

December 31, 2018

# Annual Report

Deutsche DWS Variable Series II  
(formerly Deutsche Variable Series II)

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## DWS Small Mid Cap Value VIP (formerly Deutsche Small Mid Cap Value VIP)

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

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

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.



# Contents

3	Performance Summary
4	Management Summary
6	Portfolio Summary
7	Investment Portfolio
9	Statement of Assets and Liabilities
9	Statement of Operations
10	Statements of Changes in Net Assets
11	Financial Highlights
12	Notes to Financial Statements
17	Report of Independent Registered Public Accounting Firm
18	Information About Your Fund's Expenses
19	Tax Information
19	Proxy Voting
20	Advisory Agreement Board Considerations and Fee Evaluation
23	Board Members and Officers

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

Stocks may decline in value. Smaller and medium company stocks tend to be more volatile than large company stocks. Any fund that focuses in a particular segment of the market or region of the world will generally be more volatile than a fund that invests more broadly. The Fund may lend securities to approved institutions. Please read the prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

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# Performance Summary

December 31, 2018 (Unaudited)

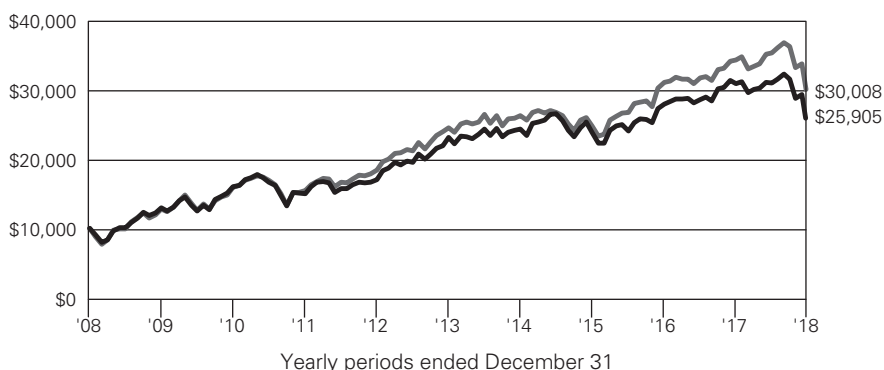
Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.83% and 1.19% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

## Growth of an Assumed \$10,000 Investment in DWS Small Mid Cap Value VIP

■ DWS Small Mid Cap Value VIP — Class A  
 ■ Russell 2500 Value Index



The Russell 2500 Value Index is an unmanaged Index of those securities in the Russell 3000® Index with lower price-to-book ratios and lower forecasted growth values.

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

## Comparative Results

DWS Small Mid Cap Value VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of \$10,000	\$8,399	\$10,850	\$11,231	\$25,905
	Average annual total return	-16.01%	2.76%	2.35%	9.99%
Russell 2500 Value Index	Growth of \$10,000	\$8,764	\$12,110	\$12,259	\$30,008
	Average annual total return	-12.36%	6.59%	4.16%	11.62%
DWS Small Mid Cap Value VIP		1-Year	3-Year	5-Year	10-Year
Class B	Growth of \$10,000	\$8,368	\$10,733	\$11,030	\$25,022
	Average annual total return	-16.32%	2.39%	1.98%	9.61%
Russell 2500 Value Index	Growth of \$10,000	\$8,764	\$12,110	\$12,259	\$30,008
	Average annual total return	-12.36%	6.59%	4.16%	11.62%

The growth of \$10,000 is cumulative.

# Management Summary

December 31, 2018 (Unaudited)

Class A shares of DWS Small Mid Cap Value VIP returned –16.01% in 2018 (unadjusted for contract charges) and underperformed the –12.36% return of the Russell 2500™ Value Index. Mid- and small-cap stocks lagged their large-cap peers during the period, while the value style finished well behind growth. Nearly all of the negative return for the index occurred in the fourth calendar quarter, when it declined 11.05%.

The Fund's general investment approach was a key reason for its shortfall. Our style was out of step with the market through the first nine months of the period, during which higher-beta and momentum-driven stocks outpaced those with lower price-to-earnings (P/E) ratios and higher returns on equity. This trend was visible not just across the market as a whole, but also within the value benchmark. At a time of rising short-term interest rates and heightened headline risk surrounding trade policy, investors appeared to gravitate to faster growers and stronger recent performers regardless of their valuations. These circumstances created a headwind for the Fund due to our emphasis on value and fundamentals. In addition to only buying stocks that we believe are attractively valued, we are also very disciplined in selling those that have reached our price targets. We therefore do not typically gain the full benefit of momentum-oriented markets. Nevertheless, we think that investing in growing, fundamentally sound companies when the shares are cheap and selling them when they're expensive continues to be a prudent path to long-term performance. This aspect of our approach indeed began to be reflected in results in the fourth calendar quarter once the market weakened and momentum stocks started to lose steam.

The Fund's sector allocations, which are largely a function of our bottom-up stock selection process, also played a role in the underperformance. We were hurt by having underweights in the real estate, utilities, and communications services sectors. We have been steadily working to reduce the extent of the Fund's underweights in real estate and utilities in order to minimize the effect of allocation on Fund returns, but the gradual nature of the process meant that our weightings in these areas were still well below those of the index.

Stock selection was also a net detractor. Our holdings trailed the corresponding benchmark components in the financial, energy, and materials sectors, offsetting a stronger showing in the health care, information technology, and consumer staples. Among individual stocks, the consumer products company Helen of Troy Ltd. was the top contributor to Fund performance. The company has built its business over time through accretive acquisitions of faster-growing, smaller players, and this strategy has begun to feed through to its results. Encompass Health Corp., a provider of inpatient and home-based rehabilitation services that rallied after raising its guidance for earnings and cash flows twice in 2018, was another key contributor. Winnebago Industries, Inc. was the largest detractor. The company exceeded earnings estimates in each of its four fiscal quarters, but the stock fell due to weak sentiment surrounding the recreational vehicle industry.

Although the Fund underperformed in the past 12 months, we believe it's essential to stick to our disciplined, bottom-up strategy. There are always times when lower-quality and richly valued stocks outperform the overall market, and the 2017–2018 rally in this group proved especially persistent. Still, we don't see an advantage of chasing performance in the lower-quality end of the small-cap universe given that such companies tend to underperform over longer-term intervals.

This emphasis on quality and value was reflected in our portfolio activity, which focused on making moves at a stock-by-stock level rather than executing broad-based changes. Specifically, we continued to rotate gradually out of strong performers that reached our price targets and redeploy the proceeds into stocks whose lower valuations may indicate greater upside potential. We believe this patient approach, instead of one that seeks to capture momentum, is a prudent long-term strategy.

Richard Hanlon, CFA, Director  
Portfolio Manager

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

## Terms to Know

The **Russell 2500 Value Index** is an unmanaged index of those securities in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values. Index returns do not reflect fees or expenses and it is not possible to invest directly into an index.

**Beta** measures a security's sensitivity to the movements of the Fund's benchmark or the market as a whole.

**Momentum investing** is the practice of investing in the market's top performing stocks in order to capture additional upward movements in their prices.

**Price-to-earnings (P/E) ratio** compares share price to per-share earnings.

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

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

# Portfolio Summary

(Unaudited)

## Asset Allocation (As a % of Investment Portfolio)

	12/31/18	12/31/17
Common Stocks	97%	96%
Cash Equivalent	3%	4%
	100%	100%

## Sector Diversification

(As a % of Investment Portfolio excluding Cash Equivalent)

	12/31/18	12/31/17
Financials	22%	20%
Industrials	16%	19%
Real Estate	13%	13%
Consumer Discretionary	12%	9%
Information Technology	11%	11%
Utilities	6%	5%
Health Care	6%	4%
Materials	5%	5%
Energy	4%	7%
Consumer Staples	3%	7%
Communication Services	2%	—
	100%	100%

Portfolio holdings and characteristics are subject to change.

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

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at [sec.gov](http://sec.gov). The Fund's portfolio holdings are also posted on [dws.com](http://dws.com) from time to time. Please see the Fund's current prospectus for more information.

# Investment Portfolio

December 31, 2018

	Shares	Value (\$)
<b>Common Stocks 97.1%</b>		
<b>Communication Services 1.7%</b>		
<b>Media 1.7%</b>		
Interpublic Group of Companies, Inc.	69,952	1,443,110
<b>Consumer Discretionary 11.3%</b>		
<b>Auto Components 1.1%</b>		
Visteon Corp.*	15,913	959,236
<b>Automobiles 1.5%</b>		
Winnebago Industries, Inc.	51,382	1,243,958
<b>Diversified Consumer Services 1.6%</b>		
Regis Corp.*	79,032	1,339,592
<b>Hotels, Restaurants &amp; Leisure 2.2%</b>		
Aramark	33,800	979,186
Denny's Corp.*	54,840	888,957
		<b>1,868,143</b>
<b>Household Durables 2.5%</b>		
Helen of Troy Ltd.*	16,578	2,174,702
<b>Leisure Products 0.7%</b>		
Brunswick Corp.	12,814	595,210
<b>Textiles, Apparel &amp; Luxury Goods 1.7%</b>		
Columbia Sportswear Co.	17,354	1,459,298
<b>Consumer Staples 3.4%</b>		
<b>Food Products 2.1%</b>		
Conagra Brands, Inc.	21,388	456,847
Lamb Weston Holdings, Inc.	18,123	1,333,128
		<b>1,789,975</b>
<b>Household Products 1.3%</b>		
Central Garden & Pet Co.*	31,515	1,085,692
<b>Energy 4.4%</b>		
<b>Energy Equipment &amp; Services 0.6%</b>		
Patterson-UTI Energy, Inc.	48,705	504,097
<b>Oil, Gas &amp; Consumable Fuels 3.8%</b>		
HollyFrontier Corp.	12,696	649,019
Matador Resources Co.*	26,296	408,377
Murphy Oil Corp.	26,957	630,524
Parsley Energy, Inc. "A"*	27,357	437,165
Targa Resources Corp.	15,978	575,528
WPX Energy, Inc.*	52,173	592,163
		<b>3,292,776</b>
<b>Financials 20.9%</b>		
<b>Banks 12.2%</b>		
Eagle Bancorp., Inc.*	28,517	1,389,063
East West Bancorp., Inc.	24,968	1,086,857
Great Western Bancorp., Inc.	58,045	1,813,906
Hancock Whitney Corp.	46,301	1,604,330
Pacific Premier Bancorp., Inc.*	24,378	622,127
Sterling Bancorp.	84,654	1,397,637
TCF Financial Corp.	71,128	1,386,285
UMB Financial Corp.	18,452	1,125,018
		<b>10,425,223</b>
<b>Capital Markets 0.8%</b>		
E*TRADE Financial Corp.	16,234	712,348

	Shares	Value (\$)
<b>Insurance 6.4%</b>		
American Financial Group, Inc.	9,600	869,088
Assurant, Inc.	13,300	1,189,552
Brown & Brown, Inc.	51,769	1,426,753
CNO Financial Group, Inc.	42,786	636,656
ProAssurance Corp.	10,411	422,270
Torchmark Corp.	12,000	894,360
		<b>5,438,679</b>
<b>Thriffs &amp; Mortgage Finance 1.5%</b>		
Walker & Dunlop, Inc.	29,822	1,289,802
<b>Health Care 5.9%</b>		
<b>Health Care Providers &amp; Services 3.3%</b>		
Encompass Health Corp.	24,337	1,501,593
Premier, Inc. "A"*	34,121	1,274,419
		<b>2,776,012</b>
<b>Life Sciences Tools &amp; Services 2.6%</b>		
Bruker Corp.	42,574	1,267,428
PerkinElmer, Inc.	12,605	990,123
		<b>2,257,551</b>
<b>Industrials 15.2%</b>		
<b>Building Products 1.2%</b>		
Simpson Manufacturing Co., Inc.	18,098	979,645
<b>Commercial Services &amp; Supplies 2.7%</b>		
Interface, Inc.	85,328	1,215,924
The Brink's Co.	17,413	1,125,750
		<b>2,341,674</b>
<b>Electrical Equipment 1.9%</b>		
EnerSys	20,357	1,579,907
<b>Machinery 5.9%</b>		
Douglas Dynamics, Inc.	20,212	725,409
Federal Signal Corp.	59,274	1,179,552
Global Brass & Copper Holdings, Inc.	56,284	1,415,542
Hillenbrand, Inc.	23,503	891,469
Stanley Black & Decker, Inc.	6,963	833,750
		<b>5,045,722</b>
<b>Professional Services 2.7%</b>		
ICF International, Inc.	13,149	851,792
ManpowerGroup, Inc.	8,734	565,963
Nielsen Holdings PLC	36,986	862,884
		<b>2,280,639</b>
<b>Trading Companies &amp; Distributors 0.8%</b>		
AerCap Holdings NV*	17,738	702,425
<b>Information Technology 10.6%</b>		
<b>Electronic Equipment, Instruments &amp; Components 5.0%</b>		
CTS Corp.	24,200	626,538
Dolby Laboratories, Inc. "A"	16,724	1,034,212
Insight Enterprises, Inc.*	37,400	1,524,050
Rogers Corp.*	10,470	1,037,158
		<b>4,221,958</b>
<b>IT Services 3.7%</b>		
Euronet Worldwide, Inc.*	10,261	1,050,521
Leidos Holdings, Inc.	15,800	832,976
Travelport Worldwide Ltd.	83,672	1,306,957
		<b>3,190,454</b>

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

	Shares	Value (\$)
<b>Software 1.9%</b>		
Verint Systems, Inc.*	39,135	<b>1,655,802</b>
<b>Materials 4.6%</b>		
<b>Chemicals 1.1%</b>		
Minerals Technologies, Inc.	18,144	<b>931,513</b>
<b>Containers &amp; Packaging 2.0%</b>		
Owens-Illinois, Inc.*	95,971	<b>1,654,540</b>
<b>Metals &amp; Mining 1.5%</b>		
Commercial Metals Co.	28,909	463,122
Steel Dynamics, Inc.	28,062	842,983
		<b>1,306,105</b>
<b>Real Estate 13.1%</b>		
<b>Equity Real Estate Investment Trusts (REITs) 13.1%</b>		
Agree Realty Corp.	32,916	1,945,994
Community Healthcare Trust, Inc.	60,375	1,740,611
Duke Realty Corp.	17,200	445,480
Easterly Government Properties, Inc.	71,737	1,124,836
Gaming and Leisure Properties, Inc.	28,066	906,813
Highwoods Properties, Inc.	28,870	1,116,980
Pebblebrook Hotel Trust	48,416	1,370,657
STAG Industrial, Inc.	56,593	1,408,034
WP Carey, Inc.	17,000	1,110,780
		<b>11,170,185</b>

	Shares	Value (\$)
<b>Utilities 6.0%</b>		
<b>Electric Utilities 4.4%</b>		
Alliant Energy Corp.	38,308	1,618,513
IDACORP, Inc.	18,329	1,705,697
Pinnacle West Capital Corp.	5,400	460,080
		<b>3,784,290</b>
<b>Gas Utilities 1.6%</b>		
ONE Gas, Inc.	16,572	1,319,131
<b>Total Common Stocks</b> (Cost \$84,454,782)		<b>82,819,394</b>
<b>Cash Equivalent 2.9%</b>		
DWS Central Cash Management Government Fund, 2.41% (a) (Cost \$2,497,809)	2,497,809	<b>2,497,809</b>
	<b>% of Net Assets</b>	<b>Value (\$)</b>
<b>Total Investment Portfolio</b> (Cost \$86,952,591)	100.0	<b>85,317,203</b>
<b>Other Assets and Liabilities, Net</b>	0.0	<b>(23,461)</b>
<b>Net Assets</b>	100.0	<b>85,293,742</b>

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

Value (\$) at 12/31/2017	Purchases Cost (\$)	Sales Proceeds (\$)	Net Realized Gain/(Loss) (\$)	Net Change in Unrealized Appreciation (Depreciation) (\$)	Income (\$)	Capital Gain Distributions (\$)	Number of Shares at 12/31/2018	Value (\$) at 12/31/2018
<b>Securities Lending Collateral 0.0%</b>								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (a) (b)								
—	0(c)	—	—	—	2,975	—	—	—
<b>Cash Equivalent 2.9%</b>								
DWS Central Cash Management Government Fund, 2.41% (a)								
4,418,900	38,654,188	40,575,279	—	—	60,969	—	2,497,809	2,497,809
<b>4,418,900</b>	<b>38,654,188</b>	<b>40,575,279</b>	<b>—</b>	<b>—</b>	<b>63,944</b>	<b>—</b>	<b>2,497,809</b>	<b>2,497,809</b>

\* Non-income producing security.

(a) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(c) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

REIT: Real Estate Investment Trust

## Fair Value Measurements

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

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

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (d)	\$82,819,394	\$ —	\$ —	\$82,819,394
Short-Term Investment	2,497,809	—	—	2,497,809
<b>Total</b>	<b>\$85,317,203</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$85,317,203</b>

(d) See Investment Portfolio for additional detailed categorizations.

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



# Statement of Assets and Liabilities

as of December 31, 2018

<b>Assets</b>	
Investments in non-affiliated securities, at value (cost \$84,454,782)	\$82,819,394
Investment in DWS Central Cash Management Government Fund (cost \$2,497,809)	2,497,809
Receivable for Fund shares sold	31,502
Dividends receivable	89,483
Interest receivable	5,489
Other assets	2,244
<b>Total assets</b>	<b>85,445,921</b>

<b>Liabilities</b>	
Payable for Fund shares redeemed	15,067
Accrued management fee	37,563
Accrued Trustees' fees	2,187
Other accrued expenses and payables	97,362
<b>Total liabilities</b>	<b>152,179</b>

**Net assets, at value** **\$85,293,742**

## Net Assets Consist of

Distributable earnings (loss)	5,558,368
Paid-in capital	79,735,374

**Net assets, at value** **\$85,293,742**

## Net Asset Value

### Class A

**Net Asset Value**, offering and redemption price per share (\$70,125,075 ÷ 5,742,711 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 12.21**

### Class B

**Net Asset Value**, offering and redemption price per share (\$15,168,667 ÷ 1,243,269 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 12.20**

# Statement of Operations

for the year ended December 31, 2018

<b>Investment Income</b>	
Income:	
Dividends	\$ 1,478,463
Income distributions — DWS Cash Management Government Fund	60,969
Securities lending income, net of borrower rebates	2,975
<b>Total income</b>	<b>1,542,407</b>

Expenses:	
Management fee	688,120
Administration fee	105,865
Services to Shareholders	2,863
Record keeping fee (Class B)	22,518
Distribution service fees (Class B)	45,904
Custodian fee	5,093
Professional fees	71,591
Reports to shareholders	27,630
Trustees' fees and expenses	6,881
Other	8,563
<b>Total expenses before expense reductions</b>	<b>985,028</b>
Expense reductions	(63,258)
<b>Total expenses after expense reductions</b>	<b>921,770</b>
<b>Net investment income</b>	<b>620,637</b>

## Realized and Unrealized gain (loss)

Net realized gain (loss) from investments	6,571,650
Change in net unrealized appreciation (depreciation) on investments	(23,519,638)

**Net gain (loss)** **(16,947,988)**

**Net increase (decrease) in net assets resulting from operations** **\$(16,327,351)**

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

# Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31,	
	2018	2017
Operations:		
Net investment income (loss)	\$ 620,637	\$ 1,467,106
Net realized gain (loss)	6,571,650	18,971,820
Change in net unrealized appreciation (depreciation)	(23,519,638)	(5,654,443)
Net increase (decrease) in net assets resulting from operations	(16,327,351)	14,784,483
Distributions to shareholders:		
Class A	(17,037,935)	(4,370,464)
Class B	(3,363,724)	(412,631)
Total distributions	(20,401,659)	(4,783,095)*
Fund share transactions:		
<b>Class A</b>		
Proceeds from shares sold	4,320,688	6,806,078
Reinvestment of distributions	17,037,935	4,370,464
Payments for shares redeemed	(16,960,024)	(77,117,368)
Net increase (decrease) in net assets from Class A share transactions	4,398,599	(65,940,826)
<b>Class B</b>		
Proceeds from shares sold	2,796,123	4,800,663
Reinvestment of distributions	3,363,724	412,631
Payments for shares redeemed	(3,194,564)	(3,308,695)
Net increase (decrease) in net assets from Class B share transactions	2,965,283	1,904,599
<b>Increase (decrease) in net assets</b>	(29,365,128)	(54,034,839)
Net assets at beginning of period	114,658,870	168,693,709
Net assets at end of period	<b>\$ 85,293,742</b>	<b>\$114,658,870**</b>
<b>Other Information</b>		
<b>Class A</b>		
Shares outstanding at beginning of period	5,375,574	9,208,579
Shares sold	286,538	399,609
Shares issued to shareholders in reinvestment of distributions	1,188,970	259,221
Shares redeemed	(1,108,371)	(4,491,835)
Net increase (decrease) in Class A shares	367,137	(3,833,005)
Shares outstanding at end of period	<b>5,742,711</b>	<b>5,375,574</b>
<b>Class B</b>		
Shares outstanding at beginning of period	1,037,183	923,852
Shares sold	183,198	283,457
Shares issued to shareholders in reinvestment of distributions	234,243	24,445
Shares redeemed	(211,355)	(194,571)
Net increase (decrease) in Class B shares	206,086	113,331
Shares outstanding at end of period	<b>1,243,269</b>	<b>1,037,183</b>

\* Includes distributions from net investment income of \$1,100,828 and \$59,126 for Class A and B shares, respectively and distributions from net realized gains of \$3,269,636 and \$353,503 for Class A and B shares, respectively.

\*\* Includes undistributed net investment income of \$1,432,026.

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

# Financial Highlights

Class A	Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Selected Per Share Data</b>					
<b>Net asset value, beginning of period</b>	<b>\$17.88</b>	<b>\$16.65</b>	<b>\$15.97</b>	<b>\$17.79</b>	<b>\$17.08</b>
<i>Income (loss) from investment operations:</i>					
Net investment income <sup>a</sup>	.10	.17	.15	.09	.05
Net realized and unrealized gain (loss)	(2.47)	1.55	2.34	(.31)	.88
<b>Total from investment operations</b>	<b>(2.37)</b>	<b>1.72</b>	<b>2.49</b>	<b>(.22)</b>	<b>.93</b>
<i>Less distributions from:</i>					
Net investment income	(.24)	(.12)	(.10)	(.05)	(.14)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)
<b>Total distributions</b>	<b>(3.30)</b>	<b>(.49)</b>	<b>(1.81)</b>	<b>(1.60)</b>	<b>(.22)</b>
<b>Net asset value, end of period</b>	<b>\$12.21</b>	<b>\$17.88</b>	<b>\$16.65</b>	<b>\$15.97</b>	<b>\$17.79</b>
Total Return (%)	(16.01) <sup>b</sup>	10.52 <sup>b</sup>	16.89 <sup>b</sup>	(1.91)	5.53
<b>Ratios to Average Net Assets and Supplemental Data</b>					
Net assets, end of period (\$ millions)	70	96	153	161	205
Ratio of expenses before expense reductions (%) <sup>c</sup>	.87	.83	.83	.80	.82
Ratio of expenses after expense reductions (%) <sup>c</sup>	.81	.83	.82	.80	.82
Ratio of net investment income (%)	.65	.98	.99	.51	.32
Portfolio turnover rate (%)	64	35	53	25	34

<sup>a</sup> Based on average shares outstanding during the period.

<sup>b</sup> Total return would have been lower had certain expenses not been reduced.

<sup>c</sup> Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

Class B	Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Selected Per Share Data</b>					
<b>Net asset value, beginning of period</b>	<b>\$17.86</b>	<b>\$16.63</b>	<b>\$15.95</b>	<b>\$17.77</b>	<b>\$17.07</b>
<i>Income (loss) from investment operations:</i>					
Net investment income <sup>a</sup>	.05	.11	.09	.02	(.01)
Net realized and unrealized gain (loss)	(2.48)	1.55	2.34	(.29)	.87
<b>Total from investment operations</b>	<b>(2.43)</b>	<b>1.66</b>	<b>2.43</b>	<b>(.27)</b>	<b>.86</b>
<i>Less distributions from:</i>					
Net investment income	(.17)	(.06)	(.04)	—	(.08)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)
<b>Total distributions</b>	<b>(3.23)</b>	<b>(.43)</b>	<b>(1.75)</b>	<b>(1.55)</b>	<b>(.16)</b>
<b>Net asset value, end of period</b>	<b>\$12.20</b>	<b>\$17.86</b>	<b>\$16.63</b>	<b>\$15.95</b>	<b>\$17.77</b>
Total Return (%)	(16.32) <sup>b</sup>	10.13 <sup>b</sup>	16.47 <sup>b</sup>	(2.21)	5.09
<b>Ratios to Average Net Assets and Supplemental Data</b>					
Net assets, end of period (\$ millions)	15	19	15	14	17
Ratio of expenses before expense reductions (%) <sup>c</sup>	1.24	1.19	1.19	1.16	1.17
Ratio of expenses after expense reductions (%) <sup>c</sup>	1.16	1.19	1.18	1.16	1.17
Ratio of net investment income (loss) (%)	.30	.65	.57	.14	(.04)
Portfolio turnover rate (%)	64	35	53	25	34

<sup>a</sup> Based on average shares outstanding during the period.

<sup>b</sup> Total return would have been lower had certain expenses not been reduced.

<sup>c</sup> Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

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

# Notes to Financial Statements

## A. Organization and Significant Accounting Policies

DWS Small Mid Cap Value VIP (formerly Deutsche Small Mid Cap Value VIP) (the “Fund”) is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the “Trust”), which is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company organized as a Massachusetts business trust.

**Multiple Classes of Shares of Beneficial Interest.** The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

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

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

**Security Valuation.** Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

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

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund’s valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security’s disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company’s or issuer’s financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency

denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

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

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

**Securities Lending.** Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments. As of December 31, 2018, the Fund had no securities on loan.

**Taxes.** The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

**Distribution of Income and Gains.** Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to income received from Real Estate Investment Trusts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain

(loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	\$ 615,277
Undistributed long-term capital gains	\$ 6,638,069
Unrealized appreciation (depreciation) on investments	\$ (1,725,584)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was \$87,042,787. The net unrealized depreciation for all investments based on tax cost was \$1,725,584. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of \$9,441,928 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of \$11,167,512.

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

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Distributions from ordinary income*	\$ 1,404,457	\$ 1,159,954
Distributions from long-term capital gains	\$ 18,997,202	\$ 3,623,141

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

**Expenses.** Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

**Contingencies.** In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

**Real Estate Investment Trusts.** The Fund at its fiscal year end recharacterizes distributions received from a Real Estate Investment Trust ("REIT") investment based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available timely from a REIT, the recharacterization will be estimated for financial reporting purposes and a recharacterization will be made to the accounting records in the following year when such information becomes available. Distributions received from REITs in excess of income are recorded as either a reduction of cost of investments or realized gains.

**Other.** Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

## **B. Purchases and Sales of Securities**

During the year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated \$65,451,292 and \$75,262,064, respectively.

## **C. Related Parties**

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

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

First \$250 million	.650%
Next \$750 million	.620%
Next \$1.5 billion	.600%
Next \$2.5 billion	.580%
Next \$2.5 billion	.550%
Next \$2.5 billion	.540%
Next \$2.5 billion	.530%
Over \$12.5 billion	.520%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.81%
Class B	1.16%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class were as follows:

Class A	\$ 48,572
Class B	14,686
	<b>\$ 63,258</b>

**Administration Fee.** Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the year ended December 31, 2018, the Administration Fee was \$105,865, of which \$7,577 is unpaid.

**Service Provider Fees.** DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Service to Shareholders	Total Aggregated	Unpaid at December 31, 2018
Class A	\$ 627	\$ 104
Class B	470	78
	<b>\$ 1,097</b>	<b>\$ 182</b>

**Distribution Service Agreement.** Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the year ended December 31, 2018, the Distribution Service Fee aggregated \$45,904, of which \$3,352 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated \$9,095, of which \$6,374 is unpaid.

**Trustees' Fees and Expenses.** The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS ESG Liquidity Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS ESG Liquidity Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS ESG Liquidity Fund.

#### **D. Ownership of the Fund**

At December 31, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 70%. Four participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 32%, 21%, 17% and 13%.

#### **E. Line of Credit**

The Fund and other affiliated funds (the "Participants") share in a \$400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at December 31, 2018.



# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Small Mid Cap Value VIP:

## Opinion on the Financial Statements

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

## Basis for Opinion

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

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

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

*Ernst & Young LLP*

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts  
February 14, 2019

# Information About Your Fund's Expenses

(Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of \$1,000 invested at the beginning of the six-month period and held for the entire period (July 1, 2018 to December 31, 2018).

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

- **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a \$1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per \$1,000" line under the share class you hold.
- **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

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

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

<b>Actual Fund Return</b>	<b>Class A</b>	<b>Class B</b>
Beginning Account Value 7/1/18	\$ 1,000.00	\$ 1,000.00
Ending Account Value 12/31/18	\$ 836.90	\$ 835.00
Expenses Paid per \$1,000*	\$ 3.75	\$ 5.37

<b>Hypothetical 5% Fund Return</b>	<b>Class A</b>	<b>Class B</b>
Beginning Account Value 7/1/18	\$ 1,000.00	\$ 1,000.00
Ending Account Value 12/31/18	\$ 1,021.12	\$ 1,019.36
Expenses Paid per \$1,000*	\$ 4.13	\$ 5.90

\* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 184 (the number of days in the most recent six-month period), then divided by 365.

<b>Annualized Expense Ratios</b>	<b>Class A</b>	<b>Class B</b>
Deutsche DWS Variable Series II — DWS Small Mid Cap Value VIP	.81%	1.16%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at [dws.com/calculators](http://dws.com/calculators).

## Tax Information

(Unaudited)

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

The Fund paid distributions of \$3.06 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates \$7,357,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 100% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

## Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — [dws.com/en-us/resources/proxy-voting](http://dws.com/en-us/resources/proxy-voting) — or on the SEC's Web site — [sec.gov](http://sec.gov). To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

## Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the “Board” or “Trustees”) approved the renewal of DWS Small Mid Cap Value VIP’s (the “Fund”) investment management agreement (the “Agreement”) with DWS Investment Management Americas, Inc. (“DIMA”) in September 2018.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

- During the entire process, all of the Fund’s Trustees were independent of DIMA and its affiliates (the “Independent Trustees”).
- The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board’s Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund’s performance, fees and expenses, and profitability from a fee consultant retained by the Fund’s Independent Trustees (the “Fee Consultant”). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee’s findings and recommendations.
- The Board also received extensive information throughout the year regarding performance of the Fund.
- The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund’s contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.
- In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund’s Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund. DIMA is part of DWS Group GmbH & Co. KGaA (“DWS Group”). DWS Group is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world. In 2018, approximately 20% of DWS Group’s shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS fund overseen by the Board in light of the fund’s performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund’s Board considers these and many other factors, including the quality and integrity of DIMA’s personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

**Nature, Quality and Extent of Services.** The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund’s performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct (“Morningstar”), an independent fund data service. The Board also noted that it has put into place a process of identifying “Funds in Review” (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA’s plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2017, the Fund's performance (Class A shares) was in the 4th quartile, 3rd quartile and 3rd quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has outperformed its benchmark in the one-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS fund complex.

**Fees and Expenses.** The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2017). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2017, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS Europe Funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

**Profitability.** The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the DWS Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the DWS Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

**Economies of Scale.** The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

**Other Benefits to DIMA and Its Affiliates.** The Board also considered the character and amount of other incidental or "fall-out" benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency

services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to DWS Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

**Compliance.** The Board considered the significant attention and resources dedicated by DIMA to its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

## Board Members and Officers

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

### Independent Board Members

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

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

#### Officers<sup>4</sup>

<b>Name, Year of Birth, Position with the Fund and Length of Time Served<sup>5</sup></b>	<b>Business Experience and Directorships During the Past Five Years</b>
Hepsen Uzman <sup>6</sup> (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director, <sup>3</sup> DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette <sup>8</sup> (1962) Vice President and Secretary, 1999–present	Director, <sup>3</sup> DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally <sup>8,9</sup> (1966) Treasurer and Chief Financial Officer since 2018	Director, <sup>3</sup> DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson <sup>8</sup> (1962) Chief Legal Officer, 2010–present	Managing Director, <sup>3</sup> DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan <sup>8</sup> (1970) Chief Compliance Officer, 2016–present	Director, <sup>3</sup> DWS



**Name, Year of Birth,  
Position with the Fund and  
Length of Time Served<sup>5</sup>**

**Business Experience and Directorships During the Past Five Years**

Wayne Salit <sup>7</sup> (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director, <sup>3</sup> Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan <sup>8</sup> (1966) Assistant Treasurer, 2017–present	Director, <sup>3</sup> DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca <sup>9</sup> (1957) Assistant Treasurer, 2007–present	Director, <sup>3</sup> DWS

<sup>1</sup> The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

<sup>2</sup> A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

<sup>3</sup> Executive title, not a board directorship.

<sup>4</sup> As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered “interested persons” of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

<sup>5</sup> The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

<sup>6</sup> Address: 345 Park Avenue, New York, NY 10154.

<sup>7</sup> Address: 60 Wall Street, New York, NY 10005.

<sup>8</sup> Address: One International Place, Boston, MA 02110.

<sup>9</sup> Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

\* Paul K. Freeman retired from the Board effective December 31, 2018.

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

# Notes

# Notes



VS2SMCV-2 (R-025829-8 2/19)