



Invesco V.I. International Growth Fund



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

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 959 4246 or at invesco.com/proxyguidelines. 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.

Invesco Distributors, Inc.
VIIGR-AR-1

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2013, Invesco V.I. International Growth Fund delivered double-digit gains and outperformed its style-specific benchmark, the Custom International Growth Index.* The Fund's European holdings provided the largest positive contribution to this outperformance, with the Fund's exposure to the UK and Sweden leading the gains.

Your Fund's long-term performance appears later in this report.

Fund vs. Indexes

Total returns, 12/31/12 to 12/31/13, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

| | |
|---|--------|
| Series I Shares | 19.01% |
| Series II Shares | 18.72 |
| MSCI EAFE Index▼ (Broad Market Index) | 22.78 |
| Custom International Growth Index▼ (Style-Specific Index)* | 17.08 |
| MSCI EAFE Growth Index▼ (Former Style-Specific Index)* | 22.55 |
| Lipper VUF International Growth Funds Index■ (Peer Group Index) | 19.93 |

Source(s): ▼Invesco, MSCI via FactSet Research Systems Inc.; ■Lipper Inc.

*During the reporting period, the Fund's style-specific index was changed from the MSCI EAFE Growth Index to the Custom International Growth Index. The Custom International Growth Index was composed of the MSCI EAFE Growth Index through February 28, 2013, and the MSCI AC World Ex-US Growth Index thereafter. While the MSCI EAFE Growth Index remains a relevant representation of developed markets, it does not include emerging markets or Canada. The MSCI AC World Ex-US Growth Index has exposure to both segments, as does the Fund. Due to this, Invesco believes that the new index is more aligned with the market allocations of the Fund and therefore a more appropriate benchmark by which to measure relative allocations and performance.

How we invest

When selecting stocks for your Fund, we use a disciplined investment strategy that emphasizes fundamental research, supported by both quantitative analysis and portfolio construction techniques. Our EQV (earnings, quality and valuation) strategy focuses primarily on identifying quality companies that have experienced, or exhibit the potential for, accelerated or above-average earnings growth, but whose stock prices do not fully reflect these attributes.

While research responsibilities within the portfolio management team are focused by geographic region, we select investments for the Fund using a bottom-up investment approach, which means we construct the Fund primarily on a stock-by-stock basis. We focus on the strengths

of individual companies rather than sectors, countries or market-cap trends.

We believe disciplined sell decisions are key to successful investing. We consider selling a stock for one of the following reasons:

- A company's fundamentals deteriorate, or it posts disappointing earnings.
- A stock appears overvalued.
- A more attractive investment opportunity becomes available.

Market conditions and your Fund

While US and global equity markets enjoyed generally strong returns for the year ended December 31, 2013, the US and global economies improved only slowly. Despite a contentious battle over extending the nation's debt ceiling and a two-week federal government shutdown, the US economy grew throughout 2013;

economic data improved notably in the latter part of the year.

Improving macroeconomic data and reduced political uncertainty buoyed European equity markets during the reporting period. UK equities ended the reporting period strongly, spurred by improving housing and employment data. Continental European equity markets posted strong gains for the reporting period as well; indeed, the eurozone officially exited recession in late summer.

Japanese equities rose sharply, based on investors' hopes that the new government led by Prime Minister Shinzo Abe, along with new leadership at the Bank of Japan, would finally arrest deflation. However, the market consolidated in May amid a tug of war between optimism about Abe's leadership and the potential of "Abenomics" and concern about political developments in China and economic prospects in the US and emerging markets.

Emerging economies had a difficult year, with slowing world trade and abrupt corrections to their equity, bond and currency markets after the US Federal Reserve indicated mid-year it might reduce its extraordinary bond-buying program in 2013. The economies most seriously affected – including Brazil, India, Indonesia, Turkey and South Africa – had allowed money and credit growth to expand significantly in the preceding three years.

In this environment, we continued to construct the Fund's portfolio with a bottom-up approach, selecting stocks on an individual basis. The Fund fared better than its style-specific benchmark in five of 10 sectors, significantly outperforming in the information technology (IT) sector.

In the IT sector, strong stock selection led the Fund to meaningfully outperform the style-specific index. Fund holdings in the Internet software and services industry led performance in the sector.

Portfolio Composition

By sector

| | |
|------------------------------------|-------|
| Consumer Discretionary | 23.4% |
| Financials | 15.4 |
| Information Technology | 13.3 |
| Industrials | 10.2 |
| Consumer Staples | 9.3 |
| Health Care | 8.7 |
| Energy | 7.9 |
| Materials | 3.1 |
| Telecommunication Services | 1.8 |
| Utilities | 0.9 |
| Money Market Funds | |
| Plus Other Assets Less Liabilities | 6.0 |

Top 10 Equity Holdings*

| | |
|-------------------------------------|------|
| 1. Reed Elsevier PLC | 2.8% |
| 2. Compass Group PLC | 2.3 |
| 3. SAP AG | 2.1 |
| 4. Roche Holding AG | 2.0 |
| 5. WPP PLC | 2.0 |
| 6. British American Tobacco PLC | 2.0 |
| 7. Suncor Energy, Inc. | 1.9 |
| 8. Baidu, Inc.-ADR | 1.9 |
| 9. Publicis Groupe S.A. | 1.9 |
| 10. Amadeus IT Holding S.A.-Class A | 1.8 |

Top Five Industries*

| | |
|-------------------------|------|
| 1. Pharmaceuticals | 6.8% |
| 2. Integrated Oil & Gas | 5.8 |
| 3. Diversified Banks | 5.1 |
| 4. Semiconductors | 4.5 |
| 5. Advertising | 3.8 |

Total Net Assets \$1.7 billion

Total Number of Holdings* 76

The Fund's holdings are subject to change, and there is no assurance that the Fund will continue to hold any particular security.

*Excluding money market fund holdings.

Chinese web services company **Baidu** was the leading individual contributor to Fund performance during the year. The company was helped by strong earnings reports and a well-received acquisition in the third quarter. **Amadeus**, a Spanish IT company specializing in solutions for tourism and travel, also contributed to Fund performance.

As a group, the Fund's holdings in the consumer discretionary sector delivered high double-digit gains, outperforming the style-specific index's holdings for the year. The Fund's holdings in the media and hotels, restaurants and leisure industries were particularly strong. Top contributors in this sector included UK-based professional information solutions publisher **Reed Elsevier** and Macau-based hotel and casino operator **Galaxy Entertainment**. Galaxy Entertainment, a leading developer and operator of casinos in Macau, reported good second-quarter results, helped by strong growth in the "mass" market (as opposed to the "VIP" market).

In broad geographic terms, Fund holdings in the European region were the primary contributor to relative results due to strong stock selection. Top country-level contributors were the UK and Sweden. The most significant contributor to performance was the UK, the largest country allocation in the portfolio. Within the UK, one of the largest contributors to Fund performance included **Compass Group**, a global leader in food service management and support services.

In contrast, the Fund's high single-digit cash position throughout the year detracted from relative performance as markets rebounded during the reporting period. It is important to note that we do not use cash for top-down tactical asset allocation purposes. Historically when the portfolio's cash position has been higher than average, it has reflected a lack of good EQV investment opportunities in the marketplace rather than an overall negative opinion on markets. However, concerns about further downside risk led us to be cautious investors throughout the reporting period.

Stock selection and underweight exposure in the telecommunication services and health care sectors also detracted from performance. Not owning several strong performing names in each sector hurt relative results. Most notably, Softbank, a Japanese telecommunications and Internet services company, posted very strong performance for the year and was the leading individual detractor from relative results.

The Fund's continued underweight exposure in Japan was the largest country-level detractor from performance. This market delivered strong results over the reporting period and identifying Japanese companies that meet our EQV criteria was challenging because "quality" companies remained hard to find. Increased earnings expectations were largely currency related, and underlying improvements in businesses were not apparent. Due to these factors, at the close of the reporting period, the Fund had a 5% weighting in Japanese equities while the style-specific index had an 16% weighting.

As mentioned above, stock selection in the portfolio is driven by the underlying fundamentals of each individual company, not by any top-down macroeconomic views. This focus on bottom-up stock selection is the key driver of the portfolio's overall profile. The Fund ended the reporting period with overweight exposure (relative to our style-specific benchmark) to the consumer discretionary, IT and energy sectors. The Fund had underweight exposure to the consumer staples, materials, industrials, financials, health care, telecommunication services and utilities sectors.

With market volatility likely to continue for some time, our focus remains on ensuring that our portfolio is comprised of high-quality, reasonably valued companies capable of sustained earnings growth. We believe that this balanced EQV-focused approach may help deliver attractive returns over the long term.

We thank you for your continued investment in Invesco V.I. International Growth Fund.

The views and opinions expressed in management's discussion of Fund performance are those of Invesco Advisers, Inc. These views and opinions are subject to change at any time based on factors such as market and economic conditions. These views and opinions may not be relied upon as investment advice or recommendations, or as an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but Invesco Advisers, Inc. makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

See important Fund and, if applicable, index disclosures later in this report.



Clas Olsson

Portfolio manager and chief investment officer of Invesco's international growth investments team, is lead manager of Invesco V.I. International Growth Fund. He joined Invesco in 1994. Mr. Olsson became a commissioned officer at the Royal Swedish Naval Academy in 1988. He also earned a BBA from The University of Texas at Austin.



Brent Bates

Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 1996.

Mr. Bates earned a BBA from Texas A&M University and is a Certified Public Accountant.



Shuxin (Steve) Cao

Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 1997.

Mr. Cao earned a BA in English from the Tianjin Foreign Language Institute and an MBA from Texas A&M University. He is also a Certified Public Accountant.



Matthew Dennis

Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 2000.

Mr. Dennis earned a BA in economics from The University of Texas at Austin and an MS in finance from Texas A&M University.



Jason Holzer

Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 1996.

Mr. Holzer earned a BA in quantitative economics and an MS in engineering economic systems from Stanford University.



Mark Jason

Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 2001.

Mr. Jason earned a BS in business administration, with options in finance and real estate from California State University, Northridge.



Richard Nield

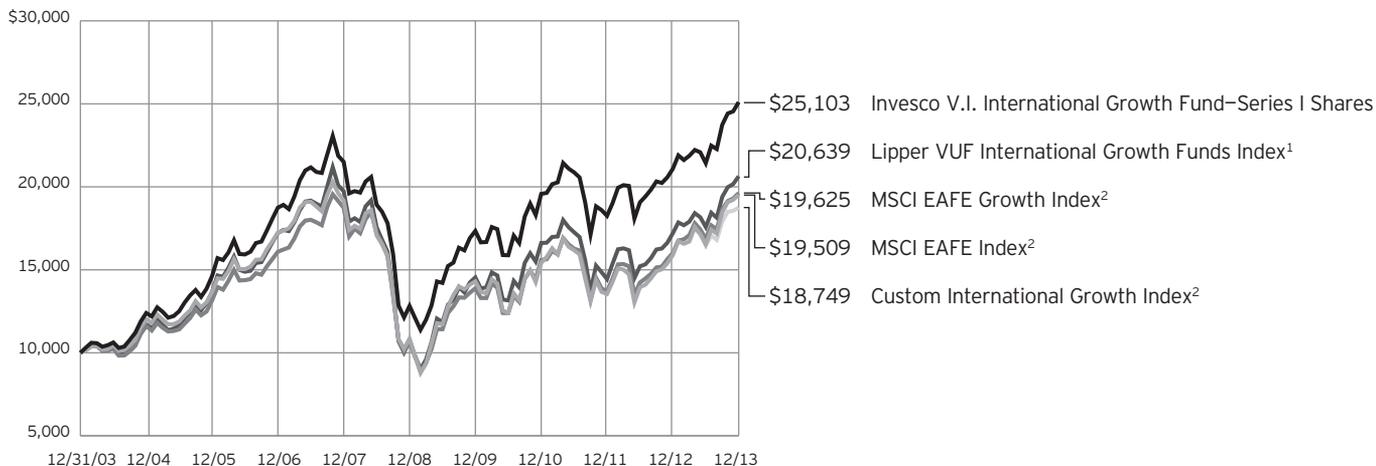
Chartered Financial Analyst, portfolio manager, is manager of Invesco V.I. International Growth Fund. He joined Invesco in 2000.

Mr. Nield earned a Bachelor of Commerce degree in finance and international business from McGill University in Montreal.

Your Fund's Long-Term Performance

Results of a \$10,000 Investment – Oldest Share Class(es)

Fund and index data from 12/31/03



1 Source: Lipper Inc.

2 Source(s): Invesco, MSCI via FactSet Research Systems Inc.

Past performance cannot guarantee comparable future results.

During the reporting period, the Fund has elected to use the Custom International Growth Index as its style-specific index rather than the MSCI EAFE

Growth Index because the new index is more aligned with the market allocations of the Fund and therefore a more appropriate benchmark by which to measure relative allocations and performance. Because this is the first

reporting period since we have adopted the new index, SEC guidelines require that we compare performance to both the old and new indexes.

Average Annual Total Returns

As of 12/31/13

Series I Shares

| | |
|--------------------|-------|
| Inception (5/5/93) | 7.94% |
| 10 Years | 9.64 |
| 5 Years | 14.37 |
| 1 Year | 19.01 |

Series II Shares

| | |
|---------------------|-------|
| Inception (9/19/01) | 8.82% |
| 10 Years | 9.37 |
| 5 Years | 14.09 |
| 1 Year | 18.72 |

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

The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Please contact your variable product issuer or financial

adviser for the most recent month-end variable product performance. Performance figures reflect Fund expenses, reinvested distributions and changes in net asset value. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.

The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Series I and Series II shares was 1.01% and 1.26%, respectively. The expense ratios presented above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.

Invesco V.I. International Growth Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable

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

The most recent month-end performance at the Fund level, excluding variable product charges, is available at 800 451 4246. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

Invesco V.I. International Growth Fund's investment objective is long-term growth of capital.

- Unless otherwise stated, information presented in this report is as of December 31, 2013, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.
- To access your Fund's reports/prospectus, visit invesco.com/fundreports.

Principal risks of investing in the Fund

Depository receipts risk. Depository receipts involve many of the same risks as those associated with direct investment in foreign securities. In addition, the underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts or to pass through to them any voting rights with respect to the deposited securities.

Derivatives risk. The value of a derivative instrument depends largely on (and is derived from) the value of an underlying security, currency, commodity, interest rate, index or other asset (each referred to as an underlying asset). In addition to risks relating to the underlying assets, the use of derivatives may include other, possibly greater, risks, including counterparty, leverage and liquidity risks. Counterparty risk is the risk that the counterparty to the derivative contract will default on its obligation to pay the Fund the amount owed or otherwise perform under the derivative contract. Derivatives create leverage risk because they do not require payment up front equal to the economic exposure created by owning the derivative. As a result, an adverse change in the value of the underlying asset could result in the Fund sustaining a loss that is substantially greater than the amount invested in the derivative, which may make the Fund's returns more volatile and increase the risk of loss. Derivative instruments may also be less liquid than more traditional investments and the Fund may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which the Fund may be most in need of liquidating its derivative positions. Derivatives may also be harder to value, less tax efficient and subject to changing government regulation that could impact the Fund's ability to use certain derivatives or their cost. Also, derivatives used for hedging or to gain or limit exposure to a particular market segment may not provide the expected benefits, particularly during adverse market conditions.

Developing/emerging markets securities risk. The prices of securities issued by foreign companies and governments located in developing/emerging markets countries may be affected more negatively by inflation, devaluation of their currencies, higher transaction costs, delays in settlement, adverse political developments, the introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, war or lack of timely information than those in developed countries.

Foreign securities risk. The Fund's foreign investments may be affected by changes in a foreign country's exchange rates, political and social instability, changes in economic or taxation policies, difficulties when enforcing obligations, decreased liquidity, and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

Geographic focus risk. From time to time the Fund may invest a substantial amount of its assets in securities of issuers located in a single country or a limited number of countries. If the Fund focuses its investments in this manner, it assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance. The Fund's investment performance may also be more volatile if it focuses its investments in certain countries, especially emerging markets countries.

Growth investing risk. Growth stocks tend to be more expensive relative to their earnings or assets compared with other types of stock. As a result they tend to be more sensitive to changes in their earnings and can be more volatile.

Investing in the European Union risk. Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy and Spain. One or more member states might exit the European Union, placing its currency and banking system in jeopardy. The European Union faces major issues involving its membership, structure, procedures and policies, including the adoption, abandonment or adjustment of the new constitutional

treaty, the European Union's enlargement to the south and east, and resolution of the European Union's problematic fiscal and democratic accountability. Efforts of the member states to further unify their economic and monetary policies may increase the potential for the downward movement of one member state's market to cause a similar effect on other member states' markets. European countries that are part of the European Economic and Monetary Union may be significantly affected by the tight fiscal and monetary controls that the union seeks to impose on its members.

Management risk. The investment techniques and risk analysis used by the Fund's portfolio managers may not produce the desired results.

Market risk. The prices of and the income generated by the Fund's securities may decline in response to, among other things, investor sentiment, general economic and market conditions, regional or global instability, and currency and interest rate fluctuations.

Small- and mid-capitalization risks. Stocks of small- and mid-sized companies tend to be more vulnerable to adverse developments and may have little or no operating history or track record of success, and limited product lines, markets, management and financial resources. The securities of small- and mid-sized companies may be more volatile due to less market interest and less publicly available information about the issuer. They also may be illiquid or restricted as to resale, or may trade less frequently and in smaller volumes, all of which may cause difficulty when establishing or closing a position at a desirable price.

About indexes used in this report

The **MSCI EAFE® Index** is an unmanaged index considered representative of stocks of Europe, Australasia and the Far East. The index is computed using the net return, which withholds applicable taxes for non-resident investors.

The **Custom International Growth Index** is an index comprised of the MSCI EAFE Growth Index through February 28, 2013, and the MSCI AC World Ex-US Growth Index thereafter.

The **Lipper VUF International Growth Funds Index** is an unmanaged index considered representative of international growth variable insurance underlying funds tracked by Lipper.

The **MSCI AC World Ex-US Growth Index** is a market capitalization weighted index that includes growth companies in developed and emerging markets throughout the world, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors.

The **MSCI EAFE® Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The index is computed using the net return, which withholds applicable taxes for non-resident investors.

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

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

Other information

CPA® and Certified Public Accountant® are trademarks owned by the American Institute of Certified Public Accountants.

The returns shown in management's discussion of Fund performance are based on net asset values calculated for shareholder transactions. Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes, and as such, the net asset values for shareholder transactions and the returns based on those net asset values may differ from the net asset values and returns reported in the Financial Highlights. Additionally, the returns and net asset values shown throughout this report are at the Fund level only and do not include variable product issuer charges. If such charges were included, the total returns would be lower.

Industry 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.

Schedule of Investments

December 31, 2013

| | Shares | Value |
|--|------------|---------------|
| Common Stocks & Other Equity Interests-93.98% | | |
| Australia-3.01% | | |
| Ancor Ltd. | 2,278,842 | \$ 21,542,723 |
| Brambles Ltd. | 2,313,381 | 18,894,054 |
| CSL Ltd. | 196,315 | 12,114,003 |
| Orora Ltd. ^(a) | 156,393 | 161,932 |
| | | 52,712,712 |
| Belgium-1.55% | | |
| Anheuser-Busch InBev N.V. | 253,875 | 27,071,146 |
| Brazil-2.93% | | |
| Banco Bradesco S.A.-ADR | 1,752,034 | 21,952,986 |
| BM&FBovespa S.A. | 6,247,200 | 29,251,104 |
| | | 51,204,090 |
| Canada-7.18% | | |
| Agrium Inc. | 127,385 | 11,653,173 |
| Canadian National Railway Co. | 258,748 | 14,752,192 |
| Cenovus Energy Inc. | 511,419 | 14,636,733 |
| CGI Group Inc.-Class A ^(a) | 693,418 | 23,200,975 |
| Encana Corp. | 679,929 | 12,277,385 |
| Fairfax Financial Holdings Ltd. | 38,416 | 15,338,552 |
| Suncor Energy, Inc. | 961,881 | 33,722,885 |
| | | 125,581,895 |
| China-5.64% | | |
| Baidu, Inc.-ADR ^(a) | 183,261 | 32,598,467 |
| Belle International Holdings Ltd. | 10,353,000 | 12,045,423 |
| China Mobile Ltd. | 1,088,500 | 11,330,898 |
| CNOOC Ltd. | 13,028,000 | 24,370,200 |
| Industrial & Commercial Bank of China Ltd.-Class H | 26,967,000 | 18,335,351 |
| | | 98,680,339 |
| Denmark-2.51% | | |
| Carlsberg AS-Class B | 244,785 | 27,195,350 |
| Novo Nordisk AS-Class B ^(a) | 90,907 | 16,749,001 |
| | | 43,944,351 |
| France-4.51% | | |
| Publicis Groupe S.A. | 353,910 | 32,490,531 |
| Schneider Electric S.A. | 226,033 | 19,840,673 |
| Total S.A. | 434,271 | 26,605,341 |
| | | 78,936,545 |
| Germany-9.55% | | |
| Adidas AG | 194,835 | 24,832,522 |
| Allianz S.E. | 140,855 | 25,260,306 |
| Deutsche Boerse AG | 244,869 | 20,335,157 |
| Deutsche Post AG | 492,489 | 17,955,509 |
| Deutsche Telekom AG | 1,218,149 | 20,831,802 |
| SAP AG | 428,849 | 36,763,551 |

| | Shares | Value |
|--|-----------|---------------|
| Germany-(continued) | | |
| Volkswagen AG-Preference Shares | 75,338 | \$ 21,160,152 |
| | | 167,138,999 |
| Hong Kong-3.22% | | |
| Galaxy Entertainment Group Ltd. ^(a) | 3,297,000 | 29,571,890 |
| Hutchison Whampoa Ltd. | 1,958,000 | 26,746,730 |
| | | 56,318,620 |
| Ireland-1.26% | | |
| Shire PLC | 468,119 | 22,059,236 |
| Israel-1.48% | | |
| Teva Pharmaceutical Industries Ltd.-ADR | 647,106 | 25,936,009 |
| Japan-4.92% | | |
| Denso Corp. | 272,300 | 14,400,049 |
| Fanuc Corp. | 110,200 | 20,211,938 |
| Keyence Corp. | 39,300 | 16,833,520 |
| Komatsu Ltd. | 484,437 | 9,862,554 |
| Toyota Motor Corp. | 405,500 | 24,680,363 |
| | | 85,988,424 |
| Mexico-1.73% | | |
| Fomento Economico Mexicano, S.A.B. de C.V.-ADR | 84,092 | 8,230,084 |
| Grupo Televisa S.A.B.-ADR | 730,300 | 22,098,878 |
| | | 30,328,962 |
| Netherlands-1.15% | | |
| Unilever N.V. | 497,933 | 20,105,660 |
| Singapore-2.43% | | |
| Keppel Corp. Ltd. | 2,659,661 | 23,644,582 |
| United Overseas Bank Ltd. | 1,117,000 | 18,831,660 |
| | | 42,476,242 |
| South Korea-3.21% | | |
| Hyundai Mobis ^(a) | 95,399 | 26,671,372 |
| Samsung Electronics Co., Ltd. | 22,389 | 29,417,019 |
| | | 56,088,391 |
| Spain-1.79% | | |
| Amadeus IT Holding S.A.-Class A | 729,597 | 31,253,910 |
| Sweden-3.83% | | |
| Investment AB Kinnevik-Class B | 361,319 | 16,771,950 |
| Investor AB-Class B | 623,757 | 21,524,592 |
| Swedbank AB-Class A | 577,335 | 16,288,246 |
| Telefonaktiebolaget LM Ericsson-Class B | 1,015,341 | 12,434,599 |
| | | 67,019,387 |
| Switzerland-8.83% | | |
| ABB Ltd. | 982,044 | 25,943,548 |
| Julius Baer Group Ltd. | 400,729 | 19,321,861 |

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

| | Shares | Value |
|--------------------------------|---------|---------------|
| Switzerland-(continued) | | |
| Nestle S.A. | 316,611 | \$ 23,240,461 |
| Novartis AG | 234,210 | 18,742,883 |
| Roche Holding AG | 125,856 | 35,277,595 |
| Syngenta AG | 53,292 | 21,242,956 |
| UBS AG | 560,188 | 10,671,163 |
| | | 154,440,467 |

Taiwan-1.16%

| | | |
|---|-----------|------------|
| Taiwan Semiconductor Manufacturing Co. Ltd.-ADR | 1,158,854 | 20,210,414 |
|---|-----------|------------|

Turkey-0.76%

| | | |
|---------------|-----------|------------|
| Akbank T.A.S. | 4,264,051 | 13,373,051 |
|---------------|-----------|------------|

United Kingdom-19.64%

| | | |
|------------------------------------|-----------|------------|
| Aberdeen Asset Management PLC | 2,558,634 | 21,308,492 |
| British American Tobacco PLC | 636,189 | 34,113,269 |
| British Sky Broadcasting Group PLC | 2,195,535 | 30,686,202 |
| Centrica PLC | 2,856,913 | 16,449,854 |
| Compass Group PLC | 2,556,962 | 40,988,305 |
| Imperial Tobacco Group PLC | 601,561 | 23,346,750 |
| Informa PLC | 1,654,204 | 15,710,240 |
| Kingfisher PLC | 2,571,100 | 16,437,172 |

Investment Abbreviations:

ADR - American Depositary Receipt

Notes to Schedule of Investments:

^(a) Non-income producing security.

^(b) The money market fund and the Fund are affiliated by having the same investment adviser.

| | Shares | Value |
|-----------------------------------|-----------|---------------|
| United Kingdom-(continued) | | |
| Next PLC | 153,390 | \$ 13,843,754 |
| Reed Elsevier PLC | 3,254,673 | 48,513,638 |
| Royal Dutch Shell PLC-Class B | 703,605 | 26,479,269 |
| Smith & Nephew PLC | 1,485,006 | 21,173,453 |
| WPP PLC | 1,502,732 | 34,485,594 |
| | | 343,535,992 |

United States-1.69%

| | | |
|--|---------|---------------|
| Avago Technologies Ltd. | 557,316 | 29,476,443 |
| Total Common Stocks & Other Equity Interests (Cost \$1,082,657,435) | | 1,643,881,285 |

Money Market Funds-5.75%

| | | |
|--|------------|-----------------|
| Liquid Assets Portfolio-Institutional Class ^(b) | 50,329,768 | 50,329,768 |
| Premier Portfolio-Institutional Class ^(b) | 50,329,768 | 50,329,768 |
| Total Money Market Funds (Cost \$100,659,536) | | 100,659,536 |
| TOTAL INVESTMENTS-99.73% (Cost \$1,183,316,971) | | 1,744,540,821 |
| OTHER ASSETS LESS LIABILITIES-0.27% | | 4,692,844 |
| NET ASSETS-100.00% | | \$1,749,233,665 |

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

Statement of Assets and Liabilities

December 31, 2013

Assets:

| | |
|---|-----------------|
| Investments, at value (Cost \$1,082,657,435) | \$1,643,881,285 |
| Investments in affiliated money market funds, at value and cost | 100,659,536 |
| Total investments, at value (Cost \$1,183,316,971) | 1,744,540,821 |
| Foreign currencies, at value (Cost \$1,345,221) | 1,309,196 |
| Receivable for: | |
| Investments sold | 2,630,679 |
| Fund shares sold | 1,676,137 |
| Dividends | 2,860,117 |
| Investment for trustee deferred compensation and retirement plans | 234,482 |
| Other assets | 190 |
| Total assets | 1,753,251,622 |

Liabilities:

| | |
|--|-----------------|
| Payable for: | |
| Investments purchased | 944,063 |
| Fund shares reacquired | 1,054,763 |
| Accrued fees to affiliates | 1,688,960 |
| Accrued trustees' and officers' fees and benefits | 1,624 |
| Accrued other operating expenses | 51,828 |
| Trustee deferred compensation and retirement plans | 276,719 |
| Total liabilities | 4,017,957 |
| Net assets applicable to shares outstanding | \$1,749,233,665 |

Net assets consist of:

| | |
|--|-----------------|
| Shares of beneficial interest | \$1,357,052,259 |
| Undistributed net investment income | 15,206,100 |
| Undistributed net realized gain (loss) | (184,314,113) |
| Net unrealized appreciation | 561,289,419 |
| | \$1,749,233,665 |

Net Assets:

| | |
|-----------|-----------------|
| Series I | \$ 686,304,978 |
| Series II | \$1,062,928,687 |

Shares outstanding, \$0.001 par value per share, with an unlimited number of shares authorized:

| | |
|---------------------------|------------|
| Series I | 19,431,059 |
| Series II | 30,472,596 |
| Series I: | |
| Net asset value per share | \$ 35.32 |
| Series II: | |
| Net asset value per share | \$ 34.88 |

Statement of Operations

For the year ended December 31, 2013

Investment income:

| | |
|---|---------------|
| Dividends (net of foreign withholding taxes of \$2,980,587) | \$ 37,036,466 |
| Dividends from affiliated money market funds | 85,653 |
| Total investment income | 37,122,119 |

Expenses:

| | |
|---|------------|
| Advisory fees | 11,037,027 |
| Administrative services fees | 4,152,259 |
| Custodian fees | 453,852 |
| Distribution fees – Series II | 2,333,715 |
| Transfer agent fees | 74,654 |
| Trustees' and officers' fees and benefits | 94,002 |
| Other | 140,328 |
| Total expenses | 18,285,837 |
| Less: Fees waived | (181,861) |
| Net expenses | 18,103,976 |
| Net investment income | 19,018,143 |

Realized and unrealized gain from:

| | |
|--|---------------|
| Net realized gain from: | |
| Investment securities | 56,317,132 |
| Foreign currencies | 22,180 |
| | 56,339,312 |
| Change in net unrealized appreciation of: | |
| Investment securities | 199,189,090 |
| Foreign currencies | 47,490 |
| | 199,236,580 |
| Net realized and unrealized gain | 255,575,892 |
| Net increase in net assets resulting from operations | \$274,594,035 |

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

Statement of Changes in Net Assets

For the years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|-----------------|-----------------|
| Operations: | | |
| Net investment income | \$ 19,018,143 | \$ 14,401,419 |
| Net realized gain | 56,339,312 | 16,747,435 |
| Change in net unrealized appreciation | 199,236,580 | 153,873,774 |
| Net increase in net assets resulting from operations | 274,594,035 | 185,022,628 |
| Distributions to shareholders from net investment income: | | |
| Series I | (7,786,744) | (8,556,390) |
| Series II | (10,137,283) | (9,968,702) |
| Total distributions from net investment income | (17,924,027) | (18,525,092) |
| Share transactions-net: | | |
| Series I | (8,312,424) | (26,680,260) |
| Series II | 82,024,719 | 127,622,176 |
| Net increase in net assets resulting from share transactions | 73,712,295 | 100,941,916 |
| Net increase in net assets | 330,382,303 | 267,439,452 |
| Net assets: | | |
| Beginning of year | 1,418,851,362 | 1,151,411,910 |
| End of year (includes undistributed net investment income of \$15,206,100 and \$13,999,707, respectively) | \$1,749,233,665 | \$1,418,851,362 |

Notes to Financial Statements

December 31, 2013

NOTE 1—Significant Accounting Policies

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

The Fund's investment objective is long-term growth of capital.

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

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

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

A security listed or traded on an exchange (except convertible bonds) 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 ask 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 ask prices. For purposes of determining net asset value per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

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

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

Foreign securities' (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued

at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the Adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

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

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/ask 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.

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 is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date.

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

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and 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 income and net realized capital gain, if any, are generally declared and paid to separate accounts of participating insurance companies annually and recorded on the ex-dividend date.

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

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

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

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

H. Indemnifications – Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts, including the Fund's servicing agreements, that contain a variety of indemnification clauses. The Fund's maximum

exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

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

The Fund may invest in foreign securities which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable.

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

NOTE 2–Advisory Fees and Other Fees Paid to Affiliates

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

| Average Daily Net Assets | Rate |
|--------------------------|-------|
| First \$250 million | 0.75% |
| Over \$250 million | 0.70% |

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 Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the “Affiliated Sub-Advisers”) the Adviser, not the Fund, may 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 Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2014, to waive advisory fees and/or reimburse expenses of all shares to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.25% and Series II shares to 2.50% of average daily net assets. 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, 2014. The fee waiver agreement cannot be terminated during its term. The Adviser did not waive fees and/or reimburse expenses during the period under this expense limitation.

Further, the Adviser has contractually agreed, through at least April 30, 2015, 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 year ended December 31, 2013, the Adviser waived advisory fees of \$181,861.

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 administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the year ended December 31, 2013, Invesco was paid \$357,652 for accounting and fund administrative services and reimbursed \$3,794,607 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Investment Services, Inc. (“IIS”) pursuant to which the Fund has agreed to pay IIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IIS for certain expenses incurred by IIS in the course of providing such services. For the year ended December 31, 2013, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. (“IDI”) to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund’s Series II shares (the “Plan”). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund’s average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2013, 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 December 31, 2013. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the year ended December 31, 2013, there were transfers from Level 1 to Level 2 of \$39,677,633 and from Level 2 to Level 1 of \$294,095,067, due to foreign fair value adjustments.

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|----------------------|----------------------|------------|------------------------|
| Australia | \$ 19,055,986 | \$ 33,656,726 | \$- | \$ 52,712,712 |
| Belgium | - | 27,071,146 | - | 27,071,146 |
| Brazil | 51,204,090 | - | - | 51,204,090 |
| Canada | 125,581,895 | - | - | 125,581,895 |
| China | 32,598,467 | 66,081,872 | - | 98,680,339 |
| Denmark | - | 43,944,351 | - | 43,944,351 |
| France | 26,605,341 | 52,331,204 | - | 78,936,545 |
| Germany | 146,803,842 | 20,335,157 | - | 167,138,999 |
| Hong Kong | 29,571,890 | 26,746,730 | - | 56,318,620 |
| Ireland | - | 22,059,236 | - | 22,059,236 |
| Israel | 25,936,009 | - | - | 25,936,009 |
| Japan | - | 85,988,424 | - | 85,988,424 |
| Mexico | 30,328,962 | - | - | 30,328,962 |
| Netherlands | - | 20,105,660 | - | 20,105,660 |
| Singapore | - | 42,476,242 | - | 42,476,242 |
| South Korea | 26,671,372 | 29,417,019 | - | 56,088,391 |
| Spain | - | 31,253,910 | - | 31,253,910 |
| Sweden | - | 67,019,387 | - | 67,019,387 |
| Switzerland | - | 154,440,467 | - | 154,440,467 |
| Taiwan | 20,210,414 | - | - | 20,210,414 |
| Turkey | - | 13,373,051 | - | 13,373,051 |
| United Kingdom | 172,965,077 | 170,570,915 | - | 343,535,992 |
| United States | 130,135,979 | - | - | 130,135,979 |
| Total Investments | \$837,669,324 | \$906,871,497 | \$- | \$1,744,540,821 |

NOTE 4—Trustees' and Officers' Fees and Benefits

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

NOTE 5—Cash Balances

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

NOTE 6—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2013 and 2012:

| | 2013 | 2012 |
|-----------------|--------------|--------------|
| Ordinary income | \$17,924,027 | \$18,525,092 |

Tax Components of Net Assets at Period-End:

| | 2013 |
|---|-----------------|
| Undistributed ordinary income | \$ 24,283,283 |
| Net unrealized appreciation – investments | 537,444,437 |
| Net unrealized appreciation – other investments | 65,569 |
| Temporary book/tax differences | (261,472) |
| Capital loss carryforward | (169,350,411) |
| Shares of beneficial interest | 1,357,052,259 |
| Total net assets | \$1,749,233,665 |

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Fund's net unrealized appreciation difference is attributable primarily to wash sales and passive foreign investment companies.

The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses. The Fund's temporary book/tax differences are the result of the trustee deferral of compensation and retirement plan benefits.

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 8 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 carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund utilized \$53,178,432 of capital loss carryforward in the current period to offset net realized capital gain for federal income tax purposes. The Fund has a capital loss carryforward as of December 31, 2013, which expires as follows:

Capital Loss Carryforward*

| Expiration | Short-Term | Long-Term | Total |
|-------------------|---------------|-----------|---------------|
| December 31, 2016 | \$ 8,033,622 | \$- | \$ 8,033,622 |
| December 31, 2017 | 123,514,234 | - | 123,514,234 |
| December 31, 2018 | 37,802,555 | - | 37,802,555 |
| | \$169,350,411 | \$- | \$169,350,411 |

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code. To the extent that unrealized gains as of May 02, 2011, the date of reorganization of Invesco Van Kampen V.I. International Growth Equity Fund into the Fund, are realized on securities held in each fund at such date of reorganization, the capital loss carryforward may be further limited for up to five years from the date of the reorganization.

NOTE 7—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the year ended December 31, 2013 was \$429,955,568 and \$338,162,870, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

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

| | |
|--|---------------|
| Aggregate unrealized appreciation of investment securities | \$555,419,920 |
| Aggregate unrealized (depreciation) of investment securities | (17,975,483) |
| Net unrealized appreciation of investment securities | \$537,444,437 |

Cost of investments for tax purposes is \$1,207,096,384.

NOTE 8—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of foreign currency transactions, Section 382 disallowed amounts and passive foreign investment company reclasses, on December 31, 2013, undistributed net investment income was increased by \$112,277, shares of beneficial interest was decreased by \$1,003,049 and undistributed net realized gain was increased by \$890,772. This reclassification had no effect on the net assets of the Fund.

NOTE 9—Share Information

Summary of Share Activity

| | Years ended December 31, | | | |
|---|--------------------------|----------------|-------------|----------------|
| | 2013 ^(a) | | 2012 | |
| | Shares | Amount | Shares | Amount |
| Sold: | | | | |
| Series I | 3,847,472 | \$ 123,710,056 | 3,825,772 | \$ 108,462,127 |
| Series II | 5,793,394 | 183,196,471 | 7,868,132 | 219,142,823 |
| Issued as reinvestment of dividends: | | | | |
| Series I | 231,886 | 7,786,744 | 293,127 | 8,556,390 |
| Series II | 305,524 | 10,137,283 | 345,296 | 9,968,702 |
| Reacquired: | | | | |
| Series I | (4,344,114) | (139,809,224) | (5,060,588) | (143,698,777) |
| Series II | (3,499,681) | (111,309,035) | (3,624,167) | (101,489,349) |
| Net increase in share activity | 2,334,481 | \$ 73,712,295 | 3,647,572 | \$ 100,941,916 |

^(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 35% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 10—Financial Highlights

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

| | Net asset value, beginning of period | Net investment income ^(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 | | | | | | | | | | | | |
| Year ended 12/31/13 | \$30.03 | \$0.44 | \$ 5.25 | \$ 5.69 | \$(0.40) | \$35.32 | 19.01% | \$ 686,305 | 1.01% ^(d) | 1.02% ^(d) | 1.37% ^(d) | 24% |
| Year ended 12/31/12 | 26.37 | 0.35 | 3.73 | 4.08 | (0.42) | 30.03 | 15.53 | 591,491 | 1.00 | 1.01 | 1.24 | 24 |
| Year ended 12/31/11 | 28.69 | 0.50 | (2.38) | (1.88) | (0.44) | 26.37 | (6.74) | 544,143 | 1.02 | 1.03 | 1.75 | 26 |
| Year ended 12/31/10 | 26.01 | 0.38 | 2.92 | 3.30 | (0.62) | 28.69 | 12.86 | 586,219 | 1.03 | 1.04 | 1.46 | 38 |
| Year ended 12/31/09 | 19.49 | 0.32 | 6.55 | 6.87 | (0.35) | 26.01 | 35.24 | 556,883 | 1.02 | 1.04 | 1.47 | 27 |
| Series II | | | | | | | | | | | | |
| Year ended 12/31/13 | 29.68 | 0.36 | 5.18 | 5.54 | (0.34) | 34.88 | 18.72 | 1,062,929 | 1.26 ^(d) | 1.27 ^(d) | 1.12 ^(d) | 24 |
| Year ended 12/31/12 | 26.08 | 0.28 | 3.69 | 3.97 | (0.37) | 29.68 | 15.26 | 827,361 | 1.25 | 1.26 | 0.99 | 24 |
| Year ended 12/31/11 | 28.35 | 0.42 | (2.36) | (1.94) | (0.33) | 26.08 | (6.99) | 607,269 | 1.27 | 1.28 | 1.50 | 26 |
| Year ended 12/31/10 | 25.63 | 0.31 | 2.89 | 3.20 | (0.48) | 28.35 | 12.61 | 569,610 | 1.28 | 1.29 | 1.21 | 38 |
| Year ended 12/31/09 | 19.23 | 0.27 | 6.44 | 6.71 | (0.31) | 25.63 | 34.91 | 1,500,514 | 1.27 | 1.29 | 1.22 | 27 |

^(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. For the year ended December 31, 2011, the portfolio turnover calculation excludes the value of securities purchased of \$23,376,285 and sold of \$8,831,296 in the effort to realign the Fund's portfolio holdings after the reorganization of Invesco Van Kampen V.I. International Growth Equity Fund into the Fund.

^(d) Ratios are based on average daily net assets (000's omitted) of \$625,375 and \$933,486 for Series I and Series II shares, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds (Invesco Variable Insurance Funds)
and Shareholders of Invesco V.I. International Growth Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Invesco V.I. International Growth Fund (one of the funds constituting AIM Variable Insurance Funds (Invesco Variable Insurance Funds), hereafter referred to as the "Fund") at December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

February 17, 2014
Houston, Texas

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 July 1, 2013 through December 31, 2013.

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

Actual expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return.

The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

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

| Class | Beginning Account Value (07/01/13) | ACTUAL | | HYPOTHETICAL (5% annual return before expenses) | | Annualized Expense Ratio |
|-----------|------------------------------------|--|--|---|--|--------------------------|
| | | Ending Account Value (12/31/13) ¹ | Expenses Paid During Period ² | Ending Account Value (12/31/13) | Expenses Paid During Period ² | |
| Series I | \$1,000.00 | \$1,171.40 | \$5.58 | \$1,020.06 | \$5.19 | 1.02% |
| Series II | 1,000.00 | 1,169.80 | 6.95 | 1,018.80 | 6.46 | 1.27 |

¹ The actual ending account value is based on the actual total return of the Fund for the period July 1, 2013 through December 31, 2013, 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 184/365 to reflect the most recent fiscal half year.

Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2013:

Federal and State Income Tax

| | |
|---|--------------------|
| Corporate Dividends Received Deduction* | 0% |
| Foreign Taxes | \$0.0602 per share |
| Foreign Source Income | \$0.8080 per share |

* The above percentage is based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Trustees and Officers

The address of each trustee and officer is AIM Variable Insurance Funds (Invesco Variable Insurance Funds) (the "Trust"), 11 Greenway Plaza, Suite 1000, Houston, Texas 77046-1173. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

| Name, Year of Birth and Position(s) Held with the Trust | Trustee and/or Officer Since | Principal Occupation(s) During Past 5 Years | Number of Funds in Fund Complex Overseen by Trustee | Other Directorship(s) Held by Trustee During Past 5 Years |
|--|------------------------------|---|---|---|
| Interested Persons | | | | |
| Martin L. Flanagan ¹ – 1960 Trustee | 2007 | Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco and a global investment management firm); Advisor to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The Invesco Funds; Vice Chair, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman and Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco and a global investment management firm); Director, Invesco Ltd.; Chairman, Investment Company Institute and President, Co-Chief Executive Officer, Co-President, Chief Operating Officer and Chief Financial Officer, Franklin Resources, Inc. (global investment management organization) | 123 | None |
| Philip A. Taylor ² – 1954 Trustee, President and Principal Executive Officer | 2006 | Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director, Chairman, Chief Executive Officer and President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) (financial services holding company); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent); Director and Chairman, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) (registered transfer agent) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.) (registered broker dealer); Director, President and Chairman, Invesco Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, Invesco Corporate Class Inc. (corporate mutual fund company) and Invesco Canada Fund Inc. (corporate mutual fund company); Director, Chairman and Chief Executive Officer, Invesco Canada Ltd. (formerly known as Invesco Trimark Ltd./Invesco Trimark Ltée) (registered investment adviser and registered transfer agent); Trustee, President and Principal Executive Officer, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust); Trustee and Executive Vice President, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust only); Director, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Director, Chief Executive Officer and President, Van Kampen Exchange Corp. Formerly: Director and Chairman, Van Kampen Investor Services Inc.; Director, Chief Executive Officer and President, 1371 Preferred Inc. (holding company); and Van Kampen Investments Inc.; Director and President, AIM GP Canada Inc. (general partner for limited partnerships); and Van Kampen Advisors, Inc.; Director and Chief Executive Officer, Invesco Trimark Dealer Inc. (registered broker dealer); Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) (registered broker dealer); Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc. | 123 | None |
| Wayne W. Whalen ³ – 1939 Trustee | 2010 | Of Counsel, and prior to 2010, partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to certain funds in the Fund Complex | 136 | Director of the Mutual Fund Directors Forum, a nonprofit membership organization for investment directors; Chairman and Director of the Abraham Lincoln Presidential Library Foundation; and Director of the Stevenson Center for Democracy |

¹ Mr. Flanagan is considered an interested person of the Trust because he is an officer of the adviser to the Trust, and an officer and a director of Invesco Ltd., ultimate parent of the adviser to the Trust.

² Mr. Taylor is considered an interested person of the Trust because he is an officer and a director of the adviser to, and a director of the principal underwriter of, the Trust.

³ Mr. Whalen is considered an "interested person" (within the meaning of Section 2(a)(19) of the 1940 Act) of certain Funds in the Invesco Fund Complex because he and his firm currently provide legal services as legal counsel to such Funds.

Trustees and Officers—(continued)

| Name, Year of Birth and Position(s) Held with the Trust | Trustee and/or Officer Since | Principal Occupation(s) During Past 5 Years | Number of Funds in Fund Complex Overseen by Trustee | Other Directorship(s) Held by Trustee During Past 5 Years |
|---|------------------------------|---|---|---|
| Independent Trustees | | | | |
| Bruce L. Crockett – 1944 Trustee and Chair | 1993 | Chairman, Crockett Technologies Associates (technology consulting company) Formerly: Director, Captaris (unified messaging provider); Director, President and Chief Executive Officer COMSAT Corporation; and Chairman, Board of Governors of INTELSAT (international communications company) | 123 | ACE Limited (insurance company); Investment Company Institute |
| David C. Arch – 1945 Trustee | 2010 | Chairman and Chief Executive Officer of Blistex Inc., (consumer health care products manufacturer) Formerly: Member of the Heartland Alliance Advisory Board, a nonprofit organization serving human needs based in Chicago | 136 | Board member of the Illinois Manufacturers' Association; Member of the Board of Visitors, Institute for the Humanities, University of Michigan |
| Frank S. Bayley – 1939 Trustee | 2001 | Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios) and General Partner and Of Counsel, law firm of Baker & McKenzie, LLP | 123 | Director and Chairman, C.D. Stimson Company (a real estate investment company); Trustee and Overseer, The Curtis Institute of Music |
| James T. Bunch – 1942 Trustee | 2004 | Managing Member, Grumman Hill Group LLC (family office private equity management) Formerly: Founder, Green, Manning & Bunch Ltd. (investment banking firm)(1988-2010); Executive Committee, United States Golf Association; and Director, Policy Studies, Inc. and Van Gilder Insurance Corporation | 123 | Chairman, Board of Governors, Western Golf Association; Chairman-elect, Evans Scholars Foundation; and Director, Denver Film Society |
| Rodney F. Dammeyer – 1940 Trustee | 2010 | Chairman of CAC, LLC, (private company offering capital investment and management advisory services) Formerly: Prior to 2001, Managing Partner at Equity Group Corporate Investments; Prior to 1995, Chief Executive Officer of Itel Corporation (formerly Anixter International); Prior to 1985, experience includes Senior Vice President and Chief Financial Officer of Household International, Inc., Executive Vice President and Chief Financial Officer of Northwest Industries, Inc. and Partner of Arthur Andersen & Co.; From 1987 to 2010, Director/Trustee of investment companies in the Van Kampen Funds complex | 123 | Director of Quidel Corporation and Stericycle, Inc.; Prior to May 2008, Trustee of The Scripps Research Institute; Prior to February 2008, Director of Ventana Medical Systems, Inc. |
| Albert R. Dowden – 1941 Trustee | 2000 | Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); and Reich & Tang Funds (5 portfolios) (registered investment company) Formerly: Director, Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company); Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations; Chairman, DHJ Media, Inc.; Director, Magellan Insurance Company; and Director, The Hertz Corporation, Genmar Corporation (boat manufacturer), National Media Corporation; Advisory Board of Rotary Power International (designer, manufacturer, and seller of rotary power engines); and Chairman, Cortland Trust, Inc. (registered investment company) | 123 | Director of Nature's Sunshine Products, Inc. |
| Jack M. Fields – 1952 Trustee | 1997 | Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); Owner and Chief Executive Officer, Dos Angeles Ranch, L.P. (cattle, hunting, corporate entertainment); and Discovery Global Education Fund (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company); Director of Cross Timbers Quail Research Ranch (non-profit); and member of the U.S. House of Representatives | 123 | Insperty, Inc. (formerly known as Administaff) |
| Prema Mathai-Davis – 1950 Trustee | 1998 | Retired Formerly: Chief Executive Officer, YWCA of the U.S.A. | 123 | None |
| Larry Soll – 1942 Trustee | 2004 | Retired Formerly: Chairman, Chief Executive Officer and President, Synergen Corp. (a biotechnology company) | 123 | None |
| Hugo F. Sonnenschein – 1940 Trustee | 2010 | Distinguished Service Professor and President Emeritus of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago Formerly: President of the University of Chicago | 136 | Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences |

Trustees and Officers—(continued)

| Name, Year of Birth and Position(s) Held with the Trust | Trustee and/or Officer Since | Principal Occupation(s) During Past 5 Years | Number of Funds in Fund Complex Overseen by Trustee | Other Directorship(s) Held by Trustee During Past 5 Years |
|---|------------------------------|---|---|---|
| Independent Trustees—(continued) | | | | |
| Raymond Stickel, Jr. – 1944 Trustee Other Officers | 2005 | Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios) and Partner, Deloitte & Touche | 123 | None |
| Other Officers | | | | |
| Russell C. Burk – 1958 Senior Vice President and Senior Officer | 2005 | Senior Vice President and Senior Officer, The Invesco Funds | N/A | N/A |
| John M. Zerr – 1962 Senior Vice President, Chief Legal Officer and Secretary | 2006 | <p>Director, Senior Vice President, Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) and Van Kampen Exchange Corp.; Senior Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President and Secretary, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Vice President and Secretary, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.); Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The Invesco Funds; Manager, Invesco PowerShares Capital Management LLC; Director, Secretary and General Counsel, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Secretary and General Counsel, Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.) and Chief Legal Officer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust</p> <p>Formerly: Director and Vice President, Van Kampen Advisors Inc.; Director, Vice President, Secretary and General Counsel, Van Kampen Investor Services Inc.; Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisers, Inc. and Van Kampen Investments Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)</p> | N/A | N/A |
| Karen Dunn Kelley – 1960 Vice President | 1993 | <p>Senior Managing Director, Investments; Director, Co-President, Co-Chief Executive Officer, and Co-Chairman, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Chairman, Invesco Senior Secured Management, Inc.; Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.); Executive Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Invesco Mortgage Capital Inc., and Invesco Management Company Limited; Director and President, INVESCO Asset Management (Bermuda) Ltd., Vice President, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust); and President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust only)</p> <p>Formerly: Director, INVESCO Global Asset Management Limited and INVESCO Management S.A.; Senior Vice President, Van Kampen Investments Inc. and Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Advisers, Inc. and The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), Short-Term Investments Trust and Tax-Free Investments Trust only)</p> | N/A | N/A |

Trustees and Officers—(continued)

| Name, Year of Birth and Position(s) Held with the Trust | Trustee and/or Officer Since | Principal Occupation(s) During Past 5 Years | Number of Funds in Fund Complex Overseen by Trustee | Other Directorship(s) Held by Trustee During Past 5 Years |
|--|------------------------------|--|---|---|
| Other Officers—(continued) | | | | |
| Sheri Morris – 1964 Vice President, Treasurer and Principal Financial Officer | 1999 | Vice President, Treasurer and Principal Financial Officer, The Invesco Funds; Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); and Vice President, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust Formerly: Vice President, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The Invesco Funds and Assistant Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; and Treasurer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust | N/A | N/A |
| Crissie M. Wisdom – 1969 Anti-Money Laundering Compliance Officer | 2013 | Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser), Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.), Invesco Distributors, Inc., Invesco Investment Services, Inc., Invesco Management Group, Inc., Van Kampen Exchange Corp., The Invesco Funds, Invesco Funds (Chicago), and PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust, and PowerShares Actively Managed Exchange-Traded Fund Trust; and Fraud Prevention Manager and Controls and Risk Analysis Manager for Invesco Investment Services, Inc. | N/A | N/A |
| Todd L. Spillane – 1958 Chief Compliance Officer | 2006 | Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) and Van Kampen Exchange Corp.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The Invesco Funds; Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) and Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) Formerly: Chief Compliance Officer, Invesco Funds (Chicago); Senior Vice President, Van Kampen Investments Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser), Invesco Global Asset Management (N.A.), Inc., Invesco Senior Secured Management, Inc. (registered investment adviser), Van Kampen Investor Services Inc., PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust; and Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company | N/A | N/A |

The Statement of Additional Information of the Trust includes additional information about the Fund's Trustees and is available upon request, without charge, by calling 1.800.959.4246. Please refer to the Fund's prospectus for information on the Fund's sub-advisers.

Office of the Fund

11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Investment Adviser

Invesco Advisers, Inc.
1555 Peachtree Street, N.E.
Atlanta, GA 30309

Distributor

Invesco Distributors, Inc.
11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Auditors

PricewaterhouseCoopers LLP
1201 Louisiana Street, Suite 2900
Houston, TX 77002-5678

Counsel to the Fund

Stradley Ronon Stevens & Young, LLP
2005 Market Street, Suite 2600
Philadelphia, PA 19103-7018

Counsel to the Independent Trustees

Goodwin Procter LLP
901 New York Avenue, N.W.
Washington, D.C. 20001

Transfer Agent

Invesco Investment Services, Inc.
11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Custodian

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110-2801