

# The Dreyfus Sustainable U.S. Equity Portfolio, Inc.



**ANNUAL REPORT**  
December 31, 2018

The views expressed in this report reflect those of the portfolio manager(s) only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value

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## A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for The Dreyfus Sustainable U.S. Equity Portfolio, Inc., covering the 12-month period from January 1, 2018 through December 31, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The reporting period began with major global economies achieving above-trend growth. In the United States, a robust economy and strong labor market encouraged the Federal Reserve to continue moving away from its accommodative monetary policy while other major central banks began to consider monetary tightening. Both U.S. and non-U.S. equity markets remained on an uptrend. Interest rates rose across the yield curve, putting pressure on bond prices.

A few months into the reporting period, global growth trends began to diverge and market volatility returned. While the U.S. economy continued to grow at a healthy rate, other developed markets began to weaken. However, robust growth and strong corporate earnings continued to support U.S. stock returns while other developed markets declined throughout the summer. In the fall, a broad sell-off occurred, partially offsetting earlier U.S. gains. Emerging markets remained under pressure as weakness in their currencies relative to the U.S. dollar added to investors' uneasiness. Global equities continued their general decline through the end of the period.

Fixed income markets struggled during the first half of the period as interest rates rose and favorable U.S. equity markets fed investor risk appetites. However, in autumn volatility crept in, the yield curve began a flattening trend that continued through the end of December. As long-term debt yields fell, prices rose for many bonds, leading to moderately positive returns for several fixed income market sectors.

Despite continuing political variables, U.S. inflationary pressures and flagging growth rates, we are optimistic that the U.S. economy will remain strong in the near term. However, we remain attentive to signs that point to potential changes on the horizon. As always, we encourage you to discuss the risks and opportunities in today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,



Renee Laroche-Morris  
President  
The Dreyfus Corporation  
January 15, 2019

## DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from January 1, 2018 through December 31, 2018, as provided by portfolio managers John Gilmore, Jeff Munroe and Raj Shant of Newton Investment Management (North America) Limited, Sub-Investment Adviser*

### Market and Fund Performance Overview

For the 12-month period ended December 31, 2018, The Dreyfus Sustainable U.S. Equity Portfolio, Inc.'s Initial shares produced a total return of -4.41%, and the fund's Service shares returned -4.64%.<sup>1</sup> In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), produced a total return of -4.38% for the same period.<sup>2</sup>

U.S. equities lost value over the reporting period amid escalating trade tensions and slowing global economic growth rates. The fund slightly underperformed the Index, mainly due to security selection shortfalls in the financials and consumer discretionary sectors, as well as an overweight to consumer staples.

### The Fund's Investment Approach

The fund seeks long-term capital appreciation. To pursue its goal, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of U.S. companies that demonstrate attractive investment attributes and sustainable business practices and have no material unresolvable environmental, social, and governance (ESG) issues. The fund invests principally in common stocks, focusing on companies with market capitalizations of \$5 billion or more at the time of purchase. The fund may invest up to 20% of its assets in the stocks of foreign companies, including up to 10% in the stocks of companies in emerging-market countries.

We use quantitative and qualitative fundamental analyses to identify attractively priced companies with good products, strong management, and strategic direction that have adopted, or are making progress toward, a sustainable business approach. We employ an investment process that combines investment themes with fundamental research and analysis to select stocks for the fund's portfolio.

### A Show of Strength Ends in Volatility

Despite some volatility early in the year, U.S. equities exhibited strength for much of the review period. Gains were largely attributable to robust corporate earnings, which benefited from the tailwind of 2017's fiscal stimulus allied with solid economic growth. These factors overwhelmed broader concerns pertaining to higher interest rates and trade tensions, although, with hindsight, only temporarily. Indeed, the aforementioned equity strength proved unsustainable over the whole 12 months, as U.S. equities, which had, to some degree, decoupled from the weaker performance of European and emerging-market indices during the first 9 months of the year, played catch-up in the final quarter. Consequently, the Index delivered a negative annual return.

The volatility witnessed over the latter part of the review period was symptomatic of equity markets coming to terms with a less supportive economic environment and less accommodative monetary policy. One specific contributing factor was the poor performance of the high-profile "FAANG" quintet of technology stocks (Facebook, Apple, Amazon.com, Netflix, and Google/Alphabet). Increasingly, the brief foray of Apple's market capitalization above \$1 trillion earlier in the year looks like having marked the peak in the euphoria that had, until recently, surrounded these companies.

### Security Selections Dampened Fund Performance

Stock picking within financials and consumer discretionary disappointed, while an overweight to consumer staples also weighed on performance. Citigroup's share-price performance was lackluster for much of the year, with initial underperformance driven by some disappointing revenues in the North American consumer business and some slower-than-expected progress on cost reductions. Also, market volatility looked to have taken its toll, as the bank warned that fixed-income trading revenue

## DISCUSSION OF FUND PERFORMANCE (*Unaudited*) (*continued*)

could fall short of expectations for the fourth quarter. Beauty-products manufacturer Coty performed poorly, as investors focused on weakness in its consumer-beauty division, following its acquisition of the *Procter & Gamble* cosmetics business. Concern around a potential change in lithium-supply dynamics weighed on shares in *Albemarle*, the global specialty chemicals company, at the start of 2018 in particular. An announcement of planned production expansion by its competitors, leading to a potential increase in lithium supply, proved detrimental and we chose to exit the position.

Stock selection was particularly strong in health care, while higher relative positioning to information technology and utilities was also supportive. Avoidance of and underweight exposure to the energy and industrials sectors, respectively, provided an additional boost. Merck & Co.'s defensive characteristics appeared to be of benefit, as the share price rose over the review period. The large pharmaceutical benefited from an increased interest in the sector, with additional impetus created by Keytruda. Sales in its largest cancer drug have continued to grow, as the drug is approved for wider use. Abbott Laboratories announced sales and earnings above market consensus for the second quarter, raising its full-year guidance for each in the process. The company continued to exhibit strong momentum across its businesses, as all four divisions contributed to growth. We are optimistic that this could be maintained. The particularly strong momentum enjoyed by Microsoft in the cloud space encouraged the share price higher—we believe the growth opportunity remains substantial, given that they are still in the early stages of platform adoption.

### Finding Opportunities in Volatile Markets

Gently rising federal funds rates, a flattening yield curve, and the move from quantitative easing to quantitative tightening all contribute to the fact that financial conditions are much more challenging now than they were in 2017. While growth remains robust, trade policy does create a variety of risks to global supply chains. Thus, financial markets are returning to levels of volatility more consistent with the longer term and we would expect this to continue in the coming years.

In such an environment, we remain focused on the individual characteristics of each business we invest in and continue to avoid excess balance-sheet leverage or models that rely on debt and credit to drive demand growth. We believe that the current holdings should do well against an increasingly uncertain macroeconomic backdrop, caused by a combination of rising rates, increasing inflationary pressure, and geopolitical risk.

January 15, 2019

- <sup>1</sup> *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns. The fund's returns reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in effect through May 1, 2019, at which time it may be extended, terminated, or modified.*
- <sup>2</sup> *Source: Lipper Inc. — The S&P 500® Index is widely regarded as the best single gauge of large-cap U.S. equities. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Investors cannot invest directly in any index.*

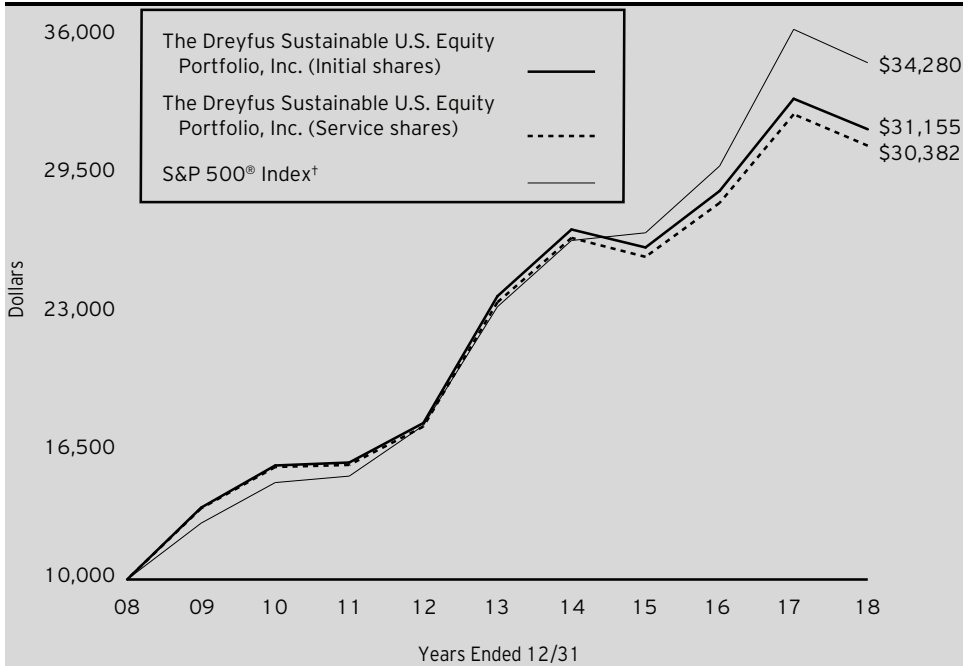
*Please note: the position in any security highlighted with italicized typeface was sold during the reporting period.*

*Equities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.*

*The fund's consideration of ESG issues in the securities selection process may cause the fund to perform differently from funds that do not integrate consideration of ESG issues when selecting investments.*

*The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of The Dreyfus Sustainable U.S. Equity Portfolio, Inc., made available through insurance products, may be similar to those of other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.*

# FUND PERFORMANCE (Unaudited)



Comparison of change in value of \$10,000 investment in The Dreyfus Sustainable U.S. Equity Portfolio, Inc. Initial shares and Service shares and the S&P 500® Index (the “Index”)

† Source: Lipper Inc.

Past performance is not predictive of future performance. The fund’s performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts which will reduce returns.

The above graph compares a \$10,000 investment made in Initial and Service shares of The Dreyfus Sustainable U.S. Equity Portfolio, Inc. on 12/31/08 to a \$10,000 investment made in the Index on that date.

The fund’s performance shown in the line graph above takes into account all applicable fund fees and expenses for Initial and Service shares (after any expense reimbursements). The Index is widely regarded as the best single gauge of large-cap U.S. equities. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

## FUND PERFORMANCE (*Unaudited*) (*continued*)

### Average Annual Total Returns as of 12/31/18

	1 Year	5 Years	10 Years
<b>Initial shares</b>	<b>-4.41%</b>	<b>5.97%</b>	<b>12.04%</b>
<b>Service shares</b>	<b>-4.64%</b>	<b>5.70%</b>	<b>11.75%</b>
<b>S&amp;P 500® Index</b>	<b>-4.38%</b>	<b>8.49%</b>	<b>13.11%</b>

The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Go to [Dreyfus.com](http://Dreyfus.com) for the fund's most recent month-end returns.

*The fund's Initial shares are not subject to a Rule 12b-1 fee. The fund's Service shares are subject to a 0.25% annual Rule 12b-1 fee. All dividends and capital gain distributions are reinvested.*

*The fund's performance shown in the graph and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*



## UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

*As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.*

### Review your fund's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in The Dreyfus Sustainable U.S. Equity Portfolio, Inc. from July 1, 2018 to December 31, 2018. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

<b>Expenses and Value of a \$1,000 Investment</b>		
assuming actual returns for the six months ended December 31, 2018		
	<b>Initial Shares</b>	<b>Service Shares</b>
Expenses paid per \$1,000 <sup>†</sup>	\$ 3.45	\$ 4.68
Ending value (after expenses)	\$ 954.00	\$ 952.80

## COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

### Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

<b>Expenses and Value of a \$1,000 Investment</b>		
assuming a hypothetical 5% annualized return for the six months ended December 31, 2018		
	<b>Initial Shares</b>	<b>Service Shares</b>
Expenses paid per \$1,000 <sup>†</sup>	\$ 3.57	\$ 4.84
Ending value (after expenses)	\$ 1,021.68	\$ 1,020.42

<sup>†</sup> Expenses are equal to the fund's annualized expense ratio of .70% for Initial shares and .95% for Service shares, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

# STATEMENT OF INVESTMENTS

December 31, 2018

Description	Shares	Value (\$)
<b>Common Stocks - 98.2%</b>		
<b>Banks - 5.7%</b>		
Citigroup	143,184	7,454,159
First Republic Bank	48,082	4,178,326
		<b>11,632,485</b>
<b>Capital Goods - 3.5%</b>		
Acuity Brands	21,163	2,432,687
Ferguson	35,793	2,292,396
General Electric	301,979	2,285,981
		<b>7,011,064</b>
<b>Consumer Durables &amp; Apparel - 4.4%</b>		
Lennar, Cl. A	39,480	1,545,642
Newell Brands	67,495	1,254,732
NIKE, Cl. B	45,447	3,369,441
PulteGroup	46,561	1,210,120
Under Armour, Cl. A	92,761 <sup>a</sup>	1,639,087
		<b>9,019,022</b>
<b>Diversified Financials - 1.2%</b>		
Redwood Trust	165,076 <sup>b</sup>	<b>2,487,695</b>
<b>Food &amp; Staples Retailing - 3.6%</b>		
Costco Wholesale	17,215	3,506,868
Walgreens Boots Alliance	55,646	3,802,291
		<b>7,309,159</b>
<b>Food, Beverage &amp; Tobacco - 2.6%</b>		
PepsiCo	47,691	<b>5,268,902</b>
<b>Health Care Equipment &amp; Services - 7.4%</b>		
Abbott Laboratories	107,654	7,786,614
Medtronic	79,233	7,207,034
		<b>14,993,648</b>
<b>Household &amp; Personal Products - 3.8%</b>		
Colgate-Palmolive	114,765	6,830,813
Coty	126,445	829,479
		<b>7,660,292</b>
<b>Insurance - 5.0%</b>		
Intact Financial	97,198	7,062,020
Principal Financial Group	71,271	3,148,040
		<b>10,210,060</b>
<b>Materials - 4.5%</b>		
Ecolab	39,305	5,791,592
International Flavors & Fragrances	24,704	3,317,006
		<b>9,108,598</b>
<b>Media &amp; Entertainment - 5.0%</b>		
Alphabet, Cl. A	9,710 <sup>a</sup>	<b>10,146,562</b>

Description	Shares	Value (\$)
<b>Common Stocks - 98.2% (continued)</b>		
<b>Pharmaceuticals Biotechnology &amp; Life Sciences - 8.9%</b>		
Gilead Sciences	112,342	7,026,992
Merck & Co.	143,328	10,951,692
		<b>17,978,684</b>
<b>Retailing - 9.1%</b>		
Amazon.com	4,098 <sup>a</sup>	6,155,073
Dollar General	47,646	5,149,580
eBay	184,050 <sup>a</sup>	5,166,283
The TJX Companies	44,268	1,980,550
		<b>18,451,486</b>
<b>Semiconductors &amp; Semiconductor Equipment - 3.9%</b>		
Applied Materials	120,501	3,945,203
NXP Semiconductors	23,343	1,710,575
Qualcomm	38,163	2,171,856
		<b>7,827,634</b>
<b>Software &amp; Services - 10.6%</b>		
Accenture	47,704	6,726,741
Intuit	10,956	2,156,689
Microsoft	125,194	12,715,955
		<b>21,599,385</b>
<b>Technology Hardware &amp; Equipment - 9.7%</b>		
Apple	59,410	9,371,333
Cisco Systems	188,550	8,169,871
Samsung SDI, GDR	44,187 <sup>c</sup>	2,168,163
		<b>19,709,367</b>
<b>Transportation - 2.1%</b>		
CH Robinson Worldwide	50,535	<b>4,249,488</b>
<b>Utilities - 7.2%</b>		
CMS Energy	131,210	6,514,576
Eversource Energy	124,864	8,121,155
		<b>14,635,731</b>
<b>Total Common Stocks</b> (cost \$192,612,471)		<b>199,299,262</b>

STATEMENT OF INVESTMENTS (continued)

Description	1-Day Yield (%)	Shares	Value (\$)
<b>Investment Companies - 1.8%</b>			
<b>Registered Investment Companies - 1.8%</b>			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost \$3,602,935)	2.32	3,602,935 <sup>d</sup>	<b>3,602,935</b>
<b>Total Investments</b> (cost \$196,215,406)		<b>100.0%</b>	<b>202,902,197</b>
<b>Cash and Receivables (Net)</b>		<b>.0%</b>	<b>45,926</b>
<b>Net Assets</b>		<b>100.0%</b>	<b>202,948,123</b>

GDR—Global Depository Receipt

<sup>a</sup> Non-income producing security.

<sup>b</sup> Investment in real estate investment trust.

<sup>c</sup> Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2018, these securities were valued at \$2,168,163 or 1.07% of net assets.

<sup>d</sup> Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the investment company's prospectus.

Portfolio Summary (Unaudited) †	Value (%)
Information Technology	24.2
Health Care	16.2
Consumer Discretionary	13.5
Financials	12.0
Consumer Staples	10.0
Utilities	7.2
Industrials	5.6
Communication Services	5.0
Materials	4.5
Investment Companies	1.8
	<b>100.0</b>

† Based on net assets.

See notes to financial statements.

# STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS

Registered Investment Company	Value		Sales(\$)	Value		Net Assets(%)	Dividends/ Distributions(\$)
	12/31/17(\$)	Purchases(\$)		12/31/18(\$)			
Dreyfus Institutional Preferred Government Plus Money Market Fund	4,831,655	33,908,349	35,137,069	3,602,935		1.8	44,710

*See notes to financial statements.*

STATEMENT OF FORWARD FOREIGN CURRENCY EXCHANGE  
 CONTRACTS December 31, 2018

Counterparty/ Purchased Currency	Purchased Currency Amounts	Currency Sold	Sold Currency Amounts	Settlement Date	Unrealized Appreciation (\$)
<b>State Street Bank and Trust Company</b>					
United States Dollar	42,483	Canadian Dollar	57,833	1/2/19	119
<b>Gross Unrealized Appreciation</b>					<b>119</b>

*See notes to financial statements.*

# STATEMENT OF ASSETS AND LIABILITIES

December 31, 2018

	Cost	Value
<b>Assets (\$):</b>		
Investments in securities—See Statement of Investments:		
Unaffiliated issuers	192,612,471	199,299,262
Affiliated issuers	3,602,935	3,602,935
Cash denominated in foreign currency	42,342	42,362
Dividends and interest receivable		227,313
Receivable for shares of Common Stock subscribed		58,717
Unrealized appreciation on forward foreign currency exchange contracts—Note 4		119
Prepaid expenses		6,877
		<b>203,237,585</b>
<b>Liabilities (\$):</b>		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		117,940
Payable for shares of Common Stock redeemed		85,674
Directors fees and expenses payable		26,735
Accrued expenses		59,113
		<b>289,462</b>
<b>Net Assets (\$)</b>		<b>202,948,123</b>
<b>Composition of Net Assets (\$):</b>		
Paid-in capital		186,126,831
Total distributable earnings (loss)		16,821,292
<b>Net Assets (\$)</b>		<b>202,948,123</b>
<b>Net Asset Value Per Share</b>		
	Initial Shares	Service Shares
Net Assets (\$)	193,538,202	9,409,921
Shares Outstanding	6,298,842	310,584
<b>Net Asset Value Per Share (\$)</b>	<b>30.73</b>	<b>30.30</b>

*See notes to financial statements.*

# STATEMENT OF OPERATIONS

Year Ended December 31, 2018

<b>Investment Income (\$):</b>	
<b>Income:</b>	
Cash dividends (net of \$49,496 foreign taxes withheld at source):	
Unaffiliated issuers	4,299,888
Affiliated issuers	44,710
<b>Total Income</b>	<b>4,344,598</b>
<b>Expenses:</b>	
Management fee—Note 3(a)	1,375,803
Prospectus and shareholders' reports	141,331
Professional fees	87,658
Directors' fees and expenses—Note 3(d)	30,496
Distribution fees—Note 3(b)	25,930
Shareholder servicing costs—Note 3(c)	6,922
Custodian fees—Note 3(c)	6,707
Loan commitment fees—Note 2	5,023
Miscellaneous	42,788
<b>Total Expenses</b>	<b>1,722,658</b>
Less—reduction in expenses due to undertaking—Note 3(a)	(84,659)
Less—reduction in fees due to earnings credits—Note 3(c)	(294)
<b>Net Expenses</b>	<b>1,637,705</b>
<b>Investment Income—Net</b>	<b>2,706,893</b>
<b>Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):</b>	
Net realized gain (loss) on investments and foreign currency transactions	9,097,099
Net realized gain (loss) on forward foreign currency exchange contracts	48,694
<b>Net Realized Gain (Loss)</b>	<b>9,145,793</b>
Net unrealized appreciation (depreciation) on investments and foreign currency transactions	(20,626,332)
Net unrealized appreciation (depreciation) on forward foreign currency exchange contracts	119
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>(20,626,213)</b>
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>(11,480,420)</b>
<b>Net (Decrease) in Net Assets Resulting from Operations</b>	<b>(8,773,527)</b>

See notes to financial statements.



## STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2018	2017 <sup>a</sup>
<b>Operations (\$):</b>		
Investment income—net	2,706,893	2,335,933
Net realized gain (loss) on investments	9,145,793	43,286,871
Net unrealized appreciation (depreciation) on investments	(20,626,213)	(11,803,414)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(8,773,527)</b>	<b>33,819,390</b>
<b>Distributions (\$):</b>		
Distributions to shareholders:		
Initial Shares	(45,130,410)	(17,762,761)
Service Shares	(2,115,465)	(881,173)
<b>Total Distributions</b>	<b>(47,245,875)</b>	<b>(18,643,934)</b>
<b>Capital Stock Transactions (\$):</b>		
Net proceeds from shares sold:		
Initial Shares	4,442,142	6,289,382
Service Shares	1,296,521	1,369,778
Distributions reinvested:		
Initial Shares	45,130,410	17,762,761
Service Shares	2,115,465	881,173
Cost of shares redeemed:		
Initial Shares	(28,655,114)	(33,706,023)
Service Shares	(1,713,620)	(3,477,410)
<b>Increase (Decrease) in Net Assets from Capital Stock Transactions</b>	<b>22,615,804</b>	<b>(10,880,339)</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(33,403,598)</b>	<b>4,295,117</b>
<b>Net Assets (\$):</b>		
Beginning of Period	236,351,721	232,056,604
<b>End of Period</b>	<b>202,948,123</b>	<b>236,351,721</b>
<b>Capital Share Transactions (Shares):</b>		
<b>Initial Shares</b>		
Shares sold	127,626	163,577
Shares issued for distributions reinvested	1,380,980	481,245
Shares redeemed	(823,767)	(872,998)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>684,839</b>	<b>(228,176)</b>
<b>Service Shares</b>		
Shares sold	37,367	35,925
Shares issued for distributions reinvested	65,535	24,109
Shares redeemed	(50,455)	(92,472)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>52,447</b>	<b>(32,438)</b>

<sup>a</sup> Distributions to shareholders include \$2,632,049 Initial shares and \$108,956 Service shares distributions from net investment income and \$15,130,712 Initial shares and \$772,217 Service shares distributions from net realized gains. Undistributed investment income—net was \$2,366,945 in 2017 and is no longer presented as a result of the adoption of SEC's Disclosure Update and Simplification Rule.

See notes to financial statements.

## FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	40.27	37.86	38.56	45.97	44.09
Investment Operations:					
Investment income—net <sup>a</sup>	.41	.38	.44	.47	.45
Net realized and unrealized gain (loss) on investments	(1.69)	5.14	3.15	(1.54)	5.07
Total from Investment Operations	(1.28)	5.52	3.59	(1.07)	5.52
Distributions:					
Dividends from investment income—net	(.71)	(.46)	(.50)	(.47)	(.48)
Dividends from net realized gain on investments	(7.55)	(2.65)	(3.79)	(5.87)	(3.16)
Total Distributions	(8.26)	(3.11)	(4.29)	(6.34)	(3.64)
Net asset value, end of period	30.73	40.27	37.86	38.56	45.97
<b>Total Return (%)</b>	<b>(4.41)</b>	<b>15.33</b>	<b>10.38</b>	<b>(3.20)</b>	<b>13.45</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.74	.80	.86	.86	.84
Ratio of net expenses to average net assets	.70	.77	.86	.86	.84
Ratio of net investment income to average net assets	1.19	.99	1.21	1.14	1.02
Portfolio Turnover Rate	51.68	119.51	60.67	59.57	45.05
Net Assets, end of period (\$ x 1,000)	193,538	226,078	221,172	227,483	270,483

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.

<b>Service Shares</b>	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	39.80	37.46	38.19	45.58	43.76
Investment Operations:					
Investment income—net <sup>a</sup>	.32	.28	.34	.36	.33
Net realized and unrealized gain (loss) on investments	(1.66)	5.08	3.12	(1.52)	5.04
Total from Investment Operations	(1.34)	5.36	3.46	(1.16)	5.37
Distributions:					
Dividends from investment income—net	(.61)	(.37)	(.40)	(.36)	(.39)
Dividends from net realized gain on investments	(7.55)	(2.65)	(3.79)	(5.87)	(3.16)
Total Distributions	(8.16)	(3.02)	(4.19)	(6.23)	(3.55)
Net asset value, end of period	30.30	39.80	37.46	38.19	45.58
<b>Total Return (%)</b>	<b>(4.64)</b>	<b>15.04</b>	<b>10.08</b>	<b>(3.41)</b>	<b>13.13</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.99	1.05	1.11	1.11	1.09
Ratio of net expenses to average net assets	.95	1.02	1.11	1.11	1.09
Ratio of net investment income to average net assets	.95	.74	.96	.89	.76
Portfolio Turnover Rate	51.68	119.51	60.67	59.57	45.05
Net Assets, end of period (\$ x 1,000)	9,410	10,274	10,884	9,869	10,632

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1—Significant Accounting Policies:**

The Dreyfus Sustainable U.S. Equity Portfolio, Inc. (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified open-end management investment company. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund’s investment objective is to seek long-term capital appreciation. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser. Newton Investment Management (North America) Limited (“Newton”), a wholly-owned subsidiary of BNY Mellon and an affiliate of Dreyfus, serves as the fund’s sub-investment adviser.

MBSC Securities Corporation (the “Distributor”), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund’s shares, which are sold without a sales charge. The fund is authorized to issue 150 million shares of \$.001 par value Common Stock in each of the following classes of shares: Initial and Service. Initial shares are subject to a Shareholder Services Plan fee and Service shares are subject to a Distribution Plan fee. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan, Shareholder Services Plan and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

**(a) Portfolio valuation:** The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

**Level 1**—unadjusted quoted prices in active markets for identical investments.

**Level 2**—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Company's Board of Directors (the "Board"). Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange.

Forward foreign currency exchange contracts ("forward contracts") are valued at the forward rate and are generally categorized within Level 2 of the fair value hierarchy.

The following is a summary of the inputs used as of December 31, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Assets (\$)</b>				
Investments in Securities:				
Equity Securities -				
Common Stocks <sup>†</sup>	197,006,866	2,292,396 <sup>††</sup>	-	<b>199,299,262</b>
Investment				
Company	3,602,935	-	-	<b>3,602,935</b>
Other Financial Instruments:				
Forward Foreign Currency Exchange Contracts <sup>†††</sup>				
	-	119	-	<b>119</b>

<sup>†</sup> See *Statement of Investments* for additional detailed categorizations.

<sup>††</sup> Securities classified within Level 2 at period end as the values were determined pursuant to the fund's fair valuation procedures.

<sup>†††</sup> Amount shown represents unrealized appreciation at period end.

At December 31, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

**(b) Foreign currency transactions:** The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized on securities transactions between trade and settlement date, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments resulting from changes in exchange rates. Foreign currency gains and losses on foreign currency transactions are also included with net realized and unrealized gain or loss on investments.

**(c) Securities transactions and investment income:** Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and

amortization of premium on investments, is recognized on the accrual basis.

**(d) Affiliated issuers:** Investments in other investment companies advised by Dreyfus are considered “affiliated” under the Act.

**(e) Dividends and distributions to shareholders:** Dividends and distributions are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the “Code”). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

**(f) Federal income taxes:** It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended December 31, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended December 31, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended December 31, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At December 31, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income \$3,351,509, undistributed capital gains \$7,471,790 and unrealized appreciation \$5,997,993.

The tax character of distributions paid to shareholders during the fiscal periods ended December 31, 2018 and December 31, 2017 were as follows: ordinary income \$9,615,532 and \$4,614,655, and long-term capital gains \$37,630,343 and \$14,029,279, respectively.

**(g) New Accounting Pronouncements:** In August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure



Requirements for Fair Value Measurement (“ASU 2018-13”). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

**NOTE 2—Bank Lines of Credit:**

The fund participates with other Dreyfus-managed long-term open-end funds in a \$1.030 billion unsecured credit facility led by Citibank, N.A. (the “Citibank Credit Facility”) and a \$300 million unsecured credit facility provided by The Bank of New York Mellon (the “BNYM Credit Facility”), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a “Facility”). The Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to \$830 million and is available to all long-term open-ended funds, including the fund, and (ii) Tranche B is in amount equal to \$200 million and is available only to the Dreyfus Floating Rate Income Fund, a series of The Dreyfus/Laurel Funds, Inc. Prior to October 3, 2018, the unsecured credit facility with Citibank, N.A. was \$830 million. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended December 31, 2018, the fund did not borrow under the Facilities.

**NOTE 3—Management Fee, Sub-Investment Advisory Fee and Other Transactions with Affiliates:**

(a) Pursuant to the management agreement with Dreyfus, the management fee is computed at an annual rate of .60% of the value of the fund’s average daily net assets and is payable monthly. Dreyfus has contractually agreed, from January 1, 2018 through May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the expenses of none of the classes (excluding Rule 12b-1 Distribution Plan fees, Shareholder Services Plan fees, taxes, interest expense, brokerage commission, commitment fees on borrowings and extraordinary expenses) exceed .70% of the value of the fund’s average daily net assets. On or after May 1, 2019, Dreyfus may terminate this expense limitation agreement at any time. The reduction in expenses, pursuant to the undertaking, amounted to \$84,659 during the period ended December 31, 2018.

Pursuant to the separate sub-investment advisory agreement between Dreyfus and Newton, Newton serves as the fund's sub-investment adviser responsible for the day-to-day management of the fund's portfolio. Dreyfus pays the sub-investment adviser a monthly fee at an annual percentage of the value of the fund's average daily net assets. Dreyfus has obtained an exemptive order from the SEC (the "Order"), upon which the fund may rely, to use a manager of managers approach that permits Dreyfus, subject to certain conditions and approval by the Board, to enter into and materially amend sub-investment advisory agreements with one or more sub-investment advisers who are either unaffiliated with Dreyfus or are wholly-owned subsidiaries (as defined under the Act) of Dreyfus' ultimate parent company, BNY Mellon, without obtaining shareholder approval. The Order also allows the fund to disclose the sub-investment advisory fee paid by Dreyfus to any unaffiliated sub-investment adviser in the aggregate with other unaffiliated sub-investment advisers in documents filed with the SEC and provided to shareholders. In addition, pursuant to the Order, it is not necessary to disclose the sub-investment advisory fee payable by Dreyfus separately to a sub-investment adviser that is a wholly-owned subsidiary of BNY Mellon in documents filed with the SEC and provided to shareholders; such fees are to be aggregated with fees payable to Dreyfus. Dreyfus has ultimate responsibility (subject to oversight by the Board) to supervise any sub-investment adviser and recommend the hiring, termination, and replacement of any sub-investment adviser to the Board.

**(b)** Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended December 31, 2018, Service shares were charged \$25,930 pursuant to the Distribution Plan.

**(c)** Under the Shareholder Services Plan, Initial shares reimburse the Distributor at an amount not to exceed an annual rate of .25% of the value of its average daily net assets for certain allocated expenses with respect to servicing and/or maintaining Initial shares' shareholder accounts. During the period ended December 31, 2018, Initial shares were charged \$5,365 pursuant to the Shareholder Services Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits, if any, as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended December 31, 2018, the fund was charged \$1,460 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended December 31, 2018, the fund was charged \$6,707 pursuant to the custody agreement. These fees were partially offset by earnings credits of \$294.

During the period ended December 31, 2018, the fund was charged \$12,774 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of “Due to The Dreyfus Corporation and affiliates” in the Statement of Assets and Liabilities consist of: management fees \$106,110 and Distribution Plan fees \$2,035, custodian fees \$3,231, Chief Compliance Officer fees \$6,289 and transfer agency fees \$275.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

#### **NOTE 4—Securities Transactions:**

The aggregate amount of purchases and sales of investment securities, excluding short-term securities and forward foreign currency exchange contracts (“forward contracts”), during the period ended December 31, 2018, amounted to \$116,786,360 and \$137,454,097, respectively.

**Derivatives:** A derivative is a financial instrument whose performance is derived from the performance of another asset. The fund enters into International Swaps and Derivatives Association, Inc. Master Agreements or similar agreements (collectively, “Master Agreements”) with its over-

the-counter (“OTC”) derivative contract counterparties in order to, among other things, reduce its credit risk to counterparties. Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under a Master Agreement, the fund may offset with the counterparty certain derivative financial instrument’s payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default or termination.

Each type of derivative instrument that was held by the fund during the period ended December 31, 2018 is discussed below.

**Forward Foreign Currency Exchange Contracts:** The fund enters into forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to settle foreign currency transactions or as a part of its investment strategy. When executing forward contracts, the fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward contracts, the fund incurs a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward contracts, the fund incurs a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. Any realized or unrealized gains or losses which occurred during the period are reflected in the Statement of Operations. The fund is exposed to foreign currency risk as a result of changes in value of underlying financial instruments. The fund is also exposed to credit risk associated with counterparty nonperformance on these forward contracts, which is generally limited to the unrealized gain on each open contract. This risk may be mitigated by Master Agreements, if any, between the fund and the counterparty and the posting of collateral, if any, by the counterparty to the fund to cover the fund’s exposure to the counterparty. Forward contracts open at December 31, 2018 are set forth in the Statement of Forward Foreign Currency Exchange Contracts.

The provisions of ASC Topic 210 “Disclosures about Offsetting Assets and Liabilities” require disclosure on the offsetting of financial assets and liabilities. These disclosures are required for certain investments, including derivative financial instruments subject to Master Agreements which are eligible for offsetting in the Statement of Assets and Liabilities and require the fund to disclose both gross and net information with respect to such investments. For financial reporting purposes, the fund does not offset

derivative assets and derivative liabilities that are subject to Master Agreements in the Statement of Assets and Liabilities.

At December 31, 2018, derivative assets and liabilities (by type) on a gross basis are as follows:

Derivative Financial Instruments:	Assets (\$)	Liabilities (\$)
Forward contracts	119	-
Total gross amount of derivative assets and liabilities in the Statement of Assets and Liabilities	119	-
Derivatives not subject to Master Agreements	-	-
Total gross amount of assets and liabilities subject to Master Agreements	119	-

The following table presents derivative assets net of amounts available for offsetting under Master Agreements and net of related collateral received or pledged, if any, as of December 31, 2018:

Counterparty	Gross Amount of Assets (\$) <sup>1</sup>	Financial Instruments and Derivatives Available for Offset (\$)	Collateral Received (\$)	Net Amount of Assets (\$)
State Street Bank and Trust Company	119	-	-	119
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>119</b>

<sup>1</sup> Absent a default event or early termination, OTC derivative assets and liabilities are presented at gross amounts and are not offset in the Statement of Assets and Liabilities.

The following summarizes the average market value of derivatives outstanding during the period ended December 31, 2018:

	Average Market Value (\$)
Forward contracts	217,592

At December 31, 2018, the cost of investments for federal income tax purposes was \$196,904,343; accordingly, accumulated net unrealized appreciation on investments was \$5,997,973, consisting of \$25,232,122

NOTES TO FINANCIAL STATEMENTS *(continued)*

gross unrealized appreciation and \$19,234,149 gross unrealized depreciation.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of The Dreyfus Sustainable U.S. Equity Portfolio, Inc.

## *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of The Dreyfus Sustainable U.S. Equity Portfolio, Inc. (the “Fund”), including the statements of investments, investments in affiliated issuers and forward foreign currency exchange contracts, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

## *Basis for Opinion*

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

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

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

*Ernst + Young LLP*

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York

February 11, 2019

## IMPORTANT TAX INFORMATION (Unaudited)

For federal tax purposes, the portfolio hereby reports 37.74% of the ordinary dividends paid during the fiscal year ended December 31, 2018 as qualifying for the corporate dividends received deduction. Shareholders will receive notification in early 2019 of the percentage applicable to the preparation of their 2018 income tax returns. Also, the portfolio hereby reports \$.9715 per share as a short-term capital gain distribution and \$6.5754 per share as a long-term capital gain distribution paid on March 19, 2018.



## INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited)

At a meeting of the fund's Board of Directors held on July 18-19, 2018, the Board considered the renewal of the fund's Management Agreement, pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"), and the Sub-Investment Advisory Agreement (together, the "Agreements"), pursuant to which Newton Investment Management (North America) Limited (the "Subadviser") provides day-to-day management of the fund's investments. The Board members, a majority of whom are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus and the Subadviser. In considering the renewal of the Agreements, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered Dreyfus' extensive administrative, accounting and compliance infrastructures, as well as Dreyfus' supervisory activities over the Subadviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds ("Performance Group 1") and with a broader group of funds ("Performance Universe 1"), all for various periods ended May 31, 2018; (2) at the request of Dreyfus, the fund's performance with the performance of a group of environmental, social and governance ("ESG")-rated funds from various Lipper categories ("Performance Group 2") and with a broader group of ESG-rated funds

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited) (*continued*)

(“Performance Universe 2”), all for various periods ended May 31, 2018; and (3) the fund’s actual and contractual management fees and total expenses with those of groups of comparable funds identical to Performance Group 1 (“Expense Group 1”) and Performance Group 2 (“Expense Group 2”) and with broader groups of funds that included the Performance Group 1 funds (“Expense Universe 1”) and the Performance Group 2 funds (“Expense Universe 2”), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Groups and Performance Universes and the Expense Groups and Expense Universes.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed with representatives of Dreyfus, its affiliates and/or the Subadviser the results of the comparisons and considered that the fund’s total return performance was below the medians of the Performance Groups and Performance Universes for all periods, except for the ten-year period, when it was above the Performance Group 1 median. The Board considered the relative proximity of the fund’s performance to the medians of the Performance Groups and Performance Universes in certain periods. Dreyfus also provided a comparison of the fund’s calendar year total returns to the returns of the fund’s benchmark index, and it was considered that the fund’s returns were above the returns of the index in three of the ten calendar years shown. The Board also considered that the fund’s investment strategies and portfolio management changed (including the addition of the Subadviser) in May 2017.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board considered that the fund’s contractual management fee was below the Expense Group 1 and 2 medians, the fund’s actual management fee was below the Expense Group 1 median, slightly above the Expense Group 2 median and below the Expense Universe 1 and 2 medians and the fund’s total expenses were below the Expense Group 1 and 2 medians (lowest in Expense Group 1) and the Expense Universe 1 and 2 medians.

Dreyfus representatives stated that Dreyfus has contractually agreed, until May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the direct expenses of none of its classes (excluding Rule 12b-1 fees, shareholder services fees, taxes, interest, brokerage commissions, commitment fees on borrowings and extraordinary expenses) exceed .70% of average daily net assets.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Subadviser or its affiliates for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the “Similar Clients”), and explained the nature of the Similar Clients. They discussed differences in

fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee. The Board considered the fee paid to the Subadviser in relation to the fee paid to Dreyfus by the fund and the respective services provided by the Subadviser and Dreyfus. The Board also took into consideration that the Subadviser's fee is paid by Dreyfus (out of its fee from the fund) and not the fund.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered on the advice of its counsel the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by Dreyfus and the Subadviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Since Dreyfus, and not the fund, pays the Subadviser pursuant to the Sub-Investment Advisory Agreement, the Board did not consider the Subadviser's profitability to be relevant to its deliberations. Dreyfus representatives stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that Dreyfus may have realized any economies of scale would be less. Dreyfus representatives also stated that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus and the Subadviser from acting as investment adviser and sub-investment adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited) (*continued*)

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus and the Subadviser are adequate and appropriate.
- The Board agreed to closely monitor performance and determined to approve renewal of the Agreements only until the first quarter 2019 regular Board meeting.
- The Board concluded that the fees paid to Dreyfus and the Subadviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above, subject to review no later than the next renewal consideration.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates and the Subadviser, of Dreyfus and the Subadviser and the services provided to the fund by Dreyfus and the Subadviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other Dreyfus funds that the Board oversees, during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the fund's arrangements, or substantially similar arrangements for other Dreyfus funds that the Board oversees, in prior years. The Board determined to renew the Agreements through the first quarter 2019 regular Board meeting.

## BOARD MEMBERS INFORMATION (Unaudited)

### INDEPENDENT BOARD MEMBERS

#### **Joseph S. DiMartino (75)** **Chairman of the Board (1995)**

*Principal Occupation During Past 5 Years:*

- Corporate Director and Trustee (1995-present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

*No. of Portfolios for which Board Member Serves:* 122

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#### **Francine J. Bovich (67)** **Board Member (2015)**

*Principal Occupation During Past 5 Years:*

- Trustee, The Bradley Trusts, private trust funds (2011-present)

*Other Public Company Board Memberships During Past 5 Years:*

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

*No. of Portfolios for which Board Member Serves:* 70

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#### **Gordon J. Davis (77)** **Board Member (2012)**

*Principal Occupation During Past 5 Years:*

- Partner in the law firm of Venable LLP (2012-present)

*Other Public Company Board Memberships During Past 5 Years:*

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

*No. of Portfolios for which Board Member Serves:* 54

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#### **Isabel P. Dunst (71)** **Board Member (2014)**

*Principal Occupation During Past 5 Years:*

- Senior Counsel, Hogan Lovells LLP (2018-present; previously, Of Counsel, 2015-2018, Partner, 1990-2014)

*No. of Portfolios for which Board Member Serves:* 33

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BOARD MEMBERS INFORMATION (Unaudited) (continued)  
INDEPENDENT BOARD MEMBERS (continued)

**Nathan Leventhal (75)**  
**Board Member (2009)**

*Principal Occupation During Past 5 Years:*

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

*Other Public Company Board Memberships During Past 5 Years:*

- Movado Group, Inc., Director (2003-present)

*No. of Portfolios for which Board Member Serves:* 47

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**Robin A. Melvin (55)**  
**Board Member (2014)**

*Principal Occupation During Past 5 Years:*

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

*No. of Portfolios for which Board Member Serves:* 99

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**Roslyn M. Watson (69)**  
**Board Member (2014)**

*Principal Occupation During Past 5 Years:*

- Principal, Watson Ventures, Inc., a real estate investment company (1993-present)

*No. of Portfolios for which Board Member Serves:* 56

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**Benaree Pratt Wiley (72)**  
**Board Member (2009)**

*Principal Occupation During Past 5 Years:*

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (2008-present)

*No. of Portfolios for which Board Member Serves:* 77

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## INTERESTED BOARD MEMBER

### **J. Charles Cardona (63) Board Member (2014)**

*Principal Occupation During Past 5 Years:*

- Retired. President and a Director of the Manager (2008-2016), Chairman of the Distributor (2013-2016, Executive Vice President, 1997-2013)

*No. of Portfolios for which Board Member Serves:* 33

*J. Charles Cardona is deemed to be an “interested person” (as defined under the Act) of the fund as a result of his previous affiliation with The Dreyfus Corporation.*

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*Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-DREYFUS.*

*Clifford L. Alexander, Jr., Emeritus Board Member*

*Whitney I. Gerard, Emeritus Board Member*

*George L. Perry, Emeritus Board Member*

## OFFICERS OF THE FUND (Unaudited)

### **BRADLEY J. SKAPYAK, President since January 2010.**

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 122 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since February 1988.

### **BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.**

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2015.

### **JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.**

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since December 1996.

### **SONALEE CROSS, Vice President and Assistant Secretary since March 2018.**

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 31 years old and has been an employee of the Manager since October 2016.

### **SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.**

Managing Counsel of BNY Mellon since December 2017, from March 2013 to December 2017, Senior Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. She is 43 years old and has been an employee of the Manager since March 2013.

### **JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.**

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 53 years old and has been an employee of the Manager since October 1990.

### **NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.**

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 33 years old and has been an employee of the Manager since May 2016.

### **JAMES WINDELS, Treasurer since November 2001.**

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1985.

### **GAVIN C. REILLY, Assistant Treasurer since December 2005.**

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since April 1991.

### **ROBERT S. ROBOL, Assistant Treasurer since August 2002.**

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.



**ROBERT SALVILO, Assistant Treasurer since July 2007.**

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

**ROBERT SVAGNA, Assistant Treasurer since December 2002.**

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

**JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.**

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 147 portfolios). He is 61 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

**CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.**

Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust since January 2016; from May 2015 to December 2015, Interim Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust and the Distributor; from January 2012 to May 2015, AML Surveillance Officer of the Distributor and from 2007 to December 2011, Financial Processing Manager of the Distributor. She is an officer of 57 investment companies (comprised of 141 portfolios) managed by the Manager. She is 50 years old and has been an employee of the Distributor since 1997.

# NOTES

# NOTES

# For More Information

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## **The Dreyfus Sustainable U.S. Equity Portfolio, Inc.**

200 Park Avenue  
New York, NY 10166

### **Manager**

The Dreyfus Corporation  
200 Park Avenue  
New York, NY 10166

### **Sub-Investment Adviser**

Newton Investment Management  
(North America) Limited  
160 Queen Victoria Street  
London, EC4V, 4LA, UK

### **Custodian**

The Bank of New York Mellon  
240 Greenwich Street  
New York, NY 10286

### **Transfer Agent & Dividend Disbursing Agent**

Dreyfus Transfer, Inc.  
200 Park Avenue  
New York, NY 10166

### **Distributor**

MBSC Securities Corporation  
200 Park Avenue  
New York, NY 10166

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**Telephone** 1-800-258-4260 or 1-800-258-4261

**Mail** The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144 Attn: Institutional Services Department

**E-mail** Send your request to [info@dreyfus.com](mailto:info@dreyfus.com)

**Internet** Information can be viewed online or downloaded at [www.dreyfus.com](http://www.dreyfus.com)

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. (phone 1-800-SEC-0330 for information).

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at [www.dreyfus.com](http://www.dreyfus.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov) and without charge, upon request, by calling 1-800-DREYFUS.



Printed on recycled paper.  
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Process chlorine free.  
Vegetable-based ink.