



WESTERN ASSET

A LEGG MASON COMPANY

Annual Report | December 31, 2018

WESTERN ASSET VARIABLE GLOBAL HIGH YIELD BOND PORTFOLIO

LEGG MASON
GLOBAL ASSET MANAGEMENT

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Portfolio objective

The Portfolio seeks to maximize total return.

Letter from the president



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Dear Shareholder,

We are pleased to provide the annual report of Western Asset Variable Global High Yield Bond Portfolio for the twelve-month reporting period ended December 31, 2018. Please read on for a detailed look at prevailing economic and market conditions during the Portfolio's reporting period and to learn how those conditions have affected Portfolio performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.leggmason.com. Here you can gain immediate access to market and investment information, including:

- Market insights and commentaries from our portfolio managers and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

A handwritten signature in black ink, reading "Jane Trust".

Jane Trust, CFA
President and Chief Executive Officer
January 31, 2019

Investment commentary

Economic review

Economic activity in the U.S. was mixed during the twelve months ended December 31, 2018 (the “reporting period”). Looking back, the U.S. Department of Commerce reported that first quarter 2018 U.S. gross domestic product (“GDP”)ⁱ growth was 2.2%. GDP growth then accelerated to 4.2% during the second quarter of 2018 — the strongest reading since the third quarter of 2014. Third quarter 2018 GDP growth was 3.4%. The deceleration in GDP growth in the third quarter of 2018 reflected a downturn in exports and decelerations in nonresidential fixed investment and personal consumption expenditures. Imports increased in the third quarter after decreasing in the second. These movements were partly offset by an upturn in private inventory investment. Finally, the U.S. Department of Commerce’s initial reading for fourth quarter 2018 GDP growth was delayed due to the partial shutdown of the U.S. government.

Job growth in the U.S. was solid overall and supported the economy during the reporting period. As reported by the U.S. Department of Labor, when the reporting period ended on December 31, 2018, the unemployment rate was 3.9%, versus 4.1% when the period began. The percentage of longer-term unemployed also declined during the reporting period. In December 2018, 20.5% of Americans looking for a job had been out of work for more than six months, versus 21.5% when the period began.

Turning to the global economy, in its January 2019 *World Economic Outlook Update* — released after the reporting period ended — the International Monetary Fund (“IMF”)ⁱⁱ said, “The global expansion has weakened. Global growth for 2018 is

estimated at 3.7 percent, as in the October 2018 *World Economic Outlook* forecast, despite weaker performance in some economies, notably Europe and Asia.... Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook.” From a regional perspective, the IMF projects 2019 growth in the Eurozone will be 1.6%, versus 1.8% in 2018. Japan’s economy is expected to expand 1.1% in 2019, compared to 0.9% in 2018. Elsewhere, the IMF projects that overall growth in emerging market countries will decelerate to 4.5% in 2019, versus 4.6% in 2018.

The Federal Reserve Board (the “Fed”)ⁱⁱⁱ continued tightening monetary policy during the reporting period, as it raised interest rates four times in 2018 and further reduced its balance sheet. As widely expected, the Fed raised the federal funds rate^{iv} at its meetings that ended on March 21, 2018 (to a range between 1.50% and 1.75%), June 13, 2018 (to a range between 1.75% and 2.00%), September 26, 2018 (to a range between 2.00% and 2.25%) and December 19, 2018 (to a range between 2.25% and 2.50%). At its meeting that concluded on January 30, 2019, after the reporting period ended, the Fed kept interest rates on hold and said, “In light of global economic and financial developments and muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate”

Central banks outside the U.S. took different approaches to monetary policy during the reporting period. Looking back, in December 2016, the European Central Bank (“ECB”)^v extended its bond buying program until December 2017. From April 2017 through


Investment commentary (cont'd)

December 2017, the ECB purchased €60 billion-per-month of bonds. In October 2017, the ECB announced that it would continue to buy bonds through September 2018, but after December 2017 it would pare its purchases to €30 billion-per-month. In December 2018, the ECB ended its bond buying program, and again affirmed that it did not anticipate raising interest rates “at least through the summer of 2019”. In other developed countries, on November 2, 2017, the Bank of England^{vi} raised rates from 0.25% to 0.50% — the first increase since July 2007. It then raised rates to 0.75% at its meeting on August 2, 2018. After holding rates steady at 0.10% for more than five years, in January 2016, the Bank of Japan^{vii} announced that it cut the rate on current accounts that commercial banks hold with it to -0.10% and kept rates on hold during the reporting period. Elsewhere, the People’s

Bank of China^{viii} kept rates steady at 4.35% during the reporting period.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,



Jane Trust, CFA
President and Chief Executive Officer

January 31, 2019

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

ⁱ Gross domestic product (“GDP”) is the market value of all final goods and services produced within a country in a given period of time.

ⁱⁱⁱ The International Monetary Fund (“IMF”) is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

ⁱⁱⁱ The Federal Reserve Board (the “Fed”) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

^{iv} The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

^v The European Central Bank (“ECB”) is responsible for the monetary system of the European Union and the euro currency.

^{vi} The Bank of England (“BoE”), formally the Governor and Company of the BoE, is the central bank of the United Kingdom. The BoE’s purpose is to maintain monetary and financial stability.

^{vii} The Bank of Japan is the central bank of Japan. The bank is responsible for issuing and handling currency and treasury securities, implementing monetary policy, maintaining the stability of the Japanese financial system and the yen currency.

^{viii} The People’s Bank of China is the central bank of the People’s Republic of China with the power to carry out monetary policy and regulate financial institutions in mainland China.

Portfolio overview

Q. What is the Portfolio's investment strategy?

A. The Portfolio seeks to maximize total return. The Portfolio invests primarily in high-yield fixed income securities issued by U.S. and foreign companies and foreign governments and their agencies and instrumentalities. Under normal market conditions, the Portfolio invests at least 80% of its assets in high-yield bonds. High-yield bonds are rated below investment grade (that is, securities rated below the Baa/BBB categories) or if unrated, securities we determined to be of comparable credit quality and are commonly referred to as "junk bonds". Under normal circumstances, the Portfolio will be invested in at least three countries (one of which may be the U.S.). The Portfolio may invest without limit in foreign securities denominated either in U.S. dollars or foreign currencies and may invest up to 35% of its assets in sovereign debt issued by emerging market governmental issuers. The Portfolio may invest in securities of any maturity or durationⁱ.

Instead of, and/or in addition to, investing directly in particular securities, the Portfolio may use instruments such as derivatives and other synthetic instruments that are intended to provide economic exposure to the securities or the issuer or to be used as a hedging technique. The Portfolio may use one or more types of these instruments without limit. These instruments are taken into account when determining compliance with the Portfolio's 80% policy. The Portfolio may also engage in a variety of transactions using derivatives in order to change the investment characteristics of its portfolio (such as shortening or lengthening duration) and for other purposes.

At Western Asset Management Company, LLC (formerly known as Western Asset Management Company) ("Western Asset"), the Portfolio's subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

Q. What were the overall market conditions during the Portfolio's reporting period?

A. A solid year for the global high-yield market was in sight at the end of September 2018, with the asset class outperforming U.S. Treasuries and being among the only fixed income asset classes posting a positive absolute return. This performance was driven by the U.S. high-yield market, which was supported by generally robust corporate profits and solid economic growth. However, the high-yield market reversed course in the fourth quarter of 2018. This turnaround was driven by a number of factors, including concerns over moderating global growth, the potential impact of Federal Reserve Board (the "Fed")ⁱⁱ monetary tightening, the ongoing trade dispute between the U.S. and China, sharply falling oil prices and several geopolitical issues. Collectively, this led to significant outflows from high-yield mutual funds and exchange traded funds ("ETFs"), and significant spread widening.

All told, the Bloomberg Barclays Global High Yield Index (Hedged) (the "Index")ⁱⁱⁱ returned -2.72% during the twelve-month reporting

Portfolio overview (cont'd)

period ended December 31, 2018. Over the reporting period, as measured by the Index, higher-rated BB-rated securities outperformed lower-rated CCC-rated bonds, as they returned -3.53% and -4.63%, respectively. Within the Index for the year, the U.S. component returned -2.08%, whereas the European component (USD-hedged) and emerging market components returned -0.79% and -4.73%, respectively. For comparison purposes, the overall taxable bond market, as measured by the Bloomberg Barclays U.S. Universal Index^{iv}, returned -0.25% for the reporting period.

Q. How did we respond to these changing market conditions?

A. For much of the reporting period, we increased the quality of the portfolio. Our strategy to reduce the Portfolio's risk exposure was not driven by a concern that the current credit cycle was turning negative, but rather because valuations have compressed to the point where, in our view, maintaining an elevated level of risk was unwarranted. Toward the end of the year when high-yield spreads had significantly widened, we added back some exposure to lower rated securities, as their valuations had become more attractive. For the reporting period as a whole, we reduced the Portfolio's allocation to securities rated CCC

securities, while increasing our exposures to securities rated BBB (investment-grade corporate bonds) and B-rated issues. From a sector/industry perspective, we reduced the Portfolio's exposures to the Consumer Cyclical¹ and Financials sectors. Conversely, we increased the Portfolio's allocations to Banking, Capital Goods² and Communications³. In terms of regional positioning, toward the end of the reporting period we increased the Portfolio's exposure to emerging market high-yield, as we felt they offered attractive valuations given spread widening earlier in the period.

Currency forwards, futures and options were used to hedge the Portfolio's non-U.S. dollar currency exposure during the reporting period. Collectively they contributed to results.

Performance review

For the twelve months ended December 31, 2018, Class I shares of Western Asset Variable Global High Yield Bond Portfolio⁴ returned -3.92%. The Portfolio's unmanaged benchmark, the Bloomberg Barclays Global High Yield Index (Hedged), returned -2.72% for the same period. The Lipper Variable High Yield Funds Category Average⁵ returned -2.63% over the same time frame.

¹ Consumer Cyclical consists of the following industries: Automotive, Entertainment, Gaming, Home Construction, Lodging, Retailers, Restaurants, Textiles and other consumer services.

² Capital Goods consists of the following industries: Aerospace & Defense, Building Materials, Diversified Manufacturing, Construction Machines, Packaging and Environmental.

³ Communications consists of the following industries: Media — Cable, Media — Non-Cable and Telecommunications.

⁴ The Portfolio is an underlying investment option of various variable annuity and variable life insurance products. The Portfolio's performance returns do not reflect the deduction of expenses imposed in connection with investing in variable annuity or variable life insurance contracts, such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the performance of the Portfolio. **Past performance is no guarantee of future results.**

⁵ Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended December 31, 2018, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 109 funds in the Portfolio's Lipper category.

Performance Snapshot as of December 31, 2018
(unaudited)

	6 months	12 months
Western Asset Variable Global High Yield Bond Portfolio ¹ :		
Class I	-1.28%	-3.92%
Class II	-1.47%	-4.16%
Bloomberg Barclays Global High Yield Index (Hedged)	-0.93%	-2.72%
Lipper Variable High Yield Funds Category Average ²	-2.42%	-2.63%

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown above. Principal value, investment returns and yields will fluctuate and investors' shares, when redeemed, may be worth more or less than their original cost.

All share class returns assume the reinvestment of all distributions at net asset value and the deduction of all Portfolio expenses. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

The 30-Day SEC Yields for the period ended December 31, 2018 for Class I and Class II shares were 6.55% and 6.28%, respectively. The 30-Day SEC Yield, calculated pursuant to the standard SEC formula, is based on a Portfolio's investments over an annualized trailing 30-day period, and not on the distributions paid by the Portfolio, which may differ.

Total Annual Operating Expenses (unaudited)

As of the Portfolio's current prospectus dated May 1, 2018, the gross total annual fund operating expense ratios for Class I and Class II shares were 0.83% and 1.08%, respectively.

Actual expenses may be higher. For example, expenses may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and Portfolio expense ratios are more likely to increase when markets are volatile.

Q. What were the leading contributions to performance?

A. The largest contributor to the Portfolio's relative performance during the reporting period was its quality biases. In particular, the Portfolio's allocation to investment-grade corporate bonds was rewarded as they outperformed the benchmark. In addition, having an underweight to lower quality CCC-rated credits was additive for returns as they underperformed their higher rated counterparts.

Asset class and regional positioning contributed to relative performance. An allocation to bank loans boosted returns as the asset class was a top performer for spread product in 2018, generating positive absolute returns. From a regional perspective, increasing the Portfolio's allocation to emerging market high-yield later in the reporting period was additive to returns as

¹ The Portfolio is an underlying investment option of various variable annuity and variable life insurance products. The Portfolio's performance returns do not reflect the deduction of expenses imposed in connection with investing in variable annuity or variable life insurance contracts, such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the performance of the Portfolio. **Past performance is no guarantee of future results.**

² Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the period ended December 31, 2018, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 109 funds for the six-month period and among the 109 funds for the twelve-month period in the Portfolio's Lipper category.

Portfolio overview (cont'd)

they significantly outperformed both U.S. and European high-yield during the fourth quarter of 2018.

Sector/industry positioning, overall, contributed to performance during the reporting period. In particular, an overweight in Communications and an underweight in Basic Industry¹ were the most additive for returns.

A number of individual holdings were also positive for results, with overweights in Petrobras Global Finance BV ("Petrobras"), PetSmart Inc. and NRG Energy adding the most value. During the year, Petrobras' asset divestment and balance sheet deleveraging plans continued to progress and benefited its performance. In terms of NRG Energy, during the reporting period there was a resolution to an agreement regarding GenOn Energy's (a unit of NRG Energy) restructuring plan, allowing for full payment of its bonds. PetSmart Inc. delivered solid results in 2018, driven by robust growth at its online business, Chewy, which offset the modest decline at its brick-and-mortar locations.

Q. What were the leading detractors from performance?

A. The largest detractor from the Portfolio's relative performance during the reporting period was its currency exposures. In particular, allocations to the Argentine peso, Russian ruble and Brazilian real were negative for results as they all depreciated versus the U.S. dollar during the year.

From an individual security perspective, overweight positions in DISH DBS Corp. and KCAD Holdings I Ltd., along with the Portfolio's positions in Argentina, detracted

from performance. Dish DBS Corp. bonds traded lower given the increasingly competitive pay-TV market that resulted in heightened satellite subscriber losses. Dish DBS Corp. is also evaluating an entrance to the wireless market and the uncertainty of how that might be funded negatively impacted its bonds. Several of the Portfolio's equity positions that we received as part of the corporate restructuring process were headwinds for results during the reporting period, including KCAD Holdings I Ltd. The company was negatively impacted by sharply falling oil prices. A crisis of confidence around Argentina's economic policymaking and mixed signals by the country's central bank precipitated a sustained depreciation of the Argentinian peso. The decline of its currency and a generally weaker economic backdrop impacted the valuations of both Argentina's local and U.S. dollar-denominated debt.

Finally, from a sector positioning perspective, overweights to the Consumer Cyclical and Energy sectors detracted from performance as they both lagged the benchmark.

Thank you for your investment in Western Asset Variable Global High Yield Bond Portfolio. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Portfolio's investment goals.

Sincerely,

Western Asset Management Company,
LLC

January 24, 2019

¹ Basic Industry consists of the following industries: Chemicals, Metals & Mining and Paper.

RISKS: *Investments in bonds are subject to interest rate and credit risks. As interest rates rise, bond prices fall, thereby reducing the value of the Portfolio's share price. High-yield bonds, commonly known as "junk" bonds, involve greater credit and liquidity risks than investment grade bonds. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations and social, political and economic uncertainties, which could increase volatility. These risks are magnified in emerging or developing markets. The Portfolio may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Portfolio performance. Please see the Portfolio's prospectus for a more complete discussion of these and other risks and the Portfolio's investment strategies.*

Portfolio holdings and breakdowns are as of December 31, 2018 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 13 through 27 for a list and percentage breakdown of the Portfolio's holdings.

The mention of sector breakdowns is for informational purposes only and should not be

construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. Portfolio holdings are subject to change at any time and may not be representative of the portfolio managers' current or future investments. The Portfolio's top five sector holdings (as a percentage of net assets) as of December 31, 2018 were: Sovereign Bonds (22.0%), Communication Services (18.0%), Energy (14.6%), Consumer Discretionary (10.0%) and Financials (8.3%). The Portfolio's composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

i Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

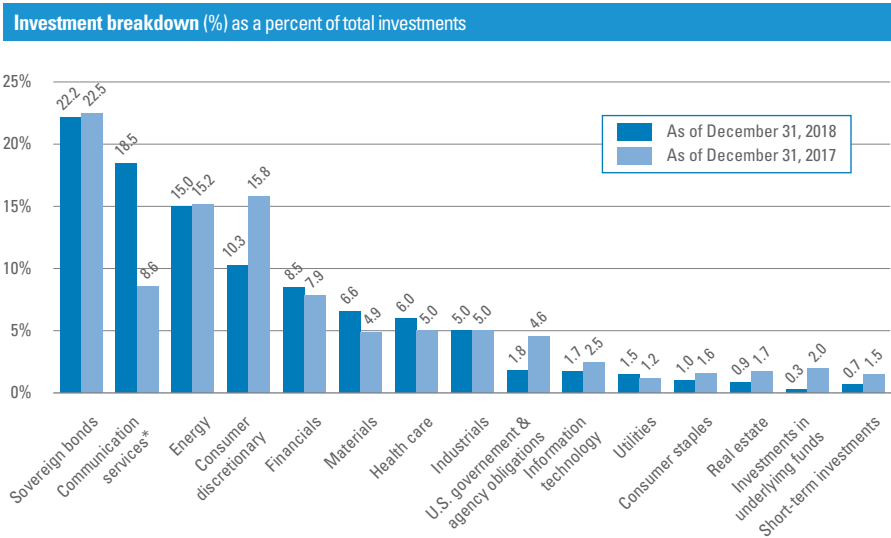
ii The Federal Reserve Board (the "Fed") is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

iii The Bloomberg Barclays Global High Yield Index (Hedged) provides a broad-based measure of the global high-yield fixed-income markets, representing the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging

Markets High-Yield, CMBS High-Yield and Pan European Emerging Markets High-Yield Indices.

iv The Bloomberg Barclays U.S. Universal Index represents the union of the Bloomberg Barclays U.S. Aggregate Index, the Bloomberg Barclays U.S. Corporate High Yield Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The only constituent of the index that includes floating-rate debt is the Emerging Markets Index. The only constituent of the index that includes floating-rate debt is the Emerging Markets Index.

Portfolio at a glance[†] (unaudited)



[†] The bar graph above represents the composition of the Portfolio's investments as of December 31, 2018 and December 31, 2017 and does not include derivatives, such as futures contracts, written options and forward foreign currency contracts. The Portfolio is actively managed. As a result, the composition of the Portfolio's investments is subject to change at any time.

* As of September 28, 2018, the Telecommunication Services sector was broadened to include some companies previously classified in the Consumer Discretionary and Information Technology sectors and renamed the Communication Services sector.

Portfolio expenses (unaudited)

Example

As a shareholder of the Portfolio, you may incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; service and/or distribution (12b-1) fees; and other Portfolio expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

This example is based on an investment of \$1,000 invested on July 1, 2018 and held for the six months ended December 31, 2018.

Actual expenses

The table below titled “Based on Actual Total Return” provides information about actual account values and actual expenses. You may use the information provided in this table, together with the amount you invested, to estimate the expenses that you paid over the period. To estimate the expenses you paid on your account, divide your ending account value by \$1,000 (for example, an \$8,600 ending account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading entitled “Expenses Paid During the Period”.

Hypothetical example for comparison purposes

The table below titled “Based on Hypothetical Total Return” provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio and an assumed rate of return of 5.00% per year before expenses, which is not the Portfolio’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use the information provided in this table to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare the 5.00% hypothetical example relating to the Portfolio with the 5.00% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table below are meant to highlight your ongoing costs only and do not reflect any transactional costs. 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 transaction costs were included, your costs would have been higher.

Based on actual total return¹					Expenses Paid During the Period³
	Actual Total Return²	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	
Class I	-1.28%	\$1,000.00	\$987.20	0.88%	\$4.41
Class II	-1.47	1,000.00	985.30	1.13	5.65

Based on hypothetical total return¹					Expenses Paid During the Period³
	Hypothetical Annualized Total Return	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	
Class I	5.00%	\$1,000.00	\$1,020.77	0.88%	\$4.48
Class II	5.00	1,000.00	1,019.51	1.13	5.75

Portfolio expenses (unaudited) (cont'd)

- ¹ For the six months ended December 31, 2018.
- ² Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value. Total return is not annualized, as it may not be representative of the total return for the year. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.
- ³ Expenses (net of compensating balance arrangements, fee waivers and/or expense reimbursements) are equal to each class' respective annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (184), then divided by 365.

Portfolio performance (unaudited)

Average annual total returns ¹		
	Class I	Class II
Twelve Months Ended 12/31/18	-3.92%	-4.16%
Five Years Ended 12/31/18	2.35	2.09
Ten Years Ended 12/31/18	9.89	9.61

Cumulative total returns ¹	
Class I (12/31/08 through 12/31/18)	156.82%
Class II (12/31/08 through 12/31/18)	150.22

All figures represent past performance and are not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower.

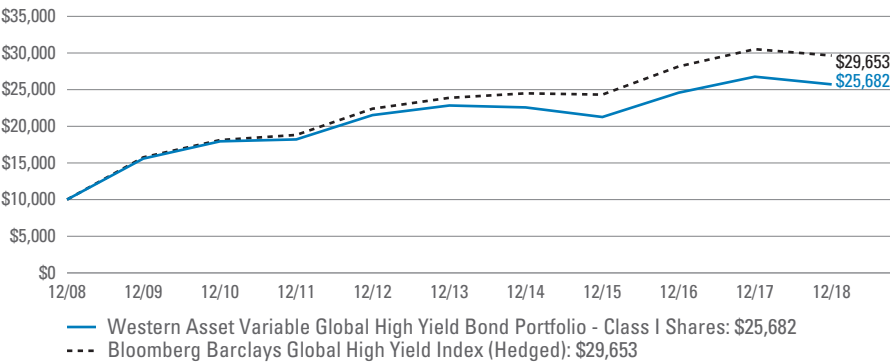
¹ Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value.

Portfolio performance (unaudited) (cont'd)

Historical performance

Value of \$10,000 invested in

Class I Shares of Western Asset Variable Global High Yield Bond Portfolio vs. Bloomberg Barclays Global High Yield Index (Hedged)[†] — December 2008 - December 2018

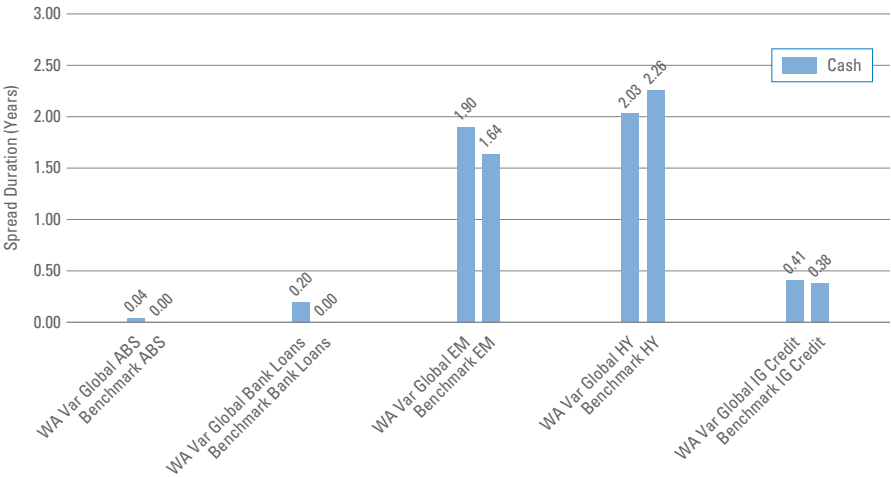


All figures represent past performance and are not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower.

[†] Hypothetical illustration of \$10,000 invested in Class I shares of Western Asset Variable Global High Yield Bond Portfolio on December 31, 2008, assuming the reinvestment of all distributions, including returns of capital, if any, at net asset value through December 31, 2018. The hypothetical illustration also assumes a \$10,000 investment in the Bloomberg Barclays Global High Yield Index (Hedged). The Bloomberg Barclays Global High Yield Index (Hedged) provides a broad-based measure of the global high-yield fixed-income markets, representing the union of the U.S. High-Yield, Pan-European High-Yield, and Emerging Markets Hard Currency High-Yield Indices. The Index is unmanaged and not subject to the same management and trading expenses as a fund. Please note that an investor cannot invest directly in an index. The performance of the Portfolio's other class may be greater or less than the Class I shares' performance indicated on this chart, depending on whether greater or lesser fees were incurred by shareholders investing in the other class.

Spread duration (unaudited)

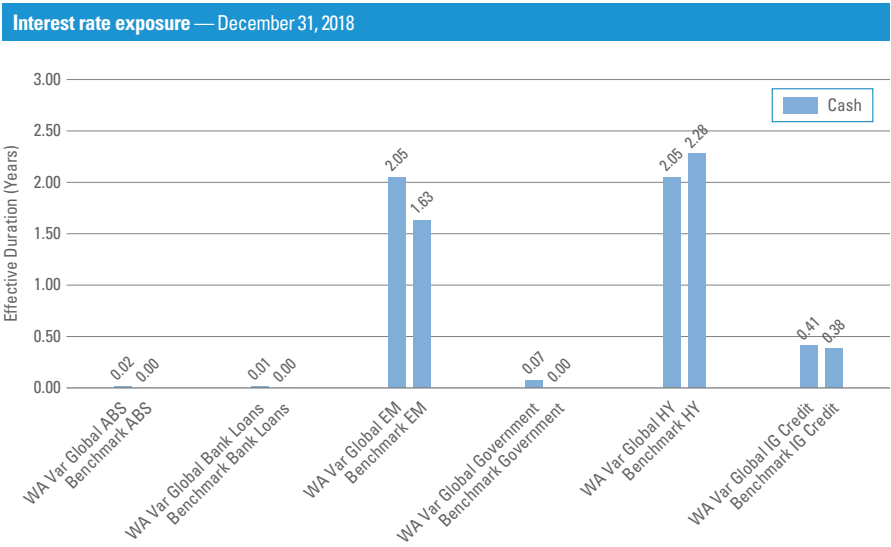
Economic exposure — December 31, 2018



Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Portfolio’s sectors relative to the selected benchmark sectors as of the end of the reporting period.

- ABS — Asset-Backed Securities
- Benchmark — Bloomberg Barclays Global High Yield Index (Hedged)
- EM — Emerging Markets
- HY — High Yield
- IG Credit — Investment Grade Credit
- WA Var Global — Western Asset Variable Global High Yield Bond Portfolio

Effective duration (unaudited)



Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Portfolio’s sectors relative to the selected benchmark sectors as of the end of the reporting period.

- ABS
- Benchmark
- EM
- HY
- IG Credit
- WA Var Global
- Asset-Backed Securities
- Bloomberg Barclays Global High Yield Index (Hedged)
- Emerging Markets
- High Yield
- Investment Grade Credit
- Western Asset Variable Global High Yield Bond Portfolio

Schedule of investments

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes — 65.4%				
Communication Services — 16.4%				
<i>Diversified Telecommunication Services — 3.7%</i>				
Cogent Communications Group Inc., Senior Secured Notes	5.375%	3/1/22	740,000	\$ 738,150 ^(a)
Intelsat Jackson Holdings SA, Senior Notes	5.500%	8/1/23	325,000	284,375
Telecom Italia Finance SA, Senior Notes	7.750%	1/24/33	220,000 ^{EUR}	315,824
Telecom Italia SpA, Senior Notes	5.303%	5/30/24	1,090,000	1,039,587 ^(a)
UPCB Finance IV Ltd., Senior Secured Notes	5.375%	1/15/25	1,450,000	1,359,549 ^(a)
Windstream Services LLC/Windstream Finance Corp., Secured Notes	10.500%	6/30/24	2,285,000	1,748,025 ^(a)
<i>Total Diversified Telecommunication Services</i>				<i>5,485,510</i>
<i>Entertainment — 0.1%</i>				
Netflix Inc., Senior Notes	5.875%	11/15/28	190,000	185,098 ^(a)
<i>Interactive Media & Services — 0.5%</i>				
Match Group Inc., Senior Notes	5.000%	12/15/27	820,000	756,450 ^(a)
<i>Media — 9.4%</i>				
Alice France SA, Senior Secured Notes	7.375%	5/1/26	4,180,000	3,845,600 ^(a)
Alice Luxembourg SA, Senior Notes	7.750%	5/15/22	2,780,000	2,540,225 ^(a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.125%	5/1/27	2,220,000	2,073,258 ^(a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.000%	2/1/28	970,000	894,825 ^(a)
DISH DBS Corp., Senior Notes	5.875%	11/15/24	1,030,000	833,012
DISH DBS Corp., Senior Notes	7.750%	7/1/26	3,030,000	2,514,900
Virgin Media Secured Finance PLC, Senior Secured Notes	5.500%	1/15/25	504,000 ^{GBP}	640,311 ^(c)
Virgin Media Secured Finance PLC, Senior Secured Notes	5.250%	1/15/26	500,000	460,000 ^(a)
<i>Total Media</i>				<i>13,802,131</i>
<i>Wireless Telecommunication Services — 2.7%</i>				
CSC Holdings LLC, Senior Notes	6.625%	10/15/25	900,000	913,500 ^(a)
Millicom International Cellular SA, Senior Notes	5.125%	1/15/28	420,000	375,900 ^(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	1,640,000	1,553,900
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	230,000	243,225
Sprint Corp., Senior Notes	7.875%	9/15/23	780,000	802,425
<i>Total Wireless Telecommunication Services</i>				<i>3,888,950</i>
Total Communication Services				24,118,139
Consumer Discretionary — 7.5%				
<i>Auto Components — 1.6%</i>				
Adient Global Holdings Ltd., Senior Notes	4.875%	8/15/26	1,280,000	985,600 ^(a)
American Axle & Manufacturing Inc., Senior Notes	6.500%	4/1/27	1,090,000	979,638
JB Poindexter & Co. Inc., Senior Notes	7.125%	4/15/26	390,000	366,600 ^(a)
<i>Total Auto Components</i>				<i>2,331,838</i>

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
<i>Commercial Services & Supplies — 0.2%</i>				
Blitz F18-674 GmbH, Senior Secured Notes	6.000%	7/30/26	230,000 EUR	\$ 249,644 ^(a)
<i>Diversified Consumer Services — 0.3%</i>				
Carriage Services Inc., Senior Notes	6.625%	6/1/26	390,000	384,150 ^(a)
<i>Hotels, Restaurants & Leisure — 2.3%</i>				
1011778 BC ULC/New Red Finance Inc., Senior Secured Notes	4.250%	5/15/24	170,000	156,825 ^(a)
Bossier Casino Venture Holdco Inc., Senior Secured Notes (14.000% PIK)	14.000%	2/9/23	465,013	465,013 ^{(a)(b)(c)(d)(e)}
Burger King France SAS, Senior Secured Notes	6.000%	5/1/24	130,000 EUR	154,933 ^(a)
Carrolls Restaurant Group Inc., Secured Notes	8.000%	5/1/22	470,000	471,762
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes	4.625%	4/1/25	150,000	142,500
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes	4.875%	4/1/27	330,000	310,613
Marston's Issuer PLC, Secured Bonds (5.641% to 7/15/19 then 3 mo. GBP LIBOR + 2.550%)	5.641%	7/15/35	223,000 GBP	239,027 ^{(a)(f)}
Pinnacle Bidco PLC, Senior Secured Notes	6.375%	2/15/25	110,000 GBP	139,662 ^(a)
VOC Escrow Ltd., Senior Secured Notes	5.000%	2/15/28	1,460,000	1,354,150 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>3,434,485</i>
<i>Household Durables — 0.5%</i>				
Lennar Corp., Senior Notes	5.000%	6/15/27	250,000	229,063
Lennar Corp., Senior Notes	4.750%	11/29/27	560,000	507,500
<i>Total Household Durables</i>				<i>736,563</i>
<i>Specialty Retail — 1.9%</i>				
Hertz Corp., Senior Notes	5.875%	10/15/20	490,000	477,138
Masaria Investments SAU, Senior Secured Notes	5.000%	9/15/24	130,000 EUR	137,122 ^(a)
Masaria Investments SAU, Senior Secured Notes (3 mo. Euribor + 5.250%, 5.250% Floor)	5.250%	9/15/24	360,000 EUR	386,818 ^{(a)(f)}
Maxeda DIY Holding BV, Senior Secured Notes	6.125%	7/15/22	339,000 EUR	358,228 ^(c)
Maxeda DIY Holding BV, Senior Secured Notes	6.125%	7/15/22	260,000 EUR	274,747 ^(a)
Party City Holdings Inc., Senior Notes	6.625%	8/1/26	860,000	784,750 ^(a)
ServiceMaster Co. LLC, Senior Notes	5.125%	11/15/24	438,000	415,005 ^(a)
<i>Total Specialty Retail</i>				<i>2,833,808</i>
<i>Textiles, Apparel & Luxury Goods — 0.7%</i>				
CBR Fashion Finance BV, Senior Secured Notes	5.125%	10/1/22	300,000 EUR	283,823 ^(c)
Hanesbrands Inc., Senior Notes	4.875%	5/15/26	880,000	797,500 ^(a)
<i>Total Textiles, Apparel & Luxury Goods</i>				<i>1,081,323</i>
Total Consumer Discretionary				11,051,811

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
Consumer Staples — 0.9%				
<i>Food Products — 0.7%</i>				
Boparan Finance PLC, Senior Secured Notes	5.500%	7/15/21	170,000 GBP	\$ 157,853 ^(c)
Pilgrim's Pride Corp., Senior Notes	5.750%	3/15/25	120,000	113,100 ^(a)
Pilgrim's Pride Corp., Senior Notes	5.875%	9/30/27	830,000	755,300 ^(a)
<i>Total Food Products</i>				<i>1,026,253</i>
<i>Household Products — 0.2%</i>				
Spectrum Brands Inc., Senior Notes	5.750%	7/15/25	360,000	343,692
Total Consumer Staples				1,369,945
Energy — 14.0%				
<i>Energy Equipment & Services — 0.1%</i>				
Transocean Inc., Senior Notes	7.250%	11/1/25	90,000	78,975 ^(a)
<i>Oil, Gas & Consumable Fuels — 13.9%</i>				
Berry Petroleum Co. Escrow	—	—	120,000	0 ^{*(b)(d)(g)}
Berry Petroleum Co. Escrow	—	—	630,000	0 ^{*(b)(d)(g)}
Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes	6.625%	7/15/26	305,000	285,175 ^(a)
Chesapeake Energy Corp., Senior Notes	8.000%	1/15/25	1,045,000	927,437
Chesapeake Energy Corp., Senior Notes	8.000%	6/15/27	320,000	270,400
Ecopetrol SA, Senior Notes	4.125%	1/16/25	1,500,000	1,428,750
Lukoil International Finance BV, Senior Notes	4.750%	11/2/26	1,250,000	1,212,031 ^(a)
Magnum Hunter Resources Corp. Escrow	—	—	810,000	0 ^{*(b)(d)(g)}
MEG Energy Corp., Senior Notes	6.375%	1/30/23	40,000	37,950 ^(a)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	1,350,000	1,296,000 ^(a)
NGL Energy Partners LP/NGL Energy Finance Corp., Senior Notes	7.500%	11/1/23	370,000	357,050
Oasis Petroleum Inc., Senior Notes	6.250%	5/1/26	490,000	412,825 ^(a)
Petrobras Global Finance BV, Senior Notes	4.375%	5/20/23	640,000	611,757
Petrobras Global Finance BV, Senior Notes	7.375%	1/17/27	870,000	895,665
Petrobras Global Finance BV, Senior Notes	5.999%	1/27/28	710,000	670,247
Petrobras Global Finance BV, Senior Notes	5.750%	2/1/29	5,730,000	5,314,575
PT Pertamina Persero, Senior Notes	5.250%	5/23/21	370,000	379,816 ^(c)
Range Resources Corp., Senior Notes	4.875%	5/15/25	300,000	247,500
Rockies Express Pipeline LLC, Senior Notes	7.500%	7/15/38	90,000	102,150 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.875%	4/15/26	950,000	928,625 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.375%	2/1/27	125,000	117,813

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels — continued</i>				
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.000%	1/15/28	230,000	\$ 208,725
Transportadora de Gas del Peru SA, Senior Notes	4.250%	4/30/28	1,250,000	1,209,375 ^(a)
Transportadora de Gas del Sur SA, Senior Notes	6.750%	5/2/25	1,190,000	1,087,374 ^(a)
Ultrapar International SA, Senior Notes	5.250%	10/6/26	480,000	468,005 ^(a)
Whiting Petroleum Corp., Senior Notes	6.625%	1/15/26	760,000	655,500
YPF SA, Senior Notes	8.500%	7/28/25	700,000	630,875 ^(a)
YPF SA, Senior Notes	6.950%	7/21/27	890,000	728,687 ^(a)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>20,484,307</i>
Total Energy				20,563,282
Financials — 8.3%				
<i>Banks — 6.8%</i>				
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	540,000	560,588
BBVA Bancomer SA, Subordinated Notes (5.125% to 1/18/28 then 5 year Treasury Constant Maturity Rate + 2.650%)	5.125%	1/18/33	950,000	827,688 ^{(a)(f)}
CIT Group Inc., Senior Notes	5.250%	3/7/25	240,000	235,200
Citigroup Inc., Junior Subordinated Notes (5.950% to 5/15/25 then 3 mo. USD LIBOR + 3.905%)	5.950%	5/15/25	970,000	879,062 ^{(f)(h)}
Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%)	8.125%	12/23/25	630,000	649,688 ^{(a)(f)(h)}
HSBC Holdings PLC, Junior Subordinated Notes (6.500% to 3/23/28 then USD 5 year ICE Swap Rate + 3.606%)	6.500%	3/23/28	400,000	364,000 ^{(f)(h)}
Intesa Sanpaolo SpA, Subordinated Notes	5.017%	6/26/24	500,000	453,969 ^(a)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	2,520,000	2,313,279 ^(a)
Itau Unibanco Holding SA, Subordinated Notes	5.650%	3/19/22	400,000	412,400 ^(c)
NatWest Markets NV, Subordinated Notes	7.750%	5/15/23	160,000	175,303
Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%)	8.625%	8/15/21	210,000	217,875 ^{(f)(h)}
Royal Bank of Scotland Group PLC, Subordinated Notes	6.000%	12/19/23	920,000	932,124
Santander UK Group Holdings PLC, Junior Subordinated Bonds, (7.375% to 6/24/22 then GBP 5 year Swap Rate + 5.543%)	7.375%	6/24/22	310,000 GBP	397,720 ^{(c)(f)(h)}
Sberbank of Russia Via SB Capital SA, Subordinated Notes (5.500% to 2/26/19 then 5 year Treasury Constant Maturity Rate + 4.023%)	5.500%	2/26/24	700,000	701,879 ^{(c)(f)}
TC Ziraat Bankasi AS, Senior Notes	5.125%	5/3/22	550,000	505,816 ^(a)
TC Ziraat Bankasi AS, Senior Notes	5.125%	9/29/23	460,000	408,108 ^(a)
<i>Total Banks</i>				<i>10,034,699</i>
<i>Consumer Finance — 0.1%</i>				
Navient Corp., Senior Notes	6.750%	6/15/26	210,000	174,825

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
<i>Diversified Financial Services — 1.1%</i>				
ASP AMC Merger Sub Inc., Senior Notes	8.000%	5/15/25	270,000	\$ 144,450 ^(a)
DAE Funding LLC, Senior Notes	5.750%	11/15/23	720,000	714,600 ^(a)
Garfunkelux Holdco 3 SA, Senior Secured Notes	7.500%	8/1/22	250,000 ^{EUR}	255,130 ^(c)
Jerrold Finco PLC, Senior Secured Notes	6.125%	1/15/24	220,000 ^{GBP}	270,596 ^(a)
LHC3 PLC, Senior Secured Notes (4.125% Cash or 4.875% PIK)	4.125%	8/15/24	220,000 ^{EUR}	241,352 ^{(a)(e)}
<i>Total Diversified Financial Services</i>				<i>1,626,128</i>
<i>Insurance — 0.3%</i>				
Galaxy Bidco Ltd., Senior Secured Notes	6.375%	11/15/20	280,000 ^{GBP}	<i>352,891</i> ^(c)
Total Financials				12,188,543
Health Care — 5.9%				
<i>Health Care Equipment & Supplies — 0.2%</i>				
IDH Finance PLC, Senior Secured Notes	6.250%	8/15/22	280,000 ^{GBP}	<i>296,396</i> ^(c)
<i>Health Care Providers & Services — 1.8%</i>				
Air Medical Group Holdings Inc., Senior Notes	6.375%	5/15/23	100,000	85,000 ^(a)
BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)	8.224%	6/30/22	459,000	480,802 ^{(b)(d)(f)(g)}
Centene Corp., Senior Notes	5.375%	6/1/26	800,000	780,000 ^(a)
DaVita Inc., Senior Notes	5.125%	7/15/24	120,000	112,800
DaVita Inc., Senior Notes	5.000%	5/1/25	350,000	318,938
HCA Inc., Senior Notes	7.500%	2/15/22	270,000	287,550
HCA Inc., Senior Notes	5.875%	5/1/23	10,000	10,150
HCA Inc., Senior Notes	5.625%	9/1/28	30,000	29,025
HCA Inc., Senior Secured Notes	5.000%	3/15/24	530,000	526,025
HCA Inc., Senior Secured Notes	5.250%	6/15/26	60,000	59,700
<i>Total Health Care Providers & Services</i>				<i>2,689,990</i>
<i>Pharmaceuticals — 3.9%</i>				
Bausch Health Cos. Inc., Senior Notes	5.500%	3/1/23	150,000	137,812 ^(a)
Bausch Health Cos. Inc., Senior Notes	6.125%	4/15/25	2,130,000	1,863,750 ^(a)
Nidda BondCo GmbH, Senior Notes	5.000%	9/30/25	280,000 ^{EUR}	282,435 ^(c)
Teva Pharmaceutical Finance Co. BV, Senior Notes	2.950%	12/18/22	1,930,000	1,708,367
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	2.200%	7/21/21	1,790,000	1,646,387
<i>Total Pharmaceuticals</i>				<i>5,638,751</i>
Total Health Care				8,625,137
Industrials — 3.8%				
<i>Airlines — 0.0%</i>				
Continental Airlines 2000-1 Class B Pass-Through Trust, Secured Bonds	8.388%	11/1/20	30	<i>33</i>

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Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio				
Security	Rate	Maturity Date	Face Amount†	Value
<i>Building Products — 1.1%</i>				
Cemex SAB de CV	5.700%	1/11/25	350,000	\$ 336,441 (c)
Standard Industries Inc., Senior Notes	5.000%	2/15/27	250,000	219,375 (a)
Standard Industries Inc., Senior Notes	4.750%	1/15/28	1,240,000	1,046,250 (a)
<i>Total Building Products</i>				<i>1,602,066</i>
<i>Commercial Services & Supplies — 1.5%</i>				
GFL Environmental Inc., Senior Notes	5.375%	3/1/23	400,000	352,000 (a)
United Rentals North America Inc., Senior Notes	6.500%	12/15/26	150,000	148,125
United Rentals North America Inc., Senior Notes	5.500%	5/15/27	150,000	139,500
United Rentals North America Inc., Senior Notes	4.875%	1/15/28	1,800,000	1,584,000
<i>Total Commercial Services & Supplies</i>				<i>2,223,625</i>
<i>Construction & Engineering — 0.1%</i>				
Promontoria Holding 264 BV, Senior Secured Notes	6.750%	8/15/23	160,000 EUR	<i>178,081</i> (a)
<i>Containers & Packaging — 0.2%</i>				
Hercule Debto Sarl, Senior Secured Notes (6.750% Cash or 7.500% PIK)	6.750%	6/30/24	260,000 EUR	<i>266,616</i> (a)(e)
<i>Marine — 0.3%</i>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	440,000	<i>332,200</i> (a)
<i>Trading Companies & Distributors — 0.4%</i>				
Beacon Roofing Supply Inc., Senior Notes	4.875%	11/1/25	700,000	<i>617,750</i> (a)
<i>Transportation Infrastructure — 0.2%</i>				
Neovia Logistics Services LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	340,000	<i>297,500</i> (a)
Total Industrials				5,517,871
Information Technology — 1.0%				
<i>Internet Software & Services — 0.2%</i>				
IPD 3 BV, Senior Secured Notes	4.500%	7/15/22	260,000 EUR	<i>294,994</i> (a)
<i>Software — 0.3%</i>				
j2 Cloud Services LLC/j2 Global Co-Obligor Inc., Senior Notes	6.000%	7/15/25	400,000	<i>392,500</i> (a)
<i>Technology Hardware, Storage & Peripherals — 0.5%</i>				
Western Digital Corp., Senior Notes	4.750%	2/15/26	890,000	<i>775,412</i>
Total Information Technology				1,462,906
Materials — 5.7%				
<i>Chemicals — 0.5%</i>				
Monitchem HoldCo 2 SA, Secured Notes	6.875%	6/15/22	350,000 EUR	324,303 (c)
Valvoline Inc., Senior Notes	5.500%	7/15/24	350,000	343,000
<i>Total Chemicals</i>				<i>667,303</i>

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount	Value
<i>Containers & Packaging — 1.3%</i>				
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.000%	2/15/25	1,380,000	\$ 1,277,355 ^(a)
Pactiv LLC, Senior Notes	7.950%	12/15/25	720,000	710,554
<i>Total Containers & Packaging</i>				<i>1,987,909</i>
<i>Metals & Mining — 3.4%</i>				
Alcoa Nederland Holding BV, Senior Notes	6.750%	9/30/24	370,000	377,400 ^(a)
Alcoa Nederland Holding BV, Senior Notes	7.000%	9/30/26	250,000	256,250 ^(a)
Alcoa Nederland Holding BV, Senior Notes	6.125%	5/15/28	450,000	432,000 ^(a)
First Quantum Minerals Ltd., Senior Notes	7.000%	2/15/21	1,500,000	1,442,812 ^(a)
Freeport-McMoRan Inc., Senior Notes	6.875%	2/15/23	610,000	631,350
Freeport-McMoRan Inc., Senior Notes	3.875%	3/15/23	690,000	639,975
Freeport-McMoRan Inc., Senior Notes	4.550%	11/14/24	395,000	365,869
Freeport-McMoRan Inc., Senior Notes	5.400%	11/14/34	750,000	594,375
Freeport-McMoRan Inc., Senior Notes	5.450%	3/15/43	360,000	275,850
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	391,562	1,484 ^{*(a)(i)}
<i>Total Metals & Mining</i>				<i>5,017,365</i>
<i>Paper & Forest Products — 0.5%</i>				
Mercer International Inc., Senior Notes	7.375%	1/15/25	750,000	750,000 ^(a)
Total Materials				8,422,577
Real Estate — 0.8%				
<i>Equity Real Estate Investment Trusts (REITs) — 0.6%</i>				
CoreCivic Inc., Senior Notes	4.750%	10/15/27	520,000	432,250
MPT Operating Partnership LP/MPT Finance Corp., Senior Notes	5.000%	10/15/27	510,000	467,606
<i>Total Equity Real Estate Investment Trusts (REITs)</i>				<i>899,856</i>
<i>Real Estate Management & Development — 0.2%</i>				
Tesco Property Finance 6 PLC, Senior Secured Notes	5.411%	7/13/44	241,524 ^{GBP}	333,757 ^(c)
Total Real Estate				1,233,613
Utilities — 1.1%				
<i>Electric Utilities — 0.5%</i>				
Pampa Energia SA, Senior Notes	7.500%	1/24/27	480,000	404,496 ^(a)
Perusahaan Listrik Negara PT, Senior Notes	5.500%	11/22/21	390,000	403,163 ^(c)
<i>Total Electric Utilities</i>				<i>807,659</i>
<i>Gas Utilities — 0.3%</i>				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	5.875%	3/1/27	550,000	489,500
<i>Independent Power and Renewable Electricity Producers — 0.3%</i>				
Minejesa Capital BV, Senior Secured Notes	4.625%	8/10/30	420,000	375,935 ^(a)
Total Utilities				1,673,094
Total Corporate Bonds & Notes (Cost — \$101,075,417)				96,226,918

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Schedule of investments (cont'd)

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Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
Sovereign Bonds — 21.8%				
<i>Argentina — 4.3%</i>				
Argentina POM Politica Monetaria, Bonds (Argentina Central Bank 7 Day Repo Reference Rate)	59.031%	6/21/20	24,650,000 ^{ARS}	\$ 700,444 ^(f)
Argentine Republic Government International Bond, Senior Notes	7.500%	4/22/26	710,000	571,106
Argentine Republic Government International Bond, Senior Notes	6.875%	1/26/27	890,000	681,407
Argentine Republic Government International Bond, Senior Notes	5.875%	1/11/28	3,080,000	2,225,300
Autonomous City of Buenos Aires Argentina, Senior Notes	7.500%	6/1/27	600,000	511,500 ^(a)
Bonos de la Nacion Argentina con Ajuste por CER, Bonds	4.000%	3/6/20	5,393,415 ^{ARS}	124,845
Provincia de Buenos Aires, Senior Notes	9.125%	3/16/24	890,000	740,925 ^(a)
Provincia de Buenos Aires, Senior Notes	7.875%	6/15/27	1,100,000	797,511 ^(a)
<i>Total Argentina</i>				<i>6,353,038</i>
<i>Brazil — 4.1%</i>				
Brazil Notas do Tesouro Nacional Serie F, Notes	10.000%	1/1/21	187,000 ^{BRL}	50,467
Brazil Notas do Tesouro Nacional Serie F, Notes	10.000%	1/1/23	1,375,000 ^{BRL}	371,685
Brazil Notas do Tesouro Nacional Serie F, Notes	10.000%	1/1/27	1,226,000 ^{BRL}	330,712
Brazilian Government International Bond, Senior Notes	4.250%	1/7/25	4,290,000	4,241,909
Brazilian Government International Bond, Senior Notes	4.625%	1/13/28	1,000,000	963,260
<i>Total Brazil</i>				<i>5,958,033</i>
<i>Colombia — 1.0%</i>				
Colombia Government International Bond, Senior Notes	4.000%	2/26/24	1,500,000	<i>1,486,875</i>
<i>Costa Rica — 0.2%</i>				
Costa Rica Government International Bond, Senior Notes	7.000%	4/4/44	350,000	<i>298,813</i> ^(a)
<i>Dominican Republic — 0.5%</i>				
Dominican Republic International Bond, Senior Notes	5.500%	1/27/25	200,000	198,750 ^(a)
Dominican Republic International Bond, Senior Notes	6.850%	1/27/45	600,000	592,500 ^(a)
<i>Total Dominican Republic</i>				<i>791,250</i>
<i>Ecuador — 1.3%</i>				
Ecuador Government International Bond, Senior Notes	10.750%	3/28/22	250,000	253,438 ^(a)
Ecuador Government International Bond, Senior Notes	8.750%	6/2/23	650,000	609,375 ^(c)
Ecuador Government International Bond, Senior Notes	7.950%	6/20/24	1,230,000	1,087,012 ^(c)
<i>Total Ecuador</i>				<i>1,949,825</i>
<i>Egypt — 0.6%</i>				
Egypt Government International Bond, Senior Notes	6.125%	1/31/22	240,000	235,971 ^(c)
Egypt Government International Bond, Senior Notes	5.577%	2/21/23	400,000	380,138 ^(a)
Egypt Government International Bond, Senior Notes	7.500%	1/31/27	270,000	258,331 ^(a)
<i>Total Egypt</i>				<i>874,440</i>
<i>El Salvador — 0.2%</i>				
El Salvador Government International Bond, Senior Notes	6.375%	1/18/27	300,000	<i>275,925</i> ^(a)

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
<i>Ghana — 0.2%</i>				
Ghana Government International Bond, Bonds	10.750%	10/14/30	290,000	\$ 328,737 ^(a)
<i>Guatemala — 0.4%</i>				
Guatemala Government Bond, Senior Notes	4.375%	6/5/27	620,000	573,500 ^(a)
<i>Honduras — 0.5%</i>				
Honduras Government International Bond, Senior Notes	6.250%	1/19/27	700,000	694,820 ^(a)
<i>Indonesia — 1.7%</i>				
Indonesia Government International Bond, Senior Notes	4.125%	1/15/25	1,500,000	1,479,651 ^(a)
Indonesia Government International Bond, Senior Notes	3.850%	7/18/27	500,000	475,903 ^(a)
Indonesia Government International Bond, Senior Notes	3.500%	1/11/28	650,000	602,748
<i>Total Indonesia</i>				2,558,302
<i>Ivory Coast — 0.2%</i>				
Ivory Coast Government International Bond, Senior Notes	6.125%	6/15/33	200,000	166,650 ^(a)
Ivory Coast Government International Bond, Senior Notes, Step Bond	5.750%	12/31/32	181,000	160,243 ^(c)
<i>Total Ivory Coast</i>				326,893
<i>Mexico — 0.2%</i>				
Mexican Bonos, Bonds	6.500%	6/9/22	7,540,000 ^{MMX}	360,460
<i>Nigeria — 0.3%</i>				
Nigeria Government International Bond, Senior Notes	6.500%	11/28/27	260,000	230,677 ^(c)
Nigeria Government International Bond, Senior Notes	7.875%	2/16/32	200,000	182,142 ^(a)
<i>Total Nigeria</i>				412,819
<i>Russia — 1.4%</i>				
Russian Federal Bond - OFZ, Bonds	8.150%	2/3/27	57,800,000 ^{RUB}	813,348
Russian Federal Bond - OFZ, Bonds	7.050%	1/19/28	100,113,000 ^{RUB}	1,307,468
<i>Total Russia</i>				2,120,816
<i>Senegal — 0.2%</i>				
Senegal Government International Bond, Bonds	6.250%	5/23/33	250,000	216,011 ^(a)
<i>South Africa — 0.3%</i>				
Republic of South Africa Government International Bond, Senior Notes	4.875%	4/14/26	400,000	381,197
<i>Sri Lanka — 0.2%</i>				
Sri Lanka Government International Bond, Senior Notes	6.250%	7/27/21	240,000	231,814 ^(c)
<i>Turkey — 2.6%</i>				
Turkey Government International Bond, Senior Notes	4.250%	4/14/26	3,570,000	3,085,315
Turkey Government International Bond, Senior Notes	4.875%	10/9/26	900,000	799,480
<i>Total Turkey</i>				3,884,795
<i>Ukraine — 0.7%</i>				
Ukraine Government International Bond, Senior Notes	7.750%	9/1/24	250,000	220,743 ^(a)

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio				
Security	Rate	Maturity Date	Face Amount†	Value
<i>Ukraine — continued</i>				
Ukraine Government International Bond, Senior Notes	7.750%	9/1/26	400,000	\$ 341,810 ^(a)
Ukraine Government International Bond, Senior Notes	7.375%	9/25/32	600,000	478,212 ^(a)
<i>Total Ukraine</i>				<i>1,040,765</i>
<i>Uruguay — 0.5%</i>				
Uruguay Government International Bond, Senior Notes	8.500%	3/15/28	24,910,000 ^{UYU}	<i>657,043</i> ^(c)
<i>Venezuela — 0.2%</i>				
Venezuela Government International Bond, Senior Notes	7.750%	10/13/19	1,074,000	<i>249,383</i> ^{*(c)(k)}
Total Sovereign Bonds (Cost — \$36,233,047)				32,025,554
Senior Loans — 5.6%				
Communication Services — 0.9%				
<i>Media — 0.9%</i>				
American Media Inc., Term Loan (1 mo. LIBOR + 8.000%)	10.522%	1/7/19	270,000	270,000 ^{(b)(f)(m)}
Charter Communications Operating LLC, Term Loan B (1 mo. LIBOR + 2.000%)	4.530%	4/30/25	774,000	744,201 ^{(f)(m)}
Lamar Media Corp., Term Loan B (1 mo. LIBOR + 1.750%)	4.313%	3/14/25	317,600	309,263 ^{(f)(m)}
Total Communication Services				1,323,464
Consumer Discretionary — 2.3%				
<i>Hotels, Restaurants & Leisure — 0.8%</i>				
Aramark Services Inc., Term Loan B3 (1 mo. LIBOR + 1.750%)	4.272%	3/11/25	876,556	850,982 ^{(f)(m)}
Hilton Worldwide Finance LLC, Term Loan B2 (1 mo. LIBOR + 1.750%)	4.256%	10/25/23	318,352	307,210 ^{(f)(m)}
<i>Total Hotels, Restaurants & Leisure</i>				<i>1,158,192</i>
<i>Specialty Retail — 1.5%</i>				
PetSmart Inc., Term Loan B2 (1 mo. LIBOR + 3.000%)	5.380%	3/11/22	2,813,376	<i>2,229,601</i> ^{(f)(m)}
Total Consumer Discretionary				3,387,793
Industrials — 1.0%				
<i>Air Freight & Logistics — 0.5%</i>				
Avolon TLB Borrower 1 (US) LLC, Term Loan B3 (1 mo. LIBOR + 2.000%)	4.470%	1/15/25	760,549	<i>734,103</i> ^{(f)(m)}
<i>Professional Services — 0.3%</i>				
Trans Union LLC, 2017 Term Loan B3 (1 mo. LIBOR + 2.000%)	4.522%	4/9/23	478,647	<i>462,253</i> ^{(f)(m)}
<i>Trading Companies & Distributors — 0.2%</i>				
Beacon Roofing Supply Inc., Term Loan (1 mo. LIBOR + 2.250%)	4.682%	1/2/25	246,878	<i>235,460</i> ^{(f)(m)}
Total Industrials				1,431,816

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Security	Rate	Maturity Date	Face Amount†	Value
Information Technology — 0.7%				
<i>IT Services — 0.7%</i>				
First Data Corp., 2024 Term Loan A (1 mo. LIBOR + 2.000%)	4.504%	4/26/24	1,005,995	\$ 963,869 (f)(l)(m)
Materials — 0.6%				
<i>Containers & Packaging — 0.6%</i>				
Reynolds Group Holdings Inc., Term Loan (1 mo. LIBOR + 2.750%)	5.272%	2/5/23	986,178	944,265 (f)(l)(m)
Utilities — 0.1%				
<i>Electric Utilities — 0.1%</i>				
Panda Temple Power LLC, Second Lien Term Loan (1 mo. LIBOR + 8.000% PIK)	10.455%	2/7/23	162,169	162,169 (b)(e)(f)(l)(m)
Total Senior Loans (Cost — \$8,805,222)				8,213,376
U.S. Government & Agency Obligations — 1.7%				
<i>U.S. Government Obligations — 1.7%</i>				
U.S. Treasury Notes	1.625%	5/31/23	900,000	867,305
U.S. Treasury Notes	2.625%	6/30/23	1,150,000	1,156,244
U.S. Treasury Notes	2.875%	10/31/23	500,000	508,388
Total U.S. Government & Agency Obligations (Cost — \$2,500,253)				2,531,937
Shares				
Common Stocks — 1.0%				
Communication Services — 0.0%				
<i>Media — 0.0%</i>				
New Cotai LLC/New Cotai Capital Corp., Class B Shares			2	35,300 *(b)(d)
Consumer Discretionary — 0.2%				
<i>Hotels, Restaurants & Leisure — 0.2%</i>				
Bossier Casino Venture Holdco Inc.			26,303	330,892 *(b)(d)
Energy — 0.6%				
<i>Energy Equipment & Services — 0.1%</i>				
Hercules Offshore Inc. (Escrow)			17,554	15,917 *(b)(d)
KCAD Holdings I Ltd.			75,024,286	168,730 *(b)(d)
<i>Total Energy Equipment & Services</i>				<i>184,647</i>
<i>Oil, Gas & Consumable Fuels — 0.5%</i>				
Berry Petroleum Co.			65,226	564,676 (d)(f)
Blue Ridge Mountain Resources Inc.			40,967	163,868 *(b)(d)
MWO Holdings LLC			211	0 *(b)(d)(g)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>728,544</i>
Total Energy				913,191

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio				
Security			Shares	Value
Industrials — 0.0%				
Marine — 0.0%				
Tricer HoldCo, S.C.A.			10,471	\$ 11 ^{*(b)(d)}
Utilities — 0.2%				
Electric Utilities — 0.2%				
Panda Temple Power LLC			11,090	255,070 *
Total Common Stocks (Cost — \$3,878,760)				1,534,464
	Rate	Maturity Date	Face Amount	
Convertible Bonds & Notes — 0.7%				
Communication Services — 0.7%				
Interactive Media & Services — 0.2%				
Twitter Inc., Senior Notes	1.000%	9/15/21	340,000	310,940
Media — 0.5%				
DISH Network Corp., Senior Notes	2.375%	3/15/24	280,000	223,977
DISH Network Corp., Senior Notes	3.375%	8/15/26	570,000	461,709
Total Media				685,686
Total Convertible Bonds & Notes (Cost — \$1,126,335)				996,626
			Shares	
Investments in Underlying Funds — 0.3%				
Invesco Senior Loan ETF (Cost — \$437,665)			19,000	413,820
Preferred Stocks — 0.0%				
Industrials — 0.0%				
Marine — 0.0%				
Tricer Tracking Preferred Equity Certificates (8.000% PIK) (Cost — \$384,120)	8.000%		5,026,217	4,011 ^{(b)(d)(e)}
Total Investments before Short-Term Investments (Cost — \$154,440,819)				141,946,706
Short-Term Investments — 0.7%				
Sovereign Bonds — 0.2%				
Argentina Treasury Bill	(36.216)%	3/29/19	2,319,000 ^{ARS}	68,628
Argentina Treasury Bill	(22.102)%	5/31/19	9,760,000 ^{ARS}	287,372
Total Sovereign Bonds (Cost — \$322,449)				356,000
Money Market Funds — 0.5%				
Western Asset Government Cash Management Portfolio LLC (Cost — \$700,862)	2.390%		700,862	700,862 ⁽ⁿ⁾
Total Short-Term Investments (Cost — \$1,023,311)				1,056,862
Total Investments — 97.2% (Cost — \$155,464,130)				143,003,568
Other Assets in Excess of Liabilities — 2.6%				4,135,825
Total Net Assets — 100.0%				\$147,139,393

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

- † Face amount denominated in U.S. dollars, unless otherwise noted.
- * Non-income producing security.
- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Trustees.
- (b) Security is valued using significant unobservable inputs (Note 1).
- (c) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Trustees.
- (d) Security is valued in good faith in accordance with procedures approved by the Board of Trustees (Note 1).
- (e) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.
- (f) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (g) Value is less than \$1.
- (h) Security has no maturity date. The date shown represents the next call date.
- (i) Restricted security (Note 9).
- (j) The maturity principal is currently in default as of December 31, 2018.
- (k) The coupon payment on these securities is currently in default as of December 31, 2018.
- (l) Senior loans may be considered restricted in that the Portfolio ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.
- (m) Interest rates disclosed represent the effective rates on senior loans.
- (n) In this instance, as defined in the Investment Company Act of 1940, an "Affiliated Company" represents Portfolio ownership of at least 5% of the outstanding voting securities of an issuer, or a company which is under common ownership or control. At December 31, 2018, the total market value of investments in Affiliated Companies was \$700,862 and the cost was \$700,862 (Note 8).

Abbreviations used in this schedule:

ARS	— Argentine Peso
BRL	— Brazilian Real
CER	— Coeficiente de Estabilizacion de Referencia
ETF	— Exchange-Traded Fund
EUR	— Euro
GBP	— British Pound
ICE	— Intercontinental Exchange
LIBOR	— London Interbank Offered Rate
MXN	— Mexican Peso
PIK	— Payment-In-Kind
RUB	— Russian Ruble
UYU	— Uruguayan Peso

[See Notes to Financial Statements.](#)

Schedule of investments (cont'd)

December 31, 2018

Western Asset Variable Global High Yield Bond Portfolio

At December 31, 2018, the Portfolio had the following open futures contracts:

	Number of Contracts	Expiration Date	Notional Amount	Market Value	Unrealized Depreciation
Contracts to Sell:					
Euro Currency Futures	27	3/19	\$3,861,101	\$3,888,844	\$(27,743)

At December 31, 2018, the Portfolio had the following open forward foreign currency contracts:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD 345,784	EUR 300,000	Citibank N.A.	1/18/19	\$ 1,532
USD 3,015,161	GBP 2,271,188	Citibank N.A.	1/18/19	117,662
EUR 223,698	USD 261,570	JPMorgan Chase & Co.	1/18/19	(4,875)
Total				\$114,319

Abbreviations used in this table:

EUR — Euro
 GBP — British Pound
 USD — United States Dollar

Summary of Investments by Country** (unaudited)

United States	40.9%
Brazil	10.0
Argentina	6.4
United Kingdom	3.9
Turkey	3.3
France	3.2
Italy	2.9
Russia	2.8
Indonesia	2.6
Luxembourg	2.6
Israel	2.3
Colombia	2.3
Netherlands	1.8
Canada	1.8
Ecuador	1.4
Mexico	1.1
Zambia	1.0
Ireland	0.9
Peru	0.8
Ukraine	0.7

See Notes to Financial Statements.

Western Asset Variable Global High Yield Bond Portfolio

Summary of Investments by Country** (unaudited) (cont'd)

Egypt	0.6%
Germany	0.6
Dominican Republic	0.5
United Arab Emirates	0.5
Honduras	0.5
Uruguay	0.5
Guatemala	0.4
Spain	0.4
Nigeria	0.3
South Africa	0.3
Ghana	0.2
Ivory Coast	0.2
Costa Rica	0.2
El Salvador	0.2
Venezuela	0.2
Jersey	0.2
Sri Lanka	0.2
Senegal	0.1
Australia	0.0‡
Investments in Underlying Funds	0.3
Short-Term Investments	0.7
	100.0%

** As a percentage of total investments. Please note that the Portfolio holdings are as of December 31, 2018 and are subject to change.

‡ Represents less than 0.1%.

[See Notes to Financial Statements.](#)

Statement of assets and liabilities

December 31, 2018

Assets:

Investments in unaffiliated securities, at value (Cost — \$154,763,268)	\$ 142,302,706
Investments in affiliated securities, at value (Cost — \$700,862)	700,862
Cash	1,023,708
Foreign currency, at value (Cost — \$250,779)	250,750
Interest and dividends receivable	2,593,797
Receivable for securities sold	795,689
Unrealized appreciation on forward foreign currency contracts	119,194
Deposits with brokers for open futures contracts	63,031
Receivable for Portfolio shares sold	6,794
Prepaid expenses	3,534
Total Assets	147,860,065

Liabilities:

Payable for Portfolio shares repurchased	519,971
Investment management fee payable	89,091
Service and/or distribution fees payable	6,363
Unrealized depreciation on forward foreign currency contracts	4,875
Payable to broker — variation margin on open futures contracts	2,363
Trustees' fees payable	879
Payable for securities purchased	860
Accrued expenses	96,270
Total Liabilities	720,672

Total Net Assets **\$ 147,139,393**

Net Assets:

Par value (Note 7)	\$ 220
Paid-in capital in excess of par value	174,817,182
Total distributable earnings (loss)	(27,678,009)
Total Net Assets	\$ 147,139,393

Net Assets:

Class I	\$117,707,180
Class II	\$29,432,213

Shares Outstanding:

Class I	17,708,851
Class II	4,292,035

Net Asset Value:

Class I	\$6.65
Class II	\$6.86

[See Notes to Financial Statements.](#)

Statement of operations

For the Year Ended December 31, 2018

Investment Income:

Interest from unaffiliated investments	\$ 9,731,494
Interest from affiliated investments	13,070
Dividends	105,793
Less: Foreign taxes withheld	(8,014)
Total Investment Income	9,842,343

Expenses:

Investment management fee (Note 2)	1,105,171
Service and/or distribution fees (Notes 2 and 5)	68,866
Shareholder reports	67,407
Fund accounting fees	59,498
Audit and tax fees	52,496
Legal fees	26,417
Custody fees	12,891
Trustees' fees	4,319
Transfer agent fees (Note 5)	3,887
Insurance	3,072
Commitment fees (Note 10)	1,775
Interest expense	905
Miscellaneous expenses	7,904
Total Expenses	1,414,608

Net Investment Income

8,427,735

Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Forward Foreign Currency Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):

Net Realized Gain (Loss) From:	
Investment transactions in unaffiliated securities	(25,678)
Futures contracts	270,615
Written options	36,451
Forward foreign currency contracts	27,131
Foreign currency transactions	(97,355)
Net Realized Gain	211,164
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments in unaffiliated securities	(15,011,255)
Futures contracts	(27,743)
Written options	23,624
Forward foreign currency contracts	145,062
Foreign currencies	(11,618)
Change in Net Unrealized Appreciation (Depreciation)	(14,881,930)
Net Loss on Investments, Futures Contracts, Written Options, Forward Foreign Currency Contracts and Foreign Currency Transactions	(14,670,766)
Decrease in Net Assets From Operations	\$ (6,243,031)

See Notes to Financial Statements.

Statements of changes in net assets

For the Years Ended December 31,	2018	2017
Operations:		
Net investment income	\$ 8,427,735	\$ 9,117,254
Net realized gain	211,164	1,379,009
Change in net unrealized appreciation (depreciation)	(14,881,930)	3,593,245
Increase (Decrease) in Net Assets From Operations	(6,243,031)	14,089,508
Distributions to Shareholders From (Notes 1 and 6):		
Total distributable earnings ^(a)	(7,950,030)	(8,900,018)
Decrease in Net Assets From Distributions to Shareholders	(7,950,030)	(8,900,018)
Portfolio Share Transactions (Note 7):		
Net proceeds from sale of shares	25,801,293	55,508,449
Reinvestment of distributions	7,950,030	8,900,018
Cost of shares repurchased	(45,091,302)	(56,044,545)
Increase (Decrease) in Net Assets From Portfolio Share Transactions	(11,339,979)	8,363,922
Increase (Decrease) in Net Assets	(25,533,040)	13,553,412
Net Assets:		
Beginning of year	172,672,433	159,119,021
End of year^(b)	\$147,139,393	\$172,672,433

^(a) Distributions from net investment income and from realized gains are no longer required to be separately disclosed. See Note 12. For the year ended December 31, 2017, distributions from net investment income were \$8,900,018.

^(b) Parenthetical disclosure of undistributed net investment income is no longer required. See Note 12. For the year ended December 31, 2017, end of year net assets included overdistributed net investment income of \$(55,836).

See Notes to Financial Statements.

Financial highlights

For a share of each class of beneficial interest outstanding throughout each year ended December 31:					
Class I Shares ¹	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$7.30	\$7.09	\$6.53	\$7.42	\$8.12
Income (loss) from operations:					
Net investment income	0.39	0.40	0.47	0.47	0.53
Net realized and unrealized gain (loss)	(0.66)	0.21	0.54	(0.90)	(0.63)
Total income (loss) from operations	(0.27)	0.61	1.01	(0.43)	(0.10)
Less distributions from:					
Net investment income	(0.38)	(0.40)	(0.45)	(0.46)	(0.60)
Total distributions	(0.38)	(0.40)	(0.45)	(0.46)	(0.60)
Net asset value, end of year	\$6.65	\$7.30	\$7.09	\$6.53	\$7.42
Total return²	(3.92)%	8.65%	15.60%	(5.84)%	(1.15)%
Net assets, end of year (millions)	\$118	\$144	\$138	\$138	\$160
Ratios to average net assets:					
Gross expenses	0.85%	0.82%	0.81%	0.80%	0.81%
Net expenses ³	0.85	0.82	0.81	0.80	0.81
Net investment income	5.37	5.34	6.77	6.36	6.34
Portfolio turnover rate	103%	112%	98%	82%	62%

¹ Per share amounts have been calculated using the average shares method.

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges which, if reflected, would reduce the total return for all periods shown. Past performance is no guarantee of future results.

³ As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I shares did not exceed 0.90%. This expense limitation arrangement cannot be terminated prior to December 31, 2020 without the Board of Trustees' consent.

See Notes to Financial Statements.

Financial highlights (cont'd)

For a share of each class of beneficial interest outstanding throughout each year ended December 31:					
Class II Shares ¹	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$7.52	\$7.29	\$6.70	\$7.60	\$8.30
Income (loss) from operations:					
Net investment income	0.38	0.39	0.47	0.46	0.52
Net realized and unrealized gain (loss)	(0.68)	0.22	0.55	(0.92)	(0.65)
Total income (loss) from operations	(0.30)	0.61	1.02	(0.46)	(0.13)
Less distributions from:					
Net investment income	(0.36)	(0.38)	(0.43)	(0.44)	(0.57)
Total distributions	(0.36)	(0.38)	(0.43)	(0.44)	(0.57)
Net asset value, end of year	\$6.86	\$7.52	\$7.29	\$6.70	\$7.60
Total return²	(4.16)%	8.43%	15.36%	(6.08)%	(1.51)%
Net assets, end of year (000s)	\$29,432	\$29,168	\$20,725	\$18,929	\$31,611
Ratios to average net assets:					
Gross expenses	1.11%	1.07%	1.06%	1.05%	1.07%
Net expenses ³	1.11	1.07	1.06	1.05	1.07
Net investment income	5.16	5.09	6.54	6.08	6.06
Portfolio turnover rate	103%	112%	98%	82%	62%

¹ Per share amounts have been calculated using the average shares method.

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges which, if reflected, would reduce the total return for all periods shown. Past performance is no guarantee of future results.

³ As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class II shares did not exceed 1.15%. This expense limitation arrangement cannot be terminated prior to December 31, 2020 without the Board of Trustees' consent.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

Western Asset Variable Global High Yield Bond Portfolio (the “Portfolio”) is a separate diversified investment series of Legg Mason Partners Variable Income Trust (the “Trust”). The Trust, a Maryland statutory trust, is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company.

Shares of the Portfolio may only be purchased or redeemed through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies or through eligible pension or other qualified plans.

The following are significant accounting policies consistently followed by the Portfolio and are in conformity with U.S. generally accepted accounting principles (“GAAP”). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Portfolio holds securities or other assets that are denominated in a foreign currency, the Portfolio will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Portfolio calculates its net asset value, the Portfolio values these securities as determined in accordance with procedures approved by the Portfolio’s Board of Trustees.

The Board of Trustees is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation

Notes to financial statements (cont'd)

Committee (the "Valuation Committee"). The Valuation Committee, pursuant to the policies adopted by the Board of Trustees, is responsible for making fair value determinations, evaluating the effectiveness of the Portfolio's pricing policies, and reporting to the Board of Trustees. When determining the reliability of third party pricing information for investments owned by the Portfolio, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Trustees, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Trustees quarterly.

The Portfolio uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Portfolio's assets and liabilities carried at fair value:

ASSETS				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-term investments†:				
Corporate bonds & notes:				
Consumer discretionary	—	\$ 10,586,798	\$ 465,013	\$ 11,051,811
Energy	—	20,563,282	0*	20,563,282
Health care	—	8,144,335	480,802	8,625,137
Other corporate bonds & notes	—	55,986,688	—	55,986,688
Sovereign bonds	—	32,025,554	—	32,025,554
Senior loans:				
Communication services	—	1,053,464	270,000	1,323,464
Utilities	—	—	162,169	162,169
Other senior loans	—	6,727,743	—	6,727,743
U.S. government & agency obligations	—	2,531,937	—	2,531,937
Common stocks:				
Communication services	—	—	35,300	35,300
Consumer discretionary	—	—	330,892	330,892
Energy	—	564,676	348,515	913,191
Industrials	—	—	11	11
Utilities	—	255,070	—	255,070
Convertible bonds & notes	—	996,626	—	996,626
Investments in underlying funds	\$413,820	—	—	413,820
Preferred stocks	—	—	4,011	4,011
Total long-term investments	413,820	139,436,173	2,096,713	141,946,706
Short-term investments†:				
Sovereign bonds	—	356,000	—	356,000
Money market funds	—	700,862	—	700,862
Total short-term investments	—	1,056,862	—	1,056,862
Total investments	\$413,820	\$140,493,035	\$2,096,713	\$143,003,568
Other financial instruments:				
Forward foreign currency contracts	—	119,194	—	119,194
Total	\$413,820	\$140,612,229	\$2,096,713	\$143,122,762

Notes to financial statements (cont'd)

LIABILITIES

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments:				
Futures contracts	\$27,743	—	—	\$27,743
Forward foreign currency contracts	—	\$4,875	—	4,875
Total	\$27,743	\$4,875	—	\$32,618

† See Schedule of Investments for additional detailed categorizations.

* Amount represents less than \$1.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Investments in Securities	Balance as of December 31, 2017	Accrued Premiums/ Discounts	Realized Gain (Loss) ¹	Change in Unrealized Appreciation (Depreciation) ²	Purchases
Corporate bonds & notes:					
Consumer discretionary	\$ 390,503	\$ 1,428	—	\$ (1,428)	\$ 74,510
Energy	0*	—	—	—	—
Health care	458,679	801	—	21,322	—
Industrials	127,102	—	—	(632)	—
Materials	0*	—	—	84	—
Senior loans:					
Communication services	—	5,231	—	—	264,769
Consumer discretionary	217,300	277	\$(80,821)	191,069	—
Energy	89,713	8	75	15,748	—
Information technology	1,258,238	(7,627)	313	(36,743)	—
Utilities	—	(5,872)	(1,464)	(33,013)	208,849
Common stocks:					
Communication services	97,781	—	—	(62,481)	—
Consumer discretionary	314,321	—	—	16,571	—
Energy	414,776	—	2	(208,176)	—
Industrials	30,471	—	(16,903)	(13,557)	—
Preferred stocks:					
Industrials	46,542	—	—	(46,251)	3,720
Total	\$3,445,426	\$(5,754)	\$(98,798)	\$(157,487)	\$551,848

Investments in Securities (cont'd)	Sales	Transfers into Level 3 ³	Transfers out of Level 3 ⁴	Balance as of December 31, 2018	Net Change in Unrealized Appreciation (Depreciation) for Investments in Securities Still Held at December 31, 2018 ²
Corporate bonds & notes:					
Consumer discretionary	—	—	—	\$ 465,013	\$ (1,428)
Energy	—	—	—	0*	—
Health care	—	—	—	480,802	21,322
Industrials	\$(126,470)	—	—	—	—
Materials	(84)	—	—	—	—
Senior loans:					
Communication services	—	—	—	270,000	—
Consumer discretionary	(327,825)	—	—	—	—
Energy	(105,544)	—	—	—	—
Information technology	(250,312)	—	\$(963,869)	—	—
Utilities	(6,331)	—	—	162,169	(33,013)
Common stocks:					
Communication services	—	—	—	35,300	(62,481)
Consumer discretionary	—	—	—	330,892	16,571
Energy	(21,955)	\$163,868	—	348,515	(208,176)
Industrials	—	—	—	11	(30,460)
Preferred stocks:					
Industrials	—	—	—	4,011	(46,251)
Total	\$(838,521)	\$163,868	\$(963,869)	\$2,096,713	\$(343,916)

The Portfolio's policy is to recognize transfers between levels as of the end of the reporting period.

* Amount represents less than \$1.

¹ This amount is included in net realized gain (loss) from investment transactions in the accompanying Statement of Operations.

² This amount is included in the change in net unrealized appreciation (depreciation) in the accompanying Statement of Operations. Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

³ Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

⁴ Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

(b) Written options. When the Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise

Notes to financial statements (cont'd)

price and the Portfolio's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Portfolio from the exercise of the written put option to form the Portfolio's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Portfolio.

The risk in writing a covered call option is that the Portfolio may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Portfolio may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Portfolio is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Portfolio may not be able to enter into a closing transaction because of an illiquid secondary market.

(c) Futures contracts. The Portfolio uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Portfolio is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin" and subsequent payments ("variation margin") are made or received by the Portfolio each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Portfolio recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Portfolio may not be able to enter into a closing transaction because of an illiquid secondary market.

(d) Forward foreign currency contracts. The Portfolio enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Portfolio as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the

Portfolio recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Portfolio bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(e) Loan participations. The Portfolio may invest in loans arranged through private negotiation between one or more financial institutions. The Portfolio's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Portfolio generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Portfolio may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Portfolio assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Portfolio and the borrower. In the event of the insolvency of the lender selling the participation, the Portfolio may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

(f) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Portfolio does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Portfolio's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of,

Notes to financial statements (cont'd)

among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(g) Credit and market risk. The Portfolio invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Portfolio's investments in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Portfolio. The Portfolio's investments in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(h) Foreign investment risks. The Portfolio's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Portfolio. Foreign investments may also subject the Portfolio to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

(i) Counterparty risk and credit-risk-related contingent features of derivative instruments. The Portfolio may invest in certain securities or engage in other transactions, where the Portfolio is exposed to counterparty credit risk in addition to broader market risks. The Portfolio may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Portfolio's subadviser attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the subadviser. In addition, declines in the values of underlying collateral received may expose the Portfolio to increased risk of loss.

With exchange traded and centrally cleared derivatives, there is less counterparty risk to the Portfolio since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Portfolio does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default of the clearing broker or clearinghouse.

The Portfolio has entered into master agreements, such as an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement, with certain of its derivative counterparties that govern over-the-counter derivatives and provide for general obligations, representations, agreements, collateral posting terms, netting provisions in the event of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Portfolio's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

Under an ISDA Master Agreement, the Portfolio may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. However, absent an event of default by the counterparty or a termination of the agreement, the terms of the ISDA Master Agreements do not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Portfolio and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearinghouse for exchange traded derivatives while collateral terms are contract specific for over-the-counter traded derivatives. Cash collateral that has been pledged to cover obligations of the Portfolio under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Schedule of Investments.

As of December 31, 2018, the Portfolio held forward foreign currency contracts with credit related contingent features which had a liability position of \$4,875. If a contingent feature in the master agreements would have been triggered, the Portfolio would have been required to pay this amount to its derivatives counterparties.

(j) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income (including interest income from payment-in-kind securities), adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Portfolio determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Portfolio may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(k) Distributions to shareholders. Distributions from net investment income and distributions of net realized gains, if any, are declared at least annually. Distributions to

Notes to financial statements (cont'd)

shareholders of the Portfolio are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(l) Share class accounting. Investment income, common expenses and realized/ unrealized gains (losses) on investments are allocated to the various classes of the Portfolio on the basis of daily net assets of each class. Fees relating to a specific class are charged directly to that share class.

(m) Compensating balance arrangements. The Portfolio has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Portfolio's cash on deposit with the bank.

(n) Federal and other taxes. It is the Portfolio's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, applicable to regulated investment companies. Accordingly, the Portfolio intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Portfolio's financial statements.

Management has analyzed the Portfolio's tax positions taken on income tax returns for all open tax years and has concluded that as of December 31, 2018, no provision for income tax is required in the Portfolio's financial statements. The Portfolio's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates. Realized gain upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries.

(o) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the current year, the Portfolio had no reclassifications.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC ("LMPFA") is the Portfolio's investment manager. Western Asset Management Company, LLC (formerly Western Asset Management Company) ("Western Asset"), Western Asset Management Company Limited ("Western Asset Limited") and Western Asset Management Company Pte. Ltd. ("Western Asset Singapore") are the Portfolio's subadvisers. LMPFA, Western Asset, Western Asset Limited and Western Asset Singapore are wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason").

Under the investment management agreement, the Portfolio pays an investment management fee, calculated daily and paid monthly, at an annual rate of 0.70% of the Portfolio’s average daily net assets.

LMPFA provides administrative and certain oversight services to the Portfolio. LMPFA delegates to Western Asset the day-to-day portfolio management of the Portfolio. Western Asset Limited and Western Asset Singapore provide certain subadvisory services to the Portfolio relating to currency transactions and investment in non-U.S. dollar denominated securities and related foreign currency instruments. For its services, LMPFA pays Western Asset monthly 70% of the net management fee it receives from the Portfolio. In turn, Western Asset pays Western Asset Limited and Western Asset Singapore a monthly subadvisory fee in an amount equal to 100% of the management fee paid to Western Asset on the assets that Western Asset allocates to each such non-U.S. subadviser to manage.

As a result of expense limitation arrangements between the Portfolio and LMPFA, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I and Class II shares did not exceed 0.90% and 1.15%, respectively. These expense limitation arrangements cannot be terminated prior to December 31, 2020 without the Board of Trustees’ consent.

LMPFA is permitted to recapture amounts waived and/or reimbursed to a class during the same fiscal year if the class’ total annual operating expenses have fallen to a level below the expense limitation (“expense cap”) in effect at the time the fees were earned or the expenses incurred. In no case will LMPFA recapture any amount that would result, on any particular business day of the Portfolio, in the class’ total annual operating expenses exceeding the expense cap or any other lower limit then in effect.

Legg Mason Investor Services, LLC, a wholly-owned broker-dealer subsidiary of Legg Mason, serves as the Portfolio’s sole and exclusive distributor.

All officers and one Trustee of the Trust are employees of Legg Mason or its affiliates and do not receive compensation from the Trust.

3. Investments

During the year ended December 31, 2018, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) and U.S. Government & Agency Obligations were as follows:

	Investments	U.S. Government & Agency Obligations
Purchases	\$142,644,079	\$15,317,196
Sales	150,009,518	20,759,191

Notes to financial statements (cont'd)

At December 31, 2018, the aggregate cost of investments and the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
Securities	\$155,502,373	\$1,277,261	\$(13,776,066)	\$(12,498,805)
Futures contracts	—	—	(27,743)	(27,743)
Forward foreign currency contracts	—	119,194	(4,875)	114,319

4. Derivative instruments and hedging activities

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at December 31, 2018.

ASSET DERIVATIVES¹

	Foreign Exchange Risk
Forward foreign currency contracts	\$119,194

LIABILITY DERIVATIVES¹

	Foreign Exchange Risk
Futures contracts ²	\$27,743
Forward foreign currency contracts	4,875
Total	\$32,618

¹ Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

² Includes cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.

The following tables provides information about the effect of derivatives and hedging activities on the Portfolio's Statement of Operations for the year ended December 31, 2018. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Portfolio's derivatives and hedging activities during the period.

AMOUNT OF REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED

	Foreign Exchange Risk
Written options	\$ 36,451
Futures contracts	270,615
Forward foreign currency contracts	27,131
Total	\$334,197

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED

	Foreign Exchange Risk
Written options	\$ 23,624
Futures contracts	(27,743)
Forward foreign currency contracts	145,062
Total	\$140,943

During the year ended December 31, 2018, the volume of derivative activity for the Portfolio was as follows:

	Average Market Value
Written options†	\$ 4,621
Futures contracts (to sell)	3,418,670
Forward foreign currency contracts (to buy)	947,843
Forward foreign currency contracts (to sell)	3,470,603

† At December 31, 2018, there were no open positions held in this derivative.

The following table presents the Portfolio's OTC derivative assets and liabilities by counterparty net of amounts available for offset under an ISDA Master Agreement and net of the related collateral pledged (received) by the Portfolio as of December 31, 2018.

Counterparty	Gross Assets Subject to Master Agreements ¹	Gross Liabilities Subject to Master Agreements ¹	Net Assets (Liabilities) Subject to Master Agreements	Collateral Pledged (Received)	Net Amount ²
Citibank N.A.	\$119,194	—	\$119,194	—	\$119,194
JPMorgan Chase & Co.	—	\$(4,875)	(4,875)	—	(4,875)
Total	\$119,194	\$(4,875)	\$114,319	—	\$114,319

¹ Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

² Represents the net amount receivable (payable) from (to) the counterparty in the event of default.

5. Class specific expenses, waivers and/or expense reimbursements

The Portfolio has adopted a Rule 12b-1 shareholder services and distribution plan and under that plan the Portfolio pays service and/or distribution fees with respect to its Class II shares calculated at the annual rate of 0.25% of the average daily net assets of the class. Service and/or distribution fees are accrued daily and paid monthly.

For the year ended December 31, 2018, class specific expenses were as follows:

	Service and/or Distribution Fees	Transfer Agent Fees
Class I	—	\$2,999
Class II	\$68,866	888
Total	\$68,866	\$3,887

Notes to financial statements (cont'd)

6. Distributions to shareholders by class

	Year Ended December 31, 2018	Year Ended December 31, 2017
Net Investment Income:		
Class I	\$6,456,240	\$7,516,849
Class II	1,493,790	1,383,169
Total	\$7,950,030	\$8,900,018

7. Shares of beneficial interest

At December 31, 2018, the Trust had an unlimited number of shares of beneficial interest authorized with a par value of \$0.00001 per share. The Portfolio has the ability to issue multiple classes of shares. Each class of shares represents an identical interest and has the same rights, except that each class bears certain direct expenses, including those specifically related to the distribution of its shares.

Transactions in shares of each class were as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Shares	Amount	Shares	Amount
Class I				
Shares sold	1,952,023	\$ 14,070,729	4,641,443	\$ 34,977,067
Shares issued on reinvestment	957,205	6,456,240	1,033,954	7,516,849
Shares repurchased	(4,855,301)	(34,845,432)	(5,548,003)	(41,866,908)
Net increase (decrease)	(1,946,073)	\$(14,318,463)	127,394	\$ 627,008
Class II				
Shares sold	1,582,406	\$ 11,730,564	2,705,045	\$ 20,531,382
Shares issued on reinvestment	214,499	1,493,790	184,669	1,383,169
Shares repurchased	(1,383,082)	(10,245,870)	(1,855,157)	(14,177,637)
Net increase	413,823	\$ 2,978,484	1,034,557	\$ 7,736,914

8. Transactions with affiliated companies

As defined by the 1940 Act, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control. The Portfolio may invest in Western Asset Government Cash Management Portfolio, LLC ("Cash Management Portfolio"), an affiliated private money market fund managed by Western Asset, the Portfolio's subadviser. Cash Management Portfolio is available as a cash management vehicle for certain proprietary investment companies affiliated with Legg Mason. While Cash Management Portfolio is not a registered money market fund, it conducts all of its investment activities in accordance with the requirements of Rule 2a-7 under the 1940 Act. Based on the Portfolio's relative ownership, the following companies were considered affiliated companies for all or some portion of the year ended

December 31, 2018. The following transactions were effected in shares of such companies for the year ended December 31, 2018.

	Affiliate Value at December 31, 2017	Purchased		Sold		Realized Gain (Loss)	Interest Income	Net Increase (Decrease) in Unrealized Appreciation (Depreciation)	Affiliate Value at December 31, 2018
		Cost	Shares	Cost	Shares				
Western Asset Government Cash Management Portfolio LLC	\$2,502,039	\$43,214,756	43,214,756	\$45,015,933	45,015,933	—	\$13,070	—	\$700,862

9. Restricted securities

The following Portfolio investments are restricted as to resale.

Security	Number of Shares/Face Amount	Acquisition Date	Cost	Value at 12/31/2018	Value Per Unit	Percent of Net Assets
Berry Petroleum Co., Common Stock	65,226	2/17, 3/17, 4/18, 9/18	\$ 726,767	\$ 564,676 ^(a)	\$ 8.66	0.38%
BioScrip Inc., First Lien Notes, 8.224%, due 6/30/22	\$459,000	6/17	455,688	480,802	104.75	0.33
			\$1,182,455	\$1,045,478		0.71

^(a) Security is valued in good faith in accordance with procedures approved by the Board of Trustees.

10. Redemption facility

The Portfolio and certain other participating funds within the Legg Mason Partners Income Trust, Legg Mason Partners Institutional Trust, Legg Mason Partners Variable Income Trust, and Master Portfolio Trust (the “Participating Funds”), have available an unsecured revolving credit facility (the “Redemption Facility”) from the lenders and The Bank of New York Mellon (“BNY Mellon”), as administrative agent for the lenders. The Redemption Facility is to be used for temporary or emergency purposes as an additional source of liquidity to fund redemptions of shares. Under the agreement, BNY Mellon provides a 364-day revolving credit facility, in the aggregate amount of \$220 million. Unless renewed, the agreement will terminate on November 18, 2019. Any borrowings under the Redemption Facility will bear interest at current market rates as set forth in the credit agreement. The annual commitment fee to maintain the Redemption Facility is 0.10% and is incurred on the unused portion of the facility and is allocated to all Participating Funds pro rata based on net assets. For the year ended December 31, 2018, the Portfolio incurred a commitment fee in the amount of \$1,775. The Portfolio did not utilize the Redemption Facility during the year ended December 31, 2018.

Notes to financial statements (cont'd)

11. Income tax information and distributions to shareholders

The tax character of distributions paid during the fiscal year ended December 31, was as follows:

	2018	2017
Distributions paid from:		
Ordinary income	\$7,950,030	\$8,900,018
As of December 31, 2018, the components of accumulated earnings (losses) on a tax basis were as follows:		
Undistributed ordinary income — net		\$ 131,984
Deferred capital losses*		(15,181,945)
Other book/tax temporary differences ^(a)		(211,939)
Unrealized appreciation (depreciation) ^(b)		(12,416,109)
Total accumulated earnings (losses) — net		\$(27,678,009)

* These capital losses have been deferred in the current year as either short-term or long-term losses. The losses will be deemed to occur on the first day of the next taxable year in the same character as they were originally deferred and will be available to offset future taxable capital gains.

^(a) Other book/tax temporary differences are attributable to the tax deferral of losses on straddles, the realization for tax purposes of unrealized gains (losses) on certain futures and foreign currency contracts, book/tax differences in the accrual of interest income on securities in default and book/tax differences in the timing of the deductibility of various expenses.

^(b) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales and book/tax differences in the basis of certain investments.

12. Recent accounting pronouncement

In August 2018, the Securities and Exchange Commission released its Final Rule on Disclosure Update and Simplification (the “Final Rule”) which is intended to simplify an issuer’s disclosure compliance efforts by removing redundant or outdated disclosure requirements without significantly altering the mix of information provided to investors. Effective with the current reporting period, the Portfolio adopted the Final Rule with the most notable impacts being that the Portfolio is no longer required to present the components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributions to shareholders and the amount of undistributed net investment income on the Statements of Changes in Net Assets. The tax components of distributable earnings and distributions to shareholders continue to be disclosed within the Notes to Financial Statements.

Report of independent registered public accounting firm

To the Board of Trustees of Legg Mason Partners Variable Income Trust and Shareholders of Western Asset Variable Global High Yield Bond Portfolio

Opinion on the financial statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Western Asset Variable Global High Yield Bond Portfolio (one of the funds constituting Legg Mason Partners Variable Income Trust, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018 and the statement of changes in net assets and the financial highlights for each of the two years in the period ended December 31, 2018, including 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 as of December 31, 2018, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for each of the two years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of and for the year ended December 31, 2016 and the financial highlights for each of the periods ended on or prior to December 31, 2016 (not presented herein, other than the financial highlights) were audited by other auditors whose report dated February 17, 2017 expressed an unqualified opinion on those financial statements and financial highlights.

Basis for opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, agent banks, brokers and transfer agent of the investee fund; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Baltimore, Maryland
February 15, 2019

We have served as the auditor of one or more investment companies in Legg Mason investment company group since at least 1973. We have not been able to determine the specific year we began serving as auditor.

Board approval of management and subadvisory agreements (unaudited)

At an in-person meeting of the Board of Trustees of Legg Mason Partners Variable Income Trust (the “Trust”) held on November 5-6, 2018, the Board, including the Trustees who are not considered to be “interested persons” of the Trust (the “Independent Trustees”) under the Investment Company Act of 1940, as amended (the “1940 Act”), approved for an annual period the continuation of the management agreement (the “Management Agreement”) between the Trust and Legg Mason Partners Fund Advisor, LLC (the “Manager”) with respect to Western Asset Variable Global High Yield Bond Portfolio, a series of the Trust (the “Fund”), and the sub-advisory agreement (the “Sub-Advisory Agreement”) between the Manager and Western Asset Management Company, LLC (the “Subadviser”), an affiliate of the Manager, with respect to the Fund. At that meeting, the Board, including the Independent Trustees, also approved for an annual period the continuation of the sub-advisory agreements (together with the Sub-Advisory Agreement, the “Sub-Advisory Agreements”) between the Subadviser and Western Asset Management Company Limited and Western Asset Management Company Pte. Ltd. (Singapore) (together with the Subadviser, the “Subadvisers”), each an affiliate of the Manager and the Subadviser, with respect to the Fund.

Background

The Board received extensive information in advance of the meeting to assist it in its consideration of the Management Agreement and the Sub-Advisory Agreements and asked questions and requested additional information from management. Throughout the year the Board (including its various committees) had met with representatives of the Manager and the Subadvisers, and had received information relevant to the renewal of the Management Agreement and the Sub-Advisory Agreements. In addition, prior to the meeting the Independent Trustees met with their independent legal counsel to discuss and consider the information provided and submitted questions to management, and they considered the responses provided. The Board received and considered a variety of information about the Manager and the Subadvisers, as well as the management and sub-advisory arrangements for the Fund and other funds overseen by the Board, certain portions of which are discussed below. The information received and considered by the Board both in conjunction with the November meeting and throughout the year was both written and oral. The contractual arrangements discussed below are the product of multiple years of review and negotiation and information received and considered by the Board during those years.

The information provided and presentations made to the Board encompassed the Fund and all funds for which the Board has responsibility. The discussion below covers both the advisory and the administrative functions being rendered by the Manager, both of which functions are encompassed by the Management Agreement, as well as the advisory functions rendered by the Subadvisers pursuant to the Sub-Advisory Agreements.

Board approval of management agreement and sub-advisory agreements

The Independent Trustees were advised by separate independent legal counsel throughout the process. Prior to voting, the Independent Trustees received a memorandum from their

independent legal counsel discussing the legal standards for their consideration of the proposed continuation of the Management Agreement and the Sub-Advisory Agreements. The Independent Trustees also reviewed the proposed continuation of the Management Agreement and the Sub-Advisory Agreements in private sessions with their independent legal counsel at which no representatives of the Manager and Subadvisers were present. The Independent Trustees considered the Management Agreement and each Sub-Advisory Agreement separately in the course of their review. In doing so, they noted the respective roles of the Manager and the Subadvisers in providing services to the Fund.

In approving the Management Agreement and Sub-Advisory Agreements, the Board, including the Independent Trustees, considered a variety of factors, including those factors discussed below. No single factor reviewed by the Board was identified by the Board as the principal factor in determining whether to approve the Management Agreement and the Sub-Advisory Agreements. Each Trustee may have attributed different weight to the various factors in evaluating the Management Agreement and each Sub-Advisory Agreement.

After considering all relevant factors and information, the Board, exercising its business judgment, determined that the continuation of the Management Agreement and Sub-Advisory Agreements was in the best interests of the Fund's shareholders and approved the continuation of each such agreement for another year.

Nature, extent and quality of the services under the management agreement and sub-advisory agreements

The Board received and considered information regarding the nature, extent and quality of services provided to the Fund by the Manager and the Subadvisers under the Management Agreement and the Sub-Advisory Agreements, respectively, during the past year. The Board noted information received at regular meetings throughout the year related to the services rendered by the Manager in its management of the Fund's affairs and the Manager's role in coordinating the activities of the Fund's other service providers. The Board's evaluation of the services provided by the Manager and the Subadvisers took into account the Board's knowledge gained as Trustees of funds in the Legg Mason fund complex, including knowledge gained regarding the scope and quality of the investment management and other capabilities of the Manager and the Subadvisers, and the quality of the Manager's administrative and other services. The Board observed that the scope of services provided by the Manager and the Subadvisers, and of the undertakings required of the Manager and Subadvisers in connection with those services, including maintaining and monitoring their own and the Fund's compliance programs, liquidity management programs and cybersecurity programs, had expanded over time as a result of regulatory, market and other developments. The Board also noted that on a regular basis it received and reviewed information from the Manager and the Subadvisers regarding the Fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Board also considered the risks associated with the Fund borne by the Manager and its affiliates (such as

Board approval of management and subadvisory agreements (unaudited) (cont'd)

entrepreneurial, operational, reputational, litigation and regulatory risk), as well as the Manager's and each Subadviser's risk management processes.

The Board reviewed the qualifications, backgrounds and responsibilities of the Manager's and each Subadviser's senior personnel and the team of investment professionals primarily responsible for the day-to-day portfolio management of the Fund. The Board also considered, based on its knowledge of the Manager and its affiliates, the financial resources of Legg Mason, Inc., the parent organization of the Manager and the Subadvisers. The Board recognized the importance of having a fund manager with significant resources.

The Board considered the division of responsibilities between the Manager and the Subadvisers and the oversight provided by the Manager. The Board also considered the policies and practices of the Manager and the Subadvisers regarding the selection of brokers and dealers and the execution of portfolio transactions. In addition, the Board considered management's periodic reports to the Board on, among other things, its business plans and any organizational changes.

The Board received and considered performance information for the Fund as well as for a group of funds (the "Performance Universe") selected by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, based on classifications provided by Thomson Reuters Lipper ("Lipper"). The Board was provided with a description of the methodology used to determine the similarity of the Fund with the funds included in the Performance Universe. It was noted that while the Board found the Broadridge data generally useful they recognized its limitations, including that the data may vary depending on the end date selected and that the results of the performance comparisons may vary depending on the selection of the peer group and its composition over time. The Board also noted that it had received and discussed with management information throughout the year at periodic intervals comparing the Fund's performance against its benchmark and against the Fund's peers. In addition, the Board considered the Fund's performance in light of overall financial market conditions.

The information comparing the Fund's performance to that of its Performance Universe, consisting of all funds (including the Fund) classified as high yield funds underlying variable insurance products by Lipper, showed, among other data, that the Fund's performance for the 1-, 3-, 5- and 10-year periods ended June 30, 2018 was below the median. The Board noted the explanations from the Manager and the Subadviser concerning the Fund's relative performance versus the peer group for the various periods. The Board also noted that the Fund's performance was ahead of its benchmark for the quarter ending September 30, 2018.

The Board concluded that, overall, the nature, extent and quality of services provided (and expected to be provided), including performance, under the Management Agreement and the Sub-Advisory Agreements were sufficient for renewal.

Management fees and expense ratios

The Board reviewed and considered the contractual management fee (the “Contractual Management Fee”) and the actual management fees paid by the Fund to the Manager (the “Actual Management Fee”) in light of the nature, extent and quality of the management and sub-advisory services provided by the Manager and the Subadvisers. The Board also considered that fee waiver and/or expense reimbursement arrangements are currently in place for the Fund. The Board also noted that the compensation paid to the Subadvisers is the responsibility and expense of the Manager, not the Fund.

In addition, the Board received and considered information provided by Broadridge comparing the Contractual Management Fee and the Actual Management Fee and the Fund’s total actual expenses with those of funds in both the relevant expense group and a broader group of funds, each selected by Broadridge based on classifications provided by Lipper. It was noted that while the Board found the Broadridge data generally useful they recognized its limitations, including in particular that the data may vary depending on the selection of the peer group. The Board also reviewed information regarding fees charged by the Manager and/or the Subadvisers to other U.S. clients investing primarily in an asset class similar to that of the Fund, including, where applicable, separate accounts.

The Manager reviewed with the Board the differences in services provided to these different types of accounts, noting that the Fund is provided with certain administrative services, office facilities, and Fund officers (including the Fund’s chief executive, chief financial and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other Fund service providers. The Board considered the fee comparisons in light of the differences in management of these different types of accounts.

The Board considered the overall management fee, the fees of each of the Subadvisers and the amount of the management fee retained by the Manager after payment of the sub-advisory fees in each case in light of the services rendered for those amounts. The Board also received an analysis of complex-wide management fees provided by the Manager, which, among other things, set out a framework of fees based on asset classes.

The information comparing the Fund’s Contractual and Actual Management Fees as well as its actual total expense ratio to its expense group, consisting of a group of high yield funds underlying variable insurance products (including the Fund) chosen by Broadridge to be comparable to the Fund, showed that the Fund’s Contractual Management Fee was approximately equivalent to the median and the Actual Management Fee was above the median. The Board noted that the Fund’s actual total expense ratio was above the median. The Board took into account management’s discussion of the Fund’s expenses. The Board also considered that the current limitation on the Fund’s expenses is expected to continue through December 2020.

Taking all of the above into consideration, as well as the factors identified below, the Board determined that the management fee and the subadvisory fees for the Fund were reasonable

Board approval of management and subadvisory agreements (unaudited) (cont'd)

in light of the nature, extent and quality of the services provided to the Fund under the Management Agreement and the Sub-Advisory Agreements.

Manager profitability

The Board received and considered an analysis of the profitability of the Manager and its affiliates in providing services to the Fund. The Board also received profitability information with respect to the Legg Mason fund complex as a whole. In addition, the Board received information with respect to the Manager's allocation methodologies used in preparing this profitability data. It was noted that the allocation methodologies had been reviewed by an outside consultant. The profitability of the Manager and its affiliates was considered by the Board not excessive in light of the nature, extent and quality of the services provided to the Fund.

Economies of scale

The Board received and discussed information concerning whether the Manager realizes economies of scale as the Fund's assets grow. The Board noted that the Fund's Contractual Management Fee was approximately equivalent to the median of the expense group. In addition, the Board noted the size of the Fund.

The Board determined that the management fee structure for the Fund was reasonable.

Other benefits to the manager and the subadvisers

The Board considered other benefits received by the Manager, the Subadvisers and their affiliates as a result of their relationship with the Fund, including the opportunity to offer additional products and services to Fund shareholders.

In light of the costs of providing investment management and other services to the Fund and the ongoing commitment of the Manager and the Subadvisers to the Fund, the Board considered that the ancillary benefits that the Manager and its affiliates received were reasonable.

Additional information (unaudited)

Information about Trustees and Officers

The business and affairs of Western Asset Variable Global High Yield Bond Portfolio (the “Portfolio”) are conducted by management under the supervision and subject to the direction of its Board of Trustees. The business address of each Trustee is c/o Jane Trust, Legg Mason, 100 International Drive, 11th Floor, Baltimore, Maryland 21202. Information pertaining to the Trustees and officers of the Portfolio is set forth below.

The Statement of Additional Information includes additional information about Trustees and is available, without charge, upon request by calling the Portfolio at 1-877-721-1926.

Independent Trustees†

Elliott J. Berv

Year of birth	1943
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1989
Principal occupation(s) during past five years	President and Chief Executive Officer, Catalyst (consulting) (since 1984); formerly, Chief Executive Officer, Rocket City Enterprises (media) (2000 to 2005)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	None

Jane F. Dasher

Year of birth	1949
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1999
Principal occupation(s) during past five years	Chief Financial Officer, Long Light Capital, LLC, formerly known as Korsant Partners, LLC (a family investment company) (since 1997)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	None

Mark T. Finn

Year of birth	1943
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1989
Principal occupation(s) during past five years	Adjunct Professor, College of William & Mary (since 2002); Chairman, Chief Executive Officer and Owner, Vantage Consulting Group, Inc. (investment management) (since 1988); formerly, Principal/Member, Balvan Partners (investment management) (2002 to 2009)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	None

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Independent Trustees' cont'd

Stephen R. Gross

Year of birth	1947
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1986
Principal occupation(s) during past five years	Chairman Emeritus (since 2011) and formerly, Chairman, HLB Gross Collins, P.C. (accounting and consulting firm) (1979 to 2011); Executive Director of Business Builders Team, LLC (since 2005); Principal, Gross Consulting Group, LLC (since 2011); CEO, Gross Capital Partners, LLC (since 2014); CEO, Trusted CFO Solutions, LLC (since 2011)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	None

Susan M. Heilbron

Year of birth	1945
Position(s) with Trust	Trustee and Chair
Term of office ¹ and length of time served ²	Since 1994 (Chair of the Board since 2018)
Principal occupation(s) during past five years	Retired; formerly, President, Lacey & Heilbron (communications consulting) (1990 to 2002); General Counsel and Executive Vice President, The Trump Organization (1986 to 1990); Senior Vice President, New York State Urban Development Corporation (1984 to 1986); Associate, Cravath, Swaine & Moore (1980 to 1984) and (1977 to 1979)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	Formerly, Director, Lincoln Savings Bank, FSB (1991 to 1994); Director, Trump Shuttle, Inc. (air transportation) (1989 to 1990); Director, Alexander's Inc. (department store) (1987 to 1990)

Susan B. Kerley

Year of birth	1951
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1992
Principal occupation(s) during past five years	Investment Consulting Partner, Strategic Management Advisors, LLC (investment consulting) (since 1990)
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	Director and Trustee (since 1990) and Chairman (since 2017 and 2005 to 2012) of various series of MainStay Family of Funds (66 funds); formerly Investment Company Institute (ICI) Board of Governors (2006 to 2014); ICI Executive Committee (2011 to 2014); Chairman of the Independent Directors Council (2012 to 2014)

Independent Trustees' cont'd

R. Richardson Pettit

Year of birth	1942
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1990
Principal occupation(s) during past five years	Retired; Duncan Professor of Finance Emeritus, University of Houston (1977 to 2006); previous academic or management positions include: University of Washington, University of Pennsylvania and Purdue University
Number of funds in fund complex overseen by Trustee	45
Other board memberships held by Trustee during past five years	None

Interested Trustee and Officer

Jane Trust, CFA³

Year of birth	1962
Position(s) with Trust	Trustee, President and Chief Executive Officer
Term of office ¹ and length of time served ²	Since 2015
Principal occupation(s) during past five years	Senior Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") (since 2018); Managing Director of Legg Mason & Co. (2016 to 2018); Officer and/or Trustee/Director of 146 funds associated with Legg Mason Partners Fund Advisor, LLC ("LMPFA") or its affiliates (since 2015); President and Chief Executive Officer of LMPFA (since 2015); formerly, Senior Vice President of LMPFA (2015); Director of ClearBridge, LLC (formerly, Legg Mason Capital Management, LLC) (2007 to 2014); Managing Director of Legg Mason Investment Counsel & Trust Co. (2000 to 2007)
Number of funds in fund complex overseen by Trustee	137
Other board memberships held by Trustee during past five years	None

Additional Officers

Ted P. Becker

Legg Mason

620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1951
Position(s) with Trust	Chief Compliance Officer
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during past five years	Director of Global Compliance at Legg Mason (since 2006); Chief Compliance Officer of LMPFA (since 2006); Managing Director of Compliance of Legg Mason & Co. (since 2005); Chief Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006)

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Additional Officers cont'd

Susan Kerr

Legg Mason

620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1949
Position(s) with Trust	Chief Anti-Money Laundering Compliance Officer
Term of office ¹ and length of time served ²	Since 2013
Principal occupation(s) during past five years	Assistant Vice President of Legg Mason & Co. and Legg Mason Investor Services, LLC ("LMIS") (since 2010); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2013) and Anti-Money Laundering Compliance Officer of LMIS (since 2012); Senior Compliance Officer of LMIS (since 2011); formerly, AML Consultant, DTCC (2010); AML Consultant, Rabobank Netherlands, (2009); First Vice President, Director of Marketing & Advertising Compliance and Manager of Communications Review Group at Citigroup Inc. (1996 to 2008)

Jenna Bailey

Legg Mason

100 First Stamford Place, 5th Floor, Stamford, CT 06902

Year of birth	1978
Position(s) with Trust	Identity Theft Prevention Officer
Term of office ¹ and length of time served ²	Since 2015
Principal occupation(s) during past five years	Identity Theft Prevention Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2015); Compliance Officer of Legg Mason & Co. (since 2013); Assistant Vice President of Legg Mason & Co. (since 2011); formerly, Associate Compliance Officer of Legg Mason & Co. (2011 to 2013)

Robert I. Frenkel

Legg Mason 100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1954
Position(s) with Trust	Secretary and Chief Legal Officer
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during past five years	Vice President and Deputy General Counsel of Legg Mason (since 2006); Managing Director and General Counsel — U.S. Mutual Funds for Legg Mason & Co. (since 2006) and Legg Mason & Co. predecessors (since 1994); Secretary and Chief Legal Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006)

Additional Officers cont'd

Thomas C. Mandia

Legg Mason

100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1962
Position(s) with Trust	Assistant Secretary
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during past five years	Managing Director and Deputy General Counsel of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); Secretary of LMPFA (since 2006); Assistant Secretary of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); Secretary of LM Asset Services, LLC ("LMAS") (since 2002) and Legg Mason Fund Asset Management, Inc. ("LMFAM") (since 2013) (formerly registered investment advisers)

Richard F. Sennett

Legg Mason

100 International Drive, Baltimore, MD 21202

Year of birth	1970
Position(s) with Trust	Principal Financial Officer and Treasurer
Term of office ¹ and length of time served ²	Since 2011 and since 2017
Principal occupation(s) during past five years	Principal Financial Officer and Treasurer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011 and since 2013); Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co.'s Global Fiduciary Platform (since 2011); formerly, Chief Accountant within the SEC's Division of Investment Management (2007 to 2011); Assistant Chief Accountant within the SEC's Division of Investment Management (2002 to 2007)

Jeanne M. Kelly

Legg Mason

620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1951
Position(s) with Trust	Senior Vice President
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during past five years	Senior Vice President of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2007); Senior Vice President of LMPFA (since 2006); President and Chief Executive Officer of LMAS and LMFAM (since 2015); Managing Director of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); formerly, Senior Vice President of LMFAM (2013 to 2015)

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

- [†] Trustees who are not “interested persons” of the Portfolio within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”).
- ¹ Each Trustee and officer serves until his or her respective successor has been duly elected and qualified or until his or her earlier death, resignation, retirement or removal.
- ² Indicates the earliest year in which the Trustee became a board member for a fund in the Legg Mason fund complex or the officer took such office.
- ³ Ms. Trust is an “interested person” of the Portfolio, as defined in the 1940 Act, because of her position with LMPFA and/or certain of its affiliates.

Important tax information (unaudited)

The following information is provided with respect to the distributions paid during the taxable year ended December 31, 2018:

Record date	6/20/2018	12/13/2018
Payable date	6/21/2018	12/14/2018
Ordinary income:		
Dividends qualifying for the dividends		
received deduction for corporations	0.70%	1.05%

Please retain this information for your records.

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Western Asset

Variable Global High Yield Bond Portfolio

Trustees

Elliott J. Berv
Jane F. Dasher
Mark T. Finn
Stephen R. Gross
Susan M. Heilbron
Chair
Susan B. Kerley
R. Richardson Pettit
Jane Trust

Investment manager

Legg Mason Partners Fund Advisor, LLC

Subadviser

Western Asset Management Company, LLC†
Western Asset Management Company
Limited
Western Asset Management Company Pte.
Ltd.

Distributor

Legg Mason Investor Services, LLC

Custodian

The Bank of New York Mellon ("BNY")**

Transfer agent

BNY Mellon Investment
Servicing (US) Inc.
4400 Computer Drive
Westborough, MA 01581

Independent registered public accounting firm

PricewaterhouseCoopers LLP
Baltimore, MD

† Prior to May 2, 2018, known as Western Asset Management Company.

** Effective April 9, 2018, BNY became custodian.

Western Asset Variable Global High Yield Bond Portfolio

The Portfolio is a separate investment series of Legg Mason Partners Variable Income Trust, a Maryland statutory trust.

Western Asset Variable Global High Yield Bond Portfolio
Legg Mason Funds
620 Eighth Avenue, 49th Floor
New York, NY 10018

The Portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Portfolio's Forms N-Q are available on the SEC's website at www.sec.gov. To obtain information on Form N-Q, shareholders can call the Portfolio at 1-877-721-1926.

Information on how the Portfolio voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Portfolio uses to determine how to vote proxies related to portfolio transactions are available (1) without charge, upon request, by calling the Portfolio at 1-877-721-1926, (2) at www.leggmason.com/variablefunds and (3) on the SEC's website at www.sec.gov.

This report is submitted for the general information of the shareholders of Western Asset Variable Global High Yield Bond Portfolio. This report is not authorized for distribution to prospective investors in the Portfolio unless preceded or accompanied by a current prospectus.

Investors should consider the Portfolio's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the Portfolio. Please read the prospectus carefully before investing.

www.leggmason.com

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Legg Mason Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the “Privacy Notice”) addresses the Legg Mason Funds’ privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds’ distributor, Legg Mason Investor Services, LLC, as well as Legg Mason-sponsored closed-end funds. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Bank account information, legal documents, and identify verification documentation;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual’s total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a “need to know” basis to enable the Funds to conduct ordinary business or to comply with obligations to government regulators;
- Service providers, including the Funds’ affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds’ behalf, including companies that may perform statistical analysis, market research and marketing services solely for the Funds;
- Permit access to transfer, whether in the United States or countries outside of the United States to such Funds’ employees, agents and affiliates and service providers as required to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- The Funds’ representatives such as legal counsel, accountants and auditors to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;

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Legg Mason Funds Privacy and Security Notice (cont'd)

- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf, including those outside the United States, are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds' practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds' Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, if you have questions about the Funds' privacy practices, or our use of your nonpublic personal information, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.leggmason.com, or contact the Funds at 1-877-721-1926.

Revised April 2018

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