



VARIABLE INSURANCE PORTFOLIOS

# Annual Report

DECEMBER 31, 2020

## IVY VARIABLE INSURANCE PORTFOLIOS

Asset Strategy	Class I	Class II
Balanced		Class II
Energy	Class I	Class II
Growth		Class II
High Income	Class I	Class II
International Core Equity		Class II
Mid Cap Growth	Class I	Class II
Natural Resources		Class II
Science and Technology	Class I	Class II
Small Cap Core		Class II
Small Cap Growth	Class I	Class II

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Philip J. Sanders, CFA

DECEMBER 31, 2020 (UNAUDITED)

### Dear Shareholder,

Markets in 2020 were, to use an overused word, unprecedented. In a matter of months, we witnessed economic and market moves that typically take an entire market cycle of many years to unfold. To start the fiscal year, financial markets had been positive as political conflicts, trade uncertainty and global economic growth concerns waned. However, that upward trajectory suddenly reversed in late February and markets declined in response to two exogenous shocks: the COVID-19 pandemic and the collapse in energy markets. The COVID-19 pandemic caused one of the most rapid and dramatic global economic downturns in history. The U.S. stock markets dropped approximately 35% from peak in February to trough in late March. Global economic activity hit a full stop around the world, as countries and businesses implemented plans to isolate and protect each other. Remarkably, within about 30 days, we moved from a relatively strong domestic economy with financial market indexes hitting record highs, to a global recession.

Governments and central banks took strong steps to mitigate the economic blow of social distancing. Monetary policy response was broader and more rapid than at any other time in history. Global central banks enacted aggressive stimulus through lower interest rates, quantitative easing (QE) and liquidity provisions, with some developing countries implementing QE for the first time. The U.S. Federal Reserve's (Fed) response included a broad array of policy measures and an unprecedented pace of QE. Fourth quarter 2020 economic data showed the global economy had a very strong rebound. Since the March 23 trough, the S&P 500 Index stabilized and experienced a rapid bounce back. As of fiscal year end, the Index was up 18.40%.

Going forward, we believe there are reasons for optimism as we enter 2021. COVID-19 vaccines are being distributed around the world and record amounts of stimulus continue to support the global economic recovery. This optimism is reflected in our outlook for global growth in 2021, which we believe will return to pre-pandemic levels sooner than expected, driven in part by pent-up demand. We anticipate 2021 U.S. economic GDP growth will average 6.2%, fueled in part by a resurgence in consumption as pandemic-related constraints wane. With President Joe Biden and his administration taking the reins of power in Washington, we anticipate policy changes on several fronts. We expect an additional stimulus package that includes additional checks to individuals, an extension of emergency unemployment benefits and help for state and local governments. Later in the year, we anticipate broader legislation to pass that could include a number of spending initiatives, including an infrastructure plan with a focus on green initiatives. We also expect the legislation to include higher taxes for businesses and high-income earners.

As we examine the investment landscape, we continue to put greater emphasis on the fundamentals and quality of asset classes and sectors. We believe it is important to stay focused on the merits of individual market sectors, industries and company business models when making investment decisions. Those fundamentals historically have tended to outweigh external factors. In today's environment, we believe there are many high-quality businesses offering attractive entry points and cyclicals that will likely be key beneficiaries as economies continue to recover. Importantly, through this uncertain time, we remain focused on the innovation and management skill within individual companies, the ultimate drivers of long-term stock prices.

### Economic Snapshot

	12/31/2020	12/31/2019
S&P 500 Index	3,756.07	3,230.78
MSCI EAFE Index	2,147.53	2,036.94
10-Year Treasury Yield	0.93%	1.92%
U.S. unemployment rate	6.7%	3.6%
30-year fixed mortgage rate	2.67%	3.74%
Oil price per barrel	\$48.52	\$61.14

Sources: Bloomberg, U.S. Department of Labor, MBA, CME

All government statistics shown are subject to periodic revision. The S&P 500 Index is an unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies. MSCI EAFE Index is an unmanaged index comprised of securities that represent the securities markets in Europe, Australasia and the Far East. It is not possible to invest directly in any of these indexes. Mortgage rates are from BankRate and reflect the overnight national average rate on a conventional 30-year fixed loan. Oil prices reflect the market price of West Texas intermediate grade crude.

Respectfully,

Philip J. Sanders, CFA  
President

**The opinions expressed in this letter are those of the President of the Ivy Variable Insurance Portfolios and are current only through the end of the period of the report, as stated on the cover. The President's views are subject to change at any time, based on market and other conditions, and no forecasts can be guaranteed.**

(UNAUDITED)

### Expense Example

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As a shareholder of a Portfolio, you incur ongoing costs, including management fees, distribution and service fees, and other Portfolio expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in a Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the six-month period ended December 31, 2020.

### Actual Expenses

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The first section in the following table provides information about actual investment values and actual expenses for each share class. You may use the information in this section, together with your initial investment in Portfolio shares, to estimate the expenses that you paid over the period. Simply divide the value of that investment by \$1,000 (for example, a \$7,500 initial investment divided by \$1,000 = 7.5), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your investment during this period. In addition, there are fees and expenses imposed under the variable annuity or variable life insurance contract through which shares of the Portfolio are held. Additional fees have the effect of reducing investment returns.

### Hypothetical Example for Comparison Purposes

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The second section in the following table provides information about hypothetical investment values and hypothetical expenses for each share class based on the Portfolio’s actual expense ratio and an assumed rate of return of five percent per year before expenses, which is not the Portfolio’s actual return. The hypothetical investment values and expenses may not be used to estimate the actual investment value at the end of the period or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this five percent hypothetical example with the five percent hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs as a shareholder of the Portfolio and do not reflect any fees and expenses imposed under the variable annuity or variable life insurance contract through which shares of the Portfolio are held.

Expenses paid may be impacted by expense reduction arrangements. If those arrangements had not been in place, expenses paid would have been higher. See Note 6 in Notes to Financial Statements for further information.

# ILLUSTRATION OF PORTFOLIO EXPENSES

IVY VIP

(UNAUDITED)

Portfolio	Actual <sup>(1)</sup>			Hypothetical <sup>(2)</sup>			Annualized Expense Ratio Based on the Six-Month Period
	Beginning Account Value 6-30-20	Ending Account Value 12-31-20	Expenses Paid During Period*	Beginning Account Value 6-30-20	Ending Account Value 12-31-20	Expenses Paid During Period*	
<b>Asset Strategy</b>							
Class I	\$1,000	\$ 1,198.30	\$ 4.29	\$1,000	\$ 1,021.25	\$ 3.94	0.77%
Class II	\$1,000	\$ 1,196.80	\$ 5.60	\$1,000	\$ 1,019.99	\$ 5.15	1.02%
<b>Balanced</b>							
Class II	\$1,000	\$ 1,179.20	\$ 5.56	\$1,000	\$ 1,020.01	\$ 5.15	1.02%
<b>Energy</b>							
Class I	\$1,000	\$ 1,190.50	\$ 5.91	\$1,000	\$ 1,019.72	\$ 5.45	1.06%
Class II	\$1,000	\$ 1,188.90	\$ 7.22	\$1,000	\$ 1,018.50	\$ 6.66	1.31%
<b>Growth</b>							
Class II	\$1,000	\$ 1,200.00	\$ 5.61	\$1,000	\$ 1,020.03	\$ 5.15	1.02%
<b>High Income</b>							
Class I	\$1,000	\$ 1,143.80	\$ 3.75	\$1,000	\$ 1,021.69	\$ 3.54	0.69%
Class II	\$1,000	\$ 1,142.40	\$ 5.03	\$1,000	\$ 1,020.43	\$ 4.75	0.94%
<b>International Core Equity</b>							
Class II	\$1,000	\$ 1,201.60	\$ 6.49	\$1,000	\$ 1,019.26	\$ 5.96	1.17%
<b>Mid Cap Growth</b>							
Class I	\$1,000	\$ 1,334.20	\$ 5.02	\$1,000	\$ 1,020.86	\$ 4.34	0.85%
Class II	\$1,000	\$ 1,332.50	\$ 6.41	\$1,000	\$ 1,019.61	\$ 5.55	1.10%
<b>Natural Resources</b>							
Class II	\$1,000	\$ 1,139.10	\$ 6.85	\$1,000	\$ 1,018.74	\$ 6.46	1.27%
<b>Science and Technology</b>							
Class I	\$1,000	\$ 1,297.60	\$ 5.28	\$1,000	\$ 1,020.56	\$ 4.65	0.91%
Class II	\$1,000	\$ 1,296.00	\$ 6.66	\$1,000	\$ 1,019.32	\$ 5.86	1.16%
<b>Small Cap Core</b>							
Class II	\$1,000	\$ 1,288.80	\$ 6.87	\$1,000	\$ 1,019.11	\$ 6.06	1.20%
<b>Small Cap Growth</b>							
Class I	\$1,000	\$ 1,382.60	\$ 5.36	\$1,000	\$ 1,020.63	\$ 4.55	0.89%
Class II	\$1,000	\$ 1,380.90	\$ 6.90	\$1,000	\$ 1,019.37	\$ 5.86	1.14%

\*Portfolio expenses are equal to the Portfolio's annualized expense ratio (provided in the table), multiplied by the average account value over the period, multiplied by 184 days in the six-month period ended December 31, 2020, and divided by 366.

(1) This section uses the Portfolio's actual total return and actual Portfolio expenses. It is a guide to the actual expenses paid by the Portfolio in the period. The "Ending Account Value" shown is computed using the Portfolio's actual return and the "Expenses Paid During Period" column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Portfolio. A shareholder may use the information here, together with the dollar amount invested, to estimate the expenses that were paid over the period. For every thousand dollars a shareholder has invested, the expenses are listed in the last column of this section.

(2) This section uses a hypothetical five percent annual return and actual Portfolio expenses. It helps to compare the Portfolio's ongoing costs with other mutual funds. A shareholder can compare the Portfolio's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other Portfolios.

The above illustrations are based on ongoing costs only.

(UNAUDITED)



Chace Brundige

*Below, F. Chace Brundige, CFA, and W. Jeffery Surles, CFA, portfolio managers of Ivy VIP Asset Strategy, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Brundige has managed the Portfolio since 2014 and has 27 years of industry experience. Mr. Surles has managed the Portfolio since 2018 and has 19 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Asset Strategy (Class II shares at net asset value)	13.88%
Benchmark and Morningstar Category	
MSCI All Country World Index (ACWI) (generally reflects the performance of stocks in 46 developed and emerging markets)	16.26%
Morningstar World Allocation Category Average (generally reflects the performance of the universe of funds with similar investment objectives)	6.18%

*Please note that the Portfolio returns include applicable investment fees and expense, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



W. Jeffery Surles

**A checkmark chart in a calendar year**

Roughly eleven years ago, global markets foundered in the depths of the Global Financial Crisis, with the S&P 500 Index bottoming in March after the U.S. Federal Reserve (Fed) introduced its initial Quantitative Easing (QE) program. From its peak in 2007, it took around four years to return to that level. During the COVID-19 induced downturn of 2020, it took just six months. While the amplitude of the drawdown was smaller (-35% in 2020 versus -57% in 2007-08), the speed of the recovery was dizzying nonetheless. The rapid return to prior peak is at least partly due to the transitory nature of the pandemic as compared to the scary uncertainty surrounding the health of our banking system and capital markets. However, it was also due in part to the speed with which the Fed and our legislature returned to their monetary and fiscal playbooks, with new programs not exactly repeated, but rhyming, as the saying goes. For the first time, the Fed purchased corporate credit assets in the open market and the U.S. Treasury distributed checks directly to millions while also supplementing state unemployment programs and funding small business payrolls. If the markets have learned one thing during this pandemic, it's that the government has our backs. The "Fed put" is firmly in place.

The November 2020 U.S. election, which was near the top of our list of variables heading into the year, shrunk in importance as the pandemic took hold. As the campaign entered a fever pitch, markets wrestled with the pace and timing of recovery, the likelihood of a successful vaccine and the mixture of local, state, and federal policies to "flatten the curve" of infections while preserving economic activity. "Stay-at-home" stocks, which led the market recovery, began to lead or lag on a daily basis, driven solely by pandemic news flow. As described later herein, we chose to attempt to maintain a balance relative to these drivers – lockdowns, recovery, Republican or Democratic administration. We felt we really had no edge versus the market in those areas.

As the U.S. and Europe wrestled with the pandemic, China and other parts of Asia experienced the COVID-19 onset earlier and took decisive action, allowing their economies to recover more rapidly (of course, the threat has not yet been eliminated). Indeed, Asia ex-Japan was a key component of our equity performance during the year. Chinese growth is important for the world, but particularly for its Asian trading partners, and this, combined with continued strength across several segments of information technology, caused that region to lead performance within our MSCI ACWI Index benchmark.

**Performance: A tough blow in March, but we stayed the course**

For the year, the Portfolio captured just over 85% of the MSCI ACWI Index's rise, returning 13.9% versus 16.3% for the benchmark. Equities averaged 64% of portfolio assets under management during the year, roughly in the middle of our stated range of 50-80%. Meanwhile, our fixed-income portfolio averaged just over 28% and gold 6.4% of portfolio assets. While we entered the year below the midpoint of our expected volatility target of 70-90% of the benchmark index, relative volatility rose during the peak of pandemic market stress largely due to rising correlations across asset classes. Equity weight remained in the low-to-mid 60s percent during the year, while we shifted a chunk of our high-yield exposure into investment grade (IG) credit as the Fed began buying IG bonds and new issues came to the market with attractive terms.

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During the year, given the volatility and uncertainty, we did our best to mitigate impact from relative factor exposures (like momentum and beta) and to maintain a balance of quality growth stocks (especially in information technology) and traditional value and cyclical stocks, many of which performed very poorly during the downturn. Of our holdings most directly (and negatively) affected by the pandemic, we added to some on weakness, like Zimmer Biomet Holdings, Inc., and sold where we felt the negative impact may linger long past the virus. The latter category includes Compass Group plc, which has exposure to office catering and therefore to a permanent shift down in daily office occupancy. As always, we continue to focus on companies we believe are competitively well-positioned and where our forecast differs from consensus or expectations discounted in the price, whether in traditional growth or value categories.

On an equity-only basis, we outperformed the benchmark index by a little more than 2%. Performance was led by exposure to information technology and Asia ex-Japan, with much overlap between the two. Taiwan Semiconductor Manufacturing Co. Ltd. and QUALCOMM, Inc. (QUALCOMM sold during the year) both returned over 70% for the year, while ASML Holding N.V., Ordinary Shares, a Dutch semiconductor manufacturing equipment company, rose 64%. South Korean company Samsung Electronics Co. Ltd. and U.S.-based Adobe, Inc. were also strong contributors within the information technology sector. The Portfolio also benefitted from exposure within the energy sector where our largest holding, Reliance Industries Ltd. in India, rose roughly 30% due to its attractive investments within Indian telecommunications and retail. We were underweight traditional exploration and production, oil services, and integrated oil within that sector for most of the year.

On the negative side, our underweight in the consumer discretionary sector combined with stock selection detracted. While we purchased Adidas AG during the market sell-off, which proved beneficial, our automotive investments in Subaru Corp. and Suzuki Motor Corp. (Suzuki sold during the year) outweighed the positive impact of Aptiv plc, which performed well. In addition, we did not own Tesla, Inc., which skyrocketed during the year (+734%), amplified by its inclusion in the S&P 500 Index. The aforementioned Compass Group plc (sold during the year) also detracted from our performance in that sector. Our underweight in communication services also proved a drag, though that was more than offset by our overweight in information technology, which performed better for the year.

Our fixed-income portfolio returned just over 6.5% during the year. It experienced a fair amount of volatility early in 2020. We largely run a credit heavy fixed-income portfolio, which was hit hard in March by the leveraged unwind in financial markets. Following the March sell-off, we pivoted the portfolio quite quickly, taking our focus off the high-yield market and participating aggressively in the record amounts of investment-grade corporate issuance which came to market as companies looked to ensure liquidity for the pandemic. That proved to be a good decision as a combination of economic improvement, Fed support and large inflows into the asset class pushed investment-grade spreads back down near all-time tight levels by the end of the fiscal year.

Our major detractors from performance were several issuers we own on a restructuring thesis. In our quest to find non-correlated returns, we will at times participate in this market. These investments were hit hard during the March sell-off and failed to rebound throughout much of the year. All the restructurings are now effectively complete, and we are optimistic about our ability to realize value from the positions now that they have new capital structures.

We continue to hold our long-standing large position in subordinated debt under financial institutions, mainly in Europe. Our thesis of increased regulation and safer balance sheets making it very unlikely these securities become impaired still holds. On a relative basis, many of the securities still have attractive yields compared to other securities of similar risk.

Gold rose over 24% in 2020, outperforming equities. Gold continues to benefit from the confluence of aggressive central bank policies and pronounced fiscal policies to combat economic weakness but thereby increasing budget deficits. The former effect is best captured in the 10-year TIP yield, which closed the year at -1.03%. Mathematically, this rate is simply the yield on the 10-year U.S. Treasury less the level of inflation projected by the 10-year breakeven or, alternatively, the level of inflation the 10-year TIP must experience to cause one to earn the same rate of return as the 10-year Treasury. However you look at it, it means real rates are solidly negative and this, combined with large budget deficits, provide a tailwind to gold as priced in U.S. dollars (and the currencies of any economy with similar features). We'd be remiss not to point out that bitcoin rose 294% during the year, largely due to the same drivers, but also benefitting from increased buy-in from popular financial commentators. We've stayed away from bitcoin for a variety of reasons, not the least of which are the lack of a status as legal tender, the prospect of increased regulation, and the simple fact that while bitcoin supply is known and finite, the potential future supply of crypto currencies generally is unknown, infinite, and certain to be impacted by decisions made by nation states. The underlying blockchain technology, key to bitcoin's design, will continue to increase in use across various technology and financial service applications.

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## Our outlook and positioning heading into 2021

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Much of the current controversy in the market centers around the outlook for inflation. With a newly confirmed government dominated by the Democratic party, another round of stimulus, vaccines hopefully becoming widely available and a Fed intent on providing stimulus, many in the market are starting to anticipate a return to inflation. In fact, simple base effects could cause inflation to rise to near 3% for a period, though we feel most market participants are aware of this. Regarding prolonged higher inflation, we feel that is a macro call which is very difficult to predict. We prefer to focus on individual security selection and not pick stocks based on a thesis of higher rates or rotation towards value. In fixed income, we prefer to focus on credit selection and markets where positive real returns are available rather than make large duration calls.

As part of this focus on security selection, we continue to keep our factor exposure relatively neutral, making sure we do not take on outsized relative factor exposures when valuation dispersions are still quite high within areas like value, growth and momentum. Our fixed-income portfolio continues to focus on individual credit bets rather than making duration calls. When we do add duration, we are more focused on markets where real rates are still positive and relatively high compared to the rest of the world.

We saw cross asset-class correlations normalize significantly during the back half of the year, which has dropped our predicted risk budget from the high 80s back down to around 77%. With more flexibility in the risk budget, we are looking to take advantage of emerging opportunities, especially within equities which could slightly raise our risk profile going forward. That said, we are unlikely to approach our stated maximum of 80% equities unless the market were to pull back in a way that affords pronounced upside to our individual price targets. In fixed-income markets, we currently see few opportunities to effectively take risk while being rewarded with the proper medium of returns.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**The Portfolio may allocate its assets among different asset classes of varying correlation around the globe.**

**International investing involves additional risks, including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations. These risks are magnified in emerging markets.**

**Fixed-income securities are subject to interest-rate risk and, as such, the net asset value of the Portfolio may fall as interest rates rise. Investing in high-income securities may carry a greater risk of nonpayment of interest or principal than higher-rated bonds.**

**The Portfolio may seek to hedge market risk via the use of derivative instruments. Such investments involve additional risks.**

**Investing in commodities is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.**

**The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects the Portfolio's value and the risk that fluctuations in the value of the derivatives may not correlate with the corresponding securities or fixed income markets or the underlying asset upon which the derivative's value is based.**

**These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and include reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Asset Strategy.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

**Asset Allocation**

<b>Stocks</b>	<b>66.6%</b>
Information Technology	19.3%
Industrials	11.3%
Financials	9.8%
Health Care	8.2%
Consumer Discretionary	6.8%
Consumer Staples	4.6%
Energy	2.7%
Communication Services	2.1%
Utilities	1.0%
Materials	0.8%
<b>Bullion (Gold)</b>	<b>5.8%</b>
<b>Purchased Options</b>	<b>0.0%</b>
<b>Bonds</b>	<b>26.3%</b>
Corporate Debt Securities	18.3%
Loans	3.1%
United States Government and Government Agency Obligations	2.7%
Mortgage-Backed Securities	1.2%
Other Government Securities	0.9%
Asset-Backed Securities	0.1%
<b>Cash and Other Assets (Net of Liabilities), and Cash Equivalents+</b>	<b>1.3%</b>

**Country Weightings**

<b>North America</b>	<b>49.7%</b>
United States	47.2%
Other North America	2.5%
<b>Bullion (Gold)</b>	<b>5.8%</b>
<b>Europe</b>	<b>26.4%</b>
United Kingdom	6.3%
France	6.0%
Germany	4.7%
Other Europe	9.4%
<b>Pacific Basin</b>	<b>14.4%</b>
<b>South America</b>	<b>1.4%</b>
<b>Bahamas/Caribbean</b>	<b>0.7%</b>
<b>Middle East</b>	<b>0.3%</b>
<b>Cash and Other Assets (Net of Liabilities), Cash Equivalents+ and Purchased Options</b>	<b>1.3%</b>

**Top 10 Equity Holdings**

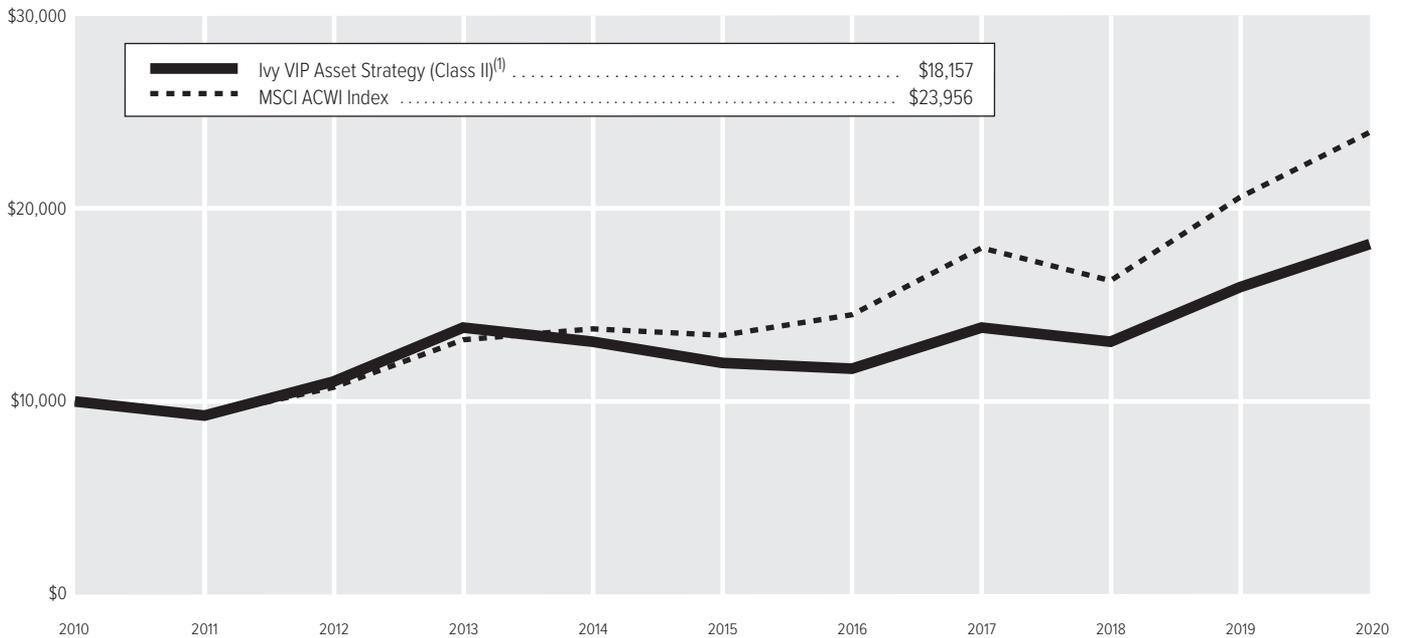
Company	Country	Sector	Industry
Amazon.com, Inc.	United States	Consumer Discretionary	Internet & Direct Marketing Retail
Microsoft Corp.	United States	Information Technology	Systems Software
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	Semiconductors
Visa, Inc., Class A	United States	Information Technology	Data Processing & Outsourced Services
Intuit, Inc.	United States	Information Technology	Application Software
Apple, Inc.	United States	Information Technology	Technology Hardware, Storage & Peripherals
Samsung Electronics Co. Ltd.	South Korea	Information Technology	Technology Hardware, Storage & Peripherals
Ingersoll-Rand, Inc.	United States	Industrials	Industrial Machinery
Adobe, Inc.	United States	Information Technology	Application Software
Reliance Industries Ltd.	India	Energy	Oil & Gas Refining & Marketing

See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT ASSET STRATEGY

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	14.16%	13.88%
5-year period ended 12-31-20	—	8.61%
10-year period ended 12-31-20	—	6.15%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	11.02%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 4-28-17 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# CONSOLIDATED SCHEDULE OF INVESTMENTS

# ASSET STRATEGY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Communication Services</b>			<b>Energy</b>			<b>Pharmaceuticals (Continued)</b>		
Integrated Telecommunication Services – 1.0%			Oil & Gas Exploration & Production – 0.8%			Merck KGaA(A)	58	\$ 10,013
Deutsche Telekom AG, Registered			Canadian Natural Resources Ltd. . . . .	239	\$ 5,760			22,537
Shares(A)	438	\$ 7,986						
			Oil & Gas Refining & Marketing – 1.9%			<b>Total Health Care – 8.2%</b>		<b>62,721</b>
Interactive Media & Services – 1.1%			Phillips 66 . . . . .	46	3,228	<b>Industrials</b>		
Alphabet, Inc., Class A(B)	2	3,665	Reliance Industries Ltd.(A)	393	10,689	Aerospace & Defense – 1.9%		
Tencent Holdings Ltd.(A)	58	4,205	Reliance Industries Ltd.(A)	27	409	Airbus SE(A)	77	8,462
		7,870			14,326	Northrop Grumman Corp.	19	5,758
<b>Total Communication Services – 2.1%</b>		<b>15,856</b>	<b>Total Energy – 2.7%</b>		<b>20,086</b>			14,220
<b>Consumer Discretionary</b>			<b>Financials</b>			<b>Construction &amp; Engineering – 1.7%</b>		
Apparel, Accessories & Luxury Goods – 1.3%			Diversified Banks – 1.5%			Larsen & Toubro Ltd.(A)	338	5,975
adidas AG(A)	26	9,635	BNP Paribas S.A.(A)	142	7,500	Vinci(A)	69	6,922
			UniCredit S.p.A.(A)	403	3,776			12,897
Auto Parts & Equipment – 1.4%					11,276	<b>Construction Machinery &amp; Heavy Trucks – 0.9%</b>		
Aptiv plc	83	10,776	Financial Exchanges & Data – 0.7%			Caterpillar, Inc.	38	6,882
			Intercontinental Exchange, Inc.	44	5,101			
Automobile Manufacturers – 0.4%						Electrical Components & Equipment – 1.1%		
Subaru Corp.(A)	173	3,458	Investment Banking & Brokerage – 1.8%			Schneider Electric S.A.(A)	57	8,253
			Goldman Sachs Group, Inc. (The)	25	6,694	<b>Environmental &amp; Facilities Services – 0.7%</b>		
General Merchandise Stores – 0.9%			Morgan Stanley	101	6,917	Waste Management, Inc.	44	5,237
Dollar Tree, Inc.(B)	67	7,288			13,611	<b>Industrial Machinery – 1.5%</b>		
			Life & Health Insurance – 2.4%			Ingersoll-Rand, Inc.(B)	251	11,454
Internet & Direct Marketing Retail – 2.8%			AIA Group Ltd.(A)	674	8,220	<b>Railroads – 2.4%</b>		
Amazon.com, Inc.(B)	7	21,254	Ping An Insurance (Group) Co. of			Kansas City Southern	39	7,992
			China Ltd., H Shares(A)	790	9,618	Union Pacific Corp.	51	10,534
Leisure Facilities – 0.0%					17,838			18,526
COTA Racing & Entertainment LLC,			Mortgage REITs – 1.1%			<b>Trading Companies &amp; Distributors – 1.1%</b>		
Class B(B)	*	—	AGNC Investment Corp.	558	8,701	Ferguson plc(A)	67	8,165
						<b>Total Industrials – 11.3%</b>		<b>85,634</b>
Leisure Products – 0.0%			Other Diversified Financial Services – 1.3%			<b>Information Technology</b>		
Media Group Holdings LLC,			ORIX Corp.(A)	628	9,658	Application Software – 3.2%		
Series H(B)(C)(D)(E)	32	—				Adobe, Inc.(B)	23	11,406
Media Group Holdings LLC,			Thrifts & Mortgage Finance – 1.0%			Intuit, Inc.	34	13,068
Series T(B)(C)(D)(E)	4	—	Housing Development Finance Corp.					24,474
			Ltd.(A)	230	8,075	<b>Data Processing &amp; Outsourced Services – 3.3%</b>		
<b>Total Consumer Discretionary – 6.8%</b>		<b>52,411</b>	<b>Total Financials – 9.8%</b>		<b>74,260</b>	Fiserv, Inc.(B)	92	10,435
<b>Consumer Staples</b>			<b>Health Care</b>			Visa, Inc., Class A	69	15,032
Distillers & Vintners – 0.8%			Biotechnology – 1.5%					25,467
Pernod Ricard S.A.(A)	32	6,069	Genmab A.S.(A)(B)	13	5,349	<b>Electronic Equipment &amp; Instruments – 1.3%</b>		
			Sarepta Therapeutics, Inc.(B)	38	6,498	Keyence Corp.(A)	18	10,125
Household Products – 1.0%					11,847	<b>Internet Services &amp; Infrastructure – 0.6%</b>		
Procter & Gamble Co. (The)	55	7,658	Health Care Equipment – 2.8%			VeriSign, Inc.(B)	21	4,648
			Koninklijke Philips Electronics N.V.,			<b>IT Consulting &amp; Other Services – 0.8%</b>		
Hypermarkets & Super Centers – 1.0%			Ordinary Shares(A)	139	7,468	Garter, Inc., Class A(B)	36	5,834
Wal-Mart Stores, Inc.	51	7,389	Masimo Corp.(B)	22	6,008	<b>Semiconductor Equipment – 1.4%</b>		
			Zimmer Holdings, Inc.	53	8,216	ASML Holding N.V., Ordinary		
Packaged Foods & Meats – 0.8%					21,692	Shares(A)	22	10,707
Nestle S.A., Registered Shares(A)	55	6,466	Managed Health Care – 0.9%			<b>Information Technology</b>		
			Anthem, Inc.	21	6,645	Application Software – 3.2%		
Personal Products – 1.0%						Adobe, Inc.(B)	23	11,406
Unilever plc(A)	121	7,264	Pharmaceuticals – 3.0%			Intuit, Inc.	34	13,068
			GlaxoSmithKline plc(A)	329	6,024			24,474
<b>Total Consumer Staples – 4.6%</b>		<b>34,846</b>	Merck & Co., Inc.	79	6,500	<b>Data Processing &amp; Outsourced Services – 3.3%</b>		

# CONSOLIDATED SCHEDULE OF INVESTMENTS

# ASSET STRATEGY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS (Continued)	Shares	Value
Semiconductors – 2.5%		
Taiwan Semiconductor Manufacturing Co. Ltd.(A) . . . . .	1,010	\$ 19,103
Systems Software – 2.6%		
Microsoft Corp. . . . .	88	19,670
Technology Hardware, Storage & Peripherals – 3.6%		
Apple, Inc. . . . .	88	11,737
Samsung Electronics Co. Ltd.(A) . . . . .	156	11,615
Seagate Technology . . . . .	60	3,708
		<u>27,060</u>
<b>Total Information Technology – 19.3%</b>		<b>147,088</b>
Materials		
Diversified Metals & Mining – 0.3%		
Teck Resources Ltd., Class B . . . . .	124	2,258
Gold – 0.5%		
Barrick Gold Corp. . . . .	181	4,122
<b>Total Materials – 0.8%</b>		<b>6,380</b>
Utilities		
Multi-Utilities – 1.0%		
E.ON AG(A) . . . . .	724	8,014
<b>Total Utilities – 1.0%</b>		<b>8,014</b>
<b>TOTAL COMMON STOCKS – 66.6%</b>		<b>\$507,296</b>
(Cost: \$396,807)		
	Number of	Notional
<b>PURCHASED OPTIONS</b>	<b>Contracts</b>	<b>Amount</b>
	(Unrounded)	
Kansas City Southern, Call \$210.00, Expires 2-19-21 . . . . .	247	25
		<u>141</u>
<b>TOTAL PURCHASED OPTIONS – 0.0%</b>		<b>\$ 141</b>
(Cost: \$113)		
<b>ASSET-BACKED SECURITIES</b>	<b>Principal</b>	
British Airways Pass-Through Trust, Series 2020-1A, 4.250%, 11-15-32 (F) . . . . .	\$ 400	428
<b>TOTAL ASSET-BACKED SECURITIES – 0.1%</b>		<b>\$428</b>
(Cost: \$400)		
<b>CORPORATE DEBT SECURITIES</b>		
Communication Services		
Cable & Satellite – 0.3%		
Altice France Holding S.A., 10.500%, 5-15-27(F) . . . . .	2,383	2,675

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
Integrated Telecommunication Services – 1.4%		
AT&T, Inc., 3.650%, 6-1-51 . . . . .	\$ 653	\$ 682
Consolidated Communications, Inc., 6.500%, 10-1-28(F) . . . . .	370	396
Frontier Communications Corp.:		
7.625%, 4-15-24(G) . . . . .	2,119	1,070
6.875%, 1-15-25(G) . . . . .	6,323	3,067
11.000%, 9-15-25(G) . . . . .	5,680	2,982
9.000%, 8-15-31(G) . . . . .	2,119	1,022
West Corp., 8.500%, 10-15-25(F) . . . . .	1,500	1,451
		<u>10,670</u>
Interactive Media & Services – 0.1%		
Tencent Holdings Ltd., 3.240%, 6-3-50(F) . . . . .	1,090	1,129
<b>Total Communication Services – 1.8%</b>		<b>14,474</b>
Consumer Discretionary		
Automobile Manufacturers – 0.6%		
Ford Motor Co., 8.500%, 4-21-23 . . . . .	1,081	1,219
Nissan Motor Co. Ltd.: 4.345%, 9-17-27(F) . . . . .	1,537	1,697
4.810%, 9-17-30(F) . . . . .	1,098	1,237
		<u>4,153</u>
Hotels, Resorts & Cruise Lines – 0.1%		
Carnival Corp., 11.500%, 4-1-23(F) . . . . .	432	500
Internet & Direct Marketing Retail – 0.2%		
Amazon.com, Inc.: 1.500%, 6-3-30 . . . . .	654	664
2.500%, 6-3-50 . . . . .	218	226
Meituan: 2.125%, 10-28-25(F) . . . . .	439	446
3.050%, 10-28-30(F) . . . . .	732	761
		<u>2,097</u>
Leisure Facilities – 0.1%		
Circuit of the Americas LLC, Series D, 0.000%, 10-2-23(H) . . . . .	3,642	637
Specialty Stores – 0.3%		
Staples, Inc., 7.500%, 4-15-26(F) . . . . .	2,191	2,288
<b>Total Consumer Discretionary – 1.3%</b>		<b>9,675</b>
Consumer Staples		
Brewers – 0.2%		
Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB): 3.500%, 6-1-30 . . . . .	860	996
4.500%, 6-1-50 . . . . .	432	543
		<u>1,539</u>
<b>Total Consumer Staples – 0.2%</b>		<b>1,539</b>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
Energy		
Integrated Oil & Gas – 1.0%		
Petrobras Global Finance B.V. (GTD by Petroleo Brasileiro S.A.), 5.600%, 1-3-31 . . . . .	\$ 1,090	\$ 1,253
Petroleos Mexicanos: 6.490%, 1-23-27 . . . . .	4,223	4,460
6.840%, 1-23-30 . . . . .	822	860
Petronas Capital Ltd.: 3.500%, 4-21-30(F) . . . . .	432	496
4.550%, 4-21-50(F) . . . . .	424	566
		<u>7,635</u>
Oil & Gas Exploration & Production – 0.8%		
Laredo Petroleum, Inc.: 9.500%, 1-15-25 . . . . .	2,741	2,385
10.125%, 1-15-28(I) . . . . .	3,064	2,604
Saudi Arabian Oil Co.: 1.625%, 11-24-25(F)(I) . . . . .	440	451
2.250%, 11-24-30(F) . . . . .	1,210	1,231
		<u>6,671</u>
Oil & Gas Refining & Marketing – 0.4%		
PBF Holding Co. LLC, 9.250%, 5-15-25(F) . . . . .	2,314	2,269
Valero Energy Corp., 2.150%, 9-15-27 . . . . .	1,102	1,125
		<u>3,394</u>
Oil & Gas Storage & Transportation – 0.9%		
Energy Transfer Operating L.P.: 6.750%, 5-15-2168 . . . . .	3,900	3,559
7.125%, 5-15-2168 . . . . .	3,900	3,705
		<u>7,264</u>
<b>Total Energy – 3.1%</b>		<b>24,964</b>
Financials		
Diversified Banks – 6.5%		
Australia and New Zealand Banking Group Ltd., 2.570%, 11-25-35(F) . . . . .	881	898
Banco de Credito del Peru, 3.125%, 7-1-30(F) . . . . .	438	448
Banco Mercantil del Norte S.A., 8.375%, 10-14-2168(F) . . . . .	1,095	1,307
Banco Santander S.A.: 5.375%, 4-17-25(F) . . . . .	702	807
2.746%, 5-28-25 . . . . .	654	698
3.490%, 5-28-30 . . . . .	436	489
Barclays plc: 3.564%, 9-23-35 . . . . .	659	714
7.875%, 12-29-49 . . . . .	7,618	7,980
8.000%, 9-15-2168 . . . . .	2,013	2,245
6.125%, 12-15-2168 . . . . .	1,099	1,184
Credit Agricole S.A., 1.907%, 6-16-26(F) . . . . .	657	681
HSBC Holdings plc: 2.848%, 6-4-31 . . . . .	652	700
6.875%, 12-29-49 . . . . .	1,089	1,108
4.600%, 6-17-69 . . . . .	1,101	1,121

# CONSOLIDATED SCHEDULE OF INVESTMENTS

ASSET STRATEGY *(in thousands)*

DECEMBER 31, 2020

CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
<b>Diversified Banks (Continued)</b>			<b>Health Care</b>			<b>Materials</b>		
ING Groep N.V., 6.875%, 12-29-49	\$ 2,681	\$ 2,802	Pharmaceuticals – 0.1%			Diversified Metals & Mining – 0.3%		
Royal Bank of Scotland Group plc (The), 8.625%, 12-29-49	5,081	5,274	Teva Pharmaceutical Finance Netherlands III B.V. (GTD by Teva Pharmaceutical Industries Ltd.), 2.800%, 7-21-23	\$ 1,000	\$ 990	Glencore Funding LLC: 1.625%, 9-1-25(F)	\$ 659	\$ 678
Societe Generale Group, 7.375%, 12-29-49(F)	6,791	6,954				2.500%, 9-1-30(F)	1,537	1,567
Societe Generale S.A., 3.653%, 7-8-35(F)	1,532	1,658	<b>Total Health Care – 0.1%</b>		<b>990</b>			<b>2,245</b>
Standard Chartered plc, 7.500%, 12-29-49(F)	3,731	3,890	<b>Industrials</b>			Steel – 0.4%		
UniCredit S.p.A.: 2.569%, 9-22-26(F)	2,200	2,245	Aerospace & Defense – 1.1%			CSN Resources S.A., 7.625%, 2-13-23(F)	2,960	3,071
5.861%, 6-19-32(F)	3,047	3,432	Boeing Co. (The): 4.875%, 5-1-25	1,083	1,234	<b>Total Materials – 0.7%</b>		<b>5,316</b>
5.459%, 6-30-35(F)	2,672	2,940	5.150%, 5-1-30	1,083	1,311	<b>Real Estate</b>		
		<b>49,575</b>	5.805%, 5-1-50	644	888	Industrial REITs – 0.2%		
<b>Diversified Capital Markets – 1.5%</b>			Wolverine Escrow LLC: 8.500%, 11-15-24(F)	2,080	1,985	Aircastle Ltd., 5.250%, 8-11-25(F)	1,466	1,614
Credit Suisse Group AG: 2.193%, 6-5-26(F)	654	684	9.000%, 11-15-26(F)	2,081	1,970	<b>Total Real Estate – 0.2%</b>		<b>1,614</b>
6.375%, 2-21-2168(F)	1,232	1,372	13.125%, 11-15-27(F)	2,081	1,675	<b>Utilities</b>		
7.500%, 6-11-2168(F)	2,852	3,171				Independent Power Producers & Energy Traders – 0.2%		
7.125%, 7-29-2168	4,855	5,128	Airlines – 0.1%			NRG Energy, Inc.: 2.000%, 12-2-25(F)	1,100	1,140
5.250%, 2-11-2169(F)	1,099	1,162	Southwest Airlines Co., 5.250%, 5-4-25	542	628	2.450%, 12-2-27(F)	110	116
		<b>11,517</b>						<b>1,256</b>
<b>Financial Exchanges &amp; Data – 0.3%</b>			Highways & Railtracks – 0.1%			<b>Total Utilities – 0.2%</b>		<b>1,256</b>
Intercontinental Exchange, Inc., 1.850%, 9-15-32	658	663	Transurban Finance Co. Pty Ltd., 2.450%, 3-16-31(F)	611	641	<b>TOTAL CORPORATE DEBT SECURITIES – 18.3%</b>		<b>\$143,485</b>
Refinitiv U.S. Holdings, Inc., 8.250%, 11-15-26(F)	1,759	1,919	<b>Total Industrials – 1.3%</b>		<b>10,332</b>			(Cost: \$142,702)
		<b>2,582</b>	<b>Information Technology</b>			<b>MORTGAGE-BACKED SECURITIES</b>		
<b>Investment Banking &amp; Brokerage – 0.0%</b>			Internet Services & Infrastructure – 0.1%			Non-Agency REMIC/CMO – 1.2%		
Macquarie Bank Ltd., 3.624%, 6-3-30(F)	436	477	Baidu, Inc., 1.720%, 4-9-26	470	477	Credit Suisse Mortgage Trust, Series 2018-RPL8, Class A1 (Mortgage spread to 3-year U.S. Treasury index), 4.125%, 7-25-58(F)(J)	1,543	1,549
<b>Life &amp; Health Insurance – 0.2%</b>			IT Consulting & Other Services – 0.1%			Homeward Opportunities Fund I Trust, Series 2019-1, Class B1 (Mortgage spread to 10-year U.S. Treasury index), 4.800%, 1-25-59(F)(J)	1,061	1,071
AIA Group Ltd.: 3.375%, 4-7-30(F)	540	605	Leidos, Inc. (GTD by Leidos Holdings, Inc.): 3.625%, 5-15-25(F)	326	365	Merrill Lynch Mortgage Investors Trust, Series 1998-C1, Class F, 6.250%, 11-15-26	270	275
3.200%, 9-16-40(F)	1,098	1,151	4.375%, 5-15-30(F)	326	390	Verus Securitization Trust, Series 2018-3, Class B1 (Mortgage spread to 5-year U.S. Treasury index), 5.694%, 10-25-58(F)(J)	2,100	2,126
		<b>1,756</b>				Verus Securitization Trust, Series 2019-1, Class B1 (Mortgage spread to 10-year U.S. Treasury index), 5.311%, 2-25-59(F)(J)	3,432	3,327
<b>Multi-Line Insurance – 0.2%</b>			Semiconductors – 0.2%					
Athene Holding Ltd., 6.150%, 4-3-30	1,287	1,600	Broadcom, Inc., 4.700%, 4-15-25	541	620			
<b>Other Diversified Financial Services – 0.1%</b>			Taiwan Semiconductor Manufacturing Co. Ltd., 1.375%, 9-28-30(F)	1,318	1,293			
Grupo Aval Ltd., 4.375%, 2-4-30(F)	999	1,064						
<b>Specialized Finance – 0.1%</b>			Technology Hardware, Storage & Peripherals – 0.1%					
AerCap Ireland Capital Ltd. and AerCap Global Aviation Trust, 4.500%, 9-15-23	657	712	Apple, Inc., 2.400%, 8-20-50	878	897			
<b>Total Financials – 8.9%</b>		<b>69,283</b>	<b>Total Information Technology – 0.5%</b>		<b>4,042</b>			



DECEMBER 31, 2020

## Notes to Consolidated Schedule of Investments

\*Not shown due to rounding.

(A) Listed on an exchange outside the United States.

(B) No dividends were paid during the preceding 12 months.

(C) Restricted securities. At December 31, 2020, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Value
Media Group Holdings LLC, Series H	8-29-13 to 10-31-13	32	\$22,309	\$—*
Media Group Holdings LLC, Series T	7-2-13 to 1-23-15	4	8,413	—
			<u>\$30,722</u>	<u>\$—*</u>

The total value of these securities represented 0.0% of net assets at December 31, 2020.

(D) Investment is owned by an entity that is treated as a corporation for U.S. tax purposes and is owned by the Portfolio and consolidated as described in Note 5 of the Notes to Financial Statements.

(E) Securities whose value was determined using significant unobservable inputs.

(F) Securities were purchased pursuant to an exemption from registration available under Rule 144A under the Securities Act of 1933 and may only be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2020 the total value of these securities amounted to \$82,922 or 10.8% of net assets.

(G) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.

(H) Zero coupon bond.

(I) All or a portion of securities with an aggregate value of \$649 are on loan.

(J) Variable rate security. Interest rate disclosed is that which is in effect at December 31, 2020. Description of the reference rate and spread, if applicable, are included in the security description.

(K) Other Government Securities may include emerging markets sovereign, quasi-sovereign, corporate and supranational agency and organization debt securities.

(L) Interest-only security. Amount shown as principal represents notional amount for computation of interest.

(M) Investment made with cash collateral received from securities on loan.

(N) Rate shown is the annualized 7-day yield at December 31, 2020.

(O) Principal amounts are denominated in the indicated foreign currency, where applicable (CNY – Chinese Yuan Renminbi).

The following total return swap agreements were outstanding at December 31, 2020:

Underlying Security	Long/Short	Counterparty	Maturity Date	Notional Amount(O)	Financing Fee <sup>(1)(2)</sup>	Upfront Payments/ Value	Unrealized Appreciation
China Government Bond	Long	Morgan Stanley & Co. International plc	02/20/2021	CNY74,039	7-Day China Fixing Repo Rates plus 65 bps	\$382	\$— \$382

(1) The Portfolio pays the financing fee multiplied by the notional amount if long on the swap agreement. If the Portfolio is short on the swap agreement, the Portfolio receives the financing fee multiplied by the notional amount.

(2) At the termination date, a net cash flow is exchanged where the market-linked total return is equivalent to the return of the underlying security less a financing rate, if any. If the Portfolio is long on the swap agreement, the Portfolio would receive payments on any net positive total return, and would owe payments in the event of a negative total return. If the Portfolio is short on the swap agreement, the Portfolio would owe payments on any net positive total return, and would receive payments in the event of a negative total return.

The following written options were outstanding at December 31, 2020 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Notional Amount	Expiration Month	Exercise Price	Premium Received	Value
Kansas City Southern	N/A	Put	198	20	February 2021	\$175.00	\$33	\$(29)

DECEMBER 31, 2020

The following table is a summary of the valuation of the Portfolios's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Communication Services	\$ 3,665	\$ 12,191	\$—
Consumer Discretionary	39,318	13,093	—*
Consumer Staples	15,047	19,799	—
Energy	8,988	11,098	—
Financials	27,413	46,847	—
Health Care	33,867	28,854	—
Industrials	47,857	37,777	—
Information Technology	95,538	51,550	—
Materials	6,380	—	—
Utilities	—	8,014	—
Total Common Stocks	\$278,073	\$229,223	\$—*
Purchased Options	141	—	—
Asset-Backed Securities	—	428	—
Corporate Debt Securities	—	143,485	—
Mortgage-Backed Securities	—	8,884	—
Other Government Securities	—	6,725	—
Loans	—	22,707	—
United States Government Agency Obligations	—	6,827	—
United States Government Obligations	—	13,997	—
Bullion	44,036	—	—
Short-Term Securities	8,215	—	—
Total	\$330,465	\$432,276	\$—*
Total Return Swaps	\$ —	\$ 382	\$—
<b>Liabilities</b>			
Written Options	\$ —	\$ 29	\$—

During the year ended December 31, 2020, there were no transfers in or out of Level 3.

The following acronyms are used throughout this schedule:

CMO = Collateralized Mortgage Obligation  
 GTD = Guaranteed  
 ICE = Intercontinental Exchange  
 LIBOR = London Interbank Offered Rate  
 OTC = Over the Counter  
 REIT = Real Estate Investment Trust  
 REMIC = Real Estate Mortgage Investment Conduit

## Country Diversification

(as a % of net assets)

United States	47.2%
United Kingdom	6.3%
France	6.0%
Germany	4.7%
Japan	3.4%
Switzerland	3.4%
India	3.3%
Netherlands	3.0%

## Country Diversification (Continued)

Taiwan	2.5%
China	1.9%
Italy	1.6%
Canada	1.5%
South Korea	1.5%
Hong Kong	1.3%
Mexico	1.0%
Other Countries	4.3%
Other+	7.1%

\*Includes gold bullion, options, cash and other assets (net of liabilities), and cash equivalents

See Accompanying Notes to Financial Statements.

(UNAUDITED)



Matthew A. Hekman

*Below, Matthew A. Hekman, Mark G. Beischel, CFA, and Susan K. Regan, co-portfolio managers of Ivy VIP Balanced, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Hekman has managed the Portfolio since 2014 and has 22 years of industry experience. Mr. Beischel and Ms. Regan joined Mr. Hekman as co-portfolio managers of the Portfolio in April 2018. Mr. Beischel has 27 years of industry experience, while Ms. Regan has 33 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Balanced (Class II shares at net asset value)	14.11%
Benchmarks and Morningstar Category	
S&P 500 Index (Generally reflects the performance of large- and medium-sized U.S. stocks)	18.40%
Bloomberg Barclays U.S. Government/Credit Index (Generally reflects the performance of securities in the bond market)	8.92%
Morningstar Allocation 50% to 70% Equity Category Average (Generally reflects the performance of the universe of portfolios with similar investment objectives)	11.72%



Mark G. Beischel

*Please note that the Portfolio returns include applicable fees and expenses, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Susan Regan

**Key drivers**

The fiscal year ended December 31, 2020 was one for the record books. The year began with historic levels of volatility, with equity markets posting dramatic declines in February and March as the COVID-19 pandemic spread across the globe, and countries adopted increasingly stringent policies to slow the rate of infection. Since the onset of the pandemic, we have seen a dizzying array of unprecedented market, economic and societal events. In the realm of economics, the March initial jobless claims data was a stark indicator of the challenge faced by the domestic economy with 3.28 million claims filed, a level that was four times the previous record high. As the economic ramifications of the virus and its remediation became apparent, markets declined and policy makers responded. Global central banks dramatically reduced interest rates with the U.S. Federal Reserve (Fed) cutting its target range by 100 basis points (bps) over a two-week time period to a range of 0.00% — 0.25%. In addition, the Fed launched a series of monetary and regulatory measures to ease the hit to the U.S. economy, including unlimited purchases of Treasuries and agency mortgages; various loan facilities; and foreign exchange swap lines with global central banks, to name a few. The U.S. Congress also moved quickly to pass legislation with the most significant being the \$2.2 trillion CARES Act signed into law over the summer with several subsequent legislative relief packages throughout the rest of the year. Our country endured multiple bouts of social unrest and a contentious election cycle late in the year which presented headwinds to confidence and morale. While this isn't an exhaustive list of the travails of 2020, it captures some of the significant events and provides a backdrop for what many would consider to be a very difficult year. While 2020 is a year most of us are glad to see end, investors know there were reasons for celebration as well. Despite significant volatility, domestic equity markets rose to all-time highs to close out the calendar year — a record we don't mind setting!

As investors can attest, 2020 has had more than its fair share of drama, vitriol and negativity. These often result in periodic bouts of volatility that can be un-nerving, but the trailing fiscal-year performance of the Portfolio is a profitable reminder of the value of patient, disciplined investing with a long-term perspective.

The S&P 500 Index, the Portfolio's equity benchmark, advanced 18.4% for the fiscal period. The dispersion in sector returns over that time period was significant with information technology being the stand-out, posting a 43.9% return. Both consumer discretionary (up 33.3%) and communication services (up 23.6%) sectors also outperformed the index. The

laggards were the beleaguered energy (down 33.7%), financials (down 1.7%) and real estate (down 2.2%) sectors, with the traditionally more defensive utilities, consumer staples and health care sectors each underperforming the index though they posted positive returns.

The Portfolio's fixed-income benchmark, the Bloomberg Barclays U.S. Government/Credit Index, rose 8.9% for the fiscal year as interest rates declined. The 10-year Treasury yield collapsed by approximately 100 bps to 0.92%. The Treasury curve steepened with the spread relationship between the 2-year and the 10-year Treasury bond at 79 bps, up from 35 bps at the start of the fiscal year. Investment-grade credit spreads were volatile but ended the year at 92 bps, well below the 20-year average of 146 bps and just 2 bps wider than where they started the year.

## Contributors and detractors

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The Portfolio advanced 14.1% for the fiscal year, outperforming its Morningstar category peers. Performance was driven by a modest overweight of equities relative to the blended benchmark and strong credit selection in the fixed-income sleeve. For the fiscal year, the Portfolio's equity weight averaged 63.3%, fixed income averaged 36.2%, with the remaining balance in cash.

The equity component of the Portfolio advanced 17.0% for the year, underperforming the S&P 500 Index. Poor stock selection in the materials, industrials and health care sectors hampered relative performance. The fixed-income component of the Portfolio was up 11.9% for the year, strongly outperforming its benchmark. The Portfolio opportunistically added credit exposure in the second and third calendar quarters of 2020 which subsequently tightened meaningfully. As a result of that trade into credit, the Portfolio was underweight Treasuries relative to the benchmark which was a significant contributor to relative performance. Finally, derivatives written against positions in the equity sleeve were a modest positive contributor to total Portfolio performance.

Top contributors to overall performance were Apple Inc., Autodesk, Inc., Microsoft Corp., Amazon.com, Inc. and QUALCOMM, Inc. (no longer a Portfolio holding). Apple had a remarkable year as investors revalued its equity in recognition of the strength of the brand and in growing anticipation of an iPhone refresh cycle in 2021. Autodesk has been a long-standing position for the Portfolio as its competitive position in the architectural engineering industry continues to produce profitable growth, while new addressable markets in the building management, construction and industrial end markets present compelling opportunities. Microsoft continues to expand its capability and market share in the cloud with its Azure product. Its deep focus and expertise in serving corporate information technology departments has strengthened a competitive moat we believe will prove durable. Amazon benefited as consumers shifted consumption patterns online as a result of COVID-19 restrictions on mobility. We believe many of these patterns will prove durable beyond the pandemic. QUALCOMM posted strong returns as it benefited from its technology lead in next-generation 5G Wireless chipsets which drove strong revenue and gross margin upside. While we continue to be impressed with the business, the valuation of the equity became prohibitively rich in our view and we elected to exit the position.

Detractors to performance in the fiscal year were Delta Air Lines, Inc. The Boeing Co., Lyondellbasell, Industries N.V., Class A, PPG Industries, Inc. and Citigroup, Inc. These stocks are no longer held in the Portfolio. Delta Airlines and Boeing were victims of the COVID-19 pandemic as global air traffic fell precipitously and airlines were forced to largely ground their fleets. While Delta is better capitalized than many of its peers and Boeing is making modest strides in recapturing the trust of global regulators, the industry will be burdened by excess capacity and the lingering effects of federal aid. As a result, we exited our positions. Lyondellbasell and PPG Industries are deeply cyclical companies that were negatively impacted by the implications resulting from the COVID-19 pandemic. As we evaluated the best investment opportunities post the market decline early in the fiscal year, we elected to exit our positions to fund purchases in what we found to be more attractive opportunities. Citigroup was a frustrating investment for the Portfolio as regulators identified several longstanding deficiencies in its data and risk management systems that resulted in fines and restrictions. Our confidence in management was sufficiently impaired to motivate us to exit our position.

## Outlook

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As we look ahead, we believe global economic growth is likely to rebound meaningfully in the near term as economies re-open and stimulus has its intended effect. However, we continue to expect heightened levels of uncertainty as governments, businesses and individuals adjust to the necessary realities of combating a global pandemic. Our thoughts and prayers go out to the growing number of people tragically impacted by this virus as well as to those working tirelessly to contain it. As stewards of your capital, it is our responsibility to perform the seemingly cold-hearted but necessary analysis of the financial impacts of this pandemic on markets and individual securities. To that end, we have modestly increased our exposure to equities and begun to reduce our exposure to corporate credit. Late in the fourth quarter, after a strong run of performance, we began the process of reducing our exposure to investment grade and non-investment grade credit with the proceeds invested in Treasuries which will serve to narrow the large underweight versus the benchmark. At fiscal year end, the Portfolio's equity allocation was 66.7%, fixed income was 32.6%, with the balance in cash.

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Economic impacts of COVID-19 are likely to be persistent, however, the experience of other countries provides some hope and evidence that a sharp rebound in economic activity can commence once the spread of the virus slows. We have begun to see this rebound domestically and expect it to continue in the short term in part due to the lagged effects of fiscal and monetary stimulus put in place over the last several months. As economies recover, we are closely watching inflation rates and inflation expectations, which have been modest and must remain so in order to allow central banks to maintain their accommodative monetary policies.

While we continue to monitor macroeconomic forces and trends, we maintain an emphasis on finding perceived high quality, growing companies whose securities are trading at a reasonable valuation with visible catalysts to drive relative outperformance over the next twelve months. This approach has served investors well over time, and our confidence in it has not waned.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**Fixed-income securities are subject to interest rate risk and, as such, the net asset value of the Portfolio may fall as interest rates rise. The lower-rated securities in which the Portfolio may invest may carry greater risk of nonpayment of interest or principal than higher-rated bonds. In addition to the risks typically associated with fixed-income securities, loan participations in which the Portfolio may invest carry other risks, including the risk of insolvency of the lending bank or other intermediary. The Portfolio's emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform non-dividend paying stocks and the market as a whole over any period of time. In addition, there is no guarantee that the companies in which the Portfolio invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. The amount of any dividend the company may pay may fluctuate significantly. In addition, the value of dividend-paying common stocks can decline when interest rates rise as fixed-income investments become more attractive to investors. This risk may be greater due to the current period of historically low interest rates.**

**The Portfolio typically holds a limited number of stocks (generally 45 to 55). As a result, the appreciation or depreciation of any one security held by the Portfolio will have a greater impact on the Portfolio's net asset value than it would if the Portfolio invested in a large number of securities.**

**The value of a security believed by the Portfolio's managers to be undervalued may never reach what the managers believe to be its full value, or such security's value may decrease. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the Portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The indexes noted are unmanaged and include reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Balanced.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

<b>Stocks</b>	<b>66.7%</b>
Information Technology	14.8%
Health Care	11.0%
Financials	10.4%
Consumer Discretionary	8.5%
Communication Services	7.0%
Industrials	6.4%
Consumer Staples	4.3%
Energy	3.7%
Materials	0.6%
<b>Bonds</b>	<b>32.6%</b>
Corporate Debt Securities	16.0%
United States Government and Government Agency Obligations	15.7%
Loans	0.9%
<b>Cash and Other Assets (Net of Liabilities), and Cash Equivalents+</b>	<b>0.7%</b>

## Top 10 Equity Holdings

Company	Sector	Industry
Microsoft Corp.	Information Technology	Systems Software
Autodesk, Inc.	Information Technology	Application Software
Apple, Inc.	Information Technology	Technology Hardware, Storage & Peripherals
Zimmer Holdings, Inc.	Health Care	Health Care Equipment
Constellation Brands, Inc.	Consumer Staples	Distillers & Vintners
Electronic Arts, Inc.	Communication Services	Interactive Home Entertainment
Micron Technology, Inc.	Information Technology	Semiconductors
Goldman Sachs Group, Inc. (The)	Financials	Investment Banking & Brokerage
Lowe's Co., Inc.	Consumer Discretionary	Home Improvement Retail
Facebook, Inc., Class A	Communication Services	Interactive Media & Services

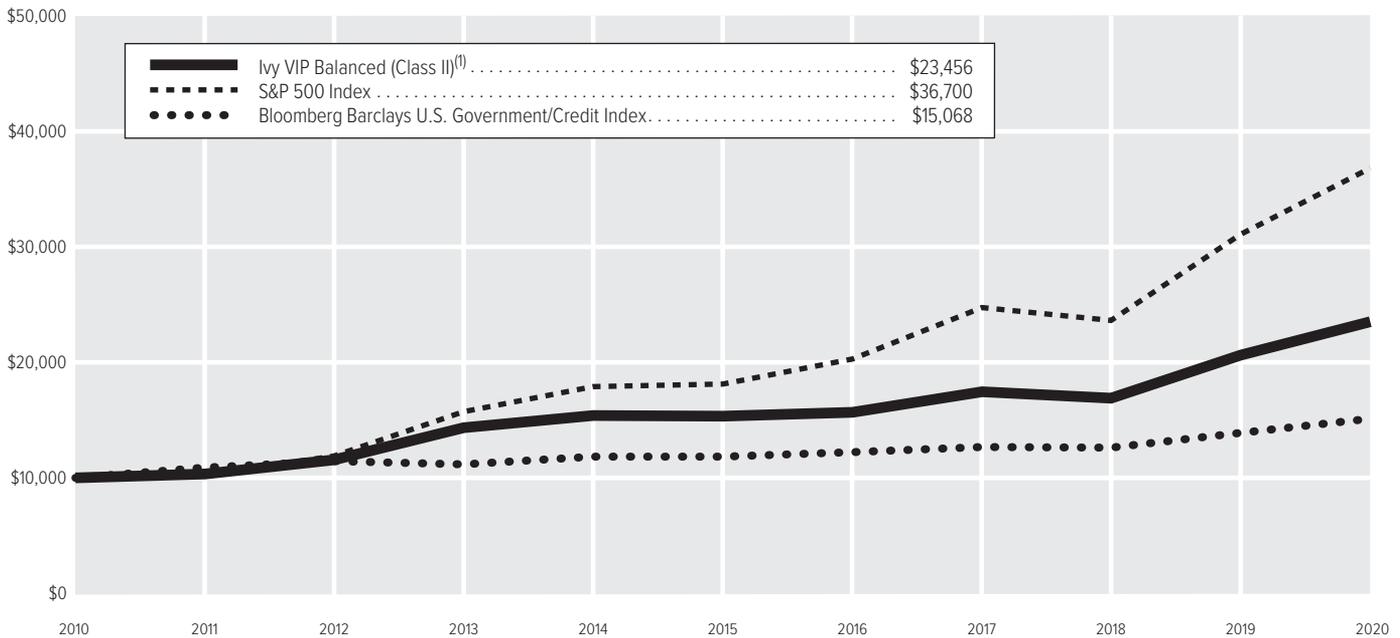
See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

BALANCED

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class II
1-year period ended 12-31-20	14.11%
5-year period ended 12-31-20	8.90%
10-year period ended 12-31-20	8.90%

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

BALANCED (in thousands)

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value
<b>Communication Services</b>		
Interactive Home Entertainment – 1.8%		
Electronic Arts, Inc. ....	44	\$ 6,258
<b>Interactive Media &amp; Services – 4.3%</b>		
Alphabet, Inc., Class A(A) .....	3	4,651
Alphabet, Inc., Class C(A) .....	3	4,658
Facebook, Inc., Class A(A) .....	20	5,492
		14,801
<b>Movies &amp; Entertainment – 0.9%</b>		
Walt Disney Co. (The) .....	17	3,087
<b>Total Communication Services – 7.0%</b>		<b>24,146</b>
<b>Consumer Discretionary</b>		
<b>Apparel, Accessories &amp; Luxury Goods – 1.1%</b>		
V.F. Corp. ....	42	3,588
<b>Automotive Retail – 0.7%</b>		
O'Reilly Automotive, Inc.(A) .....	5	2,468
<b>Casinos &amp; Gaming – 1.4%</b>		
Las Vegas Sands, Inc. ....	80	4,755
<b>Home Improvement Retail – 1.7%</b>		
Lowe's Co., Inc. ....	36	5,844
<b>Hotels, Resorts &amp; Cruise Lines – 0.9%</b>		
Hilton Worldwide Holdings, Inc. ....	28	3,072
<b>Internet &amp; Direct Marketing Retail – 0.7%</b>		
Amazon.com, Inc.(A) .....	1	2,436
<b>Restaurants – 1.0%</b>		
Darden Restaurants, Inc. ....	30	3,591
<b>Specialty Stores – 1.0%</b>		
Tractor Supply Co. ....	25	3,508
<b>Total Consumer Discretionary – 8.5%</b>		<b>29,262</b>
<b>Consumer Staples</b>		
<b>Distillers &amp; Vintners – 1.8%</b>		
Constellation Brands, Inc. ....	29	6,302
<b>Packaged Foods &amp; Meats – 1.0%</b>		
Mondelez International, Inc., Class A .....	58	3,419
<b>Tobacco – 1.5%</b>		
Philip Morris International, Inc. ....	62	5,122
<b>Total Consumer Staples – 4.3%</b>		<b>14,843</b>
<b>Energy</b>		
<b>Integrated Oil &amp; Gas – 0.3%</b>		
Chevron Corp. ....	14	1,141
<b>Oil &amp; Gas Exploration &amp; Production – 1.9%</b>		
Canadian Natural Resources Ltd. ....	151	3,623
Hess Corp. ....	51	2,676
		6,299

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Storage &amp; Transportation – 0.6%</b>		
Enterprise Products Partners L.P. ....	97	\$ 1,900
<b>Total Energy – 2.8%</b>		<b>9,340</b>
<b>Financials</b>		
<b>Consumer Finance – 1.1%</b>		
American Express Co. ....	32	3,825
<b>Financial Exchanges &amp; Data – 1.1%</b>		
Intercontinental Exchange, Inc. ....	33	3,821
<b>Insurance Brokers – 0.9%</b>		
Aon plc .....	15	3,266
<b>Investment Banking &amp; Brokerage – 3.0%</b>		
Goldman Sachs Group, Inc. (The) ....	23	5,943
Morgan Stanley .....	62	4,263
		10,206
<b>Multi-Sector Holdings – 1.5%</b>		
Berkshire Hathaway, Inc., Class B(A) .....	22	5,035
<b>Other Diversified Financial Services – 1.4%</b>		
JPMorgan Chase & Co. ....	38	4,845
<b>Regional Banks – 1.4%</b>		
PNC Financial Services Group, Inc. (The) .....	33	4,951
<b>Total Financials – 10.4%</b>		<b>35,949</b>
<b>Health Care</b>		
<b>Health Care Equipment – 2.0%</b>		
Zimmer Holdings, Inc. ....	44	6,777
<b>Health Care Technology – 1.4%</b>		
Cerner Corp. ....	64	5,019
<b>Managed Health Care – 2.5%</b>		
Anthem, Inc. ....	16	5,161
UnitedHealth Group, Inc. ....	10	3,340
		8,501
<b>Pharmaceuticals – 5.0%</b>		
Elanco Animal Health, Inc.(A) .....	98	2,992
Eli Lilly and Co. ....	23	3,901
GlaxoSmithKline plc ADR .....	74	2,732
Jazz Pharmaceuticals plc(A) .....	24	4,027
Merck & Co., Inc. ....	42	3,413
		17,065
<b>Total Health Care – 10.9%</b>		<b>37,362</b>
<b>Industrials</b>		
<b>Aerospace &amp; Defense – 1.2%</b>		
Northrop Grumman Corp. ....	5	1,383
Raytheon Technologies Corp. ....	37	2,612
		3,995
<b>Agricultural &amp; Farm Machinery – 0.7%</b>		
Deere & Co. ....	9	2,443

COMMON STOCKS (Continued)	Shares	Value
<b>Electrical Components &amp; Equipment – 0.8%</b>		
Emerson Electric Co. ....	34	\$ 2,758
<b>Industrial Machinery – 1.0%</b>		
Snap-on, Inc. ....	21	3,632
<b>Railroads – 1.5%</b>		
Union Pacific Corp. ....	25	5,180
<b>Research &amp; Consulting Services – 1.2%</b>		
IHS Markit Ltd. ....	43	3,903
<b>Total Industrials – 6.4%</b>		<b>21,911</b>
<b>Information Technology</b>		
<b>Application Software – 2.2%</b>		
Autodesk, Inc.(A) .....	25	7,552
<b>Communications Equipment – 1.3%</b>		
Cisco Systems, Inc. ....	40	1,792
Motorola Solutions, Inc. ....	16	2,662
		4,454
<b>Data Processing &amp; Outsourced Services – 1.5%</b>		
Fiserv, Inc.(A) .....	45	5,094
<b>Electronic Manufacturing Services – 0.3%</b>		
IPG Photonics Corp.(A) .....	4	921
<b>IT Consulting &amp; Other Services – 1.0%</b>		
Cognizant Technology Solutions Corp., Class A .....	42	3,453
<b>Semiconductors – 3.2%</b>		
Infineon Technologies AG ADR(B) ...	136	5,246
Micron Technology, Inc.(A) .....	79	5,951
		11,197
<b>Systems Software – 3.2%</b>		
Microsoft Corp. ....	49	10,912
<b>Technology Hardware, Storage &amp; Peripherals – 2.1%</b>		
Apple, Inc. ....	56	7,375
<b>Total Information Technology – 14.8%</b>		<b>50,958</b>
<b>Materials</b>		
<b>Specialty Chemicals – 0.6%</b>		
Sherwin-Williams Co. (The) .....	3	1,976
<b>Total Materials – 0.6%</b>		<b>1,976</b>
<b>TOTAL COMMON STOCKS – 65.7%</b>		<b>\$225,747</b>
(Cost: \$169,194)		
<b>PREFERRED STOCKS</b>		
<b>Energy</b>		
<b>Oil &amp; Gas Exploration &amp; Production – 0.9%</b>		
Targa Resources Corp., 9.500%(A)(C) .....	3	3,243
<b>Total Energy – 0.9%</b>		<b>3,243</b>

# SCHEDULE OF INVESTMENTS

BALANCED *(in thousands)*

DECEMBER 31, 2020

PREFERRED STOCKS (Continued)	Shares	Value
Health Care		
Pharmaceuticals – 0.1%		
Elanco Animal Health, Inc., 5.000% .....	8	\$ 391
<b>Total Health Care – 0.1%</b>		<b>391</b>
<b>TOTAL PREFERRED STOCKS – 1.0%</b>		<b>\$3,634</b>
(Cost: \$3,625)		

CORPORATE DEBT SECURITIES	Principal	
Communication Services		
Alternative Carriers – 0.1%		
Bell Canada (GTD by BCE, Inc.), 4.300%, 7-29-49 .....	\$ 120	157
Cable & Satellite – 0.4%		
Comcast Corp. (GTD by Comcast Cable Communications and NBCUniversal), 4.250%, 10-15-30 .....	450	554
Comcast Corp. (GTD by Comcast Cable Communications LLC and NBCUniversal Media LLC), 3.450%, 2-1-50 .....	675	794
		1,348
Movies & Entertainment – 0.3%		
Walt Disney Co. (The), 2.750%, 9-1-49 .....	1,000	1,056
Publishing – 0.1%		
Thomson Reuters Corp., 3.350%, 5-15-26 .....	425	477
Wireless Telecommunication Service – 0.2%		
T-Mobile USA, Inc., 3.875%, 4-15-30(D) .....	575	666
<b>Total Communication Services – 1.1%</b>		<b>3,704</b>
Consumer Discretionary		
Apparel, Accessories & Luxury Goods – 0.1%		
PVH Corp., 4.625%, 7-10-25 .....	350	394
Casinos & Gaming – 0.1%		
International Game Technology plc, 5.250%, 1-15-29(D) .....	350	377
Footwear – 0.1%		
NIKE, Inc., 2.850%, 3-27-30 .....	235	266
Home Improvement Retail – 0.2%		
Home Depot, Inc. (The), 3.350%, 4-15-50 .....	700	831
Homebuilding – 0.1%		
NVR, Inc., 3.000%, 5-15-30 .....	400	438

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
Internet & Direct Marketing Retail – 0.5%		
Amazon.com, Inc., 2.800%, 8-22-24 .....	\$ 1,000	\$ 1,082
Expedia Group, Inc.:		
6.250%, 5-1-25(D) .....	360	417
7.000%, 5-1-25(D) .....	25	28
		1,527
<b>Total Consumer Discretionary – 1.1%</b>		<b>3,833</b>
Consumer Staples		
Brewers – 0.1%		
Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB), 4.750%, 1-23-29 .....	312	385
Drug Retail – 0.1%		
CVS Health Corp., 5.050%, 3-25-48 .....	180	244
Food Retail – 0.1%		
Alimentation Couche-Tard, Inc., 2.950%, 1-25-30(D) .....	350	382
Hypermarkets & Super Centers – 0.8%		
Costco Wholesale Corp., 1.600%, 4-20-30 .....	350	359
Walmart, Inc., 4.050%, 6-29-48 .....	1,800	2,438
		2,797
Packaged Foods & Meats – 0.3%		
Hormel Foods Corp., 1.800%, 6-11-30 .....	175	181
Nestle Holdings, Inc., 4.000%, 9-24-48(D) .....	555	737
		918
Personal Products – 0.1%		
Estee Lauder Co., Inc. (The), 4.150%, 3-15-47 .....	375	491
Soft Drinks – 0.5%		
Keurig Dr Pepper, Inc., 3.400%, 11-15-25 .....	400	448
PepsiCo, Inc., 2.875%, 10-15-49 .....	1,050	1,174
		1,622
<b>Total Consumer Staples – 2.0%</b>		<b>6,839</b>
Energy		
Oil & Gas Drilling – 0.5%		
Nabors Industries Ltd., Convertible, 0.750%, 1-15-24 .....	3,600	1,846
Oil & Gas Exploration & Production – 0.2%		
EQT Corp., 7.875%, 2-1-25(E) .....	500	569
Oil & Gas Storage & Transportation – 0.3%		
Williams Partners L.P., 3.600%, 3-15-22 .....	1,000	1,032
<b>Total Energy – 1.0%</b>		<b>3,447</b>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
Financials		
Asset Management & Custody Banks – 0.5%		
Apollo Management Holdings L.P., 2.650%, 6-5-30(D) .....	\$ 600	\$ 613
KKR Group Finance Co. VI LLC, 3.750%, 7-1-29(D) .....	350	410
National Securities Clearing Corp., 1.500%, 4-23-25(D) .....	350	362
Owl Rock Capital Corp., 4.250%, 1-15-26 .....	375	395
		1,780
Consumer Finance – 0.1%		
General Motors Financial Co., Inc. (GTD by AmeriCredit Financial Services, Inc.):		
3.450%, 4-10-22 .....	250	257
3.700%, 5-9-23 .....	150	159
		416
Diversified Banks – 0.3%		
Bank of America Corp., 2.884%, 10-22-30 .....	400	439
U.S. Bancorp, 3.100%, 4-27-26 .....	400	445
		884
Financial Exchanges & Data – 0.3%		
Intercontinental Exchange, Inc., 2.100%, 6-15-30 .....	900	941
Investment Banking & Brokerage – 0.7%		
Goldman Sachs Group, Inc. (The), 2.905%, 7-24-23 .....	2,000	2,077
Morgan Stanley, 2.699%, 1-22-31 .....	400	434
		2,511
Life & Health Insurance – 0.3%		
Northwestern Mutual Life Insurance Co. (The), 3.850%, 9-30-47(D) .....	1,000	1,176
Multi-Line Insurance – 0.3%		
Aon Corp. (GTD by Aon plc), 2.800%, 5-15-30 .....	350	382
Aon plc (GTD by Aon Corp.), 2.800%, 3-15-21 .....	500	501
		883
Other Diversified Financial Services – 0.8%		
Citigroup, Inc., 6.250%, 12-29-49 .....	750	860
Citigroup, Inc. (3-Month U.S. LIBOR plus 409.5 bps), 4.316%, 2-15-2169(F) .....	150	149
JPMorgan Chase & Co., 5.000%, 2-1-2169 .....	371	390
JPMorgan Chase & Co. (3-Month U.S. LIBOR plus 332 bps), 3.545%, 1-1-2168(F) .....	750	737

# SCHEDULE OF INVESTMENTS

BALANCED *(in thousands)*

DECEMBER 31, 2020

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Other Diversified Financial Services (Continued)		
JPMorgan Chase & Co. (3-Month U.S. LIBOR plus 347 bps), 3.684%, 4-29-49(F) .....	\$ 194	\$ 193
JPMorgan Chase & Co. (3-Month U.S. LIBOR plus 380 bps), 4.014%, 11-1-2168(F) .....	250	249
		<u>2,578</u>
Property & Casualty Insurance – 0.1%		
Berkshire Hathaway Finance Corp. (GTD by Berkshire Hathaway, Inc.), 2.200%, 3-15-21 .....	200	201
Regional Banks – 0.2%		
PNC Bank N.A., 3.250%, 6-1-25 .....	600	666
Specialized Finance – 0.1%		
AerCap Ireland Capital Ltd. and AerCap Global Aviation Trust, 6.500%, 7-15-25 .....	250	299
<b>Total Financials – 3.7%</b>		<b>12,335</b>
Health Care		
Biotechnology – 0.2%		
Amgen, Inc., 3.375%, 2-21-50 .....	700	781
Health Care Supplies – 0.5%		
Dentsply Sirona, Inc., 3.250%, 6-1-30 .....	475	529
Shire Acquisitions Investments		
Ireland Designated Activity Co., 2.875%, 9-23-23 .....	1,000	1,060
		<u>1,589</u>
Managed Health Care – 0.1%		
UnitedHealth Group, Inc., 2.000%, 5-15-30 .....	475	504
Pharmaceuticals – 0.9%		
Bristol-Myers Squibb Co., 3.450%, 11-15-27 .....	500	576
Forest Laboratories, Inc., 5.000%, 12-15-21 .....	1,258	1,299
Johnson & Johnson, 3.400%, 1-15-38 .....	1,000	1,208
		<u>3,083</u>
<b>Total Health Care – 1.7%</b>		<b>5,957</b>
Industrials		
Aerospace & Defense – 0.6%		
Boeing Co. (The), 3.750%, 2-1-50 .....	525	551
L3Harris Technologies, Inc., 4.400%, 6-15-28 .....	1,000	1,205
Raytheon Technologies Corp., 2.250%, 7-1-30 .....	300	318
3.125%, 7-1-50 .....	175	193
		<u>2,267</u>

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Environmental & Facilities Services – 0.4%		
Republic Services, Inc.:		
2.300%, 3-1-30 .....	\$ 72	\$ 76
3.050%, 3-1-50 .....	225	246
Waste Management, Inc. (GTD by Waste Management Holdings, Inc.), 3.150%, 11-15-27 .....		
	1,000	1,128
		<u>1,450</u>
Research & Consulting Services – 0.1%		
CoStar Group, Inc., 2.800%, 7-15-30(D) .....	350	364
<b>Total Industrials – 1.1%</b>		<b>4,081</b>
Information Technology		
Application Software – 0.3%		
Autodesk, Inc., 2.850%, 1-15-30 .....	500	555
Infor, Inc., 1.750%, 7-15-25(D) .....	125	130
Intuit, Inc., 1.650%, 7-15-30 .....	350	359
		<u>1,044</u>
Data Processing & Outsourced Services – 0.2%		
PayPal Holdings, Inc., 2.300%, 6-1-30 .....	350	375
Visa, Inc., 2.700%, 4-15-40 .....	240	262
		<u>637</u>
IT Consulting & Other Services – 0.0%		
Leidos, Inc. (GTD by Leidos Holdings, Inc.), 3.625%, 5-15-25(D) .....	175	195
Semiconductor Equipment – 0.1%		
Lam Research Corp., 1.900%, 6-15-30 .....	350	364
Semiconductors – 0.6%		
Broadcom, Inc., 4.700%, 4-15-25 .....	300	344
Intel Corp., 3.250%, 11-15-49 .....	500	559
Taiwan Semiconductor Manufacturing Co. Ltd., 1.375%, 9-28-30(D) .....	300	294
Xilinx, Inc., 2.375%, 6-1-30 .....	525	551
		<u>1,748</u>
Systems Software – 0.2%		
Microsoft Corp., 2.525%, 6-1-50 .....	350	368
ServiceNow, Inc., 1.400%, 9-1-30 .....	525	512
		<u>880</u>

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Technology Hardware, Storage & Peripherals – 0.5%		
Apple, Inc.:		
3.200%, 5-11-27 .....	\$1,000	\$ 1,129
2.950%, 9-11-49 .....	500	557
		<u>1,686</u>
<b>Total Information Technology – 1.9%</b>		<b>6,554</b>
Materials		
Construction Materials – 0.1%		
Hillman Group, Inc. (The), 6.375%, 7-15-22(D) .....	417	414
Diversified Metals & Mining – 0.0%		
Anglo American plc, 4.125%, 4-15-21(D) .....	200	201
Metal & Glass Containers – 0.1%		
Ardagh Packaging Finance plc and Ardagh Holdings USA, Inc., 5.250%, 8-15-27(D) .....	220	231
Specialty Chemicals – 0.3%		
Ecolab, Inc., 3.250%, 12-1-27 .....	1,000	1,134
<b>Total Materials – 0.5%</b>		<b>1,980</b>
Real Estate		
Real Estate Services – 0.1%		
Realogy Group LLC and Realogy Co-Issuer Corp. (GTD by Realogy Intermediate Holdings LLC), 7.625%, 6-15-25(D) .....	350	380
Specialized REITs – 0.6%		
American Tower Corp., 2.250%, 1-15-22 .....	1,200	1,223
Crown Castle International Corp., 5.250%, 1-15-23 .....	200	219
EPR Properties, 4.950%, 4-15-28 .....	535	538
		<u>1,980</u>
<b>Total Real Estate – 0.7%</b>		<b>2,360</b>
Utilities		
Electric Utilities – 0.9%		
Commonwealth Edison Co., 2.200%, 3-1-30 .....	350	374
Duke Energy Corp., 3.150%, 8-15-27 .....	500	558
Duke Energy Indiana LLC, 3.750%, 5-15-46 .....	120	144
Duke Energy Ohio, Inc., 4.300%, 2-1-49 .....	115	148
Entergy Corp., 2.800%, 6-15-30 .....	235	254
Entergy Texas, Inc., 2.550%, 6-1-21 .....	300	302
Exelon Corp., 2.450%, 4-15-21 .....	400	401

# SCHEDULE OF INVESTMENTS

BALANCED (in thousands)

DECEMBER 31, 2020

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Electric Utilities (Continued)		
Florida Power & Light Co., 3.150%, 10-1-49 .....	\$ 425	\$ 489
Oncor Electric Delivery Co. LLC, 2.750%, 5-15-30 .....	450	504
		<u>3,174</u>
Multi-Utilities – 0.2%		
Dominion Energy, Inc., 3.600%, 3-15-27 .....	450	511
Water Utilities – 0.1%		
American Water Capital Corp., 3.750%, 9-1-47 .....	375	459
<b>Total Utilities – 1.2%</b>		<b>4,144</b>
<b>TOTAL CORPORATE DEBT SECURITIES – 16.0%</b>		<b>\$55,234</b>
(Cost: \$ 52,801)		
<b>LOANS(F)</b>		
Communication Services		
Integrated Telecommunication Services – 0.2%		
West Corp. (3-Month ICE LIBOR plus 400 bps), 5.000%, 10-10-24 .....	717	693
Windstream Services LLC (ICE LIBOR plus 625 bps), 7.250%, 9-21-27 .....	37	36
		<u>729</u>
<b>Total Communication Services – 0.2%</b>		<b>729</b>
Consumer Discretionary		
Leisure Facilities – 0.3%		
United PF Holdings LLC (ICE LIBOR plus 400 bps), 4.254%, 12-30-26 .....	1,014	946
<b>Total Consumer Discretionary – 0.3%</b>		<b>946</b>
Financials		
Asset Management & Custody Banks – 0.1%		
Edelman Financial Holdings II, Inc. (ICE LIBOR plus 675 bps), 6.897%, 7-20-26 .....	375	375
<b>Total Financials – 0.1%</b>		<b>375</b>
Industrials		
Industrial Machinery – 0.3%		
Form Technologies LLC (ICE LIBOR plus 850 bps), 9.500%, 1-30-23(G) .....	1,100	921
<b>Total Industrials – 0.3%</b>		<b>921</b>
<b>TOTAL LOANS – 0.9%</b>		<b>\$ 2,971</b>
(Cost: \$2,951)		

## UNITED STATES GOVERNMENT

AGENCY OBLIGATIONS	Principal	Value
Mortgage-Backed Obligations – 0.8%		
Federal Home Loan Mortgage Corp. Agency REMIC/CMO, 3.000%, 6-15-45 .....	\$ 619	\$ 647
Federal National Mortgage Association Agency REMIC/CMO: 3.500%, 6-25-29 .....	418	452
3.000%, 10-25-46 .....	591	632
Federal National Mortgage Association Fixed Rate Pass- Through Certificates: 6.500%, 10-1-28 .....	47	52
6.500%, 2-1-29 .....	20	22
7.500%, 4-1-31 .....	16	18
7.000%, 7-1-31 .....	30	37
7.000%, 9-1-31 .....	53	63
6.500%, 2-1-32 .....	122	145
7.000%, 2-1-32 .....	75	88
7.000%, 3-1-32 .....	29	35
7.000%, 7-1-32 .....	52	60
5.500%, 5-1-33 .....	22	26
5.500%, 6-1-33 .....	25	30
4.500%, 11-1-43 .....	366	414
U.S. Department of Veterans Affairs, Guaranteed REMIC Pass-Through Certificates, Vendee Mortgage Trust, Series 1997-1, Class 3A, 8.293%, 12-15-26 .....	21	24
		<u>2,745</u>
<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 0.8%</b>		<b>\$ 2,745</b>
(Cost: \$2,626)		
<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>		
Treasury Obligations – 14.9%		
U.S. Treasury Bonds:		
0.625%, 5-15-30 .....	525	513
3.500%, 2-15-39 .....	3,000	4,068
1.125%, 5-15-40 .....	1,623	1,538
1.375%, 11-15-40 .....	385	380
3.750%, 8-15-41 .....	150	213
1.250%, 5-15-50(B) .....	709	642
U.S. Treasury Notes:		
2.875%, 11-15-21 .....	750	768
2.000%, 10-31-22 .....	480	496
2.125%, 12-31-22 .....	2,900	3,015
2.750%, 11-15-23 .....	1,600	1,719
0.125%, 12-15-23 .....	4,205	4,200
1.750%, 6-30-24 .....	1,400	1,475
2.250%, 10-31-24 .....	3,635	3,913
1.500%, 11-30-24 .....	1,700	1,782
2.875%, 4-30-25 .....	500	555
2.875%, 5-31-25 .....	8,795	9,784
3.000%, 9-30-25 .....	900	1,013
2.625%, 12-31-25 .....	800	889
1.625%, 9-30-26 .....	1,915	2,041
0.625%, 3-31-27 .....	8,670	8,719
2.750%, 2-15-28 .....	250	287
2.875%, 8-15-28 .....	737	856
1.500%, 2-15-30 .....	2,095	2,215
		<u>51,081</u>
<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 14.9%</b>		<b>\$51,081</b>
(Cost: \$49,024)		

## SHORT-TERM SECURITIES

	Shares	Value
Money Market Funds(I) – 0.0%		
Dreyfus Institutional Preferred Government Money Market Fund – Institutional Shares, 0.030%(H) .....	71	\$ 71
<b>TOTAL SHORT-TERM SECURITIES – 0.0%</b>		<b>\$ 71</b>
(Cost: \$71)		
<b>TOTAL INVESTMENT SECURITIES – 99.3%</b>		<b>\$ 341,483</b>
(Cost: \$280,292)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.7%</b>		<b>2,243</b>
<b>NET ASSETS – 100.0%</b>		<b>\$343,726</b>

# SCHEDULE OF INVESTMENTS

BALANCED *(in thousands)*

DECEMBER 31, 2020

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) All or a portion of securities with an aggregate value of \$195 are on loan.

(C) Restricted security. At December 31, 2020, the Portfolio owned the following restricted security:

Security	Acquisition Date(s)	Shares	Cost	Value
Targa Resources Corp., 9.500%	3-2-20	3	\$3,225	\$3,242

The total value of this security represented 0.9% of net assets at December 31, 2020.

(D) Securities were purchased pursuant to an exemption from registration available under Rule 144A under the Securities Act of 1933 and may only be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2020 the total value of these securities amounted to \$7,377 or 2.1% of net assets.

(E) Step bond that pays an initial coupon rate for the first period and then a higher or lower coupon rate for the following periods. Interest rate disclosed is that which is in effect at December 31, 2020.

(F) Variable rate security. Interest rate disclosed is that which is in effect at December 31, 2020. Description of the reference rate and spread, if applicable, are included in the security description.

(G) Securities whose value was determined using significant unobservable inputs.

(H) Investment made with cash collateral received from securities on loan.

(I) Rate shown is the annualized 7-day yield at December 31, 2020.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
<b>Investments in Securities</b>			
Common Stocks	\$ 225,747	\$ —	\$ —
Preferred Stocks	391	3,243	—
Corporate Debt Securities	—	55,234	—
Loans	—	2,050	921
United States Government Agency Obligations	—	2,745	—
United States Government Obligations	—	51,081	—
Short-Term Securities	71	—	—
<b>Total</b>	<b>\$226,209</b>	<b>\$114,353</b>	<b>\$921</b>

During the year ended December 31, 2020, securities totaling \$1,037 were transferred from Level 2 to Level 3 due to decreased availability of observable market data due to decreased market activity or information for these securities.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

CMO = Collateralized Mortgage Obligation

GTD = Guaranteed

ICE = Intercontinental Exchange

LIBOR = London Interbank Offered Rate

REMIC = Real Estate Mortgage Investment Conduit

REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

(UNAUDITED)



David P. Ginther

*Below, David P. Ginther, CPA, and Michael T. Wolverton, CFA, portfolio managers of Ivy VIP Energy, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Ginther has managed the Portfolio since its inception in 2006 and has 25 years of industry experience. Mr. Wolverton has managed the Portfolio since 2016 and has 16 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Energy (Class II shares at net asset value)	-36.83%
Benchmark and Morningstar Category	
S&P 1500 Energy Sector Index (generally reflects the performance of stocks that represent the energy market)	-33.81%
Morningstar Equity Energy Category Average (generally reflects the performance of the universe of portfolios with similar investment objectives)	-24.54%

*Please note that Portfolio returns include applicable fees and expenses while index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Michael T. Wolverton

**Key factors**

Oil markets were volatile throughout 2020 as oil prices collapsed in the first half of the year to below \$10 per barrel and slowly recovered to \$40 per barrel by December 31, 2020. In March, a perfect storm of falling demand and increased supply jolted the industry. The OPEC+ group of producing countries was unable to reach an agreement on production cuts, which led to a price war that increased oil production. Demand collapsed at the worst time because of the unprecedented demand shock from the spread of the coronavirus.

OPEC+ failed to agree to extend output cuts beyond March 2020 due to Russia's decision to disagree with the rest of the producers. Disagreement caused Saudi Arabia to start a price war with a significant increase in production instead of restricting production. At the same time, worldwide oil demand fell by more than 20 million barrels a day due to the spread of COVID-19 as the world sheltered in place, schools closed and nonessential businesses shut down. The demand shock was most notable in lower usage of gasoline and aviation fuel.

Oil prices went negative for the first time in the history of the oil markets. Negative oil prices equated to producers willing to pay someone to move their crude instead of storing it. Storage around the world was rapidly approaching full capacity due to the largest unprecedented imbalance of oil supply to demand. Resulting supply of oil led to significant inventory builds and dramatic collapse in oil prices.

Saudi Arabia, Russia and the U.S. agreed to lead a multinational coalition in major-oil production cuts by a record 9.7 million barrels. OPEC+ and its allies cut by more than anticipated and compliance was higher than expected. U.S. crude supply fell at a record pace by roughly 2 million barrels and U.S. shale production dropped to a two-year low.

During the period, crude markets were concerned about global oil demand growth and ongoing economic recovery amid the coronavirus resurgence in the U.S. and Europe. Oil prices moved higher driven by vaccine optimism, hopes for easing lockdowns, greater mobility and rising global demand. Strong demand in Asia led by China and India also continued to provide some support. China's crude throughput is back to pre-COVID-19 levels. More optimism around stimulus negotiations in Washington and the weaker U.S. dollar should be positive for demand.

OPEC+ and its allies agreed to ease production restrictions by 500,000 barrels per day in January 2021. OPEC+ will continue to meet to discuss similar actions in February and March as the monitoring committee assesses market conditions. Compliance remains high. Libya's crude production was at a 13-month high in December after a two-month surge in output due to the ceasefire in the country's long-running civil war.

**A challenging year**

The Portfolio had a negative return for the measurement period, underperforming the returns of its benchmark, the S&P 1500 Energy Sector Index, and category averages.

The Portfolio's five greatest detractors from relative performance in the fiscal year relative to the benchmark were PBF Energy, Inc., Chevron Corp., Helix Energy Solutions Group, Continental Resources, Inc. and ProPetro Holding Corp. Note: PBF Energy, Inc., Helix Energy Solutions Group and ProPetro Holding Corp. are no longer holdings of the Portfolio.

The Portfolio's five greatest contributors to relative performance in the period were Enphase Energy, Inc., Exxon Mobil Corp., First Solar, Inc., WEX, Inc. and Cactus, Inc. WEX, Inc. is no longer a holding of the Portfolio.

During the fiscal year, we increased our weighting in integrated oil companies and alternative/clean energy. We lowered our exposure in the oil and gas exploration & production industry and in the oil & gas equipment & services industry segment. The weighting in those industry segments detracted from relative performance versus the benchmark, which had heavier weighting to integrated oil companies.

The focus of the energy strategy remains on investing in companies that can create value over the full course of the energy cycle. We identify those as companies that are low-cost operators, have strong balance sheets, have the ability to grow profitably and have strong return on capital.

## Outlook for recovery

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We expect oil prices to move higher as oil inventories draw down in 2021. Demand is exceeding supply as demand recovers and supply is restricted. Our outlook assumes that coronavirus vaccines will be successful and faster testing capabilities will improve and worldwide economic growth will recover throughout 2021.

We believe global oil demand continues to be the key to higher oil prices in 2021. In our view, oil demand should approach pre-COVID-19 levels in the second half of 2021 or early 2022. Demand growth should be driven by stronger worldwide economic growth and affordable fuel prices (currently at record low levels), which usually leads to demand creation. Demand concerns include fears about a new and highly infectious strain of the coronavirus that is raising the risk of greater lockdowns and regional travel bans.

Our mid-term view is focused on whether oil demand is a permanent change and whether human behavior will change. We think commuting and travel will be affected the most. We see greater use of passenger vehicles with less use of public transportation offset by higher teleworking, increased online shopping, and decreased personal and business travel.

On the supply side, OPEC+ is set to increase output in every month of the first quarter in 2021 and we expect more increases in production throughout the year due to stronger demand growth. Non-OPEC supply may be disappointing in 2021. Declining access to capital and consolidation have led to lower investment and supply, especially in high-decline areas such as U.S. shale.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**Investing in companies involved in one specified sector may be more risky and volatile than an investment with greater sector diversification. Investing in the energy sector can be riskier than other types of investment activities because of a range of factors, including price fluctuation caused by real and perceived inflationary trends and political developments, and the cost assumed by energy companies in complying with environmental safety regulations. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Energy.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

Stocks	97.8%
Energy	77.8%
Information Technology	13.3%
Industrials	4.0%
Utilities	2.7%
Liabilities (Net of Cash and Other Assets), and Cash Equivalents+	2.2%

## Country Weightings

North America	95.8%
United States	92.0%
Canada	3.8%
Europe	2.0%
Liabilities (Net of Cash and Other Assets), and Cash Equivalents+	2.2%

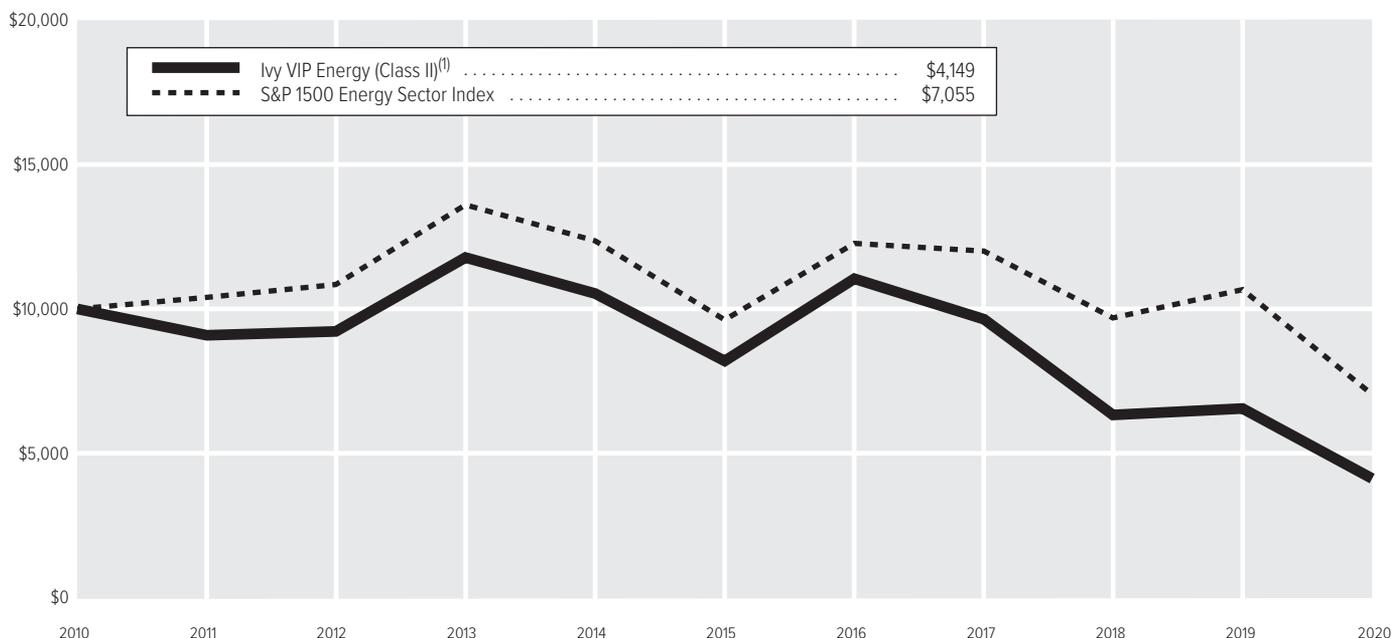
## Top 10 Equity Holdings

Company	Country	Sector	Industry
Marathon Petroleum Corp.	United States	Energy	Oil & Gas Refining & Marketing
Enphase Energy, Inc.	United States	Information Technology	Semiconductor Equipment
Wright Express Corp.	United States	Information Technology	Data Processing & Outsourced Services
Phillips 66	United States	Energy	Oil & Gas Refining & Marketing
Valero Energy Corp.	United States	Energy	Oil & Gas Refining & Marketing
Cactus, Inc., Class A	United States	Energy	Oil & Gas Equipment & Services
Pioneer Natural Resources Co.	United States	Energy	Oil & Gas Exploration & Production
Baker Hughes, Inc.	United States	Energy	Oil & Gas Equipment & Services
Hess Corp.	United States	Energy	Oil & Gas Exploration & Production
Concho Resources, Inc.	United States	Energy	Oil & Gas Exploration & Production

See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	-36.67%	-36.83%
5-year period ended 12-31-20	—	-12.74%
10-year period ended 12-31-20	—	-8.42%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	-19.99%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 4-28-17 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

ENERGY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Energy</b>			<b>Information Technology</b>		
Integrated Oil & Gas – 6.5%			Application Software – 2.7%		
Chevron Corp. ....	14	\$ 1,162	Aspen Technology, Inc. (A) .....	9	\$ 1,151
Suncor Energy, Inc. ....	46	777			
Total S.A. ADR .....	21	886	Data Processing & Outsourced Services – 4.3%		
		<u>2,825</u>	Wright Express Corp. (A) .....	9	1,876
Oil & Gas Drilling – 1.0%			Semiconductor Equipment – 4.4%		
Helmerich & Payne, Inc. ....	19	432	Enphase Energy, Inc. (A) .....	11	1,917
Oil & Gas Equipment & Services – 22.5%			Semiconductors – 1.9%		
Baker Hughes, Inc. ....	78	1,630	First Solar, Inc.(A) .....	8	827
Cactus, Inc., Class A .....	67	1,752			
ChampionX Corp. (A) .....	100	1,534	<b>Total Information Technology – 13.3%</b>		<b>5,771</b>
Dril-Quip, Inc. (A) .....	31	912			
Halliburton Co. ....	78	1,476	<b>Utilities</b>		
Liberty Oilfield Services, Inc.,			Electric Utilities – 2.1%		
Class A .....	68	702	American Electric Power Co., Inc. ....	3	220
National Oilwell Varco, Inc. ....	38	523	Duke Energy Corp. ....	2	220
Schlumberger Ltd. ....	57	1,243	NextEra Energy, Inc. ....	6	481
		<u>9,772</u>			<u>921</u>
			Multi-Utilities – 0.6%		
Oil & Gas Exploration & Production – 32.0%			Dominion Energy, Inc. ....	3	257
Cabot Oil & Gas Corp. ....	25	400			
Canadian Natural Resources Ltd. ....	37	888	<b>Total Utilities – 2.7%</b>		<b>1,178</b>
Concho Resources, Inc. ....	26	1,538			
ConocoPhillips .....	28	1,100	<b>TOTAL COMMON STOCKS – 97.8%</b>		<b>\$42,584</b>
Continental Resources, Inc. (B) .....	30	492	(Cost: \$52,748)		
Diamondback Energy, Inc. ....	22	1,056	<b>SHORT-TERM SECURITIES</b>		
EOG Resources, Inc. ....	21	1,065	Money Market Funds(D) – 2.7%		
Exxon Mobil Corp. ....	36	1,472	Dreyfus Institutional Preferred		
Hess Corp. ....	30	1,600	Government Money Market Fund –		
Parsley Energy, Inc., Class A .....	101	1,433	Institutional Shares, 0.030% (C) ...		
Pioneer Natural Resources Co. ....	15	1,675	State Street Institutional U.S.		
Viper Energy Partners L.P. ....	30	345	Government Money Market Fund –		
WPX Energy, Inc. (A) .....	108	879	Premier Class, 0.030% .....		
		<u>13,943</u>			
			<b>TOTAL SHORT-TERM SECURITIES – 2.7%</b>		
Oil & Gas Refining & Marketing – 13.2%			<b>\$ 1,175</b>		
Marathon Petroleum Corp. ....	51	2,122	(Cost: \$1,175)		
Phillips 66 .....	27	1,861	<b>TOTAL INVESTMENT SECURITIES – 100.5%</b>		
Valero Energy Corp. ....	32	1,783	<b>\$43,759</b>		
		<u>5,766</u>	(Cost: \$53,923)		
			<b>LIABILITIES, NET OF CASH AND OTHER</b>		
Oil & Gas Storage & Transportation – 2.6%			<b>ASSETS – (0.5)%</b>		
Enterprise Products Partners L.P. ....	45	883	<b>(217)</b>		
MPLX L.P. ....	12	250			
		<u>1,133</u>	<b>NET ASSETS – 100.0%</b>		
			<b>\$43,542</b>		
<b>Total Energy – 77.8%</b>		<b>33,871</b>			
<b>Industrials</b>					
Electrical Components & Equipment – 2.1%					
Plug Power, Inc. (A) .....	28	936			
Heavy Electrical Equipment – 1.9%					
Bloom Energy Corp., Class A (A) .....	29	828			
<b>Total Industrials – 4.0%</b>		<b>1,764</b>			

DECEMBER 31, 2020

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) All or a portion of securities with an aggregate value of \$492 are on loan.

(C) Investment made with cash collateral received from securities on loan.

(D) Rate shown is the annualized 7-day yield at December 31, 2020.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$42,584	\$—	\$—
Short-Term Securities	1,175	—	—
<b>Total</b>	<b>\$43,759</b>	<b>\$—</b>	<b>\$—</b>

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

## Country Diversification

(as a % of net assets)

United States	92.0%
Canada	3.8%
France	2.0%
Other+	2.2%

+Includes liabilities (net of cash and other assets), and cash equivalents

See Accompanying Notes to Financial Statements.

(UNAUDITED)



Bradley M. Klappmeyer

*Below, Bradley M. Klappmeyer, CFA, portfolio manager of Ivy VIP Growth, discusses positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Klappmeyer has managed the Portfolio since August 2016 and he has 21 years of industry experience.*

### Fiscal Year Performance

For the 12 Months Ended December 31, 2020

Ivy VIP Growth (Class II shares at net asset value)	30.55%
Benchmark and Morningstar Category	
Russell 1000 Growth Index (generally reflects the performance of securities that represent the large-cap growth market)	38.49%
Morningstar Large Growth Category Average (generally reflects the performance of the universe of portfolios with similar investment objectives)	35.86%

*Please note that Portfolio returns include applicable fees and expenses while index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*

### Market conditions

The Russell 1000 Growth Index, the Portfolio's benchmark, was up a staggering 38% during the measurement period. Maintaining exposure to the large-cap growth style over the past decade has been a rewarding proposition with an annual total return of more than 17% for the index since 2010. While those average annual gains are remarkable, it hasn't been a smooth ride as the past decade has been marked by its fair share of turbulence as global economies emerged from the depths of the global financial crisis. While this decade long run for growth-style investing was capped with another year of strong gains, 2020 made sure it was a hard-earned return.

2020 initially started (pre-pandemic) with hopes that easing credit conditions and monetary policy would ultimately lead to accelerating growth later in the calendar year. Oddly enough, 2020 ended with that same narrative. For 2021 there is hope that another round of, again unprecedented, monetary and fiscal policy will kick-start a new, but stronger post-pandemic economic cycle. We think the easy part for 2021 will be comparisons to 2020 numbers, exaggerating growth for a portion of the calendar year. The hard part for 2021 will be generating convincing evidence that this latest round of quantitative easing will be more successful than a decade of rather unsuccessful attempts to generate a seemingly unobtainable strong virtuous growth cycle. In that vein, 2020, and likely 2021 in our view, was and will be no different than the prior decade, requiring the promise of extremely easy monetary conditions to achieve some level of modest growth.

Equity markets were remarkably resilient during 2020. The markets reacted quickly and negatively to the early signs of the pandemic in the first quarter, with the index declining roughly 14%. Subsequently, the index rallied 27.8% in the second quarter and never looked back with additional gains of 13.2% in the third quarter and 11.4% in the fourth quarter. As is typical, the stock market decided to move on from the depths of the pandemic despite the economic freeze caused by mobility restrictions and lower activity during the second quarter — recall that second quarter gross domestic product (GDP) dropped nearly 32%.

We have shared several observations throughout the course of 2020 and thought it would be interesting to assess the validity of those observations at year end. For starters, we suggested that, if needed, unlimited resources could be provided to remove the downside risks associated with the pandemic. In total the Federal Reserve's balance sheet expanded by \$3.2 trillion, and U.S. fiscal stimulus amounted to \$3.4 trillion, with more expected to come in 2021. A staggering fact is that aggregate 2020 U.S. fiscal stimulus, on a per capita basis or as a percentage of U.S. GDP, was larger than The New Deal of 1933 (when adjusted to 2020 dollars). Those efforts clearly passed the hurdle of adequate additional resources to remove downside risk from the economy and buoy asset prices. Frankly, it was a job well done as the equity markets quickly priced out a potential downside scenario.

An additional observation we made was that the ramifications from the pandemic would continue to show in the data for quarters to come but the market would begin to look through to normalized earnings. On the surface those statements seemed simple enough, and in some respect that is what occurred. However, consistent with a 2020 narrative, it was more complicated. The economy recovered from the second quarter downdraft faster than most anticipated — improvements in the housing market, manufacturing, employment and consumer spending were generally comforting. Unfortunately, there was a stalling progress on employment as the year progressed even with a background of strong monetary support. Similarly, even though equity markets have moved well past pre-pandemic highs, the gains have not been broad-based and extreme gains were generated by pockets of specific styles and sectors.

Finally, we believed business and personal lives would go back to something resembling the “old normal.” The reality landed somewhere in the middle with some activities having resumed, while others have not. For example, the ability to leave home to buy contact lenses and shop for power tools, resumed. The ability to comfortably grab a seated dinner or jump on a plane did not fully normalize. That said, with each effort to lift mobility constraints, consumers appear eager to resume many of the “old normal” activities. We personally share that sentiment. We are truly most amazed by human resiliency in these abnormal times, and the desire to press on despite challenging conditions. It needs to be highlighted that once again the innovative spirit was in full effect, with COVID-19 vaccines being developed within a year’s time frame and the world knowing there is a line of sight to mass vaccinations and mobility normalization. An effort clearly worthy of praise.

When you look deeper at the performance of the index during 2020, it is notable that every sector, excluding energy, posted positive performance. The standout sectors included consumer discretionary, information technology and communications services. All three were home to many of the technology, internet and retail beneficiaries of the COVID-19 pandemic. The concentration of the index has been a point of discussion throughout the year, and as it relates to 2020 attribution, the FAANG+M+T stocks (Facebook, Amazon, Apple, Netflix, Alphabet (Google), Microsoft and Tesla) ended the calendar year contributing more than 60% to overall Russell 1000 Growth Index returns. Performance was undeniably dependent on a handful of mega-cap stocks. Add in the additional contribution from many technology and e-commerce stocks and attribution becomes more aggregated into a specific theme.

From a style perspective, momentum (relative strength and price return) and growth (5-year earnings per share growth and estimate revisions) were runaway positive factors. Quality factors (return on assets, return on equity and return on capital) were more mixed and worsened, in terms of relative performance, later in the calendar year. Value factors (price to book and earnings yield) were laggards. It is worth noting that the spread between the best performing factors and the worst performing factor was rather wide.

### Strategies employed, contributors and detractors

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During the measurement period, the Portfolio posted a strong absolute gain of 31%, but underperformed relative to its benchmark. Stock selection was mainly attributable for the underperformance in the calendar year. Consumer discretionary, information technology and communication services led the relative underperformance. Market returns were strongly influenced by the “tails” — on one end are hyper growers that lack proven business models through-out cycles and on the other end are cyclical value stocks that are highly dependent on accelerating economic growth prospects. This created a unique challenge for our desire to maintain a strong quality bias as many of the outperforming areas lacked the strong business model characteristics we typically require. Given that we believe quality is more durable than growth, we were forced to sacrifice on some relative growth attributes in favor of quality, and although that resulted in laggard performance in 2020, we think maintaining a focus on quality growth will be rewarded through the cycle.

Performance in consumer discretionary was the leading source of negative sector attribution. The Portfolio was overweight the sector but challenging stock selection more than offset this positive allocation. The most significant detractor was our underweight exposure to Tesla, which posted a gain of more than 700% for the period. We maintained no exposure to Tesla as we believe its valuation is embedding unrealistic long-term business economics and earnings. Overweight positions in two stocks, V.F. Corp. and Booking Holdings Inc., also detracted from performance. V.F. Corp. is no longer a holding in the Portfolio. Finally, a notable overweight position in Tractor Supply Co. was a source of positive attribution. Strength in Tractor Supply, a position initially introduced to the Portfolio in January 2020, outperformed as it remained operational during the COVID-19 pandemic because its products were deemed essential to consumers.

Information technology was another detractor, driven by an overweight position in Motorola Solutions, Inc., which underperformed as a result of concerns related to demand within its first responder communications business unit. Apple, Inc. was another detractor as our underweight position proved incorrect given impressive returns exceeding 80% during the measurement period, although this was driven by significant multiple expansion as expectations were built for a strong iPhone 5G replacement cycle. Positive attribution wasn’t completely absent as several overweight positions, including NVIDIA Corp., PayPal Holdings, Inc., Adobe, Inc. and Microsoft Corp. provided a partial offset to challenged performance within the sector.

Within the communication services sector, the Portfolio continued to experience a headwind from the pervasive theme of rewarding relatively unproven business models, which stands in contrast to our strategy’s well-tenured process and philosophy. Underweight positions in Netflix, Inc., Pinterest, Inc. and Roku were sources of detraction, while an overweight position in Electronic Arts, despite gaining 34% in the period, added to the relative underperformance within the sector. (Netflix is not a holding and we never held Roku.) Positive attribution was present as the Fund continued to avoid traditional media companies that significantly underperformed the sector.

Industrials were a source of positive attribution driven by the Portfolio's stock selection within the sector. Underweight positions in aerospace and defense stalwarts such as Boeing Co. and Lockheed Martin Corp. were bright spots. A continued overweight position in CoStar Group, Inc., as in recent years, again proved to be a source of positive attribution. The Portfolio experienced a headwind to performance with overweight positions in several long-term holdings such as Stanley Black & Decker, Inc., Caterpillar, Inc., Northrop Grumman Corp. and J.B. Hunt Transport Services, Inc. Boeing, Lockheed Martin and Caterpillar are no longer holdings in the Portfolio.

Lastly, the Portfolio's positions in real estate and materials, while relatively small, provided positive sources of attribution through both positive allocation and stock selection.

## Outlook and positioning

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Supported by low interest rates, flowing fiscal stimulus and improving global growth prospects, the markets will likely enter 2021 with a sustained desire to swing for the fences. As such, we believe it is possible to see continued strength in the near-term from hyper-growth dream stocks and the lower-quality, deeply cyclical value names. There needs to be a catalyst or evidence against this trend and the timing of that is uncertain.

We see these tail trades, or "barbell strategies," as temporary as neither has deep roots attached to quality businesses. We believe as the year progresses, the persistence and intensity of outperformance from these tails will cede momentum to more durable investment strategies. We are hopeful macro and stylistic influences on the market will diminish, leaving it better tuned for stock picking, not macro or factor guessing.

We believe the missing piece, or the catalyst, needed to allow for a less intense market environment to emerge is simply fundamentals. Letting the "rubber meet the road." Market valuation expansion has been a significant portion of growth style returns over the past two years, which embeds a high level of expectations around accelerating growth or sustaining high levels of rapid growth. We believe that parts of the market — work from home, pandemic beneficiaries and hyper-growth stocks — reflect multiple years of extremely optimistic good news based on current low interest rates, contained inflation, upsized fiscal stimulus and stronger near-term economic prospects. We believe these expectations of a high rate of sustained revenue growth along with a broadening economic recovery and upward movement in rates, pose a real risk to the growth tail of the market. Let us be very clear on one point — although we are skeptical of how quickly the market has crowned many pandemic beneficiary stocks as persistent growers, there will be good secular growers that emerge from the pandemic investment fervor, just like there are in a normal environment. However, good businesses are much different from good stocks, and pulling forward multiple years of stock returns based on a nine-month period of extreme conditions seems nothing short of irresponsible.

Our investment philosophy starts with the reality that growth sustainability is fleeting for most companies and that growth, if ultimately durable, needs to be attached to a quality business. We view the durability of growth with a skeptical eye until we understand the quality of the business — barriers to competition, long-term economic model, addressable market, brand durability, etc. As such, we have always started our stock selection process with good business model choices and believe quality is paramount to controlling downside risk and driving strong multi-year returns. Although the current environment may be recklessly rewarding only those companies with the highest near-term growth or strongest pandemic revisions, we stand firm in our assessment that quality is more durable than growth and starting with quality and not chasing growth for growth's sake (at any cost), will reap significant benefits over a multi-year horizon.

As of calendar year end 2020, the Portfolio's largest positions are Microsoft Corp., Apple, Inc., Amazon.com, Inc., Visa, Inc., Alphabet, Inc., Facebook, Inc., PayPal Holdings, Inc., Adobe, Inc., Motorola Solutions, Inc. and Intuit, Inc. Thank you for your continued interest and support.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio manager and are current only through the end of the period of the report as stated on the cover. The portfolio manager's views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and include reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Growth.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

<b>Stocks</b>	<b>99.7%</b>
Information Technology	45.3%
Consumer Discretionary	16.6%
Health Care	12.7%
Communication Services	12.0%
Industrials	6.7%
Consumer Staples	3.3%
Financials	2.8%
Real Estate	0.3%
<b>Liabilities (Net of Cash and Other Assets), and Cash Equivalents+</b>	<b>0.3%</b>

## Top 10 Equity Holdings

Company	Sector	Industry
Microsoft Corp.	Information Technology	Systems Software
Apple, Inc.	Information Technology	Technology Hardware, Storage & Peripherals
Amazon.com, Inc.	Consumer Discretionary	Internet & Direct Marketing Retail
Visa, Inc., Class A	Information Technology	Data Processing & Outsourced Services
Alphabet, Inc., Class A	Communication Services	Interactive Media & Services
Facebook, Inc., Class A	Communication Services	Interactive Media & Services
PayPal, Inc.	Information Technology	Data Processing & Outsourced Services
Adobe, Inc.	Information Technology	Application Software
Motorola Solutions, Inc.	Information Technology	Communications Equipment
Intuit, Inc.	Information Technology	Application Software

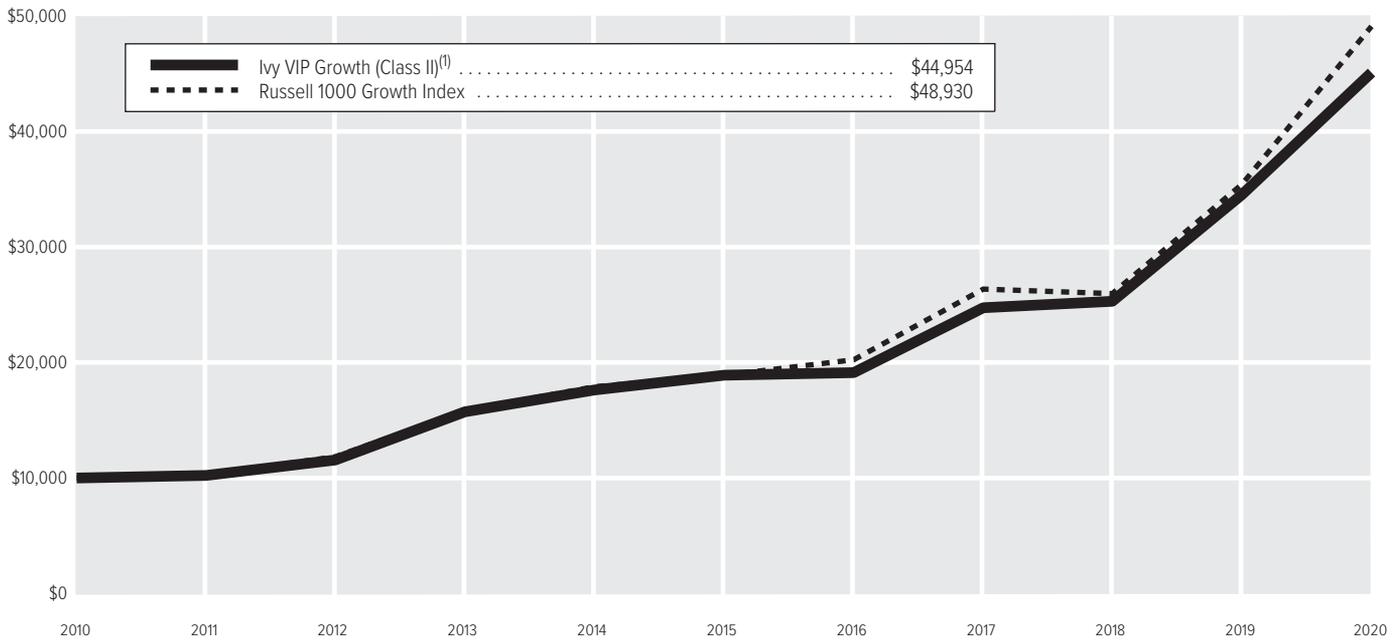
See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

GROWTH

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class II
1-year period ended 12-31-20	30.55%
5-year period ended 12-31-20	19.01%
10-year period ended 12-31-20	16.22%

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

GROWTH *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Communication Services			Health Care Supplies – 2.2%			Systems Software – 9.7%		
Interactive Home Entertainment – 2.7%			Cooper Cos., Inc. (The) . . . . .	55	\$ 19,848	Microsoft Corp. . . . .	392	\$ 87,173
Electronic Arts, Inc. . . . .	169	\$ 24,318	Health Care Technology – 2.6%			Technology Hardware, Storage & Peripherals – 8.8%		
Interactive Media & Services – 9.3%			Cerner Corp. . . . .	293	23,020	Apple, Inc. . . . .	596	79,149
Alphabet, Inc., Class A(A) . . . . .	22	38,313	Life Sciences Tools & Services – 0.6%			<b>Total Information Technology – 45.3%</b>		<b>405,540</b>
Alphabet, Inc., Class C(A) . . . . .	4	7,377	Mettler-Toledo International, Inc.(A) . . . . .	5	5,211	Real Estate		
Facebook, Inc., Class A(A) . . . . .	120	32,703	Managed Health Care – 2.9%			Specialized REITs – 0.3%		
Pinterest, Inc., Class A(A) . . . . .	75	4,914	UnitedHealth Group, Inc. . . . .	74	26,119	Equinix, Inc. . . . .	4	2,915
		83,307	Pharmaceuticals – 1.4%			<b>Total Real Estate – 0.3%</b>		<b>2,915</b>
<b>Total Communication Services – 12.0%</b>		<b>107,625</b>	Zoetis, Inc. . . . .	77	12,662	<b>TOTAL COMMON STOCKS – 99.7%</b>		<b>\$ 893,812</b>
Consumer Discretionary			<b>Total Health Care – 12.7%</b>		<b>114,140</b>	(Cost: \$522,739)		
Automobile Manufacturers – 2.2%			Industrials			<b>SHORT-TERM SECURITIES</b>		
Ferrari N.V. . . . .	87	19,874	Aerospace & Defense – 0.5%			Money Market Funds(B) – 0.3%		
Automotive Retail – 0.7%			Northrop Grumman Corp. . . . .	15	4,441	State Street Institutional U.S.		
O'Reilly Automotive, Inc.(A) . . . . .	13	5,912	Industrial Machinery – 2.1%			Government Money Market Fund		
Footwear – 1.2%			Stanley Black & Decker, Inc. . . . .	104	18,489	– Premier Class, 0.030% . . . . .	2,686	2,686
NIKE, Inc., Class B . . . . .	79	11,210	Railroads – 1.3%			<b>TOTAL SHORT-TERM SECURITIES – 0.3%</b>		<b>\$ 2,686</b>
Home Improvement Retail – 1.7%			Union Pacific Corp. . . . .	56	11,676	(Cost: \$2,686)		
Home Depot, Inc. (The) . . . . .	58	15,408	Research & Consulting Services – 1.4%			<b>TOTAL INVESTMENT SECURITIES – 100.0%</b>		<b>\$896,498</b>
Internet & Direct Marketing Retail – 10.0%			Verisk Analytics, Inc., Class A . . . . .	62	12,907	(Cost: \$525,425)		
Amazon.com, Inc.(A) . . . . .	21	67,842	Trucking – 1.4%			<b>LIABILITIES, NET OF CASH AND OTHER</b>		
Booking Holdings, Inc.(A) . . . . .	10	21,968	J.B. Hunt Transport Services, Inc. . . . .	93	12,683	<b>ASSETS – 0.0%</b>		<b>(317)</b>
		89,810	<b>Total Industrials – 6.7%</b>		<b>60,196</b>	<b>NET ASSETS – 100.0%</b>		<b>\$ 896,181</b>
Specialty Stores – 0.8%			Information Technology					
Tractor Supply Co. . . . .	49	6,886	Application Software – 10.7%					
<b>Total Consumer Discretionary – 16.6%</b>		<b>149,100</b>	Adobe, Inc.(A) . . . . .	56	27,840			
Consumer Staples			Intuit, Inc. . . . .	69	26,232			
Personal Products – 0.6%			NVIDIA Corp. . . . .	40	21,008			
Estee Lauder Co., Inc. (The),			salesforce.com, Inc.(A) . . . . .	91	20,265			
Class A . . . . .	20	5,271			95,345			
Soft Drinks – 2.7%			Communications Equipment – 3.1%					
Coca-Cola Co. (The) . . . . .	441	24,187	Motorola Solutions, Inc. . . . .	161	27,345			
<b>Total Consumer Staples – 3.3%</b>		<b>29,458</b>	Data Processing & Outsourced Services – 9.4%					
Financials			Broadridge Financial Solutions, Inc. . . . .	107	16,349			
Financial Exchanges & Data – 2.8%			PayPal, Inc.(A) . . . . .	120	28,123			
Intercontinental Exchange, Inc. . . . .	113	13,006	Visa, Inc., Class A . . . . .	182	39,733			
S&P Global, Inc. . . . .	36	11,832			84,205			
		24,838	Electronic Equipment & Instruments – 1.2%					
<b>Total Financials – 2.8%</b>		<b>24,838</b>	Zebra Technologies Corp.,					
Health Care			Class A(A) . . . . .	29	11,090			
Health Care Equipment – 3.0%			Internet Services & Infrastructure – 2.4%					
Danaher Corp. . . . .	54	12,097	VeriSign, Inc.(A) . . . . .	98	21,233			
DexCom, Inc.(A) . . . . .	8	2,809						
Intuitive Surgical, Inc.(A) . . . . .	15	12,374						
		27,280						

DECEMBER 31, 2020

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) Rate shown is the annualized 7-day yield at December 31, 2020.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$ 893,812	\$—	\$—
Short-Term Securities	2,686	—	—
Total	\$896,498	\$—	\$—

The following acronym is used throughout this schedule:

REIT = Real Estate Investment Trust

(UNAUDITED)



Chad A. Gunther

*Below, Chad Gunther, portfolio manager of Ivy VIP High Income, discusses positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Gunther has managed the Portfolio since July 2014, and has 23 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP High Income (Class II shares at net asset value)	6.03%
Benchmark and Morningstar Category	
ICE BofA US High Yield Index (generally reflects the performance of securities representing the high-yield sector of the bond market)	6.17%
Morningstar High Yield Bond Category Average (generally reflects the performance of portfolios with similar investment objectives)	4.91%

*Please note that the Portfolio returns include applicable investment fees and expenses, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*

**Market Update**

During early calendar year 2020, risk assets sold off dramatically beginning in February 2020 due to the COVID-19 pandemic. Investors seeking safety rushed out of corporate bonds and into U.S. Treasuries and cash, which caused the S&P 500 Index to decline 34% by March 23. High yield credit spreads widened during that same time from 364 basis points (bps) to 1,085 bps and returns over the same timeframe declined by approximately 24%.

High yield credit spreads, as of March 31, rebounded to end the month at 877 bps. By year end, spreads had recovered much of what was lost in the selloff to end the year at 386 bps. The rally in credit spreads since March 23 can be directly attributed to the Federal Reserve (Fed) announcement of several wide-ranging facilities aimed at stabilizing and providing liquidity to markets. The Fed is implicitly taking on the role of market liquidity provider of last resort, which substantially reduces the tail risk of a Great Depression-type scenario for both the economy and markets.

Throughout calendar year 2020 interest rates continued to decline with the 10-year U.S. Treasury declining from 1.7% at the beginning of the year to 91 bps by year-end. The 10-year hit a low of 51 bps on August 4. The 3-year U.S. Treasury followed a similar trajectory starting the year at 1.56% and ending the year at just 16 bps. Both are near their all-time lows.

High yield bond new issue activity reached a record high in 2020. The total volume was \$446.3 billion on a gross basis, which is a 56% increase from last year's volume of \$286 billion. Notably, this is 40% above the average annual issuance volume of \$320 billion over the past ten years. Leveraged loan gross issuance for 2020 was \$422 billion, up 8% from \$392 billion last year.

Retail demand for high yield bonds reached a record high during the year as inflows totaled \$45 billion, which compares to inflows of \$19 billion during calendar year 2019. This is even more noteworthy considering the first quarter of 2020 had \$15.4 billion in outflows. Leveraged loan flows continued to be negative in 2020 as \$27 billion exited the asset class compared to record outflows of \$38.3 billion in calendar year 2019.

Amid the global pandemic, default activity picked up significantly during the year. The period had the second highest volume total on record — 88 companies defaulted with debt totaling \$129.6 billion in bonds and loans, while an additional 21 companies completed distressed transactions totaling \$11.8 billion. Energy, retail and two large defaults in the telecommunications and cable sectors led the way.

**Portfolio Strategy/Performance**

The Portfolio mix between bonds, leveraged loans and other investments started 2020 at 65%, 22% (18% first liens, 4% second liens) and 3%, respectively. We ended the year with 63% in high yield bonds, 26% in leveraged loans (21% first liens, 5% second liens) and 6% other. In previous communications, we said we have maintained our exposure to leveraged loans as we thought they continued to offer attractive yields relative to their seniority in the capital structure. At this point, with yields so low across all asset classes, leveraged loans look attractive from a relative value standpoint as well as from their seniority in the capital structure. Also, from a technical perspective, the leveraged loan assets class has continued to experience outflows over the past couple of years, however in 2021 we think inflows into the asset class is a greater probability than not.

The Portfolio outperformed its Morningstar peer group by 112 bps and underperformed the ICE BofA US High Yield Index by 14 bps. Our loan exposure detracted 18 bps from performance relative to the benchmark, while bond exposure contributed 167 bps. Equities detracted 159 bps from performance.

Several loans negatively impacted performance during the year, notably McDermott, Dynacast, EPIC Crude and CEC Entertainment. We are still invested in three of these businesses and believe there is the potential for significant upside in each of them. Time will ultimately tell if we are correct in our assessment of the values of these businesses, but we feel comfortable the downside is limited in the three names. On the positive side, two long-term investments stood out over the past twelve months — West Corp. and Jo-Ann's Stores returned 21% and 50% returns, respectively.

Our bond portfolio (65% of assets) returned 8.7%, which handily outperformed the index and the Morningstar peer group. Credit selection in the insurance and support services sectors as well as underweights in the telecom/satellite and car rental sectors all had outsized contributions. Underweights in autos, building & construction and chemicals, as well as credit selection in the energy E&P sector, detracted from performance.

## Outlook

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At the end of the third quarter of the fiscal year, we laid out several unknowns at the time that would become clearer as year-end drew near. We now know that Joe Biden will be the next president of the United States, two vaccines have been approved for emergency use authorization, a second wave of COVID-19 is spreading throughout the country and another round of stimulus (or two) is on the way. The credit markets continue to be wide open to those wishing to issue debt, and at absolute yield levels that are the lowest in history.

With spreads compressing another 159 bps in the final quarter of the year to 444 bps, the high yield market has completely come around to where it started at the outset of the COVID-19 pandemic. However, the comparisons with early 2020 end there. Relative to a year ago, monetary and fiscal policies are more accommodative, demand technicals are stronger, and the risk of overheating in the economy is lower. In addition, a full-on vaccine roll-out to achieve herd immunity looks to be a high probability by the May-to-June timeframe.

With the assumption of a successful vaccine roll-out and uptake, our attention on the risk side of the equation turns to rates. The biggest question being — will the return of the reflation trade in the rates market reduce the value proposition of the high yield and leveraged loan markets? We believe that returns are more constrained in the current environment but barring a massive (200 bps+) rate move, high yield should be able to withstand higher yields and provide positive excess returns.

There is potential for rates to rise in 2021 as more stimulus gets pumped into the system and the world population, through a successful inoculation program, gets back to "normal." Based on that, we think the loan asset category looks particularly attractive as markets should start to price in the first Fed rate hike well in advance of there ever being one. We remain overexposed to the leveraged loan asset class relative to our peers and believe 2021 has the potential for this allocation to meaningfully outperform.

For those that have followed us, our focus is on the credits we invest in and finding businesses that can outperform throughout the cycles. Our exhaustive due diligence process has served us well and helped us maintain exposure to those investments that we believe can outperform over the long term.

**Past performance is not a guarantee of future results. As with any investment, the value of the Portfolio's shares will change, and you could lose money on your investment.**

**International investing involves additional risks including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations.**

**Fixed-income securities are subject to interest rate risk and, as such, the Fund's net asset value may fall as interest rates rise. Investing in high-income securities may carry a greater risk of non-payment of interest or principal than higher-rated bonds. In addition to the risks typically associated with fixed-income securities, loan participations in which the fund may invest carry other risks including the risk of insolvency of the lending bank or other intermediary. Loan participations may be unsecured or not fully collateralized, may be subject to restrictions on resale, and sometimes trade infrequently on the secondary market. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio manager and are current only through the end of the period of the report as stated on the cover. The portfolio manager's views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged, includes reinvested dividends, and does not include fees. One cannot invest directly in an index, nor is an index representative of the Ivy VIP High Income.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

<b>Stocks</b>	<b>8.6%</b>
Financials	3.9%
Consumer Discretionary	3.1%
Energy	1.6%
Health Care	0.0%
Consumer Staples	0.0%
Industrials	0.0%
Materials	0.0%
<b>Warrants</b>	<b>0.0%</b>
<b>Bonds</b>	<b>87.5%</b>
Corporate Debt Securities	61.7%
Loans	25.8%
<b>Liabilities (Net of Cash and Other Assets), and Cash Equivalents+</b>	<b>3.9%</b>

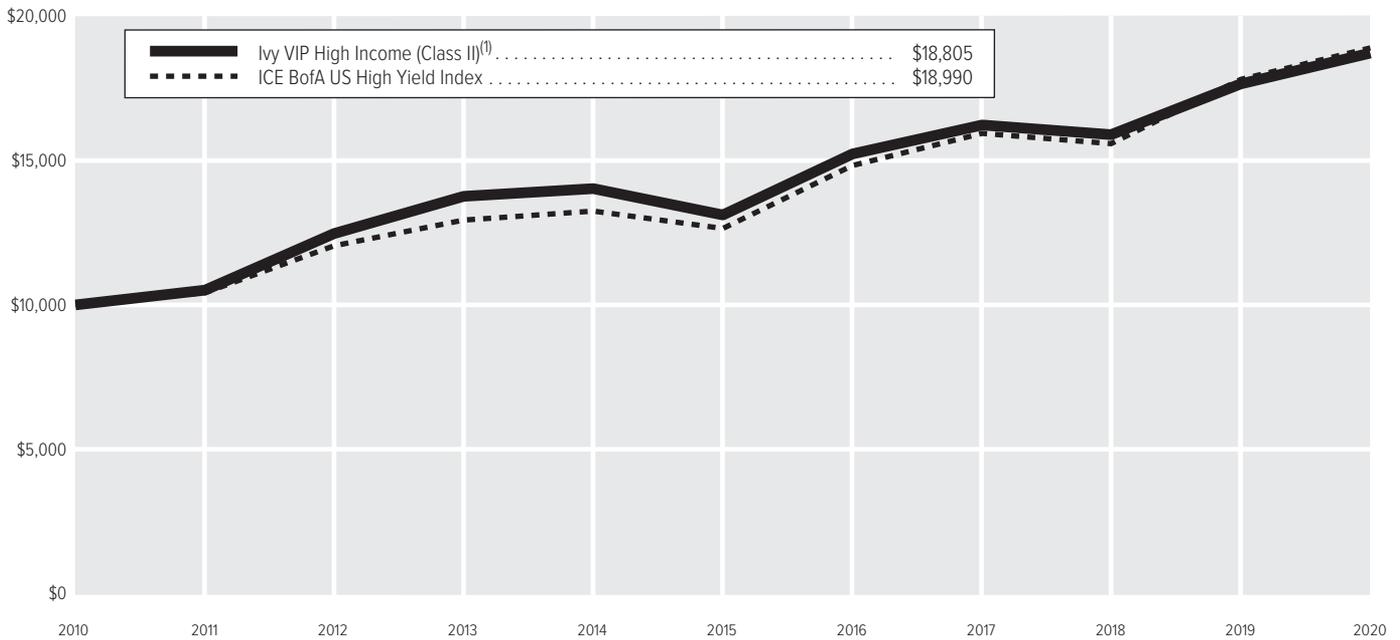
## Quality Weightings

<b>Non-Investment Grade</b>	<b>87.5%</b>
BB	8.5%
B	40.1%
CCC	35.7%
Below CCC	1.0%
Non-rated	2.2%
<b>Liabilities (Net of Cash and Other Assets), Cash Equivalents+ and Equities</b>	<b>12.5%</b>

*Our preference is to always use ratings obtained from Standard & Poor's, Moody's, and Fitch. It is each Portfolio's general policy to classify such security at the lower rating level if only two ratings are available. If more than two ratings are available and a median exists, the median is used. If more than two ratings exist without a median, the lower of the two middle ratings is used. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*

*+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.*

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	6.30%	6.03%
5-year period ended 12-31-20	—	7.42%
10-year period ended 12-31-20	—	6.52%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	5.15%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 4-28-17 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

HIGH INCOME *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Consumer Discretionary</b>			<b>Industrials</b>			<b>Broadcasting (Continued)</b>		
Apparel Retail – 0.0%			Air Freight & Logistics – 0.0%			Clear Channel Worldwide Holdings, Inc., 9.250%, 2-15-24	\$ 3,979	\$ 4,029
True Religion Apparel, Inc. (A)(B)(C)	13	\$ —	BIS Industries Ltd. (C)(D)	1,605	\$ 10			10,195
Casinos & Gaming – 2.4%			<b>Total Industrials – 0.0%</b>		<b>10</b>	<b>Cable &amp; Satellite – 6.4%</b>		
New Cotai Participation Corp., Class B (A)(C)(D)	3,073	15,029				Altice France Holding S.A.:		
Studio City International Holdings Ltd. ADR (A)	343	4,073	<b>Materials</b>			10.500%, 5-15-27 (H)	12,589	14,131
Studio City International Holdings Ltd. ADR (A)(D)	141	1,678	Diversified Metals & Mining – 0.0%			6.000%, 2-15-28 (H)	10,750	10,887
		20,780	Westmoreland Coal Co. (A)	29	100	Altice France S.A.:		
			<b>Total Materials – 0.0%</b>		<b>100</b>	7.375%, 5-1-26 (H)	1,673	1,761
						8.125%, 2-1-27 (H)	7,213	7,952
<b>Education Services – 0.7%</b>			<b>TOTAL COMMON STOCKS – 3.8%</b>		<b>\$33,665</b>	CCO Holdings LLC and CCO Holdings Capital Corp., 5.000%, 2-1-28 (H)	4,233	4,476
Laureate Education, Inc., Class A (A)	443	6,445	(Cost: \$56,058)			CSC Holdings LLC, 5.750%, 1-15-30 (H)	1,372	1,504
<b>Total Consumer Discretionary – 3.1%</b>		<b>27,225</b>	<b>INVESTMENT FUNDS</b>			DISH DBS Corp.:		
<b>Consumer Staples</b>			Registered Investment Companies – 3.9%			5.875%, 11-15-24	1,610	1,688
Agricultural Products – 0.0%			Invesco Senior Loan ETF	424	9,450	7.750%, 7-1-26	2,821	3,158
Pinnacle Agriculture Enterprises LLC (A)(B)(C)(D)	12	—	iShares iBoxx \$ High Yield Corporate Bond ETF	290	25,317	7.375%, 7-1-28	741	789
Food Distributors – 0.0%			<b>Total Investment Funds – 3.9%</b>		<b>\$34,767</b>	Ligado Networks LLC (15.500% Cash or 15.500% PIK), 15.500%, 11-1-23 (H)(I)	4,968	4,819
ASG Warrant Corp. (A)(C)(D)	1	—	(Cost: \$33,375)			VTR Comunicaciones S.p.A., 5.125%, 1-15-28 (H)	1,379	1,469
<b>Total Consumer Staples – 0.0%</b>		<b>—</b>	<b>PREFERRED STOCKS</b>			VTR Finance B.V., 6.375%, 7-15-28 (H)	2,826	3,088
<b>Energy</b>			Energy					55,722
Coal & Consumable Fuels – 0.4%			Oil & Gas Exploration & Production – 0.9%			<b>Integrated Telecommunication Services – 5.0%</b>		
Foresight Energy L.P. (A)(C)(D)	186	3,065	Targa Resources Corp., 9.500% (A)(D)	8	8,122	Cablevision Lightpath LLC, 5.625%, 9-15-28 (H)	1,225	1,282
Oil & Gas Drilling – 0.1%			<b>Total Energy – 0.9%</b>		<b>8,122</b>	Consolidated Communications, Inc., 6.500%, 10-1-28 (H)	2,423	2,592
KCA Deutag UK Finance plc (A)(B)(C)	27	1,098				Frontier Communications Corp.:		
Vantage Drilling Co., Units (A)	—	1	<b>TOTAL PREFERRED STOCKS – 0.9%</b>		<b>\$ 8,122</b>	6.875%, 1-15-25 (F)	6,315	3,063
		1,099	(Cost: \$8,416)			11.000%, 9-15-25 (F)	8,236	4,324
			<b>WARRANTS</b>			5.875%, 10-15-27 (H)	3,860	4,174
Oil & Gas Equipment & Services – 0.0%			Oil & Gas Exploration & Production – 0.0%			6.750%, 5-1-29 (H)	1,507	1,612
Larchmont Resources LLC (A)(B)(C)(D)(E)	1	40	California Resources Corp., expires 10-27-24 (G)	8	31	Northwest Fiber LLC, 10.750%, 6-1-28 (H)	957	1,091
McDermott International, Inc. (A)(C)	21	—	<b>Total Warrants – 0.0%</b>		<b>\$ 31</b>	West Corp., 8.500%, 10-15-25 (H)	18,737	18,121
McDermott International, Inc. (A)	399	323	(Cost: \$674)			Windstream Escrow LLC, 7.750%, 8-15-28 (H)	7,618	7,671
		363	<b>CORPORATE DEBT SECURITIES</b>					43,930
			Communication Services			<b>Interactive Media &amp; Services – 0.2%</b>		
Oil & Gas Exploration & Production – 0.2%			Advertising – 0.7%			Cars.com, Inc., 6.375%, 11-1-28 (H)	1,560	1,656
Bellatrix Exploration Ltd. (A)(B)(C)	436	—	Advantage Sales & Marketing, Inc., 6.500%, 11-15-28 (H)	\$5,840	6,176	<b>Publishing – 0.3%</b>		
California Resources Corp. (A)	38	903	<b>Total Corporate Debt Securities</b>			MDC Partners, Inc., 6.500%, 5-1-24 (H)	2,381	2,414
EP Energy Corp. (A)(D)	21	744				<b>Wireless Telecommunication Service – 2.7%</b>		
Sabine Oil & Gas Corp. (A)(C)(D)	—	4	Broadcasting – 1.2%			Digicel Group Ltd., 8.750%, 5-25-24 (H)(J)	1,651	1,733
		1,651	Clear Channel International B.V., 6.625%, 8-1-25 (H)	572	603	Digicel Group Ltd. (5.000% Cash and 3.000% PIK), 8.000%, 4-1-25 (H)(I)	585	306
<b>Total Energy – 0.7%</b>		<b>6,178</b>	Clear Channel Outdoor Holdings, Inc., 5.125%, 8-15-27 (H)	5,508	5,563			
<b>Health Care</b>								
Pharmaceuticals – 0.0%								
Advanz Pharma Corp. (A)(B)	35	152						
<b>Total Health Care – 0.0%</b>		<b>152</b>						

# SCHEDULE OF INVESTMENTS

HIGH INCOME *(in thousands)*

DECEMBER 31, 2020

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Wireless Telecommunication Service (Continued)		
Digicel Group Ltd. (7.000% Cash or 7.000% PIK), . . . . .		
7.000%, 10-1-2168 (H)(I) . . . . .	\$ 543	\$ 149
Digicel International Finance Ltd.:		
8.750%, 5-25-24 (H) . . . . .	9,626	10,107
8.000%, 12-31-26 (H) . . . . .	539	451
Digicel International Finance Ltd. (8.000% Cash and 2.000% PIK or 10.000% PIK), . . . . .		
10.000%, 4-1-24 (I) . . . . .	5,234	4,685
Digicel International Finance Ltd. (6.000% Cash and 7.000% PIK), 13.000%, 12-31-25 (H)(I) . . . . .	716	727
Digicel Ltd., 6.750%, 3-1-23 (H) . . . . .	7,056	5,460
		<u>23,618</u>
<b>Total Communication Services – 16.5%</b>		<b>143,711</b>
Consumer Discretionary		
Apparel Retail – 0.6%		
Abercrombie & Fitch Management Co. (GTD by Abercrombie & Fitch Co.), 8.750%, 7-15-25 (H) . . . . .	2,594	2,882
L Brands, Inc.:		
9.375%, 7-1-25 (H) . . . . .	673	828
6.625%, 10-1-30 (H) . . . . .	1,541	1,714
		<u>5,424</u>
Auto Parts & Equipment – 0.0%		
Tenneco, Inc., 7.875%, 1-15-29 (H) . . . . .	157	176
Automotive Retail – 1.2%		
Asbury Automotive Group, Inc.:		
4.500%, 3-1-28 . . . . .	2,532	2,639
4.750%, 3-1-30 . . . . .	4,451	4,774
Ken Garff Automotive LLC, 4.875%, 9-15-28 (H) . . . . .	770	801
Lithia Motors, Inc., 4.375%, 1-15-31 (H) . . . . .	1,236	1,326
Sonic Automotive, Inc., 6.125%, 3-15-27 . . . . .	1,198	1,262
		<u>10,802</u>
Casinos & Gaming – 3.1%		
Boyd Gaming Corp., 4.750%, 12-1-27 . . . . .	2,089	2,170
Colt Merger Sub, Inc.:		
6.250%, 7-1-25 (H) . . . . .	2,963	3,155
8.125%, 7-1-27 (H) . . . . .	4,631	5,127
Everi Payments, Inc., 7.500%, 12-15-25 (H) . . . . .	3,511	3,643
Gateway Casinos & Entertainment Ltd., 8.250%, 3-1-24 (H) . . . . .	2,450	2,303
Golden Nugget, Inc., 6.750%, 10-15-24 (H) . . . . .	7,026	6,975
Scientific Games International, Inc. (GTD by Scientific Games Corp.): 7.000%, 5-15-28 (H) . . . . .	282	303
7.250%, 11-15-29 (H) . . . . .	282	310

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Casinos & Gaming (Continued)		
Wynn Macau Ltd.:		
4.875%, 10-1-24 (H) . . . . .	\$ 855	\$ 866
5.500%, 10-1-27 (H) . . . . .	2,301	2,387
		<u>27,239</u>
Department Stores – 0.5%		
Nordstrom, Inc.:		
4.375%, 4-1-30 . . . . .	2,223	2,189
5.000%, 1-15-44 . . . . .	2,125	1,987
		<u>4,176</u>
Hotels, Resorts & Cruise Lines – 1.5%		
Boyne USA, Inc., 7.250%, 5-1-25 (H) . . . . .	931	976
Carnival Corp.:		
11.500%, 4-1-23 (H) . . . . .	1,783	2,062
10.500%, 2-1-26 (H) . . . . .	339	395
7.625%, 3-1-26 (H) . . . . .	788	858
9.875%, 8-1-27 (H) . . . . .	1,525	1,754
NCL Corp. Ltd.:		
12.250%, 5-15-24 (H) . . . . .	2,920	3,504
10.250%, 2-1-26 (H) . . . . .	1,805	2,112
5.875%, 3-15-26 (H) . . . . .	784	826
POWDR Corp., 6.000%, 8-1-25 (H) . . . . .	756	796
		<u>13,283</u>
Internet & Direct Marketing Retail – 1.0%		
Arches Buyer, Inc.:		
4.250%, 6-1-28 (H) . . . . .	4,719	4,779
6.125%, 12-1-28 (H) . . . . .	4,179	4,315
		<u>9,094</u>
Leisure Facilities – 0.8%		
Cedar Fair L.P., Magnum Management Corp., Canada's Wonderland Co. and Millennium Operations LLC: 5.375%, 4-15-27 . . . . .	2,451	2,506
6.500%, 10-1-28 (H) . . . . .	1,235	1,339
Live Nation Entertainment, Inc., 4.750%, 10-15-27 (H) . . . . .	2,679	2,750
Six Flags Theme Parks, Inc., 7.000%, 7-1-25 (H) . . . . .	297	321
		<u>6,916</u>
Specialized Consumer Services – 0.5%		
Nielsen Finance LLC and Nielsen Finance Co.:		
5.625%, 10-1-28 (H) . . . . .	2,311	2,511
5.875%, 10-1-30 (H) . . . . .	1,926	2,179
		<u>4,690</u>
Specialty Stores – 4.2%		
Academy Ltd., 6.000%, 11-15-27 (H) . . . . .	3,902	4,087
Guitar Center Escrow Issuer II, Inc., 8.500%, 1-15-26 (H) . . . . .	157	163
Michaels Stores, Inc.:		
8.000%, 7-15-27 (H) . . . . .	4,039	4,342
4.750%, 10-1-27 (H) . . . . .	771	790

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Specialty Stores (Continued)		
Party City Holdings, Inc. (5.000% Cash and 5.000% PIK), 10.000%, 8-15-26 (H)(I) . . . . .	\$ 210	\$ 207
Party City Holdings, Inc. (6-Month U.S. LIBOR plus 500 bps), 5.750%, 7-15-25 (H)(K) . . . . .	389	350
Staples, Inc.:		
7.500%, 4-15-26 (H) . . . . .	18,924	19,762
10.750%, 4-15-27 (H) . . . . .	7,355	7,318
		<u>37,019</u>
<b>Total Consumer Discretionary – 13.4%</b>		<b>118,819</b>
Consumer Staples		
Packaged Foods & Meats – 2.1%		
JBS USA LLC and JBS USA Finance, Inc., 5.750%, 6-15-25 (H) . . . . .	4,650	4,801
JBS USA Lux S.A. and JBS USA Finance, Inc., 6.750%, 2-15-28 (H) . . . . .	3,115	3,500
Pilgrim's Pride Corp.:		
5.750%, 3-15-25 (H) . . . . .	881	904
5.875%, 9-30-27 (H) . . . . .	3,082	3,343
Simmons Foods, Inc., 5.750%, 11-1-24 (H) . . . . .	5,981	6,108
		<u>18,656</u>
<b>Total Consumer Staples – 2.1%</b>		<b>18,656</b>
Energy		
Oil & Gas Drilling – 0.3%		
KCA Deutag UK Finance plc, 9.875%, 12-1-25 . . . . .	1,339	1,388
Offshore Drilling Holding S.A., 8.375%, 9-20-20 (F)(H)(L) . . . . .	8,682	1,042
		<u>2,430</u>
Oil & Gas Equipment & Services – 0.1%		
Nine Energy Service, Inc., 8.750%, 11-1-23 (H) . . . . .	1,917	853
Oil & Gas Exploration & Production – 3.4%		
Ascent Resources Utica Holdings LLC and ARU Finance Corp., 8.250%, 12-31-28 (H) . . . . .	157	157
Bellatrix Exploration Ltd., 8.500%, 9-11-23 (F) . . . . .	1,022	—
Bellatrix Exploration Ltd. (3.000% Cash or 9.500% PIK), . . . . .		
9.500%, 12-15-23 (F)(I) . . . . .	1,113	—
Continental Resources, Inc., 5.750%, 1-15-31 (H) . . . . .	1,574	1,747
Crownrock L.P., 5.625%, 10-15-25 (H) . . . . .	8,707	8,881
Endeavor Energy Resources L.P., 5.500%, 1-30-26 (H) . . . . .	2,453	2,517

# SCHEDULE OF INVESTMENTS

HIGH INCOME *(in thousands)*

DECEMBER 31, 2020

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Oil & Gas Exploration & Production (Continued)		
Endeavor Energy Resources L.P. and EER Finance, Inc., 6.625%, 7-15-25 (H) .....	\$ 1,803	\$ 1,929
Laredo Petroleum, Inc.: 9.500%, 1-15-25 .....	4,262	3,708
10.125%, 1-15-28 (J) .....	2,841	2,415
QEP Resources, Inc., 5.625%, 3-1-26 .....	191	209
Seven Generations Energy Ltd.: 6.750%, 5-1-23 (H) .....	5,646	5,710
5.375%, 9-30-25 (H) .....	2,523	2,567
	<u>29,840</u>	
Oil & Gas Refining & Marketing – 2.0%		
Callon Petroleum Co. (GTD by Callon Petroleum Operating Co.), 6.125%, 10-1-24 .....	1,081	622
Comstock Escrow Corp., 9.750%, 8-15-26 .....	11,276	12,093
CVR Energy, Inc., 5.250%, 2-15-25 (H) .....	1,512	1,459
PBF Holding Co. LLC: 9.250%, 5-15-25 (H) .....	3,006	2,948
6.000%, 2-15-28 .....	1,420	811
	<u>17,933</u>	
Oil & Gas Storage & Transportation – 0.4%		
Crestwood Midstream Partners L.P. and Crestwood Midstream Finance Corp., 6.250%, 4-1-23 .....	1,517	1,521
Rattler Midstream L.P., 5.625%, 7-15-25 (H) .....	1,506	1,591
	<u>3,112</u>	
<b>Total Energy – 6.2%</b>		<b>54,168</b>
Financials		
Consumer Finance – 0.4% Alliance Data Systems Corp., 4.750%, 12-15-24 (H) .....	3,840	3,878
Financial Exchanges & Data – 0.7% Refinitiv U.S. Holdings, Inc., 8.250%, 11-15-26 (H) .....	5,889	6,426
Insurance Brokers – 2.9% Ardonagh Midco 2 plc, 11.500%, 1-15-27 (H)(J) .....	6,277	6,701
NFP Corp., 6.875%, 8-15-28 (H) .....	17,409	18,587
	<u>25,288</u>	
Investment Banking & Brokerage – 0.5% INTL FCStone, Inc., 8.625%, 6-15-25 (H) .....	3,787	4,118
Property & Casualty Insurance – 0.8% Amwins Group, Inc., 7.750%, 7-1-26 (H) .....	2,530	2,717

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Property & Casualty Insurance (Continued)		
Highlands Holdings Bond Issuer Ltd. and Highlands Holdings Bond Co-Issuer, Inc. (7.625% Cash or 8.375% PIK), 7.625%, 10-15-25 (H)(I) .....	\$ 3,896	\$ 4,159
		<u>6,876</u>
Specialized Finance – 1.7% BCPE Cycle Merger Sub II, Inc., 10.625%, 7-15-27 (H) .....	5,496	6,073
Compass Group Diversified Holdings LLC, 8.000%, 5-1-26 (H) .....	8,003	8,403
		<u>14,476</u>
Thriffs & Mortgage Finance – 0.7% Provident Funding Associates L.P. and PFG Finance Corp., 6.375%, 6-15-25 (H) .....	5,937	6,086
		<u>67,148</u>
<b>Total Financials – 7.7%</b>		<b>67,148</b>
Health Care		
Health Care Facilities – 2.2% Providence Service Corp. (The), 5.875%, 11-15-25 (H) .....	2,329	2,463
RegionalCare Hospital Partners Holdings, Inc. and Legend Merger Sub, Inc., 9.750%, 12-1-26 (H) .....	8,103	8,934
Surgery Center Holdings, Inc., 10.000%, 4-15-27 (H)(J) .....	7,296	8,062
		<u>19,459</u>
Health Care Services – 0.6% Heartland Dental LLC, 8.500%, 5-1-26 (H) .....	4,714	4,867
Health Care Technology – 1.1% Verscend Holding Corp., 9.750%, 8-15-26 (H) .....	8,552	9,268
Pharmaceuticals – 1.8% Advanz Pharma Corp., 8.000%, 9-6-24 .....	430	429
Bausch Health Cos., Inc.: 9.250%, 4-1-26 (H) .....	2,264	2,524
8.500%, 1-31-27 (H) .....	5,239	5,827
P&L Development LLC and PLD Finance Corp., 7.750%, 11-15-25 (H) .....	3,902	4,195
Par Pharmaceutical, Inc., 7.500%, 4-1-27 (H) .....	2,871	3,115
		<u>16,090</u>
<b>Total Health Care – 5.7%</b>		<b>49,684</b>
Industrials		
Aerospace & Defense – 4.8% TransDigm UK Holdings plc, 6.875%, 5-15-26 .....	2,821	2,980

## CORPORATE DEBT SECURITIES

(Continued)	Principal	Value
Aerospace & Defense (Continued)		
TransDigm, Inc. (GTD by TransDigm Group, Inc.): 6.500%, 7-15-24 .....	\$ 6,077	\$ 6,185
6.500%, 5-15-25 .....	1,162	1,194
6.375%, 6-15-26 .....	2,490	2,577
7.500%, 3-15-27 .....	2,673	2,853
5.500%, 11-15-27 .....	6,936	7,292
Wolverine Escrow LLC: 8.500%, 11-15-24 (H) .....	7,697	7,343
9.000%, 11-15-26 (H) .....	11,228	10,628
13.125%, 11-15-27 (H) .....	847	682
		<u>41,734</u>
Building Products – 0.1% CP Atlas Buyer, Inc., 7.000%, 12-1-28 (H) .....	803	833
Diversified Support Services – 0.3% Ahern Rentals, Inc., 7.375%, 5-15-23 (H) .....	3,901	2,848
Security & Alarm Services – 0.5% APX Group, Inc. (GTD by APX Group Holdings, Inc.), 7.625%, 9-1-23 .....	2,172	2,253
Prime Security Services Borrower LLC and Prime Finance, Inc., 6.250%, 1-15-28 (H) .....	2,132	2,289
		<u>4,542</u>
<b>Total Industrials – 5.7%</b>		<b>49,957</b>
Information Technology		
Application Software – 1.1% J2 Global, Inc., 4.625%, 10-15-30 (H) .....	926	977
Kronos Acquisition Holdings, Inc. and KIK Custom Products, Inc.: 5.000%, 12-31-26 (H) .....	2,411	2,513
7.000%, 12-31-27 (H) .....	5,974	6,255
		<u>9,745</u>
Electronic Equipment & Instruments – 0.6% NCR Corp.: 5.750%, 9-1-27 (H) .....	755	802
5.000%, 10-1-28 (H) .....	2,287	2,413
6.125%, 9-1-29 (H) .....	966	1,070
5.250%, 10-1-30 (H) .....	762	817
		<u>5,102</u>
IT Consulting & Other Services – 0.1% Sabre GLBL, Inc. (GTD by Sabre Holdings Corp.): 9.250%, 4-15-25 (H) .....	739	879
7.375%, 9-1-25 (H) .....	306	332
		<u>1,211</u>
Technology Hardware, Storage & Peripherals – 0.3% Brightstar Escrow Corp., 9.750%, 10-15-25 (H) .....	2,136	2,283
<b>Total Information Technology – 2.1%</b>		<b>18,341</b>



# SCHEDULE OF INVESTMENTS

HIGH INCOME *(in thousands)*

DECEMBER 31, 2020

LOANS(K) (Continued)	Principal	Value	LOANS (K) (Continued)	Principal	Value	LOANS (K) (Continued)	Principal	Value
Oil & Gas Storage & Transportation – 0.4% EPIC Crude Services L.P. (ICE LIBOR plus 500 bps), 5.260%, 3-1-26	\$ 5,985	\$ 4,122	Construction & Engineering – 0.1% WaterBridge Midstream Operating LLC, 0.000%, 6-21-26 (M)	\$ 314	\$ 269	Data Processing & Outsourced Services (Continued) Cyxtera DC Holdings, Inc. (ICE LIBOR plus 300 bps), 8.250%, 5-1-25	\$ 3,429	\$ 2,673
<b>Total Energy – 0.9%</b>		<b>8,480</b>	WaterBridge Midstream Operating LLC (3-Month ICE LIBOR plus 575 bps), 6.750%, 6-21-26	833	712	Cyxtera DC Holdings, Inc. (ICE LIBOR plus 325 bps), 4.000%, 5-1-24	5,271	4,920
Financials					981			16,015
Asset Management & Custody Banks – 0.5% Edelman Financial Holdings II, Inc. (ICE LIBOR plus 675 bps), 6.897%, 7-20-26	4,048	4,048	Industrial Conglomerates – 1.8% PAE Holding Corp. (ICE LIBOR plus 450 bps), 5.250%, 10-19-27	15,523	15,542	Internet Services & Infrastructure – 0.5% Informatica LLC, 7.125%, 2-25-25	4,147	4,212
Property & Casualty Insurance – 0.9% Amynta Agency Borrower, Inc. (ICE LIBOR plus 400 bps), 4.647%, 2-28-25	8,761	8,455	Industrial Machinery – 1.8% Form Technologies LLC, 0.000%, 1-28-22 (M)	1,750	1,654	IT Consulting & Other Services – 0.6% Milano Acquisition Corp. (ICE LIBOR plus 400 bps), 4.750%, 10-1-27	4,998	4,990
Specialized Finance – 0.5% Gulf Finance LLC (ICE LIBOR plus 525 bps), 6.250%, 8-25-23	6,001	4,512	Form Technologies LLC (ICE LIBOR plus 325 bps), 4.250%, 1-28-22	2,994	2,829	<b>Total Information Technology – 4.9%</b>		<b>42,954</b>
Lealand Finance Co. B.V., 0.000%, 6-30-24 (C)(M)	23	18	Form Technologies LLC (ICE LIBOR plus 850 bps), 9.500%, 1-30-23 (C)	13,614	11,402	Materials		
Lealand Finance Co. B.V. (ICE LIBOR plus 300 bps), 3.146%, 6-30-24 (C)	72	58			15,885	Construction Materials – 0.7% Hillman Group, Inc. (The) (ICE LIBOR plus 350 bps), 4.147%, 5-31-25	5,951	5,919
		4,588	<b>Total Industrials – 4.2%</b>		<b>36,865</b>	<b>Total Materials – 0.7%</b>		<b>5,919</b>
<b>Total Financials – 1.9%</b>		<b>17,091</b>	Information Technology			<b>TOTAL LOANS – 25.8%</b>		<b>\$ 227,154</b>
Health Care			Application Software – 0.9% Applied Systems, Inc. (ICE LIBOR plus 700 bps), 8.000%, 9-19-25	1,376	1,381	(Cost: \$240,464)		
Health Care Facilities – 0.4% Surgery Center Holdings, Inc. (ICE LIBOR plus 325 bps), 4.250%, 8-31-24	3,253	3,193	Kronos Acquisition Holdings, Inc., 0.000%, 12-17-26 (M)	5,882	5,875	<b>SHORT-TERM SECURITIES</b>	<b>Shares</b>	
Surgery Center Holdings, Inc. (ICE LIBOR plus 800 bps), 9.000%, 8-31-24	335	343	Ultimate Software Group, Inc. (The) (ICE LIBOR plus 675 bps), 7.500%, 5-3-27	744	764	Money Market Funds(O) – 5.3% Dreyfus Institutional Preferred Government Money Market Fund - Institutional Shares, 0.030% (N)	6,310	6,310
		3,536			8,020	State Street Institutional U.S. Government Money Market Fund - Premier Class, 0.030%	40,426	40,426
Health Care Services – 1.9% Heartland Dental LLC (ICE LIBOR plus 375 bps), 3.647%, 4-30-25	6,756	6,581	Communications Equipment – 1.1% MLN U.S. Holdco LLC (ICE LIBOR plus 450 bps), 4.652%, 11-30-25	9,152	8,254			46,736
U.S. Renal Care, Inc. (3-Month ICE LIBOR plus 500 bps), 5.188%, 6-26-26	10,857	10,789	MLN U.S. Holdco LLC (ICE LIBOR plus 875 bps), 8.902%, 11-30-26	2,920	1,463	<b>TOTAL SHORT-TERM SECURITIES – 5.3%</b>		<b>\$ 46,736</b>
		17,370			9,717	(Cost: \$46,736)		
Pharmaceuticals – 0.2% Concordia International Corp. (ICE LIBOR plus 550 bps), 6.500%, 9-6-24	1,430	1,395	Data Processing & Outsourced Services – 1.8% Cardtronics USA, Inc. (ICE LIBOR plus 400 bps), 5.000%, 6-29-27	2,375	2,371	<b>TOTAL INVESTMENT SECURITIES – 101.4%</b>		<b>\$ 891,360</b>
<b>Total Health Care – 2.5%</b>		<b>22,301</b>	CommerceHub, Inc. (1-Month ICE LIBOR plus 400 bps), 4.750%, 12-2-27	2,935	2,931	(Cost: \$918,137)		
Industrials			CommerceHub, Inc. (1-Month ICE LIBOR plus 700 bps), 7.750%, 12-2-28	3,112	3,120	<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.4)%</b>		<b>(11,891)</b>
Building Products – 0.5% CP Atlas Buyer, Inc. (1-Month ICE LIBOR plus 450 bps), 5.250%, 11-23-27	4,451	4,457				<b>NET ASSETS – 100.0%</b>		<b>\$ 879,469</b>

DECEMBER 31, 2020

## Notes to Schedule of Investments

\*Not shown due to rounding.

(A) No dividends were paid during the preceding 12 months.

(B) Listed on an exchange outside the United States.

(C) Securities whose value was determined using significant unobservable inputs.

(D) Restricted securities. At December 31, 2020, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Value
ASG Warrant Corp.	6-14-18	1	\$ 72	\$ —*
BIS Industries Ltd.	12-22-17	1,605	151	10
EP Energy Corp.	10-1-20	21	410	744
Foresight Energy L.P.	6-30-20 -9-8-20	186	3,639	3,065
Larchmont Resources LLC	12-8-16	1	340	40
New Cotai Participation Corp., Class B	9-29-20	3,073	28,520	15,029
Pinnacle Agriculture Enterprises LLC	7-17-20	12	2,083	—*
Sabine Oil & Gas Corp.	12-7-16	—*	11	4
Studio City International Holdings Ltd. ADR	8-5-20	141	2,200	1,678
Targa Resources Corp., 9.500%	10-24-17	8	8,416	8,122
			<u>\$45,842</u>	<u>\$28,692</u>

The total value of these securities represented 3.3% of net assets at December 31, 2020.

(E) Deemed to be an affiliate due to the Portfolio owning at least 5% of the voting securities.

(F) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.

(G) Warrants entitle the Portfolio to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(H) Securities were purchased pursuant to an exemption from registration available under Rule 144A under the Securities Act of 1933 and may only be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2020 the total value of these securities amounted to \$452,748 or 51.5% of net assets.

(I) Payment-in-kind bond which may pay interest in additional par and/or in cash. Rates shown are the current rate and possible payment rates.

(J) All or a portion of securities with an aggregate value of \$8,521 are on loan.

(K) Variable rate security. Interest rate disclosed is that which is in effect at December 31, 2020. Description of the reference rate and spread, if applicable, are included in the security description.

(L) Step bond that pays an initial coupon rate for the first period and then a higher or lower coupon rate for the following periods. Interest rate disclosed is that which is in effect at December 31, 2020.

(M) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.

(N) Investment made with cash collateral received from securities on loan.

(O) Rate shown is the annualized 7-day yield at December 31, 2020.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Consumer Discretionary	\$12,196	\$ —	\$15,029
Consumer Staples	—	—	—*
Energy	1,227	744	4,207
Health Care	—	152	—
Industrials	—	—	10
Materials	—	100	—
Total Common Stocks	<u>\$13,423</u>	<u>\$996</u>	<u>\$19,246</u>

# SCHEDULE OF INVESTMENTS

HIGH INCOME *(in thousands)*

DECEMBER 31, 2020

	Level 1	Level 2	Level 3
Investment Funds	\$34,767	\$ —	\$ —
Preferred Stocks	—	8,122	—
Warrants	31	—	—
Corporate Debt Securities	—	540,885	—
Loans	—	210,118	17,036
Short-Term Securities	46,736	—	—
<b>Total</b>	<b>\$94,957</b>	<b>\$ 760,121</b>	<b>\$36,282</b>

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Common Stocks	Preferred Stocks	Corporate Debt Securities	Loans
Beginning Balance 1-1-20	\$ 350	\$ —*	\$2,640	\$20,995
Net realized gain (loss)	—	—	(2,412)	9
Net change in unrealized appreciation (depreciation)	(14,375)	—	3,934	(2,239)
Purchases	28,520	—	—	6,508
Sales	—	—*	(4,162)	(6,624)
Amortization/Accretion of premium/discount	—	—	—	(127)
Transfers into Level 3 during the period	4,751	—	—	14,026
Transfers out of Level 3 during the period	—	—	—	(15,512)
Ending Balance 12-31-20	\$ 19,246	\$ —	\$ —	\$ 17,036
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 12-31-20	\$(14,375)	\$ —	\$ (27)	\$(2,424)

Transfers from Level 2 to Level 3 occurred primarily due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred primarily due to the increased availability of observable market data due to increased market activity or information.

Information about Level 3 fair value measurements:

	Fair Value at 12-31-20	Valuation Technique(s)	Unobservable Input(s)	Input value(s)
<b>Assets</b>				
Common Stocks	\$15,029	Market approach	Illiquidity discount	10.00%
	3,065	Market approach	Illiquidity discount	30.00%
	1,098	Market approach	Broker quote	N/A
	40	Third-party valuation service	Broker quote	N/A
	10	Market comparable approach	Adjusted EBITDA multiple	4.17X
	4	Market approach	Broker quote	N/A
Loans	17,036	Third-party valuation service	Broker quotes	N/A

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts  
 GTD = Guaranteed  
 ICE = Intercontinental Exchange  
 PIK = Payment In Kind  
 LIBOR = London Interbank Offered Rate

See Accompanying Notes to Financial Statements.

(UNAUDITED)



John C. Maxwell

*Below, John Maxwell, CFA, and Catherine Murray, portfolio managers of Ivy VIP International Core Equity, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Maxwell has managed the Portfolio since May 2009 and has 29 years of industry experience. Ms. Murray was named co-portfolio manager in January 2017 and was previously an assistant portfolio manager on the Portfolio since 2014. She has 30 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP International Core Equity (Class II shares at net asset value)	7.19%
Benchmark and Morningstar Category	
MSCI EAFE Index (generally reflects the performance of securities in Europe, Australasia and the Far East)	7.82%
Morningstar Foreign Large Blend Category Average (generally reflects the performance of the universe of funds with similar investment objectives)	9.30%

*Please note that the Portfolio returns include applicable fees and expenses, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Catherine L. Murray

**In the face of the sharpest economic downturn in history, markets gained on the year.**

The MSCI EAFE Index, the Portfolio's benchmark, was up 7.8% in 2020 after being down more than 20% in the first quarter of the year. The global pandemic that began with flight, was quickly met with fight as governments and central banks unleashed all stimulus tools at their disposal. After credit markets were sent into a liquidity frenzy, oil prices went negative and equity prices collapsed, global markets eventually began to recover and, in some cases, hit new all-time highs to close 2020.

In addition to the global pandemic, the year was quite eventful. During the fourth quarter of the fiscal year U.S. elections were sorted, Chinese equities continued to face several new road bumps stemming from geopolitics and regulation, and the U.K. finalized a "soft" Brexit. The markets tended to shrug off bad news and celebrate good news as global asset prices continued to climb.

For much of the year, risk appetite for growth stocks continued to increase as a result of two major circumstances: 1) lockdowns across the globe supported tech driven business models and 2) historically low interest rates. The dispersion between growth and value was driven even wider; the MSCI EAFE Growth Index outperformed value by 21.3%. As a result, many potential good investments were left behind.

The worst performing sector for the year was energy, down 27.5%. Financials were also under pressure reflecting economic and credit market uncertainty, and the prospects for lower interest rates for longer. Information technology and materials were the best performing sectors, both up more than 20%. Technology has been a clear winner during the pandemic while materials was driven by higher inflation expectations, which sparked a rally in metals and mining stocks.

From a regional/country standpoint, Japan was the greatest positive driver to returns, while the U.K. dragged on the index amid Brexit concerns. Europe performed slightly better than the index for the year.

Ultimately, markets overcame one of the greatest global economic shocks as governments and central banks signaled they would bridge economies to the other side of the pandemic, giving investors the comfort to invest in risk assets.

**Portfolio review**

For the fiscal year ended December 31, 2020, the Portfolio posted positive absolute returns but slightly underperformed its benchmark index and Morningstar peer group. Given the wide dispersion between growth and value, we were pleased the Portfolio nearly kept up with our core benchmark given the Portfolio's tilt toward value. An underweight allocation and good stock selection in financials as well as positive stock selection in industrials and real estate were the greatest overall relative contributors to Portfolio performance. From a country standpoint, stock selection in Hong Kong and the U.K. as well as the Portfolio's allocation to South Korea contributed positively. Individually, the biggest relative gainers were Samsung Electronics Co. Ltd., Hong Kong Exchanges and Clearing Ltd. and Zozo Inc. Samsung Electronics, a South Korean semiconductor and consumer electronics company, has been gaining market share in key end markets, and we believe is likely to experience a recovery in their key memory chip segment next year. Hong Kong Exchanges, the owner of the

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securities exchange in Hong Kong, has benefited from increased trading and expectations that U.S. delisting rhetoric and actions will continue to drive Chinese companies to list shares in Hong Kong. This position was sold on valuation during the year. Lastly, Zozo, a Japan-based ecommerce company, was helped by the acceleration of ecommerce trends through the pandemic.

Key detractors to relative performance were stock selection in consumer staples and an overweight to energy. An underweight to and stock selection in Japan as well as stock selection in Italy and exposure to India all detracted from performance as well. Key individual detractors included Suncor Energy, Inc., a Canadian oil and gas company that was down with the severe decline in energy prices. This position was sold during the year. Airbus SE, a French aerospace and defense company, pulled back on the impact the pandemic had on travel and commercial aircraft use; however, the company maintains a dominant market position and recovered in the final quarter of the 2020. Lastly, Axis Bank, Ltd., an Indian bank, was down with the economic weakness that hit India as the pandemic took its toll on the country. This position was sold during the year to buy other financial stocks with perceived higher upside potential and better risk/reward during/following the pandemic.

### **Actions in the Portfolio during the year**

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The Portfolio had a value tilt throughout the year. As a core strategy, we can tilt toward growth companies when valuations are relatively attractive and toward value when they offer investors the best upside prospects, in our opinion. We took advantage of market volatility in 2020. The pullback presented wider valuation gaps in companies with perceived long-term staying power in both defensive and cyclical areas of the economy. We were actionable in replacing holdings where we felt there was a more attractive risk/reward profile elsewhere.

Current Portfolio themes are:

- Disproportionate growth of emerging-market consumers, particularly in the Asia-Pacific region
- Strong growth in infrastructure
- Solid and believable dividend yields
- Forces of market disruption

### **What we seek**

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As we move forward, we continue to seek companies we believe are underpriced relative to their prospects and peers in both the growth and value parts of the market. The Portfolio's defensive/cyclical weighting is slightly tilted toward cyclical. We are also increasingly focused on companies we believe have sustainable competitive advantages or improving industry dynamics that are not appreciated by the market and companies which may be better positioned coming out of the COVID-19 pandemic than they were before the outbreak.

### **Outlook**

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The future has become clearer with respect to COVID-19, but many lingering side effects remain, and new factors have entered the equation. Government bond yields are near historic lows and corporate bond yields have dropped to levels unheard of but are starting to rise again in the U.S. with inflation prospects increasing. What are the implications? Massive amounts of fiscal and monetary stimulus have been pumped into the system, does this spark inflation when the global economy is back on solid ground? 2020 propelled a further valuation discrepancy between value and growth. Will this gap narrow? We believe it will.

These scenarios, largely intertwined, carry significance for markets moving forward. Investors have been complacent to anchor in growth stocks without hesitation and embrace greed. This greed has overpowered the possibility of disruption to the status quo. The world has lived with low rates and low growth for so long that the simple idea of anything but this environment appears to many as an impossibility. We believe we are at the point where a reality check is on the horizon. Timing cannot be known for sure, but given the environment and valuations, the performance division of value versus growth could finally begin to re-converge. The risk/reward trade-off, in our opinion, favors a value bias within our core approach. Government bonds with near zero yields, we believe, have no upside and most asset classes that are priced off Government bonds likely have a similar reward profile. For us, we can buy and focus on international value and core stocks that appear to have a real absolute return potential — that is where we are concentrating our efforts.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

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**International investing involves additional risks, including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations. Investments in countries with emerging economies or securities markets may carry greater risk than investments in more developed countries. Political and economic structures in many such countries may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries. Investments in securities issued in these countries may be more volatile and less liquid than securities issued in more developed countries. The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects the Portfolio's value and the risk that fluctuations in the value of the derivatives may not correlate with the corresponding securities or fixed income markets or the underlying asset upon which the derivative's value is based. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged, and includes reinvested dividends and does not include fees. One cannot invest directly in an index, nor is an index representative of Ivy VIP International Core Equity.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

**Asset Allocation**

<b>Stocks</b>	<b>97.0%</b>
Industrials	16.6%
Financials	13.0%
Consumer Discretionary	12.8%
Health Care	12.7%
Consumer Staples	10.5%
Information Technology	7.4%
Communication Services	7.0%
Materials	6.9%
Energy	6.0%
Real Estate	2.5%
Utilities	1.6%
<b>Bonds</b>	<b>1.2%</b>
Other Government Securities	1.2%
<b>Cash and Other Assets (Net of Liabilities), and Cash Equivalents+</b>	<b>1.8%</b>

**Country Weightings**

<b>Europe</b>	<b>61.5%</b>
France	15.7%
United Kingdom	15.6%
Germany	15.0%
Switzerland	5.2%
Netherlands	3.5%
Other Europe	6.5%
<b>Pacific Basin</b>	<b>28.0%</b>
Japan	13.8%
China	4.1%
Other Pacific Basin	10.1%
<b>North America</b>	<b>7.5%</b>
Canada	5.9%
Other North America	1.6%
<b>South America</b>	<b>1.2%</b>
<b>Cash and Other Assets (Net of Liabilities), and Cash Equivalents+</b>	<b>1.8%</b>

**Top 10 Equity Holdings**

Company	Country	Sector	Industry
Merck KGaA	Germany	Health Care	Pharmaceuticals
Roche Holdings AG, Genussscheine	Switzerland	Health Care	Pharmaceuticals
Samsung Electronics Co. Ltd.	South Korea	Information Technology	Technology Hardware, Storage & Peripherals
DNB ASA	Norway	Financials	Diversified Banks
Airbus SE	France	Industrials	Aerospace & Defense
Legal & General Group plc	United Kingdom	Financials	Life & Health Insurance
Carrefour S.A.	France	Consumer Staples	Hypermarkets & Super Centers
AlA Group Ltd.	Hong Kong	Financials	Life & Health Insurance
WPP Group plc	United Kingdom	Communication Services	Advertising
ENGIE	France	Utilities	Multi-Utilities

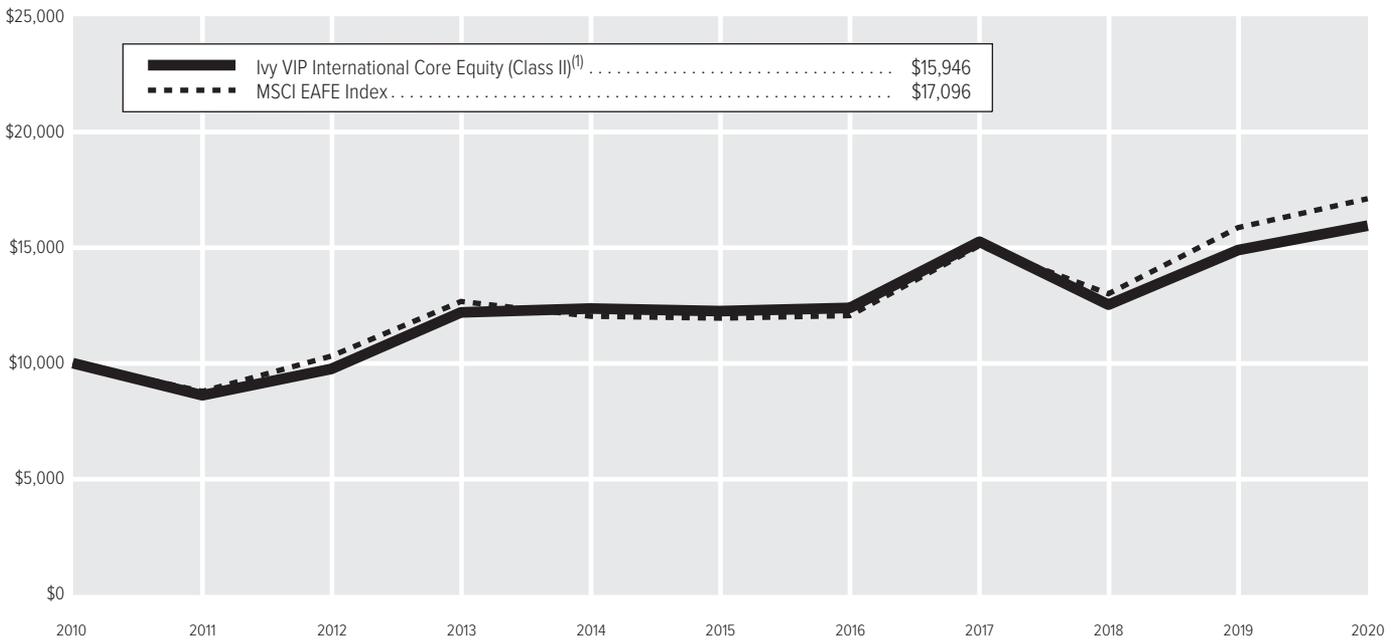
See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

## INTERNATIONAL CORE EQUITY

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class II
1-year period ended 12-31-20	7.19%
5-year period ended 12-31-20	5.41%
10-year period ended 12-31-20	4.78%

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

# INTERNATIONAL CORE EQUITY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Australia			France			Real Estate – 1.5%		
Financials – 1.5%			Communication Services – 1.0%			Deutsche Wohnen AG	178	\$ 9,489
Australia and New Zealand Banking Group Ltd.	561	\$ 9,837	Ubisoft Entertainment S.A. (A)	67	\$ 6,480	<b>Total Germany – 13.7%</b>		<b>\$88,401</b>
Materials – 1.6%			Consumer Discretionary – 1.3%			Hong Kong		
Newcrest Mining Ltd.	518	10,333	Peugeot S.A.	310	8,503	Financials – 1.8%		
<b>Total Australia – 3.1%</b>		<b>\$ 20,170</b>	Consumer Staples – 2.9%			AIA Group Ltd.	971	11,838
Brazil			Carrefour S.A.	694	11,877	<b>Total Hong Kong – 1.8%</b>		<b>\$ 11,838</b>
Consumer Staples – 1.2%			Pernod Ricard S.A.	36	6,827	India		
Ambev S.A.	2,518	7,611			18,704	Energy – 0.8%		
<b>Total Brazil – 1.2%</b>		<b>\$ 7,611</b>	Energy – 1.0%			Reliance Industries Ltd.	193	5,241
Canada			Total S.A.(B)	155	6,687	<b>Total India – 0.8%</b>		<b>\$ 5,241</b>
Consumer Discretionary – 2.4%			Financials – 1.1%			Japan		
Canada Goose Holdings, Inc. (A)(B)	301	8,954	BNP Paribas S.A.	135	7,131	Communication Services – 0.8%		
Dollarama, Inc.	163	6,630	Industrials – 5.6%			Dentsu Group, Inc. (B)	187	5,577
		15,584	Airbus SE	120	13,118	Consumer Discretionary – 3.0%		
Energy – 2.3%			Compagnie de Saint-Gobain	171	7,848	Sekisui House Ltd.	200	4,064
Canadian Natural Resources Ltd.	326	7,830	Schneider Electric S.A.	72	10,410	Subaru Corp.	444	8,892
Seven Generations Energy Ltd., Class A (A)	1,408	7,310	Vinci	54	5,405	Zozo, Inc.	264	6,512
		15,140			36,781			19,468
Materials – 1.2%			Information Technology – 1.2%			Consumer Staples – 1.5%		
Teck Cominco Ltd.	435	7,900	Cap Gemini S.A.	52	8,072	Seven & i Holdings Co. Ltd.	278	9,855
<b>Total Canada – 5.9%</b>		<b>\$38,624</b>	Utilities – 1.6%			Energy – 1.1%		
China			ENGIE	694	10,638	Inpex Corp. (B)	1,244	6,705
Consumer Discretionary – 2.0%			<b>Total France – 15.7%</b>		<b>\$102,996</b>	Financials – 1.4%		
Alibaba Group Holding Ltd. (A)	211	6,141	Germany			ORIX Corp.	611	9,405
Gree Electric Appliances, Inc. of Zhuhai, A Shares	714	6,805	Communication Services – 1.1%			Health Care – 1.0%		
		12,946	Deutsche Telekom AG, Registered Shares	387	7,065	Terumo Corp.	162	6,773
Consumer Staples – 1.0%			Consumer Staples – 1.0%			Industrials – 2.5%		
Wens Foodstuffs Group Co. Ltd., Class A	2,170	6,090	Beiersdorf Aktiengesellschaft	59	6,769	ITOCHU Corp.	250	7,189
Materials – 1.1%			Financials – 2.5%			SMC Corp.	14	8,673
Anhui Conch Cement Co. Ltd., H Shares	1,072	6,715	Deutsche Boerse AG	42	7,220			15,862
<b>Total China – 4.1%</b>		<b>\$ 25,751</b>	Munchener Ruckversicherungs-Gesellschaft AG, Registered Shares	30	8,817	Information Technology – 1.5%		
Denmark					16,037	Shimadzu Corp.	247	9,616
Industrials – 1.5%			Health Care – 3.9%			Real Estate – 1.0%		
A.P. Moller – Maersk A/S	3	7,096	Fresenius Medical Care AG & Co. KGaA	94	7,832	Mitsubishi Estate Co. Ltd.	406	6,523
A.P. Moller – Maersk A/S, Class A	1	2,731	Merck KGaA	103	17,597	<b>Total Japan – 13.8%</b>		<b>\$89,784</b>
		9,827			25,429	Netherlands		
<b>Total Denmark – 1.5%</b>		<b>\$ 9,827</b>	Industrials – 2.3%			Consumer Discretionary – 1.5%		
			Hochtief Aktiengesellschaft	79	7,674	Prosus N.V.	89	9,613
			Siemens AG	49	7,020	Health Care – 1.0%		
					14,694	Koninklijke Philips Electronics N.V., Ordinary Shares	126	6,778
			Information Technology – 1.4%					
			SAP AG	69	8,918			

# SCHEDULE OF INVESTMENTS

# INTERNATIONAL CORE EQUITY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	OTHER GOVERNMENT SECURITIES (C)	Principal	Value
Industrials – 1.0%			Consumer Staples – 2.9%			Norway – 1.2%		
Randstad Holding N.V. ....	103	\$ 6,641	British American Tobacco plc .....	233	\$ 8,670	Norway Government Bond		
			Unilever plc .....	173	10,355	3.750%, 5-25-21 (D)(E) .....	NOK67,170	\$ 7,942
<b>Total Netherlands – 3.5%</b>		<b>\$23,032</b>			<b>19,025</b>			
Norway			Energy – 0.8%			<b>TOTAL OTHER GOVERNMENT SECURITIES – 1.2%</b>		<b>\$ 7,942</b>
Financials – 2.1%			Technip-Coflexip .....	310	2,918	(Cost: \$7,588)		
DNB ASA (A) .....	698	13,672	TechnipFMC plc (A) .....	254	2,384			
					<b>5,302</b>	<b>SHORT-TERM SECURITIES</b>	<b>Shares</b>	
<b>Total Norway – 2.1%</b>		<b>\$ 13,672</b>	Financials – 2.6%			Money Market Funds (F) – 1.7%		
Singapore			Legal & General Group plc .....	3,505	12,774	State Street Institutional U.S.		
Communication Services – 1.2%			Lloyds Banking Group plc .....	6,939	3,460	Government Money Market		
Singapore Telecommunications					<b>16,234</b>	Fund-Premier Class		
Ltd. ....	4,384	7,655	Health Care – 2.5%			0.030% .....	8,144	8,144
			GlaxoSmithKline plc .....	528	9,668	Dreyfus Institutional Preferred		
<b>Total Singapore – 1.2%</b>		<b>\$ 7,655</b>	GlaxoSmithKline plc ADR .....	180	6,608	Government Money Market		
South Korea					<b>16,276</b>	Fund-Institutional Shares		
Industrials – 1.1%			Information Technology – 1.2%			0.030% (G) .....	2,601	2,601
LG Corp. (A) .....	91	7,367	Amdocs Ltd. ....	109	7,727			<b>10,745</b>
Information Technology – 2.1%						<b>TOTAL SHORT-TERM SECURITIES – 1.7%</b>		<b>\$ 10,745</b>
Samsung Electronics Co. Ltd. ....	188	14,003	Materials – 1.4%			(Cost: \$10,745)		
			Anglo American plc .....	277	9,139	<b>TOTAL INVESTMENT SECURITIES – 99.9%</b>		<b>\$648,702</b>
<b>Total South Korea – 3.2%</b>		<b>\$ 21,370</b>				(Cost: \$580,856)		
Sweden			<b>Total United Kingdom – 15.6%</b>		<b>\$ 101,021</b>	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%</b>		<b>716</b>
Health Care – 0.5%			<b>TOTAL COMMON STOCKS – 94.1%</b>		<b>\$610,767</b>			
Getinge AB .....	129	3,013	(Cost: \$547,236)			<b>NET ASSETS – 100.0%</b>		<b>\$ 649,418</b>
Industrials – 1.2%			<b>INVESTMENT FUNDS</b>					
Epiroc AB, Class A .....	317	5,769	United States – 1.6%					
Epiroc AB, Class B .....	128	2,154	SPDR Gold Trust (A) .....	59	10,472			
		<b>7,923</b>						
<b>Total Sweden – 1.7%</b>		<b>\$ 10,936</b>	<b>TOTAL INVESTMENT FUNDS – 1.6%</b>		<b>\$ 10,472</b>			
Switzerland			(Cost: \$7,631)					
Health Care – 3.8%			<b>PREFERRED STOCKS</b>					
Alcon, Inc. ....	104	6,910	Germany					
Roche Holdings AG, Genussscheine ..	50	17,337	Consumer Discretionary – 1.3%					
		<b>24,247</b>	Volkswagen AG, 2.260% .....	47	8,776			
Industrials – 1.4%								
Ferguson plc .....	71	8,591	<b>Total Germany – 1.3%</b>		<b>\$ 8,776</b>			
<b>Total Switzerland – 5.2%</b>		<b>\$32,838</b>	<b>TOTAL PREFERRED STOCKS – 1.3%</b>		<b>\$ 8,776</b>			
United Kingdom			(Cost: \$7,656)					
Communication Services – 2.9%								
BT Group plc .....	4,119	7,424						
WPP Group plc .....	1,063	11,519						
		<b>18,943</b>						
Consumer Discretionary – 1.3%								
Persimmon plc .....	222	8,375						

# SCHEDULE OF INVESTMENTS

# INTERNATIONAL CORE EQUITY *(in thousands)*

DECEMBER 31, 2020

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) All or a portion of securities with an aggregate value of \$20,940 are on loan.

(C) Other Government Securities may include emerging markets sovereign, quasi-sovereign, corporate and supranational agency and organization debt securities.

(D) Principal amounts are denominated in the indicated foreign currency, where applicable (NOK – Norwegian Krone).

(E) Securities were purchased pursuant to an exemption from registration available under Rule 144A under the Securities Act of 1933 and may only be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2020 the total value of these securities amounted to \$7,942 or 1.2% of net assets.

(F) Rate shown is the annualized 7-day yield at December 31, 2020.

(G) Investment made with cash collateral received from securities on loan.

The following forward foreign currency contracts were outstanding at December 31, 2020:

	Currency to be Delivered		Currency to be Received	Settlement Date	Counterparty	Unrealized Appreciation	Unrealized Depreciation
U.S. Dollar	37,424	Japanese Yen	3,934,529	1-14-21	Deutsche Bank AG	\$685	\$—

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Communication Services	\$ —	\$ 45,720	\$—
Consumer Discretionary	15,584	58,905	—
Consumer Staples	—	68,054	—
Energy	17,524	21,551	—
Financials	—	84,154	—
Health Care	8,057	74,459	—
Industrials	—	107,686	—
Information Technology	7,727	40,609	—
Materials	7,900	26,187	—
Real Estate	—	16,012	—
Utilities	—	10,638	—
Total Common Stocks	\$56,792	\$553,975	\$—
Investment Funds	10,472	—	—
Preferred Stocks	—	8,776	—
Other Government Securities	—	7,942	—
Short-Term Securities	10,745	—	—
Total	\$78,009	\$570,693	\$—
Forward Foreign Currency Contracts	\$ —	\$ 685	\$—

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

## Market Sector Diversification

(as a % of net assets)

Industrials	16.6%
Financials	13.0%
Consumer Discretionary	12.8%
Health Care	12.7%
Consumer Staples	10.5%
Information Technology	7.4%

+ Includes cash and other assets (net of liabilities), and cash equivalents

See Accompanying Notes to Financial Statements.

## Market Sector Diversification (Continued)

Communication Services	7.0%
Materials	6.9%
Energy	6.0%
Real Estate	2.5%
Utilities	1.6%
Other Government Securities	1.2%
Other+	1.8%

(UNAUDITED)



Kimberly A. Scott

*Below, Kimberly A. Scott, CFA, and Nathan A. Brown, CFA, co-portfolio managers of Ivy VIP Mid Cap Growth, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Ms. Scott has managed the Portfolio since its inception in 2005 and has 33 years of industry experience. Mr. Brown became co-portfolio manager in October 2016 and has 21 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Mid Cap Growth (Class II shares at net asset value)	49.00%
Benchmark and Morningstar Category	
Russell Midcap Growth Index (generally reflects the performance of securities that represent the mid-cap sector of the stock market)	35.59%
Morningstar Mid-Cap Growth Category Average (generally reflects the performance of the universe of portfolios with similar investment objectives)	39.26%

*Please note that Portfolio returns include applicable fees and expenses while index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Nathan A. Brown

Mid-cap growth stocks, as represented by the Russell Midcap Growth Index, the portfolio's benchmark, gained 35.59% for the 12-month period ended December 31, 2020. Ivy VIP Mid Cap Growth posted a 49.00% return for the measurement period, soundly beating the benchmark as well as the peer category average.

**Contributors and detractors**

During the measurement period, all sectors in the index and Portfolio posted positive returns, except for energy, which suffered from global shelter-in-place mandates. Sector overweight and underweight allocations were an overall detractor to the Portfolio's relative performance to the benchmark; however, stock selection — the expected primary driver of returns for the strategy — more than made up for the negative performance, netting out to an overall outperformance for the portfolio of 14.87% during the time period measured.

The strongest sector contribution to relative outperformance where we had exposure came from information technology, followed by industrials, consumer discretionary, health care, financials, consumer staples and materials. Real estate was additive due to our lack of exposure to the underperforming sector. Detractors to performance where we had exposure came from energy and communication services and utilities by way of no holdings in a very small allocation within the index. Equity options detracted significantly from performance by way of exposure throughout the calendar year to portfolio insurance in lieu of raising excess cash. While there was tremendous uncertainty throughout the period due to significant macroeconomic disruptions, the market largely shrugged off the uncertainty and thus, the portfolio insurance was not needed. Cash, as would be expected in a strong market environment, while at the lower range of our historical norms, was also a drag on performance.

Information technology was the largest allocation and strongest relative contributor within the Portfolio for the measurement period. As the sector outperformed within the index, our underweight position detracted to relative outperformance while our stock selection more than offset the underweight as the strongest returns to the Portfolio. The top three relative contributors to performance were in the information technology sector: Twilio, Inc., DocuSign, Inc, and Square, Inc. Twilio, a company that provides cloud-based business communication consolidation and aggregation platform tools, posted a 241.26% gain to the Portfolio for the year as businesses increasingly look to communicate with customers across multiple platforms. DocuSign, a company that provides cloud-based electronic signature options, posted a 201.33% return to the Portfolio for the year. Our thesis for DocuSign revolves around a very large market of both contractual and internal approval processes that can be greatly enhanced with the company's platform. Social distancing and work-from-home mandates provided an incremental tailwind to what we already believed to be a strong growth opportunity. Shelter-in-place mandates also benefitted e-commerce facilitation companies like Square, Inc., as consumers were still buying, but doing so from the comfort and isolation of their homes. Square is a credit card payment processing solutions company that helps businesses with an entire ecosystem of payment processing, not just at point of sale. Square posted a 247.89% gain to the Portfolio in 2020. As the year progressed, we remained actively engaged in monitoring valuation risk of these names and we have trimmed position sizes accordingly. We have taken gains in each name while maintaining exposure to what we deem to be strong business models. Coherent, Inc., a small allocation and standout underperformer in the Portfolio, was sold midyear as we grew concerned that growth was not accruing to the company as we had expected given what should have been a clear driver from organic light-emitting diode (OLED) smartphone screen adoption.

Health care, the second largest sector in the Portfolio was a contributor by way of both allocation and stock selection during the year. DexCom, Inc., a leading app-based continuous glucose monitoring manufacturer serving diabetic patients, was a strong performer to the Portfolio as adoption of its more complete and less invasive Type II diabetes monitoring hardware and ecosystem ramped up. Abiomed, Inc. was a standout in 2020 as it announced Food and Drug Administration (FDA) approval of the first in-human trial of the company's expandable cardiac power (ECP) heart pump, the world's smallest heart pump.

Consumer discretionary was a third largest sector with the strong stock selection outweighing the slight negative relative contribution of the overweight to the sector. Standout performers for the period were Chipotle Mexican Grill, Inc., Tractor Supply Company and MercadoLibre, Inc. Chipotle, a top-three holding in the Portfolio, had another strong year despite the pandemic, leveraging the ongoing focus on its omnichannel presence as touchless dining become so important in 2020. While other restaurants closed, Chipotle was able to continue to operate at a respectable level, while announcing some needed store consolidation measures. Tractor Supply, a farm and ranch supply retailer, benefitted from home improvement projects brought on by shelter-in-place mandates as well as an internal initiative to optimize usage of each store's side lots. MercadoLibre, an off-benchmark Central and South American focused e-commerce platform was also a standout for the period. We continue to hold Chipotle as a top holding in the Portfolio but have chosen to sell and take profit from both Tractor Supply and MercadoLibre as we felt the risk reward for potential growth at current valuations was too high.

Industrials, the fourth largest sector in the Portfolio as well as the largest overweight to the benchmark, was a drag on relative performance based on allocation but was the second highest overall contributor to relative performance due to stock selection, with standout holdings such as Trex Company, Inc. and CoStar Group, Inc. Trex, a market leader in composite decking solutions, benefitted from shelter-in-place mandates, as new work-from-home participants began to look around the house for projects they could undertake to improve their environment. CoStar Group is the leading provider of real estate data, analytics and marketplace listing platforms, including Apartments.com. It has a defensible franchise of mainly subscription-based revenue that continues to grow with solid management execution. Off-benchmark holding Middleby Corp. has been a disappointing detractor from overall performance on the year, but it rallied in the fourth quarter with news of two COVID-19 vaccines. Middleby designs and manufactures foodservice equipment and we are choosing to stay the course with the company because of its durable financials, strong management execution, desirable product set and long-term growth potential.

Overweight exposure to the financials sector had a small negative contribution to relative performance. Stock selection, however, more than offset the negative allocation effect. The benchmark is comprised of 23 small allocations in this sector, yet our exposure comes from two off-benchmark holdings, SVB Financial Group and First Republic Bank, and one significant overweight, MarketAxess Holdings, Inc. The standout for the Portfolio in the period was MarketAxess, a growing electronic trading platform for fixed-income securities.

Materials was a slight detractor to performance as an overweight position added to relative returns from stock selection. Strong performance came from Scotts Miracle-Gro Co., a lawn, garden and hydroponics provider, which continues to benefit from work-from-home trends. This strong performance was offset by underperforming Axalta Coating Systems, which we sold after struggling to assess the firm's longer-term strategy coupled with a tough macroeconomic environment for coatings companies.

Communication services was again the largest relative detractor for the period. We continue to gain exposure to this sector through a total of two names, Twitter, Inc. and Electronic Arts, Inc. (which is not held in the benchmark). While both Twitter and Electronic Arts posted solid positive absolute results on the period and both were relative contributors to overall performance, it was our lack of exposure to names like Roku, Spotify and Pinterest that created the drag on overall relative performance.

Our one holding in the consumer staples sector, Hershey Foods Corp., underperformed the sector within the index for the period. The Portfolio was sufficiently underweight this solid returning sector, our allocation detracted and our stock selection was a push.

We continue to have no exposure to the real estate and utilities sectors, which are de minimis in the benchmark, and we eliminated our small exposure to the energy sector at midyear.

## Market conditions and outlook

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Outlooks are point-in-time assessments, a look at the future today, and as has been made abundantly clear over the past year, they exist to be challenged, rethought and rewritten. Still, outlooks are a useful tool for organizing thoughts, communicating expectations, and forcing a framework for actions should any need be taken. The abiding principles of our outlook in all that we do all year, every year, and not just at the beginning of the year, are that "well-valued stocks of

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companies with growing streams of cash flow derived from innovation and strong management execution are key to wealth creation;” “markets go up more than they go down,” and, outside of stock picking, “the outlook that matters most is the one that figures out when the broad corporate profit cycle is determinedly inflecting into or out of a recession.” We witnessed a serious pandemic-wrought corporate profit recession in 2020, one that few would have predicted as it was swiftly and steeply discounted by gobsmacked investors. The recovery, also not well predicted, was almost as swiftly and steeply discounted to a market upside that has broken records. We believe this may be indicating economic growth and prosperity beyond previous expectations as world economies emerge and heal from the impact of the pandemic, but also carried along by government stimulus and interest rate maneuvering. At the same time, impressive innovation in life sciences, business and consumer technology, green energy, and many other areas has captured the imagination of professional and retail investors alike, driving the valuations of many companies to dizzying levels. So where does this leave us? We offer a series of predictions:

- World economies should continue to recover and grow as vaccine distributions allow them to emerge from the pandemic lockdowns.
- The strength of the recovery is overestimated as the underlying economic damage may be deeper than we appreciate.
- This will be a year where the market takes a breather to digest the spectacular gains and sturdy valuations achieved over the last half of 2020.
- Return compositions will be such that some stocks perform quite well as many companies regain earnings power in a broad economic recovery, while stocks of companies that over earned during the pandemic struggle to appreciate further or even give up some value.
- Many technology and health care companies will experience a soft spot in demand in 2021 after a surprisingly robust 2020. Stock valuations could be at risk as a result.
- Inflation and interest rate expectations will be too low as a result of persistent supply chain disruptions related to the lockdowns and to a strong generational demand for housing in an under-inventoried market.
- The Federal Reserve will continue to be supportive, but could possibly lag in its response to demand, inflation and interest rate pressures.

While stock picking is always key to our process and performance, it will be paramount in this environment as we seek to manage valuation risk in the Portfolio, while investing in durable growers, both secularly and cyclically.

**Past performance is not a guarantee of future results. The value of the Portfolio’s shares will change, and you could lose money on your investment.**

**Investing in mid-cap stocks may carry more risk than investing in stocks of larger, more-established companies. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general. The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects the Portfolio’s value and the risk that fluctuations in the value of the derivatives may not correlate exactly with the corresponding securities markets or the underlying asset upon which the derivative’s value is based. These and other risks are more fully described in the Portfolio’s prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers’ views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and include reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Mid Cap Growth.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

<b>Stocks</b>	<b>96.2%</b>
Information Technology	31.7%
Health Care	21.6%
Industrials	15.6%
Consumer Discretionary	12.2%
Financials	6.6%
Communication Services	4.2%
Materials	3.1%
Consumer Staples	1.2%
<b>Purchased Options</b>	<b>0.1%</b>
<b>Liabilities (Net of Cash and Other Assets), and Cash Equivalents+</b>	<b>3.7%</b>

## Top 10 Equity Holdings

Company	Sector	Industry
CoStar Group, Inc.	Industrials	Research & Consulting Services
Chipotle Mexican Grill, Inc., Class A	Consumer Discretionary	Restaurants
MarketAxess Holdings, Inc.	Financials	Financial Exchanges & Data
Twilio, Inc., Class A	Information Technology	Internet Services & Infrastructure
Electronic Arts, Inc.	Communication Services	Interactive Home Entertainment
Monolithic Power Systems, Inc.	Information Technology	Semiconductors
DocuSign, Inc.	Information Technology	Application Software
Teradyne, Inc.	Information Technology	Semiconductor Equipment
DexCom, Inc.	Health Care	Health Care Equipment
Fastenal Co.	Industrials	Trading Companies & Distributors

See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

MID CAP GROWTH

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	49.37%	49.00%
5-year period ended 12-31-20	—	22.57%
10-year period ended 12-31-20	—	15.22%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	27.03%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 4-28-17 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

MID CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Communication Services</b>			<b>Health Care</b>			<b>Information Technology</b>		
Interactive Home Entertainment – 2.7%			Biotechnology – 2.7%			Application Software – 8.4%		
Electronic Arts, Inc. ....	131	\$ 18,778	Genmab A.S. ADR (A) .....	195	\$ 7,944	DocuSign, Inc. (A) .....	78	\$ 17,263
			Seattle Genetics, Inc. (A) .....	61	10,606	Guidewire Software, Inc. (A) .....	96	12,314
					18,550	Paycom Software, Inc. (A) .....	18	8,003
Interactive Media & Services – 1.5%						Tyler Technologies, Inc. (A) .....	26	11,398
Twitter, Inc. (A) .....	185	10,014				Zendesk, Inc. (A) .....	61	8,720
								57,698
<b>Total Communication Services – 4.2%</b>		<b>28,792</b>	<b>Health Care Equipment – 10.5%</b>			<b>Communications Equipment – 1.5%</b>		
<b>Consumer Discretionary</b>			Abiomed, Inc. (A) .....	42	13,541	Arista Networks, Inc. (A) .....	37	10,656
Apparel, Accessories & Luxury Goods – 2.0%			DexCom, Inc. (A) .....	44	16,114			
Canada Goose Holdings, Inc. (A)(B) ..	208	6,184	Edwards Lifesciences Corp. (A) .....	116	10,550	Data Processing & Outsourced		
lululemon athletica, Inc. (A) .....	22	7,818	Envista Holdings Corp. (A) .....	238	8,031	Services – 1.1%		
		14,002	Glaukos Corp. (A) .....	89	6,684	Square, Inc., Class A (A) .....	35	7,616
			Intuitive Surgical, Inc. (A) .....	14	11,172			
			Masimo Corp. (A) .....	24	6,559			
					72,651			
Auto Parts & Equipment – 1.4%			<b>Health Care Services – 1.4%</b>			<b>Electronic Components – 1.7%</b>		
BorgWarner, Inc. ....	250	9,650	Laboratory Corp. of America			II-VI, Inc. (A) .....	157	11,896
			Holdings (A) .....	48	9,672			
Department Stores – 0.6%						Electronic Equipment & Instruments –		
Nordstrom, Inc. (B) .....	119	3,710	<b>Health Care Supplies – 0.9%</b>			2.6%		
			Align Technology, Inc. (A) .....	11	6,115	Keysight Technologies, Inc. (A) .....	106	13,944
General Merchandise Stores – 1.8%						Novanta, Inc. (A) .....	33	3,930
Dollar Tree, Inc. (A) .....	80	8,640	<b>Health Care Technology – 2.7%</b>					17,874
Ollie's Bargain Outlet Holdings,			Cerner Corp. ....	143	11,243	<b>Internet Services &amp; Infrastructure – 2.8%</b>		
Inc. (A) .....	46	3,782	Teladoc Health, Inc. (A) .....	36	7,148	Twilio, Inc., Class A (A) .....	56	19,041
		12,422			18,391			
Restaurants – 3.3%			<b>Life Sciences Tools &amp; Services – 3.4%</b>			<b>Semiconductor Equipment – 3.2%</b>		
Chipotle Mexican Grill, Inc.,			10x Genomics, Inc., Class A (A) .....	27	3,839	Brooks Automation, Inc. ....	82	5,550
Class A (A) .....	16	22,687	Agilent Technologies, Inc. ....	72	8,473	Teradyne, Inc. ....	141	16,845
			Maravai LifeSciences Holdings, Inc.,					22,395
Specialty Stores – 3.1%			Class A (A) .....	147	4,112	<b>Semiconductors – 7.4%</b>		
National Vision Holdings, Inc. (A) .....	171	7,749	TECHNE Corp. ....	23	7,320	Marvell Technology Group Ltd. ....	198	9,392
Ulta Beauty, Inc. (A) .....	48	13,670			23,744	Microchip Technology, Inc. ....	96	13,301
		21,419	<b>Total Health Care – 21.6%</b>		<b>149,123</b>	Monolithic Power Systems, Inc. ....	50	18,171
<b>Total Consumer Discretionary – 12.2%</b>		<b>83,890</b>				Universal Display Corp. ....	43	9,991
<b>Consumer Staples</b>			<b>Industrials</b>					50,855
Packaged Foods & Meats – 1.2%			<b>Building Products – 4.4%</b>			<b>Systems Software – 3.0%</b>		
Hershey Foods Corp. ....	54	8,285	A. O. Smith Corp. ....	189	10,341	CrowdStrike Holdings, Inc.,		
			Trane Technologies plc .....	54	7,769	Class A (A) .....	52	11,034
			Trex Co., Inc. (A) .....	144	12,078	Palo Alto Networks, Inc. (A) .....	26	9,414
					30,188			20,448
<b>Total Consumer Staples – 1.2%</b>		<b>8,285</b>	<b>Industrial Machinery – 3.5%</b>			<b>Total Information Technology – 31.7%</b>		<b>218,479</b>
<b>Financials</b>			IDEX Corp. ....	52	10,335	<b>Materials</b>		
Financial Exchanges & Data – 2.9%			Middleby Corp. (A) .....	108	13,928	Fertilizers & Agricultural Chemicals – 1.7%		
MarketAxess Holdings, Inc. ....	34	19,601			24,263	Scotts Miracle-Gro Co. (The) .....	59	11,691
			<b>Research &amp; Consulting Services – 5.5%</b>					
Regional Banks – 3.7%			CoStar Group, Inc. (A) .....	26	23,629	Specialty Chemicals – 1.4%		
First Republic Bank .....	85	12,529	TransUnion .....	147	14,592	RPM International, Inc. ....	108	9,773
SVB Financial Group (A) .....	34	13,137			38,221			
		25,666	<b>Trading Companies &amp; Distributors – 2.2%</b>			<b>Total Materials – 3.1%</b>		<b>21,464</b>
<b>Total Financials – 6.6%</b>		<b>45,267</b>	Fastenal Co. ....	304	14,860			
						<b>TOTAL COMMON STOCKS – 96.2%</b>		<b>\$662,832</b>
			<b>Total Industrials – 15.6%</b>		<b>107,532</b>			(Cost: \$367,990)

# SCHEDULE OF INVESTMENTS

MID CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

PURCHASED OPTIONS	Number of Contracts (Unrounded)	Notional Amount	Value	SHORT-TERM SECURITIES	Shares	Value
Invesco QQQ Trust, Put \$300.00, Expires 1-15-21, OTC (Ctrpty: JPMorgan Chase Bank N.A.) . . . . .	1,743	174	\$ 400	Money Market Funds(D) – 4.3% Dreyfus Institutional Preferred Government Money Market Fund – Institutional Shares, 0.030% (C) . . . . .	4,040	\$ 4,040
iShares Russell 2000 ETF, Put \$188.00, Expires 1-15-21, OTC (Ctrpty: Citibank N.A.) . . . . .	619	62	121	State Street Institutional U.S. Government Money Market Fund – Premier Class, 0.030% . . . . .	25,397	25,397
Marvell Technology Group Ltd., Call \$45.00, Expires 1-15-21, OTC (Ctrpty: JPMorgan Chase Bank N.A.) . . . . .	687	69	222			29,437
SPDR S&P MidCap 400 ETF Trust: Put \$400.00, Expires 1-15-21, OTC (Ctrpty: Citibank N.A.) . . . . .	649	65	123	<b>TOTAL SHORT-TERM SECURITIES – 4.3%</b>		<b>\$ 29,437</b>
Put \$405.00, Expires 1-15-21, OTC (Ctrpty: Citibank N.A.) . . . . .	650	65	195	(Cost: \$29,437)		
Twitter, Inc., Call \$54.00, Expires 1-22-21, OTC (Ctrpty: Citibank N.A.) . . . . .	918	92	213	<b>TOTAL INVESTMENT SECURITIES – 100.6%</b>		<b>\$693,543</b>
				(Cost: \$399,718)		
<b>TOTAL PURCHASED OPTIONS – 0.1%</b>			<b>\$1,274</b>	<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.6)%</b>		<b>(3,984)</b>
(Cost: \$2,291)				<b>NET ASSETS – 100.0%</b>		<b>\$689,559</b>

## Notes to Schedule of Investments

- (A) No dividends were paid during the preceding 12 months.
- (B) All or a portion of securities with an aggregate value of \$7,018 are on loan.
- (C) Investment made with cash collateral received from securities on loan.
- (D) Rate shown is the annualized 7-day yield at December 31, 2020.

# SCHEDULE OF INVESTMENTS

MID CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

The following written options were outstanding at December 31, 2020 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Notional Amount	Expiration Month	Exercise Price	Premium Received	Value
Invesco QQQ Trust	JPMorgan Chase Bank N.A.	Put	1,743	174	January 2021	\$262.00	\$145	\$ (34)
iShares Russell 2000 ETF	Citibank N.A.	Put	619	62	January 2021	164.00	36	(10)
Marvell Technology Group Ltd.	JPMorgan Chase Bank N.A.	Put	687	69	January 2021	35.00	134	(6)
	JPMorgan Chase Bank N.A.	Call	687	69	January 2021	55.00	31	(9)
SPDR S&P MidCap 400 ETF Trust	Citibank N.A.	Put	1,299	130	January 2021	355.00	91	(45)
							\$437	\$(104)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$662,832	\$ —	\$—
Purchased Options	—	1,274	—
Short-Term Securities	29,437	—	—
Total	\$692,269	\$1,274	\$—
<b>Liabilities</b>			
Written Options	\$ —	\$ 104	\$—

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

OTC = Over the Counter

See Accompanying Notes to Financial Statements.

(UNAUDITED)



David P. Ginther

*Below, David P. Ginther, CPA, and Michael T. Wolverton, CFA, portfolio managers of Ivy VIP Natural Resources, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Ginther has managed the Portfolio since 2013 and has 25 years of industry experience. Mr. Wolverton has managed the Portfolio since 2016 and has 16 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Natural Resources (Class II shares at net asset value)	-11.99%
Benchmark and Morningstar Category	
S&P North American Natural Resources Sector Index (generally reflects the performance of the energy and materials stocks in North America)	-19.01%
Morningstar Natural Resources Category Average (generally reflects the performance of the universe of portfolios with similar investment objectives)	16.37%

*Please note that the Portfolio returns include applicable investment fees and expenses, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Michael T. Wolverton

**Energy continued to lag**

No other area of the market has struggled as much as energy over the past several years, and 2020 was no exception. Energy was the worst performing sector of the market, and this was the fourth straight year of underperformance versus the broader market. The sector continued to face an array of short- and long-term headwinds that contributed to this negative performance. The most significant issue was the loss of demand triggered by the COVID-19 pandemic. Perhaps no industry was harder hit than energy. The work-from-home explosion and the subsequent decline in personal and business travel caused a severe downturn in oil demand, resulting in a significantly oversupplied market. Amazingly, the price of oil even went negative for a brief period of time due to lack of available storage; a truly unprecedented event. As the year progressed, the price of oil recovered to around the marginal cost of supply as demand recovered. However, oil demand exited 2020 still below pre-pandemic levels. After a very volatile year, the price of oil ended at around \$48 per barrel after entering 2020 around \$61 per barrel.

On the supply side, the industry spent much of the calendar year reducing production, while also reducing capital spending and headcount. In short, companies went into survival mode, and consolidation began to take place with several mergers. A number of companies did not survive and filed for bankruptcy. OPEC did its part by reducing supply by 10 million barrels per day in April. Lastly, many refineries chose to permanently close in order to rationalize supply of oil products. All of these actions helped stabilize the market, but excess supply capacity still remains.

Outside of the pandemic issues, the energy industry also continued to face headwinds from longer-term uncertainty. Namely, the push by governments around the world to reduce carbon emissions has put a target on the back of fossil fuel energy producers. The increase in energy production from renewable sources continued to progress in 2020, taking share from traditional fossil fuels. This energy transition remains a threat to future price and volume for many energy companies.

The materials sector fared much better than energy, even outperforming the broader market. Precious metals were a big contributor to this performance. Deflationary conditions and falling bond yields provided a strong environment for gold and other precious metals equities to perform well. In other areas, copper and iron ore prices appreciated as emerging market demand held strong and supply chains were disrupted by the pandemic. In addition, various specialty chemical companies and packaging companies saw strong demand from the stay-at-home trend.

**Portfolio positioning**

The Portfolio had a negative return for the measurement period but outperformed its benchmark, the S&P North American Natural Resources Sector Index, while underperforming its category average. The Portfolio held an underweight position to the energy sector and overweight position to the materials sector compared to its benchmark. The Portfolio averaged about 34% energy exposure for the year, with the remainder in materials. This energy weighting was reduced materially from the previous 2019 measurement period.

Globally, the energy sector significantly underperformed the materials sector during 2020, with energy significantly underperforming the overall market and materials slightly outperforming the overall market. Generally, more defensive names outperformed in energy, as did companies with high-quality balance sheets. Overweight positions in alternative energy, other metals, railroads, chemicals and utilities contributed to positive relative performance. Underweight positions in several energy sub-sectors also contributed to positive relative performance. Contributions to negative relative performance included an overweight position in refining and underweight positions in precious metals, construction materials, packaging and forest products.

The Portfolio's five greatest contributors to performance relative to the benchmark in the measurement period were an underweight position in Exxon Mobil Corp. and overweight positions in Enphase Energy, Inc., Rio Tinto plc, Southern Copper Corp. and Canadian Pacific Railway Ltd. Exxon is not a holding of the Portfolio.

The five greatest relative detractors were Newmont Corp., Freeport-McMoRan Inc., Halliburton Co., Franco-Nevada Corp. and Williams Companies Inc. Freeport-McMoRan Inc., Halliburton Co. and Williams Companies, Inc. are no longer holdings.

### **The return to normalization or a new normal?**

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Since the announcement of COVID-19 vaccines, energy equities have rebounded strongly. Despite that move, energy equities remain far below pre-pandemic levels. We believe the path forward in 2021 will depend on supply restraint from energy companies/OPEC, as well as the pace of demand recovery.

With regard to demand, we expect leisure travel will recover and resume growth throughout the coming year. We also expect many more businesses will resume on-premise work arrangements, which would improve work commute travel demand. It remains unclear if employers will permanently embrace work from home for employees, but it seems reasonable that at least some percentage of workers going forward will be working from home rather than commuting. Even with sequentially improving demand recovery, we think getting back to pre-pandemic demand levels is likely a second half of 2021 or 2022 event.

On the supply side, U.S. oil production is forecasted to be lower in 2021. OPEC production is also expected to be down from the previous year but will likely be increasing sequentially throughout 2021 as demand recovers. Overall, reduced capacity and consolidation by energy companies should help regulate supply increases. In addition, energy companies are under considerable pressure from investors to not spend free cash flow on additional growth. As oil prices improve, it is unknown whether these companies will maintain discipline, but we believe that it is a necessary condition in order to be rewarded by investors. We will focus on increasing positions in the energy space with companies that maintain discipline and focus on returns over growth.

From a macroeconomic level, the outlook for the natural resource space is improving. After facing crippling deflation for most of 2020, the economic backdrop has shifted to reflation. Historically, this has been positive for commodity demand and prices. The highest demand growth for commodities is mostly driven by emerging markets. This makes commodity prices dependent on currency movements, particularly in the U.S. dollar. Government stimulus remains high as the world digs out from slower economic growth and high-debt levels. This could continue to put more downward pressure on the U.S. dollar, which would likely be supportive for emerging market and commodity demand. Many governments have signaled a desire for higher inflation and will implement policies to encourage that to happen. If successful, we believe natural resource equities are positioned well to see improved performance in the coming year. The Portfolio is focusing on companies across the natural resources landscape that we think can deliver above market returns on capital, with disciplined capital allocation and strong balance sheets.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**Investing in companies involved in one specified sector may be more risky and volatile than an investment with greater diversification. Investing in natural resources can be riskier than other types of investment activities because of a range of factors, including price fluctuation caused by real and perceived inflationary trends and political developments; and the cost assumed by natural resource companies in complying with environmental and safety regulations.**

**International investing involves additional risks, including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations. These risks are magnified in emerging markets.**

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**Commodity trading, including trading in precious metals, is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.**

**These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Natural Resources.**

ALL DATA IS AS OF DECEMBER 31, 2020 (UNAUDITED)

**Asset Allocation**

Stocks	98.7%
Materials	44.5%
Energy	36.4%
Industrials	8.1%
Consumer Staples	4.2%
Utilities	3.8%
Information Technology	1.7%
Liabilities (Net of Cash and Other Assets), and Cash Equivalents+	1.3%

**Country Weightings**

North America	76.1%
United States	62.9%
Canada	13.2%
Europe	13.7%
United Kingdom	6.5%
France	4.6%
Other Europe	2.6%
Pacific Basin	6.0%
Other	1.6%
South America	1.3%
Liabilities (Net of Cash and Other Assets), and Cash Equivalents+	1.3%

**Top 10 Equity Holdings**

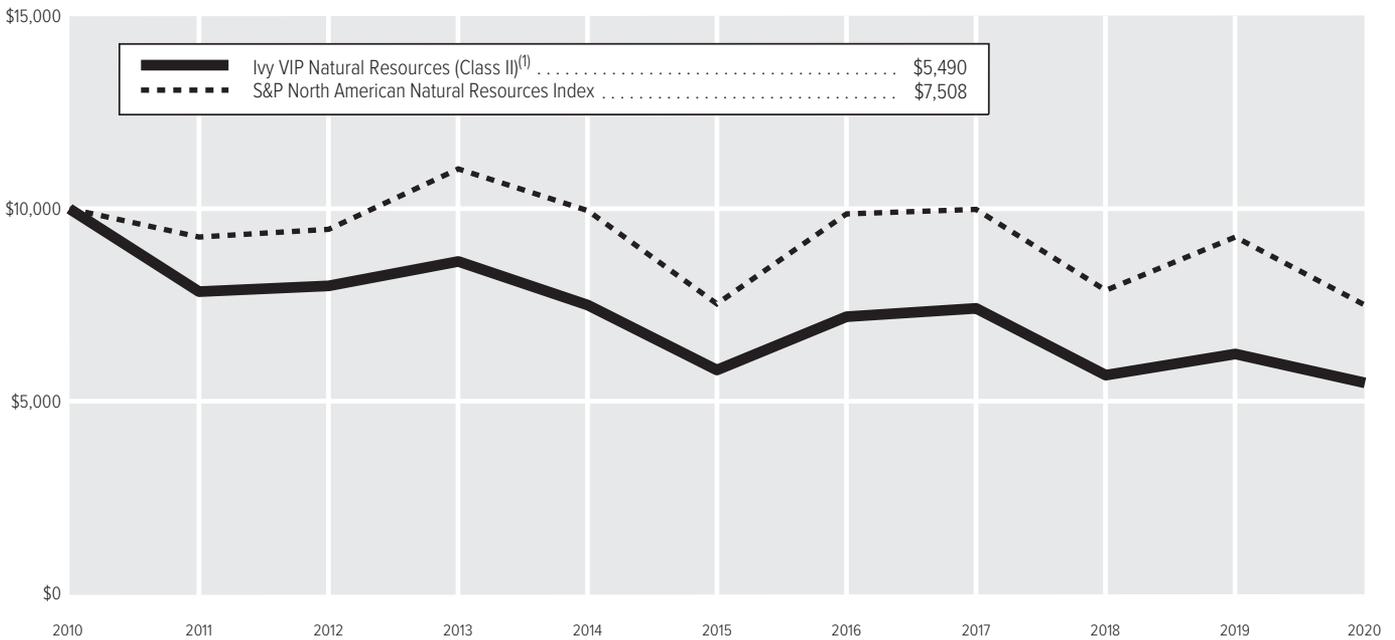
Company	Country	Sector	Industry
Phillips 66	United States	Energy	Oil & Gas Refining & Marketing
Rio Tinto plc	United Kingdom	Materials	Diversified Metals & Mining
BHP Group plc	Australia	Materials	Diversified Metals & Mining
Barrick Gold Corp.	Canada	Materials	Gold
EOG Resources, Inc.	United States	Energy	Oil & Gas Exploration & Production
Total S.A. ADR	France	Energy	Integrated Oil & Gas
Reliance Industries Ltd.	India	Energy	Oil & Gas Refining & Marketing
Canadian Pacific Railway Ltd.	Canada	Industrials	Railroads
Union Pacific Corp.	United States	Industrials	Railroads
Valero Energy Corp.	United States	Energy	Oil & Gas Refining & Marketing

See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class II
1-year period ended 12-31-20	-11.99%
5-year period ended 12-31-20	-1.17%
10-year period ended 12-31-20	-5.82%

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

# NATURAL RESOURCES *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Australia</b>			<b>Portugal</b>			<b>Materials – (Continued)</b>		
Materials – 3.2%			Energy – 1.5%			Packaging Corp. of America	11	\$ 1,509
BHP Group plc	90	\$ 2,386	Galp Energia SGPS S.A., Class B	106	\$ 1,118	PPG Industries, Inc.	9	1,304
						Scotts Miracle-Gro Co. (The)	2	387
<b>Total Australia – 3.2%</b>		<b>\$ 2,386</b>	<b>Total Portugal – 1.5%</b>		<b>\$ 1,118</b>	Sherwin-Williams Co. (The)	2	1,554
<b>Brazil</b>			<b>South Africa</b>			Southern Copper Corp.	30	1,935
Energy – 1.3%			Materials – 1.6%			Steel Dynamics, Inc.	20	727
Petroleo Brasileiro S.A. – Petrobras			Mondi plc	52	1,208			<u>16,979</u>
ADR	83	935				Utilities – 2.7%		
			<b>Total South Africa – 1.6%</b>		<b>\$ 1,208</b>	American Water Works Co., Inc.	4	658
<b>Total Brazil – 1.3%</b>		<b>\$ 935</b>	<b>United Kingdom</b>			NextEra Energy, Inc.	18	1,401
<b>Canada</b>			Materials – 6.5%					<u>2,059</u>
Energy – 1.7%			Anglo American plc	39	1,304	<b>Total United States – 62.9%</b>		<b>\$ 47,154</b>
Cameco Corp.	20	264	Croda International plc	14	1,223			
Canadian Natural Resources Ltd.	39	937	Rio Tinto plc	32	2,397	<b>TOTAL COMMON STOCKS – 98.7%</b>		<b>\$ 73,861</b>
						(Cost: \$77,365)		
		<u>1,201</u>	<b>Total United Kingdom – 6.5%</b>		<b>\$ 4,924</b>	<b>SHORT-TERM SECURITIES</b>		
Industrials – 2.8%			<b>United States</b>			Money Market Funds (C) – 1.8%		
Canadian Pacific Railway Ltd.	6	2,047	Consumer Staples – 4.2%			State Street Institutional U.S.		
			Bunge Ltd.	25	1,622	Government Money Market Fund –		
Materials – 8.7%			Tyson Foods, Inc.	23	1,497	Premier Class 0.030%	1,370	1,370
Agnico-Eagle Mines Ltd.	14	978			<u>3,119</u>			
Barrick Gold Corp.	98	2,236	Energy – 26.3%			<b>TOTAL SHORT-TERM SECURITIES – 1.8%</b>		<b>\$ 1,370</b>
Franco-Nevada Corp.	14	1,814	Cabot Oil & Gas Corp.	75	1,226	(Cost: \$1,370)		
Kirkland Lake Gold Ltd.	9	366	Chevron Corp.	20	1,675	<b>TOTAL INVESTMENT SECURITIES – 100.5%</b>		<b>\$ 75,231</b>
Wheaton Precious Metals Corp.	27	1,125	Concho Resources, Inc.	25	1,473	(Cost: \$78,735)		
		<u>6,519</u>	Diamondback Energy, Inc.	33	1,587	<b>LIABILITIES, NET OF CASH AND OTHER</b>		
<b>Total Canada – 13.2%</b>		<b>\$ 9,767</b>	Enterprise Products Partners L.P.	75	1,472	ASSETS (D) – (0.5%)		(409)
<b>France</b>			EOG Resources, Inc.	43	2,140			
Energy – 2.8%			Magellan Midstream Partners L.P.	31	1,325	<b>NET ASSETS – 100.0%</b>		<b>\$ 74,822</b>
Total S.A. ADR	50	2,114	Marathon Petroleum Corp.	37	1,511			
			Parsley Energy, Inc., Class A	106	1,501			
Materials – 1.8%			Phillips 66	43	2,976			
L Air Liquide S.A.	8	1,318	Schlumberger Ltd.	41	889			
			Valero Energy Corp.	34	1,946			
<b>Total France – 4.6%</b>		<b>\$ 3,432</b>			<u>19,721</u>			
<b>Germany</b>			Industrials – 5.3%					
Utilities – 1.1%			Union Pacific Corp.	10	2,025			
RWE Aktiengesellschaft	19	813	Waste Management, Inc.	13	1,563			
			Xylem, Inc.	4	390			
<b>Total Germany – 1.1%</b>		<b>\$ 813</b>			<u>3,978</u>			
<b>Hong Kong</b>			Information Technology – 1.7%					
Materials – 0.0%			Enphase Energy, Inc. (A)	7	1,298			
China Metal Recycling (Holdings)								
Ltd. (A)(B)	1,900	—	Materials – 22.7%					
			Air Products and Chemicals, Inc.	6	1,541			
<b>Total Hong Kong – 0.0%</b>		<b>\$ —</b>	Albemarle Corp.	5	711			
<b>India</b>			AptarGroup, Inc.	7	972			
Energy – 2.8%			Avery Dennison Corp.	10	1,527			
Reliance Industries Ltd.	80	2,124	Ball Corp.	14	1,348			
			Ecolab, Inc.	5	1,085			
<b>Total India – 2.8%</b>		<b>\$ 2,124</b>	FMC Corp.	14	1,606			
			Newmont Corp.	13	773			

DECEMBER 31, 2020

## Notes to Schedule of Investments

\*Not shown due to rounding.

(A) No dividends were paid during the preceding 12 months.

(B) Securities whose value was determined using significant unobservable inputs.

(C) Rate shown is the annualized 7-day yield at December 31, 2020.

(D) Cash of \$310 has been pledged as collateral on OTC forward foreign currency contracts.

The following forward foreign currency contracts were outstanding at December 31, 2020:

	Currency to be Delivered		Currency to be Received	Settlement Date	Counterparty	Unrealized Appreciation	Unrealized Depreciation
Euro	3,532	U.S. Dollar	4,177	1-14-21	Morgan Stanley International	\$—	\$139
British Pound	5,202	U.S. Dollar	6,782	1-14-21	UBS AG	—	333
						<u>\$—</u>	<u>\$472</u>

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Consumer Staples	\$ 3,119	\$ —	\$ —
Energy	23,971	3,242	—
Industrials	6,025	—	—
Information Technology	1,298	—	—
Materials	23,498	9,836	—*
Utilities	2,059	813	—
Total Common Stocks	\$59,970	\$13,891	\$ —*
Short-Term Securities	1,370	—	—
Total	\$61,340	\$13,891	\$ —*
<b>Liabilities</b>			
Forward Foreign Currency Contracts	\$ —	\$ 472	\$ —

During the year ended December 31, 2020, there were no transfers in or out of Level 3.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

OTC = Over the Counter

## Market Sector Diversification

(as a % of net assets)

Materials	44.5%
Energy	36.4%
Industrials	8.1%
Consumer Staples	4.2%
Utilities	3.8%
Information Technology	1.7%
Other+	1.3%

+ Includes liabilities (net of cash and other assets), and cash equivalents

See Accompanying Notes to Financial Statements.

(UNAUDITED)



Zachary H. Shafran

*Below, Zachary Shafran and Bradley Warden, portfolio managers of Ivy VIP Science and Technology, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Shafran has managed the Portfolio since 2001 and has 32 years of industry experience. Mr. Warden was named portfolio manager in October 2016 and was previously an assistant portfolio manager on the Portfolio since 2014. He has 23 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Science and Technology (Class II) Benchmark(s) and Morningstar Category	35.36%
S&P North American Technology Sector Index (generally reflects the performance of U.S. science and technology stocks)	45.15%
Morningstar Technology Category Average (generally reflects the performance of the universe of funds with similar investment objectives)	55.91%

*Please note that the Portfolio returns include applicable investment fees and expenses, whereas the index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*



Bradley J. Warden

**An unprecedented year**

Fiscal year 2020 was historic in virtually every way possible. The COVID-19 pandemic consumed our lives and drove innovation across the globe as we were forced to adapt, virtually overnight, to entirely different social, work and education environments. Portions of the economy shuttered, while other areas thrived in this new reality. In spite of COVID-19's tragic consequences and economic shutdowns, the equity and fixed-income markets proved resilient and gained strength through the year. This strength may largely be attributed to extremely accommodative financial policies, including direct stimulus payments, along with technological innovation that made it possible to continue commerce.

As the pandemic hit in the first quarter of 2020, coordinated fiscal and monetary policies caused a V-shaped recovery in financial markets. Despite millions of job losses and drastic economic hits, the markets responded favorably due to all-time low interest rates and Federal Reserve (Fed) policy that promised easy monetary policy far into the future, even beyond signs of improvement. With a low rate environment and technology-enabling companies at the forefront, growth stocks continued to pace the market.

Globally, the U.S.-China relationship remained tense, with the U.S. government eventually adding more Chinese companies to its black list, as entities of the Chinese government. Within technology, the U.S. prohibited semiconductor and other suppliers from selling to China's Huawei Technologies on grounds of national security and intellectual property theft. Additionally, the Trump administration blamed China for the COVID-19 virus pandemic, further straining the relationship between the countries.

Divisive politics were pervasive over the course of 2020. President Donald Trump found himself at the center of controversy regarding his administration's handling of the COVID-19 pandemic, along with the country's various responses to virus hot-spots. The country was prepared for an ugly election season, but the runoffs in Georgia's Senate elections and the president's consistent claim that the election was stolen created new levels of political dissent. The market continued its advance following the election of Joe Biden, and although the Senate went Democratic following the runoff, the majority is razor thin and the market consensus, for the time being, is that any extremely progressive tax policies remain off the table.

Within a massive pandemic, global tensions, and a toxic political environment, technology saw incredible amounts of innovation. A vaccine was developed within a month of sequencing the COVID-19 virus and approved globally within a year — an unprecedented accomplishment. Many companies went immediately to a work-from-home mandate to protect their workers and, despite some early challenges, most companies recognized the change was not nearly as disruptive as expected. Companies like Zoom Video Communications, Inc., Amazon, Inc. and DoorDash, Inc. became critical to daily work and school. In essence, many innovative tools saw accelerated adoption as a result of the pandemic, changing not only how we currently operate on a daily basis, but altering the path of the future. The ability to adapt to an unforeseen circumstance and thrive continues to be the promise of innovation and technology.

During the fiscal year, information technology stocks performed well with the Portfolio's benchmark advancing 45.2%. Within information technology, the internet, software, and semiconductor subsectors made significant positive contributions to performance. In addition to these subsectors, other areas like hardware and interactive media added positively, illustrating the broad market strength across the technology sector.

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On the health care front, company stocks that benefited from the COVID-19 pandemic saw significant stock price appreciation. The U.S. presidential election caused the usual consternation over the potential for policy changes with a potential new administration. Overall, the small majority in Congress made for a lower likelihood of more progressive health care policy that might negatively impact public company stocks.

### **Positions in IT services and software drove relative underperformance**

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The Portfolio underperformed its technology-only benchmark and Morningstar peer group average during the fiscal year. Underperformance in the Portfolio's technology exposure was primarily driven by positions in Euronet Worldwide, Inc., WNS Holdings Ltd., ACI Worldwide, Inc., and Aspen Technology, Inc. An underweight position in Amazon.com, Inc. and not holding PayPal Holdings Inc. negatively impacted relative returns as well.

Health care is not represented in the benchmark, so the Portfolio's allocation to the sector is an important distinction when comparing performance metrics. In the fiscal year, the Portfolio's health care allocation was a marginal positive contributor to relative performance, with outperformance in biotechnology offset by underperformance in health care technology. Within biotechnology, Moderna, Inc. was the greatest positive contributor.

The Portfolio maintained a mid-single-digit cash position while repositioning during the market selloff and rebound which negatively contributed to relative performance. Additionally, the Portfolio used derivatives over the reporting period, but the usage had no material impact on Portfolio performance.

### **Portfolio positioning**

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While we recognize the challenges facing a world in the midst of a pandemic, we are excited about the innovation and growth that we continue to see. Despite our relative underperformance in fiscal year 2020, we remain convinced that the Portfolio is positioned to outperform over our targeted three-plus year time horizon. We believe the extremely low interest rate environment has inflated valuations of some of the most expensive technology stocks to unsustainable levels. We remain committed to ensuring current valuations appropriately reflect the current and future opportunities for the stocks in the Portfolio.

The Portfolio had approximately 59.4% of its equity exposure in the information technology sector, as of Dec. 31, 2020. The overall exposure in information technology is more appropriately assessed by including the communication services sector, which includes many companies previously in the information technology sector. The Portfolio had approximately 12.6% of its equity assets in the communication services sector as of Dec. 31, 2020, for a total of 72% of assets exposed to the information technology and communications services sectors.

As of the fiscal year end, roughly 15% of the Portfolio's equity assets were in the health care sector. In developing markets, as the standard of living increases, we continue to believe the demand for quality health care should increase. In our view, biotechnology, health care information technology systems and pharmaceuticals are among the greatest innovators and early adopters of new science and technology, so we continue to focus particular attention to companies in those areas. Companies in the Portfolio, like Moderna, Inc., reflect our investment interests where a new technology (mRNA) can have enormous impacts on health care (COVID-19 vaccine). We believe the next few years should continue to be constructive for biotechnology company stocks and we remain well invested within this health care subsector.

The Portfolio's "applied science and technology" holdings span several industries and sectors and, along with the consumer discretionary subsector (largely Amazon), make up the remainder of the Portfolio's equity composition. At the end of the fiscal year, the Portfolio's cash position was 3.3% of net assets. We almost always have some cash on hand to take advantage of opportunities that may present themselves.

### **Watching areas of stretched valuations as the economy reopens**

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As we look forward to fiscal 2021, we see pockets of technology where valuations concern us. We believe growth and earnings will remain strong and improve as the world begins to see widespread COVID-19 vaccinations and economies reopen. In spite of these positive financial metrics, we believe that rising interest rates and the potential for increasing inflation expectations in the middle and back half of 2021 could put pressure on stock multiples in segments of both information technology and health care. We remain diligent in assessing the appropriate valuations of names in the Portfolio.

Broadly, we expect more muted political rhetoric as President Donald Trump exits office. We expect additional regulatory scrutiny on some of the key information technology companies, including Facebook, Inc., Alphabet, Inc. (Google), Amazon, Inc. and Apple, Inc. on the relative power these companies wield in economic markets and communication. Globally, we think China will remain a key area of concern and of opportunity. We will carefully balance our investments impacted by China with expectations around both growth and the Chinese government's strong-handed style of capitalism.

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Company management teams we speak with have expressed optimism about new trends in areas like artificial intelligence and electric vehicles, along with the increased use of technology in old economy areas like industrials. We will be prudent in balancing growth with valuations, as we believe there are many potential investment opportunities — especially in biotechnology, data and semiconductors — around the world. As we look at the securities of such companies, we are focused on what we believe are good growth prospects and sound capital structures.

As always, we continue to carefully monitor the macroeconomic environment, but our focus remains primarily on security-specific fundamental research. Going forward, we believe this attention to bottom-up research, coupled with the innovation and transformation under way across the globe should continue to provide investment opportunities for the Portfolio.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**Because the Portfolio invests more than 25% of its total assets in the science and technology industry, the Portfolio's performance may be more susceptible to a single economic, regulatory or technological occurrence than a portfolio that does not concentrate its investments in this industry. Securities of companies within specific industries or sectors of the economy may periodically perform differently than the overall market. In addition, the Portfolio's performance may be more volatile than an investment in a portfolio of broad market securities and may underperform the market as a whole, due to the relatively limited number of issuers of science and technology related securities. Investment risks associated with investing in science and technology securities, in addition to other risks, include: operating in rapidly changing fields, abrupt or erratic market movements, limited product lines, markets or financial resources, management that is dependent on a limited number of people, short product cycles, aggressive pricing of products and services, new market entrants and obsolescence of existing technology.**

**International investing involves additional risks, including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations.**

**Dividend-paying stocks may fall out of favor with investors and underperform non-dividend paying stocks and the market as a whole. In addition, dividend-paying companies may not pay dividends in the future; such dividends, if declared, may not remain at current levels or increase over time. The amount of any dividend the company may pay may fluctuate significantly. Dividend-paying stocks can decline in value when interest rates rise; this risk may be greater during the current period of historically low interest rates. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Science and Technology.**

ALL DATA AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

<b>Stocks</b>	<b>99.7%</b>
Information Technology	64.9%
Health Care	13.8%
Communication Services	12.4%
Consumer Discretionary	6.7%
Real Estate	1.4%
Industrials	0.3%
Materials	0.2%
<b>Warrants</b>	<b>0.0%</b>
<b>Bonds</b>	<b>0.1%</b>
Corporate Debt Securities	0.1%
<b>Liabilities (Net of Cash and Other Assets), and Cash Equivalents+</b>	<b>0.2%</b>

## Country Weightings

<b>North America</b>	<b>80.6%</b>
United States	80.6%
<b>Pacific Basin</b>	<b>10.2%</b>
India	3.6%
Other Pacific Basin	6.6%
<b>Europe</b>	<b>8.9%</b>
Netherlands	3.9%
Germany	3.5%
Other Europe	1.5%
<b>Other</b>	<b>0.1%</b>
<b>Liabilities (Net of Cash and Other Assets), and Cash Equivalents+</b>	<b>0.2%</b>

## Top 10 Equity Holdings

Company	Country	Sector	Industry
Microsoft Corp.	United States	Information Technology	Systems Software
Apple, Inc.	United States	Information Technology	Technology Hardware, Storage & Peripherals
Facebook, Inc., Class A	United States	Communication Services	Interactive Media & Services
Micron Technology, Inc.	United States	Information Technology	Semiconductors
QUALCOMM, Inc.	United States	Information Technology	Semiconductors
Aspen Technology, Inc.	United States	Information Technology	Application Software
Amazon.com, Inc.	United States	Consumer Discretionary	Internet & Direct Marketing Retail
ASML Holding N.V., NY Registry Shares	Netherlands	Information Technology	Semiconductor Equipment
ACI Worldwide, Inc.	United States	Information Technology	Application Software
WNS (Holdings) Ltd. ADR	India	Information Technology	Data Processing & Outsourced Services

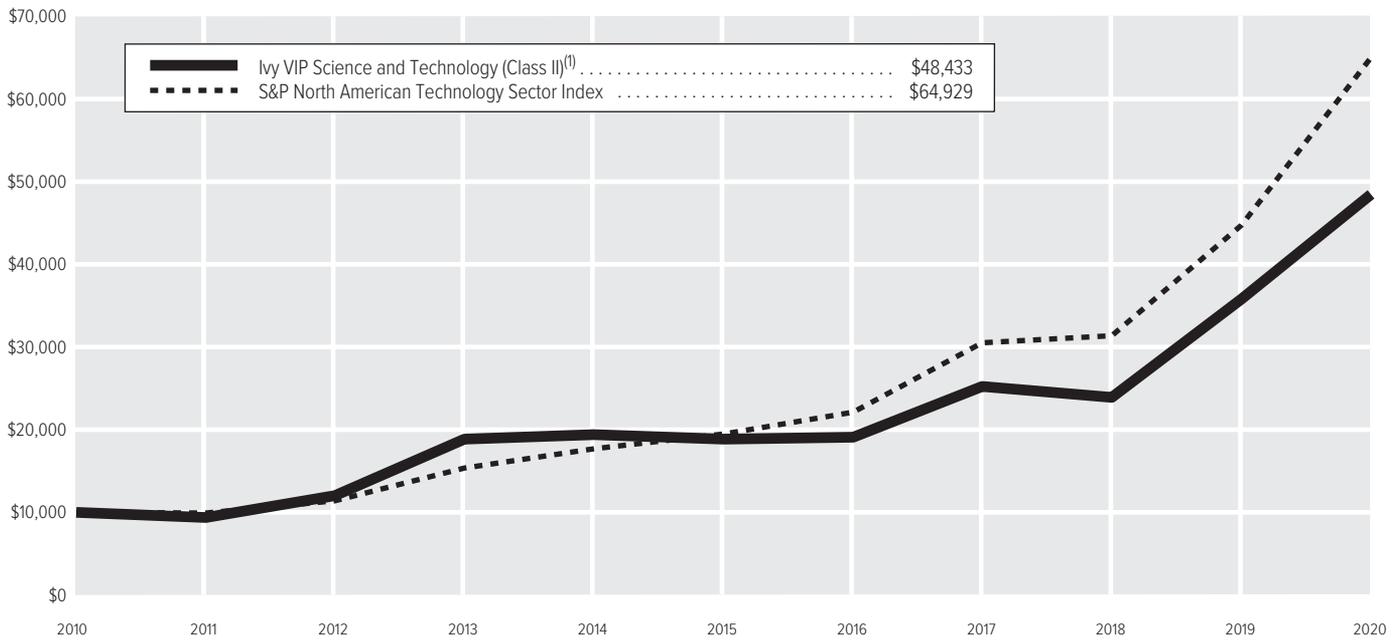
See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

## SCIENCE AND TECHNOLOGY

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	35.70%	35.36%
5-year period ended 12-31-20	—	20.80%
10-year period ended 12-31-20	—	17.09%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	24.90%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 4-28-17 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

# SCIENCE AND TECHNOLOGY *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	CORPORATE DEBT SECURITIES	Principal	Value
<b>Communication Services</b>			Electronic Equipment & Instruments – 0.6%			Materials		
Interactive Media & Services – 12.4%			Keysight Technologies, Inc. (A) . . . . .	32	\$ 4,188	Fertilizers & Agricultural Chemicals – 0.1%		
Alphabet, Inc., Class A (A) . . . . .	9	\$ 16,277				Marrone Bio Innovations, Inc.,		
Alphabet, Inc., Class C (A) . . . . .	9	16,180	Semiconductor Equipment – 3.9%			8.000%, 12-31-22 (E) . . . . .	\$ 288	\$ 298
Facebook, Inc., Class A (A) . . . . .	150	40,847	ASML Holding N.V., NY Registry					
IAC/InterActiveCorp (A) . . . . .	25	4,797	Shares . . . . .	54	26,355			
Snap, Inc., Class A (A) . . . . .	39	1,969				<b>Total Materials – 0.1%</b>		<b>298</b>
Tencent Holdings Ltd. (B) . . . . .	55	3,950	Semiconductors – 23.4%					
		<u>84,020</u>	Infinion Technologies AG (B) . . . . .	626	23,906	<b>TOTAL CORPORATE DEBT</b>		
<b>Total Communication Services – 12.4%</b>		<b>84,020</b>	Microchip Technology, Inc. . . . .	80	11,045	<b>SECURITIES – 0.1%</b>		<b>\$ 298</b>
<b>Consumer Discretionary</b>			Micron Technology, Inc. (A) . . . . .	511	38,405	(Cost: \$288)		
Internet & Direct Marketing Retail – 6.5%			ON Semiconductor Corp. (A) . . . . .	167	5,454	<b>SHORT-TERM SECURITIES</b>	Shares	
Alibaba Group Holding Ltd.			QUALCOMM, Inc. . . . .	220	33,451	Money Market Funds(H) – 0.8%		
ADR (A) . . . . .	75	17,408	Semtech Corp. (A) . . . . .	135	9,720	Dreyfus Institutional Preferred		
Amazon.com, Inc. (A) . . . . .	8	26,668	Taiwan Semiconductor			Government Money Market		
		<u>44,076</u>	Manufacturing Co. Ltd. ADR . . . . .	117	12,749	Fund – Institutional Shares,		
Specialized Consumer Services – 0.2%			Universal Display Corp. . . . .	105	24,061	0.030% (G) . . . . .	4,387	4,387
Uber Technologies, Inc. (A) . . . . .	32	1,632				State Street Institutional U.S.		
		<u>1,632</u>	Systems Software – 10.7%			Government Money Market		
<b>Total Consumer Discretionary – 6.7%</b>		<b>45,708</b>	Microsoft Corp. . . . .	283	63,034	Fund – Premier Class,		
<b>Health Care</b>			ServiceNow, Inc. (A) . . . . .	17	9,585	0.030% . . . . .	947	947
Biotechnology – 9.5%					<u>72,619</u>			<u>5,334</u>
CRISPR Therapeutics AG (A) . . . . .	65	10,010	Technology Hardware, Storage & Peripherals – 7.7%			<b>TOTAL SHORT-TERM SECURITIES – 0.8%</b>		<b>\$ 5,334</b>
Evogene Ltd. (A)(C) . . . . .	137	644	Apple, Inc. . . . .	316	41,978	(Cost: \$5,334)		
Ionis Pharmaceuticals, Inc. (A) . . . . .	139	7,881	Samsung Electronics Co. Ltd. (B) . . . . .	140	10,460	<b>TOTAL INVESTMENT</b>		
Moderna, Inc. (A) . . . . .	136	14,160			<u>52,438</u>	<b>SECURITIES – 100.6%</b>		<b>\$682,205</b>
Sarepta Therapeutics, Inc. (A) . . . . .	60	10,267	<b>Total Information Technology – 64.9%</b>		<b>440,247</b>	(Cost: \$285,394)		
Vertex Pharmaceuticals, Inc. (A)(D) . . . . .	90	21,314	Materials			<b>LIABILITIES, NET OF CASH AND OTHER</b>		
		<u>64,276</u>	Fertilizers & Agricultural Chemicals – 0.2%			<b>ASSETS – (0.6%)</b>		<b>(3,838)</b>
Health Care Technology – 4.3%			Marrone Bio Innovations, Inc. (A) . . . . .	1,241	1,552	<b>NET ASSETS – 100.0%</b>		<b>\$ 678,367</b>
Cerner Corp. . . . .	278	21,824						
Teladoc Health, Inc. (A) . . . . .	37	7,361	<b>Total Materials – 0.2%</b>		<b>1,552</b>			
		<u>29,185</u>	Real Estate					
<b>Total Health Care – 13.8%</b>		<b>93,461</b>	Specialized REITs – 1.4%					
<b>Industrials</b>			QTS Realty Trust, Inc., Class A . . . . .	155	9,610			
Trucking – 0.3%								
Lyft, Inc., Class A (A) . . . . .	40	1,940	<b>Total Real Estate – 1.4%</b>		<b>9,610</b>			
		<u>1,940</u>						
<b>Total Industrials – 0.3%</b>		<b>1,940</b>	<b>TOTAL COMMON STOCKS – 99.7%</b>		<b>\$676,538</b>			
<b>Information Technology</b>			(Cost: \$279,772)					
Application Software – 10.7%			<b>WARRANTS</b>					
ACI Worldwide, Inc. (A) . . . . .	637	24,495	Fertilizers & Agricultural Chemicals – 0.0%					
Aspen Technology, Inc. (A) . . . . .	212	27,656	Marrone Bio Innovations, Inc.,					
NVIDIA Corp. . . . .	17	9,077	expires 3-15-21 (E)(F) . . . . .	38	19			
Palantir Technologies, Inc. (A)(C) . . . . .	157	3,688	Marrone Bio Innovations, Inc.,					
salesforce.com, Inc. (A) . . . . .	33	7,405	expires 12-15-21 (E)(F) . . . . .	32	16			
		<u>72,321</u>			<u>35</u>			
Data Processing & Outsourced Services – 7.9%			<b>TOTAL WARRANTS – 0.0%</b>		<b>\$ 35</b>			
Euronet Worldwide, Inc. (A) . . . . .	142	20,607	(Cost: \$–)					
Fiserv, Inc. (A) . . . . .	75	8,582						
WNS (Holdings) Ltd. ADR (A) . . . . .	338	24,346						
		<u>53,535</u>						

DECEMBER 31, 2020

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) Listed on an exchange outside the United States.

(C) All or a portion of securities with an aggregate value of \$4,279 are on loan.

(D) All or a portion of securities with an aggregate value of \$71 are held in collateralized accounts to cover potential obligations with respect to outstanding written options.

(E) Restricted securities. At December 31, 2020, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Principal	Cost	Value
Marrone Bio Innovations, Inc., 8.000%, 12-31-22	8-20-15	\$288	\$287	\$298
		Shares		
Marrone Bio Innovations, Inc., expires 3-15-21	8-20-15 – 5-1-20	38	\$ —	\$ 19
Marrone Bio Innovations, Inc., expires 12-15-21	8-20-15 – 5-1-20	32	\$ —	\$ 16
			\$287	\$333

The total value of these securities represented 0.0% of net assets at December 31, 2020.

(F) Warrants entitle the Portfolio to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(G) Investment made with cash collateral received from securities on loan.

(H) Rate shown is the annualized 7-day yield at December 31, 2020.

The following written options were outstanding at December 31, 2020 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Notional Amount	Expiration Month	Exercise Price	Premium Received	Value
ACI Worldwide, Inc.	N/A	Call	191	19	January 2021	\$40.00	\$ 17	\$ (11)
Palantir Technologies, Inc.	JPMorgan Chase Bank N.A.	Call	1,566	157	January 2021	35.00	361	(23)
							\$378	\$(34)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
<b>Investments in Securities</b>			
<b>Common Stocks</b>			
Communication Services	\$ 80,070	\$ 3,950	\$—
Consumer Discretionary	45,708	—	—
Health Care	93,461	—	—
Industrials	1,940	—	—
Information Technology	405,881	34,366	—
Materials	1,552	—	—
Real Estate	9,610	—	—
<b>Total Common Stocks</b>	<b>\$638,222</b>	<b>\$38,316</b>	<b>\$—</b>
Warrants	—	35	—
Corporate Debt Securities	—	298	—
Short-Term Securities	5,334	—	—
<b>Total</b>	<b>\$643,556</b>	<b>\$38,649</b>	<b>\$—</b>
<b>Liabilities</b>			
Written Options	\$ 11	\$ 23	\$—

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

OTC = Over the Counter

REIT = Real Estate Investment Trust

DECEMBER 31, 2020

## Country Diversification

(as a % of net assets)

United States	80.6%
Netherlands	3.9%
India	3.6%
Germany	3.5%
China	3.2%
Taiwan	1.9%
South Korea	1.5%
Switzerland	1.5%
Other Countries	0.1%
Other+	0.2%

*+Includes liabilities (net of cash and other assets), and cash equivalents*

See Accompanying Notes to Financial Statements.

(UNAUDITED)



Kenneth G. Gau

*Below, Kenneth G. Gau, portfolio manager of Ivy VIP Small Cap Core, discusses positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Gau has managed the Portfolio since 2014, and has 27 years of industry experience.*

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Small Cap Core (Class II shares at net asset value)	7.03%
Benchmark and Morningstar Category	
Russell 2000 Index (Generally reflects the performance of small-company stocks)	19.96%
Morningstar Small Blend Category Average (Generally reflects the performance of portfolios with similar investment objectives)	10.99%

*Please note that Portfolio returns include applicable fees and expenses while index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.*

**Market Sector Update**

Calendar year 2020 was a roller coaster, and the final installment of this unprecedented year did not disappoint as the fourth quarter registered the largest gain in the history of the Russell 2000 Index. After seeing the biggest drawdown ever in the first quarter this clearly supports the unprecedented assertion. While the market recovery began in earnest back in April, the approval of two COVID-19 vaccines in November further accelerated the recovery as the perception grew that the pandemic's grip was loosening and a return to normalcy is drawing closer.

Additionally, moving beyond a contentious U.S. presidential election, an additional \$900 billion in fiscal stimulus by the U.S., continued global stimulus and central bank support, the idea of easy comparisons around the corner and the need to replenish inventories globally and investors can see a setup for tremendous economic reacceleration in 2021, a magnitude of which we have not experienced in years.

After appreciating greater than 31% in the fourth quarter, the Russell 2000 finished up over 19% for the full year, something that seems unfathomable considering the events of the year. From a sector perspective, health care (+46.1%), technology (+38.0%), and consumer discretionary (+32.7%) led the index higher driven by rallies in biotechnology, health care information technology, software, semiconductors, internet marketing and consumer durables. Energy (-36.9%), real estate (-4.7%), and financials (-4.1%) lagged on the pandemic-led oil demand destruction, concerns on office, retail and hospitality properties, and compressing interest rates pressured these groups.

As the focus now turns to how the economy and companies continue their recovery in 2021 and beyond, it will be important to consider how far the market has come. With the index up 15% from its January 2020 highs and expectations for forward 12-month index earnings are roughly 10% below estimates at that time, a decent amount of the recovery appears to be priced in.

**Portfolio Strategy**

The Fund produced a positive return for the year though trailed its benchmark, while finishing in the third quartile relative to its peers with only 11% of the category outperforming the benchmark. Clearly, 2020 was a challenging year for active management in this segment.

Underperformance for the year was driven by stock selection with allocation providing some positive offset. Stocks with higher price-to-earnings multiples, higher sales growth, higher beta, and lower return on equity outperformed for the year, which provided a headwind challenge based on our selection process.

Looking at sector attribution, communication services, real estate and materials provided the best performance in 2020 with health care, industrials, and technology creating the greatest drag. Struggles at the top of the portfolio were a tremendous headwind for the fund in 2020. Among the top 20 average holdings, attribution was a drag of just under 800 basis points relative to the benchmark. Most of this underperformance was related to the type of companies we held at the top of portfolio rather than anything being particularly wrong with their business models. This was clearly not a year to hold reasonably valued more stable and consistent growers. Greater risk was rewarded in 2020, due to the tremendous fiscal and monetary stimulus provided by the governments globally. While we did trim and exit some of our more conservative

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positions at the top of the portfolio, we stuck with many companies believing that they are long-term winners. We also added risk through smaller positions at the bottom of the portfolio to better reflect the current investment environment. Enphase Energy, Varonis Systems and Scotts Miracle-Gro were the top contributors for the year and Cardtronics, TreeHouse Foods, and Magnolia Oil & Gas were the largest detractors. The Portfolio no longer holds Enphase Energy, Scotts Miracle-Gro nor Cardtronics.

As alluded to above, the Portfolio has continued to selectively add more cyclical exposure to companies that stand to benefit from the continued recovery in the economy. The Portfolio's predicted beta has also continued to migrate upward and is now close to 1. This is one of the highest levels it has been in my tenure (for perspective our 3-year realized beta has been just under 0.9), though remains below the index. This is where we expect it to most often be due to our preference for stable, higher quality business models, and our more conservative nature.

## Outlook

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How this recovery will manifest in the markets will likely be very different in 2021 than it has been in 2020. The reopening will drive many different end markets and will be fueled by a reallocation of consumers wallets from goods to services as people get out of their houses after being cooped up for an extended period.

We believe many businesses will forever be changed by this pandemic, and consumption trends are unlikely to be the same as they were pre-pandemic. All impacts are unlikely to crystalize immediately and will likely be figured out over a period of years. There should be tremendous disconnects between perceptions around the health and wellness of companies and reality, creating opportunities that hopefully we can exploit.

There is no way to get around the fact that performance in calendar 2020 was certainly not up to our expectations; however, our confidence and commitment to identifying quality, underappreciated companies coupled with thoughtful portfolio construction remains. We expect to recover and deliver results more in line with our history as the cycle progresses.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**Investing in small-cap growth and value stocks may carry more risk than investing in stocks of larger, more well-established companies. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general. Value stocks are stocks of companies that may have experienced adverse developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of the Portfolio's manager, undervalued. Such security may never reach what the manager believes to be its full value, or such security's value may decrease. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the Portfolio manager and are current only through the end of the period of the report as stated on the cover. The manager's views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Small Cap Core.**

ALL DATA AS OF DECEMBER 31, 2020 (UNAUDITED)

**Asset Allocation**

<b>Stocks</b>	<b>99.5%</b>
Information Technology	20.1%
Industrials	17.3%
Financials	16.4%
Health Care	15.6%
Consumer Discretionary	13.0%
Materials	6.8%
Consumer Staples	3.5%
Energy	2.8%
Communication Services	2.3%
Real Estate	1.7%
<b>Cash and Other Assets (Net of Liabilities), and Cash Equivalents+</b>	<b>0.5%</b>

**Top 10 Equity Holdings**

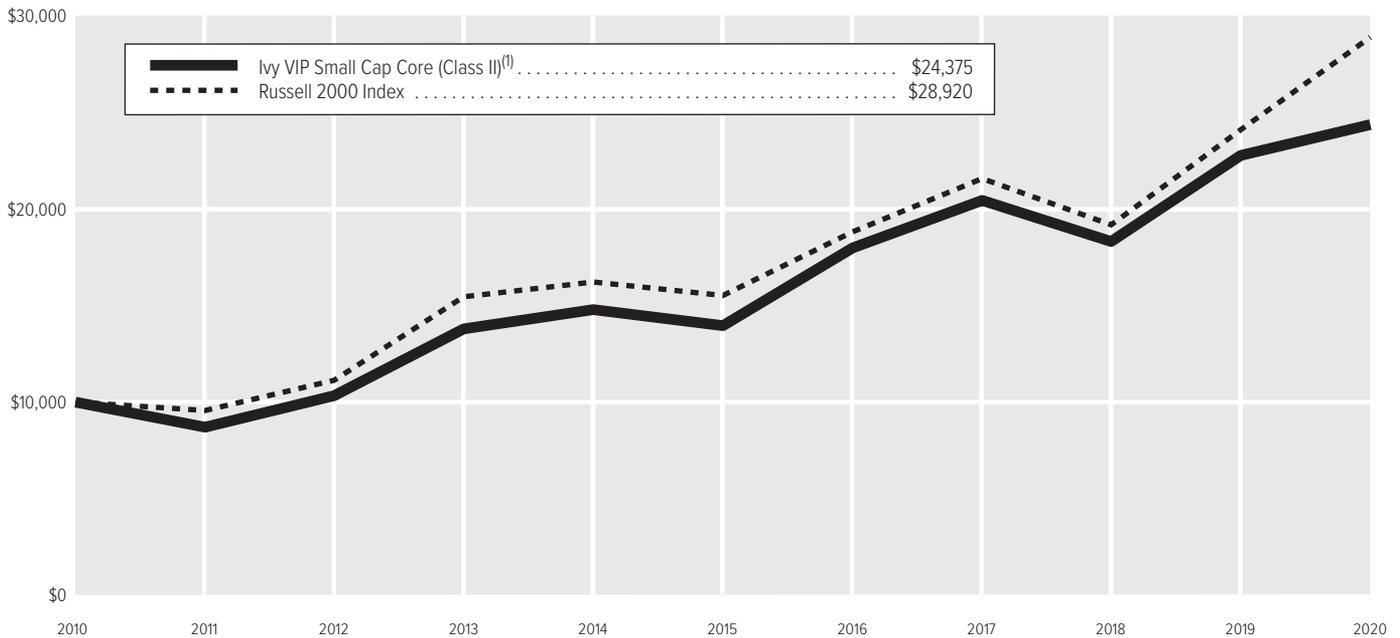
Company	Sector	Industry
2U, Inc.	Information Technology	Application Software
Coherent, Inc.	Information Technology	Electronic Equipment & Instruments
Switch, Inc., Class A	Information Technology	Internet Services & Infrastructure
TCF Financial Corp.	Financials	Regional Banks
Element Solutions, Inc.	Materials	Specialty Chemicals
Encompass Health Corp.	Health Care	Health Care Facilities
Varonis Systems, Inc.	Information Technology	Systems Software
Triton International Ltd.	Industrials	Trading Companies & Distributors
Envista Holdings Corp.	Health Care	Health Care Equipment
Skechers USA, Inc.	Consumer Discretionary	Footwear

See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT SMALL CAP CORE

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class II
1-year period ended 12-31-20	7.03%
5-year period ended 12-31-20	11.79%
10-year period ended 12-31-20	9.32%

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

SMALL CAP CORE *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Communication Services			Financial Exchanges & Data – 0.7%			Electrical Components & Equipment – 4.3%		
Interactive Media & Services – 2.3%			Morningstar, Inc. . . . .	6	\$ 1,390	EnerSys . . . . .	16	\$ 1,329
Groupon, Inc. (A) . . . . .	50	\$ 1,887	Investment Banking & Brokerage – 2.1%			nVent Electric plc . . . . .	159	3,714
TripAdvisor, Inc. (A) . . . . .	79	2,280	LPL Investment Holdings, Inc. . . . .	37	3,861	Regal-Beloit Corp. . . . .	22	2,740
		<u>4,167</u>	Multi-Line Insurance – 1.2%					<u>7,783</u>
<b>Total Communication Services – 2.3%</b>		<b>4,167</b>	Kemper Corp. . . . .	28	2,124	Environmental & Facilities Services – 1.8%		
Consumer Discretionary			Property & Casualty Insurance – 1.2%			Clean Harbors, Inc. (A) . . . . .	44	3,340
Apparel Retail – 2.2%			Palomar Holdings, Inc. (A) . . . . .	25	2,234	Industrial Machinery – 1.1%		
American Eagle Outfitters, Inc. . . . .	108	2,168	Regional Banks – 7.9%			RBC Bearings, Inc. (A) . . . . .	11	1,920
Boot Barn Holdings, Inc. (A) . . . . .	44	1,901	First Horizon Corp. . . . .	194	2,474	Marine – 0.5%		
		<u>4,069</u>	Pinnacle Financial Partners, Inc. . . . .	30	1,921	Kirby Corp. (A) . . . . .	19	994
Auto Parts & Equipment – 3.3%			TCF Financial Corp. . . . .	152	5,637	Research & Consulting Services – 1.7%		
Dana Holding Corp. . . . .	84	1,638	Webster Financial Corp. . . . .	105	4,414	ICF International, Inc. . . . .	42	3,122
Visteon Corp. (A) . . . . .	35	4,354			<u>14,446</u>	Trading Companies & Distributors – 2.6%		
		<u>5,992</u>	Thrifts & Mortgage Finance – 2.1%			Triton International Ltd. . . . .	97	4,691
Automotive Retail – 0.7%			Essent Group Ltd. . . . .	89	3,830	Trucking – 2.2%		
Vroom, Inc. (A) . . . . .	30	1,244	<b>Total Financials – 16.4%</b>		<b>30,077</b>	Knight Transportation, Inc. . . . .	97	4,042
Footwear – 2.4%			Health Care			<b>Total Industrials – 17.3%</b>		<b>31,561</b>
Skechers USA, Inc. (A) . . . . .	124	4,472	Biotechnology – 3.2%			Information Technology		
Home Improvement Retail – 1.2%			ChemoCentryx, Inc. (A) . . . . .	17	1,051	Application Software – 5.6%		
Beacon Roofing Supply, Inc. (A) . . . . .	55	2,200	Halozyme Therapeutics, Inc. (A) . . . . .	86	3,676	2U, Inc. (A) . . . . .	187	7,494
Homebuilding – 2.2%			Insmed, Inc. (A) . . . . .	34	1,138	Q2 Holdings, Inc. (A) . . . . .	22	2,823
TopBuild Corp. (A) . . . . .	22	4,013			<u>5,865</u>		<u>10,317</u>	
Restaurants – 1.0%			Health Care Equipment – 3.6%			Data Processing & Outsourced Services – 1.9%		
Brinker International, Inc. . . . .	33	1,851	Cantel Medical Corp. . . . .	26	2,023	EVERTEC, Inc. . . . .	87	3,426
<b>Total Consumer Discretionary – 13.0%</b>		<b>23,841</b>	Envista Holdings Corp. (A) . . . . .	135	4,555	Electronic Components – 1.1%		
Consumer Staples					<u>6,578</u>	Knowles Corp. (A) . . . . .	112	2,064
Agricultural Products – 1.7%			Health Care Facilities – 2.8%			Electronic Equipment & Instruments – 3.6%		
Darling International, Inc. (A) . . . . .	55	3,146	Encompass Health Corp. . . . .	62	5,118	Coherent, Inc. (A) . . . . .	43	6,507
Packaged Foods & Meats – 1.8%			Health Care Services – 1.4%			Internet Services & Infrastructure – 3.4%		
TreeHouse Foods, Inc. (A) . . . . .	75	3,187	Chemed Corp. . . . .	5	2,553	Switch, Inc., Class A . . . . .	375	6,141
<b>Total Consumer Staples – 3.5%</b>		<b>6,333</b>	Health Care Supplies – 2.2%			Semiconductor Equipment – 1.9%		
Energy			Haemonetics Corp. (A) . . . . .	15	1,785	Brooks Automation, Inc. . . . .	51	3,475
Oil & Gas Equipment & Services – 0.6%			SI-BONE, Inc. (A) . . . . .	77	2,309	Systems Software – 2.6%		
TechnipFMC plc (A) . . . . .	111	1,047			<u>4,094</u>	Varonis Systems, Inc. (A) . . . . .	29	4,767
Oil & Gas Exploration & Production – 2.2%			Health Care Technology – 1.1%			<b>Total Information Technology – 20.1%</b>		<b>36,697</b>
Magnolia Oil & Gas Corp. (A) . . . . .	173	1,218	Change Healthcare, Inc. (A) . . . . .	110	2,049	Materials		
Parsley Energy, Inc., Class A . . . . .	203	2,886	Managed Health Care – 1.3%			Commodity Chemicals – 1.8%		
		<u>4,104</u>	HealthEquity, Inc. (A) . . . . .	33	2,277	Cabot Corp. . . . .	75	3,351
<b>Total Energy – 2.8%</b>		<b>5,151</b>	<b>Total Health Care – 15.6%</b>		<b>28,534</b>	Diversified Chemicals – 1.1%		
Financials			Industrials			Huntsman Corp. . . . .	80	2,003
Consumer Finance – 1.2%			Agricultural & Farm Machinery – 1.7%			Specialty Chemicals – 2.9%		
Encore Capital Group, Inc. (A) . . . . .	56	2,192	AGCO Corp. (A) . . . . .	31	3,167	Element Solutions, Inc. . . . .	303	5,371
			Construction & Engineering – 1.4%					
			Valmont Industries, Inc. . . . .	14	2,502			

# SCHEDULE OF INVESTMENTS

SMALL CAP CORE *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS (Continued)	Shares	Value	SHORT-TERM SECURITIES	Shares	Value
Steel – 1.0%			Money Market Funds (B) – 0.1%		
Warrior Met Coal, Inc. . . . .	85	\$ 1,813	State Street Institutional U.S. Government Money Market Fund – Premier Class, 0.030% . . . . .	128	\$ 128
<b>Total Materials – 6.8%</b>		<b>12,538</b>	<b>TOTAL SHORT-TERM SECURITIES – 0.1%</b>		<b>\$ 128</b>
Real Estate			(Cost: \$128)		
Industrial REITs – 0.7%			<b>TOTAL INVESTMENT SECURITIES – 99.6%</b>		<b>\$182,160</b>
STAG Industrial, Inc. . . . .	43	1,344	(Cost: \$152,318)		
Retail REITs – 1.0%			<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.4%</b>		<b>710</b>
Agree Realty Corp. . . . .	27	1,789	<b>NET ASSETS – 100.0%</b>		<b>\$182,870</b>
<b>Total Real Estate – 1.7%</b>		<b>3,133</b>			
<b>TOTAL COMMON STOCKS – 99.5%</b>		<b>\$182,032</b>			
(Cost: \$152,190)					

## Notes to Schedule of Investments

(A) No dividends were paid during the preceding 12 months.

(B) Rate shown is the annualized 7-day yield at December 31, 2020.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$182,032	\$—	\$—
Short-Term Securities . . . . .	128	—	—
<b>Total . . . . .</b>	<b>\$182,160</b>	<b>\$—</b>	<b>\$—</b>

The following acronym is used throughout this schedule:

REIT = Real Estate Investment Trust

(UNAUDITED)



Kenneth G. McQuade

Below, Bradley P. Halverson, CFA, Kenneth G. McQuade and Timothy J. Miller, CFA, co-portfolio managers of Ivy VIP Small Cap Growth, discuss positioning, performance and results for the fiscal year ended December 31, 2020. Mr. Miller has managed the Portfolio since 2010 and has 42 years of investment experience. Mr. Halverson and Mr. McQuade assumed co-manager responsibilities in 2016. Mr. McQuade has 25 years of industry experience and Mr. Halverson has 19 years of industry experience.

**Fiscal Year Performance**

For the 12 Months Ended December 31, 2020

Ivy VIP Small Cap Growth (Class II shares at net asset value)	37.66%
Benchmark and/or Morningstar Category	
Russell 2000 Growth Index (generally reflects the performance of small-company stocks)	34.63%
Morningstar Small Growth Category Average (generally reflects the performance of the universe of portfolios with similar investment objectives)	38.62%

Please note that Portfolio returns include applicable fees and expenses while index returns do not include any such fees. Also, the Portfolio's performance data does not take into account any product expenses or charges associated with owning a variable life or annuity policy, which is invested in Ivy Variable Insurance Portfolios.



Timothy J. Miller



Bradley P. Halverson

**Key factors**

One needed more than “2020” vision to foresee the events that would transpire during the calendar year and how the market could rise so much in the midst of all of the chaos. The broad market gains in the U.S. were good last year and the small-cap market gains were great. The Russell 2000 Growth Index, the Portfolio’s benchmark, rose 35% for the measurement period, routing the corresponding Russell Value Index gain of 5%. Growth stocks were the leaders across the entire market cap spectrum, as investors gravitated to the durability and predictability of companies in the technology, health care and emerging growth industries. The COVID-19 pandemic caused a sharp correction in the spring, but the rapid and forceful response of U.S. fiscal and monetary policy provided the catalyst for the stock market to foresee better days ahead. Confidence in that foresight was further enhanced by the rapid development and success of a vaccine late in the year, sparking a broader year-end rally.

**Contributors and detractors**

Ivy VIP Small Cap Growth outperformed the benchmark for the year. The Portfolio’s steady focus on sustainable, quality growth companies provided a consistent lead over the benchmark during a period of tremendous volatility and mood swings in the market. After a strong start to the year, the COVID-19 crisis focused investor expectations on industries and companies that could weather the turmoil or indeed prosper. There were clear winners that thrived during the economic contraction, including health care service companies such as Teledoc (a company we held during the year that we have since sold); critical software vendors whose subscription models proved resilient; and consumer companies exposed to outdoor recreation. The Portfolio made a few adjustments to increase exposure in these stocks while reducing exposure in the most vulnerable industries such as travel and entertainment and energy.

The correction lasted about a month, and then the impact of aggressive fiscal stimulus and monetary accommodation turned sentiment around quickly. The rally was led by the stocks hit the hardest during the correction, and then a tug of war ensued over the balance of the year between defensive COVID-19 beneficiaries versus a reopening recovery trade. The challenge for the Portfolio was to maintain the significant outperformance generated prior to the bottom. By year end only a small portion of that gain had been forfeited. The two leading sectors for the Portfolio during the measurement period were the two largest weighted positions, information technology and health care.

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Information technology was a significant contributor to Portfolio performance during the year as the sector handily beat the index and stock selection nicely outpaced sector returns. As the world lurched into lockdown in March, the digital transformation theme of the past decade suddenly accelerated as the necessity to work remotely impacted all types of organizations worldwide. Many technology companies became immediate beneficiaries as reliance on software, communications, technology and digital tools became mission critical. The Portfolio has historically been overweight information technology because the market, over a full market cycle, tends to reward strong, enduring business models operating in large, exploitable markets. This year was turbocharged as software, semiconductors and information technology services were key contributing industries, bolstered by strong stock selection leading to significant returns in excess of the benchmark. Notable performance came from Five9, Inc., a provider of crucial cloud call center software; Enphase Energy, Inc., a company delivering solar inverters and batteries to the U.S. residential market, and Monolithic Power Systems, Inc., a leading analog semiconductor company. In the year ahead, we believe demand for these technologies will remain robust and expect to retain an overweight sector stance devoted to strong growth companies. Still, we are conscientious of elevated valuations and continue to evaluate position sizes and seek for new opportunities of innovative companies well positioned for sustained growth and profitability.

Health care produced the strongest return of any sector during the measurement period and, as the largest weighted sector in the benchmark, created a significant performance hurdle to keep up with. The coronavirus was the obvious key focal point that created many direct impacts such as minimal capacity for non-emergency procedures, lower private pay from rising unemployment, massive vaccine and treatment funding, and significant stress on staffing. Another incremental aspect of the pandemic was the rapid development and acceptance of novel technologies that could make health care delivery more efficient, more effective and more customized, such as genetic testing, vaccine technologies and gene editing. Biotechnology was the greatest contributor to the segment. Biotechnology produced a 53% annual return in the benchmark on the back of accelerated adoption of technologies along with low interest rates, easy credit and an accommodating U.S. Food and Drug Administration (FDA). Despite the tough performance hurdle, we outperformed within the health care sector due to strong stock selection including multiple names that more than doubled in the period. Although we remained underweight the sector to avoid much of biotechnology's more binary risk profiles, stock selection more than offset the weighting headwind. Looking forward, demand for more efficiency and individualized treatments along with available funding for development keeps the fundamental outlook bright for the more novel niches in health care, likely at the expense of outdated facilities and invasive therapies. As a result, we continue to gravitate toward innovation and services that facilitate value-based health care in more cost-effective settings.

The balance of the Portfolio was a net drag on performance for the measurement period. As the market migrated to a recovery-oriented environment in the latter half of 2020, the cyclical, value-oriented portion of the benchmark led the way. Stocks in the areas of energy, machinery and materials were the outperformers and these areas tend to hold underweight positions in the Portfolio. The consumer discretionary sector was a strong absolute performer and the Portfolio performed in line with the benchmark. The shortfall in the industrials sector was primarily due to the cyclical phenomena mentioned above, and a bit of a speculative flurry of performance in solar stocks. Finally, the financials sector was a drag on performance due to disappointing stock returns from a few names such as EHealth and Houlihan Lokey, Inc. Our position in EHealth has been sold.

## Outlook

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As unpredictable as 2020 was, we believe the lesson learned was to maintain the Portfolio's core stock selection discipline, which has proven over the years to be a successful strategy. The market ultimately rewards small-cap growth companies that can deliver the sales and earnings growth and returns on capital that merit the high valuations often achieved. The pandemic in some cases validated and accelerated the adoption of innovative growth models that the Portfolio is always pursuing. We believe the outlook for 2021 seems brighter with the rollout of the vaccine but there will undoubtedly be the unexpected turn of events that lead to market volatility. Innovation is in full stride, which we think is an ideal environment to invest in small-cap growth companies.

**Past performance is not a guarantee of future results. The value of the Portfolio's shares will change, and you could lose money on your investment.**

**The Portfolio may invest in derivative instruments, primarily total return swaps, futures on domestic equity indexes and options, both written and purchased, in an attempt to increase exposure to various equity sectors and markets or to hedge market risk on individual equity securities.**

**Investing in small-cap stocks may carry more risk than investing in stocks of larger more well-established companies. Prices of growth stocks may be more sensitive to changes in current and expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general. The**

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**Portfolio may invest in Initial Public Offerings (IPOs), which can have a significant positive impact on the Portfolio's performance that may not be replicated in the future. These and other risks are more fully described in the Portfolio's prospectus.**

**The opinions expressed in this report are those of the Portfolio managers and are current only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.**

**The index noted is unmanaged and includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of Ivy VIP Small Cap Growth.**

ALL DATA AS OF DECEMBER 31, 2020 (UNAUDITED)

## Asset Allocation

Stocks	95.7%
Information Technology	28.5%
Health Care	27.7%
Industrials	15.4%
Consumer Discretionary	14.8%
Financials	4.2%
Communication Services	3.2%
Consumer Staples	1.9%
Purchased Options	0.0%
Cash and Other Assets (Net of Liabilities), and Cash Equivalents+	4.3%

## Top 10 Equity Holdings

Company	Sector	Industry
Five9, Inc.	Information Technology	Application Software
CareDx, Inc.	Health Care	Biotechnology
Varonis Systems, Inc.	Information Technology	Systems Software
PetIQ, Inc.	Health Care	Health Care Distributors
Monolithic Power Systems, Inc.	Information Technology	Semiconductors
Brink's Co. (The)	Industrials	Security & Alarm Services
Mercury Computer Systems, Inc.	Industrials	Aerospace & Defense
Vericel Corp.	Health Care	Biotechnology
Q2 Holdings, Inc.	Information Technology	Application Software
Globant S.A.	Information Technology	IT Consulting & Other Services

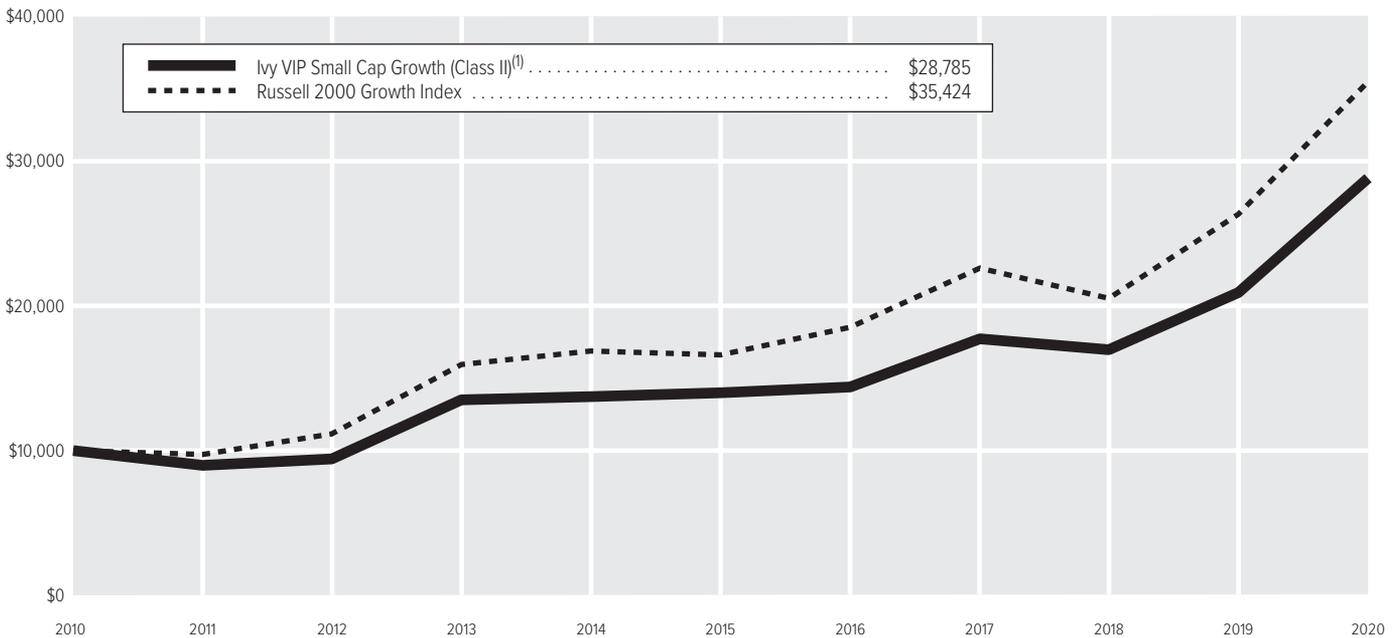
See your advisor or [www.ivyinvestments.com](http://www.ivyinvestments.com) for more information on the Portfolio's most recently published Top 10 Equity Holdings.

+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

# COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT

SMALL CAP GROWTH

(UNAUDITED)



(1) The value of the investment in the Portfolio is impacted by the ongoing expenses of the Portfolio and assumes reinvestment of dividends and distributions.

Average Annual Total Return <sup>(2)</sup>	Class I	Class II
1-year period ended 12-31-20	38.01%	37.66%
5-year period ended 12-31-20	—	15.59%
10-year period ended 12-31-20	—	11.15%
Since Inception of Class through 12-31-20 <sup>(3)</sup>	20.55%	—

(2) Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Please visit [www.ivyinvestments.com](http://www.ivyinvestments.com) for the Portfolio's most recent month-end performance. Performance data quoted does not reflect any expenses or charges associated with owning a variable life insurance policy or variable annuity contract that invests in the Portfolio's shares. When such charges are deducted, actual investment performance in a variable policy or contract will be lower.

(3) 11-5-18 (the date on which shares were first acquired by shareholders).

Past performance is not necessarily indicative of future performance. Indexes are unmanaged. The performance graph and table do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares. Performance results may include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

# SCHEDULE OF INVESTMENTS

# SMALL CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Communication Services</b>			<b>Financials</b>			<b>Health Care Technology – 2.1%</b>		
Alternative Carriers – 0.8%			Asset Management & Custody Banks – 1.1%			Omniceil, Inc. (A)	68	\$ 8,118
Bandwidth, Inc., Class A (A)	25	\$ 3,770	Focus Financial Partners, Inc.,			Simulations Plus, Inc.	21	1,546
			Class A (A)	40	\$ 1,728			9,664
Broadcasting – 2.4%			Hamilton Lane, Inc., Class A	46	3,603			
Gray Television, Inc. (A)	131	2,346			5,331			
Nexstar Broadcasting Group, Inc.	80	8,753						
		11,099	Insurance Brokers – 0.2%					
<b>Total Communication Services – 3.2%</b>		<b>14,869</b>	SelectQuote, Inc. (A)	33	693			
<b>Consumer Discretionary</b>								
<b>Auto Parts &amp; Equipment – 3.0%</b>			<b>Investment Banking &amp; Brokerage – 2.1%</b>			<b>Life Sciences Tools &amp; Services – 1.4%</b>		
Auto Parts & Equipment – 3.0%			Houlihan Lokey, Inc.	84	5,673	NeoGenomics, Inc. (A)	119	6,382
Fox Factory Holding Corp. (A)	66	6,965	LPL Investment Holdings, Inc.	38	3,948			
Visteon Corp. (A)	56	7,059			9,621			
		14,024						
<b>Automotive Retail – 1.4%</b>			<b>Regional Banks – 0.8%</b>			<b>Total Health Care – 27.7%</b>		
Lithia Motors, Inc.	21	6,240	Pinnacle Financial Partners, Inc.	18	1,151			<b>128,933</b>
			Seacoast Banking Corp. of			<b>Industrials</b>		
			Florida (A)	88	2,580	<b>Aerospace &amp; Defense – 2.1%</b>		
					3,731	Mercury Computer Systems,		
						Inc. (A)		
						111		
						9,812		
						<b>Air Freight &amp; Logistics – 1.3%</b>		
						Air Transport Services Group,		
						Inc. (A)		
						196		
						6,151		
						<b>Building Products – 0.9%</b>		
						Simpson Manufacturing Co., Inc.		
						43		
						3,992		
						<b>Electrical Components &amp; Equipment – 3.0%</b>		
						EnerSys		
						67		
						5,577		
						Plug Power, Inc. (A)		
						241		
						8,164		
						13,741		
						<b>Environmental &amp; Facilities Services – 1.1%</b>		
						Clean Harbors, Inc. (A)		
						70		
						5,303		
						<b>Industrial Machinery – 2.9%</b>		
						John Bean Technologies Corp.		
						33		
						3,763		
						Kennametal, Inc.		
						144		
						5,220		
						RBC Bearings, Inc. (A)		
						26		
						4,597		
						13,580		
						<b>Security &amp; Alarm Services – 2.2%</b>		
						Brink's Co. (The)		
						140		
						10,066		
						<b>Trucking – 1.9%</b>		
						Knight Transportation, Inc.		
						210		
						8,792		
						<b>Total Industrials – 15.4%</b>		
						<b>71,437</b>		
						<b>Information Technology</b>		
						<b>Application Software – 10.2%</b>		
						Envestnet, Inc. (A)		
						60		
						4,915		
						Five9, Inc. (A)		
						93		
						16,283		
						LivePerson, Inc. (A)		
						99		
						6,169		
						Mimecast Ltd. (A)		
						114		
						6,454		
						Q2 Holdings, Inc. (A)		
						73		
						9,257		
						Smartsheet, Inc., Class A (A)		
						61		
						4,222		
						47,300		
						<b>Communications Equipment – 1.1%</b>		
						Viavi Solutions, Inc. (A)		
						358		
						5,362		
						<b>Data Processing &amp; Outsourced Services – 2.8%</b>		
						EVO Payments, Inc., Class A (A)		
						161		
						4,350		
						Shift4 Payments, Inc., Class A (A)		
						113		
						8,518		
						12,868		
						<b>Total Consumer Discretionary – 14.8%</b>		
						<b>68,666</b>		
						<b>Consumer Staples</b>		
						<b>Hypermarkets &amp; Super Centers – 0.8%</b>		
						BJ's Wholesale Club, Inc. (A)		
						94		
						3,514		
						<b>Packaged Foods &amp; Meats – 1.1%</b>		
						Nomad Foods Ltd. (A)		
						207		
						5,274		
						<b>Total Consumer Staples – 1.9%</b>		
						<b>8,788</b>		
						<b>Health Care Services – 4.0%</b>		
						1Life Healthcare, Inc. (A)		
						144		
						6,301		
						AMN Healthcare Services, Inc. (A)		
						88		
						5,991		
						LHC Group, Inc. (A)		
						31		
						6,550		
						18,842		
						<b>Health Care Supplies – 2.5%</b>		
						Haemonetics Corp. (A)		
						67		
						7,973		
						OraSure Technologies, Inc. (A)		
						346		
						3,663		
						11,636		



# SCHEDULE OF INVESTMENTS

SMALL CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

## Notes to Schedule of Investments

\*Not shown due to rounding.

(A) No dividends were paid during the preceding 12 months.

(B) All or a portion of securities with an aggregate value of \$6,306 are on loan.

(C) Investment made with cash collateral received from securities on loan.

(D) Rate shown is the annualized 7-day yield at December 31, 2020.

The following total return swap agreements were outstanding at December 31, 2020:

Underlying Security	Long/Short	Counterparty	Maturity Date	Notional Amount	Financing Fee <sup>(1)(2)</sup>	Value	Upfront Payments/(Receipts)	Unrealized Depreciation
Biotech Custom Index	Long	JPMorgan Chase Bank N.A.	07/01/2021	\$18,926	1-Month LIBOR minus 0.2 bps	\$(155)	\$—	\$(155)

(1) The Portfolio pays the financing fee multiplied by the notional amount if long on the swap agreement. If the Portfolio is short on the swap agreement, the Portfolio receives the financing fee multiplied by the notional amount.

(2) At the termination date, a net cash flow is exchanged where the market-linked total return is equivalent to the return of the underlying security less a financing rate, if any. If the Portfolio is long on the swap agreement, the Portfolio would receive payments on any net positive total return, and would owe payments in the event of a negative total return. If the Portfolio is short on the swap agreement, the Portfolio would owe payments on any net positive total return, and would receive payments in the event of a negative total return.

The following table represents security positions within the total return basket swap as of December 31, 2020:

Reference Entity	Notional Shares	Notional Amount	% of Value	Reference Entity	Notional Shares	Notional Amount	% of Value	Reference Entity	Notional Shares	Notional Amount	% of Value
Mirati Therapeutics, Inc. . . . .	—*	\$ 833	(7) 4.4%	Corcept Therapeutics, Inc. . . . .	—*	\$ 259	(2) 1.4%	Revance Therapeutics, Inc. . . . .	—*	\$ 126	(1) 0.7%
Ultragenyx Pharmaceutical, Inc. . . . .	—*	830	(7) 4.4	Veracyte, Inc. . . . .	—*	252	(2) 1.3	Mersana Therapeutics, Inc. . . . .	—*	125	(1) 0.7
Arrowhead Pharmaceuticals, Inc. . . . .	—*	808	(7) 4.3	Axsome Therapeutics, Inc. . . . .	—*	247	(2) 1.3	Sorrento Therapeutics, Inc. . . . .	—*	124	(1) 0.7
Natera, Inc. . . . .	—*	674	(5) 3.6	Intellia Therapeutics, Inc. . . . .	—*	247	(2) 1.2	Traverse Therapeutics, Inc. . . . .	—*	117	(1) 0.6
Blueprint Medicines Corp. . . . .	—*	627	(5) 3.3	Xencor, Inc. . . . .	—*	234	(2) 1.2	Zogenix, Inc. . . . .	—*	114	(1) 0.6
Amicus Therapeutics, Inc. . . . .	—*	606	(5) 3.2	NanoString Technologies, Inc. . . . .	—*	225	(2) 1.2	Karyopharm Therapeutics, Inc. . . . .	—*	114	(1) 0.6
Fate Therapeutics, Inc. . . . .	—*	602	(5) 3.2	Pacira BioSciences, Inc. . . . .	—*	222	(2) 1.2	Madrigal Pharmaceuticals, Inc. . . . .	—*	110	(1) 0.6
Halozyne Therapeutics, Inc. . . . .	—*	600	(5) 3.2	Deciphera Pharmaceuticals, Inc. . . . .	—*	219	(2) 1.2	Intercept Pharmaceuticals, Inc. . . . .	—*	108	(1) 0.6
Denali Therapeutics, Inc. . . . .	—*	546	(4) 2.9	Ironwood Pharmaceuticals, Inc. . . . .	—*	188	(2) 1.0	Cytokinetix, Inc. . . . .	—*	106	(1) 0.6
Bridgebio Pharma, Inc. . . . .	—*	541	(4) 2.9	Sangamo Therapeutics, Inc. . . . .	—*	187	(2) 1.0	Coherus Biosciences, Inc. . . . .	—*	104	(1) 0.5
Invitae Corp. . . . .	—*	512	(4) 2.7	Kura Oncology, Inc. . . . .	—*	177	(1) 0.9	Translate Bio, Inc. . . . .	—*	95	(1) 0.5
TG Therapeutics, Inc. . . . .	—*	445	(4) 2.3	Novavax, Inc. . . . .	—*	174	(1) 0.9	Athenex, Inc. . . . .	—*	83	(1) 0.4
Kodiak Sciences, Inc. . . . .	—*	436	(4) 2.3	Karuna Therapeutics, Inc. . . . .	—*	167	(1) 0.9	Innoviva, Inc. . . . .	—*	81	(1) 0.4
Twist Bioscience Corp. . . . .	—*	436	(4) 2.3	REGENXBIO, Inc. . . . .	—*	163	(1) 0.9	Alector, Inc. . . . .	—*	73	(1) 0.4
Biohaven Pharmaceutical Holding Co. Ltd. . . . .	—*	425	(3) 2.2	SpringWorks Therapeutics, Inc. . . . .	—*	156	(1) 0.8	Viola Bio, Inc. . . . .	—*	73	(1) 0.4
Emergent BioSolutions, Inc. . . . .	—*	415	(3) 2.2	Y-mAbs Therapeutics, Inc. . . . .	—*	155	(1) 0.8	Theravance Biopharma, Inc. . . . .	—*	72	(1) 0.4
PTC Therapeutics, Inc. . . . .	—*	405	(3) 2.1	Dicerna Pharmaceuticals, Inc. . . . .	—*	149	(1) 0.8	Kadmon Holdings, Inc. . . . .	—*	70	(1) 0.4
Editas Medicine, Inc. . . . .	—*	401	(3) 2.1	Ligand Pharmaceuticals, Inc. . . . .	—*	148	(1) 0.8	Esperion Therapeutics, Inc. . . . .	—*	70	(1) 0.3
Medpace Holdings, Inc. . . . .	—*	393	(3) 2.1	Inovio Pharmaceuticals, Inc. . . . .	—*	138	(1) 0.7	Adverum Biotechnologies, Inc. . . . .	—*	68	(1) 0.3
Allakos, Inc. . . . .	—*	353	(3) 1.9	Vir Biotechnology, Inc. . . . .	—*	135	(1) 0.7	Epizyme, Inc. . . . .	—*	60	—* 0.3
Apellis Pharmaceuticals, Inc. . . . .	—*	350	(3) 1.8	Allogene Therapeutics, Inc. . . . .	—*	127	(1) 0.7	Akebia Therapeutics, Inc. . . . .	—*	36	—* 0.2
Insmed, Inc. . . . .	—*	346	(3) 1.8								
Turning Point Therapeutics, Inc. . . . .	—*	323	(3) 1.7								
Heron Therapeutics, Inc. . . . .	—*	295	(2) 1.6								
ChemoCentryx, Inc. . . . .	—*	284	(2) 1.5								
FibroGen, Inc. . . . .	—*	275	(2) 1.5								
Arvinas, Inc. . . . .	—*	267	(2) 1.4								
											\$(155)

# SCHEDULE OF INVESTMENTS

SMALL CAP GROWTH *(in thousands)*

DECEMBER 31, 2020

The following written options were outstanding at December 31, 2020 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Notional Amount	Expiration Month	Exercise Price	Premium Received	Value
iRhythm Technologies, Inc.	JPMorgan Chase Bank N.A.	Put	210	21	February 2021	\$ 110.00	\$ 42	\$ (52)
	JPMorgan Chase Bank N.A.	Call	210	21	February 2021	280.00	169	(188)
							<u>\$ 211</u>	<u>\$(240)</u>

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of December 31, 2020. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
<b>Investments in Securities</b>			
Common Stocks	\$444,625	\$ —	\$—
Purchased Options	—	95	—
Short-Term Securities	19,506	—	—
<b>Total</b>	<u>\$ 464,131</u>	<u>\$ 95</u>	<u>\$—</u>
<b>Liabilities</b>			
Total Return Swaps	\$ —	\$155	\$—
Written Options	\$ —	\$240	\$—

The following acronym is used throughout this schedule:

OTC = Over the Counter

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

IVY VIP

AS OF DECEMBER 31, 2020

(In thousands, except per share amounts)	Asset Strategy <sup>(1)</sup>	Balanced	Energy	Growth	High Income	International Core Equity	Mid Cap Growth
<b>ASSETS</b>							
Investments in unaffiliated securities at value+^	\$ 718,705	\$ 341,483	\$ 43,759	\$ 896,498	\$ 891,008	\$ 648,702	\$ 693,543
Investments in affiliated securities at value+	—	—	—	—	352	—	—
Bullion at value+	44,036	—	—	—	—	—	—
<b>Investments at Value</b>	<b>762,741</b>	<b>341,483</b>	<b>43,759</b>	<b>896,498</b>	<b>891,360</b>	<b>648,702</b>	<b>693,543</b>
Cash	239	—	—	—	1,128	2	—
Cash denominated in foreign currencies at value+	—	—	—	—	—	1,086	—
Investment securities sold receivable	—	1,796	403	—	867	14	—
Dividends and interest receivable	2,831	848	41	262	10,800	2,611	68
Capital shares sold receivable	100	42	128	21	133	3	637
Receivable from affiliates	—	—	—	—	—	—	147
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	—	685	—
Swap agreements, at value	382	—	—	—	—	—	—
Receivable from securities lending income — net	3	2	1	—	5	6	4
Prepaid and other assets	10	4	—*	7	12	4	4
<b>Total Assets</b>	<b>766,306</b>	<b>344,175</b>	<b>44,332</b>	<b>896,788</b>	<b>904,305</b>	<b>653,113</b>	<b>694,403</b>
<b>LIABILITIES</b>							
Cash collateral on securities loaned at value	665	71	2	—	6,310	2,601	4,040
Investment securities purchased payable	—	—	738	—	18,145	306	424
Capital shares redeemed payable	813	181	31	365	243	258	183
Independent Trustees and Chief Compliance Officer fees payable	158	74	9	173	70	91	38
Overdraft due to custodian	—	91	—	—	—	—	—
Distribution and service fees payable	5	2	—*	6	6	5	3
Investment management fee payable	15	7	1	17	15	15	16
Accounting services fee payable	29	16	5	35	35	27	28
Written options at value+	29	—	—	—	—	—	104
Other liabilities	18	7	4	11	12	392	8
<b>Total Liabilities</b>	<b>1,732</b>	<b>449</b>	<b>790</b>	<b>607</b>	<b>24,836</b>	<b>3,695</b>	<b>4,844</b>
<b>Commitments and Contingencies</b> (See Note 2 and Note 13)							
<b>Total Net Assets</b>	<b>\$ 764,574</b>	<b>\$ 343,726</b>	<b>\$ 43,542</b>	<b>\$ 896,181</b>	<b>\$ 879,469</b>	<b>\$ 649,418</b>	<b>\$ 689,559</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized — unlimited)	\$ 627,681	\$ 257,267	\$ 105,416	\$ 427,042	\$ 947,213	\$ 614,934	\$ 313,205
Accumulated earnings gain (loss)	136,893	86,459	(61,874)	469,139	(67,744)	34,484	376,354
<b>Total Net Assets</b>	<b>\$ 764,574</b>	<b>\$ 343,726</b>	<b>\$ 43,542</b>	<b>\$ 896,181</b>	<b>\$ 879,469</b>	<b>\$ 649,418</b>	<b>\$ 689,559</b>
<b>CAPITAL SHARES OUTSTANDING:</b>							
Class I	37	N/A	81	N/A	5,940	N/A	13,945
Class II	73,182	39,466	17,470	70,554	253,076	39,730	25,398
<b>NET ASSET VALUE PER SHARE:</b>							
Class I	\$ 10.45	N/A	\$ 2.48	N/A	\$ 3.41	N/A	\$ 17.60
Class II	\$ 10.44	\$ 8.71	\$ 2.48	\$ 12.70	\$ 3.40	\$ 16.35	\$ 17.48
<b>+COST</b>							
Investments in unaffiliated securities at cost	\$ 606,743	\$ 280,292	\$ 53,923	\$ 525,425	\$ 917,024	\$ 580,856	\$ 399,718
Investments in affiliated securities at cost	—	—	—	—	1,113	—	—
Bullion at cost	28,369	—	—	—	—	—	—
Cash denominated in foreign currencies at cost	—	—	—	—	—	1,072	—
Written options premiums received at cost	33	—	—	—	—	—	437
^Securities loaned at value	649	195	492	—	8,521	20,940	7,018

\* Not shown due to rounding.

<sup>(1)</sup> Consolidated Statement of Assets and Liabilities (See Note 5 in Notes to Financial Statements).

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

IVY VIP

AS OF DECEMBER 31, 2020

(In thousands, except per share amounts)	Natural Resources	Science and Technology	Small Cap Core	Small Cap Growth
<b>ASSETS</b>				
Investments in unaffiliated securities at value+^	\$ 75,231	\$ 682,205	\$ 182,160	\$ 464,226
Investments at Value	75,231	682,205	182,160	464,226
Cash	—	—	—	1,874
Cash denominated in foreign currencies at value+	—*	—	—	—
Restricted cash	310	—	—	—
Investment securities sold receivable	—	644	1,552	240
Dividends and interest receivable	96	320	89	53
Capital shares sold receivable	57	257	15	59
Receivable from affiliates	—	—	—	50
Receivable from securities lending income — net	—*	19	—*	2
Prepaid and other assets	1	8	2	4
<b>Total Assets</b>	<b>75,695</b>	<b>683,453</b>	<b>183,818</b>	<b>466,508</b>
<b>LIABILITIES</b>				
Cash collateral on securities loaned at value	—	4,387	—	1,014
Investment securities purchased payable	—	—	726	295
Capital shares redeemed payable	53	541	161	141
Independent Trustees and Chief Compliance Officer fees payable	20	67	36	84
Overdraft due to custodian	270	—	—	—
Distribution and service fees payable	—*	5	1	3
Investment management fee payable	2	16	4	11
Accounting services fee payable	7	28	11	22
Unrealized depreciation on forward foreign currency contracts	472	—	—	—
Swap agreements, at value	—	—	—	155
Written options at value+	—	34	—	240
Other liabilities	49	8	9	6
<b>Total Liabilities</b>	<b>873</b>	<b>5,086</b>	<b>948</b>	<b>1,971</b>
<b>Commitments and Contingencies</b> (See Note 2 and Note 13)				
<b>Total Net Assets</b>	<b>\$ 74,822</b>	<b>\$ 678,367</b>	<b>\$ 182,870</b>	<b>\$ 464,537</b>
<b>NET ASSETS</b>				
Capital paid in (shares authorized — unlimited)	\$ 146,832	\$ 273,775	\$ 154,359	\$ 244,993
Accumulated earnings gain (loss)	(72,010)	404,592	28,511	219,544
<b>Total Net Assets</b>	<b>\$ 74,822</b>	<b>\$ 678,367</b>	<b>\$ 182,870</b>	<b>\$ 464,537</b>
<b>CAPITAL SHARES OUTSTANDING:</b>				
Class I	N/A	59	N/A	4,821
Class II	22,671	18,851	13,204	33,607
<b>NET ASSET VALUE PER SHARE:</b>				
Class I	N/A	\$ 36.13	N/A	\$ 12.15
Class II	\$ 3.30	\$ 35.87	\$ 13.85	\$ 12.08
<b>+COST</b>				
Investments in unaffiliated securities at cost	\$ 78,735	\$ 285,394	\$ 152,318	\$ 302,803
Cash denominated in foreign currencies at cost	—*	—	—	—
Written options premiums received at cost	—	378	—	211
^ Securities loaned at value	—	4,279	—	6,306

\* Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENTS OF OPERATIONS

IVY VIP

FOR THE YEAR ENDED DECEMBER 31, 2020

(In thousands)	Asset Strategy <sup>(1)</sup>	Balanced	Energy	Growth	High Income	International Core Equity	Mid Cap Growth
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ 7,820	\$ 3,592	\$ 961	\$ 6,577	\$ 2,176	\$ 14,605	\$ 3,111
Foreign dividend withholding tax	(572)	(37)	(18)	(14)	—	(1,169)	—
Interest and amortization from unaffiliated securities	11,358	3,243	5	30	56,949	169	48
Interest and amortization from affiliated securities	—	—	—	—	70	—	—
Securities lending income — net	51	13	6	—*	148	72	29
<b>Total Investment Income</b>	<b>18,657</b>	<b>6,811</b>	<b>954</b>	<b>6,593</b>	<b>59,343</b>	<b>13,677</b>	<b>3,188</b>
<b>EXPENSES</b>							
Investment management fee	4,994	2,218	278	5,730	5,071	5,139	4,737
Distribution and service fees:							
Class II	1,782	792	81	2,046	2,010	1,511	843
Shareholder servicing:							
Class I	—*	N/A	—*	N/A	—*	N/A	—*
Class II	—*	—*	—*	51	—*	—*	—*
Custodian fees	45	6	7	11	15	70	15
Independent Trustees and Chief Compliance Officer fees	82	46	4	113	69	56	37
Accounting services fee	175	95	25	200	205	155	150
Professional fees	103	49	37	55	167	57	41
Third-party valuation service fees	14	—	—	—	—	14	—*
Commitment and interest expense for borrowing	—	—	—	—	55	—	—
Other	98	27	15	42	79	48	35
<b>Total Expenses</b>	<b>7,293</b>	<b>3,233</b>	<b>447</b>	<b>8,248</b>	<b>7,671</b>	<b>7,050</b>	<b>5,858</b>
Less:							
Expenses in excess of limit	—	—	(21)	—	—	—	(301)
<b>Total Net Expenses</b>	<b>7,293</b>	<b>3,233</b>	<b>426</b>	<b>8,248</b>	<b>7,671</b>	<b>7,050</b>	<b>5,557</b>
<b>Net Investment Income (Loss)</b>	<b>11,364</b>	<b>3,578</b>	<b>528</b>	<b>(1,655)</b>	<b>51,672</b>	<b>6,627</b>	<b>(2,369)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	22,244	21,721	(13,526)	100,050	(18,616)	(40,328)	85,008
Written options	2,754	12	—	—	—	24	(248)
Swap agreements	—*	—	—	—	—	—	—
Forward foreign currency contracts	—	—	—	—	—	20	—
Foreign currency exchange transactions	(64)	—	—	—	—	168	(2)
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	55,687	16,478	2,711	124,851	15,081	73,033	149,292
Investments in affiliated securities	—	—	—	—	(620)	—	—
Written options	4	—	—	—	—	—	333
Swap Agreements	382	—	—	—	—	—	—
Forward foreign currency contracts	—	—	—	—	—	1,518	—
Foreign currency exchange transactions	26	—	—	—	—	110	—*
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>81,033</b>	<b>38,211</b>	<b>(10,815)</b>	<b>224,901</b>	<b>(4,155)</b>	<b>34,545</b>	<b>234,383</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$92,397</b>	<b>\$41,789</b>	<b>\$(10,287)</b>	<b>\$223,246</b>	<b>\$ 47,517</b>	<b>\$ 41,172</b>	<b>\$232,014</b>

\* Not shown due to rounding.

(1) Consolidated Statement of Operations (See Note 5 in Notes to Financial Statements).

See Accompanying Notes to Financial Statements.

# STATEMENTS OF OPERATIONS

IVY VIP

FOR YEAR ENDED DECEMBER 31, 2020

(In thousands)	Natural Resources	Science and Technology	Small Cap Core	Small Cap Growth
<b>INVESTMENT INCOME</b>				
Dividends from unaffiliated securities	\$ 1,970	\$ 2,862	\$ 1,681	\$ 1,568
Foreign dividend withholding tax	(64)	(128)	—	—
Interest and amortization from unaffiliated securities	11	72	17	64
Securities lending income — net	2	40	2	19
<b>Total Investment Income</b>	<b>1,919</b>	<b>2,846</b>	<b>1,700</b>	<b>1,651</b>
<b>EXPENSES</b>				
Investment management fee	604	4,927	1,366	3,231
Distribution and service fees:				
Class II	177	1,445	402	816
Shareholder servicing:				
Class I	N/A	—*	N/A	—*
Class II	—*	—*	—*	—*
Custodian fees	8	15	20	6
Independent Trustees and Chief Compliance Officer fees	10	53	18	52
Accounting services fee	42	153	65	118
Professional fees	53	57	41	44
Third-party valuation service fees	2	1	—	—
Other	31	49	19	48
<b>Total Expenses</b>	<b>927</b>	<b>6,700</b>	<b>1,931</b>	<b>4,315</b>
Less:				
Expenses in excess of limit	—	—	—	(114)
<b>Total Net Expenses</b>	<b>927</b>	<b>6,700</b>	<b>1,931</b>	<b>4,201</b>
<b>Net Investment Income (Loss)</b>	<b>992</b>	<b>(3,854)</b>	<b>(231)</b>	<b>(2,550)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized gain (loss) on:				
Investments in unaffiliated securities	(16,540)	56,593	(1,117)	54,104
Written options	—	—	—	4
Swap agreements	—	—	—	7,888
Forward foreign currency contracts	(742)	—	—	—
Foreign currency exchange transactions	(4)	—*	—	—
Net change in unrealized appreciation (depreciation) on:				
Investments in unaffiliated securities	6,024	131,682	12,595	73,393
Written options	—	344	—	(29)
Swap agreements	—	—	—	(781)
Forward foreign currency contracts	429	—	—	—
Foreign currency exchange transactions	—*	2	—	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>(10,833)</b>	<b>188,621</b>	<b>11,478</b>	<b>134,579</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (9,841)</b>	<b>\$ 184,767</b>	<b>\$ 11,247</b>	<b>\$ 132,029</b>

\* Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

IVY VIP

(In thousands)	Asset Strategy <sup>(1)</sup>		Balanced		Energy	
	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
Operations:						
Net investment income	\$ 11,364	\$ 14,981	\$ 3,578	\$ 4,555	\$ 528	\$ 177
Net realized gain (loss) on investments	24,934	32,609	21,733	17,335	(13,526)	(7,223)
Net change in unrealized appreciation	56,099	104,156	16,478	43,391	2,711	8,632
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>92,397</b>	<b>151,746</b>	<b>41,789</b>	<b>65,281</b>	<b>(10,287)</b>	<b>1,586</b>
Distributions to Shareholders From:						
Accumulated earnings:						
(combined net investment income and net realized gains)						
Class I	(14)	(20)	N/A	N/A	(4)	—
Class II	(25,939)	(45,846)	(21,608)	(31,681)	(710)	—
<b>Total Distributions to Shareholders</b>	<b>(25,953)</b>	<b>(45,866)</b>	<b>(21,608)</b>	<b>(31,681)</b>	<b>(714)</b>	<b>—</b>
Capital Share Transactions	(74,478)	(86,614)	(17,294)	(3,079)	12,886	873
<b>Net Increase (Decrease) in Net Assets</b>	<b>(8,034)</b>	<b>19,266</b>	<b>2,887</b>	<b>30,521</b>	<b>1,885</b>	<b>2,459</b>
Net Assets, Beginning of Period	772,608	753,342	340,839	310,318	41,657	39,198
Net Assets, End of Period	\$ 764,574	\$ 772,608	\$ 343,726	\$ 340,839	\$ 43,542	\$ 41,657

(In thousands)	Growth		High Income		International Core Equity	
	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
Operations:						
Net investment income (loss)	\$ (1,655)	\$ (392)	\$ 51,672	\$ 58,517	\$ 6,627	\$ 13,679
Net realized gain (loss) on investments	100,050	112,843	(18,616)	(1,766)	(40,116)	645
Net change in unrealized appreciation	124,851	118,696	14,461	36,407	74,661	105,350
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>223,246</b>	<b>231,147</b>	<b>47,517</b>	<b>93,158</b>	<b>41,172</b>	<b>119,674</b>
Distributions to Shareholders From:						
Accumulated earnings:						
(combined net investment income and net realized gains)						
Class I	N/A	N/A	(1,439)	(3,156)	N/A	N/A
Class II	(112,472)	(186,937)	(57,105)	(55,287)	(14,682)	(70,370)
<b>Total Distributions to Shareholders</b>	<b>(112,472)</b>	<b>(186,937)</b>	<b>(58,544)</b>	<b>(58,443)</b>	<b>(14,682)</b>	<b>(70,370)</b>
Capital Share Transactions	(5,293)	77,299	4,623	4,104	(76,149)	(26,103)
<b>Net Increase (Decrease) in Net Assets</b>	<b>105,481</b>	<b>121,509</b>	<b>(6,404)</b>	<b>38,819</b>	<b>(49,659)</b>	<b>23,201</b>
Net Assets, Beginning of Period	790,700	669,191	885,873	847,054	699,077	675,876
Net Assets, End of Period	\$ 896,181	\$ 790,700	\$ 879,469	\$ 885,873	\$ 649,418	\$ 699,077

(1) Consolidated Statements of Changes in Net Assets (See Note 5 in Notes to Financial Statements).

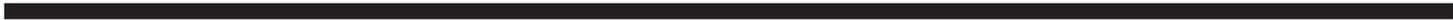
# STATEMENTS OF CHANGES IN NET ASSETS

IVY VIP

(In thousands)	Mid Cap Growth		Natural Resources		Science and Technology	
	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
Operations:						
Net investment income (loss)	\$ (2,369)	\$ (1,716)	\$ 992	\$ 1,676	\$ (3,854)	\$ (2,507)
Net realized gain (loss) on investments	84,758	41,235	(17,286)	(8,446)	56,593	74,933
Net change in unrealized appreciation	149,625	114,679	6,453	15,165	132,028	130,323
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>232,014</b>	<b>154,198</b>	<b>(9,841)</b>	<b>8,395</b>	<b>184,767</b>	<b>202,749</b>
Distributions to Shareholders From:						
Accumulated earnings:						
(combined net investment income and net realized gains)						
Class I	(16,218)	(35,378)	N/A	N/A	(191)	(80)
Class II	(23,025)	(46,820)	(1,678)	(870)	(71,179)	(49,737)
<b>Total Distributions to Shareholders</b>	<b>(39,243)</b>	<b>(82,198)</b>	<b>(1,678)</b>	<b>(870)</b>	<b>(71,370)</b>	<b>(49,817)</b>
Capital Share Transactions	(50,778)	61,552	(1,267)	(8,357)	(15,453)	(2,175)
<b>Net Increase (Decrease) in Net Assets</b>	<b>141,993</b>	<b>133,552</b>	<b>(12,786)</b>	<b>(832)</b>	<b>97,944</b>	<b>150,757</b>
Net Assets, Beginning of Period	547,566	414,014	87,608	88,440	580,423	429,666
<b>Net Assets, End of Period</b>	<b>\$689,559</b>	<b>\$547,566</b>	<b>\$ 74,822</b>	<b>\$ 87,608</b>	<b>\$ 678,367</b>	<b>\$580,423</b>

(In thousands)	Small Cap Core		Small Cap Growth	
	Year ended 12-31-20	Year ended 12-31-19	Year ended 12-31-20	Year ended 12-31-19
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
Operations:				
Net investment loss	\$ (231)	\$ (89)	\$ (2,550)	\$ (3,127)
Net realized gain (loss) on investments	(1,117)	9,076	61,996	23,488
Net change in unrealized appreciation	12,595	32,388	72,583	60,210
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>11,247</b>	<b>41,375</b>	<b>132,029</b>	<b>80,571</b>
Distributions to Shareholders From:				
Accumulated earnings:				
(combined net investment income and net realized gains)				
Class I	N/A	N/A	—	(4,305)
Class II	(8,738)	(36,690)	—	(24,945)
<b>Total Distributions to Shareholders</b>	<b>(8,738)</b>	<b>(36,690)</b>	<b>—</b>	<b>(29,250)</b>
Capital Share Transactions	(7,655)	7,974	(56,435)	(14,405)
<b>Net Increase (Decrease) in Net Assets</b>	<b>(5,146)</b>	<b>12,659</b>	<b>75,594</b>	<b>36,916</b>
Net Assets, Beginning of Period	188,016	175,357	388,943	352,027
<b>Net Assets, End of Period</b>	<b>\$ 182,870</b>	<b>\$ 188,016</b>	<b>\$464,537</b>	<b>\$388,943</b>

See Accompanying Notes to Financial Statements.



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FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Asset Strategy</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	\$ 9.50	\$ 0.17	\$ 1.16	\$ 1.33	\$(0.22)	\$ (0.16)	\$(0.38)
Year ended 12-31-2019	8.29	0.20	1.63	1.83	(0.23)	(0.39)	(0.62)
Year ended 12-31-2018	9.37	0.18	(0.67)	(0.49)	(0.20)	(0.39)	(0.59)
Year ended 12-31-2017 <sup>(4)</sup>	8.57	0.08	0.88	0.96	(0.16)	—	(0.16)
<b>Class II Shares</b>							
Year ended 12-31-2020	9.50	0.15	1.15	1.30	(0.20)	(0.16)	(0.36)
Year ended 12-31-2019	8.29	0.18	1.62	1.80	(0.20)	(0.39)	(0.59)
Year ended 12-31-2018	9.37	0.16	(0.67)	(0.51)	(0.18)	(0.39)	(0.57)
Year ended 12-31-2017	8.04	0.03	1.44	1.47	(0.14)	—	(0.14)
Year ended 12-31-2016	8.30	0.06	(0.27)	(0.21)	(0.05)	—	(0.05)
<b>Balanced</b>							
<b>Class II Shares</b>							
Year ended 12-31-2020	8.22	0.09	0.94	1.03	(0.11)	(0.43)	(0.54)
Year ended 12-31-2019	7.46	0.11	1.44	1.55	(0.14)	(0.65)	(0.79)
Year ended 12-31-2018	7.95	0.12	(0.36)	(0.24)	(0.13)	(0.12)	(0.25)
Year ended 12-31-2017	7.47	0.12	0.70	0.82	(0.12)	(0.22)	(0.34)
Year ended 12-31-2016	8.76	0.11	0.00*	0.11	(0.12)	(1.28)	(1.40)
<b>Energy</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	4.02	0.04	(1.52)	(1.48)	(0.06)	—	(0.06)
Year ended 12-31-2019	3.88	0.03	0.11	0.14	—	—	—
Year ended 12-31-2018	5.87	0.00*	(1.99)	(1.99)	—	—	—
Year ended 12-31-2017 <sup>(4)</sup>	5.84	0.06	0.02	0.08	(0.05)	—	(0.05)
<b>Class II Shares</b>							
Year ended 12-31-2020	4.00	0.04	(1.52)	(1.48)	(0.04)	—	(0.04)
Year ended 12-31-2019	3.87	0.02	0.11	0.13	—	—	—
Year ended 12-31-2018	5.87	(0.02)	(1.98)	(2.00)	—	—	—
Year ended 12-31-2017	6.77	0.04	(0.90)	(0.86)	(0.04)	—	(0.04)
Year ended 12-31-2016	5.04	(0.02)	1.76	1.74	(0.01)	—	(0.01)
<b>Growth</b>							
<b>Class II Shares</b>							
Year ended 12-31-2020	11.33	(0.02)	3.03	3.01	—	(1.64)	(1.64)
Year ended 12-31-2019	11.02	(0.01)	3.58	3.57	—	(3.26)	(3.26)
Year ended 12-31-2018	12.09	0.00	0.36	0.36	—	(1.43)	(1.43)
Year ended 12-31-2017	10.30	0.01	2.84	2.85	(0.03)	(1.03)	(1.06)
Year ended 12-31-2016	11.42	0.03	0.03	0.06	—	(1.18)	(1.18)
<b>High Income</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	3.48	0.21	(0.03)	0.18	(0.25)	—	(0.25)
Year ended 12-31-2019	3.35	0.24	0.13	0.37	(0.24)	—	(0.24)
Year ended 12-31-2018	3.65	0.23	(0.29)	(0.06)	(0.24)	—	(0.24)
Year ended 12-31-2017 <sup>(4)</sup>	3.73	0.16	(0.03)	0.13	(0.21)	—	(0.21)
<b>Class II Shares</b>							
Year ended 12-31-2020	3.47	0.20	(0.03)	0.17	(0.24)	—	(0.24)
Year ended 12-31-2019	3.34	0.23	0.13	0.36	(0.23)	—	(0.23)
Year ended 12-31-2018	3.64	0.22	(0.29)	(0.07)	(0.23)	—	(0.23)
Year ended 12-31-2017	3.61	0.23	0.01	0.24	(0.21)	—	(0.21)
Year ended 12-31-2016	3.35	0.24	0.28	0.52	(0.26)	—	(0.26)
<b>International Core Equity</b>							
<b>Class II Shares</b>							
Year ended 12-31-2020	15.65	0.16	0.88	1.04	(0.34)	—*	(0.34)
Year ended 12-31-2019	14.66	0.29	2.28	2.57	(0.25)	(1.33)	(1.58)
Year ended 12-31-2018	18.58	0.30	(3.45)	(3.15)	(0.28)	(0.49)	(0.77)
Year ended 12-31-2017	15.30	0.23	3.29	3.52	(0.24)	—	(0.24)
Year ended 12-31-2016	15.53	0.24	(0.11)	0.13	(0.20)	(0.16)	(0.36)

\*Not shown due to rounding.

(1) Based on average weekly shares outstanding.

(2) Based on net asset value. Total returns do not reflect a sales charge or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4) For the period from April 28, 2017 (commencement of operations of the class) through December 31, 2017.

(5) Annualized.

(6) Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the period ended December 31, 2017.

	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(3)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(3)</sup>	Portfolio Turnover Rate
<b>Asset Strategy</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	\$10.45	14.16%	\$ —*	0.77%	1.83%	—%	—%	44%
Year ended 12-31-2019	9.50	22.08	1	0.77	2.19	0.77	2.19	46
Year ended 12-31-2018	8.29	-5.20	—*	0.78	1.91	0.78	1.91	58
Year ended 12-31-2017 <sup>(4)</sup>	9.37	11.16	—*	0.74 <sup>(5)</sup>	1.30 <sup>(5)</sup>	—	—	39 <sup>(6)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	10.44	13.88	764	1.02	1.60	—	—	44
Year ended 12-31-2019	9.50	21.78	772	1.02	1.94	—	—	46
Year ended 12-31-2018	8.29	-5.44	753	1.03	1.65	—	—	58
Year ended 12-31-2017	9.37	18.27	936	1.02	0.35	—	—	39
Year ended 12-31-2016	8.04	-2.57	954	1.01	0.70	1.02	0.69	68
<b>Balanced</b>								
<b>Class II Shares</b>								
Year ended 12-31-2020	8.71	14.11	344	1.02	1.13	—	—	61
Year ended 12-31-2019	8.22	22.09	341	1.01	1.38	—	—	44
Year ended 12-31-2018	7.46	-3.24	310	1.01	1.55	—	—	54
Year ended 12-31-2017	7.95	11.37	362	1.01	1.54	—	—	48
Year ended 12-31-2016	7.47	2.03	361	1.01	1.53	—	—	54
<b>Energy</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	2.48	-36.67	—*	1.06	1.89	1.12	1.83	54
Year ended 12-31-2019	4.02	3.74	—*	1.04	0.64	—	—	21
Year ended 12-31-2018	3.88	-33.96	—*	0.94	-0.09	0.94	-0.09	37
Year ended 12-31-2017 <sup>(4)</sup>	5.87	1.55	—*	0.92 <sup>(5)</sup>	1.70 <sup>(5)</sup>	—	—	22 <sup>(6)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	2.48	-36.83	44	1.31	1.62	1.37	1.56	54
Year ended 12-31-2019	4.00	3.48	42	1.29	0.42	—	—	21
Year ended 12-31-2018	3.87	-34.14	39	1.19	-0.41	—	—	37
Year ended 12-31-2017	5.87	-12.64	169	1.19	0.75	—	—	22
Year ended 12-31-2016	6.77	34.55	196	1.19	-0.27	—	—	31
<b>Growth</b>								
<b>Class II Shares</b>								
Year ended 12-31-2020	12.70	30.55	896	1.01	-0.20	—	—	29
Year ended 12-31-2019	11.33	36.59	791	1.00	-0.05	—	—	30
Year ended 12-31-2018	11.02	2.28	669	1.00	-0.02	—	—	37
Year ended 12-31-2017	12.09	29.34	883	0.99	0.05	—	—	41
Year ended 12-31-2016	10.30	1.22	835	0.98	0.26	1.00	0.24	53
<b>High Income</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	3.41	6.30	20	0.69	6.54	—	—	52
Year ended 12-31-2019	3.48	11.49	27	0.67	6.82	—	—	35
Year ended 12-31-2018	3.35	-1.86	44	0.66	6.50	0.66	6.50	42
Year ended 12-31-2017 <sup>(4)</sup>	3.65	3.42	56	0.66 <sup>(5)</sup>	6.53 <sup>(5)</sup>	—	—	52 <sup>(6)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	3.40	6.03	859	0.94	6.28	—	—	52
Year ended 12-31-2019	3.47	11.19	859	0.92	6.57	—	—	35
Year ended 12-31-2018	3.34	-2.11	803	0.91	6.27	—	—	42
Year ended 12-31-2017	3.64	6.68	887	0.91	6.22	—	—	52
Year ended 12-31-2016	3.61	16.19	845	0.89	6.97	0.92	6.94	36
<b>International Core Equity</b>								
<b>Class II Shares</b>								
Year ended 12-31-2020	16.35	7.19	649	1.17	1.10	—	—	82
Year ended 12-31-2019	15.65	18.69	699	1.16	1.93	—	—	69
Year ended 12-31-2018	14.66	-17.81	676	1.16	1.70	—	—	51
Year ended 12-31-2017	18.58	23.16	835	1.16	1.33	—	—	59
Year ended 12-31-2016	15.30	1.08	736	1.17	1.60	—	—	77

See Accompanying Notes to Financial Statements.

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Mid Cap Growth</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	\$ 12.77	\$(0.04)	\$ 5.89	\$ 5.85	\$ —	\$ (1.02)	\$ (1.02)
Year ended 12-31-2019	11.10	(0.02)	3.95	3.93	—	(2.26)	(2.26)
Year ended 12-31-2018	11.63	(0.02)	0.09	0.07	—	(0.60)	(0.60)
Year ended 12-31-2017 <sup>(4)</sup>	10.30	0.00*	1.64	1.64	—	(0.31)	(0.31)
<b>Class II Shares</b>							
Year ended 12-31-2020	12.69	(0.07)	5.85	5.78	—	(0.99)	(0.99)
Year ended 12-31-2019	11.07	(0.06)	3.94	3.88	—	(2.26)	(2.26)
Year ended 12-31-2018	11.61	(0.05)	0.09	0.04	—	(0.58)	(0.58)
Year ended 12-31-2017	9.44	(0.04)	2.52	2.48	—	(0.31)	(0.31)
Year ended 12-31-2016	9.42	(0.01)	0.55	0.54	—	(0.52)	(0.52)
<b>Natural Resources</b>							
<b>Class II Shares</b>							
Year ended 12-31-2020	3.84	0.04	(0.51)	(0.47)	(0.07)	—	(0.07)
Year ended 12-31-2019	3.55	0.07	0.26	0.33	(0.04)	—	(0.04)
Year ended 12-31-2018	4.63	0.03	(1.10)	(1.07)	(0.01)	—	(0.01)
Year ended 12-31-2017	4.50	0.00*	0.14	0.14	(0.01)	—	(0.01)
Year ended 12-31-2016	3.66	0.01	0.86	0.87	(0.03)	—	(0.03)
<b>Science and Technology</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	29.94	(0.14)	10.31	10.17	—	(3.98)	(3.98)
Year ended 12-31-2019	21.91	(0.06)	10.95	10.89	—	(2.86)	(2.86)
Year ended 12-31-2018	27.04	(0.03)	(1.24)	(1.27)	—	(3.86)	(3.86)
Year ended 12-31-2017 <sup>(4)</sup>	25.22	(0.04)	4.16	4.12	—	(2.30)	(2.30)
<b>Class II Shares</b>							
Year ended 12-31-2020	29.82	(0.21)	10.24	10.03	—	(3.98)	(3.98)
Year ended 12-31-2019	21.84	(0.13)	10.90	10.77	—	(2.79)	(2.79)
Year ended 12-31-2018	27.04	(0.11)	(1.23)	(1.34)	—	(3.86)	(3.86)
Year ended 12-31-2017	22.34	(0.13)	7.08	6.95	—	(2.25)	(2.25)
Year ended 12-31-2016	22.96	(0.11)	0.34	0.23	—	(0.85)	(0.85)
<b>Small Cap Core</b>							
<b>Class II Shares</b>							
Year ended 12-31-2020	13.71	(0.02)	0.80	0.78	—	(0.64)	(0.64)
Year ended 12-31-2019	13.51	0.00*	3.12	3.12	—	(2.92)	(2.92)
Year ended 12-31-2018	18.32	(0.06)	(1.37)	(1.43)	(0.02)	(3.36)	(3.38)
Year ended 12-31-2017	18.34	0.00*	2.21	2.21	—	(2.23)	(2.23)
Year ended 12-31-2016	15.66	0.01	4.17	4.18	(0.07)	(1.43)	(1.50)
<b>Small Cap Growth</b>							
<b>Class I Shares</b>							
Year ended 12-31-2020	8.80	(0.04)	3.39	3.35	—	—	—
Year ended 12-31-2019	7.69	(0.05)	1.85	1.80	—	(0.69)	(0.69)
Year ended 12-31-2018 <sup>(5)</sup>	8.76	0.00*	(1.07)	(1.07)	—	—	—
<b>Class II Shares</b>							
Year ended 12-31-2020	8.77	(0.06)	3.37	3.31	—	—	—
Year ended 12-31-2019	7.68	(0.07)	1.85	1.78	—	(0.69)	(0.69)
Year ended 12-31-2018	11.63	(0.06)	0.03	(0.03)	(0.05)	(3.87)	(3.92)
Year ended 12-31-2017	9.69	(0.07)	2.27	2.20	—	(0.26)	(0.26)
Year ended 12-31-2016	10.60	(0.07)	0.23	0.16	—	(1.07)	(1.07)

\* Not shown due to rounding.

(1) Based on average weekly shares outstanding.

(2) Based on net asset value. Total returns do not reflect a sales charge or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4) For the period from April 28, 2017 (commencement of operations of the class) through December 31, 2017.

(5) For the period from November 5, 2018 (commencement of operations of the class) through December 31, 2018.

(6) Annualized.

(7) Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the period ended December 31, 2017.

(8) Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the period ended December 31, 2018.

(9) Expense ratio based on the period excluding reorganization expenses was 0.89%.

(10) Expense ratio based on the period excluding reorganization expenses was 1.14%.

	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(3)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(3)</sup>	Portfolio Turnover Rate
<b>Mid Cap Growth</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	\$ 17.60	49.37%	\$246	0.85%	-0.27%	0.90%	-0.32%	25%
Year ended 12-31-2019	12.77	38.28	233	0.85	-0.20	0.90	-0.25	20
Year ended 12-31-2018	11.10	0.20	184	0.85	-0.14	0.90	-0.19	53
Year ended 12-31-2017 <sup>(4)</sup>	11.63	16.44	131	0.856 <sup>(6)</sup>	0.05 <sup>(6)</sup>	0.89 <sup>(6)</sup>	0.01 <sup>(6)</sup>	25 <sup>(7)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	17.48	49.00	444	1.10	-0.53	1.15	-0.58	25
Year ended 12-31-2019	12.69	37.94	315	1.10	-0.45	1.15	-0.50	20
Year ended 12-31-2018	11.07	-0.06	230	1.10	-0.42	1.15	-0.47	53
Year ended 12-31-2017	11.61	26.89	585	1.11	-0.39	1.15	-0.43	25
Year ended 12-31-2016	9.44	6.12	615	1.10	-0.09	1.15	-0.14	33
<b>Natural Resources</b>								
<b>Class II Shares</b>								
Year ended 12-31-2020	3.30	-11.99	75	1.31	1.40	—	—	71
Year ended 12-31-2019	3.84	9.46	88	1.24	1.88	—	—	36
Year ended 12-31-2018	3.55	-23.23	88	1.21	0.72	—	—	33
Year ended 12-31-2017	4.63	2.97	131	1.36	0.11	—	—	44
Year ended 12-31-2016	4.50	23.81	144	1.36	0.20	—	—	67
<b>Science and Technology</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	36.13	35.70	2	0.91	-0.44	—	—	8
Year ended 12-31-2019	29.94	49.86	1	0.90	-0.23	—	—	31
Year ended 12-31-2018	21.91	-5.00	1	0.91	-0.11	0.91	-0.11	17
Year ended 12-31-2017 <sup>(4)</sup>	27.04	17.24	—*	0.90 <sup>(6)</sup>	-0.25 <sup>(6)</sup>	—	—	27 <sup>(7)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	35.87	35.36	676	1.16	-0.67	—	—	8
Year ended 12-31-2019	29.82	49.48	579	1.15	-0.48	—	—	31
Year ended 12-31-2018	21.84	-5.23	429	1.16	-0.38	—	—	17
Year ended 12-31-2017	27.04	32.12	645	1.15	-0.51	—	—	27
Year ended 12-31-2016	22.34	1.54	514	1.15	-0.52	1.17	-0.54	16
<b>Small Cap Core</b>								
<b>Class II Shares</b>								
Year ended 12-31-2020	13.85	7.03	183	1.20	-0.14	—	—	145
Year ended 12-31-2019	13.71	24.33	188	1.18	-0.05	—	—	126
Year ended 12-31-2018	13.51	-10.49	175	1.17	-0.34	—	—	112
Year ended 12-31-2017	18.32	13.73	316	1.15	0.01	—	—	112
Year ended 12-31-2016	18.34	28.88	348	1.16	0.08	—	—	182
<b>Small Cap Growth</b>								
<b>Class I Shares</b>								
Year ended 12-31-2020	12.15	38.01	59	0.89	-0.46	0.92	-0.49	50
Year ended 12-31-2019	8.80	23.68	58	0.89	-0.60	0.91	-0.62	41
Year ended 12-31-2018 <sup>(5)</sup>	7.69	-12.24	52	1.05 <sup>(6)(9)</sup>	0.15 <sup>(6)</sup>	1.07 <sup>(6)</sup>	0.13 <sup>(6)</sup>	52 <sup>(8)</sup>
<b>Class II Shares</b>								
Year ended 12-31-2020	12.08	37.66	406	1.14	-0.71	1.17	-0.74	50
Year ended 12-31-2019	8.77	23.37	331	1.14	-0.84	1.17	-0.87	41
Year ended 12-31-2018	7.68	-4.11	300	1.16 <sup>(10)</sup>	-0.52	1.18	-0.54	52
Year ended 12-31-2017	11.63	23.12	377	1.15	-0.69	1.17	-0.71	55
Year ended 12-31-2016	9.69	2.92	426	1.14	-0.79	1.16	-0.81	107

See Accompanying Notes to Financial Statements.

## 1. ORGANIZATION

Ivy Variable Insurance Portfolios, a Delaware statutory trust (the “Trust”), is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. Asset Strategy, Balanced, Energy, Growth, High Income, International Core Equity, Mid Cap Growth, Natural Resources, Science and Technology, Small Cap Core and Small Cap Growth (each, a “Portfolio”) are eleven series of the Trust and are the only series of the Trust included in these financial statements. The assets belonging to each Portfolio are held separately by the custodian. The investment objective, policies and risk factors of each Portfolio are described more fully in the Prospectus and Statement of Additional Information (“SAI”). Each Portfolio’s investment adviser is Ivy Investment Management Company (“IICO”).

Each Portfolio offers Class II shares. Asset Strategy, Energy, High Income, Mid Cap Growth, Science and Technology and Small Cap Growth also offer Class I shares. All classes of shares have identical rights and voting privileges with respect to the Portfolio in general and exclusive voting rights on matters that affect that class alone. Net investment income, net assets and net asset value per share (“NAV”) may differ due to each class having its own expenses, such as transfer agent and shareholder servicing fees, directly attributable to that class. Class II shares have a distribution and service plan. Class I shares are not included in the plan.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by each Portfolio.

**Security Transactions and Related Investment Income.** Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and includes paydown gain (loss) and accretion of discounts and amortization of premiums. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. All or a portion of the distributions received from a real estate investment trust or publicly traded partnership may be designated as a reduction of cost of the related investment or realized gain.

**Foreign Currency Translation.** Each Portfolio’s accounting records are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily, using foreign exchange rates obtained from an independent pricing service approved by the Board of Trustees of the Trust (the “Board”). Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translation arise from changes in currency exchange rates. Each Portfolio combines fluctuations from currency exchange rates and fluctuations in value when computing net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments. Foreign exchange rates are typically valued as of the close of the New York Stock Exchange (“NYSE”), normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

**Allocation of Income, Expenses, Gains and Losses.** Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

**Dividends and Distributions to Shareholders.** Dividends and distributions to shareholders are recorded by each Portfolio on the business day following record date. Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America (“U.S. GAAP”). If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital.

**Income Taxes.** It is the policy of each Portfolio to distribute all of its taxable income and capital gains to its shareholders and to otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Portfolio intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. The Portfolios file income tax returns in U.S. federal and applicable state jurisdictions. The Portfolios’ tax returns are subject to examination by the relevant taxing authority until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax returns. Management of the Trust periodically reviews all tax positions to assess whether it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of the date of these financial statements, management believes that no liability for unrecognized tax positions is required.

**Segregation and Collateralization.** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (“SEC”), the Dodd Frank Wall Street Reform and Consumer Protection Act, or the interpretive rules and regulations of the U.S. Commodities Futures Trading Commission require that a Portfolio either deliver collateral or

segregate assets in connection with certain investments (e.g., dollar rolls, financial futures contracts, foreign currency exchange contracts, options written, securities with extended settlement periods, and swaps), the Portfolio will segregate collateral or designate on its books and records, cash or other liquid securities having a value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit cash or securities as collateral for certain investments. Certain countries require that cash reserves be held while investing in companies incorporated in that country. These cash reserves and cash collateral that has been pledged to cover obligations of the Portfolios under derivative contracts, if any, will be reported separately on the Statements of Assets and Liabilities as “Restricted cash”. Securities collateral pledged for the same purpose, if any, is noted on the Schedule of Investments.

**Concentration of Market and Credit Risk.** In the normal course of business, the Portfolios invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Portfolios may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Portfolios; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Portfolios may be exposed to counterparty credit risk, or the risk that an entity with which the Portfolios have unsettled or open transactions may fail to or be unable to perform on its commitments. The Portfolios manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Portfolios to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Portfolios’ exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded on the Portfolios’ Statements of Assets and Liabilities, less any collateral held by the Portfolios.

Certain Portfolios may hold high-yield or non-investment-grade bonds, that may be subject to a greater degree of credit risk. Credit risk relates to the ability of the issuer to meet interest or principal payments or both as they become due. The Portfolios may acquire securities in default and are not obligated to dispose of securities whose issuers subsequently default.

Certain Portfolios may enter into financial instrument transactions (such as swaps, futures, options and other derivatives) that may have off-balance sheet market risk. Off-balance sheet market risk exists when the maximum potential loss on a particular financial instrument is greater than the value of such financial instrument, as reflected on the Statements of Assets and Liabilities.

If a Portfolio invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Portfolio, or, in the case of hedging positions, that the Portfolio’s base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad.

The London Interbank Offered Rate “LIBOR” is an indicative measure of the average interest rate at which major global banks could borrow from one another. LIBOR is quoted in multiple currencies and multiple time frames using data reported by private-sector banks. LIBOR is used extensively in the United States and globally as a “benchmark” or “reference rate” for various commercial and financial contracts, including corporate and municipal bonds and loans, floating rate mortgages, asset-backed securities, consumer loans, and interest rate swaps and other derivatives.

It is expected that a number of private-sector banks currently reporting information used to set LIBOR will stop doing so after 2021 when their current reporting commitment ends, which could either cause LIBOR to stop publication immediately or cause LIBOR’s regulator to determine that its quality has degraded to the degree that it is no longer representative of its underlying market.

Management believes that, with respect to any significant investments by a Portfolio in instruments linked to LIBOR, the impact on investments and discontinuation of LIBOR may represent a significant risk.

However, management acknowledges that the anticipated transition away from LIBOR will occur after 2021 and certain of the current investments will mature prior to that time. Furthermore, the ways in which LIBOR’s discontinuation potentially could impact the Portfolios’ investments is not fully known. The extent of that impact may vary depending on various factors, which include, but are not limited to: (i) existing fallback or termination provisions in individual contracts and (ii) whether, how, and when industry participants develop and adopt new successor reference rates and/or fallbacks for both legacy and new instruments.

In addition, the transition to a successor rate could potentially cause (i) increased volatility or illiquidity in markets for instruments that currently rely on LIBOR, (ii) a reduction in the value of certain instruments held by a Portfolio, or (iii) reduced effectiveness of related Portfolio transactions, such as hedging.

As the impacts of the transition become clearer during the next year, management will be evaluating the impacts of these changes.

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been detected globally. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

The individual Portfolios herein have adopted a Liquidity Risk Management Program (the “Program”). The Portfolio’s board has designated a Liquidity Risk Management Committee (the “Committee”) as the administrator of the Program. The Committee or delegates of the Committee conduct the day-to-day operation of the Program. Under the Program, the Committee manages the Portfolio’s liquidity risk, which is the risk that any Portfolio could not meet shareholder redemption requests without significant dilution of remaining shareholders’ interests in the Portfolio. This risk is managed by monitoring the degree of liquidity of the Portfolio’s investments, limiting the amount of the Portfolio’s illiquid investments, and utilizing various risk management tools and facilities available to the Portfolio for meeting shareholder redemptions, among other means. The Committee’s process of determining the degree of liquidity of the Portfolio’s investments is supported by one or more third-party liquidity assessment vendors. The Portfolio’s board reviewed a report prepared by a designee of the Committee regarding the operation, adequacy and effectiveness of the Program from the period June 1, 2019, through March 31, 2020. The report described the Program’s liquidity classification methodology and the methodology in establishing a Portfolio’s Highly Liquid Investment Minimum (“HLIM”), if necessary. The Committee reported that during the period covered by the report, there were no material changes to the Program and no significant liquidity events impacting the Portfolio or its ability to timely meet redemptions without dilution to existing shareholders. In addition, the Committee provided its assessment that the Program, including the operation of each Portfolio’s HLIM, where applicable, had been effective in managing the Portfolio’s liquidity risk.

**Inflation-Indexed Bonds.** Certain Portfolios may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value, which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statements of Operations, even though investors do not receive their principal until maturity.

**Interest Only Obligations.** These securities entitle the owner to receive only the interest portion from a bond, Treasury note or pool of mortgages. These securities are generally created by a third party separating a bond or pool of mortgages into distinct interest-only and principal-only securities. As the principal (par) amount of a bond or pool of mortgages is paid down, the amount of interest income earned by the owner will decline as well.

**Loans.** Certain Portfolios may invest in loans, the interest rates of which float or adjust periodically based upon a specified adjustment schedule, benchmark indicator, or prevailing interest rates, the debtor of which may be a domestic or foreign corporation, partnership or other entity (“Borrower”). Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates generally include prime rates of one or more major U.S. banks, the LIBOR or certificates of deposit rates. Loans often require prepayments from excess cash flow or permit the Borrower to repay at its election. The degree to which Borrowers repay cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturities. Loans are exempt from registration under the Securities Act of 1933, as amended, may contain certain restrictions on resale, and cannot be sold publicly. A Portfolio’s investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties.

When a Portfolio purchases assignments, it acquires all the rights and obligations under the loan agreement of the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than those held by the assigning lender. When a Portfolio purchases a participation of a loan interest, the Portfolio typically enters into a contractual agreement with the lender or other third party selling the participation. A participation interest in loans includes the right to receive payments of principal, interest and any fees to which it is entitled from the lender and

only upon receipt by the lender of payments from the Borrower, but not from the Borrower directly. When investing in a participation interest, if a Borrower is unable to meet its obligations under a loan agreement, a Portfolio generally has no direct right to enforce compliance with the terms of the loan agreement. As a result, the Portfolio assumes the credit risk of the Borrower, the selling participant, and any other persons that are interpositioned between the Portfolio and the Borrower. If the lead lender in a typical lending syndicate becomes insolvent, enters Federal Deposit Insurance Corporation (“FDIC”) receivership or, if not FDIC insured, enters into bankruptcy, the Portfolio may incur certain costs and delays in receiving payment or may suffer a loss of principal and interest.

**Payment In-Kind Securities.** Certain Portfolios may invest in payment in-kind securities (“PIKs”). PIKs give the issuer the option at each interest payment date of making interest payments in cash or in additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro-rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statements of Assets and Liabilities.

**Securities on a When-Issued or Delayed Delivery Basis.** Certain Portfolios may purchase securities on a “when-issued” basis, and may purchase or sell securities on a “delayed delivery” basis. “When-issued” or “delayed delivery” refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by a Portfolio on a when-issued basis normally take place within six months and possibly as long as two years or more after the trade date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The purchase of securities on a when-issued basis may increase the volatility of a Portfolio’s NAV to the extent the Portfolio executes such transactions while remaining substantially fully invested. When a Portfolio engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Portfolio to lose the opportunity to obtain or dispose of the security at a price and yield IICO, or the Portfolio’s investment subadviser, as applicable, consider advantageous. The Portfolio maintains internally designated assets with a value equal to or greater than the amount of its purchase commitments. The Portfolio may also sell securities that it purchased on a when-issued or delayed delivery basis prior to settlement of the original purchase.

**Custodian Fees.** “Custodian fees” on the Statements of Operations may include interest expense incurred by a Portfolio on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. A Portfolio pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by that Portfolio. The “Earnings credit” line item, if shown, represents earnings on cash balances maintained by that Portfolio during the period. Such interest expense and other custodian fees may be paid with these earnings.

**Indemnification.** The Trust’s organizational documents provide current and former Trustees and Officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Trust. In the normal course of business, the Trust may also enter into contracts that provide general indemnification. The Trust’s maximum exposure under these arrangements is unknown and is dependent on future claims that may be made against the Trust. The risk of material loss from such claims is considered remote.

**Basis of Preparation.** Each Portfolio is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 (“ASC 946”). The accompanying financial statements were prepared in accordance with U.S. GAAP, including but not limited to ASC 946. U.S. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

**Notice of Acquisition.** On December 2, 2020, Waddell & Reed Financial, Inc. (“Waddell & Reed Financial”), the parent company of Ivy Investment Management Company (“IICO”), and Macquarie Group Limited, including its asset management division Macquarie Asset Management (together, “Macquarie”), announced that they had entered into an agreement whereby Macquarie will acquire Waddell & Reed Financial (the “Transaction”). The Transaction is subject to approval by Waddell & Reed Financial’s shareholders and customary closing conditions, including receipt of applicable regulatory approvals. Subject to such approvals and the satisfaction of certain other conditions, the Transaction is expected to close by mid-2021. This is subject to change.

Under the Investment Company Act of 1940, as amended, closing of the Transaction will result in the automatic termination of each Portfolio’s investment advisory agreement with IICO, and any related sub-advisory contract(s), where applicable. Each Portfolio’s Board recently approved a new investment advisory agreement (and new sub-advisory agreement(s)). The new investment advisory agreement (and new sub-advisory agreement(s)) approved by each Portfolio’s Board is expected to be presented to Portfolio shareholders for approval, and, if approved, would take effect upon the closing of the Transaction. Ivy Portfolios’ shareholders will receive proxy materials pertaining to this and other matters relating to the Transaction in the first quarter of 2021.

**Subsequent Events.** Management has performed a review for subsequent events through the date this report was issued.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Each Portfolio's investments are reported at fair value. Fair value is defined as the price that each Portfolio would receive upon selling an asset or would pay upon satisfying a liability in an orderly transaction between market participants at the measurement date. Each Portfolio calculates the NAV of its shares as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

For purposes of calculating the NAV, the portfolio securities and financial instruments are valued on each business day using pricing and valuation methods as adopted by the Board. Where market quotes are readily available, fair value is generally determined on the basis of the last reported sales price, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service approved by the Board. To determine values of fixed-income securities, the independent pricing service utilizes such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Short-term securities with maturities of 60 days or less are valued based on quotes that are obtained from an independent pricing service approved by the Board as described in the preceding paragraph above.

Because many foreign markets close before the NYSE, events may occur between the close of the foreign market and the close of the NYSE that could have a material impact on the valuation of foreign securities. Waddell & Reed Services Company ("WRSCO"), pursuant to procedures adopted by the Board, evaluates the impact of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the NYSE. In addition, all securities for which values are not readily available or are deemed unreliable are appraised at fair value as determined in good faith under the supervision of the Board.

Where market quotes are not readily available, portfolio securities or financial instruments are valued at fair value, as determined in good faith by the Board or Valuation Committee pursuant to procedures approved by the Board.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of a Portfolio's securities or financial instruments. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

The Board has delegated to WRSCO the responsibility for monitoring significant events that may materially affect the values of a Portfolio's securities or financial instruments and for determining whether the value of the applicable securities or financial instruments should be re-evaluated in light of such significant events. IICO, pursuant to authority delegated by the Board, has established a Valuation Committee to administer and oversee the valuation process, including the use of third party pricing vendors.

The Board has adopted methods for valuing securities and financial instruments in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to procedures established by the Board, with reference to other securities or indices. In the event that the security or financial instrument cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or financial instrument will be determined in good faith by the Valuation Committee in accordance with the procedures adopted by the Board.

When a Portfolio uses these fair valuation methods applied by WRSCO that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Board or persons acting at its direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of a security. The prices used by a Portfolio may differ from the value that will ultimately be realized at the time the securities are sold.

WRSCO is responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: 1) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors, 2) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An individual investment's fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized as follows:

- Level 1 — Observable inputs such as quoted prices, available in active markets, for identical assets or liabilities.
- Level 2 — Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3 — Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at its direction that are used in determining the fair value of investments.

A description of the valuation techniques applied to the Portfolios' major classes of assets and liabilities measured at fair value on a recurring basis follows:

**Asset-Backed Securities and Mortgage-Backed Securities.** The fair value of asset-backed securities and mortgage-backed securities are estimated using recently executed transactions and based on models that consider the estimated cash flows of each debt tranche of the issuer, establish a benchmark yield, and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche including, but not limited to, the prepayment speed assumptions and attributes of the collateral. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, and otherwise they would be categorized as Level 3.

**Bullion.** The fair value of bullion is at the last settlement price at the end of each day on the board of trade or exchange upon which they are traded and are categorized in Level 1 of the fair value hierarchy.

**Corporate Bonds.** The fair value of corporate bonds, as obtained from an independent pricing service, is estimated using various techniques, which consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. While most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy.

**Derivative Instruments.** Forward foreign currency contracts are valued based upon the closing prices of the forward currency rates determined at the close of the NYSE, which are provided by an independent pricing service. Swaps derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. Swaps are valued by an independent pricing service unless the price is unavailable, in which case they are valued at the price provided by a dealer in that security. Exchange-traded futures contracts are generally valued at the settlement price. Listed options are ordinarily valued at the mean of the last bid and ask price provided by an independent pricing service unless the price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer. Over the counter ("OTC") options are ordinarily valued at the mean of the last bid and ask price for a comparable listed option provided by an independent pricing service unless such a price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorized in Level 1 of the fair value hierarchy. OTC derivative contracts include forward foreign currency contracts, swap agreements, and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices, or commodity prices. Depending on the product and the terms of the transaction, the fair value of the OTC derivative products are modeled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets, as is the case with interest rate swap and option contracts. OTC derivative products valued using pricing models with significant observable inputs are categorized within Level 2 of the fair value hierarchy.

**Equity Securities.** Equity securities traded on U.S. or foreign securities exchanges or included in a national market system are valued at the official closing price at the close of each business day unless otherwise stated below. OTC equity securities and listed securities for which no price is readily available are valued at the average of the last bid and ask prices.

Mutual funds, including investment funds, typically are valued at the NAV reported as of the valuation date.

Securities that are stated at the last reported sales price or closing price on the day of valuation taken from the primary exchange where the security is principally traded and to the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Foreign securities, for which the primary trading market closes at the same time or after the NYSE, are valued based on quotations from the primary market in which they are traded and categorized in Level 1. Because many foreign securities markets and exchanges close prior to the close of the NYSE, closing prices for foreign securities in those markets or on those exchanges do not reflect the events that occur after that close. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intra-day trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, exchange-traded funds, and the movement of certain indices of securities based on a statistical analysis of their historical relationship; such valuations generally are categorized in Level 2.

Preferred stock, repurchase agreements, and other equities traded on inactive markets or valued by reference to similar instruments are also generally categorized in Level 2.

**Loans.** Loans are valued using a price or composite price from one or more brokers or dealers as obtained from an independent pricing service. The fair value of loans is estimated using recently executed transactions, market price quotations, credit/market events, and cross-asset pricing. Inputs are generally observable market inputs obtained from independent sources. Loans are generally categorized in Level 2 of the fair value hierarchy, unless key inputs are unobservable in which case they would be categorized as Level 3.

**Municipal Bonds.** Municipal bonds are fair valued based on pricing models used by and obtained from an independent pricing service that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-wants lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable and timely, the fair values of municipal bonds would be categorized as Level 2; otherwise the fair values would be categorized as Level 3.

**Overdraft due to custodian.** Due to the short-term nature of overdraft due to custodian, the carrying value approximates fair value and the liability is categorized as Level 2 in the fair value hierarchy.

**Restricted Securities.** Restricted securities that are deemed to be Rule 144A securities and illiquid, as well as restricted securities held in non-public entities, are included in Level 3 of the fair value hierarchy to the extent that significant inputs to valuation are unobservable, because they trade infrequently, if at all and, therefore, the inputs are unobservable. Restricted securities that are valued at a discount to similar publicly traded securities may be categorized as Level 2 of the fair value hierarchy to the extent that the discount is considered to be insignificant to the fair value measurement in its entirety; otherwise they may be categorized as Level 3.

**U.S. Government and Agency Securities.** U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, quoted market prices, and reference data. Accordingly, U.S. government and agency securities are normally categorized in Level 2 of the fair value hierarchy depending on the liquidity and transparency of the market.

Transfers from Level 2 to Level 3 occurred primarily due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred primarily due to the increased availability of observable market data due to increased market activity or information.

For fair valuations using unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. In accordance with the requirements of U.S. GAAP, a fair value hierarchy and Level 3 reconciliation, if any, have been included in the Notes to the Schedule of Investments for each respective Portfolio.

Net realized gain (loss) and net unrealized appreciation (depreciation), shown on the reconciliation of Level 3 investments, if applicable, are included on the Statements of Operations in net realized gain (loss) on investments in unaffiliated and/or affiliated securities and in net change in unrealized appreciation (depreciation) on investments in unaffiliated and/or affiliated securities, respectively.

#### **4. DERIVATIVE INSTRUMENTS** (\$ amounts in thousands unless indicated otherwise)

The following disclosures contain information on why and how the Portfolios use derivative instruments, the associated risks of investing in derivative instruments, and how derivative instruments affect the Portfolios' financial positions and results of operations.

**Forward Foreign Currency Contracts.** All Portfolios are authorized to enter into forward foreign currency contracts (“forward contracts”) for the purchase or sale of a foreign currency at a negotiated rate at a future date. Forward contracts are reported on a schedule following the Schedule of Investments. Forward contracts are valued daily based upon the closing prices of the forward currency rates provided by an independent pricing service determined at the close of the NYSE. The resulting unrealized appreciation and depreciation is reported on the Statements of Assets and Liabilities as a receivable or payable and on the Statements of Operations within the change in unrealized appreciation (depreciation). At contract close, the difference between the original cost of the contract and the value at the close date is recorded as a realized gain (loss) on the Statements of Operations.

Risks to a Portfolio related to the use of such contracts include both market and credit risk. Market risk is the risk that the value of the forward contract will depreciate due to unfavorable changes in the exchange rates. Credit risk arises from the possibility that the counterparty will default. If the counterparty defaults, a Portfolio’s maximum loss will consist of the aggregate unrealized gain on appreciated contracts that is not collateralized.

International Core Equity and Natural Resources enter into forward foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to, or hedge exposure away from foreign currencies (foreign currency exchange rate risk).

**Option Contracts.** Options purchased by a Portfolio are accounted for in the same manner as portfolio securities. The cost of the underlying instruments acquired through the exercise of call options is increased by the premium paid to purchase the call. The proceeds from instruments sold through the exercise of put options are decreased by the premium paid to purchase the put.

When a Portfolio writes (sells) an option, an amount equal to the premium received by the Portfolio is recorded as a liability. The amount of the liability is subsequently adjusted to reflect the current value of the option written. When an option expires on its stipulated expiration date or a Portfolio enters into a closing purchase transaction, the Portfolio realizes a gain (or loss if the cost of a closing purchase transaction exceeds the premium received when the call option was sold), and the liability related to such option is extinguished. When a written call option is exercised, the premium is added to the proceeds from the sale of the underlying instrument in determining whether a Portfolio has realized a gain or loss. When a written put is exercised, the cost basis of the instruments purchased by a Portfolio is reduced by the amount of the premium received.

Investments in options, whether purchased or written, involve certain risks. Writing put options and purchasing call options may increase a Portfolio’s exposure to the underlying instrument. With written options, there may be times when a Portfolio will be required to purchase or sell instruments to meet its obligation under the option contract where the required action is not beneficial to the Portfolio, due to unfavorable movement of the market price of the underlying instrument.

Option contracts can be traded on a regulated exchange or traded OTC. Unlike the trades on a regulated exchange where the clearinghouse guarantees the performances of both the buyer and the seller, to the extent a Portfolio enters into OTC option transactions with counterparties, the Portfolio will be exposed to the risk that counterparties to these OTC transactions will be unable to meet their obligations under the terms of the transaction.

Asset Strategy, Balanced, International Core Equity, Mid Cap Growth, Science and Technology and Small Cap Growth purchase and write call and put options to increase or decrease hedging exposure to underlying instruments (which include credit risk, equity risk, foreign currency exchange rate risk, event risk and/or interest rate risk), increase exposure to various equity markets or certain sectors, gain exposure to or facilitate trading in certain securities and/or, in the case of options written, to generate returns from options premiums.

**Swap Agreements.** All Portfolios are authorized to invest in swap agreements. Swap agreements are bilaterally negotiated agreements between a Portfolio and counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements are privately negotiated in the over-the-counter market (“OTC swaps”). If the OTC swap entered is one of the swaps identified by a relevant regulator as a swap that is required to be cleared, then it will be cleared through a third party, known as a central counterparty or derivatives clearing organization (“centrally cleared swaps”).

Swaps are marked to market daily and changes in value are recorded as unrealized appreciation (depreciation) on the Statements of Operations. Payments received or made by the Portfolio are recorded as realized gain or loss on the Statements of Operations. Any upfront premiums paid are recorded as assets and any upfront fees received are recorded as liabilities and are shown as swap premiums paid and swap premiums received, respectively, if any, on the Statements of Assets and Liabilities and amortized over the term of the swap. An early termination payment received or made at an early termination or a final payment made at the maturity of the swap is recorded as realized gain or loss on the Statements of Operations.

After a centrally cleared swap is accepted for clearing, a Portfolio may be required to deposit initial margin with a Clearing Member in the form of cash or securities. Securities deposited as initial margin, if any, are designated on the Schedule of Investments. Cash deposited as initial margin is identified on the Schedule of Investments and is recorded as restricted cash on the Statements of Assets and Liabilities.

Total return swaps involve a commitment of one party to pay periodic interest payments in exchange for a market-linked return based on a security or a basket of securities including a variety of securities or representing a particular index. To the extent the total return of the security, a basket of securities, or an index exceeds or falls short of the offsetting interest rate obligation, the Portfolio will receive a payment from or make a payment to the counterparty.

Asset Strategy and Small Cap Growth enter into total return swaps to hedge exposure to a security or market.

The creditworthiness of the counterparty with which a Portfolio enters into a swap agreement is monitored by IICO. If a counterparty creditworthiness declines, the value of the agreement would likely decline, potentially resulting in losses. If a default occurs by the counterparty to such a transaction, the Portfolio will have contractual remedies pursuant to the agreement related to the transaction. The maximum loss a Portfolio may incur consists of the aggregate unrealized gain on appreciated contracts that is not collateralized due to facts specific to certain situations (i.e., collateral may not have been posted by the counterparty due to the required collateral amount being less than the pre-agreed thresholds. Additionally, regulatory developments called stay resolutions and the ensuing required contractual amendments to the transactional documentation, including derivatives, permit the relevant regulators to preclude parties to a transaction from terminating trades, among other rights it may have in the trade agreements should a counterparty that it regulates experience financial distress. A relevant regulator also has the authority to reduce the value of certain liabilities owed by the counterparty to a Fund and/or convert cash liabilities of a regulated entity into equity holdings. The power given to the relevant regulators includes the ability to amend transactional agreements unilaterally, modify the maturity of eligible liabilities, reduce the amount of interest payable or change the date on which interest becomes payable, among other powers.

To prevent incurring losses due to the counterparty credit risk, IICO actively monitors the creditworthiness of the counterparties with which it has entered financial transactions. IICO consistently and frequently risk manages the credit risk of the counterparties it faces in transactions.

**Collateral and rights of offset.** A Portfolio mitigates credit risk with respect to OTC derivative counterparties through credit support annexes (“CSA”) included with an International Swaps and Derivatives Association, Inc. (“ISDA”) Master Agreement which is the standard contract governing all OTC derivative transactions between the Portfolio and each of its counterparties. Although it is not possible to eliminate credit risk entirely, the CSA allows the Portfolio and its counterparty to reduce their exposure to the risk of payment default by the other party by holding an amount in collateral equivalent to the realized and unrealized amount of exposure to the counterparty, which is generally held by the Portfolio’s custodian. An amount of collateral is moved to/from applicable counterparties only if the amount of collateral required to be posted surpasses both the threshold and the minimum transfer amount pre-agreed in the CSA between the Portfolio and the counterparty. See Note 2 “Segregation and Collateralization” for additional information with respect to collateral practices.

**Offsetting of Assets and Liabilities.** The following tables present financial instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement as of December 31, 2020:

## Assets

Portfolio	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Statements of Assets and Liabilities	Net Amounts of Assets Presented on the Statements of Assets and Liabilities	Gross Amounts Not Offset on the Statements of Assets and Liabilities			
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Amount Receivable
<b>Asset Strategy</b>							
Swap agreements, at value	\$ 382	\$—	\$ 382	\$ —	\$ —	\$ —	\$382
<b>International Core Equity</b>							
Unrealized appreciation on forward foreign currency contracts <sup>(1)</sup>	\$ 699	\$—	\$ 699	\$ —	\$ —	\$(620)	\$ 79
<b>Mid Cap Growth</b>							
Investments in unaffiliated securities at value*	\$1,274	\$—	\$1,274	\$(104)	\$(1,170)	\$ —	\$ —
<b>Small Cap Growth</b>							
Investments in unaffiliated securities at value*	\$ 95	\$—	\$ 95	\$( 95)	\$ —	\$ —	\$ —

\*Purchased options are reported as investments in unaffiliated securities on the Statements of Assets and Liabilities.

(1) Amounts include forward contracts that have an offset to an open and close contract, but have not settled. These amounts are included on the Statements of Assets and Liabilities line item for Investment securities sold receivable.

## Liabilities

Portfolio	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Statements of Assets and Liabilities	Net Amounts of Liabilities Presented on the Statements of Assets and Liabilities	Gross Amounts Not Offset on the Statements of Assets and Liabilities			
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Pledged	Cash Collateral Pledged	Net Amount Payable
<b>Mid Cap Growth</b>							
Written options at value	\$ 104	\$—	\$ 104	\$(104)	\$ —	\$ —	\$ —
<b>Natural Resources</b>							
Unrealized depreciation on forward foreign currency contracts	\$ 472	\$—	\$ 472	\$ —	\$ —	\$(310)	\$ 162
<b>Science and Technology</b>							
Written options at value	\$ 23	\$—	\$ 23	\$ —	\$(23)	\$ —	\$ —
<b>Small Cap Growth</b>							
Swap agreements, at value	\$ 155	\$—	\$ 155	\$ —	\$ —	\$ —	\$ 155
Written options at value	240	—	240	(95)	—	—	145
<b>Total</b>	<b>\$395</b>	<b>\$—</b>	<b>\$395</b>	<b>\$ (95)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$300</b>

## Additional Disclosure Related to Derivative Instruments

Fair values of derivative instruments as of December 31, 2020:

Portfolio	Type of Risk Exposure	Assets		Liabilities	
		Statements of Assets & Liabilities Location	Value	Statements of Assets & Liabilities Location	Value
Asset Strategy	Equity	Investments in unaffiliated securities at value*	\$ 141	Written options at value	\$ 29
	Interest rate	Swap agreements, at value	382		—
International Core Equity	Foreign currency	Unrealized appreciation on forward foreign currency contracts	685		—
Mid Cap Growth	Equity	Investments in unaffiliated securities at value*	1,274	Written options at value	104
Natural Resources	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	472
Science and Technology	Equity		—	Written options at value	34
Small Cap Growth	Equity	Investments in unaffiliated securities at value*	95	Swap agreements, at value	155
				Written options at value	240

\*Purchased options are reported as investments in unaffiliated securities and are reflected on the accompanying Schedule of Investments.

Amount of realized gain (loss) on derivatives recognized on the Statements of Operations for the year ended December 31, 2020:

Portfolio	Type of Risk Exposure	Net realized gain (loss) on:					Forward foreign currency contracts	Total
		Investments in unaffiliated securities*	Swap agreements	Futures contracts	Written options			
Asset Strategy	Equity	\$ (1,425)	\$ —**	\$—	\$2,754	\$ —	\$ 1,329	
Balanced	Equity	—	—	—	12	—	12	
International Core Equity	Equity	151	—	—	24	—	175	
	Foreign currency	—	—	—	—	20	20	
Mid Cap Growth	Equity	(2,505)	—	—	(248)	—	(2,753)	
Natural Resources	Foreign currency	—	—	—	—	(742)	(742)	
Small Cap Growth	Equity	3	7,888	—	4	—	7,895	

\* Purchased options are reported as investments in unaffiliated securities and are reflected on the accompanying Schedule of Investments.

\*\* Not shown due to rounding.

Change in unrealized appreciation (depreciation) on derivatives recognized on the Statements of Operations for the year ended December 31, 2020:

Portfolio	Type of Risk Exposure	Net change in unrealized appreciation (depreciation) on:					Forward foreign currency contracts	Total
		Investments in unaffiliated securities*	Swap agreements	Futures contracts	Written options			
Asset Strategy	Equity	\$ 28	\$382	\$—	\$ 4	\$ —	\$ 414	
International Core Equity	Foreign currency	—	—	—	—	1,518	1,518	
Mid Cap Growth	Equity	(1,017)	—	—	333	—	(684)	
Natural Resources	Foreign currency	—	—	—	—	429	429	
Science and Technology	Equity	—	—	—	344	—	344	
Small Cap Growth	Equity	(240)	(781)	—	(29)	—	(1,050)	

\* Purchased options are reported as investments in unaffiliated securities and are reflected on the accompanying Schedule of Investments.

During the year ended December 31, 2020, the average derivative volume was as follows:

Portfolio	Forward foreign currency contracts <sup>(1)</sup>	Long futures contracts <sup>(2)</sup>	Short futures contracts <sup>(2)</sup>	Swap agreements <sup>(3)</sup>	Purchased options <sup>(2)</sup>	Written options <sup>(2)</sup>
Asset Strategy	\$ —	\$—	\$—	\$ 1,720	\$ 95	\$308
Balanced	—	—	—	—	—	3
International Core Equity	315	—	—	—	—	—
Mid Cap Growth	—	—	—	—	163	594
Natural Resources	230	—	—	—	—	—
Science and Technology	—	—	—	—	—	3
Small Cap Growth	—	—	—	11,564	24	53

<sup>(1)</sup>Average absolute value of unrealized appreciation/depreciation during the period.

<sup>(2)</sup>Average value outstanding during the period.

<sup>(3)</sup>Average notional amount outstanding during the period.

## 5. BASIS FOR CONSOLIDATION OF THE ASSET STRATEGY PORTFOLIO

Ivy VIP ASF II, Ltd. (the “Subsidiary”), a Cayman Islands exempted company, was incorporated as a wholly owned subsidiary acting as an investment vehicle for Ivy VIP Asset Strategy (referred to as “the Portfolio” in this subsection). VIP ASF III (SBP), LLC (the “Company”), a Delaware limited liability company, was incorporated as a wholly owned company acting as an investment vehicle for the Portfolio. The Subsidiary and the Company act as investment vehicles for the Portfolio, in order to affect certain investments for the Portfolio consistent with the Portfolio’s investment objectives and policies as specified in its prospectus and SAI.

The Portfolio’s investment portfolio has been consolidated and includes the portfolio holdings of the Portfolio, its Subsidiary and the Company. The consolidated financial statements include the accounts of the Portfolio, its Subsidiary

and the Company. All inter-company transactions and balances have been eliminated. A subscription agreement was entered into between the Portfolio and its Subsidiary and the Company comprising the entire issued share capital of the Subsidiary and the Company with the intent that the Portfolio will remain the sole shareholder and retain all rights. Under the Articles of Association, shares issued by the Subsidiary and the Company confer upon a shareholder the right to receive notice of, to attend and to vote at general meetings of the Subsidiary and the Company and shall confer upon the shareholder rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Subsidiary and the Company.

See the table below for details regarding the structure, incorporation and relationship as of December 31, 2020 of the Subsidiary and the Company to the Portfolio (amounts in thousands).

Subsidiary/Company	Date of Incorporation	Subscription Agreement	Portfolio Net Assets	Subsidiary/Company Net Assets	Percentage of Portfolio Net Assets
Ivy VIP ASF II, Ltd. ....	1-31-13	4-10-13	\$764,574	\$44,234	5.79%
VIP ASF III (SBP), LLC ....	4-9-13	4-23-13	764,574	26	0.00

## 6. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS (\$ amounts in thousands unless indicated otherwise)

**Management Fees.** IICO serves as each Portfolio's investment adviser. The management fee is accrued daily by each Portfolio at the following annual rates as a percentage of average daily net assets:

Portfolio (M – Millions)	\$0 to \$500M	\$500 to \$1,000M	\$1,000 to \$1,500M	\$1,500 to \$2,000M	\$2,000 to \$3,000M	\$3,000 to \$5,000M	\$5,000 to \$10,000M	Over \$10,000M
Asset Strategy .....	0.700	0.700	0.650	0.650	0.600	0.550	0.550	0.550
Balanced .....	0.700	0.700	0.650	0.650	0.600	0.550	0.550	0.550
Energy .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760
Growth .....	0.700	0.700	0.650	0.650	0.600	0.550	0.550	0.550
High Income .....	0.625	0.600	0.550	0.500	0.500	0.500	0.500	0.500
International Core Equity .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760
Mid Cap Growth .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760
Natural Resources .....	0.850	0.850	0.830	0.830	0.800	0.760	0.730	0.700
Science and Technology .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760
Small Cap Core .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760
Small Cap Growth .....	0.850	0.850	0.830	0.830	0.800	0.760	0.760	0.760

IICO has voluntarily agreed to waive a Portfolio's investment management fee on any Portfolio that is not subadvised on any day that the Portfolio's net assets are less than \$25 million, subject to IICO's right to change or modify this waiver. See Expense Reimbursements and/or Waivers for more information.

**Independent Trustees and Chief Compliance Officer Fees.** Fees paid to the Independent Trustees can be paid in cash or deferred to a later date, at the election of the Trustees according to the Deferred Fee Agreement entered into between the Trust and the Trustee(s). Each Portfolio records its portion of the deferred fees as a liability on the Statements of Assets and Liabilities. All fees paid in cash plus any appreciation (depreciation) in the underlying deferred plan are shown on the Statements of Operations. Additionally, fees paid to the Chief Compliance Officer of the Portfolios are shown on the Statements of Operations.

**Accounting Services Fees.** The Trust has an Accounting and Administrative Services Agreement with Waddell & Reed Services Company ("WRSCO"), doing business as WI Services Company ("WISC"). Under the agreement, WISC acts as the agent in providing bookkeeping and accounting services and assistance to the Trust, including maintenance of Portfolio records, pricing of Portfolio shares and preparation of certain shareholder reports. For these services, each Portfolio pays WISC a monthly fee of one-twelfth of the annual fee based on the average net asset levels shown in the following table:

(M – Millions)	\$0 to \$10M	\$10 to \$25M	\$25 to \$50M	\$50 to \$100M	\$100 to \$200M	\$200 to \$350M	\$350 to \$550M	\$550 to \$750M	\$750 to \$1,000M	Over \$1,000M
Annual Fee Rate .....	\$0.00	\$11.50	\$23.10	\$35.50	\$48.40	\$63.20	\$82.50	\$96.30	\$121.60	\$148.50

Each Portfolio also pays WISC a monthly administrative fee at the annual rate of 0.01%, or one basis point, for the first \$1 billion of net assets with no fee charged for net assets in excess of \$1 billion. This fee is voluntarily waived by WISC until a Portfolio's net assets are at least \$10 million and is included in "Accounting services fee" on the Statements of Operations.

**Shareholder Servicing.** Under the Transfer Agency Agreement between the Trust and WISC, each Portfolio reimburses WISC for certain out-of-pocket costs.

**Service Plan. Class II.** Under a Service Plan adopted by the Trust pursuant to Rule 12b-1 under the 1940 Act, each Portfolio may pay a service fee to Ivy Distributors, Inc. (“IDI”) for Class II shares in an amount not to exceed 0.25% of the Portfolio’s average annual net assets. The fee is to be paid to compensate IDI for amounts it expends in connection with the provision of personal services to Policyowners and/or maintenance of Policyowner accounts.

**Expense Reimbursements and/or Waivers.** IICO, the Portfolios’ investment manager, IDI, the Portfolios’ distributor, and/or Waddell & Reed Services Company, doing business as WISC, the Portfolios’ transfer agent, have contractually agreed to reimburse sufficient management fees, 12b-1 fees and/or shareholder servicing fees to cap the total annual ordinary fund operating expenses (which would exclude interest, taxes, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses, if any). Portfolio and class expense limitations and related waivers/reimbursements for the year ended December 31, 2020 were as follows:

Fund Name	Share Class Name	Type of Expense Limit	Commencement Date	End Date	Expense Limit	Amount of Expense Waiver/Reimbursement	Expense Reduced
Asset Strategy	Class I	Contractual	4-28-2017	4-30-2021	Class II less 0.25%	\$ —	N/A
Energy	All Classes	Voluntary	N/A	N/A	N/A	\$ 21 <sup>(1)</sup>	Investment Management Fee
	Class I	Contractual	4-28-2017	4-30-2021	Class II less 0.25%	\$ —	N/A
High Income	Class I	Contractual	4-28-2017	4-30-2021	Class II less 0.25%	\$ —	N/A
Mid Cap Growth	All Classes	Contractual	4-28-2017	4-30-2021	N/A	\$297 <sup>(2)</sup>	Investment Management Fee
	Class I	Contractual	4-28-2017	4-30-2021	0.85%	\$ —*	Shareholder Servicing
	Class I	Contractual	4-28-2017	4-30-2021	Class II less 0.25%	\$ —	N/A
	Class II	Contractual	5-1-2012	4-30-2021	1.10%	\$ 4	12b-1 Fees and/or Shareholder Servicing
Science and Technology	Class I	Contractual	4-28-2017	4-30-2021	Class II less 0.25%	\$ —	N/A
Small Cap Growth	All Classes	Contractual	4-28-2017	4-30-2021	N/A	\$ 111 <sup>(2)</sup>	Investment Management Fee
	Class I	Contractual	11-5-2018	4-30-2021	Class II less 0.25%	\$ —*	Shareholder Servicing
	Class II	Contractual	10-1-2016	4-30-2021	1.14%	\$ 3	12b-1 Fees and/or Shareholder Servicing

\*Not shown due to rounding.

<sup>(1)</sup>For Portfolios managed solely by IICO, IICO has voluntarily agreed to waive its management fee for any day that a portfolio’s net assets are less than \$25 million, subject to IICO’s right to change or modify this waiver.

<sup>(2)</sup>Due to Class I and/or Class II contractual expense limits, investment management fees were waived for all share classes.

Any amounts due to the Portfolios as a reimbursement but not paid as of December 31, 2020 are shown as a receivable from affiliates on the Statements of Assets and Liabilities.

## 7. INTERFUND LENDING PROGRAM

Pursuant to an exemptive order issued by the SEC (“Order”), the Ivy Funds, Ivy Variable Insurance Portfolios and InvestEd Portfolios (collectively, the “Funds” only for purposes of this footnote 7) have the ability to lend money to, and borrow money from, each other pursuant to a master interfund lending agreement (“Interfund Lending Program”). Under the Interfund Lending Program, the Funds may lend or borrow money for temporary purposes directly to or from one another (each an “Interfund Loan”), subject to meeting the conditions of the Order. The interest rate to be charged on an Interfund Loan is the average of the overnight repurchase agreement rate and the short-term bank loan rate. The Funds made no Interfund Loans under the Interfund Lending Program during the year ended December 31, 2020.

## 8. AFFILIATED COMPANY TRANSACTIONS (All amounts in thousands)

A summary of the transactions in affiliated companies during the year ended December 31, 2020 follows:

Portfolio	12-31-19 Value	Gross Additions	Gross Reductions	Realized Gain/(Loss)	Net Change in Unrealized Depreciation	12-31-20 Value	Distributions Received	Capital Gain Distributions
High Income								
Larchmont Resources LLC <sup>(1)(2)(3)</sup>	\$252	\$—	\$—	\$—	\$(212)	\$ 40	\$—	\$—

	12-31-19 Value				Net Change in Unrealized Depreciation		Interest Received	
Larchmont Resources LLC (8.000% Cash or 8.000% PIK), 11.000%, 8-9-21 <sup>(2)(4)</sup>	\$697	\$23	\$—	\$—	\$(408)	\$312	\$70	\$—

\*Not shown due to rounding.

(1) No dividends were paid during the preceding 12 months.

(2) Securities whose value was determined using significant unobservable inputs.

(3) Restricted security.

(4) Payment-in-kind bond.

## 9. INVESTMENT SECURITIES TRANSACTIONS (\$ amounts in thousands)

The cost of purchases and the proceeds from maturities and sales of investment securities (excluding short-term securities) for the year ended December 31, 2020, were as follows:

	Purchases		Sales	
	U.S. Government	Other Issuers	U.S. Government	Other Issuers
Asset Strategy	\$ 2,286	\$283,749	\$ 17,294	\$332,564
Balanced	45,443	144,248	69,560	156,030
Energy	—	30,190	—	16,932
Growth	—	234,989	—	352,339
High Income	—	446,053	—	397,012
International Core Equity	—	475,432	—	542,740
Mid Cap Growth	—	136,933	—	232,456
Natural Resources	—	48,262	—	48,354
Science and Technology	—	42,689	—	120,304
Small Cap Core	—	230,015	—	244,756
Small Cap Growth	—	180,862	—	234,561

## 10. LOANS OF PORTFOLIO SECURITIES (\$ amounts in thousands)

Each Portfolio may lend their portfolio securities only to borrowers that are approved by the Portfolio's securities lending agent, The Bank of New York Mellon ("BNYM"). The borrower pledges and maintains with the Portfolio collateral consisting of cash or securities issued or guaranteed by the U.S. government. The collateral received by the Portfolio is required to have a value of at least 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% of the market value for all other securities, except in the case of loans of foreign securities which are denominated and payable in U.S. dollars, in which case the collateral is required to have a value of at least 102% of the market value of the loaned securities. The market value of the loaned securities is determined at the close of each business day and any additional required collateral is delivered to the Portfolio and any excess collateral is returned by the Portfolio on the next business day. During the term of the loan, the Portfolio is entitled to all distributions made on or in respect of the loaned securities but does not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

Cash received as collateral for securities on loan may be reinvested in the Dreyfus Institutional Preferred Government Money Market Fund—Institutional Shares or certain other registered money market funds and are disclosed in the Portfolio's Schedule of Investments and are reflected in the Statements of Assets and Liabilities as cash collateral on securities loaned at value. Non-cash collateral, in the form of securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, is not disclosed in the Portfolio's Statements of Assets and Liabilities as it is held by the lending agent on behalf of the Portfolio and the Portfolio does not have the ability to re-hypothecate these securities. The

securities on loan for each Portfolio are also disclosed in its Schedule of Investments. The total value of any securities on loan as of December 31, 2020 and the total value of the related cash collateral are disclosed in the Statements of Assets and Liabilities. Income earned by the Portfolios from securities lending activity is disclosed in the Statements of Operations.

The following is a summary of each Portfolio's securities lending positions and related cash and non-cash collateral received as of December 31, 2020:

Portfolio	Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Total Collateral Received
Asset Strategy	\$ 649	\$ 665	\$ —	\$ 665
Balanced	195	71	128	199
Energy	492	2	503	505
High Income	8,521	6,310	2,425	8,735
International Core Equity	20,940	2,601	19,508	22,109
Mid Cap Growth	7,018	4,027	3,144	7,171
Science and Technology	4,279	4,387	—	4,387
Small Cap Growth	6,306	1,014	5,429	6,443

The cash collateral received amounts presented in the table above are transactions accounted for as secured borrowings and have an overnight and continuous maturity. The proceeds from the cash collateral received is invested in registered money market funds.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Portfolios benefit from a borrower indemnity provided by BNYM. BNYM's indemnity allows for full replacement of securities lent wherein BNYM will purchase the unreturned loaned securities on the open market by applying the proceeds of the collateral or to the extent such proceeds are insufficient or the collateral is unavailable, BNYM will purchase the unreturned loan securities at BNYM's expense. However, the Portfolio could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

## 11. BORROWINGS

On July 1, 2019 the Trust, on behalf of High Income, along with certain other funds managed by the investment adviser ("Participating Funds"), entered into a 364-day senior unsecured revolving credit facility with Bank of New York Mellon and a group of financial institutions to be utilized to temporarily finance the repurchase or redemption of Fund shares and for other temporary or emergency purposes. The Participating Funds can borrow up to an aggregate commitment amount of \$130 million at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit facility has the following terms: a commitment fee of 0.15% per annum of the daily amount of unused commitment amounts and interest at a rate equal to the higher of (a) the federal funds effective rate (but not below 0.0%) plus 1.00% per annum or (b) the one-month LIBOR rate (but not below 0.0%) plus 1.00% per annum on amounts borrowed. The agreement expires in June 2021 unless extended or renewed. As of December 31, 2020, if applicable, any outstanding borrowings would be disclosed as a payable for borrowing on the Statements of Assets and Liabilities. Commitment and interest fees, if any, paid by the Participating Funds are disclosed as part of commitment and interest expense for borrowing on the Statements of Operations. During the year ended December 31, 2020, the Participating Funds did not borrow under the credit facility.

## 12. CAPITAL SHARE TRANSACTIONS (All amounts in thousands)

The Trust has authorized an unlimited number of no par value shares of beneficial interest. Transactions in shares of beneficial interest were as follows:

	Asset Strategy				Balanced			
	Year ended 12-31-20		Year ended 12-31-19		Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares:								
Class I	2	\$ 18	—	\$ —	N/A	N/A	N/A	N/A
Class II	2,297	20,591	1,784	16,459	1,388	\$ 10,666	1,682	\$ 13,146
Shares issued in reinvestment of distributions to shareholders:								
Class I	1	14	2	20	N/A	N/A	N/A	N/A
Class II	2,592	25,939	4,849	45,846	3,038	21,608	4,279	31,681
Shares redeemed:								
Class I	(1)	(10)	—	—	N/A	N/A	N/A	N/A
Class II	(12,999)	(121,030)	(16,162)	(148,939)	(6,423)	(49,568)	(6,122)	(47,906)
<b>Net decrease</b>	<b>(8,108)</b>	<b>\$ (74,478)</b>	<b>(9,527)</b>	<b>\$ (86,614)</b>	<b>(1,997)</b>	<b>\$ (17,294)</b>	<b>(161)</b>	<b>\$ (3,079)</b>

	Energy				Growth			
	Year ended 12-31-20		Year ended 12-31-19		Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares:								
Class I	42	\$ 90	5	\$ 21	N/A	N/A	N/A	N/A
Class II	17,805	36,300	4,050	16,320	6,048	\$ 65,529	936	\$ 10,589
Shares issued in reinvestment of distributions to shareholders:								
Class I	2	4	—	—	N/A	N/A	N/A	N/A
Class II	297	710	—	—	11,225	112,472	18,896	186,937
Shares redeemed:								
Class I	(10)	(21)	(9)	(34)	N/A	N/A	N/A	N/A
Class II	(11,000)	(24,197)	(3,772)	(15,434)	(16,529)	(183,294)	(10,740)	(120,227)
<b>Net increase (decrease)</b>	<b>7,136</b>	<b>\$ 12,886</b>	<b>274</b>	<b>\$ 873</b>	<b>744</b>	<b>\$ (5,293)</b>	<b>9,092</b>	<b>\$ 77,299</b>

	High Income				International Core Equity			
	Year ended 12-31-20		Year ended 12-31-19		Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares:								
Class I	1,120	\$ 3,427	765	\$ 2,711	N/A	N/A	N/A	N/A
Class II	34,522	108,828	26,909	92,614	5,497	\$ 68,946	2,003	\$ 30,385
Shares issued in reinvestment of distributions to shareholders:								
Class I	501	1,439	936	3,156	N/A	N/A	N/A	N/A
Class II	19,910	57,105	16,418	55,287	1,149	14,682	4,945	70,370
Shares redeemed:								
Class I	(3,508)	(11,691)	(7,167)	(24,449)	N/A	N/A	N/A	N/A
Class II	(48,887)	(154,485)	(36,409)	(125,215)	(11,578)	(159,777)	(8,396)	(126,858)
<b>Net increase (decrease)</b>	<b>3,658</b>	<b>\$ 4,623</b>	<b>1,452</b>	<b>\$ 4,104</b>	<b>(4,932)</b>	<b>\$ (76,149)</b>	<b>(1,448)</b>	<b>\$ (26,103)</b>

\* Not shown due to rounding.

	Mid Cap Growth				Natural Resources			
	Year ended 12-31-20		Year ended 12-31-19		Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares:								
Class I	2,196	\$ 24,761	1,304	\$ 16,178	N/A	N/A	N/A	N/A
Class II	5,890	83,518	5,186	64,074	4,623	\$ 13,178	3,518	\$ 13,191
Shares issued in reinvestment of distributions to shareholders:								
Class I	1,323	16,218	3,171	35,378	N/A	N/A	N/A	N/A
Class II	1,888	23,025	4,217	46,820	586	1,678	229	870
Shares redeemed:								
Class I	(7,828)	(102,324)	(2,828)	(34,889)	N/A	N/A	N/A	N/A
Class II	(7,174)	(95,976)	(5,347)	(66,009)	(5,335)	(16,123)	(5,896)	(22,418)
<b>Net increase (decrease)</b>	<b>(3,705)</b>	<b>\$ (50,778)</b>	<b>5,703</b>	<b>\$ 61,552</b>	<b>(126)</b>	<b>\$ (1,267)</b>	<b>(2,149)</b>	<b>\$ (8,357)</b>

	Science and Technology				Small Cap Core			
	Year ended 12-31-20		Year ended 12-31-19		Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares:								
Class I	44	\$ 1,383	5	\$ 144	N/A	N/A	N/A	N/A
Class II	2,488	74,399	2,087	58,421	1,325	\$ 14,216	564	\$ 7,839
Shares issued in reinvestment of distributions to shareholders:								
Class I	6	191	3	80	N/A	N/A	N/A	N/A
Class II	2,181	71,179	1,692	49,737	823	8,738	2,817	36,690
Shares redeemed:								
Class I	(24)	(802)	—*	(17)	N/A	N/A	N/A	N/A
Class II	(5,252)	(161,803)	(3,995)	(110,540)	(2,654)	(30,609)	(2,655)	(36,555)
<b>Net increase (decrease)</b>	<b>(557)</b>	<b>\$ (15,453)</b>	<b>(208)</b>	<b>\$ (2,175)</b>	<b>(506)</b>	<b>\$ (7,655)</b>	<b>726</b>	<b>\$ 7,974</b>

	Small Cap Growth			
	Year ended 12-31-20		Year ended 12-31-19	
	Shares	Value	Shares	Value
Shares issued from sale of shares:				
Class I	1,175	\$ 8,471	477	\$ 4,296
Class II	1,993	17,717	2,202	19,523
Shares issued in reinvestment of distributions to shareholders:				
Class I	—	—	489	4,305
Class II	—	—	2,841	24,945
Shares redeemed:				
Class I	(2,900)	(26,285)	(1,198)	(10,725)
Class II	(6,144)	(56,338)	(6,327)	(56,749)
<b>Net decrease</b>	<b>(5,876)</b>	<b>\$ (56,435)</b>	<b>(1,516)</b>	<b>\$ (14,405)</b>

\*Not shown due to rounding.

### 13. COMMITMENTS

Bridge loan commitments may obligate a Portfolio to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Portfolio earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income is included in interest income on the Statements of Operations. At December 31, 2020, there were no outstanding bridge loan commitments.

## 14. FEDERAL INCOME TAX MATTERS (\$ amounts in thousands)

For Federal income tax purposes, cost of investments owned at December 31, 2020 and the related unrealized appreciation (depreciation) were as follows:

Fund	Cost of Investments	Gross Appreciation	Gross Depreciation	Net Unrealized Appreciation (Depreciation)
Asset Strategy	\$665,066	\$ 162,419	\$64,550	\$ 97,869
Balanced	279,954	66,441	4,912	61,529
Energy	54,576	3,978	14,795	(10,817)
Growth	525,439	371,371	312	371,059
High Income	931,436	35,283	75,359	(40,076)
International Core Equity	583,062	98,750	33,110	65,640
Mid Cap Growth	399,720	299,664	5,945	293,719
Natural Resources	78,904	9,949	13,622	(3,673)
Science and Technology	286,794	399,227	3,851	395,376
Small Cap Core	153,517	31,742	3,099	28,643
Small Cap Growth	302,972	163,517	2,504	161,013

For Federal income tax purposes, the Portfolios' undistributed earnings and profit for the year ended December 31, 2020 and the post-October and late-year ordinary activity updated with information available through the date of this report were as follows:

Fund	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Tax Return of Capital	Post-October Capital Losses Deferred	Late-Year Ordinary Losses Deferred
Asset Strategy	\$ 1,209	\$ 12,943	\$—	\$—	\$—
Balanced	3,797	21,206	—	—	—
Energy	7	—	—	—	—
Growth	14,989	83,262	—	—	—
High Income	53,438	—	—	—	—
International Core Equity	6,907	—	—	—	—
Mid Cap Growth	8,450	74,222	—	—	—
Natural Resources	788	—	—	—	—
Science and Technology	—	9,206	—	—	—
Small Cap Core	—	—	—	—	—
Small Cap Growth	7,133	51,481	—	—	—

Internal Revenue Code regulations permit each Portfolio to elect to defer into its next fiscal year capital losses and certain specified ordinary items incurred between each November 1 and the end of its fiscal year. Each Portfolio is also permitted to defer into its next fiscal certain ordinary losses that are generated between January 1 and the end of its fiscal year.

The tax character of dividends and distributions paid during the two fiscal years ended December 31, 2020 and 2019 were as follows:

Fund	December 31, 2020		December 31, 2019	
	Distributed Ordinary Income <sup>(1)</sup>	Distributed Long-Term Capital Gains	Distributed Ordinary Income <sup>(1)</sup>	Distributed Long-Term Capital Gains
Asset Strategy	\$ 15,087	\$10,866	\$ 15,765	\$ 30,101
Balanced	4,491	17,117	6,330	25,351
Energy	714	—	—	—
Growth	13,693	98,779	4,140	182,797
High Income	58,544	—	58,443	—
International Core Equity	14,571	111	13,997	56,373
Mid Cap Growth	5,368	33,875	—	82,198
Natural Resources	1,678	—	870	—
Science and Technology	992	70,378	1,227	48,590
Small Cap Core	2,001	6,737	12,737	23,953
Small Cap Growth	—	—	—	29,250

<sup>(1)</sup>Includes short-term capital gains, if any.

Dividends from net investment income and short-term capital gains are treated as ordinary income dividends for federal income tax purposes.

Accumulated capital losses represent net capital loss carryovers as of December 31, 2020 that may be available to offset future realized capital gains and thereby reduce future capital gains distributions. As of December 31, 2020, the capital loss carryovers were as follows:

Fund	Short-Term Capital Loss Carryover	Long-Term Capital Loss Carryover
Asset Strategy	\$ —	\$ —
Balanced	—	—
Energy	10,567 <sup>(1)</sup>	40,488 <sup>(1)</sup>
Growth	—	—
High Income	—	80,991
International Core Equity	—	37,778
Mid Cap Growth	—	—
Natural Resources	10,471	58,592
Science and Technology	—	—
Small Cap Core	—	98
Small Cap Growth	—	—

<sup>(1)</sup>\$28,772 of these Capital Loss Carryovers are subject to an annual limitation of \$3,708 plus any unused limitation from prior years.

Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. These differences are due to differing treatments for items such as deferral of wash sales, post-October losses, late-year ordinary losses, foreign currency transactions, net operating losses, income from passive foreign investment companies (PFICs), investments held within the wholly-owned subsidiary and companies and partnership transactions. At December 31, 2020, the following reclassifications were made:

Fund	Accumulated Earnings Gain (Loss)	Paid-In Capital
Asset Strategy	\$ 1	\$ (1)
Balanced	1	(1)
Energy	—*	—*
Growth	—	—
High Income	—*	—*
International Core Equity	—	—
Mid Cap Growth	—	—
Natural Resources	1	(1)
Science and Technology	3,885	(3,885)
Small Cap Core	187	(187)
Small Cap Growth	—	—

\* Not shown due to rounding.

To the Shareholders and Board of Trustees of Ivy Variable Insurance Portfolios:

### Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statements of assets and liabilities of Ivy VIP Asset Strategy, Ivy VIP Balanced, Ivy VIP Energy, Ivy VIP Growth, Ivy VIP High Income, Ivy VIP International Core Equity, Ivy VIP Mid Cap Growth, Ivy VIP Natural Resources, Ivy VIP Science and Technology, Ivy VIP Small Cap Core, and Ivy VIP Small Cap Growth, eleven of the series constituting the Ivy Variable Insurance Portfolios (the "Funds"), including the schedules of investments, as of December 31, 2020, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Funds as of December 31, 2020, and the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian, agent banks, and brokers; when replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

*Deloitte & Touche LLP*

Kansas City, Missouri  
February 12, 2021

We have served as the auditor of one or more Waddell & Reed investment companies since 1997.

AMOUNTS NOT ROUNDED (UNAUDITED)

The Portfolios hereby designate the following amounts of dividends paid from net ordinary income as dividends qualifying for the 70% dividends received deduction for corporations for the tax period ended December 31, 2020:

	Dividends Received Deduction for Corporations
Asset Strategy	\$ 2,546,941
Balanced	3,939,954
Energy	714,044
Growth	6,637,984
High Income	—
International Core Equity	—
Mid Cap Growth	2,788,239
Natural Resources	1,217,997
Science and Technology	991,798
Small Cap Core	1,576,810
Small Cap Growth	—

The Portfolios hereby designate the following amounts as distributions of long-term capital gains:

Asset Strategy	\$ 10,866,177
Balanced	17,117,192
Energy	—
Growth	98,778,669
High Income	—
International Core Equity	110,592
Mid Cap Growth	33,875,175
Natural Resources	—
Science and Technology	70,377,771
Small Cap Core	6,737,848
Small Cap Growth	—

Internal Revenue Code regulations permit each qualifying Portfolio to elect to pass through a foreign tax credit to shareholders with respect to foreign taxes paid by the Portfolio. Each Portfolio elected to pass the following amounts of creditable foreign taxes through to their shareholders:

	Foreign Tax Credit	Foreign Derived Income
International Core Equity	\$813,641	\$12,314,636

Each of the individuals listed below serves as a trustee for the Trust (28 portfolios), and for the rest of the funds within the Fund Complex, which also includes, in addition to the Trust, the Ivy Funds (45 portfolios), the Ivy High Income Opportunities Fund (a closed-end fund) (“IVH”) and InvestEd Portfolios (“InvestEd”) (10 portfolios).

Board members who are not “interested persons” of the Funds as defined in Section 2(a)(19) of the 1940 Act (Disinterested Trustees) constitute at least 75% of the Board.

Joseph Harroz, Jr. serves as the Independent Chairman of the Trust’s Board and of the Board of Trustees of the other funds in the Fund Complex. Subject to the Trustee Emeritus and Retirement Policy, a Trustee serves until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

The Statement of Additional Information (the “SAI”) for the Trust includes additional information about the Trust’s trustees. The SAI is available without charge, upon request, by calling 1.888.923.3355. It is also available on the Ivy Investments website, [www.ivyinvestments.com](http://www.ivyinvestments.com).

## Disinterested Trustees

Name, Address and Year of Birth	Position(s) Held with the Trust	Trustee Since	Principal Occupation(s) During Past 5 Years	Other Directorships Held
James M. Concannon 6300 Lamar Avenue Overland Park, KS 66202 1947	Trustee	1997	Emeritus Dean and Professor of Law, Washburn University School of Law (1973 to present).	Director, Kansas Legal Services for Prisoners, Inc. (non-profit community service); Director, U.S. Alliance Corporation and wholly-owned subsidiaries: U.S. Alliance Life and Security Company—Montana and Dakota Capital Life Insurance Company (Insurance) (2009 to present); Director, Kansas Appleseed, Inc. (non-profit community service) (2007 to present); Trustee, WRA Funds (1997-2018); Trustee, Ivy NextShares (2017-2019); Trustee, InvestEd (2001 to present) (10 portfolios overseen); Trustee, Ivy Funds (2017 to present) (45 portfolios overseen); Trustee, IVH (2017 to present) (1 portfolio overseen).
H. Jeffrey Dobbs 6300 Lamar Avenue Overland Park, KS 66202 1955	Trustee	2019	Global Sector Chairman, Industrial Manufacturing, KPMG LLP (2010-2015).	Director, Valparaiso University (2012 to present); Director, TechAccel LLC (2015 to present) (Tech R&D); Board Member, Kansas City Repertory Theatre (2015 to present); Board Member, PatientsVoices, Inc. (technology) (2018 to present); Board Member, Kansas City Campus for Animal Care (2018 to present); Director, National Association of Manufacturers (2010-2015); Director, The Children’s Center (2003-2015); Director, Metropolitan Affairs Coalition (2003-2015); Director, Michigan Roundtable for Diversity and Inclusion (2003-2015); Trustee, Ivy NextShares (2019); Trustee, InvestEd (2019 to present) (10 portfolios overseen); Trustee, Ivy Funds (2019 to present) (45 portfolios overseen); Trustee, IVH (2019 to present) (1 portfolio overseen).
James D. Gressett 6300 Lamar Avenue Overland Park, KS 66202 1950	Trustee	2017	Chief Executive Officer (CEO) of CalPac Pizza LLC (2011 to present); CEO of CalPac Pizza II LLC (2012 to present); CEO of PacPizza LLC (Pizza Hut franchise) (2000 to present); Member/CEO, Southern Pac Pizza LLC (2013 to present); Partner, Century Bridge Partners (real estate investments) (2007 to present); Manager, Hartley Ranch Angus Beef, LLC (2013 to present); President, Penn Capital Corp. (1995 to present); Partner, Penn Capital Partners (1999 to present); Partner, 1788 Chicken, LLC (food franchise) (2016 to present).	Member/Secretary, The Metochoi Group LLC (1999 to present); Member/Chairman, Idea Homes LLC (homebuilding and development) (2013 to present); Trustee, WRA Funds (2017-2018); Trustee, Ivy NextShares (2016-2019); Trustee, InvestEd (2017 to present) (10 portfolios overseen); Trustee, Ivy Funds (2002 to present) (45 portfolios overseen); Trustee, IVH (2013 to present) (1 portfolio overseen).

Name, Address and Year of Birth	Position(s) Held with the Trust	Trustee Since	Principal Occupation(s) During Past 5 Years	Other Directorships Held
Joseph Harroz, Jr. 6300 Lamar Avenue Overland Park, KS 66202 1967	Trustee  Independent Chairman	1998  2015	President (2020 to present), Interim President (2019-2020), Vice President (2010-2019) and Dean (2010-2019), College of Law, University of Oklahoma; Managing Member, Harroz Investments, LLC, (commercial enterprises) (1998 to present).	Director and Shareholder, Valliance Bank (2007 to present); Director, Foundation Healthcare (formerly Graymark HealthCare) (2008-2017); Trustee, The Mewbourne Family Support Organization (2006 to present) (non-profit); Independent Director, LSQ Manager, Inc. (real estate) (2007-2016); Director, Oklahoma Foundation for Excellence (non-profit) (2008 to present); Director, University of Oklahoma Medical, Inc. (2020 to present) (non-profit); Independent Chairman and Trustee, WRA Funds (Independent Chairman: 2015-2018; Trustee: 1998-2018); Independent Chairman and Trustee, Ivy NextShares (2016-2019); Independent Chairman and Trustee, InvestEd (Independent Chairman: 2015 to present; Trustee: 2001 to present) (10 portfolios overseen); Independent Chairman and Trustee, Ivy Funds (Independent Chairman: 2006 to present; Trustee: 1998 to present) (45 portfolios overseen); Independent Chairman and Trustee, IVH (Independent Chairman and Trustee (2013 to present) (1 portfolio overseen).
Glendon E. Johnson, Jr. 6300 Lamar Avenue Overland Park, KS 66202 1951	Trustee	2017	Of Counsel, Lee & Smith, PC (law firm, emphasis on finance, securities, mergers and acquisitions law) (1996 to 2020); Owner and Manager, Castle Valley Ranches, LLC (ranching) and Castle Valley Outdoors, LLC (outdoor recreation) (1995 to present); Formerly, Partner, Kelly, Drye & Warren LLP (law firm) (1989-1996); Partner, Lane & Edson PC (law firm) (1987-1989).	Director, Thomas Foundation for Cancer Research (non-profit) (2005 to present); Director, Warriors Afield Legacy Foundation (non-profit) (2014 to present); Trustee, WRA Funds (2017-2018); Trustee, Ivy NextShares (2016-2019); Trustee, InvestEd (2017 to present) (10 portfolios overseen); Trustee, Ivy Funds (2002 to present) (45 portfolios overseen); Trustee, IVH (2013 to present) (1 portfolio overseen).
Sandra A.J. Lawrence 6300 Lamar Avenue Overland Park, KS 66202 1957	Trustee	2019	Retired, formerly, Chief Administrative Officer, Children's Mercy Hospitals and Clinics (2016-2019); CFO, Children's Mercy Hospitals and Clinics (2005-2016).	Director, Hall Family Foundation (1993 to present); Director, Westar Energy (2004-2018); Trustee, Nelson-Atkins Museum of Art (non-profit) (2007 to present); Director, Turn the Page KC (non-profit) (2012-2016); Director, Kansas Metropolitan Business and Healthcare Coalition (non-profit) (2017-2019); Director, National Association of Corporate Directors (non-profit) (2017 to present); Director, American Shared Hospital Services (2017 to present); Director, Evergy, Inc., Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, Westar Energy, Inc. and Kansas Gas and Electric Company (related utility companies) (2018 to present); Director, Stowers (research) (2018); Trustee, Ivy NextShares (2019); Trustee, InvestEd (2019 to present) (10 portfolios overseen); Trustee, Ivy Funds (2019 to present) (45 portfolios overseen); Trustee, IVH (2019 to present) (1 portfolio overseen).
Frank J. Ross, Jr. Polsinelli PC 900 West 48th Place, Suite 900 Kansas City, MO 64112 1953	Trustee	1996	Shareholder/Director, Polsinelli PC (law firm) (1980 to present).	Trustee, WRA Funds (1996-2018); Trustee, Ivy NextShares (2017-2019); Trustee, InvestEd (2001 to present) (10 portfolios overseen); Trustee, Ivy Funds (2017 to present) (45 portfolios overseen); Trustee, IVH (2017 to present) (1 portfolio overseen).

Name, Address and Year of Birth	Position(s) Held with the Trust	Trustee Since	Principal Occupation(s) During Past 5 Years	Other Directorships Held
Michael G. Smith 6300 Lamar Avenue Overland Park, KS 66202 1944	Trustee	2017	Retired; formerly, with Merrill Lynch as Managing Director of Global Investor Client Strategy (1996-1998), Head of Regional Institutional Sales (1995-1996) and of U.S. Central Region (1986-1995, 1999).	Director, Executive Board, Cox Business School, Southern Methodist University (1998-2019); Lead Director, Northwestern Mutual Funds (2003-2017) (29 portfolios overseen); Director, CTMG, Inc. (clinical testing) (2008-2015); Trustee, WRA Funds (2017-2018); Trustee, Ivy NextShares (2016-2019); Trustee, InvestEd (2017 to present) (10 portfolios overseen); Trustee, Ivy Funds (2002 to present) (45 portfolios overseen); Trustee, IVH (2013 to present) (1 portfolio overseen).

## Interested Trustee

Mr. Sanders is “interested” by virtue of his current or former engagement as an officer of Waddell & Reed Financial, Inc. (“WDR”) or its wholly-owned subsidiaries, including each Fund’s investment manager, Ivy Investment Management Company (“IICO”), each Fund’s principal underwriter, Ivy Distributors, Inc. (“IDI”), and each Fund’s shareholder servicing and accounting services agent, Waddell & Reed Services Company, doing business as WI Services Company (“WISC”), a subsidiary of Waddell & Reed, Inc. (“Waddell & Reed”), as well as by virtue of his personal ownership of shares of WDR. The address for the Interested Trustee and each of the officers in the following tables is 6300 Lamar Avenue, Overland Park, KS 66202.

Name and Year of Birth	Position(s) Held with the Trust	Trustee/Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorships Held
Philip J. Sanders 1959	Trustee	2019	CEO, WDR (2016 to present); President, CEO and Chairman, IICO (2016 to present); President of each of the funds in the Fund Complex (2016 to present); CIO, WDR (2011-2019); CIO, IICO (2010-2019).	Trustee, Ivy NextShares (2019); Trustee, InvestEd (2019 to present) (10 portfolios overseen); Trustee, Ivy Funds (2019 to present) (45 portfolios overseen); Trustee, IVH (2019 to present) (1 portfolio overseen).

## Officers

The Board has appointed officers who are responsible for the day-to-day business decisions based on policies it has established. The officers serve at the pleasure of the Board. The Trust’s principal officers are:

Name and Year of Birth	Position(s) Held with the Trust and Fund Complex	Officer of Trust Since	Officer of Fund Complex Since*	Principal Occupation(s) During Past 5 Years
Jennifer K. Dulski 1980	Secretary	2017	2017	Secretary for each of the funds in the Fund Complex (2017 to present); Senior Vice President and Associate General Counsel of Waddell & Reed, IICO and IDI (2018 to present).
Joseph W. Kauten 1969	Vice President	2009	2006	Principal Financial Officer of each of the funds in the Fund Complex (2007 to present); Vice President and Treasurer of each of the funds in the Fund Complex (2006 to present); Principal Accounting Officer of each of the funds in the Fund Complex (2006-2017); Assistant Treasurer of each of the funds in the Fund Complex (2003-2006); Senior Vice President of Waddell & Reed Services Company (WRSCO) (2014 to present).
	Treasurer	2009	2006	
	Principal Financial Officer	2009	2007	
Philip J. Sanders** 1959	President	2016	2016	CEO of WDR (2016 to present); President, CEO and Chairman of IICO (2016 to present) and WRIMCO (2016-2018); President of each of the funds in the Fund Complex (2016 to present); CIO of WDR (2011-2019); CIO of IICO (2010-2019) and WRIMCO (2010-2018).
Scott J. Schneider 1968	Vice President	2009	2006	Chief Compliance Officer (2004 to present) and Vice President (2006 to present) of each of the funds in the Fund Complex; Vice President of IICO (2006 to present) and WRIMCO (2006-2018).
	Chief Compliance Officer	2009	2004	
Philip A. Shipp 1969	Assistant Secretary	2012	2012	Assistant Secretary of each of the funds in the Fund Complex (2012 to present); Vice President of Waddell & Reed and IDI (2010-present).

\* This is the date when the Officer first became an officer of one or more of the funds that are the predecessors to current funds within the Fund Complex (if applicable).

\*\* Mr. Sanders was Vice President of the Trust since 1998, until his appointment as President in 2016.

At a meeting of the Board of Trustees (the “Board”) of Ivy Variable Insurance Portfolios (the “Trust”) held on August 11<sup>th</sup> and 12<sup>th</sup>, 2020, the Board, including all of the trustees who are not “interested persons” (the “Independent Trustees”), as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”), unanimously approved the continuance of the Investment Management Agreement (the “Management Agreement”) between Ivy Investment Management Company (“IICO”) and the Trust, and the continuance of the Investment Subadvisory Agreement between IICO and Securian Asset Management, Inc. (the “Subadviser”) with respect to Ivy VIP Securian Real Estate Securities, Ivy VIP Pathfinder Moderate – Managed Volatility, Ivy VIP Pathfinder Moderately Aggressive – Managed Volatility and Ivy VIP Pathfinder Moderately Conservative – Managed Volatility. The Management Agreement and the Investment Subadvisory Agreement are referred to collectively herein as the “Agreements.”

The Board’s Independent Trustees were assisted in their review by independent legal counsel and met with such counsel separately from representatives of IICO and the Subadviser. Independent legal counsel explained the factors that the Board should consider as part of its review of the Agreements, all as outlined in a memorandum it had provided to the Board prior to the meeting, including, among other things, the nature and the quality of the services provided by IICO and the Subadviser, profitability (including any fall-out benefits) from IICO’s and the Subadviser’s relationships with each series of the Trust (each, a “Fund” and together, the “Funds”), economies of scale, the role played by the Independent Trustees, and information on comparative fees and expenses. The Independent Trustees also considered the written responses and materials produced by IICO and the Subadviser in response to 15(c) due diligence request lists submitted by the Independent Trustees’ legal counsel prior to the meeting, as well as materials produced in response to a follow-up request list sent to IICO by independent legal counsel on behalf of the Independent Trustees. Included in those responses, which had been provided to the Board prior to the meeting, was a Fund-by-Fund profitability analysis prepared by IICO, as well as an explanation of the methodology by which the profitability analysis was calculated. The Board also received extensive materials on performance, expenses and comparable fund information from an independent mutual fund rating service. Finally, the Independent Trustees received and reviewed a considerable amount of information that their independent fee consultant had provided to them. The Independent Trustees previously had reviewed and discussed these materials during a telephonic meeting in July 2020. They further reviewed these materials among themselves, with their independent legal counsel and the independent fee consultant, and with the other Board members at executive sessions of the Independent Trustees at the August 11-12, 2020 Board meeting, during which the Board considered various factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Board’s determination to approve the Agreements are discussed separately below.

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

The Board considered the nature, extent and quality of services provided to the Funds by IICO and the Subadviser, taking into account the large amount of materials produced by IICO and the Subadviser in response to the 15(c) due diligence requests submitted on its behalf by independent legal counsel to the Independent Trustees.

The Board also took into account the review that its Investment Oversight Committee (the “IOC”) had conducted, in light of that committee’s duties to assist the Board in the 15(c) process. The IOC had reported to the Board on its review of the performance of the Funds, IICO’s investment risk management function, and the changes IICO and its affiliates have been undertaking for the Trust and the overall fund complex. As such, the Board examined all of IICO’s activities in light of performance and expense structure, as well as the overall rationalization of the Ivy Funds complex, which is designed to provide economies of scale to the shareholders, reduce the Funds’ expenses and enhance the performance of the Funds, particularly in the context of substantial industry change and regulatory developments.

The Board likewise considered the knowledge it had received from its regular meetings, including from the materials provided in connection with those meetings, such as the resources and key personnel of IICO and the Subadviser, as well as the other services provided to the Funds by IICO and the Subadviser, as applicable (*e.g.*, managing the quality of execution of portfolio transactions and the selection of broker-dealers for those transactions, monitoring adherence to each Fund’s investment restrictions, producing reports, providing support services for the Board and its committees, communicating with shareholders and overseeing the activities of other service providers, including monitoring compliance with various Fund policies and procedures and with applicable laws and regulations). The Board also took into account the compliance environment at IICO and the Subadviser, noting the resources that each has dedicated towards compliance. The Board concluded that the nature and extent of the services provided by IICO and the Subadviser were appropriate, that the quality of those services had been consistent with quality norms in the industry and that the Funds were likely to benefit from the continued provision of those services.

### **Benefits from the Relationship with the Funds**

The Board next discussed whether IICO or the Subadviser derives any other direct or indirect benefit from serving the Funds. In that regard, the Board discussed the transfer agency and shareholder servicing fees that Waddell & Reed Services Company (“WISC”), an affiliate of IICO, has provided the Funds. The Board took note of the caps that management previously had agreed to on shareholder servicing costs. The Board also considered the benefits that accrue to each service

provider organization from its respective relationship with the Funds, including the fact that a variety of services are provided by affiliates of IICO, including distribution, administrative and Fund accounting services, and, as discussed above, shareholder servicing. The Board also considered that WISC has outsourced certain of its transactional processing operations to a sub-agent, which is designed to promote, and has achieved, greater efficiencies and savings for Fund shareholders over time. After full consideration of these and other factors, the Board concluded that none of IICO, the Subadviser or any of their affiliates receives any additional direct or indirect benefits that would preclude the Board from approving the continuation of the Management Agreement with IICO or the Investment Subadvisory Agreement with the Subadviser.

## Economies of Scale

The Board discussed whether economies of scale are being realized by the Funds and whether fee levels reflect those economies of scale for the benefit of the Funds' shareholders. The Board considered the fact that as a Fund's assets have grown, the expenses of that Fund generally have fallen. Additionally, in that regard, the Board considered the various initiatives that IICO has recently undertaken, and continues to implement, in seeking to rationalize the Ivy Funds complex, including the Trust, as well as to reduce expenses and enhance performance.

### Performance of the Funds and Costs of Services Provided

The Board considered the performance of each Fund and the costs of the services provided, focusing in particular on a number of Funds that the independent fee consultant had identified. Specifically, the Board examined the investment performance of each Fund, including the percentile ranking of each Fund over various periods of time. The Board also examined the performance of each Fund against its respective benchmark index and peer funds for the same periods. After extensively reviewing all of the performance information provided, the Board concluded that the Funds' performance in each asset class was acceptable. Although the performance of some of the focus Funds identified by the independent fee consultant lagged that of their peers or respective benchmark index, the Board recognized that IICO, or the Subadviser, had taken, or was taking, steps to address that underperformance, and determined to continue to monitor closely the performance of those Funds.

The Board also considered the expenses and expense ratio of each Fund, and the expense limitation and fee reduction arrangements entered into by IICO in light of the services provided by IICO and the Subadviser. The Board also compared each Fund's expenses, including advisory, distribution and shareholder servicing fees, with the expenses and advisory fees of other investment advisers managing similarly situated funds, as well as the advisory fees that IICO charges for providing advisory services to other accounts in the same asset class for certain Funds. In that regard, the Board noted that IICO performs significant additional services for the Funds as compared to those other accounts. The Board also took into account the information on IICO's profitability in managing the Funds, including the methodology used to calculate profitability. The Board finally considered the amount of assets in each Fund, each Fund's average account size and how those factors affect the Funds' expense ratios, noting that, as the Funds' assets have increased or decreased over time, the expense ratios of the Funds generally have fallen or risen, respectively. After completing this examination, the Board concluded that each Fund's expenses are appropriate at the current time.

## Independent Fee Consultant Review

Independent legal counsel, on behalf of the Independent Trustees, engaged an independent fee consultant to assist them in evaluating the reasonableness of the management fees charged by IICO to all funds within the Ivy Funds complex. The independent fee consultant's review addressed the following fee-related factors:

1. The nature, extent and quality of IICO's services to the Funds;
2. Management fees and expenses in the context of performance;
3. Product category expenses, including peers;
4. Profit margins of IICO's parent from supplying such services;
5. Subadviser and institutional fee analyses; and
6. Possible economies of scale as a Fund grows larger.

The following summarizes the findings of the independent fee consultant retained by the Independent Trustees.

### Summary Findings

The report stated that IICO delivered reasonable levels of performance in the longer-term periods and reasonable levels of service to the Funds in relation to its management fees as compared to the investment advisers of comparable funds. For the 36 months ended March 31, 2020, approximately 23% of the funds within the Ivy Funds complex were in the top quartile of performance and 55% of the Funds were in the top two quartiles of performance and that short-term performance of such

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funds were showing signs of improvement. Specifically, the report noted that 50% of the funds within the Ivy Funds complex were in the top two quartiles in the one-year period. The independent fee consultant noted that the funds' performance appeared to be grounded in a number of institutional competitive advantages at IICO, including investment management depth, ability to attract top talent, proactive management, performance-focused culture, economic analysis and an effective trading infrastructure.

The report further indicated that total expenses of the funds in the complex, on average, were reasonable in relation to the average total expenses of their respective group of peer funds and that their net management fees were reasonable in relation to the average net management fees of their respective groups of peer funds. The report also stated that the management fees IICO charges to the funds are reasonable in relation to the management fees it charges to its institutional account clients. The report noted that these institutional account clients have different service and infrastructure needs and in addition, the average spread between management fees IICO charged to the funds and those it charges to institutional account clients is reasonable relative to the average fee spreads computed from industry surveys.

The report stated that while it was difficult to confirm overall economies of scale, it was clear that the Funds' shareholders generally are benefitting from lower expenses as the funds' assets grow.

The report also noted that the overall profitability of IICO's parent relative to other complexes is reasonable.

Finally, the report also examined the fees that IICO retains on funds that are subadvised by unaffiliated subadvisers and indicated that those fees are reasonable relative to the industry. The report also stated that the subadvisory fees that IICO earns for serving as a subadviser to an unaffiliated fund when compared to fees of similar funds likewise are reasonable relative to the industry.

#### Conclusions

The independent fee consultant's report concluded that it believes that the services provided by IICO and its affiliates and expenses incurred by the funds within the Ivy Funds complex in the previous 12 months are reasonable and provide adequate justification for renewal of the Funds' existing Agreements.

(UNAUDITED)

<b>FACTS</b>	What does Ivy Variable Insurance Portfolios do with your personal information?
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. The information can include:
	<ul style="list-style-type: none"> <li>• Social Security Number and income,</li> </ul>
	<ul style="list-style-type: none"> <li>• Assets and transaction history, and</li> </ul>
	<ul style="list-style-type: none"> <li>• Checking account information and wire transfer instructions.</li> </ul>
	When you are no longer our customer, we continue to share your information as described in this notice.
<b>How?</b>	All financial companies need to share customers' personal information to conduct everyday business. In the section below, we list the reasons financial companies can share their customers' personal information, the reasons Ivy Variable Insurance Portfolios chooses to share, and whether you can limit this sharing.

Reasons we can share your personal information	Does Ivy Variable Insurance Portfolios share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your accounts, respond to court orders and legal investigations or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

<b>Questions?</b>	Call 1(800) 777-6472 with questions about this notice. Client service representatives are available Monday through Friday from 7:30 am to 7:00 pm CST. You may also go to <a href="http://www.ivyinvestments.com/privacy_policy">www.ivyinvestments.com/privacy_policy</a> .
	If we serve you through an investment professional, such as a registered representative of a broker-dealer or an investment adviser representative (each, a "financial advisor"), please contact them directly. Specific internet addresses, mailing addresses and telephone numbers are listed on your statements and other correspondence.

<b>Who we are</b>	
Who is providing this notice?	Ivy Variable Insurance Portfolios
<b>What we do</b>	
How does Ivy Variable Insurance Portfolios protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Ivy Variable Insurance Portfolios collect my personal information?	We collect your personal information, for example, when you:
	<ul style="list-style-type: none"> <li>• Give us your contact information or other personal information,</li> </ul>
	<ul style="list-style-type: none"> <li>• Open an account, or</li> </ul>
	<ul style="list-style-type: none"> <li>• Make deposits to an account or withdrawals from an account.</li> </ul>
	We also collect your personal information from our affiliates.

<b>What we do</b>	
Why can't I limit all sharing?	Federal law gives you the right to limit only: <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes – information about your creditworthiness,</li> <li>• Affiliates from using your information to market to you, and</li> <li>• Sharing for non-affiliates to market to you.</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Affiliates of Ivy Funds include Waddell &amp; Reed Services Company, Ivy Distributors, Inc., and Ivy Investment Management Company.</i></li> </ul>
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Ivy Funds does not share your personal information with non-affiliates so they can market to you.</i></li> </ul>
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Ivy Funds does not jointly market.</i></li> </ul>
<b>Other important information</b>	
	If you own shares of Ivy Variable Insurance Portfolios in the name of a third party, such as a bank or a broker-dealer, the third party's privacy policy may apply to you in addition to ours.
	If you are working with a financial advisor, and the financial advisor leaves their firm and joins another non-affiliated broker-dealer or registered investment adviser, then the financial advisor may be permitted to use limited information to contact you. The information that the financial advisor may use is comprised of your name, address, email address, telephone number and account title.

(UNAUDITED)

## **Proxy Voting Guidelines**

A description of the policies and procedures Ivy Variable Insurance Portfolios uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 1.888.923-3355 and (ii) on the Securities and Exchange Commission's ("SEC") website at [www.sec.gov](http://www.sec.gov).

## **Proxy Voting Records**

Information regarding how the Portfolio voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on Form N-PX at [www.ivyinvestments.com](http://www.ivyinvestments.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

(UNAUDITED)

Portfolio holdings can be found on the Trust's website at [www.ivyinvestments.com](http://www.ivyinvestments.com). Alternatively, a complete schedule of portfolio holdings of each Portfolio for the first and third quarters of each fiscal year is filed with the SEC and can be found as an exhibit to the Trust's Form N-PORT. These holdings may be viewed in the following ways:

- On the SEC's website at [www.sec.gov](http://www.sec.gov).
- For review and copy at the SEC's Public Reference Room in Washington, DC. Information on the operations of the Public Reference Room may be obtained by calling 1.800.SEC.0330.

# THE IVY VARIABLE INSURANCE PORTFOLIOS FAMILY

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## Global/International Portfolios

Global Equity Income  
Global Growth  
International Core Equity

## Domestic Equity Portfolios

Core Equity  
Growth  
Mid Cap Growth  
Small Cap Core  
Small Cap Growth  
Value

## Fixed Income Portfolios

Corporate Bond  
Global Bond  
High Income  
Limited-Term Bond

## Money Market Portfolio

Government Money Market

## Specialty Portfolios

Asset Strategy  
Balanced  
Energy  
Natural Resources  
Pathfinder Aggressive  
Pathfinder Conservative  
Pathfinder Moderate  
Pathfinder Moderately Aggressive  
Pathfinder Moderately Conservative  
Pathfinder Moderate — Managed Volatility  
Pathfinder Moderately Aggressive — Managed Volatility  
Pathfinder Moderately Conservative — Managed Volatility  
Science and Technology  
Securian Real Estate Securities

**The underlying portfolios discussed in this report are only available as investment options in variable annuity and variable life insurance contracts issued by life insurance companies. They are not offered or made available directly to the general public.**

**This report is submitted for the general information of the shareholders of Ivy Variable Insurance Portfolios. It is not authorized for distribution to prospective investors in a Portfolio unless accompanied with or preceded by the current Portfolio prospectus as well as the variable product prospectus.**



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ANN-VIP1 (12/20)