1A, Class A SEQ, 3.20%, 1/20/36 <sup>(2)</sup>	1,150,148	1,174,646
Sierra Timeshare Receivables Funding LLC, Series 2019-3A, Class B, 2.75%, 8/20/36 <sup>(2)</sup>	4,397,347	4,145,611
Towd Point Mortgage Trust, Series 2017-2, Class A2, VRN, 3.25%, 4/25/57 <sup>(2)</sup>	4,000,000	4,183,046
Towd Point Mortgage Trust, Series 2018-4, Class A1, VRN, 3.00%, 6/25/58 <sup>(2)</sup>	796,478	846,544
VSE VOI Mortgage LLC, Series 2017-A, Class A SEQ, 2.33%, 3/20/35 <sup>(2)</sup>	1,001,766	1,006,716
<b>TOTAL ASSET-BACKED SECURITIES</b> (Cost \$34,056,909)		<b>34,290,459</b>

	Principal Amount	Value
<b>U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES — 5.3%</b>		
FHLMC, 4.50%, 4/1/41	\$ 4,352,141	\$ 4,842,861
FNMA, 4.50%, 5/1/39	1,828,495	2,045,228
FNMA, 4.00%, 11/1/41	981,864	1,078,770
FNMA, 4.00%, 11/1/41	502,718	552,358
FNMA, 4.00%, 2/1/42	634,344	696,933
FNMA, 4.00%, 2/1/46	6,314,625	6,802,586
FNMA, 2.50%, 4/1/50	5,700,000	5,948,469
FNMA, 2.50%, 6/1/50	9,600,000	10,010,936
<b>TOTAL U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES</b> (Cost \$31,423,681)		<b>31,978,141</b>
<b>COLLATERALIZED LOAN OBLIGATIONS — 2.7%</b>		
Bean Creek CLO Ltd., Series 2015-1A, Class AR, VRN, 2.16%, (3-month LIBOR plus 1.02%), 4/20/31 <sup>(2)</sup>	2,250,000	2,189,059
CIFC Funding Ltd., Series 2013-3RA, Class A1, VRN, 2.00%, (3-month LIBOR plus 0.98%), 4/24/31 <sup>(2)</sup>	1,575,000	1,534,070
Goldentree Loan Opportunities X Ltd., Series 2015-10A, Class AR, VRN, 2.26%, (3-month LIBOR plus 1.12%), 7/20/31 <sup>(2)</sup>	1,750,000	1,721,337
KKR CLO Ltd., Series 2022A, Class A, VRN, 2.29%, (3-month LIBOR plus 1.15%), 7/20/31 <sup>(2)</sup>	2,450,000	2,404,197
Magnetite VIII Ltd., Series 2014-8A, Class AR2, VRN, 2.20%, (3-month LIBOR plus 0.98%), 4/15/31 <sup>(2)</sup>	3,000,000	2,940,732
Sounds Point CLO IV-R Ltd., Series 2013-3RA, Class A, VRN, 2.29%, (3-month LIBOR plus 1.15%), 4/18/31 <sup>(2)</sup>	2,300,000	2,228,464
Treman Park CLO Ltd., Series 2015-1A, Class ARR, VRN, 2.21%, (3-month LIBOR plus 1.07%), 10/20/28 <sup>(2)</sup>	3,150,000	3,111,431
<b>TOTAL COLLATERALIZED LOAN OBLIGATIONS</b> (Cost \$16,424,908)		<b>16,129,290</b>
<b>U.S. GOVERNMENT AGENCY SECURITIES — 1.3%</b>		
FNMA, 6.625%, 11/15/30	3,037,000	4,700,917
Tennessee Valley Authority, Series B, 4.70%, 7/15/33	2,400,000	3,328,183
<b>TOTAL U.S. GOVERNMENT AGENCY SECURITIES</b> (Cost \$8,018,988)		<b>8,029,100</b>
<b>MUNICIPAL SECURITIES — 0.3%</b>		
Energy Northwest Rev., (Bonneville Power Administration), 5.00%, 7/1/39	460,000	607,044
Ohio Water Development Authority Water Pollution Control Loan Fund Rev., 5.00%, 6/1/30	95,000	131,344
Ohio Water Development Authority Water Pollution Control Loan Fund Rev., 5.00%, 12/1/30	80,000	110,234
Ohio Water Development Authority Water Pollution Control Loan Fund Rev., 5.00%, 12/1/31	340,000	466,235
University of Texas System (The) Rev., 5.00%, 8/15/40	360,000	554,775
<b>TOTAL MUNICIPAL SECURITIES</b> (Cost \$1,786,627)		<b>1,869,632</b>
<b>TEMPORARY CASH INVESTMENTS — 3.3%</b>		
Credit Agricole Corporate and Investment Bank, 0.08%, 7/1/20 <sup>(2)(3)</sup> (Cost \$19,567,000)	19,567,000	<b>19,566,953</b>
<b>TOTAL INVESTMENT SECURITIES — 100.6%</b> (Cost \$563,967,980)		<b>608,656,214</b>
<b>OTHER ASSETS AND LIABILITIES — (0.6%)</b>		<b>(3,399,712)</b>
<b>TOTAL NET ASSETS — 100.0%</b>		<b>\$ 605,256,502</b>

**FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS**

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD	1,937,900	AUD 2,765,836 UBS AG	9/23/20	\$ 28,687
USD	33,217,293	CAD 44,501,041 Morgan Stanley	9/23/20	432,732
				<u>\$ 461,419</u>

**CENTRALLY CLEARED TOTAL RETURN SWAP AGREEMENTS**

Floating Rate Index	Pay/Receive Floating Rate Index at Termination	Fixed Rate	Termination Date	Notional Amount	Premiums Paid (Received)	Unrealized Appreciation (Depreciation)	Value
CPURNSA	Receive	1.78%	6/6/24	\$ 19,000,000	\$ (514)	\$ (574,139)	\$ (574,653)
CPURNSA	Receive	1.71%	6/20/24	\$ 12,600,000	(477)	(352,413)	(352,890)
CPURNSA	Receive	1.86%	7/30/24	\$ 12,500,000	(490)	(459,630)	(460,120)
CPURNSA	Receive	1.86%	8/1/24	\$ 13,600,000	(498)	(498,449)	(498,947)
CPURNSA	Receive	1.62%	10/17/24	\$ 12,500,000	(516)	(291,110)	(291,626)
CPURNSA	Receive	1.08%	6/4/25	\$ 4,000,000	517	35,041	35,558
CPURNSA	Receive	2.15%	11/20/27	\$ 5,000,000	(554)	(363,202)	(363,756)
CPURNSA	Receive	2.31%	3/28/28	\$ 11,500,000	(483)	(1,120,215)	(1,120,698)
CPURNSA	Receive	1.79%	10/16/29	\$ 6,100,000	(534)	(222,145)	(222,679)
CPURNSA	Receive	1.80%	10/21/29	\$ 6,100,000	(527)	(225,258)	(225,785)
CPURNSA	Receive	1.88%	11/21/29	\$ 1,000,000	(485)	(45,212)	(45,697)
CPURNSA	Receive	1.87%	11/25/29	\$ 5,000,000	(521)	(221,820)	(222,341)
CPURNSA	Receive	1.29%	5/19/30	\$ 3,000,000	526	63,551	64,077
CPURNSA	Receive	1.50%	6/8/30	\$ 4,000,000	540	17,288	17,828
CPURNSA	Receive	1.63%	6/25/30	\$ 8,000,000	585	(31,515)	(30,930)
					<u>\$ (3,431)</u>	<u>\$ (4,289,228)</u>	<u>\$ (4,292,659)</u>

## TOTAL RETURN SWAP AGREEMENTS

Counterparty	Floating Rate Index	Pay/Receive	Fixed Rate	Termination Date	Notional Amount	Value*
		Index at Termination				
Bank of America N.A.	CPURNSA	Receive	2.67%	4/1/22	\$ 5,000,000	\$ (846,069)
Bank of America N.A.	CPURNSA	Receive	2.53%	8/19/24	\$ 4,000,000	(572,030)
Bank of America N.A.	CPURNSA	Receive	1.79%	8/27/25	\$ 3,000,000	(109,657)
Bank of America N.A.	CPURNSA	Receive	2.24%	4/11/27	\$ 7,000,000	(608,015)
Bank of America N.A.	CPURNSA	Receive	2.22%	4/13/27	\$ 1,750,000	(147,471)
Bank of America N.A.	CPURNSA	Receive	2.24%	4/28/27	\$ 4,000,000	(345,092)
Barclays Bank plc	CPURNSA	Receive	2.59%	7/23/24	\$ 2,300,000	(344,645)
Barclays Bank plc	CPURNSA	Receive	2.39%	9/19/24	\$ 6,000,000	(749,770)
Barclays Bank plc	CPURNSA	Receive	2.36%	9/29/24	\$ 6,500,000	(792,682)
Barclays Bank plc	CPURNSA	Receive	2.31%	9/30/24	\$ 3,600,000	(415,239)
Barclays Bank plc	CPURNSA	Receive	2.90%	12/21/27	\$ 15,100,000	(5,887,731)
Barclays Bank plc	CPURNSA	Receive	2.78%	7/2/44	\$ 3,600,000	(2,004,032)
Goldman Sachs & Co.	CPURNSA	Receive	1.87%	5/23/26	\$ 1,500,000	(47,443)
Goldman Sachs & Co.	CPURNSA	Receive	1.92%	5/31/26	\$ 13,000,000	(494,015)
Goldman Sachs & Co.	CPURNSA	Receive	1.77%	6/16/26	\$ 12,500,000	(265,674)
Goldman Sachs & Co.	CPURNSA	Receive	2.25%	11/15/26	\$ 2,500,000	(201,858)
Goldman Sachs & Co.	CPURNSA	Receive	2.28%	11/16/26	\$ 2,500,000	(212,662)
						<u>\$ (14,044,085)</u>

\*Amount represents value and unrealized appreciation (depreciation).

## NOTES TO SCHEDULE OF INVESTMENTS

AUD	- Australian Dollar
CAD	- Canadian Dollar
CPI YoY	- U.S. Consumer Price Index Urban Consumers Year over Year Not Seasonally Adjusted Index
CPURNSA	- U.S. Consumer Price Index Urban Consumers Not Seasonally Adjusted Index
FHLMC	- Federal Home Loan Mortgage Corporation
FNMA	- Federal National Mortgage Association
LIBOR	- London Interbank Offered Rate
MTN	- Medium Term Note
SEQ	- Sequential Payer
USD	- United States Dollar
VRN	- Variable Rate Note. The rate adjusts periodically based upon the terms set forth in the security's offering documents. The rate shown is effective at the period end and the reference rate and spread, if any, is indicated. The security's effective maturity date may be shorter than the final maturity date shown.

† Category is less than 0.05% of total net assets.

- (1) Security, or a portion thereof, has been pledged at the custodian bank or with a broker for collateral requirements on forward foreign currency exchange contracts and/or swap agreements. At the period end, the aggregate value of securities pledged was \$23,567,681.
- (2) Security was purchased pursuant to Rule 144A or Section 4(2) under the Securities Act of 1933 and may be sold in transactions exempt from registration, normally to qualified institutional investors. The aggregate value of these securities at the period end was \$128,833,778, which represented 21.3% of total net assets.
- (3) The rate indicated is the yield to maturity at purchase.

See Notes to Financial Statements.

# Statement of Assets and Liabilities

**JUNE 30, 2020 (UNAUDITED)**

## Assets

Investment securities, at value (cost of \$563,967,980)	\$ 608,656,214
Cash	39,110
Receivable for investments sold	1,957,235
Receivable for capital shares sold	13,574,535
Receivable for variation margin on swap agreements	135,089
Unrealized appreciation on forward foreign currency exchange contracts	461,419
Interest receivable	2,021,147
	<u>626,844,749</u>

## Liabilities

Payable for investments purchased	7,034,254
Payable for capital shares redeemed	190,249
Swap agreements, at value	14,044,085
Accrued management fees	221,626
Distribution fees payable	98,033
	<u>21,588,247</u>

## Net Assets

\$ 605,256,502

## Net Assets Consist of:

Capital (par value and paid-in surplus)	\$ 593,672,304
Distributable earnings	11,584,198
	<u><u>\$ 605,256,502</u></u>

	Net Assets	Shares Outstanding	Net Asset Value Per Share
Class I, \$0.01 Par Value	\$107,756,329	10,185,339	\$10.58
Class II, \$0.01 Par Value	\$497,500,173	47,117,642	\$10.56

See Notes to Financial Statements.



# Statement of Operations

FOR THE SIX MONTHS ENDED JUNE 30, 2020 (UNAUDITED)

## Investment Income (Loss)

### Income:

Interest \$ 3,686,588

### Expenses:

Management fees 1,358,096

Distribution fees - Class II 612,045

Directors' fees and expenses 22,697

Other expenses 14,185

2,007,023

**Net investment income (loss)** 1,679,565

## Realized and Unrealized Gain (Loss)

### Net realized gain (loss) on:

Investment transactions 6,719,156

Forward foreign currency exchange contract transactions (589,626)

Futures contract transactions 896,529

Swap agreement transactions (2,992,744)

Foreign currency translation transactions 47,857

4,081,172

### Change in net unrealized appreciation (depreciation) on:

Investments 22,808,913

Forward foreign currency exchange contracts 557,247

Futures contracts 39,345

Swap agreements (10,531,102)

Translation of assets and liabilities in foreign currencies (300)

12,874,103

**Net realized and unrealized gain (loss)** 16,955,275

**Net Increase (Decrease) in Net Assets Resulting from Operations** \$ 18,634,840

See Notes to Financial Statements.

# Statement of Changes in Net Assets

**SIX MONTHS ENDED JUNE 30, 2020 (UNAUDITED) AND YEAR ENDED DECEMBER 31, 2019**

Increase (Decrease) in Net Assets	June 30, 2020	December 31, 2019
<b>Operations</b>		
Net investment income (loss)	\$ 1,679,565	\$ 13,918,032
Net realized gain (loss)	4,081,172	(3,037,200)
Change in net unrealized appreciation (depreciation)	12,874,103	42,056,141
Net increase (decrease) in net assets resulting from operations	<u>18,634,840</u>	<u>52,936,973</u>
<b>Distributions to Shareholders</b>		
From earnings:		
Class I	(638,524)	(2,380,140)
Class II	<u>(2,429,651)</u>	<u>(12,062,634)</u>
Decrease in net assets from distributions	<u>(3,068,175)</u>	<u>(14,442,774)</u>
<b>Capital Share Transactions</b>		
Net increase (decrease) in net assets from capital share transactions (Note 5)	<u>(19,447,698)</u>	<u>(41,628,475)</u>
<b>Net increase (decrease) in net assets</b>	<b>(3,881,033)</b>	<b>(3,134,276)</b>
<b>Net Assets</b>		
Beginning of period	609,137,535	612,271,811
End of period	<u>\$ 605,256,502</u>	<u>\$ 609,137,535</u>

See Notes to Financial Statements.

# Notes to Financial Statements

JUNE 30, 2020 (UNAUDITED)

## 1. Organization

American Century Variable Portfolios II, Inc. (the corporation) is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company and is organized as a Maryland corporation. VP Inflation Protection Fund (the fund) is the sole fund issued by the corporation. The fund's investment objective is to pursue long-term total return using a strategy that seeks to protect against U.S. inflation. The fund offers Class I and Class II.

## 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the fund in preparation of its financial statements. The fund is an investment company and follows accounting and reporting guidance in accordance with accounting principles generally accepted in the United States of America. This may require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from these estimates. Management evaluated the impact of events or transactions occurring through the date the financial statements were issued that would merit recognition or disclosure.

**Investment Valuations** — The fund determines the fair value of its investments and computes its net asset value per share at the close of regular trading (usually 4 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open. The Board of Directors has adopted valuation policies and procedures to guide the investment advisor in the fund's investment valuation process and to provide methodologies for the oversight of the fund's pricing function.

Fixed income securities are valued at the evaluated mean as provided by independent pricing services or at the mean of the most recent bid and asked prices as provided by investment dealers. Corporate bonds, U.S. Treasury and Government Agency securities, convertible bonds, municipal securities, and sovereign governments and agencies are valued using market models that consider trade data, quotations from dealers and active market makers, relevant yield curve and spread data, creditworthiness, trade data or market information on comparable securities, and other relevant security specific information. Mortgage-related and asset-backed securities are valued based on models that consider trade data, prepayment and default projections, benchmark yield and spread data and estimated cash flows of each tranche of the issuer. Collateralized loan obligations are valued based on discounted cash flow models that consider trade and economic data, prepayment assumptions and default projections. Commercial paper is valued using a curve-based approach that considers money market rates for specific instruments, programs, currencies and maturity points from a variety of active market makers. Fixed income securities initially expressed in local currencies are translated into U.S. dollars at the mean of the appropriate currency exchange rate at the close of the NYSE as provided by an independent pricing service.

Open-end management investment companies are valued at the reported net asset value per share. Exchange-traded futures contracts are valued at the settlement price as provided by the appropriate exchange. Swap agreements are valued at an evaluated mean as provided by independent pricing services or independent brokers. Forward foreign currency exchange contracts are valued at the mean of the appropriate forward exchange rate at the close of the NYSE as provided by an independent pricing service.

If the fund determines that the market price for an investment is not readily available or the valuation methods mentioned above do not reflect an investment's fair value, such investment is valued as determined in good faith by the Board of Directors or its delegate, in accordance with policies and procedures adopted by the Board of Directors. In its determination of fair value, the fund may review several factors including, but not limited to, market information regarding the specific investment or comparable investments and correlation with other investment types, futures indices or general market indicators. Circumstances that may cause the fund to use these procedures to value an investment include, but are not limited to: an investment has been declared in default or is distressed; trading in a security has been suspended during the trading day or a security is not actively trading on its principal exchange; prices received from a regular pricing source are deemed unreliable; or there is a foreign market holiday and no trading occurred.

The fund monitors for significant events occurring after the close of an investment's primary exchange but before the fund's net asset value per share is determined. Significant events may include, but are not limited to: corporate announcements and transactions; governmental action and political unrest that could impact a specific investment or an investment sector; or armed conflicts, natural disasters and similar events that could affect investments in a specific country or region.

**Security Transactions** — Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

**Investment Income** — Interest income is recorded on the accrual basis and includes paydown gain (loss) and accretion of discounts and amortization of premiums. Inflation adjustments related to inflation-linked debt securities are reflected as interest income.

**Segregated Assets** — In accordance with the 1940 Act, the fund segregates assets on its books and records to cover certain types of investment securities and other financial instruments. American Century Investment Management, Inc. (ACIM) (the investment advisor) monitors, on a daily basis, the securities segregated to ensure the fund designates a sufficient amount of liquid assets, marked-to-market daily. The fund may also receive assets or be required to pledge assets at the custodian bank or with a broker for collateral requirements.

**Foreign Currency Translations** — All assets and liabilities initially expressed in foreign currencies are translated into U.S. dollars at prevailing exchange rates at period end. The fund may enter into spot foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of investment securities, dividend and interest income, spot foreign currency exchange contracts, and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Net realized and unrealized foreign currency exchange gains or losses related to investment securities are a component of net realized gain (loss) on investment transactions and change in net unrealized appreciation (depreciation) on investments, respectively.

**Income Tax Status** — It is the fund's policy to distribute substantially all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under provisions of the Internal Revenue Code. Accordingly, no provision has been made for income taxes. The fund files U.S. federal, state, local and non-U.S. tax returns as applicable. The fund's tax returns are subject to examination by the relevant taxing authority until expiration of the applicable statute of limitations, which is generally three years from the date of filing but can be longer in certain jurisdictions. At this time, management believes there are no uncertain tax positions which, based on their technical merit, would not be sustained upon examination and for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**Multiple Class** — All shares of the fund represent an equal pro rata interest in the net assets of the class to which such shares belong, and have identical voting, dividend, liquidation and other rights and the same terms and conditions, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes. Income, non-class specific expenses, and realized and unrealized capital gains and losses of the fund are allocated to each class of shares based on their relative net assets.

**Distributions to Shareholders** — Distributions from net investment income, if any, are generally declared and paid quarterly. Distributions from net realized gains, if any, are generally declared and paid annually.

**Indemnifications** — Under the corporation's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the fund. In addition, in the normal course of business, the fund enters into contracts that provide general indemnifications. The maximum exposure under these arrangements is unknown as this would involve future claims that may be made against a fund. The risk of material loss from such claims is considered by management to be remote.

### **3. Fees and Transactions with Related Parties**

Certain officers and directors of the corporation are also officers and/or directors of American Century Companies, Inc. (ACC). The corporation's investment advisor, ACIM, the corporation's distributor, American Century Investment Services, Inc. (ACIS), and the corporation's transfer agent, American Century Services, LLC, are wholly owned, directly or indirectly, by ACC.

**Management Fees** — The corporation has entered into a management agreement with ACIM, under which ACIM provides the fund with investment advisory and management services in exchange for a single, unified management fee (the fee) per class. The agreement provides that ACIM will pay all expenses of managing and operating the fund, except brokerage expenses, taxes, interest, fees and expenses of the independent directors (including legal counsel fees), extraordinary expenses, and expenses incurred in connection with the provision of shareholder services and distribution services under a plan adopted pursuant to Rule 12b-1 under the 1940 Act. The fee is computed and accrued daily based on each class's daily net assets and paid monthly in arrears. The fee consists of (1) an Investment Category Fee based on the daily net assets of the fund and certain other accounts managed by the investment advisor that are in the same broad investment category as the fund and (2) a Complex Fee based on the assets of all the funds in the American Century Investments family of funds. The rates for the Investment Category Fee range from 0.1625% to 0.2800% and the rates for the Complex Fee range from 0.2500% to 0.3100%. The effective annual management fee for each class for the period ended June 30, 2020 was 0.47%.

**Distribution Fees** — The Board of Directors has adopted the Master Distribution Plan (the plan) for Class II, pursuant to Rule 12b-1 of the 1940 Act. The plan provides that Class II will pay ACIS an annual distribution fee equal to 0.25%. The fee is computed and accrued daily based on the Class II daily net assets and paid monthly in arrears. The distribution fee provides compensation for expenses incurred in connection with distributing shares of Class II including, but not limited to, payments to brokers, dealers, and financial institutions that have entered into sales agreements with respect to shares of the fund. Fees incurred under the plan during the period ended June 30, 2020 are detailed in the Statement of Operations.

**Directors' Fees and Expenses** — The Board of Directors is responsible for overseeing the investment advisor's management and operations of the fund. The directors receive detailed information about the fund and its investment advisor regularly throughout the year, and meet at least quarterly with management of the investment advisor to review reports about fund operations. The fund's officers do not receive compensation from the fund.

**Interfund Transactions** — The fund may enter into security transactions with other American Century Investments funds and other client accounts of the investment advisor, in accordance with the 1940 Act rules and procedures adopted by the Board of Directors. The rules and procedures require, among other things, that these transactions be effected at the independent current market price of the security. There were no interfund transactions during the period.

#### 4. Investment Transactions

Purchases of investment securities, excluding short-term investments, for the period ended June 30, 2020 totaled \$223,820,558, of which \$112,042,803 represented U.S. Treasury and Government Agency obligations.

Sales of investment securities, excluding short-term investments, for the period ended June 30, 2020 totaled \$246,879,366, of which \$137,615,027 represented U.S. Treasury and Government Agency obligations.

#### 5. Capital Share Transactions

Transactions in shares of the fund were as follows:

	Six months ended June 30, 2020		Year ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Class I/Shares Authorized</b>	250,000,000		250,000,000	
Sold	3,562,833	\$ 36,719,712	2,340,251	\$ 23,694,743
Issued in reinvestment of distributions	61,198	638,524	233,202	2,380,140
Redeemed	(3,024,044)	(30,832,068)	(1,937,137)	(19,577,381)
	599,987	6,526,168	636,316	6,497,502
<b>Class II/Shares Authorized</b>	250,000,000		250,000,000	
Sold	6,061,156	62,903,221	5,343,596	53,733,385
Issued in reinvestment of distributions	232,831	2,429,651	1,184,305	12,062,634
Redeemed	(8,951,006)	(91,306,738)	(11,313,954)	(113,921,996)
	(2,657,019)	(25,973,866)	(4,786,053)	(48,125,977)
Net increase (decrease)	(2,057,032)	\$ (19,447,698)	(4,149,737)	\$ (41,628,475)

## 6. Fair Value Measurements

The fund's investments valuation process is based on several considerations and may use multiple inputs to determine the fair value of the investments held by the fund. In conformity with accounting principles generally accepted in the United States of America, the inputs used to determine a valuation are classified into three broad levels.

- Level 1 valuation inputs consist of unadjusted quoted prices in an active market for identical investments.
- Level 2 valuation inputs consist of direct or indirect observable market data (including quoted prices for comparable investments, evaluations of subsequent market events, interest rates, prepayment speeds, credit risk, etc.). These inputs also consist of quoted prices for identical investments initially expressed in local currencies that are adjusted through translation into U.S. dollars.
- Level 3 valuation inputs consist of unobservable data (including a fund's own assumptions).

The level classification is based on the lowest level input that is significant to the fair valuation measurement. The valuation inputs are not necessarily an indication of the risks associated with investing in these securities or other financial instruments.

As of period end, the fund's investment securities and other financial instruments were classified as Level 2. The Schedule of Investments provides additional information on the fund's portfolio holdings.

## 7. Derivative Instruments

**Credit Risk** — The fund is subject to credit risk in the normal course of pursuing its investment objectives. The value of a bond generally declines as the credit quality of its issuer declines. Credit default swap agreements enable a fund to buy/sell protection against a credit event of a specific issuer or index. A fund may attempt to enhance returns by selling protection or attempt to mitigate credit risk by buying protection. The buyer/seller of credit protection against a security or basket of securities may pay/receive an up-front or periodic payment to compensate for/against potential default events. Changes in value, including the periodic amounts of interest to be paid or received on swap agreements, are recorded as unrealized appreciation (depreciation) on swap agreements. Upon entering into a centrally cleared swap, a fund is required to deposit cash or securities (initial margin) with a financial intermediary in an amount equal to a certain percentage of the notional amount. Subsequent payments (variation margin) are made or received daily, in cash, by a fund. The variation margin is equal to the daily change in the value and is a component of unrealized gains and losses. Realized gain or loss is recorded upon receipt or payment of a periodic settlement or termination of swap agreements. Net realized and unrealized gains or losses occurring during the holding period of swap agreements are a component of net realized gain (loss) on swap agreement transactions and change in net unrealized appreciation (depreciation) on swap agreements, respectively. The risks of entering into swap agreements include the possible lack of liquidity, failure of the counterparty to meet its obligations, and that there may be unfavorable changes in the underlying investments or instruments. The fund's average notional amount held during the period was \$42,533,333.

**Foreign Currency Risk** — The fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The value of foreign investments held by a fund may be significantly affected by changes in foreign currency exchange rates. The dollar value of a foreign security generally decreases when the value of the dollar rises against the foreign currency in which the security is denominated and tends to increase when the value of the dollar declines against such foreign currency. A fund may enter into forward foreign currency exchange contracts to reduce a fund's exposure to foreign currency exchange rate fluctuations or to gain exposure to the fluctuations in the value of foreign currencies. The net U.S. dollar value of foreign currency underlying all contractual commitments held by a fund and the resulting unrealized appreciation or depreciation are determined daily. Realized gain or loss is recorded upon the termination of the contract. Net realized and unrealized gains or losses occurring during the holding period of forward foreign currency exchange contracts are a component of net realized gain (loss) on forward foreign currency exchange contract transactions and change in net unrealized appreciation (depreciation) on forward foreign currency exchange contracts, respectively. A fund bears the risk of an unfavorable change in the foreign currency exchange rate underlying the forward contract. Additionally, losses, up to the fair value, may arise if the counterparties do not perform under the contract terms. The fund's average U.S. dollar exposure to foreign currency risk derivative instruments held during the period was \$27,038,721.

**Interest Rate Risk** — The fund is subject to interest rate risk in the normal course of pursuing its investment objectives. The value of bonds generally declines as interest rates rise. A fund may enter into futures contracts based on a bond index or a specific underlying security. A fund may purchase futures contracts to gain exposure to increases in market value or sell futures contracts to protect against a decline in market value. Upon entering into a futures contract, a fund will segregate cash, cash equivalents or other appropriate liquid securities on its records in amounts sufficient to meet requirements. Subsequent payments (variation margin) are made or received daily, in cash, by a fund. The variation margin is equal to the daily change in the contract value and is recorded as unrealized gains and losses. A fund recognizes a realized gain or loss when the futures contract is closed or expires. Net realized and unrealized gains or losses occurring during the holding period of futures contracts are a component of net realized gain (loss) on futures contract transactions and change in net unrealized appreciation (depreciation) on futures contracts, respectively. One of the risks of entering into futures contracts is the possibility that the change in value of the contract may not correlate with the changes in value of the underlying securities. The fund's average notional exposure to interest rate risk derivative instruments held during the period was \$48,250,000 futures contracts purchased.

**Other Contracts** — A fund may enter into total return swap agreements in order to attempt to obtain or preserve a particular return or spread at a lower cost than obtaining a return or spread through purchases and/or sales of instruments in other markets or gain exposure to certain markets in the most economical way possible. A fund will segregate cash, cash equivalents or other appropriate liquid securities on its records in amounts sufficient to meet requirements. Changes in value, including the periodic amounts of interest to be paid or received on swap agreements, are recorded as unrealized appreciation (depreciation) on swap agreements. Upon entering into a centrally cleared swap, a fund is required to deposit cash or securities (initial margin) with a financial intermediary in an amount equal to a certain percentage of the notional amount. Subsequent payments (variation margin) are made or received daily, in cash, by a fund. The variation margin is equal to the daily change in the value and is a component of unrealized gains and losses. Realized gain or loss is recorded upon receipt or payment of a periodic settlement or termination of swap agreements. Net realized and unrealized gains or losses occurring during the holding period of swap agreements are a component of net realized gain (loss) on swap agreement transactions and change in net unrealized appreciation (depreciation) on swap agreements, respectively. The risks of entering into swap agreements include the possible lack of liquidity, failure of the counterparty to meet its obligations, and that there may be unfavorable changes in the underlying investments or instruments, including inflationary risk. The fund's average notional amount held during the period was \$219,833,333.

Value of Derivative Instruments as of June 30, 2020

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Location on Statement of Assets and Liabilities	Value	Location on Statement of Assets and Liabilities	Value
Foreign Currency Risk	Unrealized appreciation on forward foreign currency exchange contracts	\$ 461,419	Unrealized depreciation on forward foreign currency exchange contracts	—
Other Contracts	Receivable for variation margin on swap agreements*	135,089	Payable for variation margin on swap agreements*	—
Other Contracts	Swap agreements	—	Swap agreements	\$14,044,085
		<u>\$ 596,508</u>		<u>\$14,044,085</u>

\* Included in the unrealized appreciation (depreciation) on centrally cleared swap agreements, as reported in the Schedule of Investments.

Effect of Derivative Instruments on the Statement of Operations for the Six Months Ended June 30, 2020

Type of Risk Exposure	Net Realized Gain (Loss)		Change in Net Unrealized Appreciation (Depreciation)	
	Location on Statement of Operations	Value	Location on Statement of Operations	Value
Credit Risk	Net realized gain (loss) on swap agreement transactions	\$ (1,275,064)	Change in net unrealized appreciation (depreciation) on swap agreements	—
Foreign Currency Risk	Net realized gain (loss) on forward foreign currency exchange contract transactions	(589,626)	Change in net unrealized appreciation (depreciation) on forward foreign currency exchange contracts	\$ 557,247
Interest Rate Risk	Net realized gain (loss) on futures contract transactions	896,529	Change in net unrealized appreciation (depreciation) on futures contracts	39,345
Other Contracts	Net realized gain (loss) on swap agreement transactions	(1,717,680)	Change in net unrealized appreciation (depreciation) on swap agreements	(10,531,102)
		<u>\$ (2,685,841)</u>		<u>\$ (9,934,510)</u>

**Counterparty Risk** — The fund is subject to counterparty risk, or the risk that an institution will fail to perform its obligations to the fund. The investment advisor attempts to minimize counterparty risk prior to entering into transactions by performing extensive reviews of the creditworthiness of all potential counterparties. The fund may also enter into agreements that provide provisions for legally enforceable master netting arrangements to manage the credit risk between counterparties related to forward foreign currency exchange contracts and/or over-the-counter swap agreements. A master netting arrangement provides for the net settlement of multiple contracts with a single counterparty through a single payment in the event of default or termination of any one contract. To mitigate counterparty risk, the fund may receive assets or be required to pledge assets at the custodian bank or with a broker as designated under prescribed collateral provisions.

The fund does not offset assets and liabilities subject to master netting arrangements on the Statement of Assets and Liabilities for financial reporting purposes. The fund's asset derivatives and liability derivatives that are subject to legally enforceable offsetting arrangements as of period end were as follows:

Counterparty	Gross Amount on Statement of Assets and Liabilities	Amount Eligible for Offset	Collateral	Net Exposure*
<b>Assets</b>				
Morgan Stanley	\$ 432,732	—	—	\$ 432,732
UBS AG	28,687	—	—	28,687
	<u>\$ 461,419</u>	<u>—</u>	<u>—</u>	<u>\$ 461,419</u>
<b>Liabilities</b>				
Bank of America N.A.	\$ 2,628,334	—	\$ (2,628,334)	—
Barclays Bank plc	10,194,099	—	(10,194,099)	—
Goldman Sachs & Co.	1,221,652	—	(1,221,652)	—
	<u>\$ 14,044,085</u>	<u>—</u>	<u>\$ (14,044,085)</u>	<u>—</u>

\*The net exposure represents the amount receivable from the counterparty or amount payable to the counterparty in the event of default or termination.

## 8. Risk Factors

The value of the fund's shares will go up and down, sometimes rapidly or unpredictably, based on the performance of the securities owned by the fund and other factors generally affecting the securities market. Market risks, including political, regulatory, economic and social developments, can affect the value of the fund's investments. Natural disasters, public health emergencies, terrorism and other unforeseeable events may lead to increased market volatility and may have adverse long-term effects on world economies and markets generally.



The fund may invest in instruments that have variable or floating coupon rates based on the London Interbank Offered Rate (LIBOR). LIBOR is a benchmark interest rate intended to be representative of the rate at which certain major international banks lend to one another over short-terms. LIBOR will be phased out by the end of 2021. Uncertainty remains regarding a replacement rate or rates for LIBOR. The transition process may lead to increased volatility or illiquidity in markets for instruments that rely on LIBOR. This could result in a change to the value of such instruments.

There are certain risks involved in investing in foreign securities. These risks include those resulting from political events (such as civil unrest, national elections and imposition of exchange controls), social and economic events (such as labor strikes and rising inflation), and natural disasters. Securities of foreign issuers may be less liquid and more volatile. Investing a significant portion of assets in one country or region may accentuate these risks.

## 9. Federal Tax Information

The book-basis character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements.

As of period end, the components of investments for federal income tax purposes were as follows:

Federal tax cost of investments	<u>\$ 564,058,279</u>
Gross tax appreciation of investments	\$ 47,232,305
Gross tax depreciation of investments	(2,634,370)
Net tax appreciation (depreciation) of investments	<u>\$ 44,597,935</u>

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales.

As of December 31, 2019, the fund had accumulated short-term capital losses of \$(1,584,103) and accumulated long-term capital losses of \$(13,692,738), which represent net capital loss carryovers that may be used to offset future realized capital gains for federal income tax purposes. The capital loss carryovers may be carried forward for an unlimited period. Future capital loss carryover utilization in any given year may be subject to Internal Revenue Code limitations.

# Financial Highlights

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)

Per-Share Data										Ratios and Supplemental Data			
Net Asset Value, Beginning of Period	Income From Investment Operations:			Distributions From:				Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Ratio to Average Net Assets of:			Net Assets, End of Period (in thousands)
	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total From Investment Operations	Net Investment Income	Net Realized Gains	Total Distributions	Operating Expenses			Net Investment Income (Loss)	Portfolio Turnover Rate		
<b>Class I</b>													
2020 <sup>(3)</sup>	\$10.28	0.04	0.32	0.36	(0.06)	—	(0.06)	\$10.58	3.56%	0.48% <sup>(4)</sup>	0.78% <sup>(4)</sup>	39%	\$107,756
2019	\$9.66	0.25	0.63	0.88	(0.26)	—	(0.26)	\$10.28	9.16%	0.47%	2.48%	41%	\$98,523
2018	\$10.23	0.28	(0.54)	(0.26)	(0.31)	—	(0.31)	\$9.66	(2.57)%	0.48%	2.83%	15%	\$86,413
2017	\$10.13	0.24	0.15	0.39	(0.29)	—	(0.29)	\$10.23	3.92%	0.47%	2.34%	28%	\$88,334
2016	\$9.96	0.20	0.27	0.47	(0.22)	(0.08)	(0.30)	\$10.13	4.71%	0.48%	1.88%	37%	\$78,925
2015	\$10.43	0.11	(0.34)	(0.23)	(0.24)	—	(0.24)	\$9.96	(2.28)%	0.47%	0.94%	23%	\$49,652
<b>Class II</b>													
2020 <sup>(3)</sup>	\$10.26	0.03	0.32	0.35	(0.05)	—	(0.05)	\$10.56	3.44%	0.73% <sup>(4)</sup>	0.53% <sup>(4)</sup>	39%	\$497,500
2019	\$9.64	0.22	0.63	0.85	(0.23)	—	(0.23)	\$10.26	8.90%	0.72%	2.23%	41%	\$510,615
2018	\$10.21	0.26	(0.55)	(0.29)	(0.28)	—	(0.28)	\$9.64	(2.82)%	0.73%	2.58%	15%	\$525,858
2017	\$10.11	0.21	0.16	0.37	(0.27)	—	(0.27)	\$10.21	3.67%	0.72%	2.09%	28%	\$588,902
2016	\$9.94	0.17	0.27	0.44	(0.19)	(0.08)	(0.27)	\$10.11	4.39%	0.73%	1.63%	37%	\$580,541
2015	\$10.39	0.07	(0.32)	(0.25)	(0.20)	—	(0.20)	\$9.94	(2.47)%	0.72%	0.69%	23%	\$524,787

## Notes to Financial Highlights

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- (1) Computed using average shares outstanding throughout the period.
- (2) Total returns are calculated based on the net asset value of the last business day. Total returns for periods less than one year are not annualized. The total returns presented do not include the fees and charges assessed with investments in variable insurance products, those charges are disclosed in the separate account prospectus. The inclusion of such fees and charges would lower total return.
- (3) Six months ended June 30, 2020 (unaudited).
- (4) Annualized.

See Notes to Financial Statements.

# Approval of Management Agreement

At a meeting held on June 17, 2020, the Fund's Board of Directors (the "Board") unanimously approved the renewal of the management agreement pursuant to which American Century Investment Management, Inc. (the "Advisor") acts as the investment advisor for the Fund. Under Section 15(c) of the Investment Company Act, contracts for investment advisory services are required to be reviewed, evaluated, and approved by a majority of a fund's Directors, including a majority of the independent Directors, each year. The Board regards this annual evaluation and renewal as one of its most important responsibilities.

The independent Directors have memorialized a statement regarding the relationship between their ongoing obligations to oversee and evaluate the performance of the Advisor and their annual consideration of renewal of the management agreement. In that statement, the independent Directors noted that their assessment of the Advisor's performance is an ongoing process that takes place over the entire year and is informed by all of the extensive information that the Board and its committees receive and consider over time. This information, together with the additional materials provided specifically in connection with the review, are central to the Board's assessment of the Advisor's performance and its determination whether to renew the Fund's management agreement.

Prior to its consideration of the renewal of the management agreement, the Board requested and reviewed extensive data and analysis relating to the proposed renewal. This information and analysis was compiled by the Advisor and certain independent providers of evaluation data concerning the Fund and the services provided to the Fund by the Advisor.

In connection with its consideration of the renewal of the management agreement, the Board's review and evaluation of the services provided by the Advisor included, but was not limited to, the following:

- the nature, extent, and quality of investment management, shareholder services, and other services provided to the Fund;
- the wide range of other programs and services the Advisor and its affiliates provide to the Fund and its shareholders on a routine and non-routine basis;
- the Fund's investment performance, including data comparing the Fund's performance to appropriate benchmarks and/or a peer group of other mutual funds with similar investment objectives and strategies;
- the cost of owning the Fund compared to the cost of owning similar funds;
- the compliance policies, procedures, and regulatory experience of the Advisor and its affiliates and certain other Fund service providers;
- financial data showing the cost of services provided by the Advisor and its affiliates to the Fund, the profitability of the Fund to the Advisor, and the overall profitability of the Advisor;
- the Advisor's strategic plans;
- the Advisor's response to the COVID-19 pandemic;
- any economies of scale associated with the Advisor's management of the Fund;
- services provided and charges to the Advisor's other investment management clients;
- fees and expenses associated with any investment by the Fund in other funds;
- payments and practices in connection with financial intermediaries holding shares of the Fund on behalf of their clients and the services provided by intermediaries in connection therewith; and
- any collateral benefits derived by the Advisor from the management of the Fund.

In keeping with its practice, the Board held two meetings and the independent Directors met in private session to discuss the renewal and to review and discuss the information provided in response to their request. The Board held active discussions with the Advisor regarding the

renewal of the management agreement. The independent Directors had the benefit of the advice of their independent counsel throughout the process.

## Factors Considered

The Directors considered all of the information provided by the Advisor, the independent data providers, and the independent Directors' independent counsel in connection with the approval. They determined that the information was sufficient for them to evaluate the management agreement for the Fund. In connection with their review, the Directors did not identify any single factor as being all-important or controlling and each Director may have attributed different levels of importance to different factors. In deciding to renew the management agreement, the Board based its decision on a number of factors, including the following:

**Nature, Extent and Quality of Services — Generally.** Under the management agreement, the Advisor is responsible for providing or arranging for all services necessary for the operation of the Fund. The Board noted that the Advisor provides or arranges at its own expense a wide variety of services including:

- constructing and designing the Fund
- portfolio research and security selection
- initial capitalization/funding
- securities trading
- Fund administration
- custody of Fund assets
- daily valuation of the Fund's portfolio
- shareholder servicing and transfer agency, including shareholder confirmations, recordkeeping, and communications
- legal services (except the independent Directors' counsel)
- regulatory and portfolio compliance
- financial reporting
- marketing and distribution (except amounts paid by the Fund under Rule 12b-1 plans)

The Board noted that many of these services have expanded over time in terms of both quantity and complexity in response to shareholder demands, competition in the industry, changing distribution channels, and the changing regulatory environment.

**Investment Management Services.** The nature of the investment management services provided to the Fund is quite complex and allows Fund shareholders access to professional money management, instant diversification of their investments within an asset class, the opportunity to easily diversify among asset classes by investing in or exchanging among various American Century Investments funds, and liquidity. In evaluating investment performance, the Board expects the Advisor to manage the Fund in accordance with its investment objectives and approved strategies. Further, the Directors recognize that the Advisor has an obligation to seek the best execution of fund trades. In providing these services, the Advisor utilizes teams of investment professionals (portfolio managers, analysts, research assistants, and securities traders) who require extensive information technology, research, training, compliance, and other systems to conduct their business. The Board, directly and through its Portfolio Committee, regularly reviews investment performance information for the Fund, together with comparative information for appropriate benchmarks and/or peer groups of similarly-managed funds, over different time horizons. The Directors also review investment performance information during the management agreement renewal process. If performance concerns are identified, the Fund receives special reviews until performance improves, during which the Board discusses with the Advisor the reasons for such results (e.g., market conditions, security selection) and any efforts being undertaken to improve performance. The Fund's performance was above its benchmark for the one-, three-, five-, and ten-year periods reviewed by the Board. The Board found the investment management services provided by the Advisor to the Fund to be satisfactory and consistent with the management agreement.

**Shareholder and Other Services.** Under the management agreement, the Advisor, either directly or through affiliates or third parties, provides the Fund with a comprehensive package of transfer agency, shareholder, and other services. The Board, directly and through its various committees, regularly reviews reports and evaluations of such services at its regular meetings. These reports include, but are not limited to, information regarding the operational efficiency and accuracy of the shareholder and transfer agency services provided, staffing levels, shareholder satisfaction, technology support (including cyber security), new products and services offered to Fund shareholders, securities trading activities, portfolio valuation services, auditing services, and legal and operational compliance activities. The Board found the services provided by the Advisor to the Fund under the management agreement to be competitive and of high quality.

**COVID-19 Response.** During 2020, much of the world experienced unprecedented change and challenges from the impacts of the rapidly evolving, worldwide spread of the COVID-19 virus. The Board evaluated the Advisor's response to the COVID-19 pandemic and its impact on service to the Fund. The Board found that Fund shareholders have continued to receive the Advisor's investment management and other services without disruption, and Advisor personnel have demonstrated great resiliency in providing those services. The Board, directly and through its committees, continues to monitor the impact of the pandemic and the response of each of the Fund's service providers.

**Costs of Services and Profitability.** The Advisor provides detailed information concerning its cost of providing various services to the Fund, its profitability in managing the Fund, its overall profitability, and its financial condition. The Directors have reviewed with the Advisor the methodology used to prepare this financial information. This information is considered in evaluating the Advisor's financial condition, its ability to continue to provide services under the management agreement, and the reasonableness of the current management fee. The Board concluded that the Advisor's profits were reasonable in light of the services provided to the Fund.

**Ethics.** The Board generally considers the Advisor's commitment to providing quality services to shareholders and to conducting its business ethically. They noted that the Advisor's practices generally meet or exceed industry best practices.

**Economies of Scale.** The Board also reviewed information provided by the Advisor regarding the possible existence of economies of scale in connection with the management of the Fund. The Board concluded that economies of scale are difficult to measure and predict with precision, especially on a fund-by-fund basis. The Board concluded that the Advisor is appropriately sharing economies of scale, to the extent they exist, through its competitive fee structure, offering competitive fees from fund inception, and through reinvestment in its business, infrastructure, investment capabilities and initiatives to provide shareholders enhanced and expanded services.

**Comparison to Other Funds' Fees.** The management agreement provides that the Fund pays the Advisor a single, all-inclusive (or unified) management fee for providing all services necessary for the management and operation of the Fund, other than brokerage expenses, expenses attributable to short sales, taxes, interest, extraordinary expenses, fees and expenses of the Fund's independent Directors (including their independent legal counsel), and expenses incurred in connection with the provision of shareholder services and distribution services under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act. Under this unified fee structure, the Advisor is responsible for providing all investment advisory, custody, audit, administrative, compliance, recordkeeping, marketing, and shareholder services, or arranging and supervising third parties to provide such services. By contrast, most other funds are charged a variety of fees, including an investment advisory fee, a transfer agency fee, an administrative fee, and other expenses. Other than their investment advisory fees and any applicable Rule 12b-1 distribution fees, all other components of the total fees charged by these other funds may be increased without shareholder approval. The Board believes the unified fee structure is a benefit to Fund shareholders because it clearly discloses to shareholders the cost of owning Fund shares, and, since the unified fee cannot be increased without a vote of Fund shareholders, it shifts to the

Advisor the risk of increased costs of operating the Fund and provides a direct incentive to minimize administrative inefficiencies. Part of the Board's analysis of fee levels involves reviewing certain evaluative data compiled by an independent provider and comparing the Fund's unified fee to the total expense ratio of peer funds. The unified fee charged to shareholders of the Fund was below the median of the total expense ratios of the Fund's peer universe. The Board concluded that the management fee paid by the Fund to the Advisor under the management agreement is reasonable in light of the services provided to the Fund.

**Comparison to Fees and Services Provided to Other Clients of the Advisor.** The Board also requested and received information from the Advisor concerning the nature of the services, fees, costs, and profitability of its advisory services to advisory clients other than the Fund. They observed that these varying types of client accounts require different services and involve different regulatory and entrepreneurial risks than the management of the Fund. The Board analyzed this information and concluded that the fees charged and services provided to the Fund were reasonable by comparison.

**Payments to Intermediaries.** The Directors also requested and received a description of payments made to intermediaries by the Fund and the Advisor and services provided by intermediaries. These payments include various payments made by the Fund or the Advisor to different types of intermediaries and recordkeepers for distribution and service activities provided with respect to the Fund. The Directors reviewed such information and received representations from the Advisor that all such payments by the Fund were made pursuant to the Fund's Rule 12b-1 Plan and that all such payments by the Advisor were made from the Advisor's resources and reasonable profits. The Board found such payments to be reasonable in scope and purpose.

**Collateral or "Fall-Out" Benefits Derived by the Advisor.** The Board considered the existence of collateral benefits the Advisor may receive as a result of its relationship with the Fund. The Board noted that the Advisor's primary business is managing mutual funds and it generally does not use fund or shareholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them. The Board noted that the Advisor may receive proprietary research from broker-dealers that execute fund portfolio transactions. The Board also determined that the Advisor is able to provide investment management services to certain clients other than the Fund, at least in part, due to its existing infrastructure built to serve the fund complex. The Board noted that the assets of those other accounts are, where applicable, included with the assets of the Fund to determine breakpoints in the management fee schedule.

**Existing Relationship.** The Board also considered whether there was any reason for not continuing the existing arrangement with the Advisor. In this regard, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties, and other effects that could occur as a result of a decision not to continue such relationship. In particular, the Board recognized that most shareholders have invested in the Fund on the strength of the Advisor's industry standing and reputation and in the expectation that the Advisor will have a continuing role in providing advisory services to the Fund.

**Conclusion of the Directors.** As a result of this process, the Board, including all of the independent Directors and assisted by the advice of independent legal counsel, taking into account all of the factors discussed above and the information provided by the Advisor and others in connection with its review and throughout the year, concluded that the management agreement between the Fund and the Advisor is fair and reasonable in light of the services provided and should be renewed.

## Liquidity Risk Management Program

The Fund has adopted a liquidity risk management program (the "program"). The Fund's Board of Trustees (the "Board") has designated American Century Investment Management, Inc. ("ACIM") as the administrator of the program. Personnel of ACIM or its affiliates conduct the day-to-day operation of the program pursuant to policies and procedures administered by those members of the ACIM's Investment Oversight Committee who are members of the ACIM's Investment Management and Global Analytics departments.

Under the program, ACIM manages the Fund's liquidity risk, which is the risk that the Fund could not meet shareholder redemption requests without significant dilution of remaining shareholders' interests in the Fund. This risk is managed by monitoring the degree of liquidity of the Fund's investments, limiting the amount of the Fund's illiquid investments, and utilizing various risk management tools and facilities available to the Fund for meeting shareholder redemptions, among other means. ACIM's process of determining the degree of liquidity of the Fund's investments is supported by one or more third-party liquidity assessment vendors.

The Board reviewed a report prepared by ACIM regarding the operation and effectiveness of the program for the period December 1, 2018 through December 31, 2019. No significant liquidity events impacting the Fund were noted in the report. In addition, ACIM provided its assessment that the program had been effective in managing the Fund's liquidity risk.



## Additional Information

### **Proxy Voting Policies**

Descriptions of the principles and policies that the fund's investment advisor uses in exercising the voting rights associated with the securities purchased and/or held by the fund are available without charge, upon request, by calling 1-800-378-9878 or visiting American Century Investments' website at [americancentury.com/proxy](http://americancentury.com/proxy). A description of the policies is also available on the Securities and Exchange Commission's website at [sec.gov](http://sec.gov). Information regarding how the investment advisor voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on [americancentury.com/proxy](http://americancentury.com/proxy). It is also available at [sec.gov](http://sec.gov).

### **Quarterly Portfolio Disclosure**

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at [sec.gov](http://sec.gov). The fund also makes its complete schedule of portfolio holdings for the most recent quarter of its fiscal year available on its website at [ipro.americancentury.com](http://ipro.americancentury.com) (for Investment Professionals) and, upon request, by calling 1-800-378-9878.

# Notes





## Contact Us

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### **American Century Variable Portfolios II, Inc.**

#### **Investment Advisor:**

American Century Investment Management, Inc.  
Kansas City, Missouri

*This report and the statements it contains are submitted for the general information of our shareholders. The report is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.*