

# Semiannual Report

June 30, 2020

## VP Value Fund

Class I (AVPIX)

Class II (AVPVX)

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.

You may elect to receive all future reports in paper free of charge. You can inform the insurance company or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting the insurance company. Your election to receive reports in paper will apply to all variable portfolios available under your contract.



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## Fund Characteristics

**JUNE 30, 2020**

<b>Top Ten Holdings</b>	<b>% of net assets</b>
Pfizer, Inc.	3.5%
JPMorgan Chase & Co.	3.0%
AT&T, Inc.	2.8%
U.S. Bancorp	2.8%
Johnson & Johnson	2.8%
Berkshire Hathaway, Inc.*	2.7%
Verizon Communications, Inc.	2.6%
Intel Corp.	2.3%
Bank of America Corp.	2.2%
General Electric Co.	2.2%

\*Includes all classes of the issuer held by the fund.

<b>Top Five Industries</b>	<b>% of net assets</b>
Banks	13.7%
Oil, Gas and Consumable Fuels	8.6%
Pharmaceuticals	7.8%
Diversified Telecommunication Services	5.4%
Capital Markets	5.1%

<b>Types of Investments in Portfolio</b>	<b>% of net assets</b>
Domestic Common Stocks	88.7%
Foreign Common Stocks*	9.9%
<b>Total Common Stocks</b>	<b>98.6%</b>
Temporary Cash Investments	1.1%
Other Assets and Liabilities	0.3%

\*Includes depositary shares, dual listed securities and foreign ordinary shares.

## 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	\$814.50	\$3.47	0.77%
Class II	\$1,000	\$813.40	\$4.15	0.92%
<b>Hypothetical</b>				
Class I	\$1,000	\$1,021.03	\$3.87	0.77%
Class II	\$1,000	\$1,020.29	\$4.62	0.92%

(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)

	Shares	Value
<b>COMMON STOCKS — 98.6%</b>		
<b>Airlines — 0.7%</b>		
Southwest Airlines Co.	154,527	\$ 5,281,733
<b>Auto Components — 1.0%</b>		
BorgWarner, Inc.	129,800	4,581,940
Delphi Technologies plc <sup>(1)</sup>	195,945	2,784,378
		7,366,318
<b>Automobiles — 1.3%</b>		
General Motors Co.	214,684	5,431,505
Honda Motor Co. Ltd.	155,100	3,965,249
		9,396,754
<b>Banks — 13.7%</b>		
Bank of America Corp.	675,350	16,039,563
Comerica, Inc.	90,272	3,439,363
JPMorgan Chase & Co.	228,319	21,475,685
M&T Bank Corp.	34,084	3,543,713
PNC Financial Services Group, Inc. (The)	79,472	8,361,249
Toronto-Dominion Bank (The)	92,220	4,115,800
Truist Financial Corp.	197,290	7,408,240
U.S. Bancorp	532,972	19,624,029
Wells Fargo & Co.	523,782	13,408,819
		97,416,461
<b>Building Products — 1.1%</b>		
Johnson Controls International plc	229,831	7,846,430
<b>Capital Markets — 5.1%</b>		
Ameriprise Financial, Inc.	23,413	3,512,887
Bank of New York Mellon Corp. (The)	242,080	9,356,392
BlackRock, Inc.	8,927	4,857,091
Franklin Resources, Inc.	85,031	1,783,100
Invesco Ltd.	404,776	4,355,390
Northern Trust Corp.	86,727	6,880,920
State Street Corp.	88,730	5,638,791
		36,384,571
<b>Communications Equipment — 2.3%</b>		
Cisco Systems, Inc.	278,493	12,988,914
F5 Networks, Inc. <sup>(1)</sup>	21,480	2,996,030
		15,984,944
<b>Containers and Packaging — 1.1%</b>		
Sonoco Products Co.	87,421	4,571,244
WestRock Co.	113,540	3,208,641
		7,779,885
<b>Diversified Financial Services — 2.7%</b>		
Berkshire Hathaway, Inc., Class A <sup>(1)</sup>	50	13,365,000
Berkshire Hathaway, Inc., Class B <sup>(1)</sup>	33,334	5,950,452
		19,315,452
<b>Diversified Telecommunication Services — 5.4%</b>		
AT&T, Inc.	654,694	19,791,399

	Shares	Value
Verizon Communications, Inc.	333,291	\$ 18,374,333
		38,165,732
<b>Electric Utilities — 0.5%</b>		
Edison International	31,380	1,704,248
Pinnacle West Capital Corp.	24,820	1,819,058
		3,523,306
<b>Electrical Equipment — 3.4%</b>		
Emerson Electric Co.	149,099	9,248,611
Hubbell, Inc.	59,802	7,496,779
nVent Electric plc	391,634	7,335,305
		24,080,695
<b>Electronic Equipment, Instruments and Components — 1.0%</b>		
TE Connectivity Ltd.	87,270	7,116,869
<b>Energy Equipment and Services — 3.9%</b>		
Baker Hughes Co.	432,116	6,650,265
Halliburton Co.	471,580	6,121,108
National Oilwell Varco, Inc.	141,492	1,733,277
Schlumberger Ltd.	696,960	12,817,095
		27,321,745
<b>Entertainment — 1.2%</b>		
Walt Disney Co. (The)	76,590	8,540,551
<b>Equity Real Estate Investment Trusts (REITs) — 0.7%</b>		
Weyerhaeuser Co.	231,460	5,198,592
<b>Food and Staples Retailing — 1.6%</b>		
Koninklijke Ahold Delhaize NV	130,930	3,565,394
Walmart, Inc.	65,318	7,823,790
		11,389,184
<b>Food Products — 4.0%</b>		
Conagra Brands, Inc.	137,490	4,835,523
J.M. Smucker Co. (The)	33,150	3,507,601
Kellogg Co.	64,687	4,273,223
Mondelez International, Inc., Class A	208,466	10,658,867
Orkla ASA	584,360	5,122,142
		28,397,356
<b>Health Care Equipment and Supplies — 5.0%</b>		
Envista Holdings Corp. <sup>(1)</sup>	249,050	5,252,464
Hologic, Inc. <sup>(1)</sup>	52,650	3,001,050
Medtronic plc	159,787	14,652,468
Zimmer Biomet Holdings, Inc.	106,303	12,688,326
		35,594,308
<b>Health Care Providers and Services — 2.8%</b>		
Cardinal Health, Inc.	139,930	7,302,946
McKesson Corp.	48,140	7,385,639
Universal Health Services, Inc., Class B	55,620	5,166,542
		19,855,127
<b>Hotels, Restaurants and Leisure — 0.5%</b>		
Sodexo SA	56,270	3,801,053
<b>Household Products — 2.0%</b>		
Procter & Gamble Co. (The)	118,236	14,137,479
<b>Industrial Conglomerates — 3.4%</b>		
General Electric Co.	2,333,554	15,938,174

	Shares	Value
Siemens AG	72,230 \$	8,484,693
		24,422,867
<b>Insurance — 3.4%</b>		
Chubb Ltd.	102,929	13,032,870
MetLife, Inc.	117,679	4,297,637
Reinsurance Group of America, Inc.	83,971	6,586,685
		23,917,192
<b>Leisure Products — 0.4%</b>		
Mattel, Inc. <sup>(1)</sup>	256,303	2,478,450
<b>Machinery — 1.4%</b>		
Cummins, Inc.	9,900	1,715,274
IMI plc	706,370	8,064,406
		9,779,680
<b>Metals and Mining — 0.6%</b>		
BHP Group Ltd.	161,360	4,004,436
<b>Multiline Retail — 0.6%</b>		
Target Corp.	34,467	4,133,627
<b>Oil, Gas and Consumable Fuels — 8.6%</b>		
Chevron Corp.	167,280	14,926,394
Cimarex Energy Co.	124,581	3,424,732
ConocoPhillips	168,524	7,081,378
Devon Energy Corp.	644,137	7,304,514
EQT Corp.	261,391	3,110,553
Noble Energy, Inc.	968,609	8,678,737
Royal Dutch Shell plc, B Shares	293,910	4,447,485
TOTAL SA	307,159	11,699,561
		60,673,354
<b>Paper and Forest Products — 0.8%</b>		
Mondi plc	291,110	5,439,630
<b>Personal Products — 0.6%</b>		
Unilever NV (New York)	82,240	4,361,627
<b>Pharmaceuticals — 7.8%</b>		
Johnson & Johnson	138,882	19,530,976
Merck & Co., Inc.	96,562	7,467,139
Pfizer, Inc.	755,409	24,701,874
Teva Pharmaceutical Industries Ltd., ADR <sup>(1)</sup>	299,856	3,697,225
		55,397,214
<b>Road and Rail — 1.2%</b>		
Heartland Express, Inc.	394,979	8,223,463
<b>Semiconductors and Semiconductor Equipment — 3.7%</b>		
Applied Materials, Inc.	74,844	4,524,320
Intel Corp.	269,977	16,152,724
QUALCOMM, Inc.	60,640	5,530,974
		26,208,018
<b>Software — 1.0%</b>		
Oracle Corp. (New York)	133,333	7,369,315
<b>Specialty Retail — 1.0%</b>		
Advance Auto Parts, Inc.	47,821	6,812,101
<b>Technology Hardware, Storage and Peripherals — 0.6%</b>		
HP, Inc.	241,927	4,216,788
<b>Textiles, Apparel and Luxury Goods — 1.3%</b>		
Ralph Lauren Corp.	48,260	3,499,815



	Shares	Value
Tapestry, Inc.	403,514	\$ 5,358,666
		8,858,481
<b>Trading Companies and Distributors — 1.2%</b>		
MSC Industrial Direct Co., Inc., Class A	114,992	8,372,568
<b>TOTAL COMMON STOCKS</b> (Cost \$640,271,709)		<b>698,563,356</b>
<b>TEMPORARY CASH INVESTMENTS — 1.1%</b>		
Repurchase Agreement, BMO Capital Markets Corp., (collateralized by various U.S. Treasury obligations, 2.125% - 3.125%, 12/31/22 - 2/15/43, valued at \$3,428,522), in a joint trading account at 0.02%, dated 6/30/20, due 7/1/20 (Delivery value \$3,362,675)		3,362,673
Repurchase Agreement, Fixed Income Clearing Corp., (collateralized by various U.S. Treasury obligations, 3.375%, 11/15/48, valued at \$4,465,656), at 0.05%, dated 6/30/20, due 7/1/20 (Delivery value \$4,378,006)		4,378,000
State Street Institutional U.S. Government Money Market Fund, Premier Class	10,872	10,872
<b>TOTAL TEMPORARY CASH INVESTMENTS</b> (Cost \$7,751,545)		<b>7,751,545</b>
<b>TOTAL INVESTMENT SECURITIES — 99.7%</b> (Cost \$648,023,254)		<b>706,314,901</b>
<b>OTHER ASSETS AND LIABILITIES — 0.3%</b>		<b>2,344,046</b>
<b>TOTAL NET ASSETS — 100.0%</b>		<b>\$ 708,658,947</b>

#### FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD 2,930,840	AUD 4,236,910	Bank of America N.A.	9/30/20	\$ 6,148
USD 86,423	AUD 125,861	Bank of America N.A.	9/30/20	(458)
CAD 144,555	USD 105,764	Morgan Stanley	9/30/20	733
USD 3,146,186	CAD 4,258,489	Morgan Stanley	9/30/20	8,864
EUR 671,510	USD 755,567	Credit Suisse AG	9/30/20	378
USD 24,830,702	EUR 22,001,721	Credit Suisse AG	9/30/20	62,525
GBP 364,196	USD 449,869	JPMorgan Chase Bank N.A.	9/30/20	1,641
USD 13,939,540	GBP 11,170,398	JPMorgan Chase Bank N.A.	9/30/20	91,077
JPY 10,876,387	USD 101,628	Bank of America N.A.	9/30/20	(772)
USD 3,138,870	JPY 334,201,725	Bank of America N.A.	9/30/20	39,824
USD 3,896,627	NOK 37,358,135	Goldman Sachs & Co.	9/30/20	14,073
				<u>\$ 224,033</u>

#### NOTES TO SCHEDULE OF INVESTMENTS

ADR	- American Depositary Receipt
AUD	- Australian Dollar
CAD	- Canadian Dollar
EUR	- Euro
GBP	- British Pound
JPY	- Japanese Yen
NOK	- Norwegian Krone
USD	- United States Dollar

(1) Non-income producing.

See Notes to Financial Statements.

# Statement of Assets and Liabilities

**JUNE 30, 2020 (UNAUDITED)**

<b>Assets</b>	
Investment securities, at value (cost of \$648,023,254)	\$ 706,314,901
Receivable for investments sold	1,841,496
Receivable for capital shares sold	253,285
Unrealized appreciation on forward foreign currency exchange contracts	225,263
Dividends and interest receivable	1,372,529
	<u>710,007,474</u>

<b>Liabilities</b>	
Payable for investments purchased	478,440
Payable for capital shares redeemed	365,853
Unrealized depreciation on forward foreign currency exchange contracts	1,230
Accrued management fees	422,660
Distribution fees payable	80,344
	<u>1,348,527</u>

<b>Net Assets</b>	<u><u>\$ 708,658,947</u></u>
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<b>Net Assets Consist of:</b>	
Capital (par value and paid-in surplus)	\$ 722,193,203
Distributable earnings	(13,534,256)
	<u><u>\$ 708,658,947</u></u>

	Net Assets	Shares Outstanding	Net Asset Value Per Share
Class I, \$0.01 Par Value	\$325,596,026	35,744,333	\$9.11
Class II, \$0.01 Par Value	\$383,062,921	42,005,583	\$9.12

See Notes to Financial Statements.

# Statement of Operations

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

## Investment Income (Loss)

### Income:

Dividends (net of foreign taxes withheld of \$196,745)	\$ 11,610,012
Interest	49,018
Securities lending, net	32,474
	<u>11,691,504</u>

### Expenses:

Management fees	3,386,927
Distribution fees - Class II	481,581
Directors' fees and expenses	11,866
Other expenses	4,557
	<u>3,884,931</u>
Fees waived <sup>(1)</sup>	<u>(801,709)</u>
	<u>3,083,222</u>

**Net investment income (loss)** 8,608,282

## Realized and Unrealized Gain (Loss)

### Net realized gain (loss) on:

Investment transactions	(17,775,542)
Forward foreign currency exchange contract transactions	866,045
Foreign currency translation transactions	(30,250)
	<u>(16,939,747)</u>

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

Investments	(153,549,356)
Forward foreign currency exchange contracts	697,683
Translation of assets and liabilities in foreign currencies	1,738
	<u>(152,849,935)</u>

**Net realized and unrealized gain (loss)** (169,789,682)

**Net Increase (Decrease) in Net Assets Resulting from Operations** \$ (161,181,400)

(1) Amount consists of \$377,917 and \$423,792 for Class I and Class II, respectively.

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)	\$ 8,608,282	\$ 17,179,332
Net realized gain (loss)	(16,939,747)	(11,164,085)
Change in net unrealized appreciation (depreciation)	(152,849,935)	194,935,816
Net increase (decrease) in net assets resulting from operations	<u>(161,181,400)</u>	<u>200,951,063</u>
<b>Distributions to Shareholders</b>		
From earnings:		
Class I	(13,159,409)	(32,302,930)
Class II	(14,803,976)	(34,385,367)
Decrease in net assets from distributions	<u>(27,963,385)</u>	<u>(66,688,297)</u>
<b>Capital Share Transactions</b>		
Net increase (decrease) in net assets from capital share transactions (Note 5)	<u>9,837,914</u>	<u>(25,024,577)</u>
<b>Net increase (decrease) in net assets</b>	<b>(179,306,871)</b>	<b>109,238,189</b>
<b>Net Assets</b>		
Beginning of period	887,965,818	778,727,629
End of period	<u>\$ 708,658,947</u>	<u>\$ 887,965,818</u>

See Notes to Financial Statements.

# Notes to Financial Statements

JUNE 30, 2020 (UNAUDITED)

## 1. Organization

American Century Variable Portfolios, 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 Value Fund (the fund) is one fund in a series issued by the corporation. The fund's investment objective is to seek long-term capital growth. Income is a secondary objective. 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.

Equity securities that are listed or traded on a domestic securities exchange are valued at the last reported sales price or at the official closing price as provided by the exchange. Equity securities traded on foreign securities exchanges are generally valued at the closing price of such securities on the exchange where primarily traded or at the close of the NYSE, if that is earlier. If no last sales price is reported, or if local convention or regulation so provides, the mean of the latest bid and asked prices may be used. Securities traded over-the-counter are valued at the mean of the latest bid and asked prices, the last sales price, or the official closing price. Equity 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. Repurchase agreements are valued at cost, which approximates fair value. 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. The fund also monitors for significant fluctuations between domestic and foreign markets, as evidenced by the U.S. market or such other indicators that the Board of Directors, or its delegate, deems appropriate. The fund may apply a model-derived factor to the closing price of equity securities traded on foreign securities exchanges. The factor is based on observable market data as provided by an independent pricing service.

**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** — Dividend income less foreign taxes withheld, if any, is recorded as of the ex-dividend date. Distributions received on securities that represent a return of capital or long-term capital gain are recorded as a reduction of cost of investments and/or as a realized gain. The fund may estimate the components of distributions received that may be considered nontaxable distributions or long-term capital gain distributions for income tax purposes. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums. Securities lending income is net of fees and rebates earned by the lending agent for its services.

**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.

**Repurchase Agreements** — The fund may enter into repurchase agreements with institutions that American Century Investment Management, Inc. (ACIM) (the investment advisor) has determined are creditworthy pursuant to criteria adopted by the Board of Directors. The fund requires that the collateral, represented by securities, received in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the fund to obtain those securities in the event of a default under the repurchase agreement. ACIM monitors, on a daily basis, the securities transferred to ensure the value, including accrued interest, of the securities under each repurchase agreement is equal to or greater than amounts owed to the fund under each repurchase agreement.

**Joint Trading Account** — Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with certain other funds in the American Century Investments family of funds, may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Agency obligations.

**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. ACIM 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.

**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.

**Securities Lending** — Securities are lent to qualified financial institutions and brokers. State Street Bank & Trust Co. serves as securities lending agent to the fund pursuant to a Securities Lending Agreement. The lending of securities exposes the fund to risks such as: the borrowers may fail to return the loaned securities, the borrowers may not be able to provide additional collateral, the fund may experience delays in recovery of the loaned securities or delays in access to collateral, or the fund may experience losses related to the investment collateral. To minimize certain risks, loan counterparties pledge collateral in the form of cash and/or securities. The lending agent has agreed to indemnify the fund in the case of default of any securities borrowed. Cash collateral received is invested in the State Street Navigator Securities Lending Government Money Market Portfolio, a money market mutual fund registered under the 1940 Act. The loans may also be secured by U.S. government securities in an amount at least equal to the market value of the securities loaned, plus accrued interest and dividends, determined on a daily basis and adjusted accordingly. By lending securities, the fund seeks to increase its net investment income through the receipt of interest and fees. Such income is reflected separately within the Statement of Operations. The value of loaned securities and related collateral outstanding at period end, if any, are shown on a gross basis within the Schedule of Investments and Statement of Assets and Liabilities.

### 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 difference in the fee among the classes is a result of their separate arrangements for non-Rule 12b-1 shareholder services. It is not the result of any difference in advisory or custodial fees or other expenses related to the management of the fund's assets, which do not vary by class. The rate of the fee is determined by applying a fee rate calculation formula. This formula takes into account the fund's assets as well as certain assets, if any, of other clients of the investment advisor outside the American Century Investments family of funds (such as subadvised funds and separate accounts) that use very similar investment teams and strategies (strategy assets). From January 1, 2020 through July 31, 2020 the investment advisor agreed to waive 0.22% of the fund's management fee. Effective August 1, 2020, the investment advisor agreed to increase the amount of the waiver from 0.22% to 0.25% of the fund's management fee. The investment advisor expects this waiver to continue until July 31, 2021 and cannot terminate it prior to such date without the approval of the Board of Directors.

The management fee schedule range and the effective annual management fee before and after waiver for each class for the period ended June 30, 2020 are as follows:

	Management Fee Schedule Range	Effective Annual Management Fee	
		Before Waiver	After Waiver
Class I	0.90% to 1.00%	0.98%	0.76%
Class II	0.80% to 0.90%	0.88%	0.66%

**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. During the period, the interfund purchases and sales were \$553,374 and \$255,682, respectively. The effect of interfund transactions on the Statement of Operations was \$(11,882) in net realized gain (loss) on investment transactions.

#### 4. Investment Transactions

Purchases and sales of investment securities, excluding short-term investments, for the period ended June 30, 2020 were \$235,008,650 and \$226,282,937, respectively.

#### 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>	<u>600,000,000</u>		<u>600,000,000</u>	
Sold	2,784,629	\$ 25,483,489	2,513,589	\$ 26,977,393
Issued in reinvestment of distributions	1,598,119	12,781,750	3,012,027	31,542,121
Redeemed	(5,542,887)	(55,325,598)	(6,038,295)	(65,176,821)
	(1,160,139)	(17,060,359)	(512,679)	(6,657,307)
<b>Class II/Shares Authorized</b>	<u>350,000,000</u>		<u>350,000,000</u>	
Sold	4,831,588	45,704,887	2,363,882	25,395,711
Issued in reinvestment of distributions	1,847,461	14,803,976	3,282,949	34,385,367
Redeemed	(3,469,552)	(33,610,590)	(7,192,474)	(78,148,348)
	3,209,497	26,898,273	(1,545,643)	(18,367,270)
Net increase (decrease)	<u>2,049,358</u>	<u>\$ 9,837,914</u>	<u>(2,058,322)</u>	<u>\$ (25,024,577)</u>



## 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.

The following is a summary of the level classifications as of period end. The Schedule of Investments provides additional information on the fund's portfolio holdings.

	Level 1	Level 2	Level 3
<b>Assets</b>			
<b>Investment Securities</b>			
Common Stocks			
Automobiles	\$ 5,431,505	\$ 3,965,249	—
Banks	93,300,661	4,115,800	—
Food and Staples Retailing	7,823,790	3,565,394	—
Food Products	23,275,214	5,122,142	—
Hotels, Restaurants and Leisure	—	3,801,053	—
Industrial Conglomerates	15,938,174	8,484,693	—
Machinery	1,715,274	8,064,406	—
Metals and Mining	—	4,004,436	—
Oil, Gas and Consumable Fuels	44,526,308	16,147,046	—
Paper and Forest Products	—	5,439,630	—
Personal Products	—	4,361,627	—
Other Industries	439,480,954	—	—
Temporary Cash Investments	10,872	7,740,673	—
	<u>\$ 631,502,752</u>	<u>\$ 74,812,149</u>	<u>—</u>
<b>Other Financial Instruments</b>			
Forward Foreign Currency Exchange Contracts	—	\$ 225,263	—
<b>Liabilities</b>			
<b>Other Financial Instruments</b>			
Forward Foreign Currency Exchange Contracts	—	\$ 1,230	—

## 7. Derivative Instruments

**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. 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 \$61,407,072.

The value of foreign currency risk derivative instruments as of June 30, 2020, is disclosed on the Statement of Assets and Liabilities as an asset of \$225,263 in unrealized appreciation on forward foreign currency exchange contracts and a liability of \$1,230 in unrealized depreciation on forward foreign currency exchange contracts. For the six months ended June 30, 2020, the effect of foreign currency risk derivative instruments on the Statement of Operations was \$866,045 in net realized gain (loss) on forward foreign currency exchange contract transactions and \$697,683 in change in net unrealized appreciation (depreciation) on forward foreign currency exchange contracts.

## 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.

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>\$ 715,224,273</u>
Gross tax appreciation of investments	\$ 64,925,569
Gross tax depreciation of investments	(73,834,941)
Net tax appreciation (depreciation) of investments	<u>\$ (8,909,372)</u>

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

# Financial Highlights

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

Per-Share Data	Ratios and Supplemental Data														
	Income From Investment Operations:						Distributions From:			Ratio to Average Net Assets of:					
	Net Asset Value, Beginning of Period	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	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Operating Expenses (before expense waiver)	Operating Expenses (before expense waiver)	Net Investment Income (Loss)	Net Investment Income (Loss) before expense waiver	Portfolio Turnover Rate	Net Assets, End of Period (in thousands)
<b>Class I</b>															
2020 <sup>(3)</sup>	\$11.72	0.12	(2.35)	(2.23)	(0.12)	(0.26)	(0.38)	\$9.11	(18.55)%	0.77% <sup>(4)</sup>	0.99% <sup>(4)</sup>	2.44% <sup>(4)</sup>	2.22% <sup>(4)</sup>	31%	\$325,596
2019	\$10.01	0.23	2.36	2.59	(0.23)	(0.65)	(0.88)	\$11.72	27.03%	0.77%	0.98%	2.11%	1.90%	45%	\$432,639
2018	\$11.21	0.19	(1.20)	(1.01)	(0.19)	— <sup>(5)</sup>	(0.19)	\$10.01	(9.15)%	0.78%	0.97%	1.70%	1.51%	51%	\$374,518
2017	\$10.48	0.18	0.73	0.91	(0.18)	—	(0.18)	\$11.21	8.75%	0.80%	0.97%	1.71%	1.54%	30%	\$462,812
2016	\$8.85	0.17	1.62	1.79	(0.16)	—	(0.16)	\$10.48	20.48%	0.81%	0.98%	1.77%	1.60%	46%	\$461,586
2015	\$9.41	0.18	(0.54)	(0.36)	(0.20)	—	(0.20)	\$8.85	(3.88)%	0.80%	0.97%	1.96%	1.79%	47%	\$407,398
<b>Class II</b>															
2020 <sup>(3)</sup>	\$11.74	0.11	(2.36)	(2.25)	(0.11)	(0.26)	(0.37)	\$9.12	(18.66)%	0.92% <sup>(4)</sup>	1.14% <sup>(4)</sup>	2.29% <sup>(4)</sup>	2.07% <sup>(4)</sup>	31%	\$383,063
2019	\$10.02	0.21	2.37	2.58	(0.21)	(0.65)	(0.86)	\$11.74	26.92%	0.92%	1.13%	1.96%	1.75%	45%	\$455,327
2018	\$11.22	0.18	(1.21)	(1.03)	(0.17)	— <sup>(5)</sup>	(0.17)	\$10.02	(9.28)%	0.93%	1.12%	1.55%	1.36%	51%	\$404,210
2017	\$10.49	0.17	0.72	0.89	(0.16)	—	(0.16)	\$11.22	8.58%	0.95%	1.12%	1.56%	1.39%	30%	\$485,136
2016	\$8.86	0.15	1.63	1.78	(0.15)	—	(0.15)	\$10.49	20.28%	0.96%	1.13%	1.62%	1.45%	46%	\$489,026
2015	\$9.42	0.17	(0.55)	(0.38)	(0.18)	—	(0.18)	\$8.86	(4.02)%	0.95%	1.12%	1.81%	1.64%	47%	\$410,920

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**Notes to Financial Highlights**

- (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.
- (5) Per-share amount was less than \$0.005.

See Notes to Financial Statements.

# Approval of Management Agreement

At a meeting held on June 24, 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 (the "Directors"), including a majority of the independent Directors, each year.

Prior to its consideration of the renewal of the management agreement, the Directors requested and reviewed extensive data and information compiled by the Advisor and certain independent providers of evaluation data concerning the Fund and the services provided to the Fund by the Advisor. This review was in addition to the oversight and evaluation undertaken by the Board and its committees on a continual basis and the information received was supplemental to the extensive information that the Board and its committees receive and consider throughout the year.

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 and to be provided to the Fund;
- the wide range of other programs and services provided and to be provided 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 the Fund's service providers;
- the Advisor's strategic plans;
- the Advisor's business continuity plans and specifically its response to the COVID-19 pandemic;
- financial data showing the cost of services provided to the Fund, the profitability of the Fund to the Advisor, and the overall profitability of the Advisor;
- possible economies of scale associated with the Advisor's management of the Fund and other accounts;
- services provided and charges to the Advisor's other investment management clients;
- acquired fund fees and expenses;
- payments and practices in connection with financial intermediaries holding shares of the Fund and the services provided by intermediaries in connection therewith; and
- possible collateral benefits to the Advisor from the management of the Fund.

The Board held two meetings to consider the renewal. The independent Directors also met in private session three times to review and discuss the information provided in response to their request. The independent Directors held active discussions with the Advisor regarding the renewal of the management agreement, requesting supplemental information, and reviewing information provided by the Advisor in response thereto. 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 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 without limitation 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 without limitation the following:

- 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 monitor trading activities, and in particular to seek the best execution of fund trades, and to evaluate the use of and payment for research. 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 Fund Performance Review Committee, provides oversight of the investment performance process. It 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-, five-, and ten-year periods and below its benchmark for the three-year period reviewed by the Board. The Board discussed the Fund's performance with the Advisor, including steps being taken to address underperformance, and was satisfied with the efforts being undertaken by the Advisor. 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 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 Audit Committee, 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 (pre- and post-distribution), 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 additional content and services. The Board also noted that economies of scale are shared with the Fund and its shareholders through management fee breakpoints that serve to reduce the effective management fee as the assets of the Fund grow.

**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 the 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, distribution charges, 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 comparing the

Fund's unified fee to the total expense ratios of its peers. The unified fee charged to shareholders of the Fund was above the median of the total expense ratios of the Fund's peer expense universe and was within the range of its peer expense group. The Board and the Advisor agreed to a temporary reduction of the Fund's annual unified management fee of 0.25% (e.g., the Class I unified fee will be reduced from 0.98% to 0.73%) for at least one year, beginning August 1, 2020. 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 in response thereto. 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 for 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 possible existence of collateral benefits the Advisor may receive as a result of its relationship with the Fund. They concluded 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. To the extent there are potential collateral benefits, the board has been advised and has taken this into consideration in its review of the management contract with the Fund. The Board noted that additional assets from other clients may offer the Advisor some benefit from increased leverage with service providers and counterparties. Additionally, the Advisor may receive proprietary research from broker-dealers that execute fund portfolio transactions, which the Board concluded is likely to benefit other clients of the Advisor, as well as Fund shareholders. 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 concluded that appropriate allocation methodologies had been employed to assign resources and the cost of those resources to these other clients and, where expressly provided, these other client assets may be 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, 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, determined that the management fee is fair and reasonable in light of the services provided and that the investment management agreement between the Fund and the Advisor should be renewed.



## Liquidity Risk Management Program

The Fund has adopted a liquidity risk management program (the “program”). The Fund’s Board of Directors (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**

A description of the policies that the fund's investment advisor uses in exercising the voting rights associated with the securities purchased and/or held by the fund is available without charge, upon request, by calling 1-800-378-9878. It is also available on American Century Investments' website at [americancentury.com/proxy](http://americancentury.com/proxy) and 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.

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**American Century Variable Portfolios, 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.*

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**Variable Product Funds**

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Minneapolis, MN 55474

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