



Invesco V.I. High Yield 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. 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. The information is also available on the SEC website, 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. The information is also available on the SEC website, 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	9.88%
Series II Shares	9.76
Bloomberg Barclays U.S. Aggregate Bond Index▼ (Broad Market Index)	6.11
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index▼ (Style-Specific Index)	9.94
Lipper VUF High Yield Bond Funds Classification Average■ (Peer Group)	9.14

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

The **Bloomberg Barclays U.S. Aggregate Bond Index** is an unmanaged index considered representative of the US investment grade, fixed-rate bond market.

The **Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index** is an unmanaged index considered representative of the US high-yield, fixed-rate corporate bond market. Index weights for each issuer are capped at 2%.

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

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 (5/1/98)	4.32%
10 Years	8.01
5 Years	3.28
1 Year	6.97

Series II Shares

Inception (3/26/02)	6.61%
10 Years	7.76
5 Years	3.05
1 Year	6.78

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 1.18% and 1.43%, 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. High Yield 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 data 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^(a)

June 30, 2019
(Unaudited)

	Principal Amount	Value
U.S. Dollar Denominated Bonds & Notes-94.39%		
Aerospace & Defense-3.51%		
Bombardier, Inc. (Canada), 8.75%, 12/01/2021 ^(b)	\$ 170,000	\$ 185,938
5.75%, 03/15/2022 ^(b)	215,000	219,031
6.13%, 01/15/2023 ^(b)	428,000	434,955
7.50%, 03/15/2025 ^(b)	982,000	988,432
7.88%, 04/15/2027 ^(b)	161,000	161,604
TransDigm UK Holdings PLC, 6.88%, 05/15/2026	600,000	608,625
TransDigm, Inc., 6.50%, 07/15/2024	157,000	159,551
6.50%, 05/15/2025	574,000	582,610
6.25%, 03/15/2026 ^(b)	871,000	913,461
Triumph Group, Inc., 7.75%, 08/15/2025	819,000	794,430
		5,048,637
Agricultural & Farm Machinery-0.72%		
Titan International, Inc., 6.50%, 11/30/2023	1,181,000	1,030,423
Agricultural Products-0.31%		
Kernel Holding S.A. (Ukraine), REGS, 8.75%, 01/31/2022 ^(b)	418,000	442,162
Airlines-0.30%		
Air Canada (Canada), 7.75%, 04/15/2021 ^(b)	400,000	433,200
Alternative Carriers-1.27%		
CenturyLink, Inc., Series S, 6.45%, 06/15/2021	635,000	673,100
Series Y, 7.50%, 04/01/2024	696,000	771,690
Level 3 Financing, Inc., 5.38%, 05/01/2025	365,000	377,775
		1,822,565
Apparel Retail-0.92%		
L Brands, Inc., 5.63%, 02/15/2022	473,000	496,111
6.88%, 11/01/2035	404,000	361,321
6.75%, 07/01/2036	101,000	87,365
Michaels Stores, Inc., 8.00%, 07/15/2027 ^(b)	372,000	371,680
		1,316,477
Apparel, Accessories & Luxury Goods-0.23%		
William Carter Co. (The), 5.63%, 03/15/2027 ^(b)	317,000	333,246

	Principal Amount	Value
Asset Management & Custody Banks-0.33%		
Prime Security Services Borrower LLC/ Prime Finance, Inc., 9.25%, 05/15/2023 ^(b)	\$ 457,000	\$ 480,798
Auto Parts & Equipment-0.58%		
Dana, Inc., 5.50%, 12/15/2024	498,000	512,940
Flexi-Van Leasing, Inc., 10.00%, 02/15/2023 ^(b)	346,000	322,645
		835,585
Automobile Manufacturers-1.15%		
Ford Motor Credit Co. LLC, 5.60%, 01/07/2022	514,000	544,445
J.B. Poindexter & Co., Inc., 7.13%, 04/15/2026 ^(b)	1,086,000	1,113,150
Motors Liquidation Co., 0.00%, 07/15/2033 ^{(c)(d)}	1,060,000	0
		1,657,595
Automotive Retail-1.39%		
Lithia Motors, Inc., 5.25%, 08/01/2025 ^(b)	248,000	256,370
Murphy Oil USA, Inc., 5.63%, 05/01/2027	722,000	754,490
Penske Automotive Group, Inc., 5.50%, 05/15/2026	942,000	985,567
		1,996,427
Broadcasting-1.79%		
AMC Networks, Inc., 5.00%, 04/01/2024	750,000	771,563
4.75%, 08/01/2025	127,000	129,381
Clear Channel Worldwide Holdings, Inc., 9.25%, 02/15/2024 ^(b)	328,000	356,700
Gray Television, Inc., 7.00%, 05/15/2027 ^(b)	264,000	287,100
Nexstar Broadcasting, Inc., 5.63%, 08/01/2024 ^(b)	540,000	560,768
TV Azteca, S.A.B. de C.V. (Mexico), REGS, 8.25%, 08/09/2024 ^(b)	470,000	465,187
		2,570,699
Cable & Satellite-8.47%		
Altice Financing S.A. (Luxembourg), 6.63%, 02/15/2023 ^(b)	600,000	616,500
7.50%, 05/15/2026 ^(b)	430,000	433,268
Altice Luxembourg S.A. (Luxembourg), 7.75%, 05/15/2022 ^(b)	208,000	211,900
10.50%, 05/15/2027 ^(b)	410,000	422,300
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 01/15/2024	40,000	40,995
5.75%, 02/15/2026 ^(b)	1,545,000	1,624,181

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

	Principal Amount	Value
Cable & Satellite--(continued)		
CSC Holdings, LLC, 10.88%, 10/15/2025 ^(b)	\$ 445,000	\$ 511,196
6.50%, 02/01/2029 ^(b)	1,395,000	1,524,909
DISH DBS Corp., 5.88%, 11/15/2024	1,446,000	1,373,700
7.75%, 07/01/2026	163,000	160,148
Hughes Satellite Systems Corp., 7.63%, 06/15/2021	942,000	1,010,295
Intelsat Jackson Holdings S.A. (Luxembourg), 5.50%, 08/01/2023	1,563,000	1,434,052
8.50%, 10/15/2024 ^(b)	501,000	498,495
Telenet Finance Luxembourg Notes S.a r.l. (Belgium), 5.50%, 03/01/2028 ^(b)	400,000	408,000
UPCB Finance IV Ltd. (Netherlands), 5.38%, 01/15/2025 ^(b)	450,000	463,640
Virgin Media Finance PLC (United Kingdom), 6.00%, 10/15/2024 ^(b)	450,000	468,000
Virgin Media Secured Finance PLC (United Kingdom), 5.50%, 08/15/2026 ^(b)	300,000	311,625
VTR Finance B.V. (Chile), 6.88%, 01/15/2024 ^(b)	440,000	457,050
Ziggo Bond Co., B.V. (Netherlands), 5.88%, 01/15/2025 ^(b)	200,000	203,084
		12,173,338

Casinos & Gaming--2.77%

Boyd Gaming Corp., 6.88%, 05/15/2023	125,000	129,531
6.00%, 08/15/2026	226,000	238,430
Cirsa Finance International S.a.r.l. (Spain), 7.88%, 12/20/2023 ^(b)	211,000	224,188
Codere Finance 2 (Luxembourg) S.A. (Spain), 7.63%, 11/01/2021 ^(b)	448,000	436,258
MGM China Holdings Ltd. (Macau), 5.88%, 05/15/2026 ^(b)	206,000	211,923
MGM Resorts International, 7.75%, 03/15/2022	519,000	579,982
6.00%, 03/15/2023	305,000	331,306
Scientific Games International, Inc., 10.00%, 12/01/2022	570,000	599,925
Studio City Finance Ltd. (Macau), 7.25%, 02/11/2024 ^(b)	505,000	526,715
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 5.50%, 03/01/2025 ^(b)	685,000	709,180
		3,987,438

Coal & Consumable Fuels--0.75%

SunCoke Energy Partners L.P./SunCoke Energy Partners Finance Corp., 7.50%, 06/15/2025 ^(b)	1,097,000	1,075,060
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Commodity Chemicals--0.50%

Koppers, Inc., 6.00%, 02/15/2025 ^(b)	460,000	433,550
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	Principal Amount	Value
Commodity Chemicals--(continued)		
Nufarm Australia Ltd./Nufarm Americas, Inc. (Australia), 5.75%, 04/30/2026 ^(b)	\$ 306,000	\$ 292,230
		725,780

Communications Equipment--0.33%

CommScope Technologies LLC, 6.00%, 06/15/2025 ^(b)	502,000	472,989
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Construction & Engineering--0.43%

William Lyon Homes, Inc., 6.00%, 09/01/2023	124,000	126,480
6.63%, 07/15/2027 ^(b)	485,000	485,000
		611,480

Consumer Finance--1.82%

Ally Financial, Inc., 5.13%, 09/30/2024	966,000	1,045,695
Navient Corp., 8.00%, 03/25/2020	535,000	555,062
7.25%, 01/25/2022	345,000	373,463
7.25%, 09/25/2023	605,000	648,106
		2,622,326

Copper--1.99%

First Quantum Minerals Ltd. (Zambia), 7.50%, 04/01/2025 ^(b)	1,022,000	977,287
Freeport-McMoRan, Inc., 5.40%, 11/14/2034	1,118,000	1,070,485
Taseko Mines Ltd. (Canada), 8.75%, 06/15/2022 ^(b)	840,000	812,700
		2,860,472

Diversified Banks--2.23%

Barclays Bank PLC (United Kingdom), 7.63%, 11/21/2022	200,000	218,519
Barclays PLC (United Kingdom), REGS, 7.88% ^{(b)(e)}	263,000	275,821
Credit Agricole S.A. (France), REGS, 8.13% ^{(b)(e)}	507,000	587,863
Dresdner Funding Trust I, REGS, 8.15%, 06/30/2031 ^(b)	465,000	628,099
ING Groep N.V. (Netherlands), REGS, 6.88% ^{(b)(e)}	280,000	295,473
Royal Bank of Scotland Group PLC (The) (United Kingdom), 8.63% ^(e)	548,000	591,977
Societe Generale S.A. (France), REGS, 7.38% ^{(b)(e)}	308,000	324,570
Standard Chartered PLC (United Kingdom), REGS, 7.50% ^{(b)(e)}	263,000	278,780
		3,201,102

Diversified Capital Markets--0.21%

Credit Suisse Group AG (Switzerland), REGS, 7.13% ^{(b)(e)}	279,000	296,199
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Diversified Chemicals-0.35%		
Chemours Co. (The), 7.00%, 05/15/2025	\$ 220,000	\$ 230,450
Trinseo Materials Operating S.C.A./Trinseo Materials Finance, Inc., 5.38%, 09/01/2025 ^(b)	285,000	275,738
		506,188
Diversified Metals & Mining-0.57%		
Hudbay Minerals, Inc. (Canada), 7.63%, 01/15/2025 ^(b)	396,000	410,850
Vedanta Resources Ltd. (India), 6.38%, 07/30/2022 ^(b)	407,000	402,014
		812,864
Diversified REITs-0.20%		
Colony Capital, Inc., 5.00%, 04/15/2023	268,000	258,276
Conv., 3.88%, 01/15/2021	34,000	33,235
		291,511
Diversified Support Services-0.33%		
IAA Spinco, Inc., 5.50%, 06/15/2027 ^(b)	454,000	473,295
Electrical Components & Equipment-0.43%		
EnerSys, 5.00%, 04/30/2023 ^(b)	598,000	612,095
Electronic Equipment & Instruments-0.32%		
Ittron, Inc., 5.00%, 01/15/2026 ^(b)	452,000	463,300
Environmental & Facilities Services-1.88%		
Core & Main L.P., 6.13%, 08/15/2025 ^(b)	861,000	873,915
GFL Environmental, Inc. (Canada), 7.00%, 06/01/2026 ^(b)	1,337,000	1,372,096
Waste Pro USA, Inc., 5.50%, 02/15/2026 ^(b)	444,000	456,210
		2,702,221
Fertilizers & Agricultural Chemicals-0.35%		
OCI N.V. (Netherlands), 6.63%, 04/15/2023 ^(b)	481,000	502,645
Food Retail-0.89%		
Albertsons Cos. LLC/Safeway, Inc./New Albertson's, Inc./Albertson's LLC, 6.63%, 06/15/2024	783,000	815,299
7.50%, 03/15/2026 ^(b)	429,000	460,102
		1,275,401
Forest Products-0.27%		
Norbord, Inc. (Canada), 5.75%, 07/15/2027 ^(b)	385,000	389,813
Gas Utilities-1.29%		
AmeriGas Partners, L.P./AmeriGas Finance Corp., 5.88%, 08/20/2026	327,000	348,255
Ferrellgas L.P./Ferrellgas Finance Corp., 6.50%, 05/01/2021	487,000	444,387
6.75%, 06/15/2023	117,000	103,253

	Principal Amount	Value
Gas Utilities-(continued)		
Suburban Propane Partners, L.P./Suburban Energy Finance Corp., 5.50%, 06/01/2024	\$ 955,000	\$ 964,550
		1,860,445
Health Care Equipment-0.46%		
Hill-Rom Holdings, Inc., 5.00%, 02/15/2025 ^(b)	645,000	667,575
Health Care Facilities-3.17%		
Community Health Systems, Inc., 6.25%, 03/31/2023	377,000	364,276
HCA, Inc., 7.50%, 02/15/2022	334,000	369,070
5.38%, 02/01/2025	640,000	692,400
5.88%, 02/15/2026	410,000	454,075
5.50%, 06/15/2047	845,000	903,182
Tenet Healthcare Corp., 6.75%, 06/15/2023	1,760,000	1,773,200
		4,556,203
Health Care REITs-0.57%		
MPT Operating Partnership L.P./MPT Finance Corp., 5.00%, 10/15/2027	795,000	820,838
Health Care Services-3.50%		
CHS/Community Health Systems, Inc., 8.00%, 03/15/2026 ^(b)	449,000	432,625
DaVita, Inc., 5.00%, 05/01/2025	372,000	368,652
Eagle Holding Co. II, LLC, 8.38% PIK Rate, 7.63% Cash Rate, 05/15/2022 ^{(b)(f)}	474,000	477,555
Envision Healthcare Corp., 8.75%, 10/15/2026 ^(b)	213,000	148,568
Hadrian Merger Sub, Inc., 8.50%, 05/01/2026 ^(b)	723,000	685,042
MEDNAX, Inc., 6.25%, 01/15/2027 ^(b)	759,000	748,564
MPH Acquisition Holdings LLC, 7.13%, 06/01/2024 ^(b)	835,000	787,154
Polaris Intermediate Corp., 9.25% PIK Rate, 8.50% Cash Rate, 12/01/2022 ^{(b)(f)}	586,000	520,075
Surgery Center Holdings, Inc., 6.75%, 07/01/2025 ^(b)	233,000	202,710
10.00%, 04/15/2027 ^(b)	308,000	308,000
Team Health Holdings, Inc., 6.38%, 02/01/2025 ^(b)	460,000	354,200
		5,033,145
Home Improvement Retail-0.53%		
Hillman Group, Inc. (The), 6.38%, 07/15/2022 ^(b)	858,000	763,620
Homebuilding-1.85%		
Beazer Homes USA, Inc., 8.75%, 03/15/2022	934,000	974,862
6.75%, 03/15/2025	402,000	386,423
KB Home, 8.00%, 03/15/2020	211,000	218,427

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

	Principal Amount	Value
Homebuilding-(continued)		
Lennar Corp., 8.38%, 01/15/2021	\$ 112,000	\$ 120,960
5.38%, 10/01/2022	404,000	429,755
Taylor Morrison Communities, Inc./Taylor Morrison Holdings II, Inc., 5.88%, 04/15/2023 ^(b)	498,000	525,390
		2,655,817
Household Products-1.49%		
Reynolds Group Issuer, Inc./LLC, 7.00%, 07/15/2024 ^(b)	1,361,000	1,409,853
Spectrum Brands, Inc., 5.75%, 07/15/2025	705,000	735,844
		2,145,697
Independent Power Producers & Energy Traders-0.79%		
Calpine Corp., 5.50%, 02/01/2024	334,000	331,913
NRG Energy, Inc., 7.25%, 05/15/2026	200,000	221,000
6.63%, 01/15/2027	175,000	190,750
5.25%, 06/15/2029 ^(b)	374,000	399,245
		1,142,908
Industrial Machinery-1.64%		
Cleaver-Brooks, Inc., 7.88%, 03/01/2023 ^(b)	748,000	719,172
EnPro Industries, Inc., 5.75%, 10/15/2026	795,000	814,875
Mueller Industries, Inc., 6.00%, 03/01/2027	825,000	831,188
		2,365,235
Integrated Oil & Gas-1.28%		
Parsley Energy, LLC/Parsley Finance Corp., 6.25%, 06/01/2024 ^(b)	470,000	489,975
5.63%, 10/15/2027 ^(b)	640,000	672,000
Petrobras Global Finance B.V. (Brazil), 5.75%, 02/01/2029	645,000	673,961
		1,835,936
Integrated Telecommunication Services-3.53%		
Altice France S.A. (France), 6.25%, 05/15/2024 ^(b)	325,000	335,969
7.38%, 05/01/2026 ^(b)	764,000	785,010
Cincinnati Bell, Inc., 7.00%, 07/15/2024 ^(b)	629,000	558,237
8.00%, 10/15/2025 ^(b)	94,000	80,370
CommScope, Inc., 6.00%, 03/01/2026 ^(b)	360,000	370,800
8.25%, 03/01/2027 ^(b)	536,000	548,650
Frontier Communications Corp., 10.50%, 09/15/2022	1,272,000	868,140
11.00%, 09/15/2025	264,000	165,000
8.00%, 04/01/2027 ^(b)	775,000	807,937

	Principal Amount	Value
Integrated Telecommunication Services-(continued)		
Telecom Italia Capital S.A. (Italy), 6.38%, 11/15/2033	\$ 95,000	\$ 99,038
7.20%, 07/18/2036	417,000	461,827
		5,080,978
Interactive Media & Services-0.07%		
Cumulus Media New Holdings, Inc., 6.75%, 07/01/2026 ^(b)	102,000	102,000
Leisure Products-0.22%		
Mattel, Inc., 6.75%, 12/31/2025 ^(b)	303,000	312,469
Managed Health Care-1.00%		
Centene Corp., 5.38%, 06/01/2026 ^(b)	356,000	375,135
Molina Healthcare, Inc., 4.88%, 06/15/2025 ^(b)	340,000	346,375
WellCare Health Plans, Inc., 5.25%, 04/01/2025	367,000	383,974
5.38%, 08/15/2026 ^(b)	310,000	329,375
		1,434,859
Metal & Glass Containers-0.91%		
Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc. (Ireland), 7.25%, 05/15/2024 ^(b)	310,000	327,825
6.00%, 02/15/2025 ^(b)	500,000	518,750
Flex Acquisition Co., Inc., 7.88%, 07/15/2026 ^(b)	507,000	468,975
		1,315,550
Movies & Entertainment-1.30%		
AMC Entertainment Holdings, Inc., 5.75%, 06/15/2025	735,000	683,587
6.13%, 05/15/2027	183,000	163,785
Netflix, Inc., 5.75%, 03/01/2024	355,000	385,619
5.88%, 11/15/2028	577,000	640,250
		1,873,241
Multi-line Insurance-0.08%		
Acrisure LLC/Acrisure Finance, Inc., 8.13%, 02/15/2024 ^(b)	106,000	109,644
Oil & Gas Drilling-2.12%		
Diamond Offshore Drilling, Inc., 4.88%, 11/01/2043	240,000	150,000
EnSCO Rowan plc, 4.50%, 10/01/2024	24,000	18,000
7.75%, 02/01/2026	827,000	620,250
Ensign Drilling, Inc. (Canada), 9.25%, 04/15/2024 ^(b)	395,000	390,063
Noble Holding International Ltd., 7.75%, 01/15/2024	953,000	731,427
Precision Drilling Corp. (Canada), 7.75%, 12/15/2023	94,000	96,322
5.25%, 11/15/2024	514,000	478,020

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

	Principal Amount	Value
Oil & Gas Drilling--(continued)		
Transocean, Inc., 7.50%, 04/15/2031	\$ 662,000	\$ 566,010
		3,050,092
Oil & Gas Equipment & Services-1.34%		
Antero Midstream Partners L.P./Antero Midstream Finance Corp., 5.75%, 01/15/2028 ^(b)	813,000	805,886
Archrock Partners, L.P./Archrock Partners Finance Corp., 6.00%, 10/01/2022	490,000	498,575
Calfrac Holdings L.P. (Canada), 8.50%, 06/15/2026 ^(b)	350,000	246,750
SESI, L.L.C., 7.13%, 12/15/2021	521,000	368,608
		1,919,819
Oil & Gas Exploration & Production-8.87%		
Antero Resources Corp., 5.00%, 03/01/2025	407,000	377,493
Ascent Resources Utica Holdings, LLC/ARU Finance Corp., 10.00%, 04/01/2022 ^(b)	633,000	673,290
Brazos Valley Longhorn LLC/Brazos Valley Longhorn Finance Corp., 6.88%, 02/01/2025	931,000	879,795
California Resources Corp., 8.00%, 12/15/2022 ^(b)	559,000	424,141
Callon Petroleum Co., 6.13%, 10/01/2024	932,000	945,980
Centennial Resource Production, LLC, 6.88%, 04/01/2027 ^(b)	793,000	804,895
Denbury Resources, Inc., 9.00%, 05/15/2021 ^(b)	250,000	247,500
	5.50%, 05/01/2022	323,000
		188,955
EP Energy LLC/Everest Acquisition Finance, Inc., 8.00%, 11/29/2024 ^(b)	420,000	289,800
Gulfport Energy Corp., 6.00%, 10/15/2024	747,000	580,792
Jagged Peak Energy LLC, 5.88%, 05/01/2026	862,000	853,380
Oasis Petroleum, Inc., 6.88%, 01/15/2023	1,019,000	1,021,547
Petroleos Mexicanos (Mexico), 6.50%, 03/13/2027	706,000	698,022
QEP Resources, Inc., 5.25%, 05/01/2023	375,000	362,813
Range Resources Corp., 5.88%, 07/01/2022	446,000	443,770
	4.88%, 05/15/2025	816,000
		720,120
SM Energy Co., 6.13%, 11/15/2022	139,000	138,653
	6.75%, 09/15/2026	285,000
		268,613
	6.63%, 01/15/2027	96,000
		89,280
Southwestern Energy Co., 7.50%, 04/01/2026	341,000	324,762
	7.75%, 10/01/2027	425,000
		409,062
Tullow Oil PLC (Ghana), 7.00%, 03/01/2025 ^(b)	321,000	327,019

	Principal Amount	Value
Oil & Gas Exploration & Production--(continued)		
Whiting Petroleum Corp., 6.25%, 04/01/2023	\$ 733,000	\$ 734,832
WPX Energy, Inc., 5.25%, 09/15/2024	930,000	955,575
		12,760,089
Oil & Gas Refining & Marketing-0.62%		
NuStar Logistics, L.P., 6.00%, 06/01/2026	481,000	499,038
Parkland Fuel Corp. (Canada), 6.00%, 04/01/2026 ^(b)	376,000	385,870
		884,908
Oil & Gas Storage & Transportation-1.41%		
Energy Transfer Operating, L.P., Series A, 6.25% ^(e)	307,000	285,977
Plains All American Pipeline, L.P., Series B, 6.13% ^(e)	456,000	435,033
SemGroup Corp., 6.38%, 03/15/2025	535,000	521,625
Targa Resources Partners L.P./Targa Resources Partners Finance Corp., 5.88%, 04/15/2026	743,000	790,366
		2,033,001
Other Diversified Financial Services-1.82%		
eG Global Finance PLC (United Kingdom), 6.75%, 02/07/2025 ^(b)	449,000	446,620
Lions Gate Capital Holdings LLC, 6.38%, 02/01/2024 ^(b)	704,000	741,840
LPL Holdings, Inc., 5.75%, 09/15/2025 ^(b)	509,000	522,361
Tempo Acquisition LLC/Tempo Acquisition Finance Corp., 6.75%, 06/01/2025 ^(b)	710,000	734,850
VFH Parent LLC/Orchestra Co-Issuer, Inc., 6.75%, 06/15/2022 ^(b)	171,000	177,271
		2,622,942
Packaged Foods & Meats-1.11%		
B&G Foods, Inc., 5.25%, 04/01/2025	389,000	394,349
JBS Investments GmbH, 7.25%, 04/03/2024 ^(b)	525,000	546,219
JBS USA Lux S.A./JBS USA Finance, Inc., 5.75%, 06/15/2025 ^(b)	180,000	187,875
TreeHouse Foods, Inc., 6.00%, 02/15/2024 ^(b)	448,000	466,959
		1,595,402
Paper Products-0.97%		
Mercer International, Inc. (Canada), 7.75%, 12/01/2022	57,000	59,209
	6.50%, 02/01/2024	442,000
		459,127
	5.50%, 01/15/2026	162,000
		161,798
Schweitzer-Mauduit International, Inc., 6.88%, 10/01/2026 ^(b)	693,000	710,325
		1,390,459

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

	Principal Amount	Value
Pharmaceuticals-2.15%		
Bausch Health Americas, Inc., 9.25%, 04/01/2026 ^(b)	\$ 372,000	\$ 417,123
Bausch Health Cos., Inc., 5.88%, 05/15/2023 ^(b)	83,000	84,276
6.13%, 04/15/2025 ^(b)	410,000	419,225
9.00%, 12/15/2025 ^(b)	974,000	1,091,903
Endo Dac/Endo Finance LLC/Endo Finco, Inc., 6.00%, 07/15/2023 ^(b)	240,000	174,000
HLF Financing S.a.r.l. LLC/Herbalife International, Inc., 7.25%, 08/15/2026 ^(b)	424,000	426,650
Teva Pharmaceutical Finance IV, B.V. (Israel), 3.65%, 11/10/2021	500,000	484,625
		3,097,802

Publishing-0.82%

Meredith Corp., 6.88%, 02/01/2026	1,105,000	1,178,074
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Railroads-0.67%

Kenan Advantage Group, Inc. (The), 7.88%, 07/31/2023 ^(b)	1,068,000	966,540
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Restaurants-0.90%

1011778 BC ULC/New Red Finance, Inc. (Canada), 5.00%, 10/15/2025 ^(b)	758,000	765,807
IRB Holding Corp., 6.75%, 02/15/2026 ^(b)	531,000	529,673
		1,295,480

Security & Alarm Services-0.24%

Brink's Co. (The), 4.63%, 10/15/2027 ^(b)	345,000	345,431
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Sovereign Debt-0.33%

Ukraine Government International Bond (Ukraine), 6.75%, 06/20/2026 ^(b)	390,000	470,880
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Specialized Consumer Services-0.57%

ServiceMaster Co., LLC (The), 7.45%, 08/15/2027	765,000	823,331
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Specialized REITs-1.14%

Iron Mountain US Holdings, Inc., 5.38%, 06/01/2026 ^(b)	248,000	250,170
Iron Mountain, Inc., 5.75%, 08/15/2024	377,000	381,765
5.25%, 03/15/2028 ^(b)	192,000	193,200
Rayonier A.M. Products, Inc., 5.50%, 06/01/2024 ^(b)	948,000	815,280
		1,640,415

Specialty Chemicals-0.82%

Element Solutions Inc., 5.88%, 12/01/2025 ^(b)	578,000	604,733
GCP Applied Technologies, Inc., 5.50%, 04/15/2026 ^(b)	567,000	578,340
		1,183,073

Steel-0.83%

United States Steel Corp., 6.88%, 08/15/2025	\$1,256,000	\$ 1,186,920
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Technology Hardware, Storage & Peripherals-0.29%

Dell International LLC/EMC Corp., 7.13%, 06/15/2024 ^(b)	396,000	418,069
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Textiles-0.54%

Eagle Intermediate Global Holding B.V./Ruyi US Finance LLC (China), 7.50%, 05/01/2025 ^(b)	814,000	776,353
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Trading Companies & Distributors-0.81%

AerCap Global Aviation Trust (Ireland), 6.50%, 06/15/2045 ^{(b)(g)}	434,000	455,700
BMC East, LLC, 5.50%, 10/01/2024 ^(b)	649,000	660,357
United Rentals North America Inc., 5.50%, 07/15/2025	41,000	42,794
		1,158,851

Trucking-0.83%

Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 6.38%, 04/01/2024 ^(b)	150,000	157,875
United Rentals North America, Inc., 5.88%, 09/15/2026	525,000	561,094
6.50%, 12/15/2026	188,000	203,980
5.25%, 01/15/2030	262,000	269,860
		1,192,809

Wireless Telecommunication Services-3.92%

Digicel Group One Ltd. (Jamaica), 8.25%, 12/30/2022 ^(b)	205,000	114,800
Digicel Group Two Ltd. (Jamaica), 8.25%, 09/30/2022 ^(b)	194,000	43,650
Oztel Holdings SPC Ltd. (Oman), 5.63%, 10/24/2023 ^(b)	477,000	487,650
Sprint Capital Corp., 8.75%, 03/15/2032	196,000	227,360
Sprint Corp., 7.25%, 09/15/2021	1,416,000	1,508,040
7.88%, 09/15/2023	1,429,000	1,557,610
7.63%, 02/15/2025	275,000	293,219
T-Mobile USA, Inc., 6.38%, 03/01/2025	647,000	673,527
6.50%, 01/15/2026	671,000	727,069
		5,632,925

Total U.S. Dollar Denominated Bonds & Notes
(Cost \$135,377,849)

135,723,156

Non-U.S. Dollar Denominated Bonds & Notes-0.70%^(h)

Brewers-0.16%

Sunshine Mid B.V. (Netherlands), , 6.50%, 05/15/2026 ^(b)	EUR	200,000	236,780
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Diversified Banks-0.18%

Erste Group Bank AG (Austria), REGS, 6.50% ^{(b)(e)}	EUR	200,000	261,107
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Food Retail-0.28%		
Iceland Bondco PLC (United Kingdom), , 4.63%, 03/15/2025 ^(b)	GBP 350,000	\$ 403,034
Textiles-0.08%		
Eagle Intermediate Global Holding B.V./Ruyi US Finance LLC (China), , 5.38%, 05/01/2023 ^(b)	EUR 100,000	108,586
Total Non-U.S. Dollar Denominated Bonds & Notes (Cost \$1,080,007)		1,009,507
Variable Rate Senior Loan Interests-0.58%⁽ⁱ⁾		
Data Processing & Outsourced Services-0.58%		
First Data Corp., Term Loan, 4.40% (3 mo. USD LIBOR + 2.00%), 07/08/2022 (Cost \$814,911) ^(g)	\$ 831,642	831,621
U.S. Treasury Securities-0.12%		
U.S. Treasury Bills-0.12%		
2.03%, 12/19/2019 (Cost \$173,317) ^{(j)(k)}	175,000	173,304
	Shares	
Common Stocks & Other Equity Interests-0.00%		
Asset Management & Custody Banks-0.00%		
Motors Liquidation Co. GUC Trust ^(l)	1	10

Investment Abbreviations:

Conv. - Convertible
EUR - Euro
GBP - British Pound Sterling
GUC - General Unsecured Creditors
LIBOR - London Interbank Offered Rate
PIK - Pay-in-Kind
REGS - Regulation S
REIT - Real Estate Investment Trust
USD - U.S. Dollar

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) 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, 2019 was \$70,592,103, which represented 49.09% of the Fund's Net Assets.
- (c) Defaulted security. Currently, the issuer is in default with respect to principal and/or interest payments. The value of this security at June 30, 2019 represented less than 1% of the Fund's Net Assets.
- (d) Security valued using significant unobservable inputs (Level 3). See Note 3.
- (e) Perpetual bond with no specified maturity date.
- (f) All or a portion of this security is Pay-in-Kind. Pay-in-Kind securities pay interest income in the form of securities.
- (g) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on June 30, 2019.
- (h) Foreign denominated security. Principal amount is denominated in the currency indicated.
- (i) Variable rate senior loan interests are, at present, not readily marketable, not registered under the 1933 Act and may be subject to contractual and legal restrictions on sale. Variable rate senior loan interests in the Fund's portfolio generally have variable rates which adjust to a base, such as the London Interbank Offered Rate ("LIBOR"), on set dates, typically every 30 days, but not greater than one year, and/or have interest rates that float at margin above a widely recognized base lending rate such as the Prime Rate of a designated U.S. bank.
- (j) All or a portion of the value was designated as collateral to cover margin requirements for swap agreements. See Note 10.
- (k) Security traded on a discount basis. The interest rate shown represents the discount rate at the time of purchase by the Fund.
- (l) Non-income producing security.
- (m) Acquired as part of the Adelphia Communications bankruptcy reorganization.
- (n) 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.

	Shares	Value
Diversified Support Services-0.00%		
ACC Claims Holdings, LLC ^{(d)(l)}	269,616	\$ 1,618
Other Diversified Financial Services-0.00%		
Adelphia Recovery Trust, Series ACC-1 ^(m)	318,570	127
Adelphia Recovery Trust, Series Arahova ^(m)	109,170	1,092
		1,219
Total Common Stocks & Other Equity Interests (Cost \$143,574)		2,847
Money Market Funds-3.68%		
Invesco Government & Agency Portfolio, Institutional Class, 2.26% ⁽ⁿ⁾	1,849,305	1,849,305
Invesco Liquid Assets Portfolio, Institutional Class, 2.40% ⁽ⁿ⁾	1,320,475	1,321,003
Invesco Treasury Portfolio, Institutional Class, 2.22% ⁽ⁿ⁾	2,113,491	2,113,491
Total Money Market Funds (Cost \$5,283,740)		5,283,799
TOTAL INVESTMENTS IN SECURITIES-99.47% (Cost \$142,873,398)		143,024,234
OTHER ASSETS LESS LIABILITIES-0.53%		768,675
NET ASSETS-100.00%		\$143,792,909

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

Open Forward Foreign Currency Contracts

Settlement Date	Counterparty	Contract to				Unrealized Appreciation (Depreciation)
		Deliver		Receive		
Currency Risk						
08/30/2019	Barclays Bank PLC	USD	644,381	EUR	573,699	\$ 11,022
08/30/2019	Canadian Imperial Bank of Commerce	GBP	146,765	USD	188,311	1,423
08/30/2019	Goldman Sachs International	USD	58,051	EUR	51,389	656
Subtotal–Appreciation						13,101
Currency Risk						
08/30/2019	Goldman Sachs International	EUR	1,181,716	USD	1,329,171	(20,842)
08/30/2019	State Street Bank & Trust Co.	EUR	150,000	USD	169,012	(2,350)
Subtotal–Depreciation						(23,192)
Total Forward Foreign Currency Contracts						\$(10,091)

Abbreviations:

EUR - Euro

GBP - British Pound Sterling

USD - U.S. Dollar

Open Centrally Cleared Credit Default Swap Agreements

Reference Entity	Buy/Sell Protection	(Pay)/Receive Fixed Rate	Payment Frequency	Maturity Date	Implied Credit Spread ^(a)	Notional Value	Upfront Payments Paid (Received)	Value	Unrealized Appreciation ^(b)
Credit Risk									
Markit CDX North America High Yield Index, Series 31, Version 1	Sell	5.00%	Quarterly	12/20/2023	2.93%	USD 2,910,000	\$87,689	\$237,771	\$150,082

Abbreviations:

USD - U.S. Dollar

^(a) Implied credit spreads represent the current level, as of June 30, 2019, at which protection could be bought or sold given the terms of the existing credit default swap agreement and serve as an indicator of the current status of the payment/performance risk of the credit default swap agreement. An implied credit spread that has widened or increased since entry into the initial agreement may indicate a deteriorating credit profile and increased risk of default for the reference entity. A declining or narrowing spread may indicate an improving credit profile or decreased risk of default for the reference entity. Alternatively, credit spreads may increase or decrease reflecting the general tolerance for risk in the credit markets generally.

^(b) The daily variation margin receivable (payable) at period end is recorded in the Statement of Assets and Liabilities.

Portfolio Composition*

By credit quality, based on Total Investments
as of June 30, 2019

AAA	0.1%
BBB	4.8
BB	47.9
B	35.8
CCC	7.9
Non-rated	3.5

* Source: Standard & Poor's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. "Non-Rated" indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on Standard & Poor's rating methodology, please visit standardandpoors.com and select "Understanding Ratings" under Rating Resources on the homepage.

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 \$137,589,658)	\$137,740,435
Investments in affiliated money market funds, at value (Cost \$5,283,740)	5,283,799
Other investments:	
Variation margin receivable—centrally cleared swap agreements	4,040
Unrealized appreciation on forward foreign currency contracts outstanding	13,101
Foreign currencies, at value (Cost \$9,497)	9,438
Receivable for:	
Investments matured, at value (Cost \$7,390,409)	0
Dividends	4,337
Fund shares sold	56,939
Investments sold	523,532
Interest	2,352,541
Investment for trustee deferred compensation and retirement plans	78,588
Total assets	146,066,750

Liabilities:

Other investments:	
Unrealized depreciation on forward foreign currency contracts outstanding	23,192
Payable for:	
Investments purchased	1,243,781
Fund shares reacquired	123,566
Amount due custodian	635,518
Accrued fees to affiliates	121,219
Accrued trustees' and officers' fees and benefits	594
Accrued other operating expenses	42,439
Trustee deferred compensation and retirement plans	83,532
Total liabilities	2,273,841
Net assets applicable to shares outstanding	\$143,792,909

Net assets consist of:

Shares of beneficial interest	\$150,048,604
Distributable earnings	(6,255,695)
	\$143,792,909

Net Assets:

Series I	\$ 43,465,407
Series II	\$100,327,502

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

Series I	7,811,149
Series II	18,215,092
Series I:	
Net asset value per share	\$ 5.56
Series II:	
Net asset value per share	\$ 5.51

Statement of Operations

For the six months ended June 30, 2019

(Unaudited)

Investment income:

Interest	\$ 4,860,721
Dividends from affiliated money market funds	58,895
Dividends	12,000
Total investment income	4,931,616

Expenses:

Advisory fees	481,283
Administrative services fees	126,293
Custodian fees	5,955
Distribution fees - Series II	117,535
Transfer agent fees	11,905
Trustees' and officers' fees and benefits	12,668
Reports to shareholders	4,173
Professional services fees	34,152
Other	9,449
Total expenses	803,413
Less: Fees waived	(3,373)
Net expenses	800,040
Net investment income	4,131,576

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities	18,273
Foreign currencies	469
Forward foreign currency contracts	37,176
Option contracts written	30,012
Swap agreements	(48,674)
	37,256
Change in net unrealized appreciation (depreciation) of:	
Investment securities	9,430,795
Foreign currencies	(3,138)
Forward foreign currency contracts	3,114
Option contracts written	5,167
Swap agreements	388,444
	9,824,382
Net realized and unrealized gain	9,861,638
Net increase in net assets resulting from operations	\$13,993,214

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
Operations:		
Net investment income	\$ 4,131,576	\$ 8,275,606
Net realized gain (loss)	37,256	(824,052)
Change in net unrealized appreciation (depreciation)	9,824,382	(13,592,308)
Net increase (decrease) in net assets resulting from operations	13,993,214	(6,140,754)
Distributions to shareholders from distributable earnings:		
Series I	-	(4,211,171)
Series II	-	(4,569,006)
Total distributions from distributable earnings	-	(8,780,177)
Share transactions-net:		
Series I	(17,672,171)	(17,542,621)
Series II	5,532,795	2,229,098
Net increase (decrease) in net assets resulting from share transactions	(12,139,376)	(15,313,523)
Net increase (decrease) in net assets	1,853,838	(30,234,454)
Net assets:		
Beginning of period	141,939,071	172,173,525
End of period	\$143,792,909	\$141,939,071

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 ^(a)	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Net asset value, end of period	Total return ^(b)	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 ^(c)
Series I												
Six months ended 06/30/19	\$5.06	\$0.15	\$ 0.35	\$ 0.50	\$ -	\$5.56	9.88%	\$ 43,465	0.89% ^(d)	0.89% ^(d)	5.51% ^(d)	22%
Year ended 12/31/18	5.51	0.26	(0.43)	(0.17)	(0.28)	5.06	(3.35)	55,703	1.17	1.17	4.84	66
Year ended 12/31/17	5.40	0.26	0.08	0.34	(0.23)	5.51	6.30	80,372	0.99	1.00	4.73	73
Year ended 12/31/16	5.06	0.28	0.28	0.56	(0.22)	5.40	11.21	94,653	0.96	0.96	5.25	99
Year ended 12/31/15	5.53	0.29	(0.46)	(0.17)	(0.30)	5.06	(3.17)	73,594	1.03	1.03	5.23	99
Year ended 12/31/14	5.70	0.29	(0.19)	0.10	(0.27)	5.53	1.73	94,345	0.92	0.98	5.11	103
Series II												
Six months ended 06/30/19	5.02	0.14	0.35	0.49	-	5.51	9.76	100,328	1.14 ^(d)	1.14 ^(d)	5.26 ^(d)	22
Year ended 12/31/18	5.46	0.25	(0.42)	(0.17)	(0.27)	5.02	(3.43)	86,236	1.42	1.42	4.59	66
Year ended 12/31/17	5.36	0.25	0.07	0.32	(0.22)	5.46	5.93	91,802	1.24	1.25	4.48	73
Year ended 12/31/16	5.03	0.26	0.28	0.54	(0.21)	5.36	10.83	82,971	1.21	1.21	5.00	99
Year ended 12/31/15	5.50	0.27	(0.45)	(0.18)	(0.29)	5.03	(3.37)	70,840	1.28	1.28	4.98	99
Year ended 12/31/14	5.67	0.28	(0.19)	0.09	(0.26)	5.50	1.59	59,683	1.17	1.23	4.86	103

^(a) Calculated using average shares outstanding.

^(b) 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.

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

^(d) Ratios are annualized and based on average daily net assets (000's omitted) of \$60,480 and \$94,807 for Series I and Series II shares, 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. High Yield 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 total return, comprised of current income and capital appreciation.

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.

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.

Variable rate senior loan interests are fair valued using quotes provided by an independent pricing service. Quotes provided by the pricing service may reflect appropriate factors such as ratings, tranche type, industry, company performance, spread, individual trading characteristics, institution-size trading in similar groups of securities and other market data.

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.

Swap agreements are fair valued using an evaluated quote, if available, provided by an independent pricing service. Evaluated quotes provided by the pricing service are valued based on a model which may include end-of-day net present values, spreads, ratings, industry, company performance and returns of referenced assets. Centrally cleared swap agreements are valued at the daily settlement price determined by the relevant exchange or clearinghouse.

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. Bond premiums and discounts are amortized and/or accreted over the lives of the respective securities. Pay-in-kind interest income and non-cash dividend income received in the form of securities in-lieu of cash are recorded at the fair value of the securities received. 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. Securities Purchased on a When-Issued and Delayed Delivery Basis - The Fund may purchase and sell interests in corporate loans and corporate debt securities and other portfolio securities on a when-issued and delayed delivery basis, with payment and delivery scheduled for a future date. No income accrues to the Fund on such interests or securities in connection with such transactions prior to the date the Fund actually takes delivery of such interests or securities. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of acquiring such securities, they may sell such securities prior to the settlement date.

F. 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.

G. 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.

H. 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.

I. 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.

- J. Lower-Rated Securities** - The Fund normally invests at least 80% of its net assets in lower-quality debt securities, i.e., “junk bonds”. Investments in lower-rated securities or unrated securities of comparable quality tend to be more sensitive to economic conditions than higher rated securities. Junk bonds involve a greater risk of default by the issuer because such securities are generally unsecured and are often subordinated to other creditors’ claims.
- K. 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.
- L. 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.
- M. Call Options Purchased and Written** - The Fund may write covered call options and/or buy call options. A covered call option gives the purchaser of such option the right to buy, and the writer the obligation to sell, the underlying security or foreign currency at the stated exercise price during the option period. Options written by the Fund normally will have expiration dates between three and nine months from the date written. The exercise price of a call option may be below, equal to, or above the current market value of the underlying security at the time the option is written.
- Additionally, the Fund may enter into an option on a swap agreement, also called a “swaption”. A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the Counterparties.
- When the Fund writes a covered call option, an amount equal to the premium received by the Fund is recorded as an asset and an equivalent liability in the Statement of Assets and Liabilities. The amount of the liability is subsequently “marked-to-market” to reflect the current market value of the option written. If a written covered call option expires on the stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund realizes a gain (or a loss if the closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a written covered call option is exercised, the Fund realizes a gain or a loss from the sale of the underlying security and the proceeds of the sale are increased by the premium originally received. Realized and unrealized gains and losses on call options written are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Option contracts written. A risk in writing a covered call option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised.
- When the Fund buys a call option, an amount equal to the premium paid by the Fund is recorded as an investment on the Statement of Assets and Liabilities. The amount of the investment is subsequently “marked-to-market” to reflect the current value of the option purchased. Realized and unrealized gains and losses on call options purchased are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Investment securities. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.
- N. Put Options Purchased and Written** - The Fund may purchase and write put options including options on securities indexes, or foreign currency and/or futures contracts. By purchasing a put option, the Fund obtains the right (but not the obligation) to sell the option’s underlying instrument at a fixed strike price. In return for this right, the Fund pays an option premium. The option’s underlying instrument may be a security, securities index, or a futures contract.
- Additionally, the Fund may enter into an option on a swap agreement, also called a “swaption”. A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the Counterparties.

Put options may be used by the Fund to hedge securities it owns by locking in a minimum price at which the Fund can sell. If security prices fall, the put option could be exercised to offset all or a portion of the Fund's resulting losses. At the same time, because the maximum the Fund has at risk is the cost of the option, purchasing put options does not eliminate the potential for the Fund to profit from an increase in the value of the underlying portfolio securities. The Fund may write put options to earn additional income in the form of option premiums if it expects the price of the underlying instrument to remain stable or rise during the option period so that the option will not be exercised. The risk in this strategy is that the price of the underlying securities may decline by an amount greater than the premium received. Put options written are reported as a liability in the Statement of Assets and Liabilities. Realized and unrealized gains and losses on put options purchased and put options written are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Investment securities and Option contracts written, respectively. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.

O. Swap Agreements – The Fund may enter into various swap transactions, including interest rate, total return, index, currency and credit default swap contracts ("CDS") for investment purposes or to manage interest rate, currency or credit risk. Such transactions are agreements between Counterparties. A swap agreement may be negotiated bilaterally and traded over-the-counter ("OTC") between two parties ("uncleared/OTC") or, in some instances, must be transacted through a future commission merchant ("FCM") and cleared through a clearinghouse that serves as a central Counterparty ("centrally cleared swap"). These agreements may contain among other conditions, events of default and termination events, and various covenants and representations such as provisions that require the Fund to maintain a pre-determined level of net assets, and/or provide limits regarding the decline of the Fund's NAV over specific periods of time. If the Fund were to trigger such provisions and have open derivative positions at that time, the Counterparty may be able to terminate such agreement and request immediate payment in an amount equal to the net liability positions, if any.

Interest rate, total return, index, and currency swap agreements are two-party contracts entered into primarily to exchange the returns (or differentials in rates of returns) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a notional amount, i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate or return of an underlying asset, in a particular foreign currency, or in a "basket" of securities representing a particular index.

In a centrally cleared swap, the Fund's ultimate Counterparty is a central clearinghouse. The Fund initially will enter into centrally cleared swaps through an executing broker. When a fund enters into a centrally cleared swap, it must deliver to the central Counterparty (via the FCM) an amount referred to as "initial margin." Initial margin requirements are determined by the central Counterparty, but an FCM may require additional initial margin above the amount required by the central Counterparty. Initial margin deposits required upon entering into centrally cleared swaps are satisfied by cash or securities as collateral at the FCM. Securities deposited as initial margin are designated on the Schedule of Investments and cash deposited is recorded on the Statement of Assets and Liabilities. During the term of a cleared swap agreement, a "variation margin" amount may be required to be paid by the Fund or may be received by the Fund, based on the daily change in price of the underlying reference instrument subject to the swap agreement and is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities until the centrally cleared swap is terminated at which time a realized gain or loss is recorded.

A CDS is an agreement between Counterparties to exchange the credit risk of an issuer. A buyer of a CDS is said to buy protection by paying a fixed payment over the life of the agreement and in some situations an upfront payment to the seller of the CDS. If a defined credit event occurs (such as payment default or bankruptcy), the Fund as a protection buyer would cease paying its fixed payment, the Fund would deliver eligible bonds issued by the reference entity to the seller, and the seller would pay the full notional value, or the "par value", of the referenced obligation to the Fund. A seller of a CDS is said to sell protection and thus would receive a fixed payment over the life of the agreement and an upfront payment, if applicable. If a credit event occurs, the Fund as a protection seller would cease to receive the fixed payment stream, the Fund would pay the buyer "par value" or the full notional value of the referenced obligation, and the Fund would receive the eligible bonds issued by the reference entity. In turn, these bonds may be sold in order to realize a recovery value. Alternatively, the seller of the CDS and its Counterparty may agree to net the notional amount and the market value of the bonds and make a cash payment equal to the difference to the buyer of protection. If no credit event occurs, the Fund receives the fixed payment over the life of the agreement. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the CDS. In connection with these agreements, cash and securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default under the swap agreement or bankruptcy/insolvency of a party to the swap agreement. If a Counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Fund may obtain only limited recovery or may obtain no recovery in such circumstances. The Fund's maximum risk of loss from Counterparty risk, either as the protection seller or as the protection buyer, is the value of the contract. The risk may be mitigated by having a master netting arrangement between the Fund and the Counterparty and by the designation of collateral by the Counterparty to cover the Fund's exposure to the Counterparty.

Implied credit spreads represent the current level at which protection could be bought or sold given the terms of the existing CDS contract and serve as an indicator of the current status of the payment/performance risk of the CDS. An implied spread that has widened or increased since entry into the initial contract may indicate a deteriorating credit profile and increased risk of default for the reference entity. A declining or narrowing spread may indicate an improving credit profile or decreased risk of default for the reference entity. Alternatively, credit spreads may increase or decrease reflecting the general tolerance for risk in the credit markets.

An interest rate swap is an agreement between Counterparties pursuant to which the parties exchange a floating rate payment for a fixed rate payment based on a specified notional amount.

Changes in the value of centrally cleared and OTC swap agreements are recognized as unrealized gains (losses) in the Statement of Operations by "marking to market" on a daily basis to reflect the value of the swap agreement at the end of each trading day. Payments received or paid at the beginning of the agreement are reflected as such on the Statement of Assets and Liabilities and may be referred to as upfront payments. The Fund accrues for the fixed payment stream and amortizes upfront payments, if any, on swap agreements on a daily basis with the net amount, recorded as a component of realized gain (loss) on the Statement of Operations. A liquidation payment received or made at the termination of a swap agreement is recorded as realized gain (loss) on the Statement of Operations. The Fund segregates cash or liquid securities having a value at least

equal to the amount of the potential obligation of a Fund under any swap transaction. Cash held as collateral is recorded as deposits with brokers on the Statement of Assets and Liabilities. Entering into these agreements involves, to varying degrees, lack of liquidity and elements of credit, market, and Counterparty risk in excess of amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that a swap is difficult to sell or liquidate; the Counterparty does not honor its obligations under the agreement and unfavorable interest rates and market fluctuations. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements. A short position in a security poses more risk than holding the same security long. As there is no limit on how much the price of the security can increase, the Fund's exposure is unlimited.

Notional amounts of each individual credit default swap agreement outstanding as of June 30, 2019 for which the Fund is the seller of protection are disclosed in the open swap agreements table. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Fund for the same referenced entity or entities.

- P. Other Risks** – The Fund invests in corporate loans from U.S. or non-U.S. companies (the "Borrowers"). The investment of the Fund in a corporate loan may take the form of participation interests or assignments. If the Fund purchases a participation interest from a syndicate of lenders ("Lenders") or one of the participants in the syndicate ("Participant"), one or more of which administers the loan on behalf of all the Lenders (the "Agent Bank"), the Fund would be required to rely on the Lender that sold the participation interest not only for the enforcement of the Fund's rights against the Borrower but also for the receipt and processing of payments due to the Fund under the corporate loans. As such, the Fund is subject to the credit risk of the Borrower and the Participant. Lenders and Participants interposed between the Fund and a Borrower, together with Agent Banks, are referred to as "Intermediate Participants".
- Q. Leverage Risk** – Leverage exists when the Fund can lose more than it originally invests because it purchases or sells an instrument or enters into a transaction without investing an amount equal to the full economic exposure of the instrument or transaction.
- R. Collateral** – To the extent the Fund has designated or segregated a security as collateral and that security is subsequently sold, it is the Fund's practice to replace such collateral no later than the next business day.

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 \$200 million	0.625%
Next \$300 million	0.55%
Next \$500 million	0.50%
Over \$1 billion	0.45%

For the six months ended June 30, 2019, the effective advisory fees incurred by the Fund was 0.625%.

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 1.50% and Series II shares to 1.75% 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 \$3,373.

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 \$10,873 for accounting and fund administrative services and was reimbursed \$115,420 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*.

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
Investments in Securities				
U.S. Dollar Denominated Bonds & Notes	\$ -	\$135,723,156	\$ 0	\$135,723,156
Non-U.S. Dollar Denominated Bonds & Notes	-	1,009,507	-	1,009,507
Variable Rate Senior Loan Interests	-	831,621	-	831,621
U.S. Treasury Securities	-	173,304	-	173,304
Common Stocks & Other Equity Interests	1,229	-	1,618	2,847
Money Market Funds	5,283,799	-	-	5,283,799
Investments Matured	-	-	0	0
Total Investments in Securities	5,285,028	137,737,588	1,618	143,024,234
Other Investments - Assets*				
Forward Foreign Currency Contracts	-	13,101	-	13,101
Swap Agreements	-	150,082	-	150,082
	-	163,183	-	163,183
Other Investments - Liabilities*				
Forward Foreign Currency Contracts	-	(23,192)	-	(23,192)
Total Other Investments	-	139,991	-	139,991
Total Investments	\$5,285,028	\$137,877,579	\$1,618	\$143,164,225

* Unrealized appreciation (depreciation).

NOTE 4—Derivative Investments

The Fund may enter into an International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") under which a fund may trade OTC derivatives. An OTC transaction entered into under an ISDA Master Agreement typically involves a collateral posting arrangement, payment netting provisions and close-out netting provisions. These netting provisions allow for reduction of credit risk through netting of contractual obligations. The enforceability of the netting provisions of the ISDA Master Agreement depends on the governing law of the ISDA Master Agreement, among other factors.

For financial reporting purposes, the Fund does not offset OTC derivative assets or liabilities that are subject to ISDA Master Agreements in the Statement of Assets and Liabilities.

Value of Derivative Investments at Period-End

The table below summarizes the value of the Fund's derivative investments, detailed by primary risk exposure, held as of June 30, 2019:

Derivative Assets	Value		
	Credit Risk	Currency Risk	Total
Unrealized appreciation on swap agreements – Centrally Cleared ^(a)	\$ 150,082	\$ -	\$ 150,082
Unrealized appreciation on forward foreign currency contracts outstanding	-	13,101	13,101
Total Derivative Assets	150,082	13,101	163,183
Derivatives not subject to master netting agreements	(150,082)	-	(150,082)
Total Derivative Assets subject to master netting agreements	\$ -	\$ 13,101	\$ 13,101

Derivative Liabilities	Value		
	Credit Risk	Currency Risk	Total
Unrealized depreciation on forward foreign currency contracts outstanding	\$ -	\$(23,192)	\$ (23,192)
Derivatives not subject to master netting agreements	-	-	-
Total Derivative Liabilities subject to master netting agreements	\$ -	\$(23,192)	\$ (23,192)

^(a) The daily variation margin receivable at period-end is recorded in the Statement of Assets and Liabilities.

Offsetting Assets and Liabilities

The table below reflects the Fund's exposure to Counterparties subject to either an ISDA Master Agreement or other agreement for OTC derivative transactions as of June 30, 2019.

Counterparty	Financial Derivative Assets	Financial Derivative Liabilities	Net Value of Derivatives	Collateral (Received)/Pledged		Net Amount
	Forward Foreign Currency Contracts	Forward Foreign Currency Contracts	Net Value of Derivatives	Non-Cash	Cash	
Barclays Bank PLC	\$11,022	\$ -	\$ 11,022	\$-	\$-	\$ 11,022
Canadian Imperial Bank of Commerce	1,423	-	1,423	-	-	1,423
Goldman Sachs International	656	(20,842)	(20,186)	-	-	(20,186)
State Street Bank & Trust Co.	-	(2,350)	(2,350)	-	-	(2,350)
Total	\$13,101	\$(23,192)	\$(10,091)	\$-	\$-	\$(10,091)

Effect of Derivative Investments for the six months ended June 30, 2019

The table below summarizes the gains (losses) on derivative investments, detailed by primary risk exposure, recognized in earnings during the period:

	Location of Gain (Loss) on Statement of Operations		
	Credit Risk	Currency Risk	Total
Realized Gain (Loss):			
Forward foreign currency contracts	\$ -	\$37,176	\$ 37,176
Options purchased ^(a)	40,180	-	40,180
Options written	30,012	-	30,012
Swap agreements	(48,674)	-	(48,674)
Change in Net Unrealized Appreciation:			
Forward foreign currency contracts	-	3,114	3,114
Options purchased ^(a)	31,680	-	31,680
Options written	5,167	-	5,167
Swap agreements	388,444	-	388,444
Total	\$446,809	\$40,290	\$487,099

^(a) Options purchased are included in the net realized gain (loss) from investment securities and the change in net unrealized appreciation (depreciation) of investment securities.

The table below summarizes the average notional value of derivatives held during the period.

	Forward Foreign Currency Contracts	Options Purchased	Options Written	Swap Agreements
Average notional value	\$1,911,355	\$8,200,000	\$8,200,000	\$2,925,000

NOTE 5—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 6—Cash Balances

The Fund may borrow for leveraging in an amount up to 5% of the Fund’s total assets (excluding the amount borrowed) at the time the borrowing is made. In doing so, the Fund is permitted to temporarily carry a negative or overdrawn balance in its account with SSB, 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. The Fund may not purchase additional securities when any borrowings from banks exceed 5% of the Fund’s total assets.

NOTE 7—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 had a capital loss carryforward as of December 31, 2018, as follows:

Capital Loss Carryforward*			
Expiration	Short-Term	Long-Term	Total
Not subject to expiration	\$6,475,665	\$5,345,942	\$11,821,607

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code and may be further limited depending upon a variety of factors, including the realization of net unrealized gains or losses as of the date of any reorganization.

NOTE 8—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 \$32,740,228 and \$42,558,452, 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	\$ 3,845,731
Aggregate unrealized (depreciation) of investments	(11,055,736)
Net unrealized appreciation (depreciation) of investments	\$ (7,210,005)

Cost of investments for tax purposes is \$150,461,919.

NOTE 9—Share Information

	Summary of Share Activity			
	Six months ended June 30, 2019 ^(a)		Year ended December 31, 2018	
	Shares	Amount	Shares	Amount
Sold:				
Series I	3,813,908	\$ 20,455,064	14,839,601	\$ 80,754,950
Series II	2,320,299	12,512,585	3,110,907	16,714,977
Issued as reinvestment of dividends:				
Series I	–	–	793,064	4,211,171
Series II	–	–	866,984	4,569,006
Reacquired:				
Series I	(7,012,906)	(38,127,235)	(19,216,611)	(102,508,742)
Series II	(1,300,263)	(6,979,790)	(3,585,217)	(19,054,885)
Net increase (decrease) in share activity	(2,178,962)	\$(12,139,376)	(3,191,272)	\$ (15,313,523)

^(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 65% 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) ¹	Expenses Paid During Period ²	Ending Account Value (06/30/19)	Expenses Paid During Period	
Series I	\$1,000.00	\$1,098.80	\$4.63	\$1,020.38	\$4.46	0.89%
Series II	1,000.00	1,097.60	5.93	1,019.14	5.71	1.14

¹ 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.

² 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. High Yield 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 as well as the sub-advisory contracts for the Fund, as Invesco Canada Ltd. 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 High Yield Index. The Board noted that performance of Series I shares of the Fund was in the fourth quintile of its performance universe for the one and three year periods and the fifth quintile for the five year period (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 security selection in and underweight exposure to certain industries negatively impacted Fund 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 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 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 total expense ratio was in the fifth quintile of its expense group and discussed with management reasons for such relative 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 also considered the fees charged by Invesco Advisers and the Affiliated Sub-Advisers to other similarly managed client accounts. 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 differences in the scope of services it provides to the Invesco Funds relative to certain other types of client accounts, including management of cash flows as a result of redemptions and purchases, necessary infrastructure such as officers, office space, technology, legal and distribution, oversight of service providers, costs and business risks associated with launching new funds and sponsoring and maintaining the product line, preparation of annual registration statement updates and financial information and compliance with federal and state laws and regulations.

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.

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. 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. Invesco Advisers noted that the Fund does not execute brokerage transactions through "soft dollar" arrangements to any significant degree.

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.