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ANNUAL REPORT

AB VARIABLE PRODUCTS SERIES FUND, INC.

+INTERMEDIATE BOND PORTFOLIO

Investment Products Offered

- **Are Not FDIC Insured**
- **May Lose Value**
- **Are Not Bank Guaranteed**

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AB's website at www.abfunds.com or go to the Securities and Exchange Commission's (the "Commission") website at www.sec.gov, or call AB at (800) 227 4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year. The Fund's portfolio holdings reports are available on the Commission's website at www.sec.gov. The Fund's portfolio holdings reports may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC 0330.

LETTER TO INVESTORS

February 14, 2019

The following is an update of AB Variable Products Series Fund—Intermediate Bond Portfolio (the "Portfolio") for the annual reporting period ended December 31, 2018.

INVESTMENT OBJECTIVE AND POLICIES

The Portfolio's investment objective is to generate income and price appreciation without assuming what the Adviser considers undue risk. The Portfolio invests, under normal circumstances, at least 80% of its net assets in fixed-income securities. The Portfolio expects to invest in readily marketable fixed-income securities with a range of maturities from short- to long-term and relatively attractive yields that do not involve undue risk of loss of capital. The Portfolio expects to invest in fixed-income securities with a dollar-weighted average maturity of between three to 10 years and an average duration of three to six years. The Portfolio may invest up to 25% of its net assets in below investment-grade bonds (commonly known as "junk bonds"). The Portfolio may use leverage for investment purposes.

The Portfolio may invest without limit in US dollar-denominated foreign fixed-income securities and may invest up to 25% of its assets in non-US dollar-denominated foreign fixed-income securities. These investments may include, in each case, developed- and emerging-market debt securities.

The Portfolio may invest in mortgage-related and other asset-backed securities, loan participations, inflation-indexed securities, structured securities, variable, floating and inverse floating-rate instruments, and preferred stock, and may use other investment techniques. The Portfolio intends, among other things, to enter into transactions such as reverse repurchase agreements and dollar rolls. The Portfolio may invest, without limit, in derivatives, such as options, futures contracts, forwards and swaps.

INVESTMENT RESULTS

The table on page 4 shows the Portfolio's performance compared to its benchmark, the Bloomberg Barclays US Aggregate Bond Index, for the one-, five- and 10-year periods ended December 31, 2018.

During the annual period, all share classes of the Portfolio underperformed the benchmark. Sector allocation detracted from relative performance, primarily the result of exposures to high-yield corporates, inflation-linked securities and collateralized mortgage obligations. An allocation to credit risk-transfer securities ("CRTs") was positive. CRTs are issued by Fannie Mae, Freddie Mac and other mortgage insurers that transfer the credit risk from homeowner defaults on residential mortgages to investors. Security decisions added to returns, helped most by selection within commercial mortgage-backed securities and investment-grade corporates. The Portfolio's shorter-than-benchmark duration positioning was also positive, as US yields rose. Within country positioning, a short duration position in the eurozone versus the US detracted. Currency positioning contributed, led by long and short positions in the Mexican peso as well as short positions in the British pound and the Australian dollar. This was partly offset by long positions in the Brazilian real, Malaysian ringgit and the Argentine peso.

During the annual period, the Portfolio utilized currency forwards to hedge currency risk and actively manage currency positions. Credit default swaps were utilized in the corporate and commercial mortgage-backed securities sectors for hedging and investment purposes. Treasury futures and interest rate swaps were utilized to manage duration, country exposure and yield-curve positioning. Variance swaps were used for hedging purposes and had an immaterial impact on returns. Interest rate swaptions, both written and purchased, were used for investment purposes to take active yield-curve positioning.

MARKET REVIEW AND INVESTMENT STRATEGY

Fixed-income markets had mixed performance over the annual period, amid concerns over tighter monetary policy, global trade tensions, geopolitical uncertainty and the health of the global economy. Developed-market treasuries rallied, while investment-grade securities posted neutral returns, and high-yield and emerging-market debt sectors sold off. Developed-market yield curves moved in different directions. The US Federal Reserve raised interest rates four times in 2018 and began to formally reduce its balance sheet, as widely anticipated, but at the very end of the period signaled a possible slowdown in its pace of rate hikes, leading markets to remove all 2019 hikes that had previously been priced in. Meanwhile, as announced earlier in the year, the European Central Bank ended its bond buying program in December.

Over the period, US yields rose dramatically, with 10- and 30-year Treasuries touching multiyear highs, on the back of higher inflation forecasts and a robust US labor market. The US administration announced tariffs on imports from China, the European Union, Mexico and Canada, all of which reciprocated with tariffs on the US, triggering a global trade war. An upsurge in geopolitical uncertainty regarding Brexit and budget discussions between Italy and the European Union sparked a flight to quality. In emerging markets, slowing Chinese growth and US-China trade tensions dampened investor sentiment, though at the end of the period investors responded well to some signs of progress in trade negotiations.

Benchmark Disclosure

The Bloomberg Barclays US Aggregate Bond Index is unmanaged and does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The Bloomberg Barclays US Aggregate Bond Index represents the performance of securities within the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Portfolio.

A Word About Risk

Market Risk: The value of the Portfolio's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Interest-Rate Risk: Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of existing investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. The Portfolio may be subject to heightened interest-rate risk due to rising rates as the current period of historically low interest rates may be ending. Interest-rate risk is generally greater for fixed-income securities with longer maturities or durations.

Credit Risk: An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security and accrued interest. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

Below Investment-Grade Security Risk: Investments in fixed-income securities with lower ratings ("junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest-rate sensitivity, negative perceptions of the junk bond market generally and less secondary market liquidity.

Duration Risk: Duration is a measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, generally a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

Inflation Risk: This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Portfolio's assets can decline as can the value of the Portfolio's distributions. This risk is significantly greater if the Portfolio invests a significant portion of its assets in fixed-income securities with longer maturities.

Foreign (Non-US) Risk: Investments in securities of non-US issuers may involve more risk than those of US issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

Emerging-Market Risk: Investments in emerging-market countries may have more risk because the markets are less developed and less liquid, and because these investments may be subject to increased economic, political, regulatory or other uncertainties.

Currency Risk: Fluctuations in currency exchange rates may negatively affect the value of the Portfolio's investments or reduce its returns.

Mortgage-Related and/or Other Asset-Backed Securities Risk: Investments in mortgage-related and other asset-backed securities are subject to certain additional risks. The value of these securities may be particularly sensitive to changes in interest rates. These risks include "extension risk", which is the risk that, in periods of rising interest rates, issuers may delay the

(Disclosures, Risks and Note About Historical Performance continued on next page)

payment of principal, and "prepayment risk", which is the risk that in periods of falling interest rates, issuers may pay principal sooner than expected, exposing the Portfolio to a lower rate of return upon reinvestment of principal. Mortgage-backed securities offered by nongovernmental issuers and other asset-backed securities may be subject to other risks, such as higher rates of default in the mortgages or assets backing the securities or risks associated with the nature and servicing of mortgages or assets backing the securities.

Leverage Risk: To the extent the Portfolio uses leveraging techniques, its net asset value ("NAV") may be more volatile because leverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the Portfolio's investments.

Liquidity Risk: Liquidity risk occurs when certain investments become difficult to purchase or sell. Difficulty in selling less liquid securities may result in sales at disadvantageous prices affecting the value of your investment in the Portfolio. Causes of liquidity risk may include low trading volumes, large positions and heavy redemptions of Portfolio shares. Over recent years liquidity risk has also increased because the capacity of dealers in the secondary market for fixed-income securities to make markets in these securities has decreased, even as the overall bond market has grown significantly, due to, among other things, structural changes, additional regulatory requirements and capital and risk restraints that have led to reduced inventories. Liquidity risk may be higher in a rising interest-rate environment, when the value and liquidity of fixed-income securities generally decline.

Derivatives Risk: Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Portfolio, and may be subject to counterparty risk to a greater degree than more traditional investments.

Active Trading Risk: The Portfolio expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate is expected to exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Portfolio's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Contractholders.

Management Risk: The Portfolio is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Portfolio, but there is no guarantee that its techniques will produce the intended results.

These risks are fully discussed in the Variable Products prospectus. As with all investments, you may lose money by investing in the Portfolio.

An Important Note About Historical Performance

The investment return and principal value of an investment in the Portfolio will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Performance shown in this report represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. Please contact your financial advisor or insurance agent representative at your financial institution to obtain portfolio performance information current to the most recent month end.

Investors should consider the investment objectives, risks, charges and expenses of the Portfolio carefully before investing. For additional copies of the Portfolio's prospectus or summary prospectus, which contains this and other information, call your financial advisor or (800) 227 4618. Please read the prospectus and/or summary prospectus carefully before investing.

All fees and expenses related to the operation of the Portfolio have been deducted, but no adjustment has been made for insurance company separate account or annuity contract charges, which would reduce total return to a contract owner. Performance assumes reinvestment of distributions and does not account for taxes.

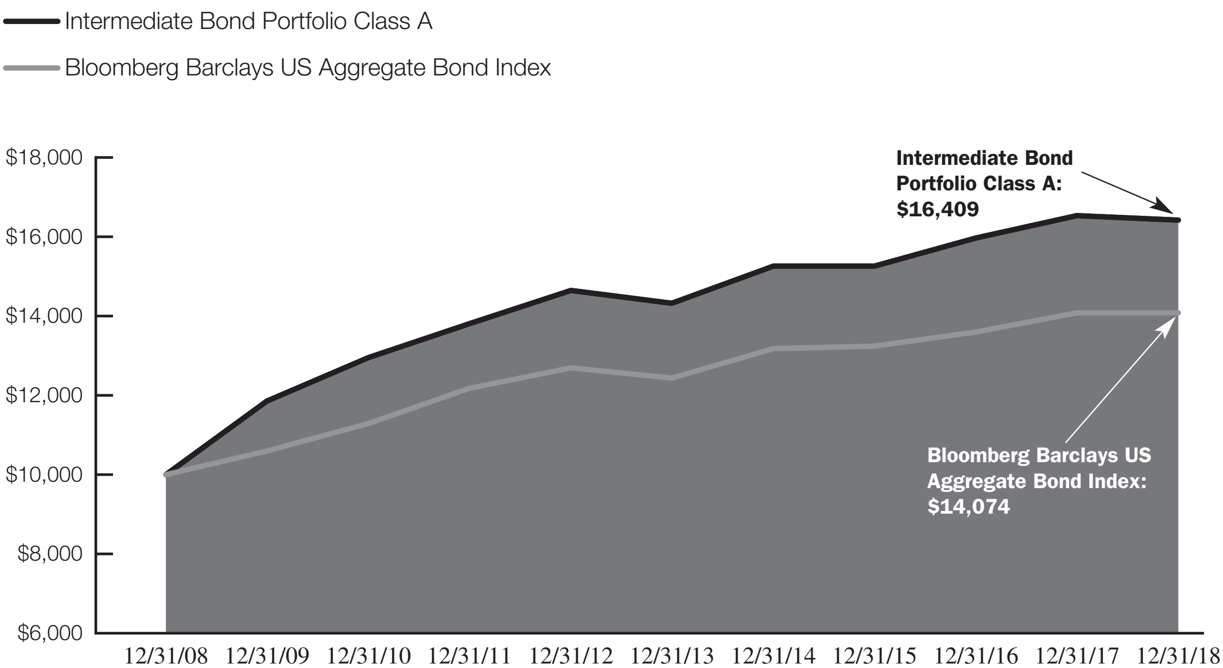
There are additional fees and expenses associated with all Variable Products. These fees can include mortality and expense risk charges, administrative charges, and other charges that can significantly reduce investment returns. Those fees and expenses are not reflected in this annual report. You should consult your Variable Products prospectus for a description of those fees and expenses and speak to your insurance agent or financial representative if you have any questions. You should read the prospectus before investing or sending money.

THE PORTFOLIO VS. ITS BENCHMARK PERIODS ENDED DECEMBER 31, 2018 (unaudited)	Net Asset Value Returns 1 Year	5 Years[1]	10 Years[1]
Intermediate Bond Portfolio Class A	-0.72%	2.76%	5.08%
Intermediate Bond Portfolio Class B	-1.01%	2.49%	4.82%
Bloomberg Barclays US Aggregate Bond Index	0.01%	2.52%	3.48%

1 Average annual returns.

The Portfolio's current prospectus fee table shows the Portfolio's total annual expense ratios as 1.11% and 1.36% for Class A and Class B shares, respectively. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.

GROWTH OF A $10,000 INVESTMENT
12/31/2008 TO 12/31/2018 (unaudited)



This chart illustrates the total value of an assumed $10,000 investment in Intermediate Bond Portfolio Class A shares (from 12/31/2008 to 12/31/2018) as compared to the performance of the Portfolio's benchmark. The chart assumes the reinvestment of dividends and capital gains distributions.

See Disclosures, Risks and Note about Historical Performance on pages 2-3.

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Portfolio expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses
The table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The estimate of expenses does not include fees of other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

Hypothetical Example for Comparison Purposes
The table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. The estimate of expenses does not include fees of other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the second line of each class' table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	$ 1,000	$ 1,006.20	$ 6.02	1.19%
Hypothetical (5% annual return before expenses)	$ 1,000	$ 1,019.21	$ 6.06	1.19%
Class B				
Actual	$ 1,000	$ 1,004.30	$ 7.27	1.44%
Hypothetical (5% annual return before expenses)	$ 1,000	$ 1,017.95	$ 7.32	1.44%

* Expenses are equal to each classes' annualized expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

INTERMEDIATE BOND PORTFOLIO
TOP TEN SECTORS (including derivatives)[1]
December 31, 2018 (unaudited) **AB Variable Products Series Fund**

Corporates—Investment Grade[2]	24.1%
Mortgage Pass-Throughs	19.4
Commercial Mortgage-Backed Securities[2]	14.7
Interest Rate Swaps[3]	13.5
Asset-Backed Securities	8.9
Interest Rate Futures	8.7
Collateralized Mortgage Obligations	8.5
Governments—Treasuries[4]	8.0
Inflation-Linked Securities	5.0
Agencies	3.6

SECTOR BREAKDOWN (excluding derivatives)[5]
December 31, 2018 (unaudited)

Corporates—Investment Grade	25.3%
Mortgage Pass-Throughs	19.0
Commercial Mortgage-Backed Securities	12.6
Asset-Backed Securities	8.7
Collateralized Mortgage Obligations	8.3
Governments—Treasuries	7.8
Inflation-Linked Securities	4.9
Agencies	3.5
Corporates—Non-Investment Grade	3.5
Local Governments—US Municipal Bonds	0.6
Preferred Stocks	0.2
Emerging Markets—Corporate Bonds	0.1
Quasi-Sovereigns	0.1
Emerging Markets—Treasuries	0.1
Short-Term Investments	5.3

1 All data are as of December 31, 2018. The Portfolio's sectors include derivative exposure and are expressed as approximate percentages of the Portfolio's total net assets, based on the Adviser's internal classification. The percentages will vary over time.

2 Includes Credit Default Swaps.

3 Represents the exposure of the Portfolio's fixed-rate payments on the Interest Rate Swaps. Interest Rate Swaps involve the exchange by a fund with another party of payments calculated by reference to specified interest rates (e.g., an exchange of floating-rate payments for fixed-rate payments).

4 Includes Treasury Futures.

5 All data are as of December 31, 2018. The Portfolio's sector breakdown is expressed as a percentage of total investments and may vary over time. The Portfolio also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details).

		Principal Amount (000)	U.S. $ Value
CORPORATES–INVESTMENT GRADE–25.8%			
FINANCIAL INSTITUTIONS–12.6%			
BANKING–11.3%			
Banco Santander SA			
3.25%, 4/04/26(a)	EUR	100	$ 117,344
3.50%, 4/11/22	U.S.$	200	195,952
Bank of America Corp. Series DD			
6.30%, 3/10/26(b)		27	27,443
Series L			
3.95%, 4/21/25		360	348,887
Series V			
5.125%, 6/17/19(b)		90	87,856
Series Z			
6.50%, 10/23/24(b)		41	42,064
Banque Federative du Credit Mutuel SA			
2.75%, 10/15/20(a)		200	197,750
BB&T Corp.			
2.625%, 6/29/20		45	44,586
BNP Paribas SA			
3.80%, 1/10/24(a)		200	194,930
Capital One Financial Corp.			
3.30%, 10/30/24		135	127,512
Citigroup, Inc.			
4.044%, 6/01/24		299	299,260
Commonwealth Bank of Australia			
2.25%, 3/10/20(a)		52	51,517
Compass Bank			
5.50%, 4/01/20		250	253,900
Cooperatieve Rabobank UA			
4.375%, 8/04/25		250	245,545
Credit Suisse Group Funding Guernsey Ltd.			
3.80%, 6/09/23		265	260,270
Goldman Sachs Group, Inc. (The)			
2.35%, 11/15/21		118	113,687
3.75%, 5/22/25		53	50,671
3.85%, 7/08/24		100	97,426
Series D			
6.00%, 6/15/20		195	201,802
HSBC Holdings PLC			
4.25%, 8/18/25		203	197,328
ING Groep NV			
4.10%, 10/02/23		200	200,014
JPMorgan Chase & Co.			
3.22%, 3/01/25		140	135,288
3.54%, 5/01/28		105	99,972
Series Z			
5.30%, 5/01/20(b)		22	21,752
Manufacturers & Traders Trust Co.			
2.625%, 1/25/21		250	246,630
Morgan Stanley			
3.737%, 4/24/24	U.S.$	75	$ 74,348
5.00%, 11/24/25		60	61,024
Series G			
4.35%, 9/08/26		186	180,413
MUFG Bank Ltd.			
2.30%, 3/05/20(a)		200	197,904
PNC Bank NA			
2.60%, 7/21/20		250	247,702
Santander Holdings USA, Inc.			
4.40%, 7/13/27		140	132,157
UBS Group Funding Switzerland AG			
4.125%, 9/24/25(a)		200	198,866
US Bancorp Series J			
5.30%, 4/15/27(b)		63	59,193
Wells Fargo & Co.			
3.069%, 1/24/23		113	109,744
			5,120,737
FINANCE–0.3%			
Synchrony Financial			
4.50%, 7/23/25		147	133,427
INSURANCE–0.6%			
American International Group, Inc. Series A-9			
5.75%, 4/01/48		57	49,880
Hartford Financial Services Group, Inc. (The)			
5.50%, 3/30/20		31	31,789
Nationwide Mutual Insurance Co.			
9.375%, 8/15/39(a)		35	52,445
New York Life Global Funding			
1.95%, 2/11/20(a)		129	127,517
			261,631
REITS–0.4%			
American Tower Corp.			
3.40%, 2/15/19		35	34,981
Host Hotels & Resorts LP Series D			
3.75%, 10/15/23		6	5,852
Welltower, Inc.			
4.00%, 6/01/25		146	143,560
			184,393
			5,700,188
INDUSTRIAL–12.4%			
BASIC–1.0%			
DowDuPont, Inc.			
4.205%, 11/15/23		65	66,459
4.493%, 11/15/25		65	66,873
Eastman Chemical Co.			
3.80%, 3/15/25		50	48,190

		Principal Amount (000)	U.S. $ Value
Glencore Funding LLC			
4.125%, 5/30/23(a)	U.S.$	58	$ 57,425
Vale Overseas Ltd.			
6.25%, 8/10/26		135	145,800
Yamana Gold, Inc.			
4.95%, 7/15/24		81	79,019
			463,766
CAPITAL GOODS–0.5%			
Embraer Netherlands Finance BV			
5.40%, 2/01/27		85	87,762
General Electric Co. Series D			
5.00%, 1/21/21(b)		40	30,718
United Technologies Corp.			
3.95%, 8/16/25		90	89,379
			207,859
COMMUNICATIONS–MEDIA–1.1%			
Charter Communications Operating LLC/ Charter Communications Operating Capital			
4.908%, 7/23/25		135	134,002
Comcast Corp.			
4.15%, 10/15/28		95	96,427
Cox Communications, Inc.			
2.95%, 6/30/23(a)		51	49,090
Time Warner Cable LLC			
4.125%, 2/15/21		200	201,326
			480,845
COMMUNICATIONS–TELECOMMUNICATIONS–1.4%			
AT&T, Inc.			
3.40%, 5/15/25		310	292,029
4.125%, 2/17/26		147	143,748
Verizon Communications, Inc.			
4.862%, 8/21/46		75	73,796
Vodafone Group PLC			
3.75%, 1/16/24		40	39,338
4.125%, 5/30/25		88	86,943
			635,854
CONSUMER CYCLICAL–AUTOMOTIVE–0.3%			
General Motors Financial Co., Inc.			
3.10%, 1/15/19		110	109,980
4.00%, 1/15/25		23	21,488
4.30%, 7/13/25		30	28,348
			159,816
CONSUMER NON-CYCLICAL–2.3%			
AmerisourceBergen Corp.			
4.30%, 12/15/47		50	42,604
Becton Dickinson and Co.			
3.734%, 12/15/24	U.S.$	40	$ 38,677
Biogen, Inc.			
4.05%, 9/15/25		144	143,538
Cigna Corp.			
3.75%, 7/15/23(a)		37	36,909
4.125%, 11/15/25(a)		45	44,904
4.375%, 10/15/28(a)		58	58,274
CVS Health Corp.			
4.10%, 3/25/25		60	59,387
4.30%, 3/25/28		60	58,720
Mylan, Inc.			
3.125%, 1/15/23(a)		150	140,837
Reynolds American, Inc.			
6.875%, 5/01/20		50	52,011
Takeda Pharmaceutical Co., Ltd.			
4.40%, 11/26/23(a)		200	202,278
Tyson Foods, Inc.			
2.65%, 8/15/19		39	38,798
3.95%, 8/15/24		48	47,685
Zimmer Biomet Holdings, Inc.			
2.70%, 4/01/20		51	50,396
Zoetis, Inc.			
3.45%, 11/13/20		45	45,129
			1,060,147
ENERGY–4.2%			
Cenovus Energy, Inc.			
3.00%, 8/15/22		12	11,375
4.25%, 4/15/27		176	160,264
5.70%, 10/15/19		14	14,047
Encana Corp.			
3.90%, 11/15/21		45	44,988
Energy Transfer Operating LP			
4.75%, 1/15/26		175	169,787
Enterprise Products Operating LLC			
3.70%, 2/15/26		161	157,292
5.20%, 9/01/20		55	56,618
Hess Corp.			
4.30%, 4/01/27		109	99,920
Kinder Morgan Energy Partners LP			
6.50%, 9/01/39		50	53,617
Kinder Morgan, Inc./DE			
3.15%, 1/15/23		150	145,470
4.30%, 3/01/28		91	89,146
Marathon Oil Corp.			
6.80%, 3/15/32		100	109,885
Noble Energy, Inc.			
3.85%, 1/15/28		30	27,257
3.90%, 11/15/24		107	103,222
4.15%, 12/15/21		40	40,102
Plains All American Pipeline LP/PAA Finance Corp.			
3.60%, 11/01/24		137	129,912

		Principal Amount (000)	U.S. $ Value
Sabine Pass Liquefaction LLC			
5.00%, 3/15/27	U.S.$	80	$ 80,525
5.625%, 3/01/25		161	167,751
TransCanada PipeLines Ltd.			
9.875%, 1/01/21		108	120,505
Western Gas Partners LP			
4.50%, 3/01/28		30	28,119
4.75%, 8/15/28		20	19,116
Williams Cos., Inc. (The)			
4.125%, 11/15/20		97	97,727
			1,926,645
SERVICES–0.6%			
Expedia Group, Inc.			
3.80%, 2/15/28		94	85,324
S&P Global, Inc.			
4.40%, 2/15/26		127	130,868
Total System Services, Inc.			
4.00%, 6/01/23		43	42,931
			259,123
TECHNOLOGY–1.0%			
Broadcom Corp./Broadcom Cayman Finance Ltd.			
3.625%, 1/15/24		28	26,477
3.875%, 1/15/27		62	55,592
Dell International LLC/EMC Corp.			
5.45%, 6/15/23(a)		53	54,007
6.02%, 6/15/26(a)		78	78,370
KLA-Tencor Corp.			
4.65%, 11/01/24		134	137,227
Lam Research Corp.			
2.80%, 6/15/21		39	38,458
Seagate HDD Cayman			
4.75%, 1/01/25		75	66,752
			456,883
			5,650,938
UTILITY–0.8%			
ELECTRIC–0.8%			
Enel Chile SA			
4.875%, 6/12/28		68	67,453
Exelon Generation Co. LLC			
2.95%, 1/15/20		81	80,391
Israel Electric Corp., Ltd. Series 6			
5.00%, 11/12/24(a)		200	201,500
			349,344
Total Corporates–Investment Grade (cost $11,882,598)			11,700,470
MORTGAGE PASS-THROUGHS–19.4%			
AGENCY FIXED RATE 15-YEAR–2.4%			
Federal National Mortgage Association Series 2016			
2.50%, 7/01/31–1/01/32		1,119	1,095,210
AGENCY FIXED RATE 30-YEAR–17.0%			
Federal Home Loan Mortgage Corp. Gold			
Series 2005			
5.50%, 1/01/35	U.S.$	72	$ 77,459
Series 2007			
5.50%, 7/01/35		21	22,402
Series 2016			
4.00%, 2/01/46		222	228,333
Series 2017			
4.00%, 7/01/44		176	181,271
Series 2018			
4.00%, 11/01/48–12/01/48		220	224,204
4.50%, 10/01/48–11/01/48		442	459,878
5.00%, 11/01/48		120	126,412
Federal National Mortgage Association			
Series 2003			
5.50%, 4/01/33–7/01/33		67	72,152
Series 2004			
5.50%, 4/01/34–11/01/34		60	64,624
Series 2005			
5.50%, 2/01/35		71	75,952
Series 2010			
4.00%, 12/01/40		105	108,305
Series 2013			
4.00%, 10/01/43		413	424,720
Series 2017			
3.50%, 9/01/47		345	345,059
Series 2018			
3.50%, 2/01/48–5/01/48		3,585	3,587,291
4.00%, 8/01/48–12/01/48		487	497,917
4.50%, 9/01/48		395	411,249
Series 2019			
4.00%, 1/01/49, TBA		320	326,175
5.00% FNCL, 1/01/49, TBA		185	193,730
Government National Mortgage Association			
Series 1994			
9.00%, 9/15/24		1	1,073
Series 2016			
3.00%, 4/20/46		257	253,895
			7,682,101
Total Mortgage Pass-Throughs (cost $8,782,671)			8,777,311
COMMERCIAL MORTGAGE-BACKED SECURITIES–12.8%			
NON-AGENCY FIXED RATE CMBS–9.6%			
CCUBS Commercial Mortgage Trust Series 2017-C1, Class A4			
3.544%, 11/15/50		155	153,579

		Principal Amount (000)		U.S. $ Value
CFCRE Commercial Mortgage Trust Series 2016-C4, Class A4 3.283%, 5/10/58	U.S.$	115	$	112,285
CGRBS Commercial Mortgage Trust Series 2013-VN05, Class A 3.369%, 3/13/35(a)		260		262,841
Citigroup Commercial Mortgage Trust Series 2015-GC27, Class A5 3.137%, 2/10/48		144		141,231
Series 2015-GC35, Class A4 3.818%, 11/10/48		55		55,858
Series 2016-C1, Class A4 3.209%, 5/10/49		192		188,515
Series 2016-GC36, Class A5 3.616%, 2/10/49		65		65,133
Commercial Mortgage Trust Series 2013-SFS, Class A1 1.873%, 4/12/35(a)		62		59,905
Series 2014-UBS3, Class A4 3.819%, 6/10/47		130		132,649
Series 2014-UBS5, Class A4 3.838%, 9/10/47		130		132,746
Series 2015-CR24, Class A5 3.696%, 8/10/48		65		65,732
Series 2015-DC1, Class A5 3.35%, 2/10/48		80		79,358
CSAIL Commercial Mortgage Trust Series 2015-C2, Class A4 3.504%, 6/15/57		100		99,947
Series 2015-C3, Class A4 3.718%, 8/15/48		117		117,559
Series 2015-C4, Class A4 3.808%, 11/15/48		215		217,846
GS Mortgage Securities Corp. II Series 2013-KING, Class A 2.706%, 12/10/27(a)		223		222,092
GS Mortgage Securities Trust Series 2013-G1, Class A2 3.557%, 4/10/31(a)		136		135,149
Series 2018-GS9, Class A4 3.992%, 3/10/51		75		76,305
JP Morgan Chase Commercial Mortgage Securities Trust Series 2006-LDP9, Class AM 5.372%, 5/15/47(c)		22		21,887
Series 2012-C6, Class D 5.14%, 5/15/45(c)	U.S.$	110	$	108,627
Series 2012-C6, Class E 5.14%, 5/15/45(a)(c)		132		119,775
JPMBB Commercial Mortgage Securities Trust Series 2014-C21, Class A5 3.775%, 8/15/47		100		101,545
Series 2014-C22, Class XA 0.878%, 9/15/47(d)		2,801		107,932
Series 2015-C30, Class A5 3.822%, 7/15/48		65		66,208
Series 2015-C31, Class A3 3.801%, 8/15/48		195		198,571
LB-UBS Commercial Mortgage Trust Series 2006-C6, Class AJ 5.452%, 9/15/39(c)		26		17,869
LSTAR Commercial Mortgage Trust Series 2016-4, Class A2 2.579%, 3/10/49(a)		159		155,238
Morgan Stanley Capital I Trust Series 2016-UB12, Class A4 3.596%, 12/15/49		100		100,002
UBS Commercial Mortgage Trust Series 2018-C10, Class A4 4.313%, 5/15/51		125		130,528
Series 2018-C8, Class A4 3.983%, 2/15/51		100		101,933
Series 2018-C9, Class A4 4.117%, 3/15/51		125		128,704
UBS-Barclays Commercial Mortgage Trust Series 2012-C4, Class A5 2.85%, 12/10/45		112		110,812
Wells Fargo Commercial Mortgage Trust Series 2016-C35, Class XA 1.977%, 7/15/48(d)		973		107,355
Series 2016-LC25, Class C 4.42%, 12/15/59(c)		85		84,088
Series 2016-NXS6, Class C 4.312%, 11/15/49(c)		100		99,759
WF-RBS Commercial Mortgage Trust Series 2013-C11, Class XA 1.21%, 3/15/45(a)(d)		1,305		52,453
Series 2014-C19, Class A5 4.101%, 3/15/47		130		134,400
Series 2014-C20, Class A2 3.036%, 5/15/47		94		93,667
				4,360,083

		Principal Amount (000)	U.S. $ Value
NON-AGENCY FLOATING RATE CMBS–3.2%			
Ashford Hospitality Trust Series 2018-KEYS, Class A 3.455% (LIBOR 1 Month + 1.00%), 5/15/35(a)(e)	U.S.$	100	$ 99,716
Atrium Hotel Portfolio Trust Series 2018-ATRM, Class A 3.405% (LIBOR 1 Month + 0.95%), 6/15/35(a)(e)		100	99,618
BAMLL Commercial Mortgage Securities Trust Series 2017-SCH, Class AF 3.455% (LIBOR 1 Month + 1.00%), 11/15/33(a)(c)(e)		185	183,828
BHMS Series 2018-ATLS, Class A 3.705% (LIBOR 1 Month + 1.25%), 7/15/35(a)(e)		100	98,835
BX Trust Series 2017-IMC, Class A 3.505% (LIBOR 1 Month + 1.05%), 10/15/32(a)(e)		135	133,573
Series 2018-EXCL, Class A 3.543% (LIBOR 1 Month + 1.09%), 9/15/37(a)(e)		95	94,080
Credit Suisse Mortgage Trust Series 2016-MFF, Class D 7.055% (LIBOR 1 Month + 4.60%), 11/15/33(a)(c)(e)		100	99,884
DBWF Mortgage Trust Series 2018-GLKS, Class A 3.41% (LIBOR 1 Month + 1.03%), 11/19/35(a)(c)(e)		100	98,935
Great Wolf Trust Series 2017-WOLF, Class A 3.455% (LIBOR 1 Month + 0.85%), 9/15/34(a)(e)		93	91,264
RETL Series 2018-RVP, Class A 3.555% (LIBOR 1 Month + 1.10%), 3/15/33(a)(e)		70	70,299
Starwood Retail Property Trust Series 2014-STAR, Class A 3.675% (LIBOR 1 Month + 1.22%), 11/15/27(a)(e)		178	177,620
Waldorf Astoria Boca Raton Trust Series 2016-BOCA, Class A 3.805% (LIBOR 1 Month + 1.35%), 6/15/29(a)(e)		211	210,587
			1,458,239
Total Commercial Mortgage-Backed Securities (cost $5,941,545)			5,818,322

		Principal Amount (000)	U.S. $ Value
ASSET-BACKED SECURITIES–8.9%			
AUTOS–FIXED RATE–4.5%			
AmeriCredit Automobile Receivables Trust Series 2017-3, Class A2A 1.69%, 12/18/20	U.S.$	19	$ 18,969
Avis Budget Rental Car Funding AESOP LLC Series 2013-2A, Class A 2.97%, 2/20/20(a)		96	95,967
Series 2016-1A, Class A 2.99%, 6/20/22(a)		100	99,390
Series 2018-2A, Class A 4.00%, 3/20/25(a)		105	107,727
DT Auto Owner Trust Series 2018-1A, Class A 2.59%, 5/17/21(a)		45	44,501
Exeter Automobile Receivables Trust Series 2016-3A, Class D 6.40%, 7/17/23(a)		100	103,152
Series 2017-1A, Class D 6.20%, 11/15/23(a)		100	103,362
Series 2017-2A, Class A 2.11%, 6/15/21(a)		11	11,359
Series 2017-3A, Class A 2.05%, 12/15/21(a)		45	44,246
Series 2017-3A, Class C 3.68%, 7/17/23(a)		60	60,331
Flagship Credit Auto Trust Series 2016-4, Class D 3.89%, 11/15/22(a)		125	125,376
Series 2017-3, Class A 1.88%, 10/15/21(a)		39	39,013
Series 2018-3, Class B 3.59%, 12/16/24(a)		75	75,241
Ford Credit Auto Owner Trust Series 2014-2, Class A 2.31%, 4/15/26(a)		257	255,226
Ford Credit Floorplan Master Owner Trust Series 2015-2, Class A1 1.98%, 1/15/22		198	195,844
Series 2016-1, Class A1 1.76%, 2/15/21		131	130,722
Series 2017-1, Class A1 2.07%, 5/15/22		115	113,452
Hertz Vehicle Financing II LP Series 2015-1A, Class B 3.52%, 3/25/21(a)		115	114,427
Series 2017-1A, Class A 2.96%, 10/25/21(a)		125	123,757
Hertz Vehicle Financing LLC Series 2018-2A, Class A 3.65%, 6/27/22(a)		125	126,034

		Principal Amount (000)	U.S. $ Value
Westlake Automobile Receivables Trust Series 2018-3A, Class A1 2.53%, 9/16/19(a)	U.S.$	53	$ 53,331
			2,041,427
OTHER ABS–FIXED RATE–2.7%			
CLUB Credit Trust Series 2017-P1, Class B 3.56%, 9/15/23(a)(c)		100	99,694
Series 2017-P2, Class A 2.61%, 1/15/24(a)(c)		44	44,227
CNH Equipment Trust Series 2015-A, Class A4 1.85%, 4/15/21		86	85,274
Consumer Loan Underlying Bond Credit Trust Series 2018-P1, Class A 3.39%, 7/15/25(a)(c)		73	72,704
Marlette Funding Trust Series 2017-1A, Class A 2.827%, 3/15/24(a)(c)		9	8,781
Series 2017-2A, Class A 2.39%, 7/15/24(a)(c)		17	17,042
Series 2017-3A, Class A 2.36%, 12/15/24(a)(c)		32	31,716
Series 2017-3A, Class B 3.01%, 12/15/24(a)(c)		100	99,271
Series 2018-3A, Class A 3.20%, 9/15/28(a)(c)		94	93,713
Series 2018-4A, Class A 3.71%, 12/15/28(a)(c)		59	58,670
SBA Tower Trust Series 2015-1A, Class C 3.156%, 10/08/20(a)(c)		147	145,534
SoFi Consumer Loan Program LLC Series 2016-2, Class A 3.09%, 10/27/25(a)(c)		32	32,016
Series 2016-3, Class A 3.05%, 12/26/25(a)(c)		38	37,801
Series 2017-1, Class A 3.28%, 1/26/26(a)(c)		37	36,976
Series 2017-2, Class A 3.28%, 2/25/26(a)(c)		45	44,516
Series 2017-3, Class A 2.77%, 5/25/26(a)(c)		52	51,897
Series 2017-4, Class B 3.59%, 5/26/26(a)(c)		130	128,903
Series 2017-5, Class A2 2.78%, 9/25/26(a)(c)		110	108,858
SoFi Consumer Loan Program Trust Series 2018-1, Class A1 2.55%, 2/25/27(a)(c)		56	55,197
			1,252,790
CREDIT CARDS–FIXED RATE–1.5%			
GE Capital Credit Card Master Note Trust Series 2012-2, Class A 2.22%, 1/15/22	U.S.$	232	$ 231,913
Synchrony Credit Card Master Note Trust Series 2016-1, Class A 2.04%, 3/15/22		130	129,742
World Financial Network Credit Card Master Trust Series 2017-B, Class A 1.98%, 6/15/23		110	109,252
Series 2018-A, Class A 3.07%, 12/16/24		130	129,613
Series 2018-B, Class M 3.81%, 7/15/25		70	70,780
			671,300
HOME EQUITY LOANS–FIXED RATE–0.1%			
Credit-Based Asset Servicing & Securitization LLC Series 2003-CB1, Class AF 3.95%, 1/25/33(c)		50	50,608
HOME EQUITY LOANS–FLOATING RATE– 0.1%			
ABFC Trust Series 2003-WF1, Class A2 3.631% (LIBOR 1 Month + 1.13%), 12/25/32(c)(e)		23	23,281
Total Asset-Backed Securities (cost $4,045,288)			4,039,406
COLLATERALIZED MORTGAGE OBLIGATIONS–8.5%			
RISK SHARE FLOATING RATE–5.9%			
Bellemeade Re Ltd. Series 2017-1, Class M1 4.206% (LIBOR 1 Month + 1.70%), 10/25/27(a)(e)		104	103,939
Series 2018-2A, Class M1B 3.856% (LIBOR 1 Month + 1.35%), 8/25/28(a)(e)		150	150,756
Series 2018-3A, Class M1B 4.356% (LIBOR 1 Month + 1.85%), 10/25/27(a)(e)		150	149,761
Connecticut Avenue Securities Trust Series 2018-R07, Class 1M2 4.906% (LIBOR 1 Month + 2.40%), 4/25/31(a)(e)		53	52,976

	Principal Amount (000)		U.S. $ Value	
Eagle RE Ltd.				
Series 2018-1, Class M1 4.01% (LIBOR 1 Month + 1.70%), 11/25/28(a)(e)	U.S.$	150	$	149,792
Federal Home Loan Mortgage Corp. Structured Agency Credit Risk Debt Notes				
Series 2014-DN4, Class M3 7.056% (LIBOR 1 Month + 4.55%), 10/25/24(e)		185		202,101
Series 2015-HQA1, Class M2 5.156% (LIBOR 1 Month + 2.65%), 3/25/28(e)		73		74,324
Federal National Mortgage Association Connecticut Avenue Securities				
Series 2014-C03, Class 1M2 5.506% (LIBOR 1 Month + 3.00%), 7/25/24(e)		44		46,016
Series 2014-C04, Class 2M2 7.506% (LIBOR 1 Month + 5.00%), 11/25/24(e)		41		45,617
Series 2015-C01, Class 1M2 6.806% (LIBOR 1 Month + 4.30%), 2/25/25(e)		60		64,582
Series 2015-C01, Class 2M2 7.056% (LIBOR 1 Month + 4.55%), 2/25/25(e)		46		49,195
Series 2015-C02, Class 1M2 6.506% (LIBOR 1 Month + 4.00%), 5/25/25(e)		74		79,661
Series 2015-C02, Class 2M2 6.506% (LIBOR 1 Month + 4.00%), 5/25/25(e)		79		84,288
Series 2015-C03, Class 1M2 7.506% (LIBOR 1 Month + 5.00%), 7/25/25(e)		93		102,459
Series 2015-C03, Class 2M2 7.506% (LIBOR 1 Month + 5.00%), 7/25/25(e)		72		78,850
Series 2015-C04, Class 1M2 8.206% (LIBOR 1 Month + 5.70%), 4/25/28(e)		116		130,586
Series 2015-C04, Class 2M2 8.056% (LIBOR 1 Month + 5.55%), 4/25/28(e)		101		112,963

	Principal Amount (000)		U.S. $ Value	
Series 2016-C01, Class 1M2 9.256% (LIBOR 1 Month + 6.75%), 8/25/28(e)	U.S.$	160	$	187,574
Series 2016-C01, Class 2M2 9.456% (LIBOR 1 Month + 6.95%), 8/25/28(e)		85		98,983
Series 2016-C02, Class 1M2 8.506% (LIBOR 1 Month + 6.00%), 9/25/28(e)		130		149,221
Series 2016-C03, Class 2M2 8.406% (LIBOR 1 Month + 5.90%), 10/25/28(e)		170		192,753
Series 2016-C05, Class 2M2 6.956% (LIBOR 1 Month + 4.45%), 1/25/29(e)		105		114,610
Series 2017-C04, Class 2M2 5.356% (LIBOR 1 Month + 2.85%), 11/25/29(e)		45		46,037
Home Re Ltd.				
Series 2018-1, Class M1 4.106% (LIBOR 1 Month + 1.60%), 10/25/28(a)(e)		150		149,433
Wells Fargo Credit Risk Transfer Securities Trust				
Series 2015-WF1, Class 1M2 7.756% (LIBOR 1 Month + 5.25%), 11/25/25(e)(f)		43		48,538
Series 2015-WF1, Class 2M2 8.006% (LIBOR 1 Month + 5.50%), 11/25/25(e)(f)		20		23,382
				2,688,397
AGENCY FLOATING RATE–1.2%				
Federal National Mortgage Association REMICs				
Series 2011-131, Class ST 4.034% (6.54%–LIBOR 1 Month), 12/25/41(e)(g)		161		30,033
Series 2012-70, Class SA 4.044% (6.55%–LIBOR 1 Month), 7/25/42(e)(g)		296		57,140
Series 2015-90, Class SL 3.644% (6.15%–LIBOR 1 Month), 12/25/45(e)(g)		319		51,248
Series 2016-77, Class DS 3.494% (6.00%–LIBOR 1 Month), 10/25/46(e)(g)		319		50,510
Series 2017-16, Class SG 3.544% (6.05%–LIBOR 1 Month), 3/25/47(e)(g)		321		51,024

		Principal Amount (000)		U.S. $ Value
Series 2017-26, Class TS 3.444% (5.95%–LIBOR 1 Month), 4/25/47(e)(g)	U.S.$	304	$	52,459
Series 2017-62, Class AS 3.644% (6.15%–LIBOR 1 Month), 8/25/47(e)(g)		322		52,482
Series 2017-81, Class SA 3.694% (6.20%–LIBOR 1 Month), 10/25/47(e)(g) ...		314		53,651
Series 2017-97, Class LS 3.694% (6.20%–LIBOR 1 Month), 12/25/47(e)(g) ...		319		57,141
Government National Mortgage Association				
Series 2017-134, Class SE 3.73% (6.20%–LIBOR 1 Month), 9/20/47(e)(g)		271		44,213
Series 2017-65, Class ST 3.68% (6.15%–LIBOR 1 Month), 4/20/47(e)(g)		303		49,444
				549,345
NON-AGENCY FIXED RATE–1.0%				
Alternative Loan Trust				
Series 2005-20CB, Class 3A6 5.50%, 7/25/35		17		16,123
Series 2005-57CB, Class 4A3 5.50%, 12/25/35		35		29,595
Series 2006-24CB, Class A16 5.75%, 8/01/36		67		55,121
Series 2006-28CB, Class A14 6.25%, 10/25/36		49		39,087
Series 2006-J1, Class 1A13 5.50%, 2/25/36		38		33,466
Chase Mortgage Finance Trust Series 2007-S5, Class 1A17 6.00%, 7/25/37		24		19,057
Citigroup Mortgage Loan Trust, Inc. Series 2005-2, Class 1A4 3.897%, 5/25/35		39		39,197
Countrywide Home Loan Mortgage Pass-Through Trust				
Series 2006-10, Class 1A8 6.00%, 5/25/36		35		28,415
Series 2006-13, Class 1A19 6.25%, 9/25/36		19		14,736
First Horizon Alternative Mortgage Securities Trust Series 2006-FA3, Class A9 6.00%, 7/25/36		55		43,396

		Principal Amount (000)		U.S. $ Value
JP Morgan Alternative Loan Trust Series 2006-A3, Class 2A1 4.061%, 7/25/36	U.S.$	118	$	114,018
Wells Fargo Mortgage Backed Securities Trust Series 2007-8, Class 2A5 5.75%, 7/25/37		15		14,866
				447,077
NON-AGENCY FLOATING RATE–0.3%				
Deutsche Alt-A Securities Mortgage Loan Trust Series 2006-AR4, Class A2 2.696% (LIBOR 1 Month + 0.19%), 12/25/36(e)..............		134		75,025
HomeBanc Mortgage Trust Series 2005-1, Class A1 2.756% (LIBOR 1 Month + 0.25%), 3/25/35(e)		43		37,379
				112,404
AGENCY FIXED RATE–0.1%				
Federal National Mortgage Association Grantor Trust Series 2004-T5, Class AB4 2.855%, 5/28/35(c)		50		46,889
Total Collateralized Mortgage Obligations (cost $3,732,187)				3,844,112
GOVERNMENTS–TREASURIES–8.0%				
UNITED STATES–8.0%				
U.S. Treasury Bonds				
2.50%, 2/15/45–5/15/46		363		327,486
2.75%, 11/15/47		122		115,462
3.00%, 11/15/45		1,653		1,648,210
3.125%, 5/15/48		297		302,615
3.50%, 2/15/39		30		32,803
4.50%, 2/15/36		99		121,987
5.375%, 2/15/31		120		152,475
6.25%, 5/15/30		179		239,603
U.S. Treasury Notes				
1.625%, 10/31/23		517		496,158
2.25%, 2/15/27		67		64,772
2.875%, 8/15/28		108		109,671
Total Governments–Treasuries (cost $3,850,637)				3,611,242

		Principal Amount (000)	U.S. $ Value
INFLATION-LINKED SECURITIES–5.0%			
JAPAN–1.2%			
Japanese Government CPI Linked Bond Series 22			
0.10%, 3/10/27	JPY	60,515	$ 570,350
UNITED STATES–3.8%			
U.S. Treasury Inflation Index			
0.125%, 4/15/21–7/15/26 (TIPS)	U.S.$	633	610,848
0.375%, 7/15/25 (TIPS)		757	730,234
0.625%, 7/15/21 (TIPS)		370	366,255
			1,707,337
Total Inflation-Linked Securities (cost $2,317,164)			2,277,687
AGENCIES–3.6%			
AGENCY DEBENTURES–3.6%			
Residual Funding Corp. Principal Strip Zero Coupon, 7/15/20 (cost $1,580,315)		1,677	1,612,318
CORPORATES–NON-INVESTMENT GRADE–3.5%			
INDUSTRIAL–2.0%			
COMMUNICATIONS–MEDIA–0.1%			
CSC Holdings LLC			
6.75%, 11/15/21		30	30,875
COMMUNICATIONS–TELECOMMUNICATIONS–0.5%			
Sprint Capital Corp.			
6.90%, 5/01/19		210	211,485
CONSUMER CYCLICAL–OTHER–0.1%			
KB Home			
4.75%, 5/15/19		63	62,867
CONSUMER NON-CYCLICAL–0.5%			
First Quality Finance Co., Inc.			
4.625%, 5/15/21(a)		85	82,256
HCA, Inc.			
5.375%, 9/01/26		63	61,288
Spectrum Brands, Inc.			
5.75%, 7/15/25		69	65,547
			209,091
ENERGY–0.5%			
Antero Resources Corp.			
5.125%, 12/01/22		16	15,039
Diamond Offshore Drilling, Inc.			
4.875%, 11/01/43		68	37,974
Nabors Industries, Inc.			
5.50%, 1/15/23	U.S.$	113	$ 89,528
PDC Energy, Inc.			
5.75%, 5/15/26		46	40,770
Sunoco LP/Sunoco Finance Corp.			
4.875%, 1/15/23		69	67,410
			250,721
TECHNOLOGY–0.2%			
Western Digital Corp.			
4.75%, 2/15/26		98	85,013
TRANSPORTATION–SERVICES–0.1%			
Avis Budget Car Rental LLC/Avis Budget Finance, Inc.			
5.25%, 3/15/25(a)		52	45,083
			895,135
FINANCIAL INSTITUTIONS–1.4%			
BANKING–1.1%			
American Express Co. Series C			
4.90%, 3/15/20(b)		15	14,409
Barclays Bank PLC			
6.86%, 6/15/32(a)(b)		29	29,921
CIT Group, Inc.			
5.25%, 3/07/25		56	54,910
Citigroup, Inc.			
5.95%, 1/30/23(b)		55	49,985
Series O 5.875%, 3/27/20(b)		46	44,716
Series Q 5.95%, 8/15/20(b)		90	86,985
Goldman Sachs Group, Inc. (The)			
Series L 5.70%, 5/10/19(b)		23	22,508
Series M 5.375%, 5/10/20(b)		45	43,412
Series P 5.00%, 11/10/22(b)		74	62,337
Morgan Stanley			
Series J 5.55%, 7/15/20(b)		20	19,512
Standard Chartered PLC			
4.03% (LIBOR 3 Month + 1.51%), 1/30/27(a)(b)(e)		100	78,109
SunTrust Banks, Inc.			
5.625%, 12/15/19(b)		23	22,753
			529,557
FINANCE–0.2%			
Navient Corp.			
6.625%, 7/26/21		95	91,759

		Principal Amount (000)	U.S. $ Value
INSURANCE–0.1%			
Voya Financial, Inc. 5.65%, 5/15/53	U.S.$	31	$ 29,108
			650,424
UTILITY–0.1%			
ELECTRIC–0.1%			
AES Corp./VA 4.00%, 3/15/21		49	48,168
Total Corporates– Non-Investment Grade (cost $1,739,540)			1,593,727
LOCAL GOVERNMENTS–US MUNICIPAL BONDS–0.6%			
UNITED STATES–0.6%			
State of California Series 2010 7.625%, 3/01/40 (cost $203,018)		200	284,758
		Shares	
PREFERRED STOCKS–0.2%			
FINANCIAL INSTITUTIONS–0.2%			
REITS–0.2%			
Sovereign Real Estate Investment Trust 12.00%(a) (cost $87,659)		93	103,462
		Principal Amount (000)	
EMERGING MARKETS– CORPORATE BONDS–0.1%			
UTILITY–0.1%			
ELECTRIC–0.1%			
Genneia SA 8.75%, 1/20/22(a)	U.S.$	35	31,544
Terraform Global Operating LLC 6.125%, 3/01/26(a)		21	19,424
Total Emerging Markets– Corporate Bonds (cost $58,485)			50,968
QUASI-SOVEREIGNS–0.1%			
QUASI-SOVEREIGN BONDS–0.1%			
MEXICO–0.1%			
Petroleos Mexicanos 6.50%, 1/23/29 (cost $32,985)		33	30,781

		Principal Amount (000)	U.S. $ Value
EMERGING MARKETS– TREASURIES–0.1%			
ARGENTINA–0.1%			
Argentina POM Politica Monetaria Series POM 65.51% (ARLLMONP), 6/21/20(e) (cost $56,098)	ARS	900	$ 25,425
SHORT-TERM INVESTMENTS–5.4%			
GOVERNMENTS– TREASURIES–3.1%			
JAPAN–3.1%			
Japan Treasury Discount Bill Series 792 Zero Coupon, 2/04/19	JPY	101,000	921,611
Series 802 Zero Coupon, 3/25/19		55,000	501,947
Total Governments– Treasuries (cost $1,377,674)			1,423,558
		Shares	
INVESTMENT COMPANIES–2.1%			
AB Fixed Income Shares, Inc.–Government Money Market Portfolio– Class AB, 2.31%(h)(i)(j) (cost $938,303)		938,303	938,303
		Principal Amount (000)	
ASSET-BACKED SECURITIES–0.2%			
Drive Auto Receivables Trust 2018-5 Series 2018-5, Class A1 2.685%, 11/15/19 (cost $83,951)	U.S.$	84	83,929
Total Short-Term Investments (cost $2,399,928)			2,445,790
TOTAL INVESTMENTS–102.0% (cost $46,710,118)			46,215,779
Other assets less liabilities–(2.0)%			(895,175)
NET ASSETS–100.0%			$ 45,320,604

FUTURES (see Note D)

Description	Number of Contracts	Expiration Month	Notional (000)		Original Value	Value at December 31, 2018	Unrealized Appreciation/ (Depreciation)
Purchased Contracts							
U.S. 10 Yr Ultra Futures	5	March 2019	USD	500	$ 641,413	$ 650,391	$ 8,978
U.S. T-Note 2 Yr (CBT) Futures	25	March 2019	USD	5,000	5,273,874	5,307,813	33,939
U.S. T-Note 5 Yr (CBT) Futures	2	March 2019	USD	200	229,456	229,375	(81)
U.S. Ultra Bond (CBT) Futures	5	March 2019	USD	500	765,280	803,281	38,001
Sold Contracts							
10 Yr Mini Japan Government Bond Futures	5	March 2019	JPY	50,000	691,782	696,273	(4,491)
Euro-BOBL Futures	9	March 2019	EUR	900	1,362,997	1,366,513	(3,516)
Long Gilt Futures	4	March 2019	GBP	400	623,096	627,970	(4,874)
U.S. T-Note 10 Yr (CBT) Futures	3	March 2019	USD	300	360,840	366,047	(5,207)
							$ 62,749

FORWARD CURRENCY EXCHANGE CONTRACTS (see Note D)

Counterparty	Contracts to Deliver (000)		In Exchange For (000)		Settlement Date	Unrealized Appreciation/ (Depreciation)
Citibank, NA	JPY	224,619	USD	1,983	1/15/19	$ (67,272)
Deutsche Bank AG	INR	18,274	USD	250	3/18/19	(10,272)
Deutsche Bank AG	USD	263	INR	18,782	3/18/19	4,658
HSBC Bank USA	USD	93	KRW	103,758	2/20/19	600
HSBC Bank USA	USD	157	TWD	4,826	3/14/19	1,448
Morgan Stanley & Co., Inc.	BRL	265	USD	68	1/03/19	17
Morgan Stanley & Co., Inc.	BRL	265	USD	67	1/03/19	(960)
Morgan Stanley & Co., Inc.	USD	68	BRL	265	1/03/19	362
Morgan Stanley & Co., Inc.	USD	68	BRL	265	1/03/19	(17)
Morgan Stanley & Co., Inc.	USD	67	BRL	265	2/04/19	958
Royal Bank of Scotland PLC	USD	213	TWD	6,476	3/14/19	424
Standard Chartered Bank	USD	91	KRW	101,106	2/20/19	213
Standard Chartered Bank	TWD	6,469	USD	212	3/14/19	(689)
Standard Chartered Bank	CNY	1,143	USD	165	3/20/19	(953)
State Street Bank & Trust Co.	EUR	212	USD	245	1/09/19	2,299
State Street Bank & Trust Co.	EUR	104	USD	118	1/09/19	(1,221)
State Street Bank & Trust Co.	USD	115	EUR	101	1/09/19	513
State Street Bank & Trust Co.	CAD	160	USD	121	1/17/19	3,466
State Street Bank & Trust Co.	CHF	179	USD	182	1/17/19	(2,044)
State Street Bank & Trust Co.	PLN	455	USD	123	1/18/19	1,526
State Street Bank & Trust Co.	USD	121	PLN	456	1/18/19	1,104
State Street Bank & Trust Co.	SEK	79	USD	9	1/23/19	(151)
State Street Bank & Trust Co.	USD	98	NOK	856	1/23/19	1,629
State Street Bank & Trust Co.	MXN	1,317	USD	65	1/25/19	(1,603)
State Street Bank & Trust Co.	USD	65	MXN	1,307	1/25/19	1,785
State Street Bank & Trust Co.	USD	32	JPY	3,570	2/15/19	1,036
State Street Bank & Trust Co.	USD	7	AUD	10	2/20/19	(229)
State Street Bank & Trust Co.	GBP	113	USD	143	2/28/19	(1,224)
						$ (64,597)

CENTRALLY CLEARED CREDIT DEFAULT SWAPS (see Note D)

Description	Fixed Rate (Pay) Receive	Payment Frequency	Implied Credit Spread at December 31, 2018	Notional Amount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Buy Contracts							
CDX-NAIG Series 31, 5 Year Index, 12/20/23*	(1.00)%	Quarterly	0.88%	USD 760	$ (4,524)	$ (13,316)	$ 8,792

* Termination date

CENTRALLY CLEARED INTEREST RATE SWAPS (see Note D)

Notional Amount (000)	Termination Date	Rate Type: Payments made by the Fund	Rate Type: Payments received by the Fund	Payment Frequency Paid/ Received	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
NOK 44,100	6/22/20	6 Month NIBOR	1.378%	Semi-Annual/ Annual	$ 29,789	$ –0–	$ 29,789
USD 360	8/22/22	3 Month LIBOR	2.886%	Quarterly/ Semi-Annual	6,584	–0–	6,584
USD 1,200	9/10/23	3 Month LIBOR	2.896%	Quarterly/ Semi-Annual	25,538	–0–	25,538
NOK 4,780	8/31/28	2.186%	6 Month NIBOR	Annual/ Semi-Annual	(7,160)	–0–	(7,160)
					$ 54,751	$ –0–	54,751

CREDIT DEFAULT SWAPS (see Note D)

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Payment Frequency	Implied Credit Spread at December 31, 2018	Notional Amount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Buy Contracts							
Citibank, NA							
Sprint Communications, Inc., 7.000%, 8/15/20, 6/20/19*	(5.00)%	Quarterly	0.44%	USD 98	$ (2,258)	$ (561)	$ (1,697)
Sprint Communications, Inc., 7.000%, 8/15/20, 6/20/19*	(5.00)	Quarterly	0.44	USD 112	(2,581)	(665)	(1,916)
Citigroup Global Markets, Inc.							
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 3	10	37	(27)
CDX-CMBX.NA.BBB- Series 9, 9/17/58*	(3.00)	Monthly	5.35	USD 55	6,649	4,505	2,144
CDX-CMBX.NA.BBB- Series 9, 9/17/58*	(3.00)	Monthly	5.35	USD 107	12,937	8,253	4,684
CDX-CMBX.NA.BBB- Series 9, 9/17/58*	(3.00)	Monthly	5.35	USD 107	12,937	7,972	4,965
CDX-CMBX.NA.BBB- Series 9, 9/17/58*	(3.00)	Monthly	5.35	USD 131	15,838	9,430	6,408

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Payment Frequency	Implied Credit Spread at December 31, 2018	Notional Amount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Buy Contracts (continued)							
Credit Suisse International							
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)%	Monthly	0.57%	USD 330	$ 1,194	$ 4,090	$ (2,896)
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 4	14	36	(22)
CDX-CMBX.NA.BBB- Series 7, 1/17/47*	(3.00)	Monthly	5.17	USD 350	29,610	22,076	7,534
Deutsche Bank AG							
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 42	152	561	(409)
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 408	1,475	4,277	(2,802)
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 122	441	1,268	(827)
Goldman Sachs International							
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 46	167	610	(443)
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 27	98	254	(156)
Morgan Stanley Capital Services LLC							
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 50	181	645	(464)
CDX-CMBX.NA.AAA Series 9, 9/17/58*	(0.50)	Monthly	0.57	USD 99	358	1,277	(919)
Sale Contracts							
Citigroup Global Markets, Inc.							
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 22	(3,537)	(2,854)	(683)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 37	(5,949)	(4,331)	(1,618)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 54	(8,683)	(6,321)	(2,362)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 73	(11,739)	(8,357)	(3,382)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 107	(17,206)	(12,249)	(4,957)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 107	(17,205)	(12,008)	(5,197)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 73	(11,739)	(8,193)	(3,546)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 132	(21,226)	(14,468)	(6,758)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 78	(12,543)	(8,593)	(3,950)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 29	(4,664)	(3,191)	(1,473)

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Payment Frequency	Implied Credit Spread at December 31, 2018	Notional Amount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Sale Contracts (continued)							
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00%	Monthly	8.38%	USD 44	$ (7,075)	$ (5,708)	$ (1,367)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 62	(9,969)	(8,043)	(1,926)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 44	(7,075)	(5,896)	(1,179)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 5	(804)	(658)	(146)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 52	(8,357)	(7,924)	(433)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 32	(5,146)	(4,340)	(806)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 60	(9,648)	(8,330)	(1,318)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 31	(4,982)	(4,866)	(116)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 5	(803)	(823)	20
Credit Suisse International							
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 318	(51,164)	(13,302)	(37,862)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 350	(56,280)	(20,711)	(35,569)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 56	(9,000)	(8,495)	(505)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 94	(15,115)	(6,218)	(8,897)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 28	(4,502)	(1,979)	(2,523)
Deutsche Bank AG							
CDX-CMBX.NA.A Series 6, 5/11/63*	2.00	Monthly	3.37	USD 135	(5,841)	(2,700)	(3,141)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 132	(21,226)	(9,460)	(11,766)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 8	(1,287)	(470)	(817)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 85	(13,668)	(7,149)	(6,519)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 8	(1,287)	(959)	(328)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 51	(8,201)	(6,571)	(1,630)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 28	(4,503)	(3,275)	(1,228)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 27	(4,342)	(3,157)	(1,185)
CDX-CMBX.NA.BBB- Series 6, 5/11/63*	3.00	Monthly	8.38	USD 84	(13,507)	(9,253)	(4,254)

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Payment Frequency	Implied Credit Spread at December 31, 2018	Notional Amount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Sale Contracts (continued)							
Goldman Sachs International							
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00%	Monthly	8.38%	USD 14	$ (2,251)	$ (1,836)	$ (415)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 4	(643)	(621)	(22)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 246	(39,557)	(12,302)	(27,255)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 49	(7,879)	(4,329)	(3,550)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 4	(644)	(367)	(277)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 8	(1,287)	(747)	(540)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 8	(1,286)	(808)	(478)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 16	(2,573)	(1,766)	(807)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 41	(6,593)	(5,706)	(887)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 92	(14,794)	(12,472)	(2,322)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 57	(9,166)	(6,210)	(2,956)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 34	(5,464)	(5,344)	(120)
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 28	(4,500)	(4,679)	179
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 39	(6,268)	(6,612)	344
JP Morgan Securities, LLC							
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 9	(1,446)	(1,174)	(272)
Morgan Stanley Capital Services LLC							
CDX-CMBX.NA.BBB-Series 6, 5/11/63*	3.00	Monthly	8.38	USD 35	(5,628)	(2,524)	(3,104)
					$ (411,030)	$ (224,284)	$ (186,746)

* Termination date

VARIANCE SWAPS (see Note D)

Swap Counterparty & Referenced Obligation	Volatility Strike Rate	Payment Frequency	Notional Amount (000)	Market Value	Upfront Premiums (Paid) Received	Unrealized Appreciation/ (Depreciation)
Buy Contracts						
Deutsche Bank AG						
AUD/JPY 1/14/20*	11.12%	Maturity	AUD 57	$ 1,427	$ –0–	$ 1,427
AUD/JPY 3/03/20*	12.75	Maturity	AUD 35	(655)	–0–	(655)
Goldman Sachs Bank USA						
AUD/JPY 3/10/20*	12.90	Maturity	AUD 20	(449)	–0–	(449)
AUD/JPY 3/11/20*	12.80	Maturity	AUD 15	(289)	–0–	(289)
				$ 34	$ –0–	$ 34

* Termination date

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered restricted, but liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2018, the aggregate market value of these securities amounted to $8,423,971 or 18.6% of net assets.

(b) Securities are perpetual and, thus, do not have a predetermined maturity date. The date shown, if applicable, reflects the next call date.

(c) Security in which significant unobservable inputs (Level 3) were used in determining fair value.

(d) IO—Interest Only.

(e) Floating Rate Security. Stated interest/floor/ceiling rate was in effect at December 31, 2018.

(f) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities, which represent 0.16% of net assets as of December 31, 2018, are considered illiquid and restricted. Additional information regarding such securities follows:

144A/Restricted & Illiquid Securities	Acquisition Date	Cost	Market Value	Percentage of Net Assets
Wells Fargo Credit Risk Transfer Securities Trust Series 2015-WF1, Class 1M2 7.756%, 11/25/25	9/28/15	$ 43,142	$ 48,538	0.11%
Wells Fargo Credit Risk Transfer Securities Trust Series 2015-WF1, Class 2M2 8.006%, 11/25/25	9/28/15	20,115	23,382	0.05%

(g) Inverse interest only security.

(h) Affiliated investments.

(i) To obtain a copy of the fund's shareholder report, please go to the Securities and Exchange Commission's website at www.sec.gov, or call AB at (800) 227-4618.

(j) The rate shown represents the 7-day yield as of period end.

Currency Abbreviations:

ARS—Argentine Peso
AUD—Australian Dollar
BRL—Brazilian Real
CAD—Canadian Dollar
CHF—Swiss Franc
CNY—Chinese Yuan Renminbi
EUR—Euro
GBP—Great British Pound
INR—Indian Rupee
JPY—Japanese Yen
KRW—South Korean Won

MXN—Mexican Peso
NOK—Norwegian Krone
PLN—Polish Zloty
SEK—Swedish Krona
TWD—New Taiwan Dollar
USD—United States Dollar

Glossary:

ABS—Asset-Backed Securities
ARLLMONP—Argentina Blended Policy Rate
BOBL—Bundesobligationen
CBT—Chicago Board of Trade
CDX-CMBX.NA—North American Commercial Mortgage-Backed Index
CDX-NAIG—North American Investment Grade Credit Default Swap Index
CMBS—Commercial Mortgage-Backed Securities
CPI—Consumer Price Index
LIBOR—London Interbank Offered Rates
NIBOR—Norwegian Interbank Offered Rate
REIT—Real Estate Investment Trust
REMICs—Real Estate Mortgage Investment Conduits
TBA—To Be Announced
TIPS—Treasury Inflation Protected Security

See notes to financial statements.

ASSETS	
Investments in securities, at value	
Unaffiliated issuers (cost $45,771,815)	$45,277,476
Affiliated issuers (cost $938,303)	938,303
Cash	24,377
Cash collateral due from broker	112,758
Foreign currencies, at value (cost $58,455)	63,381
Interest receivable	248,388
Market value on credit default swaps (net premiums paid $65,291)	82,061
Unrealized appreciation on forward currency exchange contracts	22,038
Receivable for variation margin on futures	4,112
Receivable for variation margin on centrally cleared swaps	1,908
Unrealized appreciation on variance swaps	1,427
Affiliated dividends receivable	836
Receivable for capital stock sold	617
Total assets	46,777,682
LIABILITIES	
Payable for investment securities purchased	517,574
Market value on credit default swaps (net premiums received $289,575)	493,091
Payable for capital stock redeemed	225,804
Unrealized depreciation on forward currency exchange contracts	86,635
Administrative fee payable	17,822
Advisory fee payable	16,042
Distribution fee payable	2,389
Unrealized depreciation on variance swaps	1,393
Transfer Agent fee payable	206
Accrued expenses and other liabilities	96,122
Total liabilities	1,457,078
NET ASSETS	$45,320,604
COMPOSITION OF NET ASSETS	
Capital stock, at par	$ 4,452
Additional paid-in capital	45,167,590
Distributable earnings	148,562
	$45,320,604

Net Asset Value Per Share—1 billion shares of capital stock authorized, $.001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 33,266,491	3,258,569	$ 10.21
B	$ 12,054,113	1,193,309	$ 10.10

See notes to financial statements.

INVESTMENT INCOME	
Interest	$ 1,623,975
Dividends	
Unaffiliated issuers	11,161
Affiliated issuers	4,019
Other income	120
	1,639,275
EXPENSES	
Advisory fee (see Note B)	219,816
Distribution fee—Class B	33,669
Transfer agency—Class A	3,030
Transfer agency—Class B	1,154
Custodian	104,233
Audit and tax	81,007
Administrative	69,904
Legal	33,626
Directors' fees	24,784
Printing	20,604
Miscellaneous	7,618
Total expenses	599,445
Less: expenses waived and reimbursed by the Adviser (see Note B)	(230)
Net expenses	599,215
Net investment income	1,040,060
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS	
Net realized gain (loss) on:	
Investment transactions(a)	(425,422)
Forward currency exchange contracts	(17,736)
Futures	(259,994)
Swaps	149,246
Swaptions written	5,479
Foreign currency transactions	84,220
Net change in unrealized appreciation/depreciation of:	
Investments	(1,101,894)
Forward currency exchange contracts	356
Futures	40,648
Swaps	21,619
Foreign currency denominated assets and liabilities	(28,095)
Net loss on investment and foreign currency transactions	(1,531,573)
NET DECREASE IN NET ASSETS FROM OPERATIONS	$ (491,513)

(a) Net of foreign capital gains taxes of $2,860.

See notes to financial statements.

	Year Ended December 31, 2018	Year Ended December 31, 2017
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	$ 1,040,060	$ 1,136,647
Net realized gain (loss) on investment and foreign currency transactions	(464,207)	328,561
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	(1,067,366)	444,907
Contributions from Affiliates (see Note B)	–0–	286
Net increase (decrease) in net assets from operations	(491,513)	1,910,401
Distributions to Shareholders*		
Class A	(921,149)	(1,675,499)
Class B	(318,391)	(627,848)
CAPITAL STOCK TRANSACTIONS		
Net decrease	(5,906,625)	(4,860,694)
Total decrease	(7,637,678)	(5,253,640)
NET ASSETS		
Beginning of period	52,958,282	58,211,922
End of period	$45,320,604	$52,958,282

* The prior year's amounts have been reclassified to conform with the current year's presentation. See Note I, Recent Accounting Pronouncements, in the Notes to Financial Statements for more information.

See notes to financial statements.

NOTE A: Significant Accounting Policies

The AB Intermediate Bond Portfolio (the "Portfolio"), is a series of AB Variable Products Series Fund, Inc. (the "Fund"). The Portfolio's investment objective is to generate income and price appreciation without assuming what AllianceBernstein L.P. (the "Adviser") considers undue risk. The Portfolio is diversified as defined under the Investment Company Act of 1940. The Fund was incorporated in the State of Maryland on November 17, 1987, as an open-end series investment company. The Fund offers fourteen separately managed pools of assets which have differing investment objectives and policies. The Portfolio offers Class A and Class B shares. Both classes of shares have identical voting, dividend, liquidating and other rights, except that Class B shares bear a distribution expense and have exclusive voting rights with respect to the Class B distribution plan.

The Portfolio offers and sells its shares only to separate accounts of certain life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Sales are made without a sales charge at the Portfolio's net asset value per share.

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The Portfolio is an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. The following is a summary of significant accounting policies followed by the Portfolio.

1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Fund's Board of Directors (the "Board").

In general, the market values of securities which are readily available and deemed reliable are determined as follows: securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter ("OTC") market put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, the Adviser will have discretion to determine the best valuation (e.g., last trade price in the case of listed options); open futures are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. Government securities and any other debt instruments having 60 days or less remaining until maturity are generally valued at market by an independent pricing vendor, if a market price is available. If a market price is not available, the securities are valued at amortized cost. This methodology is commonly used for short term securities that have an original maturity of 60 days or less, as well as short term securities that had an original term to maturity that exceeded 60 days. In instances when amortized cost is utilized, the Valuation Committee (the "Committee") must reasonably conclude that the utilization of amortized cost is approximately the same as the fair value of the security. Such factors the Committee will consider include, but are not limited to, an impairment of the creditworthiness of the issuer or material changes in interest rates. Fixed-income securities, including mortgage-backed and asset-backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker-dealers. In cases where broker-dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Open end mutual funds are valued at the closing net asset value per share, while exchange traded funds are valued at the closing market price per share.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value as deemed appropriate by the Adviser. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Portfolio may use fair value pricing for securities primarily traded in non-U.S.

markets because most foreign markets close well before the Portfolio values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities. To account for this, the Portfolio generally values many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes 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 (including those valued based on their market values as described in Note A.1 above). 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 Portfolio. Unobservable inputs reflect the Portfolio's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment 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 below.

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

The fair value of debt instruments, such as bonds, and over-the-counter derivatives is generally based on market price quotations, recently executed market transactions (where observable) or industry recognized modeling techniques and are generally classified as Level 2. Pricing vendor inputs to Level 2 valuations may include quoted prices for similar investments in active markets, interest rate curves, coupon rates, currency rates, yield curves, option adjusted spreads, default rates, credit spreads and other unique security features in order to estimate the relevant cash flows which are then discounted to calculate fair values. If these inputs are unobservable and significant to the fair value, these investments will be classified as Level 3. In addition, non-agency rated investments are classified as Level 3.

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

Options are valued using market-based inputs to models, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency, where such inputs and models are available. Alternatively, the values may be obtained through unobservable management determined inputs and/or management's proprietary models. Where models are used, the selection of a particular model to value an option depends upon the contractual terms of, and specific risks inherent in, the option as well as the availability of pricing information in the market. Valuation models require a variety of inputs, including contractual terms, market prices, measures of volatility and correlations of such inputs. Exchange traded options generally will be classified as Level 2. For options that do not trade on exchange but trade in liquid markets, inputs can generally be verified and model selection does not involve significant management judgment. Options are classified within Level 2 on the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Otherwise such instruments are classified as Level 3.

Valuations of mortgage-backed or other asset-backed securities, by pricing vendors, are based on both proprietary and industry recognized models and discounted cash flow techniques. Significant inputs to the valuation of these instruments are value of the collateral, the rates and timing of delinquencies, the rates and timing of prepayments, and default and loss expectations, which are driven in part by housing prices for residential mortgages. Significant inputs are determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles, including relevant indices. Mortgage and asset-backed securities for which management has collected current observable data through pricing services are generally categorized within Level 2. Those investments for which current observable data has not been provided are classified as Level 3.

Other fixed income investments, including non-U.S. government and corporate debt, are generally valued using quoted market prices, if available, which are typically impacted by current interest rates, maturity dates and any perceived credit risk of the issuer. Additionally, in the absence of quoted market prices, these inputs are used by pricing vendors to derive a valuation based upon industry or proprietary models which incorporate issuer specific data with relevant yield/spread comparisons with more widely quoted bonds with similar key characteristics. Those investments for which there are observable inputs are classified as Level 2. Where the inputs are not observable, the investments are classified as Level 3.

The following table summarizes the valuation of the Portfolio's investments by the above fair value hierarchy levels as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments in Securities:				
Assets:				
Corporates—Investment Grade	$ –0–	$11,700,470	$ –0–	$11,700,470
Mortgage Pass-Throughs	–0–	8,777,311	–0–	8,777,311
Commercial Mortgage-Backed Securities	–0–	4,983,670	834,652	5,818,322
Asset-Backed Securities	–0–	2,798,001	1,241,405	4,039,406
Collateralized Mortgage Obligations	–0–	3,797,223	46,889	3,844,112
Governments—Treasuries	–0–	3,611,242	–0–	3,611,242
Inflation-Linked Securities	–0–	2,277,687	–0–	2,277,687
Agencies	–0–	1,612,318	–0–	1,612,318
Corporates—Non-Investment Grade	–0–	1,593,727	–0–	1,593,727
Local Governments—US Municipal Bonds	–0–	284,758	–0–	284,758
Preferred Stocks	–0–	103,462	–0–	103,462
Emerging Markets—Corporate Bonds	–0–	50,968	–0–	50,968
Quasi-Sovereigns	–0–	30,781	–0–	30,781
Emerging Markets—Treasuries	–0–	25,425	–0–	25,425
Short-Term Investments:				
Governments—Treasuries	–0–	1,423,558	–0–	1,423,558
Investment Companies	938,303	–0–	–0–	938,303
Asset-Backed Securities	–0–	83,929	–0–	83,929
Total Investments in Securities	938,303	43,154,530	2,122,946	46,215,779
Other Financial Instruments(a):				
Assets:				
Futures	80,918	–0–	–0–	80,918(b)
Forward Currency Exchange Contracts	–0–	22,038	–0–	22,038
Centrally Cleared Interest Rate Swaps	–0–	61,911	–0–	61,911(b)
Credit Default Swaps	–0–	82,061	–0–	82,061
Variance Swaps	–0–	1,427	–0–	1,427
Liabilities:				
Futures	(18,169)	–0–	–0–	(18,169)(b)
Forward Currency Exchange Contracts	–0–	(86,635)	–0–	(86,635)
Centrally Cleared Credit Default Swaps	–0–	(4,524)	–0–	(4,524)(b)
Centrally Cleared Interest Rate Swaps	–0–	(7,160)	–0–	(7,160)(b)
Credit Default Swaps	–0–	(493,091)	–0–	(493,091)
Variance Swaps	–0–	(1,393)	–0–	(1,393)
Total(c)	**$1,001,052**	**$42,729,164**	**$2,122,946**	**$45,853,162**

(a) Other financial instruments are derivative instruments, such as futures, forwards and swaps, which are valued at the unrealized appreciation/(depreciation) on the instrument. Other financial instruments may also include swaps with upfront premiums, options written and swaptions written which are valued at market value.

(b) Only variation margin receivable/(payable) at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation/(depreciation) of exchange-traded derivatives as reported in the portfolio of investments. Centrally cleared swaps with upfront premiums are presented here at market value.

(c) There were no transfers between any levels during the reporting period.

The Portfolio recognizes all transfers between levels of the fair value hierarchy assuming the financial instruments were transferred at the beginning of the reporting period.

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

	Commercial Mortgage-Backed Securities	Asset-Backed Securities	Collateralized Mortgage Obligations
Balance as of 12/31/17	$ 774,281	$1,409,964	$46,791
Accrued discounts/(premiums)	(61)	66	–0–
Realized gain (loss)	(17,853)	117	–0–
Change in unrealized appreciation/depreciation	(1,792)	(7,762)	98
Purchases/Payups	98,935	414,968	–0–
Sales/Paydowns	(18,858)	(575,948)	–0–
Transfers in to Level 3	–0–	–0–	–0–
Transfers out of Level 3	–0–	–0–	–0–
Balance as of 12/31/18	**$ 834,652**	**$1,241,405**	**$46,889**
Net change in unrealized appreciation/depreciation from investments held as of 12/31/18(a)	$ (2,426)	$ (7,710)	$ 98

	Total
Balance as of 12/31/17	$2,231,036
Accrued discounts/(premiums)	5
Realized gain (loss)	(17,736)
Change in unrealized appreciation/depreciation	(9,456)
Purchases/Payups	513,903
Sales/Paydowns	(594,806)
Transfers in to Level 3	–0–
Transfers out of Level 3	–0–
Balance as of 12/31/18	**$2,122,946**
Net change in unrealized appreciation/depreciation from investments held as of 12/31/18(a)	$ (10,038)

(a) The unrealized appreciation/depreciation is included in net change in unrealized appreciation/depreciation on investments and other financial instruments in the accompanying statement of operations.

As of December 31, 2018, all Level 3 securities were priced by third party vendors.

The Adviser established the Committee to oversee the pricing and valuation of all securities held in the Portfolio. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including pricing policies which set forth the mechanisms and processes to be employed on a daily basis to implement these policies and procedures. In particular, the pricing policies describe how to determine market quotations for securities and other instruments. The Committee's responsibilities include: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regular monitoring of the Adviser's pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

The Committee is also responsible for monitoring the implementation of the pricing policies by the Adviser's Pricing Group (the "Pricing Group") and any third party which performs certain pricing functions in accordance with the pricing policies. The Pricing Group is responsible for the oversight of the third party on a day-to-day basis. The Committee and the Pricing Group perform a series of activities to provide reasonable assurance of the accuracy of prices including: 1) periodic vendor due diligence meetings, review of methodologies, new developments and processes at vendors, 2) daily comparison of security valuation versus prior day for all securities that exceeded established thresholds, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by senior management and the Committee.

In addition, several processes outside of the pricing process are used to monitor valuation issues including: 1) performance and performance attribution reports are monitored for anomalous impacts based upon benchmark performance, and 2) portfolio managers review all portfolios for performance and analytics (which are generated using the Adviser's prices).

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Portfolio's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation of foreign currency denominated assets and liabilities.

4. Taxes

It is the Portfolio's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Portfolio may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Portfolio's tax positions taken or expected to be taken on federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Portfolio's financial statements.

5. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date or as soon as the Portfolio is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. The Portfolio amortizes premiums and accretes discounts as adjustments to interest income.

6. Class Allocations

All income earned and expenses incurred by the Portfolio are borne on a pro-rata basis by each outstanding class of shares, based on the proportionate interest in the Portfolio represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Expenses of the Fund are charged proportionately to each portfolio or based on other appropriate methods. Realized and unrealized gains and losses are allocated among the various share classes based on respective net assets.

7. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

NOTE B: Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Portfolio pays the Adviser an advisory fee at an annual rate of .45% of the first $2.5 billion, .40% of the next $2.5 billion up to $5 billion, .35% of the excess over $5 billion up to $8 billion and .30% in excess of $8 billion, of the Portfolio's average daily net assets. Effective January 30, 2018, the investment advisory agreement was amended to implement the final advisory fee breakpoint for assets in excess of $8 billion of the Portfolio's average daily net assets. The fee is accrued daily and paid monthly.

During 2017, AXA S.A. ("AXA"), a French holding company for the AXA Group, a worldwide leader in life, property and casualty and health insurance and asset management, announced its intention to pursue the sale of a minority stake in its subsidiary, AXA Equitable Holdings, Inc. ("AXA Equitable"), the holding company for a diversified financial services organization, through an initial public offering ("IPO"). AXA Equitable is the holding company for a diverse group of financial services companies, including AllianceBernstein L.P., the investment adviser to the Funds ("the Adviser"). During the second quarter of 2018, AXA Equitable completed the IPO, and, as a result, AXA held approximately 72.2% of the outstanding common stock of AXA Equitable as of September 30, 2018. Contemporaneously with the IPO, AXA sold $862.5 million aggregate principal amount of its 7.25% mandatorily exchangeable notes (the "MxB Notes") due May 15, 2021 and exchangeable into up to 43,125,000 shares of common stock (or approximately 7% of the outstanding shares of common stock of AXA Equitable). AXA retains ownership (including voting rights) of such shares of common stock until the MxB Notes are exchanged, which may be on a date that is earlier than the maturity date at AXA's option upon the occurrence of certain events.

In March 2018, AXA announced its intention to sell its entire interest in AXA Equitable over time, subject to market conditions and other factors (the "Plan"). It is anticipated that one or more of the transactions contemplated by the Plan may ultimately result in the indirect transfer of a "controlling block" of voting securities of the Adviser (a "Change of Control Event") and therefore may be deemed an "assignment" causing a termination of each Portfolio's current investment advisory agreement. In order to ensure that the existing investment advisory services could continue uninterrupted, at meetings held in late July through early August 2018, the Boards of Directors/Trustees (each a "Board" and collectively, the "Boards") approved new investment advisory agreements with the Adviser, in connection with the Plan. The Boards also agreed to call and hold a joint meeting of shareholders on October 11, 2018 for shareholders of each Portfolio to (1) approve the new investment advisory agreement with the Adviser that would be effective after the first Change of Control Event and (2) approve any future advisory agreement approved by the Board and that has terms not materially different from the current agreement, in the event there are subsequent Change of Control Events arising from completion of the Plan that terminate the advisory agreement after the first Change of Control Event. Approval of a future advisory agreement means that shareholders may not have another opportunity to vote on a new agreement with the Adviser even upon a change of control, as long as no single person or group of persons acting together gains "control" (as defined in the 1940 Act) of AXA Equitable.

At the October 11, 2018 meeting, shareholders approved the new and future investment advisory agreements.

On November 20, 2018, AXA completed a public offering of 60,000,000 shares of AXA Equitable's common stock and simultaneously sold 30,000,000 of such shares to AXA Equitable pursuant to a separate agreement with it. As a result AXA currently owns approximately 59.2% of the shares of common stock of AXA Equitable.

Pursuant to the investment advisory agreement, the Portfolio may reimburse the Adviser for certain legal and accounting services provided to the Portfolio by the Adviser. For the year ended December 31, 2018, the reimbursement for such services amounted to $69,904.

During the year ended December 31, 2017, the Adviser reimbursed the Portfolio $286 for trading losses incurred due to a trade entry error.

The Portfolio compensates AllianceBernstein Investor Services, Inc. ("ABIS"), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Portfolio. Such compensation retained by ABIS amounted to $1,200 for the year ended December 31, 2018.

The Portfolio may invest in AB Government Money Market Portfolio (the "Government Money Market Portfolio") which has a contractual annual advisory fee rate of .20% of the portfolio's average daily net assets and bears its own expenses. Effective August 1, 2018, the Adviser has contractually agreed to waive .10% of the advisory fee of Government Money Market Portfolio until August 31, 2019. In connection with the investment by the Portfolio in Government Money Market

Portfolio, the Adviser has contractually agreed to waive its advisory fee from the Portfolio in an amount equal to the Portfolio's pro rata share of the effective advisory fee of Government Money Market Portfolio, as borne indirectly by the Portfolio as an acquired fund fee and expense. For the year ended December 31, 2018, such waiver amounted to $230.

A summary of the Portfolio's transactions in AB mutual funds for the year ended December 31, 2018 is as follows:

Fund	Market Value 12/31/17 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value 12/31/18 (000)	Dividend Income (000)
Government Money Market Portfolio	$0	$12,143	$11,205	$938	$4

Brokerage commissions paid on investment transactions for the year ended December 31, 2018 amounted to $23,237, of which $0 and $0, respectively, was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, affiliates of the Adviser.

NOTE C: Distribution Plan

The Portfolio has adopted a Distribution Plan (the "Plan") for Class B shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Plan, the Portfolio pays distribution and servicing fees to AllianceBernstein Investments, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, at an annual rate of up to .50% of the Portfolio's average daily net assets attributable to Class B shares. The fees are accrued daily and paid monthly. The Board currently limits payments under the Plan to .25% of the Portfolio's average daily net assets attributable to Class B shares. The Plan provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities.

The Portfolio is not obligated under the Plan to pay any distribution and servicing fees in excess of the amounts set forth above. The purpose of the payments to the Distributor under the Plan is to compensate the Distributor for its distribution services with respect to the sale of the Portfolio's Class B shares. Since the Distributor's compensation is not directly tied to its expenses, the amount of compensation received by it under the Plan during any year may be more or less than its actual expenses. For this reason, the Plan is characterized by the staff of the Securities and Exchange Commission as being of the "compensation" variety.

In the event that the Plan is terminated or not continued, no distribution or servicing fees (other than current amounts accrued but not yet paid) would be owed by the Portfolio to the Distributor.

The Plan also provides that the Adviser may use its own resources to finance the distribution of the Portfolio's shares.

NOTE D: Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended December 31, 2018 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$14,995,032	$13,673,673
U.S. government securities	60,451,079	64,247,503

The cost of investments for federal income tax purposes, gross unrealized appreciation and unrealized depreciation are as follows:

Cost	$46,716,080
Gross unrealized appreciation	$ 837,307
Gross unrealized depreciation	(1,333,065)
Net unrealized depreciation	$ (495,758)

1. Derivative Financial Instruments

The Portfolio may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

The principal types of derivatives utilized by the Portfolio, as well as the methods in which they may be used are:

- **Futures**

  The Portfolio may buy or sell futures for investment purposes or for the purpose of hedging its portfolio against adverse effects of potential movements in the market. The Portfolio bears the market risk that arises from changes in the value of these instruments and the imperfect correlation between movements in the price of the futures and movements in the price of the assets, reference rates or indices which they are designed to track. Among other things, the Portfolio may purchase or sell futures for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under "Currency Transactions".

At the time the Portfolio enters into futures, the Portfolio deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Such amount is shown as cash collateral due from broker on the statement of assets and liabilities. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Portfolio as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures is generally less than privately negotiated futures, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, has robust risk mitigation standards, including the requirement to provide initial and variation margin. When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Use of long futures subjects the Portfolio to risk of loss in excess of the amounts shown on the statement of assets and liabilities, up to the notional value of the futures. Use of short futures subjects the Portfolio to unlimited risk of loss. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of futures can vary from the previous day's settlement price, which could effectively prevent liquidation of unfavorable positions.

During the year ended December 31, 2018, the Portfolio held futures for hedging and non-hedging purposes.

- **Forward Currency Exchange Contracts**
  The Portfolio may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchase and sale commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

  A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on forward currency exchange contracts. Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Portfolio. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

  During the year ended December 31, 2018, the Portfolio held forward currency exchange contracts for hedging and non-hedging purposes.

- **Option Transactions**
  For hedging and investment purposes, the Portfolio may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. Among other things, the Portfolio may use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions" and may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, for hedging and investment purposes.

  The risk associated with purchasing an option is that the Portfolio pays a premium whether or not the option is exercised. Additionally, the Portfolio bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract. If a put or call option purchased by the Portfolio were permitted to expire without being sold or exercised, its premium would represent a loss to the Portfolio. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Portfolio writes an option, the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to the current market value of the option written. In certain circumstances maximum payout amounts may be partially offset by recovery values of the respective referenced assets and upfront premium received upon entering into the contract. Premiums received from written options which expire unexercised are recorded by the Portfolio on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Portfolio has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Portfolio. In writing an option, the Portfolio bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Portfolio could result in the Portfolio selling or buying a security or currency at a price different from the current market value.

The Portfolio may also invest in options on swap agreements, also called "swaptions". A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based "premium". A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate, or index. A payer swaption gives the owner the right to pay the total return on a specified asset, reference rate, or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the counterparties. In certain circumstances maximum payout amounts may be partially offset by recovery values of the respective referenced assets and upfront premium received upon entering into the contract.

During the year ended December 31, 2018, the Portfolio held purchased swaptions for non-hedging purposes.

During the year ended December 31, 2018, the Portfolio held written swaptions for non-hedging purposes.

- **Swaps**

  The Portfolio may enter into swaps to hedge its exposure to interest rates, credit risk or currencies. The Portfolio may also enter into swaps for non-hedging purposes as a means of gaining market exposures, making direct investments in foreign currencies, as described below under "Currency Transactions." A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In addition, collateral may be pledged or received by the Portfolio in accordance with the terms of the respective swaps to provide value and recourse to the Portfolio or its counterparties in the event of default, bankruptcy or insolvency by one of the parties to the swap.

  Risks may arise as a result of the failure of the counterparty to the swap to comply with the terms of the swap. The loss incurred by the failure of a counterparty is generally limited to the net interim payment to be received by the Portfolio, and/or the termination value at the end of the contract. Therefore, the Portfolio considers the creditworthiness of each counterparty to a swap in evaluating potential counterparty risk. This risk is mitigated by having a netting arrangement between the Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio's exposure to the counterparty. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities. The Portfolio accrues for the interim payments on swaps on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swaps on the statement of assets and liabilities, where applicable. Once the interim payments are settled in cash, the net amount is recorded as realized gain/(loss) on swaps on the statement of operations, in addition to any realized gain/(loss) recorded upon the termination of swaps. Upfront premiums paid or received for OTC swaps are recognized as cost or proceeds on the statement of assets and liabilities and are amortized on a straight line basis over the life of the contract. Amortized upfront premiums are included in net realized gain/(loss) from swaps on the statement of operations. Fluctuations in the value of swaps are recorded as a component of net change in unrealized appreciation/depreciation of swaps on the statement of operations.

  Certain standardized swaps, including certain interest rate swaps and credit default swaps, are (or soon will be) subject to mandatory central clearing. Cleared swaps are transacted through futures commission merchants

("FCMs") that are members of central clearinghouses, with the clearinghouse serving as central counterparty, similar to transactions in futures contracts. Centralized clearing will be required for additional categories of swaps on a phased-in basis based on requirements published by the Securities and Exchange Commission and Commodity Futures Trading Commission.

At the time the Portfolio enters into a centrally cleared swap, the Portfolio deposits and maintains as collateral an initial margin with the broker, as required by the clearinghouse on which the transaction is effected. Such amount is shown as cash collateral due from broker on the statement of assets and liabilities. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Portfolio as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for centrally cleared swaps is generally less than non-centrally cleared swaps, since the clearinghouse, which is the issuer or counterparty to each centrally cleared swap, has robust risk mitigation standards, including the requirement to provide initial and variation margin. When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Interest Rate Swaps:
The Portfolio is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the Portfolio holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swaps. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional amount. The Portfolio may elect to pay a fixed rate and receive a floating rate, or, receive a fixed rate and pay a floating rate on a notional amount.

In addition, the Portfolio may also enter into interest rate swap transactions to preserve a return or spread on a particular investment or portion of its portfolio, or protecting against an increase in the price of securities the Portfolio anticipates purchasing at a later date. Interest rate swaps involve the exchange by a Portfolio with another party of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments) computed based on a contractually-based principal (or "notional") amount. Interest rate swaps are entered into on a net basis (i.e., the two payment streams are netted out, with the Portfolio receiving or paying, as the case may be, only the net amount of the two payments).

During the year ended December 31, 2018, the Portfolio held interest rate swaps for hedging and non-hedging purposes.

Credit Default Swaps:
The Portfolio may enter into credit default swaps, including to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults by corporate and sovereign issuers held by the Portfolio, or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. The Portfolio may purchase credit protection ("Buy Contract") or provide credit protection ("Sale Contract") on the referenced obligation of the credit default swap. During the term of the swap, the Portfolio receives/(pays) fixed payments from/(to) the respective counterparty, calculated at the agreed upon rate applied to the notional amount. If the Portfolio is a buyer/(seller) of protection and a credit event occurs, as defined under the terms of the swap, the Portfolio will either (i) receive from the seller/(pay to the buyer) of protection an amount equal to the notional amount of the swap (the "Maximum Payout Amount") and deliver/(take delivery of) the referenced obligation or (ii) receive/(pay) a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation.

In certain circumstances Maximum Payout Amounts may be partially offset by recovery values of the respective referenced obligations, upfront premium received upon entering into the agreement, or net amounts received from settlement of buy protection credit default swaps entered into by the Portfolio for the same referenced obligations with the same counterparty. As of December 31, 2018, the Portfolio did not have Buy Contracts outstanding with respect to the same referenced obligations and same counterparty for its Sale Contracts outstanding.

Credit default swaps may involve greater risks than if a Portfolio had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Portfolio is a buyer of protection and no credit event occurs, it will lose the payments it made to its counterparty. If the Portfolio is a seller of protection and a credit event occurs, the value of the referenced obligation received by the Portfolio coupled with the periodic payments previously received, may be less than the Maximum Payout Amount it pays to the buyer, resulting in a net loss to the Portfolio.

Implied credit spreads over U.S. Treasuries of comparable maturity utilized in determining the market value of credit default swaps on issuers as of period end are disclosed in the portfolio of investments. The implied spreads serve as an indicator of the current status of the payment/performance risk and typically reflect the likelihood of default by the issuer of the referenced obligation. The implied credit spread of a particular reference obligation also reflects the cost of buying/selling protection and may reflect upfront payments required to be made to enter into the agreement. Widening credit spreads typically represent a deterioration of the referenced obligation's credit soundness and greater likelihood of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced obligation.

During the year ended December 31, 2018, the Portfolio held credit default swaps for hedging and non-hedging purposes.

Variance Swaps:
The Portfolio may enter into variance swaps to hedge equity market risk or adjust exposure to the equity markets. Variance swaps are contracts in which two parties agree to exchange cash payments based on the difference between the stated level of variance and the actual variance realized on underlying asset(s) or index(es). Actual "variance" as used here is defined as the sum of the square of the returns on the reference asset(s) or index(es) (which in effect is a measure of its "volatility") over the length of the contract term. So the parties to a variance swap can be said to exchange actual volatility for a contractually stated rate of volatility.

During the year ended December 31, 2018, the Portfolio held variance swaps for hedging purposes.

The Portfolio typically enters into International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreement") with its OTC derivative contract counterparties in order to, among other things, reduce its credit risk to OTC counterparties. ISDA Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under an ISDA Master Agreement, the Portfolio typically may offset with the OTC counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment (close-out netting) in the event of default or termination. In the event of a default by an OTC counterparty, the return of collateral with market value in excess of the Portfolio's net liability, held by the defaulting party, may be delayed or denied.

The Portfolio's ISDA Master Agreements may contain provisions for early termination of OTC derivative transactions in the event the net assets of the Portfolio decline below specific levels ("net asset contingent features"). If these levels are triggered, the Portfolio's OTC counterparty has the right to terminate such transaction and require the Portfolio to pay or receive a settlement amount in connection with the terminated transaction. If OTC derivatives were held at period end, please refer to netting arrangements by the OTC counterparty tables below for additional details.

During the year ended December 31, 2018, the Portfolio had entered into the following derivatives:

	Asset Derivatives		Liability Derivatives	
Derivative Type	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Interest rate contracts	Receivable/Payable for variation margin on futures	$80,918*	Receivable/Payable for variation margin on futures	$18,169*
Credit contracts	Receivable/Payable for variation margin on centrally cleared swaps	8,792*		

	Asset Derivatives		Liability Derivatives	
Derivative Type	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Receivable/Payable for variation margin on centrally cleared swaps	$ 61,911*	Receivable/Payable for variation margin on centrally cleared swaps	$ 7,160*
Foreign currency contracts	Unrealized appreciation on forward currency exchange contracts	22,038	Unrealized depreciation on forward currency exchange contracts	86,635
Credit contracts	Market value on credit default swaps	82,061	Market value on credit default swaps	493,091
Equity contracts	Unrealized appreciation on variance swaps	1,427	Unrealized depreciation on variance swaps	1,393
Total		$257,147		$606,448

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation/(depreciation) on futures and centrally cleared swaps as reported in the portfolio of investments.

Derivative Type	Location of Gain or (Loss) on Derivatives Within Statement of Operations	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Interest rate contracts	Net realized gain (loss) on futures; Net change in unrealized appreciation/depreciation of futures	$(239,616)	$ 40,648
Equity contracts	Net realized gain (loss) on futures; Net change in unrealized appreciation/depreciation of futures	(20,378)	–0–
Foreign currency contracts	Net realized gain (loss) on forward currency exchange contracts; Net change in unrealized appreciation/ depreciation of forward currency exchange contracts	(17,736)	356
Interest rate contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation/depreciation of investments	(8,559)	–0–
Interest rate contracts	Net realized gain (loss) on swaptions written; Net change in unrealized appreciation/depreciation of swaptions written	5,479	–0–
Interest rate contracts	Net realized gain (loss) on swaps; Net change in unrealized appreciation/ depreciation of swaps	116,609	48,155
Credit contracts	Net realized gain (loss) on swaps; Net change in unrealized appreciation/ depreciation of swaps	32,637	(26,570)
Equity contracts	Net realized gain (loss) on swaps; Net change in unrealized appreciation/ depreciation of swaps	–0–	34
Total		$(131,564)	$ 62,623

The following table represents the average monthly volume of the Portfolio's derivative transactions during the year ended December 31, 2018:

Futures:	
Average original value of buy contracts	$ 8,563,896
Average original value of sale contracts	$ 5,661,055
Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$ 1,908,080
Average principal amount of sale contracts	$ 6,851,757
Purchased Swaptions:	
Average notional amount	$ 2,650,000(a)
Swaptions Written:	
Average notional amount	$ 6,375,000(a)
Centrally Cleared Interest Rate Swaps:	
Average notional amount	$13,853,266
Credit Default Swaps:	
Average notional amount of buy contracts	$ 1,814,077
Average notional amount of sale contracts	$ 2,712,878
Centrally Cleared Credit Default Swaps:	
Average notional amount of buy contracts	$ 760,000(b)
Average notional amount of sale contracts	$ 260,000(a)
Variance Swaps:	
Average notional amount	$ 108,659

(a) Positions were open for one month during the year.

(b) Positions were open for nine months during the year.

For financial reporting purposes, the Portfolio does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the statement of assets and liabilities.

All OTC derivatives held at period end were subject to netting arrangements. The following table presents the Portfolio's derivative assets and liabilities by OTC counterparty net of amounts available for offset under ISDA Master Agreements ("MA") and net of the related collateral received/pledged by the Portfolio as of December 31, 2018. Exchange-traded derivatives and centrally cleared swaps are not subject to netting arrangements and as such are excluded from the table.

Counterparty	Derivatives Assets Subject to a MA	Derivatives Available for Offset	Cash Collateral Received*	Security Collateral Received*	Net Amount of Derivatives Assets
Citigroup Global Markets, Inc.	$ 48,371	$(48,371)	$ –0–	$ –0–	$ –0–
Credit Suisse International	30,818	(30,818)	–0–	–0–	–0–
Deutsche Bank AG	8,153	(8,153)	–0–	–0–	–0–
Goldman Sachs Bank USA/Goldman Sachs International	265	(265)	–0–	–0–	–0–
HSBC Bank USA	2,048	–0–	–0–	–0–	2,048
Morgan Stanley & Co., Inc./Morgan Stanley Capital Services LLC	1,876	(1,876)	–0–	–0–	–0–
Royal Bank of Scotland PLC	424	–0–	–0–	–0–	424
Standard Chartered Bank	213	(213)	–0–	–0–	–0–
State Street Bank & Trust Co.	13,358	(6,472)	–0–	–0–	6,886
Total	$105,526	$(96,168)	$ –0–	$ –0–	$ 9,358^

Counterparty	Derivatives Liabilities Subject to a MA	Derivatives Available for Offset	Cash Collateral Pledged*	Security Collateral Pledged*	Net Amount of Derivatives Liabilities
Citibank, NA	$ 72,111	$ –0–	$ –0–	$ –0–	$ 72,111
Citigroup Global Markets, Inc.	168,350	(48,371)	–0–	–0–	119,979
Credit Suisse International	136,061	(30,818)	–0–	–0–	105,243
Deutsche Bank AG	84,789	(8,153)	–0–	–0–	76,636
Goldman Sachs Bank USA/Goldman Sachs International	103,643	(265)	–0–	–0–	103,378
JP Morgan Securities, LLC	1,446	–0–	–0–	–0–	1,446
Morgan Stanley & Co., Inc./Morgan Stanley Capital Services LLC	6,605	(1,876)	–0–	–0–	4,729
Standard Chartered Bank	1,642	(213)	–0–	–0–	1,429
State Street Bank & Trust Co.	6,472	(6,472)	–0–	–0–	–0–
Total	$581,119	$(96,168)	$ –0–	$ –0–	$484,951^

* The actual collateral received/pledged may be more than the amount reported due to over-collateralization.

^ Net amount represents the net receivable/payable that would be due from/to the counterparty in the event of default or termination. The net amount from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same counterparty.

2. Currency Transactions

The Portfolio may invest in non-U.S. Dollar-denominated securities on a currency hedged or unhedged basis. The Portfolio may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Portfolio may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Portfolio and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Portfolio may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

3. TBA and Dollar Rolls

The Portfolio may invest in TBA mortgage-backed securities. A TBA, or "To Be Announced", trade represents a contract for the purchase or sale of mortgage-backed securities to be delivered at a future agree-upon date; however, the specific mortgage pool numbers or the number of pools that will be delivered to fulfill the trade obligation or terms of the contract are unknown at the time of the trade. Mortgage pools (including fixed-rate or variable-rate mortgages) guaranteed by the Government National Mortgage Association, or GNMA, the Federal National Mortgage Association, or FNMA, or the Federal Home Loan Mortgage Corporation, or FHLMC, are subsequently allocated to the TBA transactions.

The Portfolio may enter into dollar rolls. Dollar rolls involve sales by the Portfolio of securities for delivery in the current month and the Portfolio's simultaneously contracting to repurchase substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Portfolio forgoes principal and interest paid on the securities. The Portfolio is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale. Dollar rolls involve the risk that the market value of the securities the Portfolio is obligated to repurchase under the agreement may decline below the repurchase price. Dollar rolls are speculative techniques. For the year ended December 31, 2018, the Portfolio earned drop income of $55,185 which is included in interest income in the accompanying statement of operations.

NOTE E: Capital Stock

Each class consists of 500,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	SHARES		AMOUNT	
	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Class A				
Shares sold	157,318	71,422	$ 1,619,528	$ 762,494
Shares issued in reinvestment of dividends and distributions	90,575	159,268	921,149	1,675,499
Shares redeemed	(603,884)	(576,733)	(6,197,517)	(6,173,251)
Net decrease	(355,991)	(346,043)	$(3,656,840)	$(3,735,258)
Class B				
Shares sold	83,073	106,949	$ 850,206	$ 1,130,081
Shares issued in reinvestment of dividends and distributions	31,618	60,254	318,391	627,848
Shares redeemed	(336,571)	(272,822)	(3,418,382)	(2,883,365)
Net decrease	(221,880)	(105,619)	$(2,249,785)	$(1,125,436)

At December 31, 2018, certain shareholders of the Portfolio owned 81% in aggregate of the Portfolio's outstanding shares. Significant transactions by such shareholders, if any, may impact the Portfolio's performance.

NOTE F: Risks Involved in Investing in the Portfolio

Interest Rate Risk and Credit Risk—Interest rate risk is the risk that changes in interest rates will affect the value of the Portfolio's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Portfolio's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

Below Investment Grade Security Risk—Investments in fixed-income securities with lower ratings ("junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the junk bond market generally and less secondary market liquidity.

Duration Risk—Duration is a measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, generally, a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

Inflation Risk—This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Portfolio's assets can decline as can the value of the Portfolio's distributions. This risk is significantly greater if the Portfolio invests a significant portion of its assets in fixed-income securities with longer maturities.

Foreign (Non-U.S.) Risk—Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

Emerging Market Risk—Investments in emerging market countries may have more risk because the markets are less developed and less liquid, and because these investments may be subject to increased economic, political, regulatory or other uncertainties.

Currency Risk—Fluctuations in currency exchange rates may negatively affect the value of the Portfolio's investments or reduce its returns.

Mortgage-Related and/or Other Asset-Backed Securities Risk—Investments in mortgage-related and other asset-backed securities are subject to certain additional risks. The value of these securities may be particularly sensitive to changes in interest rates. These risks include "extension risk", which is the risk that, in periods of rising interest rates, issuers may delay the payment of principal, and "prepayment risk", which is the risk that in periods of falling interest rates, issuers may pay principal sooner than expected, exposing the Portfolio to a lower rate of return upon reinvestment of principal. Mortgage-backed securities offered by nongovernmental issuers and other asset-backed securities may be subject to other risks, such as higher rates of default in the mortgages or assets backing the securities or risks associated with the nature and servicing of mortgages or assets backing the securities.

Leverage Risk—When the Portfolio borrows money or otherwise leverages its investments, its performance may be volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of the Portfolio's investments. The Portfolio may create leverage through the use of reverse repurchase arrangements, forward currency exchange contracts, forward commitments, dollar rolls or futures or by borrowing money. The use of other types of derivative instruments by the Portfolio, such as options and swaps, may also result in a form of leverage. Leverage may result in higher returns to the Portfolio than if the Portfolio were not leveraged, but may also adversely affect returns, particularly if the market is declining.

Liquidity Risk—Liquidity risk occurs when certain investments become difficult to purchase or sell. Difficulty in selling less liquid securities may result in sales at disadvantageous prices affecting the value of your investment in the Portfolio. Causes of liquidity risk may include low trading volumes, large positions and heavy redemptions of portfolio shares. Over recent years, liquidity risk has also increased because the capacity of dealers in the secondary market for fixed-income securities to make markets in these securities has decreased, even as the overall bond market has grown significantly, due to, among other things, structural changes, additional regulatory requirements and capital and risk restraints that have led to reduced inventories. Liquidity risk may be higher in a rising interest rate environment, when the value and liquidity of fixed-income securities generally decline.

Derivatives Risk—The Portfolio may enter into derivative transactions such as forwards, options, futures and swaps. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Portfolio, and subject to counterparty risk to a greater degree than more traditional investments. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected on the statement of assets and liabilities.

Active Trading Risk—The Portfolio expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate is expected to exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Portfolio's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Contractholders.

Indemnification Risk—In the ordinary course of business, the Portfolio enters into contracts that contain a variety of indemnifications. The Portfolio's maximum exposure under these arrangements is unknown. However, the Portfolio has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Portfolio has not accrued any liability in connection with these indemnification provisions.

NOTE G: Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Portfolio, participate in a $325 million revolving credit facility (the "Facility") intended to provide short-term financing, if necessary, subject to certain restrictions in connection with abnormal redemption activity. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Portfolio did not utilize the Facility during the year ended December 31, 2018.

NOTE H: Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended December 31, 2018 and December 31, 2017 were as follows:

	2018	2017
Distributions paid from:		
Ordinary income	$ 794,650	$1,775,674
Net long-term capital gains	444,890	527,673
Total taxable distributions paid	$1,239,540	$2,303,347

As of December 31, 2018, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	$1,285,374
Accumulated capital and other losses	(642,524)(a)
Unrealized appreciation/(depreciation)	(494,288)(b)
Total accumulated earnings/(deficit)	$ 148,562

(a) As of December 31, 2018, the Portfolio had a net capital loss carryforward of $581,603. As of December 31, 2018, the cumulative deferred loss on straddles was $60,921.

(b) The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the tax deferral of losses on wash sales, the tax treatment of swaps, and the recognition for tax purposes of unrealized gains/losses on certain derivative instruments.

For tax purposes, net realized capital losses may be carried over to offset future capital gains, if any. Funds are permitted to carry forward capital losses for an indefinite period, and such losses will retain their character as either short-term or long-term capital losses. As of December 31, 2018, the Portfolio had a net short-term capital loss carryforward of $406,073 and a net long-term capital loss carryforward of $175,530, which may be carried forward for an indefinite period.

During the current fiscal year, there were no permanent differences that resulted in adjustments to distributable earnings or additional paid-in capital.

NOTE I: Recent Accounting Pronouncements

In March 2017, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities which amends the amortization period for certain purchased callable debt securities held at a premium, shortening such period to the earliest call date. The ASU 2017-08 does not require any accounting change for debt securities held at a discount; the discount continues to be amortized to maturity. The ASU 2017-08 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. At this time, management is evaluating the implications of these changes on the financial statements.

In August 2018, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement which removes, modifies and adds disclosures to Topic 820. The amendments in this ASU 2018-13 apply to all entities that are required, under existing U.S. GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The amendments in this ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. At this time, management is evaluating the implications of these changes on the financial statements.

In October 2018, the U.S. Securities and Exchange Commission adopted amendments to certain disclosure requirements included in Regulation S-X that had become "redundant, duplicative, overlapping, outdated or superseded, in light of the other Commission disclosure requirements, GAAP or changes in the information environment." The compliance date for the amendments to Regulation S-X was November 5, 2018 (for reporting period end dates of September 30, 2018 or after). Management has adopted the amendments which simplified certain disclosure requirements on the financial statements.

NOTE J: Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Portfolio's financial statements through this date.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	CLASS A				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of period	$10.56	$10.65	$10.63	$11.37	$11.22
Income From Investment Operations					
Net investment income (a)	.23(b)	.23	.28†	.27	.28
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(.31)	.14	.23	(.27)	.44
Contributions from Affiliates	–0–	.00(c)	–0–	–0–	–0–
Net increase (decrease) in net asset value from operations	(.08)	.37	.51	–0–	.72
Less: Dividends and Distributions					
Dividends from net investment income	(.13)	(.36)	(.35)	(.40)	(.41)
Distributions from net realized gain on investment transactions	(.14)	(.10)	(.14)	(.34)	(.16)
Total dividends and distributions	(.27)	(.46)	(.49)	(.74)	(.57)
Net asset value, end of period	$10.21	$10.56	$10.65	$10.63	$11.37
Total Return					
Total investment return based on net asset value (d)*	(.72)%	3.52%	4.71%†	.01%	6.48%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$33,267	$38,172	$42,183	$47,554	$56,437
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements	1.16%	1.11%	1.06%	.96%	.88%
Expenses, before waivers/reimbursements	1.16%	1.11%	1.06%	.96%	.88%
Net investment income	2.20%(b)	2.11%	2.60%†	2.44%	2.46%
Portfolio turnover rate **	155%	216%	156%	230%	262%

See footnote summary on page 45.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	CLASS B				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of period	$10.45	$10.54	$10.53	$11.26	$11.11
Income From Investment Operations					
Net investment income (a)	.20(b)	.20	.25†	.24	.25
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(.31)	.14	.22	(.26)	.43
Contributions from Affiliates	–0–	.00(c)	–0–	–0–	–0–
Net increase (decrease) in net asset value from operations	(.11)	.34	.47	(.02)	.68
Less: Dividends and Distributions					
Dividends from net investment income	(.10)	(.33)	(.32)	(.37)	(.37)
Distributions from net realized gain on investment transactions	(.14)	(.10)	(.14)	(.34)	(.16)
Total dividends and distributions	(.24)	(.43)	(.46)	(.71)	(.53)
Net asset value, end of period	$10.10	$10.45	$10.54	$10.53	$11.26
Total Return					
Total investment return based on net asset value (d)*	(1.01)%	3.28%	4.36%†	(.18)%	6.22%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$12,054	$14,786	$16,029	$17,681	$19,891
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements	1.41%	1.36%	1.32%	1.21%	1.13%
Expenses, before waivers/reimbursements	1.41%	1.36%	1.32%	1.21%	1.13%
Net investment income	1.95%(b)	1.87%	2.36%†	2.19%	2.21%
Portfolio turnover rate **	155%	216%	156%	230%	262%

(a) Based on average shares outstanding.

(b) Net of expenses waived/reimbursed by the Adviser.

(c) Amount is less than $.005.

(d) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Total return does not reflect (i) insurance company's separate account related expense charges and (ii) the deductions of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares. Total investment return calculated for a period of less than one year is not annualized.

† For the year ended December 31, 2016, the amount includes a refund for overbilling of prior years' custody out of pocket fees as follows:

Net Investment Income Per Share	Net Investment Income Ratio	Total Return
$.03	.28%	.29%

* Includes the impact of proceeds received and credited to the Portfolio resulting from class action settlements, which enhanced the Portfolio's performance for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 by .03%, .03% and .03%, respectively.

** The Portfolio accounts for dollar roll transactions as purchases and sales.

To the Shareholders and the Board of Directors of AB Intermediate Bond Portfolio:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of AB Intermediate Bond Portfolio (the "Portfolio") (one of the portfolios constituting AB Variable Products Series Fund, Inc. (the "Fund")), including the portfolio of investments, 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 Portfolio (one of the portfolios constituting AB Variable Products Series Fund, Inc.) 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 Portfolio'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 of the AB investment companies since 1968.

New York, New York
February 14, 2019

A Special Meeting of Shareholders of the AB Variable Products Series Fund, Inc. (the "Fund")—AB Intermediate Bond Portfolio (the "Portfolio") was held on October 11, 2018. A description of each proposal and number of shares voted at the Meeting are as follows (the proposal number shown below corresponds to the proposal number in the Fund's proxy statement):

1. To approve and vote upon the election of Directors for the Fund, each such Director to serve for a term of indefinite duration and until his or her successor is duly elected and qualifies.

Director:	Voted For	Withheld Authority
Michael J. Downey	185,583,716	7,289,141
William H. Foulk, Jr.*	185,019,810	7,853,047
Nancy P. Jacklin	185,893,313	6,979,544
Robert M. Keith	186,480,457	6,392,400
Carol C. McMullen	185,989,602	6,883,255
Garry L. Moody	186,334,076	6,538,781
Marshall C. Turner	185,518,803	7,354,054
Earl D. Weiner	185,570,565	7,302,293

2. To vote upon the approval of new advisory agreements for the Portfolio with AllianceBernstein L.P.

Voted For	Voted Against	Abstained
4,054,514	58,167	186,572

* Mr. Foulk retired on December 31, 2018.

BOARD OF DIRECTORS

Marshall C. Turner, Jr.(1), *Chairman*
Michael J. Downey(1)
Nancy P. Jacklin(1)
Robert M. Keith, *President and Chief Executive Officer*
Carol C. McMullen(1)
Garry L. Moody(1)
Earl D. Weiner(1)

OFFICERS

Michael Canter(2), *Vice President*
Shawn E. Keegan(2), *Vice President*
Douglas J. Peebles(2), *Vice President*
Greg J. Wilensky(2), *Vice President*
Emilie D. Wrapp, *Secretary*
Michael B. Reyes, *Senior Analyst*
Joseph J. Mantineo, *Treasurer and Chief Financial Officer*
Phyllis J. Clarke, *Controller*
Vincent S. Noto, *Chief Compliance Officer*

CUSTODIAN AND ACCOUNTING AGENT
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State Street Corporation CCB/5
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Boston, MA 02210

LEGAL COUNSEL
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DISTRIBUTOR
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New York, NY 10105

TRANSFER AGENT
AllianceBernstein Investor Services, Inc.
P.O. Box 786003
San Antonio, TX 78278-6003
Toll-Free 1-(800) 221-5672

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
5 Times Square
New York, NY 10036

(1) Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.

(2) The day-to-day management of, and investment decisions for, the Portfolio's portfolio are made by the Adviser's U.S. Core Fixed Income Investment Team. Messrs. Canter, Keegan, Peebles and Wilensky are the investment professionals with the most significant responsibility for the day-to-day management of the Portfolio's portfolio.

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors is set forth below.

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
INTERESTED DIRECTOR			
Robert M. Keith, # 1345 Avenue of the Americas New York, NY 10105 58 (2010)	Senior Vice President of AllianceBernstein L.P. (the "Adviser") and the head of AllianceBernstein Investments, Inc. ("ABI") since July 2008; Director of ABI and President of the AB Mutual Funds. Previously, he served as Executive Managing Director of ABI from December 2006 to June 2008. Prior to joining ABI in 2006, Executive Managing Director of Bernstein Global Wealth Management, and prior thereto, Senior Managing Director and Global Head of Client Service and Sales of the Adviser's institutional investment management business since 2004. Prior thereto, he was Managing Director and Head of North American Client Service and Sales in the Adviser's institutional investment management business, with which he had been associated since prior to 2004.	95	None
DISINTERESTED DIRECTORS			
Marshall C. Turner, Jr., ## *Chairman of the Board* 77 (2005)	Private Investor since prior to 2014. Former Chairman and CEO of Dupont Photomasks, Inc. (components of semi-conductor manufacturing). He has extensive operating leadership and venture capital investing experience, including five interim or full-time CEO roles, and prior service as general partner of institutional venture capital partnerships. He also has extensive non-profit board leadership experience, and currently serves on the boards of two education and science-related non-profit organizations. He has served as a director of one AB Fund since 1992, and director or trustee of multiple AB Funds since 2005. He has been Chairman of the AB Funds since January 2014, and the Chairman of the Independent Directors Committees of such AB Funds since February 2014.	95	Xilinx, Inc. (programmable logic semi-conductors) since 2007
Michael J. Downey, ## 75 (2005)	Private Investor since prior to 2014. Formerly, managing partner of Lexington Capital, LLC (investment advisory firm) from December 1997 until December 2003. He served as a Director of Prospect Acquisition Corp. (financial services) from 2007 until 2009. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management, director of the Prudential mutual funds, and member of the Executive Committee of Prudential Securities Inc. He has served as a director or trustee of the AB Funds since 2005 and is a director and Chairman of one other registered investment company.	95	The Asia Pacific Fund, Inc. (registered investment company) since prior to 2014

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (continued)			
Nancy P. Jacklin, ## 70 (2006)	Private Investor since prior to 2014. Professorial Lecturer at the Johns Hopkins School of Advanced International Studies (2008–2015). U.S. Executive Director of the International Monetary Fund (which is responsible for ensuring the stability of the international monetary system), (December 2002–May 2006); Partner, Clifford Chance (1992–2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985–1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982–1985); and Attorney Advisor, U.S. Department of the Treasury (1973–1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations. She has served as a director or trustee of the AB Funds since 2006 and has been Chair of the Governance and Nominating Committees of the AB Funds since August 2014.	95	None
Carol C. McMullen, ## 63 (2016)	Managing Director of Slalom Consulting (consulting) since 2014, private investor and member of the Partners Healthcare Investment Committee. Formerly, Director of Norfolk & Dedham Group (mutual property and casualty insurance) from 2011 until November 2016; Director of Partners Community Physicians Organization (healthcare) from 2014 until December 2016; and Managing Director of The Crossland Group (consulting) from 2012 until 2013. She has held a number of senior positions in the asset and wealth management industries, including at Eastern Bank (where her roles included President of Eastern Wealth Management), Thomson Financial (Global Head of Sales for Investment Management), and Putnam Investments (where her roles included Head of Global Investment Research). She has served on a number of private company and non-profit boards, and as a director or trustee of the AB Funds since June 2016.	95	None

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (continued)			
Garry L. Moody, ## 66 (2008)	Independent Consultant. Formerly, Partner, Deloitte & Touche LLP (1995-2008) where he held a number of senior positions, including Vice Chairman, and U.S. and Global Investment Management Practice Managing Partner; President, Fidelity Accounting and Custody Services Company (1993-1995), where he was responsible for accounting, pricing, custody and reporting for the Fidelity mutual funds; and Partner, Ernst & Young LLP (1975-1993), where he served as the National Director of Mutual Fund Tax Services and Managing Partner of its Chicago Office Tax department. He is a member of the Trustee Advisory Board of BoardIQ, a biweekly publication focused on issues and news affecting directors of mutual funds. He has served as a director or trustee, and as Chairman of the Audit Committees, of the AB Funds since 2008.	95	None
Earl D. Weiner, ## 79 (2007)	Of Counsel, and Partner prior to January 2007, of the law firm Sullivan & Cromwell LLP and is a former member of the ABA Federal Regulation of Securities Committee Task Force to draft editions of the Fund Director's Guidebook. He also serves as a director or trustee of various non-profit organizations and has served as Chairman or Vice Chairman of a number of them. He has served as a director or trustee of the AB Funds since 2007 and served as Chairman of the Governance and Nominating Committees of the AB Funds from 2007 until August 2014.	95	None

* *The address for the Fund's disinterested Directors is c/o AllianceBernstein L.P., Attention: Legal & Compliance Department—Mutual Fund Legal, 1345 Avenue of the Americas, New York, NY 10105.*

** *There is no stated term of office for the Fund's Directors.*

*** *The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes and skills relevant to each Director's qualifications to serve as a Director, which led to the conclusion that each Director should serve as a Director for the Fund.*

\# *Mr. Keith is an "interested person" of the Fund as defined in the "1940 Act", due to his position as a Senior Vice President of the Adviser.*

\## *Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.*

Officer Information

Certain information concerning the Portfolio's Officers is listed below.

NAME, ADDRESS*, AGE	PRINCIPAL POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Robert M. Keith 58	President and Chief Executive Officer	See biography above.
Michael Canter 49	Vice President	Senior Vice President of the Adviser**, with which she has been associated since prior to 2014. He is also the Director of US Multi-Sector and Securitized Assets.
Shawn E. Keegan 47	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2014.
Douglas J. Peebles 53	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2014. He is also Chief Investment Officer of Fixed Income.
Greg J. Wilensky 51	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2014. He is also Director of US Multi-Sector Fixed Income, US Inflation-Linked Fixed Income and Stable Value Investments.
Emilie D. Wrapp 63	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI**, with which she has been associated since prior to 2014.
Michael B. Reyes 42	Senior Analyst	Vice President of the Adviser**, with which he has been associated since prior to 2014.
Joseph J. Mantineo 59	Treasurer and Chief Financial Officer	Senior Vice President of AllianceBernstein Investor Services, Inc. ("ABIS")**, with which he has been associated since prior to 2014.
Phyllis J. Clarke 58	Controller	Vice President of ABIS**, with which she has been associated since prior to 2014.
Vincent S. Noto 54	Chief Compliance Officer	Senior Vice President since 2015 and Mutual Fund Chief Compliance Officer of the Adviser** since 2014. Prior thereto, he was Vice President and Director of Mutual Fund Compliance of the Adviser** since 2012.

* *The address for each of the Portfolio's Officers is 1345 Avenue of the Americas, New York, NY 10105.*

** *The Adviser, ABI and ABIS are affiliates of the Fund.*

The Fund's Statement of Additional Information ("SAI") has additional information about the Directors and Officers and is available without charge upon request. Contact your financial representative or the Adviser at (800) 227-4618, or visit www.abfunds.com, for a free prospectus or SAI.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S ADVISORY AGREEMENT

As described in more detail in the Proxy Statement for AB Variable Products Series Fund, Inc. (the "Company") dated August 20, 2018, the Board of the Company, at a meeting held on July 31-August 2, 2018, approved a new advisory agreement with the Adviser (the "Proposed Agreement") in respect of each fund organized as a series of the Company (the "Funds"), including AB Intermediate Bond Portfolio (the "Fund"), in connection with the planned disposition by AXA S.A. of its remaining shares of AXA Equitable Holdings, Inc. (the indirect holder of a majority of the partnership interests in the Adviser and the indirect parent of AllianceBernstein Corporation, the general partner of the Adviser) in one or more transactions and the related potential for one or more "assignments" (within the meaning of section 2(a)(4) of the Investment Company Act) of the advisory agreement for the Company in respect of the Funds, including the Fund, resulting in the automatic termination of such advisory agreement.

At the same meeting, the Board also considered and approved an interim advisory agreement with the Adviser (the "Interim Advisory Agreement") for the Company in respect of the Funds, including the Fund, to be effective only in the event that stockholder approval of the Proposed Agreement had not been obtained as of the date of one or more transactions resulting in an "assignment" of the Adviser's advisory agreement, resulting in the automatic termination of such advisory agreement.

The shareholders of the Fund subsequently approved the Proposed Agreement at an annual meeting of shareholders called for the purpose of electing Directors and voting on the Proposed Agreement.

A discussion regarding the basis for the Board's approvals at a meeting held on July 31-August 2, 2018 is set forth below.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S PROPOSED NEW ADVISORY AGREEMENT AND INTERIM ADVISORY AGREEMENT IN THE CONTEXT OF POTENTIAL ASSIGNMENTS

At a meeting of the Board held on July 31-August 2, 2018, the Adviser presented its recommendation that the Board consider and approve the Proposed Agreement in respect of each Fund. Section 15(c) of the 1940 Act provides that, after an initial period, a Fund's Current Agreement will remain in effect only if the Board, including a majority of the Independent Directors, annually reviews and approves it. The Current Agreement in respect of each Fund had been approved by the Board within the one-year period prior to approval of the Proposed Agreement in respect of each Fund. In connection with their approval of the Proposed Agreement in respect of each Fund, the Board considered its conclusions in connection with its most recent approval of the Current Agreement, in particular in cases where the last approval of the Current Agreement in respect of a Fund was relatively recent, including the Board's general satisfaction with the nature and quality of services being provided and, as applicable, in the case of certain Funds, actions taken or to be taken in an effort to improve investment performance or reduce expense ratios. The Directors also reviewed updated information provided by the Adviser in respect of each Fund. Also in connection with their approval of the Proposed Agreement, the Board considered a representation made to them at that time by the Adviser that there were no additional developments not already disclosed to the Board since its most recent approval of the Current Agreement in respect of a Fund that would be a material consideration to the Board in connection with its consideration of the Proposed Agreement, except for matters disclosed to the Board by the Adviser. The Directors considered the fact that the Proposed Agreement would have corresponding terms and conditions identical to those of the Current Agreement with the exception of the effective date and initial term under the Proposed Agreement.

The Directors considered their knowledge of the nature and quality of the services provided by the Adviser to each Fund gained from their experience as directors or trustees of registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the Directors and its responsiveness, frankness and attention to concerns raised by the Directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the Funds. The Directors noted that they have four regular meetings each year, at each of which they review extensive materials and information from the Adviser, including information on the investment performance of each Fund.

The Directors also considered all factors they believed relevant, including the specific matters discussed below. During the course of their deliberations, the Directors evaluated, among other things, the reasonableness of the management fees of the Funds they oversee. The Directors did not identify any particular information that was all-important or controlling, and different Directors may have attributed different weights to the various factors. The Directors determined that the selection of the Adviser to manage the Funds, and the overall arrangements between the Funds and the Adviser, as provided in the Proposed Agreement, including the management fees, were fair and reasonable in light of the services performed under the Current Agreement and to be performed under the Proposed Agreement, expenses incurred and to be incurred and such other matters as the Directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the Directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The Directors considered the scope and quality of services to be provided by the Adviser under the Proposed Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Funds. They also considered the information that had been provided to them by the Adviser concerning the anticipated implementation of the Plan and the Adviser's representation that it did not anticipate that such implementation would affect the management or structure of the Adviser, have a material adverse effect on the Adviser, or adversely affect the quality of the services provided to the Funds by the Adviser and its affiliates. The Directors noted that the Adviser from time to time reviews each Fund's investment strategies and from time to time proposes changes intended to improve the Fund's relative or absolute performance for the Directors' consideration. They also noted the professional experience and qualifications of each Fund's portfolio management team and other senior personnel of the Adviser. The Directors also considered that the Proposed Agreement, similar to the Current Agreement, provides that the Funds will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Funds by employees of the Adviser or its affiliates. Requests for these reimbursements are made on a quarterly basis and subject to approval by the Directors. The Directors noted that the Adviser did not request any reimbursements from certain Funds in the Fund's latest fiscal year reviewed. The Directors noted that the methodology to be used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Funds' former Senior Officer/Independent Compliance Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Funds' other service providers, also was considered. The Directors concluded that, overall, they were satisfied with the nature, extent and quality of services to be provided to the Funds under the Proposed Agreement.

Costs of Services to be Provided and Profitability

The Directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of each Fund to the Adviser for calendar years 2016 and 2017, as applicable, that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Funds' former Senior Officer/Independent Compliance Officer. The Directors noted the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and understood that there are a number of potentially acceptable allocation methodologies for information of this type. The Directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with a Fund, including those relating to its subsidiaries that provide transfer agency, distribution and brokerage services to the Fund, as applicable. The Directors recognized that it is difficult to make comparisons of the profitability of the Proposed Agreement with the profitability of fund advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The Directors focused on the profitability of the Adviser's relationship with each Fund before taxes and distribution expenses. The Directors noted that certain Funds were not profitable to the Adviser in one or more periods reviewed. The Directors concluded that the Adviser's level of profitability from its relationship with the other Funds was not unreasonable.

Fall-Out Benefits

The Directors considered the other benefits to the Adviser and its affiliates from their relationships with the Funds, including, but not limited to, as applicable, benefits relating to soft dollar arrangements (whereby investment advisers receive brokerage and research services from brokers that execute agency transactions for their clients) in the case of certain Funds; 12b-1 fees and sales charges received by the principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of the Class B shares of the Funds; brokerage commissions paid by certain Funds to brokers affiliated with the Adviser; and transfer agency fees paid by the Funds to a wholly owned subsidiary of the Adviser. The Directors recognized that the Adviser's profitability would be somewhat lower, and that a Fund's unprofitability to the Adviser would be exacerbated, without these benefits. The Directors understood that the Adviser also might derive reputational and other benefits from its association with the Funds.

Investment Results

In addition to the information reviewed by the Directors in connection with the Board meeting at which the Proposed Agreement was approved, the Directors receive detailed performance information for the Funds at each regular Board meeting during the year.

The Board's consideration of the Proposed Agreement was informed by their most recent approval of the Current Agreement, and, in the case of certain Funds, their discussion with the Adviser of the reasons for those Funds' underperformance in certain periods. The Directors also reviewed updated performance information and, in some cases, discussed with the Adviser the reasons for changes in performance or continued underperformance. On the basis of this review, the Directors concluded that each Fund's investment performance was acceptable.

Management Fees and Other Expenses

The Directors considered the management fee rate payable by each Fund to the Adviser and information prepared by an independent service provider (the ''15(c) provider'') concerning management fee rates payable by other funds in the same category as the Fund. The Directors recognized that it is difficult to make comparisons of management fees because there are variations in the services that are included in the fees paid by other funds. The Directors compared each Fund's contractual management fee rate with a peer group median, and where applicable, took into account the impact on the management fee rate of the administrative expense reimbursement paid to the Adviser in the latest fiscal year.

The Directors also considered the Adviser's fee schedule for other clients pursuing a similar investment style to each Fund. For this purpose, they reviewed the relevant advisory fee information from the Adviser's Form ADV and in a report from the Funds' Senior Analyst and noted the differences between a Fund's fee schedule, on the one hand, and the Adviser's institutional fee schedule and the schedule of fees charged by the Adviser to any offshore funds and for services to any sub-advised funds pursuing a similar investment strategy as the Fund, on the other, as applicable. The Directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the Directors and that they had previously discussed with the Adviser its policies in respect of such arrangements. The Adviser also informed the Directors that, in the case of certain Funds, there were no institutional products managed by the Adviser that have a substantially similar investment style. The Directors also discussed these matters with their independent fee consultant.

The Adviser reviewed with the Directors the significantly greater scope of the services it provides to each Fund relative to institutional, offshore fund and sub- advised fund clients, as applicable. In this regard, the Adviser noted, among other things, that, compared to institutional and offshore or sub-advisory accounts, each Fund, as applicable, (i) demands considerably more portfolio management, research and trading resources due to significantly higher daily cash flows; (ii) has more tax and regulatory restrictions and compliance obligations; (iii) must prepare and file or distribute regulatory and other communications about fund operations; and (iv) must provide shareholder servicing to retail investors. The Adviser also reviewed the greater legal risks presented by the large and changing population of Fund stockholders who may assert claims against the Adviser in individual or class actions, and the greater entrepreneurial risk in offering new fund products, which require substantial investment to launch, may not succeed, and generally must be priced to compete with larger, more established funds resulting in lack of profitability to the Adviser until a new fund achieves scale. In light of the substantial differences in services rendered by the Adviser to institutional, offshore fund and sub-advised fund clients as compared to the Funds, and the different risk profile, the Directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

The Directors noted that certain of the Funds may invest in shares of exchange-traded funds (''ETFs''), subject to the restrictions and limitations of the 1940 Act as these may be varied as a result of exemptive orders issued by the SEC. The Directors also noted that ETFs pay advisory fees pursuant to their advisory contracts. The Directors concluded, based on the Adviser's explanation of how it uses ETFs when they are the most cost-effective way to obtain desired exposures, in some cases pending purchases of underlying securities, that each Fund's management fee would be for services that would be in addition to, rather than duplicative of, the services provided under the advisory contracts of the ETFs.

With respect to each Fund's management fee, the Directors considered the total expense ratios of the Fund in comparison to a peer group and peer universe selected by the 15(c) service provider. The Directors also considered the Adviser's expense caps for certain Funds. The Directors view expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to a Fund by others.

The Board's consideration of the Proposed Agreement was informed by their most recent approval of the Current Agreement, and, in the case of certain Funds, their discussion with the Adviser of the reasons for those Funds' expense ratios in certain periods. The Directors also reviewed updated expense ratio information and, in some cases, discussed with the Adviser the reasons for the expense ratios of certain Funds. On the basis of this review, the Directors concluded that each Fund's expense ratio was acceptable.

Economies of Scale

The Directors noted that the management fee schedules for certain Funds do not contain breakpoints and that they had discussed their strong preference for breakpoints in advisory contracts with the Adviser. The Directors took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the Funds, and by the Adviser concerning certain of its views on economies of scale. The Directors also had requested and received from the Adviser certain updates on economies of scale in advance of the Board meeting. The Directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The Directors noted that there is no established methodology for setting breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The Directors observed that in the mutual fund industry as a whole, as well as among funds similar to each Fund, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The Directors also noted that the advisory agreements for many funds do not have breakpoints at all.

The Directors informed the Adviser that they would monitor the asset levels of the Funds without breakpoints and their profitability to the Adviser and anticipated revisiting the question of breakpoints in the future if circumstances warrant doing so.

Interim Advisory Agreement

In approving the Interim Advisory Agreement, the Board with the assistance of independent counsel, considered similar factors to those considered in approving the Proposed Agreement. The Interim Advisory Agreement approved by the Board is identical to the Proposed Agreement, as well as the Current Agreement, in all material respects except for its proposed effective and termination dates and provisions intended to comply with the requirements of the relevant SEC rule, such as provisions requiring escrow of advisory fees. Under the Interim Advisory Agreement, the Adviser would continue to manage a Fund pursuant to the Interim Advisory Agreement until a new advisory agreement was approved by stockholders or until the end of the 150-day period, whichever would occur earlier. All fees earned by the Adviser under the Interim Advisory Agreement would be held in escrow pending stockholder approval of the Proposed Agreement. Upon approval of a new advisory agreement by stockholders, the escrowed management fees would be paid to the Adviser, and the Interim Advisory Agreement would terminate.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S CURRENT ADVISORY AGREEMENT

The disinterested directors (the "directors") of AB Variable Products Series Fund, Inc. (the "Company") approved the continuance of the Company's Advisory Agreement with the Adviser in respect of AB Intermediate Bond Portfolio (the "Fund") at a meeting held on November 6-8, 2018 (the "Meeting").

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed additional materials, including materials from an outside consultant, who acted as their independent fee consultant, and comparative analytical data prepared by the Senior Analyst for the Fund. The directors also discussed the proposed continuance in private sessions with counsel.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Fund gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AB Funds. The directors noted that they have four regular meetings each year, at each of which they review extensive materials and information from the Adviser, including information on the investment performance of the Fund.

The directors also considered all factors they believed relevant, including the specific matters discussed below. During the course of their deliberations, the directors evaluated, among other things, the reasonableness of the advisory fee. The directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Fund and the overall arrangements between the Fund and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Fund. The directors noted that the Adviser from time to time reviews the Fund's investment strategies and from time to time proposes changes intended to improve the Fund's relative or absolute performance for the directors' consideration. They also noted the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Fund will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Fund by employees of the Adviser or its affiliates. Requests for these reimbursements are made on a quarterly basis and subject to approval by the directors. Reimbursements, to the extent requested and paid, result in a higher rate of total compensation from the Fund to the Adviser than the fee rate stated in the Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Fund's former Senior Officer/Independent Compliance Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, also was considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Fund under the Advisory Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of the Fund to the Adviser for calendar years 2016 and 2017 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Fund's former Senior Officer/Independent Compliance Officer. The directors noted the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and understood that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Fund, including those relating to its subsidiaries that provide transfer agency and distribution services to the Fund. The directors recognized that it is difficult to make comparisons of the profitability of the Advisory Agreement with the profitability of fund advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Fund before taxes and distribution expenses. The directors concluded that the Adviser's level of profitability from its relationship with the Fund was not unreasonable.

Fall-Out Benefits

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Fund and the underlying fund advised by the Adviser in which the Fund invests, including, but not limited to, benefits relating to 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of the Fund's Class B shares; and transfer agency fees paid by the Fund to a wholly owned subsidiary of the Adviser. The directors recognized that the Adviser's profitability would be somewhat lower without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Fund.

Investment Results

In addition to the information reviewed by the directors in connection with the Meeting, the directors receive detailed performance information for the Fund at each regular Board meeting during the year.

At the Meeting, the directors reviewed performance information prepared by an independent service provider (the "15(c) service provider"), showing the performance of the Class A Shares of the Fund against a group of similar funds ("peer group") and a larger group of similar funds ("peer universe"), each selected by the 15(c) service provider, and information prepared by the Adviser showing performance of the Class A Shares against a broad-based securities market index, in each case for the 1-, 3-, 5- and 10-year periods ended July 31, 2018 and (in the case of comparisons with the broad-based securities market index) for the period from inception. Based on their review, the directors concluded that the Fund's investment performance was acceptable.

Advisory Fees and Other Expenses

The directors considered the advisory fee rate payable by the Fund to the Adviser and information prepared by the 15(c) service provider concerning advisory fee rates payable by other funds in the same category as the Fund. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees payable by other funds. The directors compared the Fund's contractual effective advisory fee rate with a peer group median and took into account the impact on the advisory fee rate of the administrative expense reimbursement paid to the Adviser in the latest fiscal year.

The directors also considered the Adviser's fee schedule for other clients pursuing a similar investment style to the Fund. For this purpose, they reviewed the relevant advisory fee information from the Adviser's Form ADV and in a report from the Fund's Senior Analyst and noted the differences between the Fund's fee schedule, on the one hand, and the Adviser's institutional fee schedule and the schedule of fees charged by the Adviser to any offshore funds and for services to any sub-advised funds pursuing a similar investment strategy as the Fund, on the other. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements. The directors also discussed these matters with their independent fee consultant. The directors also compared the advisory fee rate for the Fund with that for another AB Fund with a similar investment style.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Fund relative to institutional, offshore fund and sub-advised fund clients. In this regard, the Adviser noted, among other things, that, compared to institutional and offshore or sub-advisory accounts, the Fund (i) demands considerably more portfolio management, research and trading resources due to significantly higher daily cash flows; (ii) has more tax and regulatory restrictions and compliance obligations; (iii) must prepare and file or distribute regulatory and other communications about fund operations; and (iv) must provide shareholder servicing to retail investors. The Adviser also reviewed the greater legal risks presented by the large and changing population of Fund shareholders who may assert claims against the Adviser in individual or class actions, and the greater entrepreneurial risk in offering new fund products, which require substantial investment to launch, may not succeed, and generally must be priced to compete with larger, more established funds resulting in lack of profitability to the Adviser until a new fund achieves scale. In light of the substantial differences in services rendered by the Adviser to institutional, offshore fund and sub-advised fund clients as compared to the Fund, the directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

In connection with their review of the Fund's advisory fee, the directors also considered the total expense ratio of the Class A shares of the Fund in comparison to a peer group and a peer universe selected by the 15(c) service provider. The Class A expense ratio of the Fund was based on the Fund's latest fiscal year. The directors noted that it was likely that the expense ratios of some of the other funds in the Fund's category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases might be voluntary or temporary. The directors view expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Fund by others. The directors noted that the Fund's expense ratio was above the medians. After reviewing and discussing the Adviser's explanations of the reasons for this, the directors concluded that the Fund's expense ratio was acceptable.

Economies of Scale

The directors noted that the advisory fee schedule for the Fund contains breakpoints that reduce the fee rates on assets above specified levels. The directors took into consideration presentations by an independent consultant on economies of scale in the mutual fund industry and for the AB Funds, and presentations from time to time by the Adviser concerning certain of its views on economies of scale. The directors also discussed economies of scale with their independent fee consultant. The directors also had requested and received from the Adviser certain updates on economies of scale in advance of the Meeting. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for setting breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Fund, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Fund's shareholders would benefit from a sharing of economies of scale in the event the Fund's net assets exceed a breakpoint in the future.

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