



## Invesco V.I. Value Opportunities Fund



Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, the insurance company that offers your variable annuity or variable life insurance contract may no longer send you paper copies of the Fund's shareholder reports by mail, unless you specifically request paper copies of the reports from the insurance company or your financial intermediary. Instead of delivering paper copies of the report, the insurance company may choose to make the reports available on a website, and will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If the insurance company offers electronic delivery, you may elect to receive shareholder reports and other communications about the Fund electronically by following the instructions provided by the insurance company or by contacting your financial intermediary. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action.

You may elect to receive all future reports in paper free of charge from the insurance company. You can inform the insurance company or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by the insurance company or by contacting your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract with the insurance company.

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 (or any successor Form). The Fund's Form N-Q (or any successor Form) filings are available on the SEC website, [sec.gov](http://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 (or any successor Form), 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, December 31, 2018 to June 30, 2019, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	21.64%
Series II Shares	21.49
S&P 500 Index▼ (Broad Market Index)	18.54
S&P 1500 Value Index▼ (Style-Specific Index)	16.63
Lipper VUF Multi-Cap Value Funds Index■ (Peer Group Index)	15.04

Source(s): ▼FactSet Research Systems Inc.; ■Lipper Inc.

The **S&P 500® Index** is an unmanaged index considered representative of the US stock market.

The **S&P 1500 Value Index** tracks the performance of US large-, mid- and small-cap value stocks.

The **Lipper VUF Multi-Cap Value Funds Index** is an unmanaged index considered representative of multi-cap value variable insurance underlying funds tracked by Lipper.

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

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.

## Average Annual Total Returns

As of 6/30/19

### Series I Shares

Inception (9/10/01)	4.53%
10 Years	10.50
5 Years	4.40
1 Year	1.53

### Series II Shares

Inception (9/10/01)	4.27%
10 Years	10.24
5 Years	4.13
1 Year	1.20

Performance includes litigation proceeds. Had these proceeds not been received, total returns would have been lower.

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. Performance figures do not reflect deduction of taxes a shareholder would pay on Fund distributions or sale of Fund shares. 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. Value Opportunities 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, 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<sup>(a)</sup>

June 30, 2019

(Unaudited)

	Shares	Value
<b>Common Stocks &amp; Other Equity Interests-96.74%</b>		
<b>Advertising-0.20%</b>		
Interpublic Group of Cos., Inc. (The)	4,100	\$ 92,619
Omnicom Group, Inc.	1,115	91,374
		183,993
<b>Agricultural &amp; Farm Machinery-2.37%</b>		
AGCO Corp.,	27,989	2,171,107
<b>Asset Management &amp; Custody Banks-2.11%</b>		
Affiliated Managers Group, Inc.	20,940	1,929,412
<b>Auto Parts &amp; Equipment-6.24%</b>		
Dana, Inc.	131,327	2,618,660
Delphi Technologies PLC	154,765	3,095,300
		5,713,960
<b>Building Products-7.71%</b>		
Masco Corp.	76,308	2,994,326
Owens Corning	69,800	4,062,360
		7,056,686
<b>Construction &amp; Engineering-6.47%</b>		
AECOM <sup>(b)</sup>	112,004	4,239,351
Fluor Corp.	49,900	1,681,131
		5,920,482
<b>Consumer Finance-1.56%</b>		
SLM Corp.	146,500	1,423,980
<b>Distributors-3.04%</b>		
LKQ Corp. <sup>(b)</sup>	104,600	2,783,406
<b>Diversified Banks-4.94%</b>		
Bank of America Corp.	48,774	1,414,446
Citigroup, Inc.	41,072	2,876,272
JPMorgan Chase & Co.	2,119	236,904
		4,527,622
<b>Diversified Chemicals-4.48%</b>		
Chemours Co. (The)	77,737	1,865,688
Huntsman Corp.	109,500	2,238,180
		4,103,868
<b>Electronic Manufacturing Services-2.33%</b>		
Flex Ltd. <sup>(b)</sup>	223,365	2,137,603
<b>Environmental &amp; Facilities Services-2.62%</b>		
Stericycle, Inc. <sup>(b)</sup>	50,146	2,394,472
<b>Health Care Distributors-3.47%</b>		
Cardinal Health, Inc.	26,400	1,243,440
McKesson Corp.	14,400	1,935,216
		3,178,656

	Shares	Value
<b>Health Care Facilities-1.98%</b>		
Brookdale Senior Living, Inc. <sup>(b)</sup>	251,151	\$ 1,810,799
<b>Health Care Services-1.27%</b>		
Cigna Corp.	7,400	1,165,870
<b>Homebuilding-0.19%</b>		
D.R. Horton, Inc.	4,100	176,833
<b>Hotels, Resorts &amp; Cruise Lines-0.34%</b>		
Norwegian Cruise Line Holdings Ltd. <sup>(b)</sup>	5,800	311,054
<b>Household Products-1.10%</b>		
Spectrum Brands Holdings, Inc.	18,809	1,011,360
<b>Industrial Conglomerates-3.19%</b>		
Carlisle Cos., Inc.	20,800	2,920,528
<b>Investment Banking &amp; Brokerage-2.68%</b>		
Goldman Sachs Group, Inc. (The)	12,000	2,455,200
<b>Life &amp; Health Insurance-0.06%</b>		
MetLife, Inc.	1,017	50,514
<b>Managed Health Care-2.19%</b>		
Anthem, Inc.	7,100	2,003,691
<b>Metal &amp; Glass Containers-4.51%</b>		
Crown Holdings, Inc. <sup>(b)</sup>	67,600	4,130,360
<b>Oil &amp; Gas Exploration &amp; Production-9.46%</b>		
Apache Corp.	28,200	816,954
Diamondback Energy, Inc.	18,400	2,005,048
Noble Energy, Inc.	84,800	1,899,520
Parsley Energy, Inc., Class A <sup>(b)</sup>	100,600	1,912,406
Pioneer Natural Resources Co.	13,200	2,030,952
		8,664,880
<b>Oil &amp; Gas Refining &amp; Marketing-2.19%</b>		
Marathon Petroleum Corp.	35,800	2,000,504
<b>Other Diversified Financial Services-1.82%</b>		
AXA Equitable Holdings, Inc.	79,900	1,669,910
<b>Paper Packaging-3.71%</b>		
Sealed Air Corp.	79,500	3,401,010
<b>Pharmaceuticals-3.13%</b>		
Mylan N.V. <sup>(b)</sup>	104,600	1,991,584
Novartis AG (Switzerland)	9,552	873,693
		2,865,277
<b>Steel-2.21%</b>		
Allegheny Technologies, Inc. <sup>(b)</sup>	80,405	2,026,206

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

	Shares	Value
<b>Systems Software-3.29%</b>		
Oracle Corp.	52,795	\$ 3,007,731
<b>Thriffs &amp; Mortgage Finance-5.88%</b>		
MGIC Investment Corp. <sup>(b)</sup>	248,221	3,261,624
Radian Group, Inc.	92,876	2,122,217
		5,383,841
Total Common Stocks & Other Equity Interests (Cost \$84,255,113)		88,580,815
<b>Money Market Funds-3.35%</b>		
Invesco Government & Agency Portfolio, Institutional Class, 2.26% <sup>(c)</sup>	1,228,616	1,228,616

Notes to Schedule of Investments:

- (a) Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
- (b) Non-income producing security.
- (c) 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, 2019.

## Portfolio Composition

By sector, based on Net Assets  
as of June 30, 2019

Industrials	22.36%
Financials	19.05
Materials	14.91
Health Care	12.04
Energy	11.65
Consumer Discretionary	9.81
Information Technology	5.62
Other Sectors, Each Less than 2% of Net Assets	1.30
Money Market Funds Plus Other Assets Less Liabilities	3.26

	Shares	Value
<b>Money Market Funds-(continued)</b>		
Invesco Liquid Assets Portfolio, Institutional Class, 2.40% <sup>(c)</sup>	877,292	\$ 877,643
Invesco Treasury Portfolio, Institutional Class, 2.22% <sup>(c)</sup>	959,863	959,863
Total Money Market Funds (Cost \$3,065,909)		3,066,122
TOTAL INVESTMENTS IN SECURITIES-100.09% (Cost \$87,321,022)		91,646,937
OTHER ASSETS LESS LIABILITIES-(0.09)%		(79,480)
NET ASSETS-100.00%		\$91,567,457

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

# Statement of Assets and Liabilities

June 30, 2019

(Unaudited)

## Assets:

Investments in securities, at value (Cost \$84,255,113)	\$88,580,815
Investments in affiliated money market funds, at value (Cost \$3,065,909)	3,066,122
Foreign currencies, at value (Cost \$3,126)	3,426
Receivable for:	
Fund shares sold	1,368
Dividends	65,341
Investment for trustee deferred compensation and retirement plans	112,812
Other assets	145
<b>Total assets</b>	<b>91,830,029</b>

## Liabilities:

Payable for:	
Fund shares reacquired	55,051
Accrued fees to affiliates	50,237
Accrued trustees' and officers' fees and benefits	427
Accrued other operating expenses	35,280
Trustee deferred compensation and retirement plans	121,577
<b>Total liabilities</b>	<b>262,572</b>
<b>Net assets applicable to shares outstanding</b>	<b>\$91,567,457</b>

## Net assets consist of:

Shares of beneficial interest	\$65,759,053
Distributable earnings	25,808,404
	<b>\$91,567,457</b>

## Net Assets:

Series I	\$67,554,858
Series II	\$24,012,599

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

Series I	10,103,281
Series II	3,602,232
Series I:	
Net asset value per share	\$ 6.69
Series II:	
Net asset value per share	\$ 6.67

# Statement of Operations

For the six months ended June 30, 2019

(Unaudited)

## Investment income:

Dividends (net of foreign withholding taxes of \$4,085)	\$ 522,557
Dividends from affiliated money market funds	37,989
<b>Total investment income</b>	<b>560,546</b>

## Expenses:

Advisory fees	320,353
Administrative services fees	75,592
Custodian fees	1,616
Distribution fees - Series II	30,188
Transfer agent fees	8,436
Trustees' and officers' fees and benefits	12,366
Reports to shareholders	4,750
Professional services fees	15,448
Other	888
<b>Total expenses</b>	<b>469,637</b>
Less: Fees waived	(1,697)
<b>Net expenses</b>	<b>467,940</b>
<b>Net investment income</b>	<b>92,606</b>

## Realized and unrealized gain from:

Net realized gain from:	
Investment securities	4,358,638
Foreign currencies	230
	<b>4,358,868</b>
Change in net unrealized appreciation of:	
Investment securities	12,990,478
Foreign currencies	267
	<b>12,990,745</b>
<b>Net realized and unrealized gain</b>	<b>17,349,613</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$17,442,219</b>

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, 2019 and the year ended December 31, 2018

(Unaudited)

	June 30, 2019	December 31, 2018
<b>Operations:</b>		
Net investment income	\$ 92,606	\$ 162,392
Net realized gain	4,358,868	18,204,360
Change in net unrealized appreciation (depreciation)	12,990,745	(37,763,094)
Net increase (decrease) in net assets resulting from operations	17,442,219	(19,396,342)
<b>Distributions to shareholders from distributable earnings:</b>		
Series I	-	(8,093,985)
Series II	-	(2,790,803)
Total distributions from distributable earnings	-	(10,884,788)
<b>Share transactions-net:</b>		
Series I	(5,338,755)	(4,794,903)
Series II	(1,842,964)	(6,176,982)
Net increase (decrease) in net assets resulting from share transactions	(7,181,719)	(10,971,885)
Net increase (decrease) in net assets	10,260,500	(41,253,015)
<b>Net assets:</b>		
Beginning of period	81,306,957	122,559,972
End of period	\$91,567,457	\$ 81,306,957

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

# Financial Highlights

June 30, 2019

(Unaudited)

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 (loss) to average net assets	Portfolio turnover <sup>(c)</sup>
<b>Series I</b>														
Six months ended 06/30/19	\$5.50	\$0.01	\$ 1.18	\$ 1.19	\$ -	\$ -	\$ -	\$6.69	21.64%	\$ 67,555	0.95% <sup>(d)</sup>	0.95% <sup>(d)</sup>	0.27% <sup>(d)</sup>	22%
Year ended 12/31/18	7.58	0.01	(1.30)	(1.29)	(0.02)	(0.77)	(0.79)	5.50	(19.18)	59,998	1.01	1.01	0.22	45
Year ended 12/31/17	6.48	0.02	1.11 <sup>(e)</sup>	1.13	(0.03)	-	(0.03)	7.58	17.44 <sup>(e)</sup>	87,232	0.98	0.98	0.30	28
Year ended 12/31/16	7.82	0.03	1.10	1.13	(0.03)	(2.44)	(2.47)	6.48	18.34	85,722	1.01	1.02	0.43	36
Year ended 12/31/15	9.84	0.05	(1.09)	(1.04)	(0.26)	(0.72)	(0.98)	7.82	(10.40)	83,889	1.04	1.04	0.51	82
Year ended 12/31/14	9.36	0.18 <sup>(f)</sup>	0.44	0.62	(0.14)	-	(0.14)	9.84	6.62	110,865	1.03	1.04	1.87 <sup>(f)</sup>	15
<b>Series II</b>														
Six months ended 06/30/19	5.49	0.00	1.18	1.18	-	-	-	6.67	21.49	24,013	1.20 <sup>(d)</sup>	1.20 <sup>(d)</sup>	0.02 <sup>(d)</sup>	22
Year ended 12/31/18	7.56	0.00	(1.30)	(1.30)	-	(0.77)	(0.77)	5.49	(19.35)	21,309	1.26	1.26	(0.03)	45
Year ended 12/31/17	6.45	0.00	1.11 <sup>(e)</sup>	1.11	0.00	-	0.00	7.56	17.23 <sup>(e)</sup>	35,328	1.23	1.23	0.05	28
Year ended 12/31/16	7.79	0.01	1.10	1.11	(0.01)	(2.44)	(2.45)	6.45	17.92	54,438	1.26	1.27	0.18	36
Year ended 12/31/15	9.79	0.02	(1.08)	(1.06)	(0.22)	(0.72)	(0.94)	7.79	(10.65)	54,887	1.29	1.29	0.26	82
Year ended 12/31/14	9.31	0.15 <sup>(f)</sup>	0.44	0.59	(0.11)	-	(0.11)	9.79	6.39	80,217	1.28	1.29	1.62 <sup>(f)</sup>	15

<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 \$68,602 and \$24,350 for Series I and Series II shares, respectively.

<sup>(e)</sup> Includes litigation proceeds received during the period. Had these litigation proceeds not been received, Net gains (losses) on securities (both realized and unrealized) per share would have been \$1.09 and \$1.09 for Series I and Series II shares, respectively. Total returns would have been lower.

<sup>(f)</sup> Net Investment income per share and the ratio of net investment income to average net assets include significant dividends received during the year ended December 31, 2014. Net Investment income per share and the ratio of net investment income to average net assets excluding the significant dividends are \$0.12 and 1.23% and \$0.09 and 0.98% for Series I and Series II, respectively.

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



# Notes to Financial Statements

June 30, 2019  
(Unaudited)

## NOTE 1—Significant Accounting Policies

Invesco V.I. Value Opportunities 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. Information presented in these financial statements pertains only to the Fund. Matters affecting the Fund or each class will be voted on exclusively by the shareholders of the Fund or each 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 long-term growth of capital.

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. Pricing services generally value debt obligations assuming orderly transactions of institutional round lot size, but a fund may hold or transact in the same securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. 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 investment 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.

- 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 the 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.

## 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 accrues daily and pays monthly 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	0.695%
First \$250 million	0.67%
First \$500 million	0.645%
Next \$1.5 billion	0.62%
Next \$2.5 billion	0.595%
Next \$2.5 billion	0.57%
Next \$2.5 billion	0.545%
Over \$10 billion	0.52%

For the six months ended June 30, 2019, the effective advisory fees incurred by the Fund was 0.695%.

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 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, 2020, 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, 2020. 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, 2021, 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, 2019, the Adviser waived advisory fees of \$1,697.

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, 2019, Invesco was paid \$6,511 for accounting and fund administrative services and was reimbursed \$69,081 for fees paid to insurance companies. Also, Invesco has entered into a sub-administration agreement whereby State Street Bank and Trust Company (“SSB”) serves as custodian and fund accountant and provides certain administrative services to the Fund.

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, 2019, 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. The fees are accrued daily and paid monthly. 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, 2019, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

For the six months ended June 30, 2019, the Fund incurred \$390 in brokerage commissions with Invesco Capital Markets, Inc., an affiliate of the Adviser and IDI, for portfolio transactions executed on behalf of the Fund.

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, 2019. 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.

	Level 1	Level 2	Level 3	Total
<b>Investments in Securities</b>				
Common Stocks & Other Equity Interests	\$87,707,122	\$873,693	\$-	\$88,580,815
Money Market Funds	3,066,122	-	-	3,066,122
<b>Total Investments</b>	<b>\$90,773,244</b>	<b>\$873,693</b>	<b>\$-</b>	<b>\$91,646,937</b>

### 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, 2018.

## NOTE 7—Investment Transactions

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, 2019 was \$19,764,913 and \$27,319,866, respectively. Cost of investments, including any derivatives, 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 Investments on a Tax Basis

Aggregate unrealized appreciation of investments	\$12,567,832
Aggregate unrealized (depreciation) of investments	(9,011,395)
Net unrealized appreciation of investments	\$ 3,556,437

Cost of investments for tax purposes is \$88,090,500.

## NOTE 8—Share Information

### Summary of Share Activity

	Six months ended June 30, 2019 <sup>(a)</sup>		Year ended December 31, 2018	
	Shares	Amount	Shares	Amount
<b>Sold:</b>				
Series I	292,193	\$ 1,870,552	246,902	\$ 1,647,873
Series II	81,761	528,375	230,991	1,598,135
<b>Issued as reinvestment of dividends:</b>				
Series I	-	-	1,156,284	8,093,985
Series II	-	-	399,257	2,790,803
<b>Reacquired:</b>				
Series I	(1,106,090)	(7,209,307)	(1,997,013)	(14,536,761)
Series II	(364,082)	(2,371,339)	(1,418,342)	(10,565,920)
Net increase (decrease) in share activity	(1,096,218)	\$(7,181,719)	(1,381,921)	\$(10,971,885)

<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 69% 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.

# 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, 2019 through June 30, 2019.

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.

	Beginning Account Value (01/01/19)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (06/30/19) <sup>1</sup>	Expenses Paid During Period <sup>2</sup>	Ending Account Value (06/30/19)	Expenses Paid During Period <sup>2</sup>	
Series I	\$1,000.00	\$1,216.40	\$5.22	\$1,020.08	\$4.76	0.95%
Series II	1,000.00	1,214.90	6.59	1,018.84	6.01	1.20

<sup>1</sup> The actual ending account value is based on the actual total return of the Fund for the period January 1, 2019 through June 30, 2019, 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

At meetings held on June 10, 2019, the Board of Trustees (the Board or the Trustees) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) as a whole, and the independent Trustees, who comprise over 75% of the Board, voting separately, approved the continuance of the Invesco V.I. Value Opportunities Fund's (the Fund) 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 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, 2019. After evaluating the factors discussed below, among others, the Board approved the renewal of the Fund's investment advisory agreement and the sub-advisory contracts and determined that the compensation payable by the Fund to Invesco Advisers and by Invesco Advisers to the Affiliated Sub-Advisers is fair and reasonable.

## The Board's 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). As part of a regularly scheduled basis of in-person Board meetings, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review detailed information about investment performance and portfolio attributes of these funds. The Board took into account evaluations and reports that it received from the Investments Committee and Sub-Committees, as well as the information provided to such committees and the Board throughout the year, in considering whether to approve each Invesco Fund's investment advisory agreement and sub-advisory contracts.

As part of the contract renewal process, the Board reviews and considers information provided in response to detailed requests for information submitted to management by the independent Trustees with assistance from legal counsel to the independent Trustees. The Board receives comparative investment performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Broadridge Financial Solutions, Inc. (Broadridge), an independent mutual fund data provider. 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 throughout the year, 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 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. The Trustees' review and conclusions are based on the comprehensive consideration of all information presented to them during the course of the year and in prior years 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. This information is current as of June 10, 2019.

## 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 nature, extent and quality of the advisory services provided to the Fund by Invesco Advisers under the Fund's investment advisory agreement, and the credentials and experience of the officers and employees of Invesco Advisers who provide these services, including the Fund's portfolio manager(s). The Board's review included consideration of Invesco Advisers' investment process oversight and structure, 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, third party oversight, internal audit, valuation, portfolio trading and legal and compliance. The Board also received and reviewed information about Invesco Advisers' role as administrator of the Invesco Funds' liquidity risk management program. The Board also reviewed and considered the benefits to shareholders of investing in a fund that is part of the Invesco family of funds under the umbrella of Invesco Ltd., Invesco Advisers' parent company, and noted Invesco Ltd.'s depth and experience in conducting an investment management business, as well as its

commitment of financial and other resources to such business. The Board reviewed and considered information about the resources that Invesco Advisers intends to continue to commit to managing the Invesco family of funds following Invesco Ltd.'s acquisition of OppenheimerFunds, Inc. and its subsidiaries. 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 the Affiliated Sub-Advisers' expertise with respect to certain asset classes and 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. The Board did not view Fund investment performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's investment performance over multiple time periods ending December 31, 2018 to the performance of funds in the Broadridge performance universe and against the Lipper Variable Underlying Funds Multi-Cap Value Funds Index. The Board noted that performance of Series I shares of the Fund was in the fifth quintile of its performance universe for the one, 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 below the performance of the Index for the one, three and five year periods. The Board noted that the Fund's underweight exposure to certain defensive sectors and the market environment for the Fund's value investing style negatively



impacted performance. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

*C. Advisory and Sub-Advisory Fees and Fund Expenses*

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. The Board noted that the contractual management fee rate for Series I shares of the Fund was the same as 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 non-portfolio management administrative services fees, but that Broadridge does not provide information on a fund by fund basis as to what is included. 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 considered comparative information regarding the Fund's total expense ratio and its various components. The Board noted that the Fund's actual management fees and total expense ratio were in the fourth quintile of its expense group and discussed with management reasons for such relative actual management fees and total expenses.

The Board noted that Invesco Advisers has contractually agreed to waive fees and/or limit expenses of the Fund for the term disclosed in the Fund's registration statement in an amount necessary to limit total annual operating expenses to a specified percentage of average daily net assets for each class of the Fund.

The Board noted that Invesco Advisers and the Affiliated Sub-Advisers do not manage other similarly managed mutual funds or client accounts.

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.

*D. Economies of Scale and Breakpoints*

The Board considered the extent to which there may be economies of scale in the provision of advisory services to the Fund. The Board considered Invesco's reinvestment in its business, including investments in business infrastructure and cybersecurity. The Board also considered that the Fund may benefit from economies of scale through contractual breakpoints in the Fund's advisory fee schedule, which generally operate to reduce the Fund's expense ratio as it grows in size. 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. The Board

noted that the Fund may also benefit from economies of scale through initial fee setting, fee waivers and expense reimbursements.

*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 considered the methodology used for calculating profitability and noted the periodic review of such methodology by an independent consultant. 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, extent and quality of the services provided. The Board received information from Invesco Advisers demonstrating that Invesco Advisers and the Affiliated Sub-Advisers 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 administrative, 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 Advisers' or the Affiliated Sub-Advisers' expenses. The Board also considered that it receives periodic reports from Invesco representing 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 considered information regarding the returns of the affiliated money market funds relative to comparable overnight investments, as well as the costs to the Fund of such investments. 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 an affiliated broker may receive commissions for executing certain trades for the Fund. Invesco Advisers and the Affiliated Sub-Advisers may use the affiliated broker to, among other things, control order routing and minimize information leakage, and the Board was advised that such trades are executed in compliance with rules under the federal securities laws and consistent with best execution obligations.