



## Invesco V.I. Global Real Estate Fund



The Fund provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Fund's semiannual and annual reports to shareholders. For the first and third quarters, the Fund files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. The Fund's Form N-Q filings are available on the SEC website, [sec.gov](http://sec.gov). Copies of the Fund's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file numbers for the Fund are 811-07452 and 033-57340. The Fund's most recent portfolio holdings, as filed on Form N-Q, have also been made available to insurance companies issuing variable annuity contracts and variable life insurance policies ("variable products") that invest in the Fund.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 959 4246 or at [invesco.com/proxyguidelines](http://invesco.com/proxyguidelines). The information is also available on the SEC website, [sec.gov](http://sec.gov).

Information regarding how the Fund voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). The information is also available on the SEC website, [sec.gov](http://sec.gov).

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the US distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds. Both are wholly owned, indirect subsidiaries of Invesco Ltd.

**This report must be accompanied or preceded by a currently effective Fund prospectus and variable product prospectus, which contain more complete information, including sales charges and expenses. Investors should read each carefully before investing.**

# Fund Performance

## Performance summary

### Fund vs. Indexes

Cumulative total returns, 12/31/16 to 6/30/17, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	6.19%
Series II Shares	6.06
MSCI World Index <sup>▼</sup> (Broad Market Index)	10.66
Custom Invesco Global Real Estate Index <sup>■</sup> (Style-Specific Index)	6.72
Lipper VUF Real Estate Funds Classification Average <sup>♦</sup> (Peer Group)	2.52

Source(s): <sup>▼</sup>FactSet Research Systems Inc.; <sup>■</sup>Invesco, FactSet Research Systems Inc.; <sup>♦</sup>Lipper Inc.

The **MSCI World Index<sup>SM</sup>** is an unmanaged index considered representative of stocks of developed countries. The index is computed using the net return, which withholds applicable taxes for non-resident investors.

The **Custom Invesco Global Real Estate Index** is composed of the FTSE EPRA/NAREIT Developed Index (gross) from fund inception through February, 17, 2005; the FTSE EPRA/NAREIT Developed Index (net) from February 18, 2005, through June 30, 2014; and the FTSE EPRA/NAREIT Global Index (net) from July 1, 2014.

The **Lipper VUF Real Estate Funds Classification Average** represents an average of all of the variable insurance underlying funds in the Lipper Real Estate Funds classification.

The **FTSE EPRA/NAREIT Developed Index** is an unmanaged index considered representative of listed real estate companies and REITs worldwide.

The **FTSE EPRA/NAREIT Global Index** is a free float, market capitalization-weighted real estate index designed to represent publicly-traded equity REITs and listed property companies in 38 countries worldwide, covering both the developed and emerging markets.

The Fund is not managed to track the performance of any particular index, including the index(es) described here, and consequently, the performance of the Fund may deviate significantly from the performance of the index(es).

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of the peer group, if applicable, reflects fund expenses; performance of a market index does not.

The performance of the Fund's Series I and Series II share classes will differ primarily due to different class expenses.

The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Please contact your variable product issuer or financial adviser for the most recent month-end variable product performance. Performance figures reflect Fund expenses, reinvested distributions and changes in net asset value. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.

The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Series I and Series II shares was 1.01% and 1.26%, respectively. The expense ratios presented above may vary from the expense

ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.

Invesco V.I. Global Real Estate Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

The most recent month-end performance at the Fund level, excluding variable product charges, is available at 800 451 4246. As mentioned above,

## Average Annual Total Returns

As of 6/30/17

### Series I Shares

Inception (3/31/98)	7.88%
10 Years	2.08
5 Years	7.01
1 Year	1.53

### Series II Shares

Inception (4/30/04)	7.82%
10 Years	1.84
5 Years	6.76
1 Year	1.30

for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information.

# Schedule of Investments

June 30, 2017  
(Unaudited)

	Shares	Value
<b>Real Estate Investment Trusts, Common Stocks &amp; Other Equity Interests-98.23%</b>		
<b>Australia-5.05%</b>		
Dexus	309,854	\$ 2,257,845
Goodman Group	673,910	4,076,667
GPT Group (The)	635,360	2,339,290
Mirvac Group	1,205,986	1,978,910
Scentre Group	1,599,071	4,973,107
Westfield Corp.	760,707	4,695,281
		20,321,100
<b>Brazil-0.51%</b>		
BR Malls Participacoes S.A.	332,925	1,200,698
BR Properties S.A.	104,900	285,246
Iguatemi Empresa de Shopping Centers S.A.	9,900	98,359
MRV Engenharia e Participacoes S.A.	37,200	151,789
Multipan Empreendimentos Imobiliarios S.A.	16,700	329,217
		2,065,309
<b>Canada-2.32%</b>		
Allied Properties REIT	62,400	1,872,698
Canadian Apartment Properties REIT	63,003	1,630,883
Chartwell Retirement Residences	76,759	916,835
First Capital Realty, Inc.	62,029	945,131
H&R REIT	120,700	2,049,438
RioCan REIT	49,700	922,450
Smart REIT	40,700	1,008,046
		9,345,481
<b>China-4.48%</b>		
Agile Group Holdings Ltd.	348,000	318,694
CapitaLand Retail China Trust	213,700	254,553
China Evergrande Group <sup>(a)</sup>	731,000	1,312,663
China Jinmao Holdings Group Ltd.	1,462,000	602,964
China Overseas Grand Oceans Group Ltd.	368,000	196,549
China Overseas Land & Investment Ltd.	910,000	2,663,272
China Resources Land Ltd.	784,444	2,285,764
China Vanke Co., Ltd.-Class H <sup>(a)</sup>	489,700	1,386,151
CIFI Holdings (Group) Co. Ltd.	1,836,000	816,000
Country Garden Holdings Co. Ltd.	1,334,000	1,546,295
Global Logistic Properties Ltd.	764,400	1,587,873
Guangzhou R&F Properties Co. Ltd.-Class H	358,800	557,904
KWG Property Holding Ltd.	280,000	187,563
Longfor Properties Co. Ltd.	440,500	946,729
Shenzhen Investment Ltd.	1,233,700	545,151
Shimao Property Holdings Ltd.	438,000	749,495
Sino-Ocean Group Holding Ltd.	733,500	358,882
Sunac China Holdings Ltd.	222,000	464,046
Yanlord Land Group Ltd.	604,600	770,681
Yuexiu Property Co. Ltd.	2,660,000	453,128
		18,004,357

	Shares	Value
<b>France-3.31%</b>		
ICADE	24,178	\$ 2,036,738
Klepierre	96,341	3,948,637
Unibail-Rodamco S.E.	29,045	7,319,787
		13,305,162
<b>Germany-3.42%</b>		
Deutsche Euroshop AG	20,591	812,303
Grand City Properties S.A.	184,362	3,694,434
LEG Immobilien AG	40,666	3,823,026
Vonovia SE	136,886	5,439,127
		13,768,890
<b>Hong Kong-7.21%</b>		
Cheung Kong Property Holdings Ltd.	582,800	4,564,614
Hang Lung Properties Ltd.	1,269,000	3,169,452
Hongkong Land Holdings Ltd.	300,100	2,208,736
Link REIT	560,500	4,264,323
New World Development Co. Ltd.	2,288,000	2,904,141
Sun Hung Kai Properties Ltd.	420,000	6,170,221
Swire Properties Ltd.	902,400	2,980,424
Wharf (Holdings) Ltd. (The)	332,000	2,751,252
		29,013,163
<b>India-0.16%</b>		
Ascendas India Trust	776,700	639,566
<b>Indonesia-0.41%</b>		
PT Ciputra Development Tbk	10,345,338	913,757
PT Pakuwon Jati Tbk	13,056,300	600,039
PT Summarecon Agung Tbk	1,556,900	150,465
		1,664,261
<b>Ireland-0.40%</b>		
Green REIT PLC	976,372	1,590,142
<b>Japan-9.40%</b>		
Activia Properties, Inc.	210	897,173
Advance Residence Investment Corp.	477	1,185,396
AEON REIT Investment Corp.	814	896,724
Daiwa House REIT Investment Corp.	741	1,758,450
Daiwa Office investment Corp.	183	922,566
GLP J-REIT <sup>(b)</sup>	213	229,344
GLP J-REIT	1,027	1,105,803
Hulic Reit, Inc.	888	1,385,650
Japan Excellent, Inc.	422	469,389
Japan Hotel REIT Investment Corp.	934	660,203
Japan Logistics Fund Inc.	326	676,812
Japan Real Estate Investment Corp.	566	2,813,141
Japan Retail Fund Investment Corp.	1,178	2,173,335
Kenedix Office Investment Corp.	68	362,763
Mitsubishi Estate Co., Ltd.	442,800	8,272,463

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
<b>Japan-(continued)</b>		
Mitsui Fudosan Co., Ltd.	358,100	\$ 8,561,634
Nippon Prologis REIT Inc.	496	1,055,770
Nomura Real Estate Master Fund, Inc.	1,029	1,406,218
Tokyo Tatemono Co., Ltd.	130,900	1,717,889
United Urban Investment Corp.	866	1,235,823
		37,786,546
<b>Malaysia-0.37%</b>		
IOI Properties Group Bhd.	823,600	423,153
KLCCP Stapled Group	254,600	473,881
Mah Sing Group Bhd.	1,579,500	596,072
		1,493,106
<b>Malta-0.01%</b>		
BGP Holdings PLC (Acquired 08/06/2009; Cost \$0) <sup>(a)(b)</sup>	3,053,090	54,050
<b>Mexico-0.51%</b>		
Fibra Uno Administracion S.A. de C.V.	739,700	1,399,679
Macquarie Mexico Real Estate Management S.A. de C.V.	563,900	663,706
		2,063,385
<b>Netherlands-0.47%</b>		
Wereldhave N.V.	38,235	1,874,758
<b>Philippines-0.84%</b>		
Ayala Land, Inc.	1,796,100	1,414,588
Robinsons Land Corp.	1,447,100	696,655
SM Prime Holdings Inc.	1,958,900	1,280,822
		3,392,065
<b>Singapore-1.94%</b>		
CapitaLand Commercial Trust	1,199,100	1,445,748
CapitaLand Ltd.	363,600	924,317
CapitaLand Mall Trust	907,300	1,301,509
City Developments Ltd.	315,700	2,460,387
Mapletree Industrial Trust	1,236,000	1,669,785
		7,801,746
<b>South Africa-1.10%</b>		
Growthpoint Properties Ltd.	831,445	1,555,599
Hyprop Investments Ltd.	111,442	994,394
Resilient REIT Ltd.	75,787	705,149
SA Corporate Real Estate Ltd.	2,746,869	1,154,658
		4,409,800
<b>Spain-0.90%</b>		
Inmobiliaria Colonial S.A.	214,824	1,874,451
Merlin Properties Socimi, S.A.	137,613	1,738,352
		3,612,803
<b>Sweden-1.34%</b>		
Castellum AB	188,593	2,774,928
Wihlborgs Fastigheter AB	123,304	2,604,746
		5,379,674

	Shares	Value
<b>Switzerland-0.95%</b>		
Swiss Prime Site AG	42,189	\$ 3,831,964
<b>Thailand-0.45%</b>		
Central Pattana PCL	643,900	1,314,760
Central Pattana PCL-NVDR	37,600	76,774
Supalai PCL-NVDR	543,200	416,429
		1,807,963
<b>United Arab Emirates-0.16%</b>		
Emaar Malls PJSC	957,873	657,185
<b>United Kingdom-4.34%</b>		
Big Yellow Group PLC	157,656	1,626,285
Derwent London PLC	52,802	1,825,208
Great Portland Estates PLC	268,557	2,090,291
Hansteen Holdings PLC	922,902	1,496,532
Land Securities Group PLC	259,272	3,420,788
SEGRO PLC	434,064	2,765,676
Tritax Big Box REIT PLC	658,577	1,254,050
UNITE Group PLC (The)	351,109	2,967,889
		17,446,719
<b>United States-48.18%</b>		
Acadia Realty Trust	55,506	1,543,067
American Campus Communities, Inc.	58,762	2,779,443
American Homes 4 Rent-Class A	179,446	4,050,096
American Tower Corp.-Class A	4,422	585,119
Apple Hospitality REIT, Inc.	164,497	3,077,739
AvalonBay Communities, Inc.	48,038	9,231,462
Boston Properties, Inc.	77,200	9,497,144
Brandywine Realty Trust	130,150	2,281,530
Brixmor Property Group, Inc.	167,439	2,993,809
Brookdale Senior Living Inc. <sup>(a)</sup>	70,025	1,030,068
Cousins Properties, Inc.	409,312	3,597,852
Crown Castle International Corp.	3,794	380,083
CyrusOne Inc.	27,586	1,537,920
DiamondRock Hospitality Co.	15,764	172,616
Digital Realty Trust, Inc.	27,390	3,093,701
EastGroup Properties, Inc.	16,394	1,373,817
Equity Residential	166,135	10,936,667
Essex Property Trust, Inc.	25,607	6,587,913
Extra Space Storage Inc.	37,346	2,912,988
Federal Realty Investment Trust	28,526	3,605,401
GGP Inc.	199,377	4,697,322
HCP, Inc.	137,442	4,392,646
Healthcare Realty Trust, Inc.	129,609	4,426,147
Host Hotels & Resorts Inc.	286,187	5,228,636
Hudson Pacific Properties Inc.	175,615	6,004,277
InfraREIT, Inc.	14,137	270,724
Invitation Homes Inc.	59,847	1,294,491
Kimco Realty Corp.	142,975	2,623,591
Liberty Property Trust	122,534	4,988,359
Macerich Co. (The)	83,976	4,875,647

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
<b>United States--(continued)</b>		
Mid-America Apartment Communities, Inc.	28,963	\$ 3,052,121
National Health Investors, Inc.	24,181	1,915,135
National Retail Properties, Inc.	29,003	1,134,017
Paramount Group, Inc.	118,675	1,898,800
Pebblebrook Hotel Trust	84,593	2,727,278
Physicians Realty Trust	51,984	1,046,958
Prologis, Inc.	163,682	9,598,312
Public Storage	47,447	9,894,123
QTS Realty Trust, Inc.-Class A	54,791	2,867,213
Realty Income Corp.	56,321	3,107,793
Regency Centers Corp.	23,297	1,459,324
Retail Opportunity Investments Corp.	68,387	1,312,347
RLJ Lodging Trust	43,142	857,232
SBA Communications Corp.-Class A <sup>(a)</sup>	7,138	962,916
Simon Property Group, Inc.	87,886	14,216,439
SL Green Realty Corp.	5,384	569,627
Sun Communities, Inc.	45,968	4,030,934
Terreno Realty Corp.	37,875	1,274,873
Ventas, Inc.	47,726	3,316,002

Investment Abbreviations:

NVDR - Non-Voting Depositary Receipt

REIT - Real Estate Investment Trust

Notes to Schedule of Investments:

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

<sup>(b)</sup> Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at June 30, 2017 was \$283,394, which represented less than 1% of the Fund's Net Assets.

<sup>(c)</sup> The money market fund and the Fund are affiliated by having the same investment adviser. The rate shown is the 7-day SEC standardized yield as of June 30, 2017.

	Shares	Value
<b>United States--(continued)</b>		
Vornado Realty Trust	79,277	\$ 7,444,110
Washington REIT	87,663	2,796,450
Weingarten Realty Investors	36,151	1,088,145
Welltower Inc.	94,844	7,099,073
		193,739,497
Total Real Estate Investment Trusts, Common Stocks & Other Equity Interests (Cost \$347,114,902)		395,068,692
<b>Money Market Funds-1.20%</b>		
Government & Agency Portfolio- Institutional Class, 0.89% <sup>(c)</sup>	2,882,629	2,882,629
Treasury Portfolio-Institutional Class, 0.85% <sup>(c)</sup>	1,921,753	1,921,753
Total Money Market Funds (Cost \$4,804,382)		4,804,382
TOTAL INVESTMENTS-99.43% (Cost \$351,919,284)		399,873,074
OTHER ASSETS LESS LIABILITIES-0.57%		2,278,597
NET ASSETS-100.00%		\$402,151,671

## Portfolio Composition

By country, based on Net Assets  
as of June 30, 2017

United States	48.2%
Japan	9.4
Hong Kong	7.2
Australia	5.1
China	4.5
United Kingdom	4.3
Germany	3.4
France	3.3
Canada	2.3
Countries each less than 2.0% of portfolio	10.5
Money Market Funds Plus Other Assets Less Liabilities	1.8

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

# Statement of Assets and Liabilities

June 30, 2017  
(Unaudited)

## Assets:

Investments, at value (Cost \$347,114,902)	\$395,068,692
Investments in affiliated money market funds, at value and cost	4,804,382
Total investments, at value (Cost \$351,919,284)	399,873,074
Foreign currencies, at value (Cost \$1,740,873)	1,747,838
Receivable for:	
Investments sold	933,132
Fund shares sold	472,213
Dividends	1,601,809
Investment for trustee deferred compensation and retirement plans	66,588
Other assets	902
Total assets	404,695,556

## Liabilities:

Payable for:	
Investments purchased	1,819,808
Fund shares reacquired	211,784
Accrued foreign taxes	59,259
Accrued fees to affiliates	298,650
Accrued trustees' and officers' fees and benefits	4,907
Accrued other operating expenses	73,679
Trustee deferred compensation and retirement plans	75,798
Total liabilities	2,543,885
Net assets applicable to shares outstanding	\$402,151,671

## Net assets consist of:

Shares of beneficial interest	\$342,965,429
Undistributed net investment income	8,795,527
Undistributed net realized gain	2,429,920
Net unrealized appreciation	47,960,795
	\$402,151,671

## Net Assets:

Series I	\$155,422,330
Series II	\$246,729,341

## Shares outstanding, no par value, with an unlimited number of shares authorized:

Series I	9,061,445
Series II	14,827,722
Series I:	
Net asset value per share	\$ 17.15
Series II:	
Net asset value per share	\$ 16.64

# Statement of Operations

For the six months ended June 30, 2017  
(Unaudited)

## Investment income:

Dividends (net of foreign withholding taxes of \$320,691)	\$ 7,358,248
Dividends from affiliated money market funds	15,235
Total investment income	7,373,483

## Expenses:

Advisory fees	1,428,759
Administrative services fees	333,449
Custodian fees	82,784
Distribution fees – Series II	289,045
Transfer agent fees	19,095
Trustees' and officers' fees and benefits	13,067
Reports to shareholders	41,171
Professional services fees	31,397
Other	6,491
Total expenses	2,245,258
Less: Fees waived	(2,694)
Net expenses	2,242,564
Net investment income	5,130,919

## Realized and unrealized gain from:

Net realized gain from:	
Investment securities (net of foreign taxes \$2,649)	180,687
Foreign currencies	11,991
	192,678
Change in net unrealized appreciation of:	
Investment securities (net of foreign taxes \$59,213)	16,839,155
Foreign currencies	28,367
	16,867,522
Net realized and unrealized gain	17,060,200
Net increase in net assets resulting from operations	\$22,191,119

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

# Statement of Changes in Net Assets

For the six months ended June 30, 2017 and the year ended December 31, 2016  
(Unaudited)

	June 30, 2017	December 31, 2016
<b>Operations:</b>		
Net investment income	\$ 5,130,919	\$ 6,742,282
Net realized gain	192,678	10,069,841
Change in net unrealized appreciation (depreciation)	16,867,522	(7,718,085)
Net increase in net assets resulting from operations	22,191,119	9,094,038
<b>Distributions to shareholders from net investment income:</b>		
Series I	-	(2,467,652)
Series II	-	(3,330,972)
Total distributions from net investment income	-	(5,798,624)
<b>Distributions to shareholders from net realized gains:</b>		
Series I	-	(2,886,843)
Series II	-	(4,517,031)
Total distributions from net realized gains	-	(7,403,874)
<b>Share transactions-net:</b>		
Series I	(1,040,435)	(62,074,057)
Series II	16,726,136	13,734,445
Net increase (decrease) in net assets resulting from share transactions	15,685,701	(48,339,612)
Net increase (decrease) in net assets	37,876,820	(52,448,072)
<b>Net assets:</b>		
Beginning of period	364,274,851	416,796,223
End of period (includes undistributed net investment income of \$8,795,527 and \$3,664,608, respectively)	\$402,151,671	\$364,274,851

## Notes to Financial Statements

For the six months ended June 30, 2017  
(Unaudited)

### NOTE 1—Significant Accounting Policies

Invesco V.I. Global Real Estate Fund (the "Fund") is a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) (the "Trust"). The Trust is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end series management investment company consisting of twenty-four separate portfolios, (each constituting a "Fund"). The assets, liabilities and operations of each portfolio are accounted for separately. Information presented in these financial statements pertains only to the Fund. Matters affecting each Fund or class will be voted on exclusively by the shareholders of such Fund or class. Current Securities and Exchange Commission ("SEC") guidance, however, requires participating insurance companies offering separate accounts to vote shares proportionally in accordance with the instructions of the contract owners whose investments are funded by shares of each Fund or class.

The Fund's investment objective is total return through growth of capital and current income.

The Fund currently offers two classes of shares, Series I and Series II, both of which are offered to insurance company separate accounts funding variable annuity contracts and variable life insurance policies ("variable products").

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements.

#### A. Security Valuations – Securities, including restricted securities, are valued according to the following policy.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining net asset value ("NAV") per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end-of-day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Foreign securities' (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the Adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees.

Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Fund investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

**B. Securities Transactions and Investment Income** – Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date.

The Fund may periodically participate in litigation related to Fund investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the investment adviser.

The Fund allocates income and realized and unrealized capital gains and losses to a class based on the relative net assets of each class.

The Fund recharacterizes distributions received from REIT investments based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available on a timely basis from the REIT, the recharacterization will be based on available information which may include the previous year's allocation. If new or additional information becomes available from the REIT at a later date, a recharacterization will be made in the following year. The Fund records as dividend income the amount recharacterized as ordinary income and as realized gain the amount recharacterized as capital gain in the Statement of Operations, and the amount recharacterized as return of capital as a reduction of the cost of the related investment. These recharacterizations are reflected in the accompanying financial statements.

**C. Country Determination** – For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among



the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

**D. Distributions** – Distributions from net investment income and net realized capital gain, if any, are generally declared and paid to separate accounts of participating insurance companies annually and recorded on the ex-dividend date.

**E. Federal Income Taxes** – The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), necessary to qualify as a regulated investment company and to distribute substantially all of the Fund’s taxable earnings to shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund’s uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

The Fund files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

**F. Expenses** – Fees provided for under the Rule 12b-1 plan of a particular class of the Fund and which are directly attributable to that class are charged to the operations of such class. All other expenses are allocated among the classes based on relative net assets.

**G. Accounting Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Fund monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

**H. Indemnifications** – Under the Trust’s organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts, including the Fund’s servicing agreements, that contain a variety of indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

**I. Foreign Currency Translations** – Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities (net of foreign taxes withheld on disposition) and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately account for the portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. The combined results of changes in foreign exchange rates and the fluctuation of market prices on investments (net of estimated foreign tax withholding) are included with the net realized and unrealized gain or loss from investments in the Statement of Operations. Reported net realized foreign currency gains or losses arise from (1) sales of foreign currencies, (2) currency gains or losses realized between the trade and settlement dates on securities transactions, and (3) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund’s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

The Fund may invest in foreign securities, which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests and are shown in the Statement of Operations.

**J. Forward Foreign Currency Contracts** – The Fund may engage in foreign currency transactions either on a spot (i.e. for prompt delivery and settlement) basis, or through forward foreign currency contracts, to manage or minimize currency or exchange rate risk.

The Fund may also enter into forward foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of that security, or the Fund may also enter into forward foreign currency contracts that do not provide for physical settlement of the two currencies, but instead are settled by a single cash payment calculated as the difference between the agreed upon exchange rate and the spot rate at settlement based upon an agreed upon notional amount (non-deliverable forwards). The Fund will set aside liquid assets in an amount equal to the daily mark-to-market obligation for forward foreign currency contracts.

A forward foreign currency contract is an obligation between two parties (“Counterparties”) to purchase or sell a specific currency for an agreed-upon price at a future date. The use of forward foreign currency contracts does not eliminate fluctuations in the price of the underlying securities the Fund owns or intends to acquire but establishes a rate of exchange in advance. Fluctuations in the value of these contracts are measured by the difference in the contract date and reporting date exchange rates and are recorded as unrealized appreciation (depreciation) until the contracts are closed. When the contracts are closed, realized gains (losses) are recorded. Realized and unrealized gains (losses) on the contracts are included in the Statement of Operations. The primary risks associated with forward foreign currency contracts include failure of the Counterparty to meet the terms of the contract and the value of the foreign currency changing unfavorably. These risks may be in excess of the amounts reflected in the Statement of Assets and Liabilities.

**K. Other Risks** – The Fund’s investments are concentrated in a comparatively narrow segment of the economy. Consequently, the Fund may tend to be more volatile than other mutual funds, and the value of the Fund’s investments may tend to rise and fall more rapidly.

Because the Fund concentrates its assets in the real estate industry, an investment in the Fund will be closely linked to the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments.

## NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the “Adviser” or “Invesco”). Under the terms of the investment advisory agreement, the Fund pays an advisory fee to the Adviser based on the annual rate of the Fund’s average daily net assets as follows:

Average Daily Net Assets	Rate
First \$250 million	0.75%
Next \$250 million	0.74%
Next \$500 million	0.73%
Next \$1.5 billion	0.72%
Next \$2.5 billion	0.71%
Next \$2.5 billion	0.70%
Next \$2.5 billion	0.69%
Over \$10 billion	0.68%

For the six months ended June 30, 2017, the effective advisory fees incurred by the Fund was 0.75%.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. and separate sub-advisory agreements with Invesco PowerShares Capital Management LLC and Invesco Asset Management (India) Private Limited (collectively, the “Affiliated Sub-Advisers”) the Adviser, not the Fund, will pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Fund based on the percentage of assets allocated to such Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2018, to waive advisory fees and/or reimburse expenses of all shares to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.00% and Series II shares to 2.25% of average daily net assets (the “expense limits”). In determining the Adviser’s obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the total annual fund operating expenses after fee waiver and/or expense reimbursement to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Unless Invesco continues the fee waiver agreement, it will terminate on June 30, 2018. During its term, the fee waiver agreement cannot be terminated or amended to increase the expense limits or reduce the advisory fee waiver without approval of the Board of Trustees. The Adviser did not waive fees and/or reimburse expenses during the period under these expense limits.

Further, the Adviser has contractually agreed, through at least June 30, 2019, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the six months ended June 30, 2017, the Adviser waived advisory fees of \$2,694.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for fees paid to insurance companies that have agreed to provide certain administrative services to the Fund. These administrative services provided by the insurance companies may include, among other things: maintenance of master accounts with the Fund; tracking, recording and transmitting net purchase and redemption orders for Fund shares; maintaining and preserving records related to the purchase, redemption and other account activity of variable product owners; distributing copies of Fund documents such as prospectuses, proxy materials and periodic reports, to variable product owners, and responding to inquiries from variable product owners about the Fund. Pursuant to such agreement, for the six months ended June 30, 2017, Invesco was paid \$46,502 for accounting and fund administrative services and was reimbursed \$286,947 for fees paid to insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Investment Services, Inc. (“IIS”) pursuant to which the Fund has agreed to pay IIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IIS for certain expenses incurred by IIS in the course of providing such services. For the six months ended June 30, 2017, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. (“IDI”) to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund’s Series II shares (the “Plan”). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund’s average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2017, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

Certain officers and trustees of the Trust are officers and directors of the Adviser, IIS and/or IDI.

### NOTE 3—Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used.

Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2017. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the six months ended June 30, 2017, there were transfers from Level 1 to Level 2 of \$16,138,101 and from Level 2 to Level 1 of \$88,241,987, due to foreign fair value adjustments.

	Level 1	Level 2	Level 3	Total
Australia	\$ 13,369,083	\$ 6,952,017	\$-	\$ 20,321,100
Brazil	2,065,309	-	-	2,065,309
Canada	9,345,481	-	-	9,345,481
China	18,004,357	-	-	18,004,357
France	11,268,424	2,036,738	-	13,305,162
Germany	7,517,460	6,251,430	-	13,768,890
Hong Kong	26,032,739	2,980,424	-	29,013,163
India	-	639,566	-	639,566
Indonesia	150,465	1,513,796	-	1,664,261
Ireland	-	1,590,142	-	1,590,142
Japan	19,234,560	18,551,986	-	37,786,546
Malaysia	1,069,953	423,153	-	1,493,106
Malta	-	54,050	-	54,050
Mexico	2,063,385	-	-	2,063,385
Netherlands	1,874,758	-	-	1,874,758
Philippines	2,695,410	696,655	-	3,392,065
Singapore	7,801,746	-	-	7,801,746
South Africa	4,409,800	-	-	4,409,800
Spain	1,738,352	1,874,451	-	3,612,803
Sweden	2,604,746	2,774,928	-	5,379,674
Switzerland	3,831,964	-	-	3,831,964
Thailand	1,807,963	-	-	1,807,963
United Arab Emirates	657,185	-	-	657,185
United Kingdom	15,356,428	2,090,291	-	17,446,719
United States	193,739,497	-	-	193,739,497
Money Market Funds	4,804,382	-	-	4,804,382
Total Investments	\$351,443,447	\$48,429,627	\$-	\$399,873,074

### NOTE 4—Trustees' and Officers' Fees and Benefits

*Trustees' and Officers' Fees and Benefits* include amounts accrued by the Fund to pay remuneration to certain Trustees and Officers of the Fund. Trustees have the option to defer compensation payable by the Fund, and *Trustees' and Officers' Fees and Benefits* also include amounts accrued by the Fund to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees were eligible to participate in a retirement plan that provided for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Fund may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. *Trustees' and Officers' Fees and Benefits* include amounts accrued by the Fund to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Fund.

## NOTE 5—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period-end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

## NOTE 6—Tax Information

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in eight tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund did not have a capital loss carryforward as of December 31, 2016.

## NOTE 7—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2017 was \$106,987,876 and \$87,718,711, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

### Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

Aggregate unrealized appreciation of investment securities	\$43,853,591
Aggregate unrealized (depreciation) of investment securities	(7,126,998)
Net unrealized appreciation of investment securities	\$36,726,593

Cost of investments for tax purposes is \$363,146,481.

## NOTE 8—Share Information

### Summary of Share Activity

	Six months ended June 30, 2017 <sup>(a)</sup>		Year ended December 31, 2016	
	Shares	Amount	Shares	Amount
<b>Sold:</b>				
Series I	930,927	\$ 15,559,351	1,866,923	\$ 31,090,102
Series II	2,390,070	39,114,031	2,573,469	42,010,957
<b>Issued as reinvestment of dividends:</b>				
Series I	-	-	307,377	5,354,495
Series II	-	-	463,556	7,848,003
<b>Reacquired:</b>				
Series I	(993,084)	(16,599,786)	(5,815,971)	(98,591,954)
Series II	(1,384,952)	(22,387,895)	(2,288,818)	(36,124,515)
Net increase (decrease) in share activity	942,961	\$ 15,685,701	(2,893,464)	\$(48,412,912)

<sup>(a)</sup> There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 59% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

## NOTE 9—Financial Highlights

The following schedule presents financial highlights for a share of the Fund outstanding throughout the periods indicated.

	Net asset value, beginning of period	Net investment income <sup>(a)</sup>	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Distributions from net realized gains	Total distributions	Net asset value, end of period	Total return <sup>(b)</sup>	Net assets, end of period (000's omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover <sup>(c)</sup>
<b>Series I</b>														
Six months ended 06/30/17	\$16.15	\$0.24	\$ 0.76	\$ 1.00	\$ -	\$ -	\$ -	\$17.15	6.19%	\$155,422	1.02% <sup>(d)</sup>	1.02% <sup>(d)</sup>	2.83% <sup>(d)</sup>	23%
Year ended 12/31/16	16.36	0.30	0.08	0.38	(0.27)	(0.32)	(0.59)	16.15	2.04	147,382	1.05	1.05	1.81	66
Year ended 12/31/15	17.24	0.31	(0.59)	(0.28)	(0.60)	-	(0.60)	16.36	(1.48)	208,796	1.11	1.11	1.79	72
Year ended 12/31/14	15.29	0.33	1.89	2.22	(0.27)	-	(0.27)	17.24	14.62	209,829	1.10	1.10	1.99	44
Year ended 12/31/13	15.47	0.22	0.21	0.43	(0.61)	-	(0.61)	15.29	2.71	189,835	1.10	1.10	1.41	49
Year ended 12/31/12	12.14	0.27	3.14	3.41	(0.08)	-	(0.08)	15.47	28.12	176,933	1.14	1.14	1.94	51
<b>Series II</b>														
Six months ended 06/30/17	15.69	0.21	0.74	0.95	-	-	-	16.64	6.06	246,729	1.27 <sup>(d)</sup>	1.27 <sup>(d)</sup>	2.58 <sup>(d)</sup>	23
Year ended 12/31/16	15.91	0.25	0.08	0.33	(0.23)	(0.32)	(0.55)	15.69	1.82	216,893	1.30	1.30	1.56	66
Year ended 12/31/15	16.79	0.26	(0.58)	(0.32)	(0.56)	-	(0.56)	15.91	(1.74)	208,000	1.36	1.36	1.54	72
Year ended 12/31/14	14.90	0.28	1.84	2.12	(0.23)	-	(0.23)	16.79	14.34	200,299	1.35	1.35	1.74	44
Year ended 12/31/13	15.11	0.18	0.20	0.38	(0.59)	-	(0.59)	14.90	2.44	170,145	1.35	1.35	1.16	49
Year ended 12/31/12	11.87	0.23	3.07	3.30	(0.06)	-	(0.06)	15.11	27.85	124,219	1.39	1.39	1.69	51

<sup>(a)</sup> Calculated using average shares outstanding.

<sup>(b)</sup> Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Total returns are not annualized for periods less than one year, if applicable, and do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.

<sup>(c)</sup> Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.

<sup>(d)</sup> Ratios are annualized and based on average daily net assets (000's omitted) of \$152,821 and \$233,152 for Series I and Series II shares, respectively.

# Calculating your ongoing Fund expenses

## Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with 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 January 1, 2017 through June 30, 2017.

The actual and hypothetical expenses in the examples below do not represent the effect of any fees or other expenses assessed in connection with a variable product; if they did, the expenses shown would be higher while the ending account values shown would be lower.

## Actual expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, 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 table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

## Hypothetical example for comparison purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund'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 Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.*

Please note that the expenses shown in the table are meant to highlight your ongoing costs. Therefore, the hypothetical information is useful in comparing ongoing costs, and will not help you determine the relative total costs of owning different funds.

Class	Beginning Account Value (01/01/17)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (06/30/17) <sup>1</sup>	Expenses Paid During Period <sup>2</sup>	Ending Account Value (06/30/17)	Expenses Paid During Period <sup>2</sup>	
Series I	\$1,000.00	\$1,061.90	\$5.21	\$1,019.74	\$5.11	1.02%
Series II	1,000.00	1,060.60	6.49	1,018.50	6.36	1.27

<sup>1</sup> The actual ending account value is based on the actual total return of the Fund for the period January 1, 2017 through June 30, 2017, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

<sup>2</sup> Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 181/365 to reflect the most recent fiscal half year.

# Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of Invesco V.I. Global Real Estate Fund's (the Fund) investment advisory agreements. During contract renewal meetings held on June 12-13, 2017, the Board as a whole, and the disinterested or "independent" Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. and separate Sub-Advisory Contracts with Invesco PowerShares Capital Management LLC and Invesco Asset Management (India) Private Limited (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2017.

In evaluating the fairness and reasonableness of compensation under the Fund's investment advisory agreement and sub-advisory contracts, the Board considered, among other things, the factors discussed below. The Board determined that continuation of the Fund's investment advisory agreement and the sub-advisory contracts is in the best interest of the Fund and its shareholders and that the compensation payable to Invesco Advisers and the Affiliated Sub-Advisers under the agreements is fair and reasonable.

## The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, which meet throughout the year to review the performance of funds advised by Invesco Advisers (the Invesco Funds). Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Board had the benefit of reports from the Sub-Committees and Investments Committee throughout the year in considering approval of the continuance of each Invesco Fund's investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Board receives comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The

Board also receives an independent written evaluation from the Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

The Trustees recognized that the advisory fee rates for the Invesco Funds are, in most cases, the result of years of review and negotiation. The Trustees' deliberations and conclusions in a particular year may be based in part on their deliberations and conclusions regarding these arrangements throughout the year and in prior years. The Trustees' review and conclusions are based on the comprehensive consideration of all information presented to them and are not the result of any single determinative factor. Moreover, one Trustee may have weighed a particular piece of information or factor differently than another Trustee.

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. This information is current as of June 13, 2017, and does not reflect consideration of factors that became known to the Board after that date.

## Factors and Conclusions and Summary of Independent Written Fee Evaluation

### A. Nature, Extent and Quality of Services Provided by Invesco Advisers and the Affiliated Sub-Advisers

The Board reviewed the advisory services provided to the Fund by Invesco Advisers under the Fund's investment advisory agreement, the performance of Invesco Advisers in providing these services, and the credentials and experience of the officers and employees of Invesco Advisers who provide these services, including the Fund's portfolio manager or managers. The Board's review included consideration of Invesco Advisers' investment process oversight, credit analysis and investment risk management. The Board also considered non-advisory services that Invesco Advisers and its affiliates provide to the Invesco Funds such as various back office support functions, trading operations, internal audit, valuation and legal and compliance.

In determining whether to continue the Fund's investment advisory agreement, the Board considered the benefits of reapproving an existing relationship as contrasted with the greater uncertainty that may be associated with entering into a new relationship. The Board concluded that the nature, extent and quality of the services provided to the Fund by Invesco Advisers are appropriate and satisfactory.

The Board reviewed the services that may be provided by the Affiliated Sub-Advisers under the sub-advisory contracts and the credentials and experience of the officers and employees of the Affiliated Sub-Advisers who provide these services. The Board noted that the Affiliated Sub-Advisers have offices and personnel that are located in financial centers around the world. As a result, the Board noted that the Affiliated Sub-Advisers can provide research and investment analysis on the markets and economies of various countries in which the Fund may invest, make recommendations regarding securities and assist with security trades. The Board concluded that the sub-advisory contracts may benefit the Fund and its shareholders by permitting Invesco Advisers to use the resources and talents of the Affiliated Sub-Advisers in managing the Fund. The Board concluded that the nature, extent and quality of the services that may be provided by the Affiliated Sub-Advisers are appropriate and satisfactory.

### B. Fund Investment Performance

The Board considered Fund investment performance as a relevant factor in considering whether to approve the investment advisory agreement as well as the sub-advisory contracts for the Fund, as Invesco Asset Management Limited currently manages certain assets of the Fund.

The Board compared the Fund's investment performance over multiple time periods ending December 31, 2016 to the performance of funds in the Broadridge performance universe and against the Lipper Variable Underlying Funds Global Real Estate Funds Index. The Board noted that performance of Series I shares of the Fund was in the second quintile of its performance universe for the one year period and the third quintile for the three and five year periods (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the Fund was above the performance of the Index for the one year period and below the performance of the Index for the three and five year periods. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

### C. Advisory and Sub-Advisory Fees

The Board compared the Fund's contractual management fee rate to the contractual management fee rates of funds in the Fund's

Broadridge expense group at a common asset level. The Board noted that the contractual management fee rate for Series I shares of the Fund was below the median contractual management fee rate of funds in its expense group. The Board noted that the term "contractual management fee" for funds in the expense group may include both advisory and certain administrative services fees, but that Broadridge does not provide information on a fund by fund basis as to what is included. The Board noted that Invesco Advisers does not separately charge the Invesco Funds for the administrative services included in the term as defined by Broadridge. The Board also reviewed the methodology used by Broadridge in providing expense group information, which includes using each fund's contractual management fee schedule (including any applicable breakpoints) as reported in the most recent prospectus or statement of additional information for each fund in the expense group.

The Board also compared the Fund's effective advisory fee rate (the advisory fee rate after advisory fee waivers and before other expense limitations/waivers) to the effective advisory fee rates of other mutual funds advised by Invesco Advisers and its affiliates with investment strategies comparable to those of the Fund, based on asset balances as of December 31, 2016. The Board noted that the Fund's rate was above the rate of one such mutual fund. The Board also noted how the Fund's rate compared to off-shore funds advised by Invesco Advisers and to the effective sub-adviser fee rate of other funds sub-advised by Invesco Advisers.

The Board also considered the fees charged by Invesco Advisers and the Affiliated Sub-Advisers to other client accounts with investment strategies comparable to those of the Fund. The Board noted that Invesco Advisers or the Affiliated Sub-Advisers may charge lower fees to large institutional clients. Invesco Advisers reviewed with the Board the significantly greater scope of services it provides to the Invesco Funds relative to certain other types of client accounts. These additional services include provision of administrative services, officers and office space, oversight of service providers, preparation of annual registration statement updates and financial information and regulatory compliance under the Investment Company Act of 1940, as amended.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board noted that Invesco Advisers retains overall responsibility for, and provides services to, sub-advised Invesco Funds, including oversight of the Affiliated Sub-Advisers as well as the additional services described herein other than day-to-day portfolio management. The Board also noted that the sub-advisory fees are not paid directly

by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

#### *D. Economies of Scale and Breakpoints*

The Board considered the extent to which there are economies of scale in the provision of advisory services to the Fund. The Board also considered that the Fund benefits from economies of scale through contractual breakpoints in the Fund's advisory fee schedule. The Board noted that the Fund shares directly in economies of scale through lower fees charged by third party service providers based on the combined size of the Invesco Funds advised by Invesco Advisers.

#### *E. Profitability and Financial Resources*

The Board reviewed information from Invesco Advisers concerning the costs of the advisory and other services that Invesco Advisers and its affiliates provide to the Fund and the Invesco Funds and the profitability of Invesco Advisers and its affiliates in providing these services. The Board noted that Invesco Advisers continues to operate at a net profit from services Invesco Advisers and its affiliates provide to the Invesco Funds and the Fund. The Board did not deem the level of profits realized by Invesco Advisers and its affiliates from providing services to the Fund to be excessive given the nature, quality and extent of the services provided. The Board received and accepted information from Invesco Advisers demonstrating that Invesco Advisers and each Affiliated Sub-Adviser are financially sound and have the resources necessary to perform their obligations under the investment advisory agreement and sub-advisory contracts.

#### *F. Collateral Benefits to Invesco Advisers and its Affiliates*

The Board considered various other benefits received by Invesco Advisers and its affiliates from the relationship with the Fund, including the fees received for providing transfer agency and distribution services to the Fund. The Board considered comparative information regarding fees charged for these services, including information provided by Broadridge and other independent sources. The Board considered the performance of Invesco Advisers and its affiliates in providing these services and the organizational structure employed to provide these services. The Board also considered that these services are provided to the Fund pursuant to written contracts that are reviewed and approved on an annual basis by the Board; and that the services are required for the operation of the Fund.

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. The Board noted that soft dollar arrangements may result in the Fund bearing costs to purchase research that may be used by Invesco Advisers or the Affiliated Sub-Advisers with other clients and may reduce Invesco Adviser's or the Affiliated Sub-Adviser's expenses. The Board also considered that it receives periodic reports from the Chief Compliance Officer of the Invesco Funds demonstrating that these

arrangements are consistent with regulatory requirements. The Board did not deem the soft dollar arrangements to be inappropriate.

The Board considered that the Fund's uninvested cash and cash collateral from any securities lending arrangements may be invested in money market funds advised by Invesco Advisers pursuant to procedures approved by the Board. The Board noted that Invesco Advisers receives advisory fees from these affiliated money market funds attributable to such investments, although Invesco Advisers has contractually agreed to waive through varying periods the advisory fees payable by the Invesco Funds with respect to certain investments in the affiliated money market funds. The waiver is in an amount equal to 100% of the net advisory fee Invesco Advisers receives from the affiliated money market funds with respect to the Fund's investment in the affiliated money market funds of uninvested cash, but not cash collateral. The Board concluded that the amount of advisory fees received by Invesco Advisers from the Fund's investment of cash collateral from any securities lending arrangements in the affiliated money market funds is fair and reasonable.

The Board also considered that the Fund may use an affiliated broker to execute certain trades for the Fund to, among other things, control information leakage, and was advised that such trades would be executed in compliance with rules under the federal securities laws and consistent with best execution obligations.



# Proxy Results

A Special Joint Meeting (“Meeting”) of Shareholders of Invesco V.I. Global Real Estate Fund, an investment portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), a Delaware statutory trust (“Trust”), was held on March 9, 2017. The Meeting was held for the following purposes:

- (1) Elect 15 trustees to the Board, each of whom will serve until his or her successor is elected and qualified.
- (2) Approve an amendment to the Trust’s Agreement and Declaration of Trust that would permit fund mergers and other significant transactions upon the Board’s approval but without shareholder approval of such transactions.
- (3) Approve changing the fundamental investment restriction regarding the purchase or sale of physical commodities.
- (4)(a) Approve an amendment to the current Master Intergroup Sub-Advisory Contract to add Invesco PowerShares Capital Management LLC.
- (4)(b) Approve an amendment to the current Master Intergroup Sub-Advisory Contract to add Invesco Asset Management (India) Private Limited.

The results of the voting on the above matters were as follows:

Matters	Votes For	Votes Withheld
(1)* David C. Arch . . . . .	1,256,086,249	71,094,301
James T. Bunch . . . . .	1,254,410,156	72,770,397
Bruce L. Crockett . . . . .	1,258,363,948	68,816,603
Jack M. Fields . . . . .	1,255,101,592	72,078,961
Martin L. Flanagan . . . . .	1,257,885,397	69,295,160
Cynthia Hostetler . . . . .	1,261,335,247	65,845,303
Dr. Eli Jones . . . . .	1,257,497,296	69,683,257
Dr. Prema Mathai-Davis . . . . .	1,254,728,756	72,451,795
Teresa M. Ressel . . . . .	1,261,829,473	65,351,074
Dr. Larry Soll . . . . .	1,254,261,019	72,919,533
Ann Barnett Stern . . . . .	1,260,861,373	66,319,176
Raymond Stickel, Jr. . . . .	1,254,379,471	72,801,083
Philip A. Taylor . . . . .	1,256,589,912	70,590,639
Robert C. Troccoli . . . . .	1,260,867,549	66,313,003
Christopher L. Wilson . . . . .	1,260,186,985	66,993,567
	<b>Votes For</b>	<b>Votes Against</b>
(2)* Approve an amendment to the Trust’s Agreement and Declaration of Trust that would permit fund mergers and other significant transactions upon the Board’s approval but without shareholder approval of such transactions. . . . .	1,054,920,918	171,591,974
	<b>Votes Abstain</b>	<b>Broker Non-Votes</b>
	100,667,642	18
	<b>Votes For</b>	<b>Votes Against</b>
(3) Approve changing the fundamental investment restriction regarding the purchase or sale of physical commodities . . . . .	10,778,625	1,760,684
(4)(a) Approve an amendment to the current Master Intergroup Sub-Advisory Contract to add Invesco PowerShares Capital Management LLC . . . . .	11,514,403	1,117,230
(4)(b) Approve an amendment to the current Master Intergroup Sub-Advisory Contract to add Invesco Asset Management (India) Private Limited . . . . .	11,359,490	1,295,580
	<b>Votes Abstain</b>	<b>Broker Non-Votes</b>
	1,420,231	0
	1,327,907	0
	1,304,470	0

\* Each of proposal 1 and 2 required approval by a combined vote of all of the portfolios of AIM Variable Insurance Funds (Invesco Variable Insurance Funds).