LIBERTY LIFE'S
SPECTRUM SELECT® AND SPECTRUM SELECT PLUS®
VARIABLE LIFE INSURANCE

Semiannual Report

June 30, 2015

A spectrum of choices…a lifetime of protection®
Liberty Life Assurance Company of Boston

Liberty Mutual. INSURANCE

THIS REPORT MAY BE USED WITH THE PUBLIC ONLY WHEN PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS FOR LIBERTY LIFE'S SPECTRUM SELECT OR SPECTRUM SELECT PLUS. THE PROSPECTUSES CONTAIN COMPLETE INFORMATION CONCERNING CHARGES AND EXPENSES AND SHOULD BE READ CAREFULLY BEFORE YOU INVEST OR SEND MONEY.

LIBERTY LIFE ASSURANCE COMPANY OF BOSTON

Liberty Mutual
INSURANCE

Dear Policyholder,

This Semiannual Report represents the investment performance of the portfolios invested in by the sub-accounts available with Liberty Life's Spectrum Select® and Spectrum Select Plus® variable life insurance contracts.

All of us at Liberty Life thank you for your business.

Sincerely,

Elaine Dansereau

Elaine Dansereau
Liberty Life Assurance Company of Boston
Director – Policyholder Services
100 Liberty Way
Dover, NH 03820

Invesco V.I. American Franchise 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.
VK-VIAMFR-SAR-1

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 12/31/14 to 6/30/15, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	2.46%
Series II Shares	2.33
S&P 500 Index▼ (Broad Market Index)	1.23
Russell 1000 Growth Index▼ (Style-Specific Index)	3.96
Lipper VUF Large-Cap Growth Funds Index■ (Peer Group Index)	5.19

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

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

The **Russell 1000® Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The **Lipper VUF Large-Cap Growth Funds Index** is an unmanaged index considered representative of large-cap growth variable insurance underlying funds tracked by Lipper.

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.

Average Annual Total Returns

As of 6/30/15

Series I Shares	
Inception (7/3/95)	9.13%
10 Years	8.19
5 Years	15.74
1 Year	6.40
Series II Shares	
Inception (9/18/00)	0.22%
10 Years	7.92
5 Years	15.44
1 Year	6.13

Effective June 1, 2010, Class I and Class II shares of the predecessor fund, Van Kampen Life Investment Trust Capital Growth Portfolio, advised by Van Kampen Asset Management were reorganized into Series I and Series II shares, respectively, of Invesco Van Kampen V.I. Capital Growth Fund (renamed Invesco V.I. American Franchise Fund on April 29, 2013). Returns shown above for Series I and Series II shares are blended returns of the predecessor fund and Invesco V.I. American Franchise Fund. Share class returns will differ from the predecessor fund because of different 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 0.95% and 1.20%, 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. American Franchise Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

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

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

Schedule of Investments[a]

June 30, 2015
(Unaudited)

	Shares	Value
Common Stocks & Other Equity Interests-99.27%		
Aerospace & Defense-2.20%		
Honeywell International Inc.	99,857	$ 10,182,418
Raytheon Co.	54,091	5,175,427
		15,357,845
Airlines-0.81%		
Southwest Airlines Co.	171,543	5,676,358
Apparel, Accessories & Luxury Goods-0.28%		
Michael Kors Holdings Ltd.[b]	46,592	1,961,057
Application Software-2.73%		
Autodesk, Inc.[b]	71,958	3,603,297
salesforce.com, inc.[b]	222,370	15,483,623
		19,086,920
Asset Management & Custody Banks-0.41%		
Ameriprise Financial, Inc.	22,706	2,836,661
Biotechnology-12.97%		
Alexion Pharmaceuticals, Inc.[b]	23,081	4,172,352
Alkermes PLC[b]	262,370	16,880,886
Amgen Inc.	36,174	5,553,432
Biogen Inc.[b]	38,036	15,364,262
Celgene Corp.[b]	210,574	24,370,782
Gilead Sciences, Inc.	158,784	18,590,431
Vertex Pharmaceuticals Inc.[b]	45,659	5,637,973
		90,570,118
Cable & Satellite-4.25%		
Comcast Corp.-Class A	90,135	5,420,719
DISH Network Corp.-Class A[b]	287,578	19,471,906
Time Warner Cable Inc.	27,026	4,815,223
		29,707,848
Communications Equipment-1.38%		
Cisco Systems, Inc.	216,499	5,945,063
Palo Alto Networks, Inc.[b]	21,049	3,677,260
		9,622,323
Consumer Electronics-3.08%		
Harman International Industries, Inc.	101,140	12,029,592
Sony Corp. (Japan)	334,900	9,502,388
		21,531,980
Consumer Finance-1.00%		
American Express Co.	53,194	4,134,237
Capital One Financial Corp.	32,308	2,842,135
		6,976,372
Data Processing & Outsourced Services-4.93%		
MasterCard, Inc.-Class A	305,384	28,547,296
Visa Inc.-Class A	87,478	5,874,148
		34,421,444
Distillers & Vintners-0.99%		
Constellation Brands, Inc.-Class A	59,347	6,885,439

	Shares	Value
Diversified Chemicals-1.29%		
Dow Chemical Co. (The)	176,281	$ 9,020,299
Drug Retail-1.47%		
CVS Health Corp.	97,668	10,243,420
Environmental & Facilities Services-0.89%		
Republic Services, Inc.	159,570	6,250,357
Fertilizers & Agricultural Chemicals-1.32%		
Monsanto Co.	86,431	9,212,680
General Merchandise Stores-0.53%		
Dollar General Corp.	48,028	3,733,697
Health Care Equipment-0.73%		
Medtronic PLC	68,752	5,094,523
Health Care Facilities-1.57%		
HCA Holdings, Inc.[b]	120,579	10,938,927
Home Improvement Retail-3.10%		
Lowe's Cos., Inc.	323,836	21,687,297
Hotels, Resorts & Cruise Lines-3.01%		
Carnival Corp.	425,348	21,007,938
Household Appliances-1.32%		
Whirlpool Corp.	53,411	9,242,774
Industrial Conglomerates-1.61%		
Danaher Corp.	84,394	7,223,283
Roper Technologies, Inc.	23,487	4,050,568
		11,273,851
Internet Retail-4.47%		
Amazon.com, Inc.[b]	39,324	17,070,155
Netflix Inc.[b]	5,695	3,741,273
Priceline Group Inc. (The)[b]	9,015	10,379,601
		31,191,029
Internet Software & Services-10.45%		
Alibaba Group Holding Ltd.-ADR (China)[b]	77,364	6,364,736
Facebook Inc.-Class A[b]	369,689	31,706,377
Google Inc.-Class A[b]	44,598	24,084,704
LinkedIn Corp.-Class A[b]	48,647	10,051,930
Twitter, Inc.[b]	20,716	750,333
		72,958,080
Investment Banking & Brokerage-3.41%		
Charles Schwab Corp. (The)	435,155	14,207,811
Morgan Stanley	248,616	9,643,814
		23,851,625
Life Sciences Tools & Services-0.51%		
Thermo Fisher Scientific, Inc.	27,203	3,529,861
Managed Health Care-0.79%		
UnitedHealth Group Inc.	45,044	5,495,368

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

	Shares	Value
Movies & Entertainment-1.05%		
Twenty-First Century Fox, Inc.-Class A	109,178	$ 3,553,198
Walt Disney Co. (The)	33,159	3,784,768
		7,337,966
Oil & Gas Exploration & Production-3.04%		
Cimarex Energy Co.	20,466	2,257,604
Devon Energy Corp.	69,003	4,104,989
Pioneer Natural Resources Co.	38,297	5,311,411
Whiting Petroleum Corp.[(b)]	284,600	9,562,560
		21,236,564
Oil & Gas Storage & Transportation-0.33%		
Kinder Morgan Inc.	60,395	2,318,564
Pharmaceuticals-5.72%		
Allergan PLC[(b)]	92,425	28,047,291
Bristol-Myers Squibb Co.	106,824	7,108,069
Mylan N.V.[(b)]	70,968	4,815,888
		39,971,248
Railroads-0.36%		
Canadian Pacific Railway Ltd. (Canada)	15,526	2,487,731
Semiconductor Equipment-0.20%		
Lam Research Corp.	17,217	1,400,603
Semiconductors-3.45%		
Avago Technologies Ltd. (Singapore)	40,836	5,428,330
NXP Semiconductors N.V. (Netherlands)[(b)]	190,101	18,667,918
		24,096,248
Soft Drinks-1.03%		
Monster Beverage Corp.[(b)]	53,568	7,179,183
Specialized Finance-1.74%		
CME Group Inc.-Class A	72,148	$ 6,714,093
McGraw Hill Financial, Inc.	54,031	5,427,414
		12,141,507
Specialized REIT's-0.66%		
American Tower Corp.	49,300	4,599,197
Systems Software-2.11%		
Check Point Software Technologies Ltd. (Israel)[(b)]	75,475	6,004,036
ServiceNow, Inc.[(b)]	117,426	8,725,926
		14,729,962
Technology Hardware, Storage & Peripherals-5.92%		
Apple Inc.	329,503	41,327,914
Tobacco-0.87%		
Altria Group, Inc.	124,364	6,082,643
Wireless Telecommunication Services-1.29%		
Sprint Corp.[(b)]	1,973,649	8,999,839
Total Common Stocks & Other Equity Interests (Cost $481,101,266)		693,275,260
Money Market Funds-0.06%		
Liquid Assets Portfolio-Institutional Class[(c)]	200,811	200,811
Premier Portfolio-Institutional Class[(c)]	200,811	200,811
Total Money Market Funds (Cost $401,622)		401,622
TOTAL INVESTMENTS-99.33% (Cost $481,502,888)		693,676,882
OTHER ASSETS LESS LIABILITIES-0.67%		4,679,286
NET ASSETS-100.00%		$698,356,168

Investment Abbreviations:

ADR – American Depositary Receipt
REIT – Real Estate Investment Trust

Notes to Schedule of Investments:

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

Portfolio Composition

By sector, based on Net Assets
as of June 30, 2015

Information Technology	31.2%
Consumer Discretionary	22.8
Health Care	22.3
Industrials	5.9
Financials	5.5
Consumer Staples	4.3
Energy	3.4
Materials	2.6
Telecommunication Services	1.3
Money Market Funds Plus Other Assets Less Liabilities	0.7

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

Statement of Assets and Liabilities

June 30, 2015
(Unaudited)

Assets:	
Investments, at value (Cost $481,101,266)	$693,275,260
Investments in affiliated money market funds, at value and cost	401,622
Total investments, at value (Cost $481,502,888)	693,676,882
Foreign currencies, at value (Cost $5,966)	6,327
Receivable for:	
Investments sold	5,372,033
Fund shares sold	180,677
Dividends	408,460
Investment for trustee deferred compensation and retirement plans	380,611
Other assets	387
Total assets	700,025,377
Liabilities:	
Payable for:	
Fund shares reacquired	672,486
Accrued fees to affiliates	544,619
Accrued trustees' and officers' fees and benefits	6,781
Accrued other operating expenses	28,043
Trustee deferred compensation and retirement plans	417,280
Total liabilities	1,669,209
Net assets applicable to shares outstanding	$698,356,168
Net assets consist of:	
Shares of beneficial interest	$443,037,018
Undistributed net investment income (loss)	(1,010,328)
Undistributed net realized gain	44,155,704
Net unrealized appreciation	212,173,774
	$698,356,168
Net Assets:	
Series I	$513,053,871
Series II	$185,302,297
Shares outstanding, $0.001 par value per share, with an unlimited number of shares authorized:	
Series I	9,124,922
Series II	3,376,749
Series I:	
Net asset value per share	$ 56.23
Series II:	
Net asset value per share	$ 54.88

Statement of Operations

For the six months ended June 30, 2015
(Unaudited)

Investment income:	
Dividends (net of foreign withholding taxes of $1,556)	$ 3,144,950
Dividends from affiliated money market funds (includes securities lending income of $1,578)	3,151
Total investment income	3,148,101
Expenses:	
Advisory fees	2,440,610
Administrative services fees	936,053
Custodian fees	18,636
Distribution fees — Series II	243,171
Transfer agent fees	47,534
Trustees' and officers' fees and benefits	16,051
Other	34,900
Total expenses	3,736,955
Less: Fees waived	(3,825)
Net expenses	3,733,130
Net investment income (loss)	(585,029)
Realized and unrealized gain (loss) from:	
Net realized gain from:	
Investment securities	43,314,423
Foreign currencies	2,600
	43,317,023
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(24,542,165)
Foreign currencies	(469)
	(24,542,634)
Net realized and unrealized gain	18,774,389
Net increase in net assets resulting from operations	$ 18,189,360

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

Statement of Changes in Net Assets

For the six months ended June 30, 2015 and the year ended December 31, 2014
(Unaudited)

	June 30, 2015	December 31, 2014
Operations:		
Net investment income (loss)	$ (585,029)	$ (1,908,252)
Net realized gain	43,317,023	115,649,421
Change in net unrealized appreciation (depreciation)	(24,542,634)	(54,154,967)
Net increase in net assets resulting from operations	18,189,360	59,586,202
Distributions to shareholders from net investment income:		
Series I	–	(227,487)
Share transactions–net:		
Series I	(42,343,962)	(82,553,486)
Series II	(18,559,437)	(74,143,144)
Net increase (decrease) in net assets resulting from share transactions	(60,903,399)	(156,696,630)
Net increase (decrease) in net assets	(42,714,039)	(97,337,915)
Net assets:		
Beginning of period	741,070,207	838,408,122
End of period (includes undistributed net investment income (loss) of $(1,010,328) and $(425,299), respectively)	$698,356,168	$ 741,070,207

Notes to Financial Statements

June 30, 2015
(Unaudited)

NOTE 1—Significant Accounting Policies

Invesco V.I. American Franchise 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 to seek capital growth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. Securities Lending – The Fund may lend portfolio securities having a market value up to one-third of the Fund's total assets. Such loans are secured by collateral equal to no less than the market value of the loaned securities determined daily by the securities lending provider. Such collateral will be cash or debt securities issued or guaranteed by the U.S. Government or any of its sponsored agencies. Cash collateral received in connection with these loans is invested in short-term money market instruments or affiliated money market funds and is shown as such on the Schedule of Investments. It is the Fund's policy to obtain additional collateral from or return excess collateral to the borrower by the end of the next business day, following the valuation date of the securities loaned. Therefore, the value of the collateral held may be temporarily less than the value of the securities on loan. Lending securities entails a risk of loss to the Fund if, and to the extent that, the market value of the securities loaned were to increase and the borrower did not increase the collateral accordingly, and the borrower failed to return the securities. Upon the failure of the borrower to return the securities, collateral may be liquidated and the securities may be purchased on the open market to replace the loaned securities. The Fund could experience delays and costs in gaining access to the collateral. The Fund bears the risk of any deficiency in the amount of the collateral available for return to the borrower due to any loss on the collateral invested. Dividends received on cash collateral investments for securities lending transactions, which are net of compensation to counterparties, is included in *Dividends from affiliated money market funds* on the Statement of Operations. The aggregate value of securities out on loan, if any, is shown as a footnote on the Statement of Assets and Liabilities.

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

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

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

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

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

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the "Adviser" or "Invesco"). Under the terms of the investment advisory agreement, the Fund 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	0.695%
Next $250 million	0.67%
Next $500 million	0.645%
Next $550 million	0.62%
Next $3.45 billion	0.60%
Next $250 million	0.595%
Next $2.25 billion	0.57%
Next $2.5 billion	0.545%
Over $10 billion	0.52%

For the six months ended June 30, 2015, the effective advisory fees incurred by the Fund was 0.67%.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (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 Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2016, to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.00% and Series II shares to 2.25% of average daily net assets. 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 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, 2016. 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 June 30, 2017, 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 (excluding investments of cash collateral from securities lending) in such affiliated money market funds.

For the six months ended June 30, 2015, the Adviser waived advisory fees of $3,825.

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 six months ended June 30, 2015, Invesco was paid $86,193 for accounting and fund administrative services and reimbursed $849,860 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 six months ended June 30, 2015, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2015, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

For the six months ended June 30, 2015, the Fund incurred $5,985 in brokerage commissions with Invesco Capital Markets, Inc., an affiliate of the Adviser and IDI, for portfolio transactions executed on behalf of the Fund.

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

NOTE 3—Additional Valuation Information

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

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

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

Level 3 — Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2015. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Level 1	Level 2	Level 3	Total
Equity Securities	$684,174,494	$9,502,388	$–	$693,676,882

NOTE 4—Trustees' and Officers' Fees and Benefits

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

NOTE 5—Cash Balances

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

NOTE 6—Tax Information

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

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

The Fund did not have a capital loss carryforward as of December 31, 2014.

NOTE 7—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2015 was $293,978,411 and $358,326,620, 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	$219,827,538
Aggregate unrealized (depreciation) of investment securities	(10,288,547)
Net unrealized appreciation of investment securities	$209,538,991

Cost of investments for tax purposes is $484,137,891.

NOTE 8—Share Information

	Summary of Share Activity			
	Six months ended June 30, 2015[a]		Year ended December 31, 2014	
	Shares	Amount	Shares	Amount
Sold:				
Series I	99,774	$ 5,686,689	497,166	$ 25,779,760
Series II	73,275	4,064,987	265,604	13,450,608
Issued as reinvestment of dividends:				
Series I	–	–	4,272	227,487
Reacquired:				
Series I	(849,276)	(48,030,651)	(2,094,994)	(108,560,733)
Series II	(409,677)	(22,624,424)	(1,752,048)	(87,593,752)
Net increase (decrease) in share activity	(1,085,904)	$(60,903,399)	(3,080,000)	$(156,696,630)

[a] There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 23% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 9—Financial Highlights

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

	Net asset value, beginning of period	Net investment income (loss)[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 (loss) to average net assets	Portfolio turnover[c]
Series I[d]												
Six months ended 06/30/15	$54.88	$(0.03)	$ 1.38	$ 1.35	$ –	$56.23	2.46%	$513,054	0.96%[e]	0.96%[e]	(0.10)%[e]	41%
Year ended 12/31/14	50.63	(0.09)	4.36	4.27	(0.02)	54.88	8.44	541,929	0.92	0.95	(0.17)	64
Year ended 12/31/13	36.28	0.04	14.50	14.54	(0.19)	50.63	40.13	580,620	0.90	0.96	0.08	75
Year ended 12/31/12	31.90	0.19	4.19	4.38	–	36.28	13.73	496,341	0.88	0.98	0.52	190
Year ended 12/31/11	34.00	(0.05)	(2.05)	(2.10)	–	31.90	(6.18)	122,986	0.84	0.99	(0.15)	126
Year ended 12/31/10	28.37	0.03	5.60	5.63	–	34.00	19.84	74,870	0.79	0.90	0.12	158
Series II[d]												
Six months ended 06/30/15	53.63	(0.09)	1.34	1.25	–	54.88	2.33	185,302	1.21[e]	1.21[e]	(0.35)[e]	41
Year ended 12/31/14	49.58	(0.22)	4.27	4.05	–	53.63	8.17	199,141	1.17	1.20	(0.42)	64
Year ended 12/31/13	35.55	(0.07)	14.20	14.13	(0.10)	49.58	39.79	257,788	1.15	1.21	(0.17)	75
Year ended 12/31/12	31.35	0.10	4.10	4.20	–	35.55	13.40	224,334	1.13	1.23	0.27	190
Year ended 12/31/11	33.49	(0.14)	(2.00)	(2.14)	–	31.35	(6.39)	85,724	1.09	1.24	(0.40)	126
Year ended 12/31/10	28.01	(0.05)	5.53	5.48	–	33.49	19.56	109,920	1.04	1.15	(0.18)	158

[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, 2012, the portfolio turnover calculation excludes the value of securities purchased of $14,357,093 and sold of $15,173,740 in the effort to realign the Fund's portfolio holdings after the reorganization of Invesco V.I. Capital Appreciation Fund and Invesco V.I. Leisure Fund into the Fund. For the year ended December 31, 2011, the portfolio turnover calculation excludes the value of securities purchased of $81,993,574 and sold of $49,870,241 in the effort to realign the Fund's portfolio holdings after the reorganization of Invesco V.I. Large Cap Growth Fund into the Fund.
[d] On June 1, 2010, the predecessor Fund's former Class I and Class II shares were reorganized into Series I and Series II shares, respectively.
[e] Ratios are annualized and based on average daily net assets (000's omitted) of $537,832 and $196,148 for Series I and Series II, respectively.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

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.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	**Beginning Account Value (01/01/15)**	**Ending Account Value (06/30/15)[1]**	**Expenses Paid During Period[2]**	**Ending Account Value (06/30/15)**	**Expenses Paid During Period[2]**	**Annualized Expense Ratio**
Series I	$1,000.00	$1,024.60	$4.82	$1,020.03	$4.81	0.96%
Series II	1,000.00	1,023.30	6.07	1,018.79	6.06	1.21

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2015 through June 30, 2015, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

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

Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of Invesco V.I. American Franchise Fund's (the Fund) investment advisory agreements. During contract renewal meetings held on June 9-10, 2015, the Board as a whole, and the disinterested or "independent" Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2015.

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

The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, each of which is primarily responsible for overseeing the performance and investment management services provided by Invesco Advisers and the Affiliated Sub-Advisers to a number of the funds advised by Invesco Advisers (the Invesco Funds). The Sub-Committees meet throughout the year to review the performance of their assigned Invesco Funds, including reviewing materials prepared under the direction of the independent Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Board had the benefit of reports from the Sub-Committees and Investments Committee throughout the year in considering approval of the continuance of each Invesco Fund's investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Board receives comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Lipper Inc. (Lipper), an independent provider of investment company data. The Board also receives a report and this independent written evaluation from the Senior Officer. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

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

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. Unless otherwise stated, this information is current as of June 10, 2015, and does not reflect consideration of factors that became known to the Board after that date.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

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

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

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

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

B. Fund Performance

The Board considered Fund performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Lipper performance universe and against the Lipper Variable Underlying Fund Large-Cap Growth Index. The Board noted that performance of Series I shares of the Fund was in the fourth quintile of its performance universe for the one year period and the third quintile for the three and five year periods (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the

Fund was below the performance of the Index for the one year period and above the performance of the Index for the three and five year periods. Invesco Advisers noted that the markets had been challenging for growth-oriented styles that have higher exposures to market sensitivity, volatility and momentum. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory and Sub-Advisory Fees

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

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

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

Invesco Advisers also reviewed generally the higher frequency of shareholder purchases and redemptions in the Invesco Funds relative to the flow of assets for other client accounts. Invesco Advisers advised the Board that advance notice of redemptions is often provided to Invesco Advisers by institutional clients. The Board did note that sub-advisory fee rates charged by the Affiliated Sub-Advisers to manage the Invesco Funds and to manage other client accounts tended to be more comparable, reflecting a similar scope of services. The information received by the Board demonstrated that the aggregate services provided to the Invesco Funds were sufficiently different from those provided to institutional clients to support the difference in fees.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board also noted that the sub-advisory fees are not paid directly by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

D. Economies of Scale and Breakpoints

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

E. Profitability and Financial Resources

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

F. Collateral Benefits to Invesco Advisers and its Affiliates

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

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. The Board noted that soft dollar arrangements shift the payment obligation for research services from Invesco Advisers and the Affiliated Sub-Advisers to the Invesco Funds and that the research received may be used with other clients of Invesco Advisers and may reduce Invesco Advisers' and the Affiliated Sub-Advisers' expenses. The Board also considered that it receives periodic reports from the Chief Compliance Officer of the Invesco Funds demonstrating that these arrangements are consistent with regulatory requirements. The Board did not deem the soft dollar arrangements to be inappropriate.

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

The Board also considered the Fund may use an affiliated broker to execute certain trades for the Fund to, among other things, control information leakage, and were advised that such trades would be executed in compliance with rules under the Investment Company Act of 1940, as amended, and consistent with best execution obligations.

Invesco

Semiannual Report to Shareholders June 30, 2015

Invesco V.I. Government Securities 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.
VIGOV-SAR-1

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 12/31/14 to 6/30/15, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	0.09%
Series II Shares	-0.09
Barclays U.S. Aggregate Index▼ (Broad Market Index)	-0.10
Barclays U.S. Government Index▼ (Style-Specific Index)	0.08
Lipper VUF General U.S. Government Funds Index■ (Peer Group Index)	0.32

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

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

The **Barclays U.S. Government Index** is an unmanaged index considered representative of fixed income obligations issued by the US Treasury, government agencies and quasi-federal corporations.

The **Lipper VUF General U.S. Government Funds Index** is an unmanaged index considered representative of general US government variable insurance underlying funds tracked by Lipper.

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.

Average Annual Total Returns

As of 6/30/15

Series I Shares	
Inception (5/5/93)	4.55%
10 Years	3.93
5 Years	2.38
1 Year	1.86
Series II Shares	
Inception (9/19/01)	3.63%
10 Years	3.66
5 Years	2.11
1 Year	1.59

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 0.78% and 1.03%, 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. Government Securities Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

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

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

Schedule of Investments

June 30, 2015
(Unaudited)

	Principal Amount	Value
U.S. Government Sponsored Agency Mortgage-Backed Securities–60.23%		
Collateralized Mortgage Obligations–23.27%		
Fannie Mae REMICs,		
4.00%, 07/25/18 to 07/25/40	$ 5,314,877	$ 5,629,105
5.00%, 08/25/19	1,520,928	1,579,606
4.25%, 06/25/22 to 02/25/37	2,454,640	2,583,715
4.50%, 10/25/22	263,971	266,370
3.00%, 10/25/25 to 09/25/36	2,821,007	2,875,653
2.50%, 03/25/26	1,757,631	1,789,382
7.00%, 09/18/27	472,962	530,950
6.50%, 03/25/32	1,290,171	1,485,553
5.75%, 10/25/35	769,627	857,800
0.49%, 05/25/36[(a)]	4,964,123	4,978,420
0.69%, 03/25/37 to 05/25/41[(a)]	9,411,883	9,471,169
0.59%, 06/25/38[(a)]	7,963,573	8,001,213
6.56%, 06/25/39[(a)]	5,143,066	6,040,142
0.74%, 02/25/41[(a)]	5,602,784	5,654,610
0.71%, 11/25/41[(a)]	2,252,785	2,273,374
Federal Home Loan Bank,		
5.07%, 10/20/15	616,399	624,900
5.46%, 11/27/15	8,587,864	8,756,658
5.77%, 03/23/18	1,171,387	1,278,975
Freddie Mac REMICs,		
4.00%, 12/15/17 to 06/15/39	4,171,282	4,356,347
5.00%, 02/15/18 to 04/15/19	1,566,784	1,623,243
4.50%, 07/15/18	447,903	464,565
3.00%, 10/15/18 to 04/15/26	3,910,967	4,014,623
3.75%, 10/15/18	398,100	399,634
3.50%, 12/15/27	134,940	135,549
0.69%, 12/15/35 to 03/15/40[(a)]	7,682,441	7,754,691
0.49%, 03/15/36[(a)]	4,745,960	4,779,801
0.53%, 11/15/36[(a)]	7,469,511	7,486,665
0.59%, 05/15/37 to 06/15/37[(a)]	5,963,900	5,996,902
1.05%, 11/15/39[(a)]	1,535,144	1,568,202
0.64%, 03/15/40 to 02/15/42[(a)]	17,849,971	17,973,374
Ginnie Mae REMICs,		
6.00%, 01/16/25	788,700	876,794
4.75%, 09/20/32	144	144
4.00%, 04/16/33 to 02/20/38	1,548,206	1,575,227
4.50%, 01/16/34 to 09/16/34	1,416,412	1,449,613
5.74%, 08/20/34[(a)]	1,820,029	2,064,391
5.87%, 01/20/39[(a)]	6,115,969	6,963,810
0.98%, 09/16/39[(a)]	2,265,822	2,323,269
4.51%, 07/20/41[(a)]	1,425,192	1,526,071
1.66%, 09/20/41[(a)]	6,071,281	6,291,271
1.59%, 09/20/64, IO[(a)]	11,403,373	1,247,529
1.64%, 11/20/64, IO[(a)]	7,443,697	849,326
1.69%, 12/20/64, IO[(a)]	19,313,109	2,208,937
		148,607,573

	Principal Amount	Value
Federal Deposit Insurance Co. (FDIC)–0.04%		
Series 2010-S1, Class 1A, Floating Rate Notes , 0.73%, 02/25/48[(a)(b)]	$ 264,300	$ 264,408
Federal Home Loan Mortgage Corp. (FHLMC)–11.33%		
Pass Through Ctfs.,		
8.00%, 12/01/15 to 09/01/36	2,231,961	2,544,774
6.00%, 02/01/16 to 07/01/38	1,608,081	1,756,565
6.50%, 03/01/16 to 12/01/35	4,651,812	5,364,986
7.00%, 12/01/16 to 12/01/37	5,538,164	6,395,389
5.00%, 07/01/18 to 01/01/40	2,567,429	2,824,500
10.50%, 08/01/19	220	222
4.50%, 09/01/20 to 08/01/41	14,705,204	16,046,582
8.50%, 09/01/20 to 08/01/31	601,886	692,113
10.00%, 03/01/21	19,897	21,755
9.00%, 06/01/21 to 06/01/22	135,211	145,266
7.50%, 09/01/22 to 08/01/36	1,776,876	2,050,152
5.50%, 12/01/22	758,530	812,039
3.50%, 08/01/26	1,332,436	1,412,149
3.00%, 05/01/27	2,008,094	2,096,844
7.05%, 05/20/27	140,582	161,167
6.03%, 10/20/30	1,097,859	1,274,591
Pass Through Ctfs., ARM,		
2.40%, 09/01/35[(a)]	8,179,515	8,728,351
2.48%, 07/01/36[(a)]	6,060,904	6,488,489
2.05%, 10/01/36[(a)]	3,707,790	3,935,440
2.41%, 10/01/36[(a)]	268,255	288,350
2.53%, 11/01/37[(a)]	2,970,368	3,195,032
2.66%, 01/01/38[(a)]	134,751	145,891
2.43%, 06/01/43[(a)]	5,714,395	5,947,136
		72,327,783
Federal National Mortgage Association (FNMA)–21.34%		
Pass Through Ctfs.,		
8.00%, 10/01/15 to 11/01/37	5,001,482	5,996,350
7.00%, 11/01/15 to 06/01/36	7,244,581	8,032,576
7.50%, 11/01/15 to 08/01/37	6,991,299	8,115,299
6.50%, 03/01/16 to 11/01/37	4,989,608	5,601,985
6.00%, 09/01/17 to 10/01/38	3,833,297	4,334,371
5.00%, 11/01/17 to 12/01/33	578,398	621,046
8.50%, 11/01/17 to 08/01/37	1,623,244	1,902,073
4.50%, 04/01/19 to 08/01/41	11,746,139	12,633,182
5.50%, 03/01/21 to 05/01/35	2,559,142	2,912,856
6.75%, 07/01/24	558,847	642,230
6.95%, 10/01/25	22,277	23,248
3.50%, 03/01/27 to 08/01/27	14,338,258	15,162,945
3.00%, 05/01/27 to 08/01/27	6,655,566	6,907,496

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

	Principal Amount	Value
Federal National Mortgage Association (FNMA)–(continued)		
Pass Through Ctfs., ARM, 2.49%, 10/01/34[(a)]	$ 3,418,388	$ 3,662,810
2.38%, 05/01/35[(a)]	604,612	644,909
2.32%, 03/01/38[(a)]	152,147	162,826
2.81%, 02/01/42[(a)]	2,650,691	2,788,262
2.30%, 06/01/43[(a)]	4,156,678	4,205,593
2.26%, 08/01/43[(a)]	3,968,279	4,049,041
Pass Through Ctfs., TBA, 3.50%, 07/01/45 to 08/01/45[(c)]	46,500,000	47,865,695
		136,264,793
Government National Mortgage Association (GNMA)–4.25%		
Pass Through Ctfs., 6.50%, 05/20/16 to 01/15/37	5,181,758	5,898,159
7.50%, 03/15/17 to 10/15/35	3,351,241	3,887,049
7.00%, 04/15/17 to 12/15/36	1,572,697	1,745,319
8.00%, 05/15/17 to 01/15/37	1,844,879	2,209,413
10.50%, 09/15/17	273	274
8.50%, 12/15/17 to 01/15/37	207,994	217,665
10.00%, 06/15/19	8,887	9,615
6.00%, 09/15/20 to 08/15/33	860,308	966,176
5.00%, 02/15/25	260,357	288,335
6.95%, 08/20/25 to 08/20/27	344,117	355,259
6.38%, 10/20/27 to 04/20/28	381,887	435,683
6.10%, 12/20/33	5,176,006	6,018,642
3.50%, 10/20/42	5,006,625	5,129,749
		27,161,338
Total U.S. Government Sponsored Agency Mortgage-Backed Securities (Cost $376,053,835)		384,625,895
U.S. Treasury Securities–18.01%		
U.S. Treasury Bills–0.44%[(d)(e)]		
0.00%, 08/20/15	540,000	540,000
0.04%, 08/20/15	275,000	275,000
0.07%, 08/20/15	105,000	105,000
0.08%, 08/20/15	1,535,000	1,535,000
0.09%, 08/20/15	100,000	100,000
0.10%, 08/20/15	90,000	90,000
0.11%, 08/20/15	85,000	85,000
0.12%, 08/20/15	120,000	120,000
		2,850,000
U.S. Treasury Notes–12.27%		
0.63%, 08/31/17	8,400,000	8,383,613
0.75%, 12/31/17	5,000,000	4,988,743
0.88%, 01/31/18	5,400,000	5,400,516
1.13%, 06/15/18	13,400,000	13,447,526
1.50%, 12/31/18	5,500,000	5,552,270
1.63%, 06/30/19	4,000,000	4,035,389
1.63%, 07/31/19	5,200,000	5,242,766
1.75%, 09/30/19	5,000,000	5,056,766
1.00%, 11/30/19	4,000,000	3,909,795
3.63%, 02/15/20	2,000,000	2,182,734

	Principal Amount	Value
U.S. Treasury Notes–(continued)		
1.38%, 04/30/20	$ 2,000,000	$ 1,976,793
2.00%, 09/30/20	5,000,000	5,069,380
2.13%, 06/30/21	4,500,000	4,551,263
2.13%, 08/15/21	2,700,000	2,727,390
2.00%, 10/31/21	2,500,000	2,501,542
2.00%, 11/15/21	3,300,000	3,302,039
		78,328,525
U.S. Treasury Bonds–2.74%		
8.75%, 05/15/20	3,500,000	4,666,423
7.88%, 02/15/21	1,100,000	1,458,705
5.38%, 02/15/31	3,800,000	5,098,661
3.38%, 05/15/44	6,000,000	6,274,273
		17,498,062
U.S. Treasury Inflation—Indexed Bonds–2.56%		
0.63%, 01/15/24	13,181,220[(f)]	13,389,959
0.25%, 01/15/25	2,996,580[(f)]	2,935,466
		16,325,425
Total U.S. Treasury Securities (Cost $113,645,863)		115,002,012
U.S. Government Sponsored Agency Securities–8.92%		
Federal Agricultural Mortgage Corp. (FAMC)–3.00%		
Sr. Unsec. Medium-Term Notes, 2.00%, 07/27/16	4,000,000	4,069,002
Series 2007-1, Sec. Gtd. Notes, 5.13%, 04/19/17[(b)]	14,000,000	15,107,652
		19,176,654
Federal Farm Credit Bank (FFCB)–0.42%		
Unsec. Medium-Term Notes, 5.75%, 12/07/28	2,100,000	2,661,668
Federal Home Loan Bank (FHLB)–1.62%		
Unsec. Bonds, 3.38%, 06/12/20	6,220,000	6,698,620
2.88%, 09/11/20	3,455,000	3,632,267
		10,330,887
Federal Home Loan Mortgage Corp. (FHLMC)–0.79%		
Unsec. Global Notes, 2.38%, 01/13/22	5,000,000	5,059,300
Financing Corp (FICO)–0.53%		
Sec. Bonds, 9.80%, 04/06/18	700,000	862,196
Series E, Sec. Bonds, 9.65%, 11/02/18	1,985,000	2,521,796
		3,383,992
Tennessee Valley Authority (TVA)–2.56%		
Sr. Unsec. Global Bonds, 4.88%, 12/15/16	13,553,000	14,404,420
Sr. Unsec. Global Notes, 1.88%, 08/15/22	2,000,000	1,931,718
		16,336,138
Total U.S. Government Sponsored Agency Securities (Cost $55,298,721)		56,948,639

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

	Principal Amount	Value
Non-U.S. Government Sponsored Agency Securities–18.93%		
Collateralized Mortgage Obligations–13.83%		
Barclays Bank Commercial Mortgage Securities Trust, Series 2015-RRI, Class D, Floating Rate Pass Through Ctfs., 3.09%, 05/15/32[(a)(b)]	$ 2,460,000	$ 2,466,205
Citibank Credit Card Issuance Trust, Series 2014-A5, Class A5, Pass Through Ctfs., 2.68%, 06/07/23	7,000,000	7,155,393
Citigroup Commercial Mortgage Trust, Series 2014-388G, Class B, Floating Rate Pass Through Ctfs., 1.24%, 06/15/33[(a)(b)]	6,100,000	6,066,267
Commercial Mortgage Trust, Series 2013-THL, Class A2, Floating Rate Pass Through Ctfs., 1.23%, 06/08/30[(a)(b)]	5,900,000	5,892,076
Series 2015-CR23, Class CMB, Pass Through Ctfs., 3.81%, 05/10/48[(b)]	4,620,000	4,711,178
Credit Suisse Mortgage Capital, Series 2015- TOWN, Class B, Floating Rate Pass Through Ctfs., 2.09%, 03/15/17[(a)(b)]	7,100,000	7,089,023
La Hipotecaria El Salvadorian Mortgage Trust (El Salvador), Series 2013-1A, Class A, Pass Through Ctfs., 3.50%, 10/25/41 (Acquired 04/22/13; Cost $10,996,530)[(b)]	10,624,667	11,165,463
La Hipotecaria Panamanian Mortgage Trust (El Salvador), Series 2010-1GA, Class A, Floating Rate Pass Through Ctfs., 2.50%, 09/08/39 (Acquired 11/05/10; Cost $18,838,918)[(a)(b)]	18,234,887	18,924,166
LB-UBS Commercial Mortgage Trust, Series 2005-C7, Class AJ, Pass Through Ctfs., 5.32%, 11/15/40	775,000	780,498
LSTAR Commercial Mortgage Trust, Series 2014-2, Class A2, Pass Through Ctfs., 2.77%, 01/20/41[(b)]	6,300,000	6,399,619
Towd Point Mortgage Trust, Series 2015-1, Class AES, 3.00%, 10/25/53[(b)]	5,567,612	5,609,447
Wells Fargo Commercial Mortgage Trust, Series 2015-C28, Class B, Variable Rate Pass Through Ctfs., 4.14%, 05/15/48[(a)]	5,900,000	5,988,108
Series 2015-C29, Class C, Pass Through Ctfs., 4.22%, 06/15/48	6,224,000	6,058,028
		88,305,471
Bonds & Notes–3.33%		
Israel Government Agency for International Development (AID) Bond, Unsec. Gtd. Global Bonds, 5.13%, 11/01/24	$ 3,800,000	$ 4,504,539
Private Export Funding Corp., Series BB, Sec. Gtd. Notes, 4.30%, 12/15/21	1,540,000	1,723,002
Series DD, Sec. Gtd. Notes, 2.13%, 07/15/16	5,000,000	5,069,598
Series FF, Sec. Gtd. Notes, 1.38%, 02/15/17	5,000,000	5,045,145
Series HH, Sr. Sec. Gtd. Notes, 1.45%, 08/15/19	5,000,000	4,928,115
		21,270,399
Structured Agency Credit Risk Notes (STACR)–1.77%		
Freddie Mac, Series 2014-DN1, Class M2, Floating Rate STACR® Debt Notes, 2.39%, 02/25/24[(a)(g)]	4,300,000	4,308,503
Series 2014-DN2, Class M2, Floating Rate STACR® Debt Notes, 1.84%, 04/25/24[(a)(g)]	6,050,000	5,913,425
Series 2014-DN4, Class M2, Floating Rate STACR® Debt Notes, 2.59%, 10/25/24[(a)(g)]	1,100,000	1,104,529
		11,326,457
Total Non-U.S. Government Sponsored Agency Securities (Cost $119,568,608)		120,902,327

	Shares	Value
Money Market Funds–1.07%		
Government & Agency Portfolio-Institutional Class (Cost $6,810,273)[(h)]	6,810,273	6,810,273
Options Purchased–0.06%		
(Cost $482,500)[(i)]		357,102
TOTAL INVESTMENTS–107.22% (Cost $671,859,800)		684,646,248
OTHER ASSETS LESS LIABILITIES–(7.22)%		(46,089,902)
NET ASSETS–100.00%		$638,556,346

Investment Abbreviations:

ARM – Adjustable Rate Mortgage
Ctfs. – Certificates
Gtd. – Guaranteed
IO – Interest only
REMICs – Real Estate Mortgage Investment Conduits
Sec. – Secured
Sr. – Senior
TBA – To Be Announced
Unsec. – Unsecured

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

Notes to Schedule of Investments:

(a) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on June 30, 2015.
(b) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at June 30, 2015 was $83,959,912, which represented 13.15% of the Fund's Net Assets.
(c) Security purchased on a forward commitment basis. This security is subject to dollar roll transactions. See Note 1L.
(d) Security traded on a discount basis. The interest rate shown represents the discount rate at the time of purchase by the Fund.
(e) All or a portion of the value was pledged as collateral to cover margin requirements for open futures contracts. See Note 1K and Note 4.
(f) Principal amount of security and interest payments are adjusted for inflation.
(g) Principal payments are determined by the delinquency and principal payment experience on the STACR® reference pool. Freddie Mac transfers credit risk from the mortgages in the reference pool to credit investors who invest in the STACR® debt notes.
(h) The money market fund and the Fund are affiliated by having the same investment adviser
(i) The table below details Options Purchased:

Open Over-The-Counter Swaptions Purchased

Description	Type of Contract	Counterparty	Exercise Rate	Pay/Receive Exercise Rate	Floating Rate Index	Expiration Date	Notional Value	Value
30 Year Interest Rate Swap	Put	Citigroup Global Markets Inc.	1.45%	Pay	3 Month USD LIBOR	10/22/15	$110,000,000	$100,632
30 Year Interest Rate Swap	Put	Deutsche Bank Securities Inc.	2.25%	Pay	3 Month USD LIBOR	11/02/15	60,000,000	256,470
Total Swaptions Purchased — Interest Rate Risk (Cost $482,500)								$357,102

Currency Abbreviations:

LIBOR – London Interbank Offered Rate
USD – U.S. Dollar

Portfolio Composition

By security type, based on Total Investments as of June 30, 2015

U.S. Government Sponsored Agency Mortgage-Backed Securities	56.2%
Non-U.S. Government Sponsored Agency Securities	17.6
U.S. Treasury Securities	16.8
U.S. Government Sponsored Agency Securities	8.3
Swaptions Purchased	0.1
Money Market Funds	1.0

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

Statement of Assets and Liabilities

June 30, 2015
(Unaudited)

Assets:	
Investments, at value (Cost $665,049,527)	$677,835,975
Investments in affiliated money market funds, at value and cost	6,810,273
Total investments, at value (Cost $671,859,800)	684,646,248
Cash	131,636
Receivable for:	
Fund shares sold	219,378
Dividends and interest	2,125,832
Principal paydowns	535,465
Investment for trustee deferred compensation and retirement plans	234,558
Other assets	381
Total assets	687,893,498
Liabilities:	
Payable for:	
Investments purchased	48,190,703
Fund shares reacquired	239,945
Variation margin – futures	39,274
Variation margin – centrally cleared swap agreements	5,641
Accrued fees to affiliates	520,582
Accrued trustees' and officers' fees and benefits	6,058
Accrued other operating expenses	69,281
Trustee deferred compensation and retirement plans	265,668
Total liabilities	49,337,152
Net assets applicable to shares outstanding	$638,556,346
Net assets consist of:	
Shares of beneficial interest	$628,010,184
Undistributed net investment income	18,788,523
Undistributed net realized gain (loss)	(20,630,909)
Net unrealized appreciation	12,388,548
	$638,556,346
Net Assets:	
Series I	$442,468,107
Series II	$196,088,239
Shares outstanding, $0.001 par value per share, with an unlimited number of shares authorized:	
Series I	37,671,712
Series II	16,863,706
Series I:	
Net asset value per share	$ 11.75
Series II:	
Net asset value per share	$ 11.63

Statement of Operations

For the six months ended June 30, 2015
(Unaudited)

Investment income:	
Interest	$ 9,242,324
Dividends from affiliated money market funds	2,059
Total investment income	9,244,383
Expenses:	
Advisory fees	1,538,908
Administrative services fees	870,424
Custodian fees	13,369
Distribution fees – Series II	253,460
Transfer agent fees	14,603
Trustees' and officers' fees and benefits	14,678
Other	62,446
Total expenses	2,767,888
Less: Fees waived	(1,603)
Net expenses	2,766,285
Net investment income	6,478,098
Realized and unrealized gain (loss) from:	
Net realized gain (loss) from:	
Investment securities	(515,760)
Futures contracts	883,459
Securities sold short	(190,695)
Swap agreements	(558)
	176,446
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(2,892,561)
Futures contracts	(3,497,413)
Swap agreements	(55,441)
	(6,445,415)
Net realized and unrealized gain (loss)	(6,268,969)
Net increase in net assets resulting from operations	$ 209,129

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

Statement of Changes in Net Assets

For the six months ended June 30, 2015 and the year ended December 31, 2014
(Unaudited)

	June 30, 2015	December 31, 2014
Operations:		
Net investment income	$ 6,478,098	$ 9,666,678
Net realized gain	176,446	9,333,238
Change in net unrealized appreciation (depreciation)	(6,445,415)	11,266,181
Net increase in net assets resulting from operations	209,129	30,266,097
Distributions to shareholders from net investment income:		
Series I	–	(16,177,318)
Series II	–	(6,330,149)
Total distributions from net investment income	–	(22,507,467)
Share transactions–net:		
Series I	(32,385,441)	(96,681,441)
Series II	(16,611,507)	(16,660,069)
Net increase (decrease) in net assets resulting from share transactions	(48,996,948)	(113,341,510)
Net increase (decrease) in net assets	(48,787,819)	(105,582,880)
Net assets:		
Beginning of period	687,344,165	792,927,045
End of period (includes undistributed net investment income of $18,788,523 and $12,310,425, respectively)	$638,556,346	$ 687,344,165

Notes to Financial Statements

June 30, 2015
(Unaudited)

NOTE 1—Significant Accounting Policies

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

The Fund's investment objective is total return, comprised of current income and capital appreciation.

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

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

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

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

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

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

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

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

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

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

B. Securities Transactions and Investment Income – Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Paydown gains and losses on mortgage and asset-backed securities are recorded as adjustments to interest income. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

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

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

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

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. Treasury Inflation-Protected Securities – The Fund may invest in Treasury Inflation-Protected Securities ("TIPS"). TIPS are fixed income securities whose principal value is periodically adjusted to the rate of inflation. The principal value of TIPS will be adjusted upward or downward, and any increase or decrease in the principal amount of TIPS will be included as interest income in the Statement of Operations, even though investors do not receive their principal until maturity.

J. Securities Sold Short – The Fund may enter into short sales of securities which it concurrently holds ("covered") or for which it holds no corresponding position ("not covered"). Securities sold short represent a liability of the Fund to acquire specific securities at prevailing market prices at a future date in order to satisfy the obligation to deliver the securities sold. The liability is recorded on the books of the Fund at the market value of the common stock determined each day in accordance with the Fund's security valuations policy. The Fund will incur a loss if the price of the security increases between the date of short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a gain if the price of the security declines between those dates. For positions not covered, there is no ceiling on the ultimate price paid for the securities to cover the short position and therefore, the loss could exceed the amount of proceeds received.

The Fund is required to segregate cash or securities as collateral in margin accounts with the broker at a level that is equal to the obligation to the broker who delivered such securities to the buyer on behalf of the Fund. The short stock rebate presented in the Statement of Operations represents the net income earned on short sale proceeds held on deposit with the broker and margin interest earned or incurred on short sale transactions. The Fund may also earn or incur margin interest on short sale transactions. Margin interest is the income earned (or expenses incurred) as a result of the market value of securities sold short being less than (or greater than) the proceeds received on the short sales.

K. Futures Contracts – The Fund may enter into futures contracts to manage exposure to interest rate, equity and market price movements and/or currency risks. A futures contract is an agreement between two parties ("Counterparties") to purchase or sell a specified underlying security, currency or commodity (or delivery of a cash settlement price, in the case of an index future) for a fixed price at a future date. The Fund currently invests only in exchange-traded futures and they are standardized as to maturity date and underlying financial instrument. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral at the futures commission merchant (broker). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by recalculating the value of the contracts on a daily basis. Subsequent or variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. These amounts are reflected as receivables or payables on the Statement of Assets and Liabilities. When the contracts are closed or expire, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. The net realized gain (loss) and the change in unrealized gain (loss) on futures contracts held during the period is included on the Statement of Operations. The primary risks associated with futures contracts are market risk and the absence of a liquid secondary market. If the Fund were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Fund would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Futures contracts have minimal Counterparty risk since the exchange's clearinghouse, as Counterparty to all exchange-traded futures, guarantees the futures against default. Risks may exceed amounts recognized in the Statement of Assets and Liabilities.

L. Dollar Rolls and Forward Commitment Transactions – The Fund may enter into dollar roll transactions to enhance the Fund's performance. The Fund executes its dollar roll transactions in the *to be announced* ("TBA") market whereby the Fund makes a forward commitment to purchase a security and, instead of accepting delivery, the position is offset by the sale of the security with a simultaneous agreement to repurchase at a future date.

The Fund accounts for dollar roll transactions as purchases and sales and realizes gains and losses on these transactions. These transactions increase the Fund's portfolio turnover rate. The Fund will segregate liquid assets in an amount equal to its dollar roll commitments. Dollar roll transactions are considered borrowings under the 1940 Act.

Dollar roll transactions involve the risk that a Counterparty to the transaction may fail to complete the transaction. If this occurs, the Fund may lose the opportunity to purchase or sell the security at the agreed upon price. Dollar rolls transactions also involve the risk that the value of the securities retained by the Fund may decline below the price of the securities that the Fund has sold but is obligated to purchase under the agreement.

M. Put Options Purchased – The Fund may purchase put options including options on securities indexes, or foreign currency and/or futures contracts. By purchasing a put option, the Fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the Fund pays an option premium. The option's underlying instrument may be a security, securities index, or a futures contract.

Additionally, the Fund may enter into an option on a swap agreement, also called a "swaption". A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the Counterparties.

Put options may be used by the Fund to hedge securities it owns by locking in a minimum price at which the Fund can sell. If security prices fall, the put option could be exercised to offset all or a portion of the Fund's resulting losses. At the same time, because the maximum the Fund has at risk is the cost of the option, purchasing put options does not eliminate the potential for the Fund to profit from an increase in the value of the securities hedged. Realized and unrealized gains and losses on these contracts are included in the Statement of Operations as Net realized gain from Investment securities. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.

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

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

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

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

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

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

Changes in the value of centrally cleared and OTC swap agreements are recognized as unrealized gains (losses) in the Statement of Operations by "marking to market" on a daily basis to reflect the value of the swap agreement at the end of each trading day. Payments received or paid at the beginning of the agreement are reflected as such on the Statement of Assets and Liabilities and may be referred to as upfront payments. The Fund accrues for the fixed payment stream and amortizes upfront payments, if any, on swap agreements on a daily basis with the net amount, recorded as a component of realized gain (loss) on the Statement of Operations. A liquidation payment received or made at the termination of a swap agreement is recorded as realized gain (loss) on the Statement of Operations. The Fund segregates liquid securities having a value at least equal to the amount of the potential obligation of a Fund under any swap transaction. Entering into these agreements involves, to varying degrees, lack of liquidity and elements of credit, market, and Counterparty risk in excess of amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that a swap is difficult to sell or liquidate; the Counterparty does not honor its obligations under the agreement and unfavorable interest rates and market fluctuations. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

Notional amounts of each individual credit default swap agreement outstanding as of June 30, 2015 for which the Fund is the seller of protection are disclosed in the open swap agreements table. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Fund for the same referenced entity or entities.

O. Other Risks – The Fund may invest in obligations issued by agencies and instrumentalities of the U.S. Government that may vary in the level of support they receive from the government. The government may choose not to provide financial support to government sponsored agencies or instrumentalities if it is not legally obligated to do so. In this case, if the issuer defaulted, the Fund may not be able to recover its investment in such issuer from the U.S. Government. Many securities purchased by the Fund are not guaranteed by the U.S. Government.

P. Collateral – To the extent the Fund has designated or segregated a security as collateral and that security is subsequently sold, it is the Fund's practice to replace such collateral no later than the next business day.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the "Adviser" or "Invesco"). Under the terms of the investment advisory agreement, the Fund 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	0.50%
Over $250 million	0.45%

For the six months ended June 30, 2015, the effective advisory fees incurred by the Fund was 0.47%.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (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 Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2016, to waive advisory fees and/or reimburse expenses of all shares to the extent necessary to limit total annual fund operating expenses after fee waivers and/or expense reimbursements (excluding certain items discussed below) of Series I shares to 1.50% and Series II shares to 1.75% 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 waivers and/or expense reimbursements 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, 2016. 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 June 30, 2017, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the six months ended June 30, 2015, the Adviser waived advisory fees of $1,603.

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 six months ended June 30, 2015, Invesco was paid $77,967 for accounting and fund administrative services and reimbursed $792,457 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 six months ended June 30, 2015, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2015, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

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

NOTE 3—Additional Valuation Information

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

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

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

Level 3 - Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2015. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Level 1	Level 2	Level 3	Total
Equity Securities	$6,810,273	$ –	$–	$ 6,810,273
U.S. Treasury Securities	–	115,002,012	–	115,002,012
U.S. Government Sponsored Agency Securities	–	441,574,534	–	441,574,534
Structured Agency Credit Risk Notes	–	11,326,457	–	11,326,457
Corporate Debt Securities	–	16,765,860	–	16,765,860
Collateralized Mortgage Obligations	–	88,305,471	–	88,305,471
Foreign Sovereign Debt Securities	–	4,504,539	–	4,504,539
Options Purchased	–	357,102	–	357,102
	6,810,273	677,835,975	–	684,646,248
Futures Contracts*	(342,459)	–	–	(342,459)
Swap Agreements*	–	(55,441)	–	(55,441)
Total Investments	$6,467,814	$677,780,534	$–	$684,248,348

* Unrealized appreciation (depreciation).

NOTE 4—Derivative Investments

Value of Derivative Investments at Period-End

The table below summarizes the value of the Fund's derivative investments, detailed by primary risk exposure, held as of June 30, 2015:

	Value	
Risk Exposure/Derivative Type	Assets	Liabilities
Interest rate risk:		
Futures contracts[(a)]	$259,351	$(601,810)
Options purchased[(b)]	357,102	–
Swap agreements[(c)]	11,187	(66,628)
Total	$627,640	$(668,438)

(a) Includes cumulative appreciation (depreciation) of futures contracts. Only current day's variation margin receivable (payable) is reported within the Statement of Assets and Liabilities.

(b) Options purchased at value as reported in the Schedule of Investments.

(c) Includes cumulative appreciation (depreciation) of centrally cleared swap agreements. Only current day's variation margin receivable (payable) is reported within the Statement of Assets and Liabilities.

Effect of Derivative Investments for the six months ended June 30, 2015

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

	Location of Gain (Loss) on Statement of Operations		
	Futures Contracts	Options[a]	Swap Agreements
Realized Gain (Loss):			
Interest rate risk	$ 883,459	$198,756	$ (558)
Change in Net Unrealized Appreciation (Depreciation):			
Interest rate risk	(3,497,413)	47,579	(55,441)
Total	$(2,613,954)	$246,335	$(55,999)

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

The table below summarizes the six month average notional value of futures contracts and options purchased and the three month average notional value of swap agreements during the period.

	Futures Contracts	Options Purchased	Swap Agreements
Average notional value	$144,601,031	$83,166,667	$37,500,000

Open Futures Contracts

Futures Contracts	Type of Contract	Number of Contracts	Expiration Month	Notional Value	Unrealized Appreciation (Depreciation)
U.S Treasury 2 Year Notes	Long	90	September-2015	$ 19,704,375	$ 33,554
U.S Treasury 5 Year Notes	Long	304	September-2015	36,254,375	(25,335)
U.S Treasury 10 Year Notes	Long	4	September-2015	504,688	1,554
U.S Ultra Bonds	Long	336	September-2015	51,765,000	(576,475)
U.S Treasury 30 Year Notes	Short	89	September-2015	(13,425,094)	224,243
Total Futures Contracts — Interest Rate Risk					$(342,459)

Open Centrally Cleared Interest Rate Swap Agreements

Counterparty/Clearinghouse	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Termination Date	Notional Value	Unrealized Appreciation (Depreciation)
Credit Suisse Securities (USA) LLC/CME	Pay	3 Month LIBOR	1.15%	October-2017	$27,500,000	$ 11,187
Credit Suisse Securities (USA) LLC/CME	Pay	3 Month LIBOR	1.87	November-2020	15,000,000	(66,628)
Total Centrally Cleared Interest Rate Swap Agreements — Interest Rate Risk						$(55,441)

Abbreviations:

CME – Chicago Mercantile Exchange
LIBOR – London Interbank Offered Rate

Offsetting Assets and Liabilities

Accounting Standards Update ("ASU") No. 2011-11, *Disclosures about Offsetting Assets and Liabilities,* which was subsequently clarified in Financial Accounting Standards Board ASU 2013-01 "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" is intended to enhance disclosures about financial instruments and derivative instruments that are subject to offsetting arrangements on the Statement of Assets and Liabilities and to enable investors to better understand the effect of those arrangements on the Fund's financial position. In order for an arrangement to be eligible for netting, the Fund must have a basis to conclude that such netting arrangements are legally enforceable. The Fund enters into netting agreements and collateral agreements in an attempt to reduce the Fund's Counterparty credit risk by providing for a single net settlement with a Counterparty of all financial transactions covered by the agreement in an event of default as defined under such agreement.

There were no derivative instruments subject to a netting agreement for which the Fund is not currently netting. The following tables present derivative instruments that are either subject to an enforceable netting agreement or offset by collateral arrangements as of June 30, 2015.

Assets:

Counterparty	Gross amounts of Recognized Assets	Gross amounts offset in Statement of Assets & Liabilities	Net amounts of assets presented in Statement of Assets & Liabilities	Collateral Received: Financial Instruments	Collateral Received: Cash	Net Amount
Credit Suisse Securities (USA) LLC[a]	$11,187	$(11,187)	$ –	$–	$–	$ –

Liabilities:

Counterparty	Gross amounts of Recognized Liabilities	Gross amounts offset in Statement of Assets & Liabilities	Net amounts of liabilities presented in Statement of Assets & Liabilities	Collateral Pledged		Net Amount
				Financial Instruments	Cash	
Credit Suisse Securities (USA) LLC[(a)]	$66,628	$(11,187)	$55,441	$–	$–	$55,441

(a) Only current day's variation margin receivable (payable) is reported within the Statement of Assets and Liabilities.

NOTE 5—Trustees' and Officers' Fees and Benefits

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

NOTE 6—Cash Balances

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

NOTE 7—Tax Information

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

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

The Fund had a capital loss carryforward as of December 31, 2014, which expires as follows:

Capital Loss Carryforward*

Expiration	Short-Term	Long-Term	Total
December 31, 2017	$ 3,845,839	$ –	$ 3,845,839
Not subject to expiration	9,291,880	4,154,087	13,445,967
	$13,137,719	$4,154,087	$17,291,806

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

NOTE 8—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2015 was $126,797,225 and $98,530,685, respectively. During the same period, purchases and sales of U.S. Treasury obligations were $40,228,408 and $68,708,281, 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	$14,358,326
Aggregate unrealized (depreciation) of investment securities	(1,630,856)
Net unrealized appreciation of investment securities	$12,727,470

Cost of investments for tax purposes is $671,918,778.

NOTE 9—Share Information

	Summary of Share Activity			
	Six months ended June 30, 2015[a]		Year ended December 31, 2014	
	Shares	Amount	Shares	Amount
Sold:				
Series I	2,619,001	$ 31,049,540	3,780,129	$ 44,538,169
Series II	451,082	5,305,289	2,344,721	27,332,900
Issued as reinvestment of dividends:				
Series I	–	–	1,398,212	16,177,318
Series II	–	–	551,407	6,330,149
Reacquired:				
Series I	(5,361,877)	(63,434,981)	(13,365,628)	(157,396,928)
Series II	(1,869,385)	(21,916,796)	(4,310,995)	(50,323,118)
Net increase (decrease) in share activity	(4,161,179)	$(48,996,948)	(9,602,154)	$(113,341,510)

[a] There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 80% 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												
Six months ended 06/30/15	$11.74	$0.12	$(0.11)	$ 0.01	$ –	$11.75	0.09%	$ 442,468	0.77%[d]	0.77%[d]	2.05%[d]	25%
Year ended 12/31/14	11.64	0.16	0.32	0.48	(0.38)	11.74	4.14	474,556	0.78	0.78	1.36	55
Year ended 12/31/13	12.40	0.13	(0.45)	(0.32)	(0.44)	11.64	(2.62)	565,690	0.74	0.76	1.10	139
Year ended 12/31/12	12.49	0.19	0.12	0.31	(0.40)	12.40	2.47	873,212	0.65	0.76	1.49	118
Year ended 12/31/11	12.00	0.25	0.67	0.92	(0.43)	12.49	7.91	970,029	0.63	0.75	2.03	85
Year ended 12/31/10	11.95	0.24	0.41	0.65	(0.60)	12.00	5.40	1,072,405	0.73	0.75	1.98	61
Series II												
Six months ended 06/30/15	11.64	0.10	(0.11)	(0.01)	–	11.63	(0.09)	196,088	1.02[d]	1.02[d]	1.80[d]	25
Year ended 12/31/14	11.54	0.13	0.31	0.44	(0.34)	11.64	3.88	212,788	1.03	1.03	1.11	55
Year ended 12/31/13	12.29	0.10	(0.45)	(0.35)	(0.40)	11.54	(2.85)	227,237	0.99	1.01	0.85	139
Year ended 12/31/12	12.39	0.16	0.12	0.28	(0.38)	12.29	2.22	261,083	0.90	1.01	1.24	118
Year ended 12/31/11	11.92	0.21	0.67	0.88	(0.41)	12.39	7.63	295,318	0.88	1.00	1.78	85
Year ended 12/31/10	11.88	0.22	0.40	0.62	(0.58)	11.92	5.10	24,074	0.98	1.00	1.73	61

[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 period ended December 31, 2011, the portfolio turnover calculation excludes the value of securities purchased of $309,171,077 and sold of $25,033,352 in the effort to realign the Fund's portfolio holdings after the reorganization of Invesco Van Kampen V.I. Government Fund into the Fund.
[d] Ratios are annualized and based on average daily net assets (000's omitted) of $457,401 and $204,449 for Series I and Series II shares, respectively.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

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.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	Beginning Account Value (01/01/15)	Ending Account Value (06/30/15)[1]	Expenses Paid During Period[2]	Ending Account Value (06/30/15)	Expenses Paid During Period[2]	Annualized Expense Ratio
Series I	$1,000.00	$1,000.90	$3.82	$1,020.98	$3.86	0.77%
Series II	1,000.00	999.10	5.06	1,019.74	5.11	1.02

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2015 through June 30, 2015, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

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

Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of Invesco V.I. Government Securities Fund's (the Fund) investment advisory agreements. During contract renewal meetings held on June 9-10, 2015, the Board as a whole, and the disinterested or "independent" Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2015.

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

The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, each of which is primarily responsible for overseeing the performance and investment management services provided by Invesco Advisers and the Affiliated Sub-Advisers to a number of the funds advised by Invesco Advisers (the Invesco Funds). The Sub-Committees meet throughout the year to review the performance of their assigned Invesco Funds, including reviewing materials prepared under the direction of the independent Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Board had the benefit of reports from the Sub-Committees and Investments Committee throughout the year in considering approval of the continuance of each Invesco Fund's investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Board receives comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Lipper Inc. (Lipper), an independent provider of investment company data. The Board also receives a report and this independent written evaluation from the Senior Officer. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

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

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. Unless otherwise stated, this information is current as of June 10, 2015, and does not reflect consideration of factors that became known to the Board after that date.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

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

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

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

The Board reviewed the services that may be provided by the Affiliated Sub-Advisers under the sub-advisory contracts and the credentials and experience of the officers and employees of the Affiliated Sub-Advisers who provide these services. The Board concluded that the sub-advisory contracts benefit the Fund and its shareholders by permitting Invesco Advisers to use the resources and talents of the Affiliated Sub-Advisers in managing the Fund. The Board concluded that the nature, extent and quality of the services that may be provided by the Affiliated Sub-Advisers are appropriate and satisfactory and consistent with the terms of the Fund's sub-advisory contracts.

B. *Fund Performance*

The Board considered Fund performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Lipper performance universe and against the Lipper Variable Annuity Underlying Funds General U.S. Government Funds Index. The Board noted that performance of Series I shares of the Fund was in the fourth quintile of its performance universe for the one and three year periods and the third quintile for the five year period (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the Fund was above the performance of the Index for the one year period and below the Index for the three and five year periods. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory and Sub-Advisory Fees

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

The Board noted that Invesco Advisers and the Affiliated Sub-Advisers do not manage other mutual funds or client accounts with investment strategies comparable to those of the Fund.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board also noted that the sub-advisory fees are not paid directly by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

D. Economies of Scale and Breakpoints

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

E. Profitability and Financial Resources

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

F. Collateral Benefits to Invesco Advisers and its Affiliates

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

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. Invesco Advisers noted that the Fund does not execute brokerage transactions through "soft dollar" arrangements to any significant degree.

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

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-SAR-1

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 12/31/14 to 6/30/15, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	3.36%
Series II Shares	3.23
MSCI All Country World ex-U.S. Index▼ (Broad Market Index)*	4.03
MSCI EAFE Index▼ (Former Broad Market Index)*	5.52
Custom International Growth Index■ (Style-Specific Index)	5.40
Lipper VUF International Large-Cap Growth Funds Index◆ (Peer Group Index)	4.50

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

* The Fund has elected to use the MSCI All Country World ex-U.S. Index as its broad market index rather than the MSCI EAFE Index because the MSCI All Country World ex-U.S. Index more closely reflects the performance of the types of securities in which the Fund invests.

The **MSCI All Country World ex-U.S. Index** is an index considered representative of developed and emerging market stock markets, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors.

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 All Country World ex-U.S. Growth Index thereafter.

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

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 **MSCI All Country World ex-U.S. 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 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.

Average Annual Total Returns

As of 6/30/15

Series I Shares	
Inception (5/5/93)	7.56%
10 Years	7.61
5 Years	10.39
1 Year	-2.44
Series II Shares	
Inception (9/19/01)	8.08%
10 Years	7.33
5 Years	10.11
1 Year	-2.65

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 net 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 1.02% and 1.27%, respectively.[1] 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 1.03% and 1.28%, 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.

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

1 Total annual Fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2017. See current prospectus for more information.

Schedule of Investments

June 30, 2015
(Unaudited)

	Shares	Value
Common Stocks & Other Equity Interests-92.58%		
Australia-4.11%		
Amcor Ltd.	3,060,865	$ 32,335,194
Aurizon Holdings Ltd.	3,664,265	14,429,608
Brambles Ltd.	2,287,252	18,599,873
CSL Ltd.	200,150	13,283,057
		78,647,732
Belgium-1.20%		
Anheuser-Busch InBev N.V.	190,000	22,870,641
Brazil-3.99%		
Banco Bradesco S.A.-ADR	3,245,237	29,726,371
BM&FBOVESPA S.A.	8,487,534	32,019,674
BRF S.A.	684,448	14,458,092
		76,204,137
Canada-7.12%		
Canadian National Railway Co.	258,309	14,905,306
Cenovus Energy Inc.	530,404	8,481,877
CGI Group Inc.-Class A[(a)]	821,763	32,145,358
Encana Corp.	1,625,151	17,919,866
Fairfax Financial Holdings Ltd.	40,129	19,790,718
Great-West Lifeco Inc.	473,490	13,786,112
Suncor Energy, Inc.	1,055,172	29,066,237
		136,095,474
China-4.51%		
Baidu, Inc.-ADR[(a)]	164,010	32,651,111
CNOOC Ltd.	5,526,000	7,841,938
Great Wall Motor Co. Ltd.-Class H	4,692,500	23,004,232
Industrial & Commercial Bank of China Ltd.-Class H	28,616,000	22,633,909
		86,131,190
Denmark-2.74%		
Carlsberg AS-Class B	339,689	30,843,893
Novo Nordisk AS-Class B	392,622	21,537,712
		52,381,605
France-3.19%		
Publicis Groupe S.A.	506,391	37,404,204
Schneider Electric S.E.	342,515	23,626,684
		61,030,888
Germany-7.29%		
adidas AG	164,299	12,576,226
Allianz S.E.	148,719	23,165,289
Deutsche Boerse AG	412,368	34,139,431
Deutsche Post AG	451,156	13,182,136
ProSiebenSat.1 Media AG	544,309	26,885,871
SAP S.E.	422,796	29,464,436
		139,413,389

	Shares	Value
Hong Kong-3.19%		
CK Hutchison Holdings Ltd.	2,758,768	$ 40,454,687
Galaxy Entertainment Group Ltd.	5,140,000	20,489,976
		60,944,663
Israel-2.41%		
Teva Pharmaceutical Industries Ltd.-ADR	778,008	45,980,273
Japan-6.91%		
Denso Corp.	188,400	9,383,059
FANUC Corp.	40,300	8,226,071
Japan Tobacco, Inc.	960,200	34,207,125
Keyence Corp.	23,100	12,467,206
Komatsu Ltd.	853,237	17,096,563
Toyota Motor Corp.	418,700	27,999,731
Yahoo Japan Corp.	5,633,300	22,735,704
		132,115,459
Mexico-2.18%		
Fomento Economico Mexicano, S.A.B. de C.V.-ADR	136,816	12,188,937
Grupo Televisa S.A.B.-ADR	758,102	29,429,520
		41,618,457
Singapore-3.47%		
Avago Technologies Ltd.	264,541	35,165,435
United Overseas Bank Ltd.	1,824,600	31,218,367
		66,383,802
South Korea-1.71%		
Samsung Electronics Co., Ltd.	28,750	32,680,705
Spain-1.03%		
Amadeus IT Holding S.A.-Class A	492,400	19,630,425
Sweden-3.31%		
Getinge AB-Class B	403,821	9,719,767
Investor AB-Class B	777,831	28,948,507
Telefonaktiebolaget LM Ericsson-Class B	2,379,329	24,658,788
		63,327,062
Switzerland-9.12%		
ABB Ltd.	1,184,873	24,815,289
Julius Baer Group Ltd.	511,898	28,759,414
Novartis AG	143,629	14,187,402
Roche Holding AG	102,876	28,884,339
Swatch Group AG (The)	33,468	13,053,205
Syngenta AG	76,874	31,503,033
UBS Group AG	1,558,933	33,066,254
		174,268,936
Taiwan-1.52%		
Taiwan Semiconductor Manufacturing Co. Ltd.-ADR	1,282,036	29,115,038

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

	Shares	Value
Thailand–1.61%		
Kasikornbank PCL-NVDR	5,514,900	$ 30,790,497
Turkey–0.94%		
Akbank T.A.S.	6,294,831	18,057,781
United Kingdom–21.03%		
Aberdeen Asset Management PLC	3,177,672	20,151,815
British American Tobacco PLC	755,453	40,601,700
Centrica PLC	3,064,543	12,702,805
Compass Group PLC	1,801,848	29,848,176
Informa PLC	1,886,522	16,216,704
Kingfisher PLC	5,128,536	27,939,679
Lloyds Banking Group PLC	16,646,219	22,346,471
Next PLC	162,930	19,072,887
Reed Elsevier PLC	2,451,589	39,918,245
Royal Dutch Shell PLC-Class B	864,873	24,596,484
Sky PLC	3,855,230	62,818,586
Smith & Nephew PLC	1,108,094	18,724,446
United Kingdom–(continued)		
Unilever N.V.	504,866	$ 21,103,492
WPP PLC	2,050,304	46,007,238
		402,048,728
Total Common Stocks & Other Equity Interests (Cost $1,371,410,200)		1,769,736,882
Money Market Funds–7.14%		
Liquid Assets Portfolio-Institutional Class[b]	68,253,724	68,253,724
Premier Portfolio-Institutional Class[b]	68,253,724	68,253,724
Total Money Market Funds (Cost $136,507,448)		136,507,448
TOTAL INVESTMENTS–99.72% (Cost $1,507,917,648)		1,906,244,330
OTHER ASSETS LESS LIABILITIES–0.28%		5,292,532
NET ASSETS–100.00%		$1,911,536,862

Investment Abbreviations:

ADR – American Depositary Receipt
NVDR – Non-Voting 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.

Portfolio Composition

By sector, based on Net Assets
as of June 30, 2015

Consumer Discretionary	23.1%
Financials	20.3
Information Technology	14.2
Consumer Staples	9.2
Health Care	8.0
Industrials	9.2
Energy	4.6
Materials	3.3
Utilities	0.7
Money Market Funds Plus Other Assets Less Liabilities	7.4

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

Statement of Assets and Liabilities

June 30, 2015
(Unaudited)

Assets:	
Investments, at value (Cost $1,371,410,200)	$1,769,736,882
Investments in affiliated money market funds, at value and cost	136,507,448
Total investments, at value (Cost $1,507,917,648)	1,906,244,330
Foreign currencies, at value (Cost $5,824,271)	5,824,889
Receivable for:	
Fund shares sold	1,732,753
Dividends	6,174,849
Investment for trustee deferred compensation and retirement plans	245,068
Other assets	190
Total assets	1,920,222,079
Liabilities:	
Payable for:	
Investments purchased	1,098,882
Accrued foreign taxes	218,374
Fund shares reacquired	4,833,957
Accrued fees to affiliates	1,999,739
Accrued trustees' and officers' fees and benefits	8,719
Accrued other operating expenses	247,746
Trustee deferred compensation and retirement plans	277,800
Total liabilities	8,685,217
Net assets applicable to shares outstanding	$1,911,536,862
Net assets consist of:	
Shares of beneficial interest	$1,488,868,302
Undistributed net investment income	32,354,592
Undistributed net realized gain (loss)	(8,027,372)
Net unrealized appreciation	398,341,340
	$1,911,536,862
Net Assets:	
Series I	$ 651,991,369
Series II	$1,259,545,493
Shares outstanding, $0.001 par value per share, with an unlimited number of shares authorized:	
Series I	18,090,094
Series II	35,449,699
Series I:	
Net asset value per share	$ 36.04
Series II:	
Net asset value per share	$ 35.53

Statement of Operations

For the six months ended June 30, 2015
(Unaudited)

Investment income:	
Dividends (net of foreign withholding taxes of $2,665,271)	$ 29,485,828
Dividends from affiliated money market funds	44,451
Total investment income	29,530,279
Expenses:	
Advisory fees	6,563,982
Administrative services fees	2,455,599
Custodian fees	317,563
Distribution fees — Series II	1,496,689
Transfer agent fees	47,583
Trustees' and officers' fees and benefits	21,617
Other	52,356
Total expenses	10,955,389
Less: Fees waived	(105,805)
Net expenses	10,849,584
Net investment income	18,680,695
Realized and unrealized gain (loss) from:	
Net realized gain from:	
Investment securities	64,075,857
Foreign currencies	1,215,423
	65,291,280
Change in net unrealized appreciation (depreciation) of:	
Investment securities (net of foreign taxes on holdings of $524,233)	(30,873,431)
Foreign currencies	277,767
	(30,595,664)
Net realized and unrealized gain	34,695,616
Net increase in net assets resulting from operations	$ 53,376,311

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

Statement of Changes in Net Assets

For the six months ended June 30, 2015 and the year ended December 31, 2014
(Unaudited)

	June 30, 2015	December 31, 2014
Operations:		
Net investment income	$ 18,680,695	$ 25,036,827
Net realized gain	65,291,280	110,044,435
Change in net unrealized appreciation (depreciation)	(30,595,664)	(132,352,415)
Net increase in net assets resulting from operations	53,376,311	2,728,847
Distributions to shareholders from net investment income:		
Series I	–	(10,756,299)
Series II	–	(15,248,241)
Total distributions from net investment income	–	(26,004,540)
Share transactions–net:		
Series I	(17,260,816)	(30,328,366)
Series II	148,403,873	31,387,888
Net increase in net assets resulting from share transactions	131,143,057	1,059,522
Net increase (decrease) in net assets	184,519,368	(22,216,171)
Net assets:		
Beginning of period	1,727,017,494	1,749,233,665
End of period (includes undistributed net investment income of $32,354,592 and $13,673,897, respectively)	$1,911,536,862	$1,727,017,494

Notes to Financial Statements

June 30, 2015
(Unaudited)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the "Adviser" or "Invesco"). Under the terms of the investment advisory agreement, the Fund 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%

For the six months ended June 30, 2015, the effective advisory fees incurred by the Fund was 0.71%.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (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 Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2016, 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, 2016. 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 June 30, 2017, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the six months ended June 30, 2015, the Adviser waived advisory fees of $105,805.

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 six months ended June 30, 2015, Invesco was paid $197,614 for accounting and fund administrative services and reimbursed $2,257,985 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 six months ended June 30, 2015, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2015, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

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

NOTE 3—Additional Valuation Information

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

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

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

Level 3 — Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2015. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the six months ended June 30, 2015, there were transfers from Level 1 to Level 2 of $386,287,187 and from Level 2 to Level 1 of $172,057,305, due to foreign fair value adjustments. Additionally, there were transfers from Level 2 to Level 3 of $23,004,232, due to security low volume trading.

	Level 1	Level 2	Level 3	Total
Australia	$ –	$ 78,647,732	$ –	$ 78,647,732
Belgium	–	22,870,641	–	22,870,641
Brazil	76,204,137	–	–	76,204,137
Canada	136,095,474	–	–	136,095,474
China	40,493,049	22,633,909	23,004,232	86,131,190
Denmark	30,843,893	21,537,712	–	52,381,605
France	–	61,030,888	–	61,030,888
Germany	109,948,953	29,464,436	–	139,413,389
Hong Kong	20,489,976	40,454,687	–	60,944,663
Israel	45,980,273	–	–	45,980,273
Japan	78,793,094	53,322,365	–	132,115,459
Mexico	41,618,457	–	–	41,618,457

	Level 1	Level 2	Level 3	Total
Singapore	$ 35,165,435	$ 31,218,367	$ –	$ 66,383,802
South Korea	32,680,705	–	–	32,680,705
Spain	19,630,425	–	–	19,630,425
Sweden	34,378,555	28,948,507	–	63,327,062
Switzerland	57,881,543	116,387,393	–	174,268,936
Taiwan	29,115,038	–	–	29,115,038
Thailand	–	30,790,497	–	30,790,497
Turkey	–	18,057,781	–	18,057,781
United Kingdom	94,594,278	307,454,450	–	402,048,728
United States	136,507,448	–	–	136,507,448
Total Investments	$1,020,420,733	$862,819,365	$23,004,232	$1,906,244,330

NOTE 4—Trustees' and Officers' Fees and Benefits

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

NOTE 5—Cash Balances

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

NOTE 6—Tax Information

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

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

The Fund had a capital loss carryforward as of December 31, 2014, which expires as follows:

Capital Loss Carryforward*

Expiration	Short-Term	Long-Term	Total
December 31, 2016	$ 5,717,826	$–	$ 5,717,826
December 31, 2017	14,504,919	–	14,504,919
December 31, 2018	37,802,554	–	37,802,554
	$58,025,299	$–	$58,025,299

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

NOTE 7—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2015 was $329,910,156 and $200,198,467, 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	$428,645,979
Aggregate unrealized (depreciation) of investment securities	(55,332,249)
Net unrealized appreciation of investment securities	$373,313,730

Cost of investments for tax purposes is $1,532,930,600.

NOTE 8—Share Information

	Summary of Share Activity			
	Six months ended June 30, 2015[(a)]		Year ended December 31, 2014	
	Shares	Amount	Shares	Amount
Sold:				
Series I	1,542,211	$ 56,199,541	3,030,640	$ 108,099,105
Series II	6,764,385	244,039,441	6,960,184	245,055,431
Issued as reinvestment of dividends:				
Series I	–	–	304,681	10,743,048
Series II	–	–	437,790	15,248,241
Reacquired:				
Series I	(2,023,409)	(73,460,357)	(4,195,088)	(149,170,519)
Series II	(2,680,928)	(95,635,568)	(6,504,328)	(228,915,784)
Net increase in share activity	3,602,259	$131,143,057	33,879	$ 1,059,522

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 37% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 9—Financial Highlights

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

	Net asset value, beginning of period	Net investment income[(a)]	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Net asset value, end of period	Total return[(b)]	Net assets, end of period (000's omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover[(c)]
Series I												
Six months ended 06/30/15	$34.87	$0.40	$ 0.77	$ 1.17	$ –	$36.04	3.36%	$ 651,991	1.01%[(d)]	1.02%[(d)]	2.17%[(d)]	12%
Year ended 12/31/14	35.32	0.56	(0.44)	0.12	(0.57)	34.87	0.33	647,530	1.01	1.02	1.58	26
Year ended 12/31/13	30.03	0.44	5.25	5.69	(0.40)	35.32	19.01	686,305	1.01	1.02	1.37	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
Series II												
Six months ended 06/30/15	34.42	0.34	0.77	1.11	–	35.53	3.23	1,259,545	1.26[(d)]	1.27[(d)]	1.92[(d)]	12
Year ended 12/31/14	34.88	0.47	(0.43)	0.04	(0.50)	34.42	0.09	1,079,488	1.26	1.27	1.33	26
Year ended 12/31/13	29.68	0.36	5.18	5.54	(0.34)	34.88	18.72	1,062,929	1.26	1.27	1.12	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

(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 period 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 annualized and based on average daily net assets (000's omitted) of $665,834 and $1,207,274 for Series I and Series II shares, respectively.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

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.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	Beginning Account Value (01/01/15)	Ending Account Value (06/30/15)[1]	Expenses Paid During Period[2]	Ending Account Value (06/30/15)	Expenses Paid During Period[2]	Annualized Expense Ratio
Series I	$1,000.00	$1,033.60	$5.09	$1,019.79	$5.06	1.01%
Series II	1,000.00	1,032.30	6.35	1,018.55	6.31	1.26

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2015 through June 30, 2015, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

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

Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of Invesco V.I. International Growth Fund's (the Fund) investment advisory agreements. During contract renewal meetings held on June 9-10, 2015, the Board as a whole, and the disinterested or "independent" Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2015.

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

The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, each of which is primarily responsible for overseeing the performance and investment management services provided by Invesco Advisers and the Affiliated Sub-Advisers to a number of the funds advised by Invesco Advisers (the Invesco Funds). The Sub-Committees meet throughout the year to review the performance of their assigned Invesco Funds, including reviewing materials prepared under the direction of the independent Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Board had the benefit of reports from the Sub-Committees and Investments Committee throughout the year in considering approval of the continuance of each Invesco Fund's investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Board receives comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Lipper Inc. (Lipper), an independent provider of investment company data. The Board also receives a report and this independent written evaluation from the Senior Officer. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

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

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. Unless otherwise stated, this information is current as of June 10, 2015, and does not reflect consideration of factors that became known to the Board after that date.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

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

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

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

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

B. Fund Performance

The Board considered Fund performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Lipper performance universe and against the Lipper Variable Underlying Fund International Large-Cap Growth Index. The Board noted that performance of Series I shares of the Fund was in the first quintile of its performance universe for the one and five year periods and the third quintile for the three year period (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the Fund was above the performance of the Index for the one and five year periods and below the performance of the Index for the three year period. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory and Sub-Advisory Fees

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

The Board also compared the Fund's effective advisory fee rate (the advisory fee rate after advisory fee waivers and before other expense limitations/waivers) to the effective advisory fee rates of other funds advised by Invesco Advisers and its affiliates with investment strategies comparable to those of the Fund. The Board noted that the Fund's rate was below the rate of one such mutual fund. The Board also noted how the Fund's rate compared to the effective sub-adviser fee rate of other mutual funds sub-advised by Invesco Advisers.

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

Invesco Advisers also reviewed generally the higher frequency of shareholder purchases and redemptions in the Invesco Funds relative to the flow of assets for other client accounts. Invesco Advisers advised the Board that advance notice of redemptions is often provided to Invesco Advisers by institutional clients. The Board did note that sub-advisory fee rates charged by the Affiliated Sub-Advisers to manage the Invesco Funds and to manage other client accounts tended to be more comparable, reflecting a similar scope of services. The information received by the Board demonstrated that the aggregate services provided to the Invesco Funds were sufficiently different from those provided to institutional clients to support the difference in fees.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board also noted that the sub-advisory fees are not paid directly by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

D. Economies of Scale and Breakpoints

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

E. Profitability and Financial Resources

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

F. Collateral Benefits to Invesco Advisers and its Affiliates

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

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. The Board noted that soft dollar arrangements shift the payment obligation for research services from Invesco Advisers and the Affiliated Sub-Advisers to the Invesco Funds and that the research received may be used with other clients of Invesco Advisers and may reduce Invesco Advisers' and the Affiliated Sub-Advisers' expenses. The Board also considered that it receives periodic reports from the Chief Compliance Officer of the Invesco Funds demonstrating that these arrangements are consistent with regulatory requirements. The Board did not deem the soft dollar arrangements to be inappropriate.

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

The Board also considered the Fund may use an affiliated broker to execute certain trades for the Fund to, among other things, control information leakage, and were advised that such trades would be executed in compliance with rules under the Investment Company Act of 1940, as amended, and consistent with best execution obligations.

Invesco V.I. Technology 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.
I-VITEC-SAR-1

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 12/31/14 to 6/30/15, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	3.70%
Series II Shares	3.50
S&P 500 Index▼ (Broad Market Index)	1.23
Bank of America Merrill Lynch 100 Technology Index (price only)■ (Style-Specific Index)	2.53
Lipper VUF Science & Technology Funds Classification Average◆ (Peer Group)	4.74

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

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

The **Bank of America Merrill Lynch 100 Technology Index** (price only) is an unmanaged, price-only equal-dollar-weighted index of 100 stocks designed to measure the performance of a cross section of large, actively traded technology stocks and American Depositary Receipts.

The Lipper VUF Science & Technology Funds Classification Average represents an average of all variable insurance underlying funds in the Lipper Science & Technology Funds classification.

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.

Average Annual Total Returns

As of 6/30/15

Series I Shares	
Inception (5/20/97)	5.09%
10 Years	7.67
5 Years	15.02
1 Year	8.35
Series II Shares	
Inception (4/30/04)	7.01%
10 Years	7.38
5 Years	14.73
1 Year	8.02

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 1.16% and 1.41%, 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. Technology Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

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

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

Schedule of Investments[a]

June 30, 2015
(Unaudited)

	Shares	Value
Common Stocks & Other Equity Interests–98.36%		
Application Software–4.85%		
Autodesk, Inc.[b]	9,221	$ 461,742
Monitise PLC (United Kingdom)[b][c]	2,906,771	490,996
salesforce.com, inc.[b]	63,832	4,444,622
		5,397,360
Biotechnology–15.96%		
Alexion Pharmaceuticals, Inc.[b]	6,075	1,098,178
Alkermes PLC[b]	62,904	4,047,243
Amgen Inc.	11,398	1,749,821
Biogen Inc.[b]	5,127	2,071,001
Celgene Corp.[b]	40,102	4,641,205
Gilead Sciences, Inc.	27,699	3,242,999
Vertex Pharmaceuticals Inc.[b]	7,490	924,865
		17,775,312
Broadcasting–0.92%		
CBS Corp.–Class B	18,377	1,019,923
Cable & Satellite–3.41%		
DISH Network Corp.–Class A[b]	47,655	3,226,720
Time Warner Cable Inc.	3,197	569,610
		3,796,330
Communications Equipment–4.10%		
Cisco Systems, Inc.	119,455	3,280,234
Palo Alto Networks, Inc.[b]	7,334	1,281,250
		4,561,484
Consumer Electronics–4.11%		
Harman International Industries, Inc.	27,078	3,220,657
Sony Corp. (Japan)	47,700	1,353,431
		4,574,088
Data Processing & Outsourced Services–5.51%		
MasterCard, Inc.–Class A	39,834	3,723,682
Visa Inc.–Class A	36,004	2,417,669
		6,141,351
Fertilizers & Agricultural Chemicals–0.43%		
Monsanto Co.	4,450	474,326
Health Care Equipment–1.49%		
Medtronic PLC	22,441	1,662,878
Internet Retail–6.55%		
Amazon.com, Inc.[b]	8,918	3,871,215
Netflix Inc.[b]	2,288	1,503,079
Priceline Group Inc. (The)[b]	1,671	1,923,939
		7,298,233
Internet Software & Services–14.38%		
Alibaba Group Holding Ltd.–ADR (China)[b]	26,172	$ 2,153,170
Facebook Inc.–Class A[b]	61,134	5,243,158
Google Inc.–Class A[b]	8,618	4,654,065
Google Inc.–Class C[b]	3,183	1,656,783
LinkedIn Corp.–Class A[b]	8,363	1,728,047
Twitter, Inc.[b]	16,045	581,150
		16,016,373
Investment Banking & Brokerage–1.24%		
Charles Schwab Corp. (The)	42,302	1,381,160
Life Sciences Tools & Services–1.29%		
Thermo Fisher Scientific, Inc.	11,091	1,439,168
Pharmaceuticals–5.55%		
Allergan PLC[b]	14,156	4,295,780
Bristol-Myers Squibb Co.	28,423	1,891,266
		6,187,046
Semiconductor Equipment–1.01%		
Lam Research Corp.	13,844	1,126,209
Semiconductors–10.20%		
Avago Technologies Ltd. (Singapore)	23,239	3,089,160
NXP Semiconductors N.V. (Netherlands)[b]	39,522	3,881,061
ON Semiconductor Corp.[b]	135,267	1,581,271
Skyworks Solutions, Inc.	27,022	2,812,990
		11,364,482
Systems Software–6.54%		
Check Point Software Technologies Ltd. (Israel)[b]	35,281	2,806,604
Oracle Corp.	27,807	1,120,622
ServiceNow, Inc.[b]	45,255	3,362,899
		7,290,125
Technology Hardware, Storage & Peripherals–9.50%		
Apple Inc.	84,335	10,577,717
Wireless Telecommunication Services–1.32%		
Sprint Corp.[b]	322,157	1,469,036
Total Common Stocks & Other Equity Interests (Cost $79,490,903)		109,552,601
Money Market Funds–1.84%		
Liquid Assets Portfolio–Institutional Class[d]	1,023,119	1,023,119
Premier Portfolio–Institutional Class[d]	1,023,119	1,023,119
Total Money Market Funds (Cost $2,046,238)		2,046,238
TOTAL INVESTMENTS (excluding investments purchased with cash collateral from securities on loan)–100.20% (Cost $81,537,141)		111,598,839

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

	Shares	Value
Investments Purchased with Cash Collateral from Securities on Loan		
Money Market Funds–0.39%		
Liquid Assets Portfolio-Institutional Class (Cost $436,016)[(d)(e)]	436,016	$ 436,016
TOTAL INVESTMENTS–100.59% (Cost $81,973,157)		112,034,855
OTHER ASSETS LESS LIABILITIES–(0.59)%		(653,630)
NET ASSETS–100.00%		$111,381,225

Investment Abbreviations:

ADR – American Depositary Receipt

Notes to Schedule of Investments:

(a) Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
(b) Non-income producing security.
(c) All or a portion of this security was out on loan at June 30, 2015.
(d) The money market fund and the Fund are affiliated by having the same investment adviser.
(e) The security has been segregated to satisfy the commitment to return the cash collateral received in securities lending transactions upon the borrower's return of the securities loaned. See Note 1I. The following table presents the Fund's gross and net amount of assets available for offset by the Fund as of June 30, 2015.

Counterparty	Gross Amount of Securities on Loan at Value	Cash Collateral Received for Securities Loaned*	Net Amount
State Street Bank and Trust Co.	$368,740	$(368,740)	$–

* Amount does not include excess collateral received.

Portfolio Composition

By sector, based on Net Assets as of June 30, 2015

Information Technology	56.1%
Health Care	24.3
Consumer Discretionary	15.0
Telecommunication Services	1.3
Financials	1.2
Materials	0.4
Money Market Funds Plus Other Assets Less Liabilities	1.7

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

Statement of Assets and Liabilities

June 30, 2015
(Unaudited)

Assets:	
Investments, at value (Cost $79,490,903)*	$109,552,601
Investments in affiliated money market funds, at value and cost	2,482,254
Total investments, at value (Cost $81,973,157)	112,034,855
Foreign currencies, at value (Cost $1,428)	1,486
Receivable for:	
Fund shares sold	8,193
Dividends	17,626
Investment for trustee deferred compensation and retirement plans	64,957
Total assets	112,127,117
Liabilities:	
Payable for:	
Fund shares reacquired	128,197
Collateral upon return of securities loaned	436,016
Accrued fees to affiliates	76,245
Accrued trustees' and officers' fees and benefits	5,599
Accrued other operating expenses	29,310
Trustee deferred compensation and retirement plans	70,525
Total liabilities	745,892
Net assets applicable to shares outstanding	$111,381,225
Net assets consist of:	
Shares of beneficial interest	$ 64,494,815
Undistributed net investment income (loss)	(398,094)
Undistributed net realized gain	17,222,748
Net unrealized appreciation	30,061,756
	$111,381,225
Net Assets:	
Series I	$104,255,762
Series II	$ 7,125,463
Shares outstanding, $0.001 par value per share, with an unlimited number of shares authorized:	
Series I	5,091,727
Series II	359,800
Series I:	
Net asset value per share	$ 20.48
Series II:	
Net asset value per share	$ 19.80

* At June 30, 2015, securities with an aggregate value of $368,740 were on loan to brokers.

Statement of Operations

For the six months ended June 30, 2015
(Unaudited)

Investment income:	
Dividends	$ 296,529
Dividends from affiliated money market funds (includes securities lending income of $16,156)	17,012
Total investment income	313,541
Expenses:	
Advisory fees	419,466
Administrative services fees	162,227
Custodian fees	5,392
Distribution fees — Series II	7,456
Transfer agent fees	13,591
Trustees' and officers' fees and benefits	12,310
Other	28,089
Total expenses	648,531
Less: Fees waived	(2,305)
Net expenses	646,226
Net investment income (loss)	(332,685)
Realized and unrealized gain (loss) from:	
Net realized gain from:	
Investment securities	6,157,308
Foreign currencies	335
	6,157,643
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(1,848,302)
Foreign currencies	79
	(1,848,223)
Net realized and unrealized gain	4,309,420
Net increase in net assets resulting from operations	$ 3,976,735

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

Statement of Changes in Net Assets

For the six months ended June 30, 2015 and the year ended December 31, 2014
(Unaudited)

	June 30, 2015	December 31, 2014
Operations:		
Net investment income (loss)	$ (332,685)	$ (704,068)
Net realized gain	6,157,643	9,611,503
Change in net unrealized appreciation (depreciation)	(1,848,223)	2,192,830
Net increase in net assets resulting from operations	3,976,735	11,100,265
Distributions to shareholders from net realized gains:		
Series I	–	(8,529,977)
Series II	–	(353,110)
Total distributions from net realized gains	–	(8,883,087)
Share transactions-net:		
Series I	(4,112,524)	(755,417)
Series II	2,185,806	1,518,646
Net increase (decrease) in net assets resulting from share transactions	(1,926,718)	763,229
Net increase in net assets	2,050,017	2,980,407
Net assets:		
Beginning of period	109,331,208	106,350,801
End of period (includes undistributed net investment income (loss) of $(398,094) and $(65,409), respectively)	$111,381,225	$109,331,208

Notes to Financial Statements

June 30, 2015
(Unaudited)

NOTE 1—Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. Securities Lending – The Fund may lend portfolio securities having a market value up to one-third of the Fund's total assets. Such loans are secured by collateral equal to no less than the market value of the loaned securities determined daily by the securities lending provider. Such collateral will be cash or debt securities issued or guaranteed by the U.S. Government or any of its sponsored agencies. Cash collateral received in connection with these loans is invested in short-term money market instruments or affiliated money market funds and is shown as such on the Schedule of Investments. It is the Fund's policy to obtain additional collateral from or return excess collateral to the borrower by the end of the next business day, following the valuation date of the securities loaned. Therefore, the value of the collateral held may be temporarily less than the value of the securities on loan. Lending securities entails a risk of loss to the Fund if, and to the extent that, the market value of the securities loaned were to increase and the borrower did not increase the collateral accordingly, and the borrower failed to return the securities. Upon the failure of the borrower to return the securities, collateral may be liquidated and the securities may be purchased on the open market to replace the loaned securities. The Fund could experience delays and costs in gaining access to the collateral. The Fund bears the risk of any deficiency in the amount of the collateral available for return to the borrower due to any loss on the collateral invested. Dividends received on cash collateral investments for securities lending transactions, which are net of compensation to counterparties, is included in *Dividends from affiliated money market funds* on the Statement of Operations. The aggregate value of securities out on loan, if any, is shown as a footnote on the Statement of Assets and Liabilities.

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

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

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

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

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

L. Other Risks – The Fund's investments are concentrated in a comparatively narrow segment of the economy, which may make the Fund more volatile.

Many products and services offered in technology-related industries are subject to rapid obsolescence, which may lower the value of the issuers in this sector.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

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

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

For the six months ended June 30, 2015, the effective advisory fees incurred by the Fund was 0.75%.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (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 Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2016, to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.00% and Series II shares to 2.25% of average daily net assets. 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, 2016. 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 June 30, 2017, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the six months ended June 30, 2015, the Adviser waived advisory fees of $2,305.

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 six months ended June 30, 2015, Invesco was paid $24,795 for accounting and fund administrative services and reimbursed $137,432 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 six months ended June 30, 2015, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2015, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

For the six months ended June 30, 2015, the Fund incurred $1,542 in brokerage commissions with Invesco Capital Markets, Inc., an affiliate of the Adviser and IDI, for portfolio transactions executed on behalf of the Fund.

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

NOTE 3—Additional Valuation Information

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

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

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

Level 3 — Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2015. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Level 1	Level 2	Level 3	Total
Equity Securities	$110,681,424	$1,353,431	$–	$112,034,855

NOTE 4—Trustees' and Officers' Fees and Benefits

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

NOTE 5—Cash Balances

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

NOTE 6—Tax Information

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

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

The Fund did not have a capital loss carryforward as of December 31, 2014.

NOTE 7—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2015 was $41,685,216 and $43,814,729, 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	$34,302,483
Aggregate unrealized (depreciation) of investment securities	(4,408,222)
Net unrealized appreciation of investment securities	$29,894,261

Cost of investments for tax purposes is $82,140,594.

NOTE 8—Share Information

	Summary of Share Activity			
	Six months ended June 30, 2015[a]		**Year ended December 31, 2014**	
	Shares	**Amount**	**Shares**	**Amount**
Sold:				
Series I	408,701	$ 8,427,010	661,326	$ 13,151,750
Series II	113,464	2,250,948	100,308	1,917,074
Issued as reinvestment of dividends:				
Series I	–	–	450,844	8,529,977
Series II	–	–	19,264	353,110
Reacquired:				
Series I	(610,751)	(12,539,534)	(1,131,140)	(22,437,144)
Series II	(3,314)	(65,142)	(39,211)	(751,538)
Net increase (decrease) in share activity	(91,900)	$ (1,926,718)	61,391	$ 763,229

[a] There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 65% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 9—Financial Highlights

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

	Net asset value, beginning of period	Net investment income[a]	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Distributions from net realized gains	Total distributions	Net asset value, end of period	Total return[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 (loss) to average net assets	Portfolio turnover[c]
Series I														
Six months ended 06/30/15	$19.75	$(0.06)	$ 0.79	$ 0.73	$ –	$ –	$ –	$20.48	3.70%	$104,256	1.15%[d]	1.15%[d]	(0.58)%[d]	38%
Year ended 12/31/14	19.42	(0.13)	2.20	2.07	–	(1.74)	(1.74)	19.75	11.05	104,556	1.16	1.16	(0.65)	77
Year ended 12/31/13	16.87	(0.07)	4.19	4.12	–	(1.57)	(1.57)	19.42	25.14	103,151	1.17	1.17	(0.40)	45
Year ended 12/31/12	15.16	(0.07)	1.78	1.71	–	–	–	16.87	11.28	95,371	1.16	1.16	(0.42)	42
Year ended 12/31/11	16.00	(0.10)	(0.71)	(0.81)	(0.03)	–	(0.03)	15.16	(5.05)	100,579	1.12	1.12	(0.62)	41
Year ended 12/31/10	13.19	0.02	2.79	2.81	–	–	–	16.00	21.30	128,304	1.14	1.14	0.18	43
Series II														
Six months ended 06/30/15	19.13	(0.08)	0.75	0.67	–	–	–	19.80	3.50	7,125	1.40[d]	1.40[d]	(0.83)[d]	38
Year ended 12/31/14	18.90	(0.17)	2.14	1.97	–	(1.74)	(1.74)	19.13	10.82	4,775	1.41	1.41	(0.90)	77
Year ended 12/31/13	16.50	(0.12)	4.09	3.97	–	(1.57)	(1.57)	18.90	24.79	3,200	1.42	1.42	(0.65)	45
Year ended 12/31/12	14.86	(0.11)	1.75	1.64	–	–	–	16.50	11.04	2,118	1.41	1.41	(0.67)	42
Year ended 12/31/11	15.71	(0.14)	(0.70)	(0.84)	(0.01)	–	(0.01)	14.86	(5.32)	1,613	1.37	1.37	(0.87)	41
Year ended 12/31/10	12.98	(0.01)	2.74	2.73	–	–	–	15.71	21.03	1,198	1.39	1.39	(0.07)	43

[a] Calculated using average shares outstanding.
[b] Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Total returns are not annualized for periods less than one year, if applicable and do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.
[c] Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.
[d] Ratios are annualized based on average daily net assets (000's omitted) of $106,770 and $6,015 for Series I and Series II shares, respectively.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

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.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	Beginning Account Value (01/01/15)	Ending Account Value (06/30/15)[1]	Expenses Paid During Period[2]	Ending Account Value (06/30/15)	Expenses Paid During Period[2]	Annualized Expense Ratio
Series I	$1,000.00	$1,037.00	$5.81	$1,019.09	$5.76	1.15%
Series II	1,000.00	1,035.00	7.06	1,017.85	7.00	1.40

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2015 through June 30, 2015, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

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

Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of Invesco V.I. Technology Fund's (the Fund) investment advisory agreements. During contract renewal meetings held on June 9-10, 2015, the Board as a whole, and the disinterested or "independent" Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2015.

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

The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, each of which is primarily responsible for overseeing the performance and investment management services provided by Invesco Advisers and the Affiliated Sub-Advisers to a number of the funds advised by Invesco Advisers (the Invesco Funds). The Sub-Committees meet throughout the year to review the performance of their assigned Invesco Funds, including reviewing materials prepared under the direction of the independent Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Board had the benefit of reports from the Sub-Committees and Investments Committee throughout the year in considering approval of the continuance of each Invesco Fund's investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Board receives comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Lipper Inc. (Lipper), an independent provider of investment company data. The Board also receives a report and this independent written evaluation from the Senior Officer. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

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

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. Unless otherwise stated, this information is current as of June 10, 2015, and does not reflect consideration of factors that became known to the Board after that date.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

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

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

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

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

B. Fund Performance

The Board considered Fund performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Lipper performance universe and against the Lipper Variable Underlying Fund Science & Technology Index. The Board noted that performance of Series I shares of the Fund was in the third quintile of its performance universe for the one year period and the fifth quintile for the three and five year periods (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the

Fund was above the performance of the Index for the one year period and below the performance of the Index for the three and five year periods. Invesco Advisers advised the Board that the portfolio management team had recently changed and that the revised portfolio will be more concentrated with a focus on new growth areas in the health care and technology sectors. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory and Sub-Advisory Fees

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

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

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board also noted that the sub-advisory fees are not paid directly by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

D. Economies of Scale and Breakpoints

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

E. Profitability and Financial Resources

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

F. Collateral Benefits to Invesco Advisers and its Affiliates

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

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. The Board noted that soft dollar arrangements shift the payment obligation for research services from Invesco Advisers and the Affiliated Sub-Advisers to the Invesco Funds and that the research received may be used with other clients of Invesco Advisers and may reduce Invesco Advisers' and the Affiliated Sub-Advisers' expenses. The Board also considered that it receives periodic reports from the Chief Compliance Officer of the Invesco Funds demonstrating that these arrangements are consistent with regulatory requirements. The Board did not deem the soft dollar arrangements to be inappropriate.

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

The Board also considered the Fund may use an affiliated broker to execute certain trades for the Fund to, among other things, control information leakage, and were advised that such trades would be executed in compliance with rules under the Investment Company Act of 1940, as amended, and consistent with best execution obligations.

SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE
INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO — ASSET ALLOCATION FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

Not FDIC insured • No bank guarantee • May lose value

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The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW

(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Asset Allocation Fund (the Fund) Class 2 shares returned 1.40% for the six-month period that ended June 30, 2015.
- The Fund outperformed its Blended Benchmark, which returned 0.79% over the same time period.
- During the same six-month period, the broad U.S. equity market, as measured by the S&P 500 Index, returned 1.23%, while the broad U.S. fixed-income market, as measured by the Barclays U.S. Aggregate Bond Index, returned -0.10%.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1	01/01/89	1.58	6.01	11.41	6.82
Class 2	06/01/00	1.40	5.69	11.13	6.62
Blended Benchmark		0.79	5.28	11.76	6.79
S&P 500 Index		1.23	7.42	17.34	7.89
Barclays U.S. Aggregate Bond Index		-0.10	1.86	3.35	4.44

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

The Blended Benchmark, a weighted custom composite established by the Investment Manager, consists of a 60% weighting in the S&P 500 Index and a 40% weighting in the Barclays U.S. Aggregate Bond Index.

The S&P 500 Index, an unmanaged index, measures the performance of 500 widely held, large-capitalization U.S. stocks and is frequently used as a general measure of market performance.

The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage passthroughs), asset-backed securities, and commercial mortgage-backed securities.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW
(Unaudited)

Portfolio Breakdown (%) (at June 30, 2015)	
Alternative Investment Funds	2.0
Equity Funds	57.8
Exchange-Traded Funds	1.9
Fixed-Income Funds	32.2
Money Market Funds	6.1
Total	**100.0**

Percentages indicated are based upon total investments. The Fund’s portfolio composition is subject to change.

Portfolio Management

Jeffrey Knight, CFA

Anwiti Bahuguna, Ph.D.

Marie Schofield, CFA

Beth Vanney, CFA

UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing costs, which generally include distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

In addition to the ongoing expenses which the Fund bears directly, the Fund's shareholders indirectly bear the Fund's allocable share of the costs and expenses of each underlying fund in which the Fund invests. You can also estimate the effective expenses paid during the period, which includes the indirect fees associated with investing in the underlying funds, by using the amounts listed in the "Effective Expenses Paid During the Period" column.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		Account Value at the End of the Period ($)		Expenses Paid During the Period ($)		Fund's Annualized Expense Ratio (%)	Effective Expenses Paid During the Period ($)		Fund's Effective Annualized Expense Ratio (%)
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,015.80	1,023.75	1.05	1.05	0.21	3.85	3.86	0.77
Class 2	1,000.00	1,000.00	1,014.00	1,022.51	2.30	2.31	0.46	5.09	5.12	1.02

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Effective expenses paid during the period and the Fund's effective annualized expense ratio include expenses borne directly to the class plus the Fund's pro rata portion of the ongoing expenses charged by the underlying funds using the expense ratio of each class of the underlying funds as of the underlying fund's most recent shareholder report.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Equity Funds 57.8%

	Shares	Value ($)
INTERNATIONAL 1.0%		
Columbia Emerging Markets Fund, Class I Shares[a]	80,483	837,831
U.S. LARGE CAP 56.8%		
Columbia Contrarian Core Fund, Class I Shares[a]	804,198	17,933,616
Columbia Large Core Quantitative Fund, Class I Shares[a]	2,078,394	20,555,321
Columbia Large Growth Quantitative Fund, Class I Shares[a]	367,523	3,395,911
Columbia Large Value Quantitative Fund, Class I Shares[a]	177,433	1,698,031
Columbia Select Large Cap Growth Fund, Class I Shares[a][b]	154,009	2,839,932
Columbia Select Large-Cap Value Fund, Class I Shares[a]	106,481	2,510,822
Total		48,933,633
Total Equity Funds (Cost: $38,812,880)		**49,771,464**

Fixed-Income Funds 32.1%

	Shares	Value ($)
HIGH YIELD 4.0%		
Columbia Income Opportunities Fund, Class I Shares[a]	347,096	3,450,139
INFLATION PROTECTED SECURITIES 0.8%		
Columbia Inflation Protected Securities Fund, Class I Shares[a]	83,144	744,140
INVESTMENT GRADE 27.3%		
Columbia Corporate Income Fund, Class I Shares[a]	773,307	7,648,007
Columbia U.S. Government Mortgage Fund, Class I Shares[a]	1,327,004	7,311,788
Columbia U.S. Treasury Index Fund, Class I Shares[a]	767,840	8,546,061
Total		23,505,856
Total Fixed-Income Funds (Cost: $27,298,893)		**27,700,135**

Alternative Investment Funds 2.0%

	Shares	Value ($)
Columbia Diversified Absolute Return Fund, Class I Shares[a][b]	170,005	1,691,546
Total Alternative Investment Funds (Cost: $1,720,335)		**1,691,546**

Exchange-Traded Funds 1.9%

	Shares	Value ($)
iShares MSCI EAFE ETF	26,159	1,660,835
Total Exchange-Traded Funds (Cost: $1,701,020)		**1,660,835**

Money Market Funds 6.1%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[a][c]	5,268,113	5,268,113
Total Money Market Funds (Cost: $5,268,113)		**5,268,113**
Total Investments (Cost: $74,801,241)		**86,092,093**
Other Assets & Liabilities, Net		61,201
Net Assets		**86,153,294**

At June 30, 2015, cash totaling $109,400 was pledged as collateral.

Investments in Derivatives

Futures Contracts Outstanding at June 30, 2015

Long Futures Contracts Outstanding

Contract Description	Number of Contracts	Trading Currency	Notional Market Value ($)	Expiration Date	Unrealized Appreciation ($)	Unrealized Depreciation ($)
S&P500 EMINI	19	USD	1,951,680	09/2015	—	(28,689)
SGX CNX NIFTY	25	USD	419,225	07/2015	—	(20)
Total			2,370,905		—	(28,709)

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Notes to Portfolio of Investments

(a) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Realized Gain (Loss) ($)	Ending Cost ($)	Capital Gain Distributions ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Absolute Return Multi-Strategy Fund, Class I Shares	2,546,842	1,076	(1,882,106)	(665,812)	—	—	—	—
Columbia Contrarian Core Fund, Class I Shares	15,971,534	16,976	(2,099,519)	63,587	13,952,578	—	—	17,933,616
Columbia Corporate Income Fund, Class I Shares	7,843,015	178,639	(496,398)	1,209	7,526,465	—	124,045	7,648,007
Columbia Diversified Absolute Return Fund, Class I Shares	—	1,742,116	(21,652)	(129)	1,720,335	—	—	1,691,546
Columbia Emerging Markets Bond Fund, Class I Shares	1,838,689	32,608	(1,792,485)	(78,812)	—	—	25,790	—
Columbia Emerging Markets Fund, Class I Shares	—	866,000	—	—	866,000	—	—	837,831
Columbia Income Opportunities Fund, Class I Shares	3,552,425	92,195	(278,537)	(3,281)	3,362,802	—	84,292	3,450,139
Columbia Inflation Protected Securities Fund, Class I Shares	—	746,811	(1,042)	(3)	745,766	—	—	744,140
Columbia Large Core Quantitative Fund, Class I Shares	16,880,950	17,396	(2,120,150)	124,996	14,903,192	—	—	20,555,321
Columbia Large Growth Quantitative Fund, Class I Shares	3,453,234	9,702	(446,748)	19,324	3,035,512	—	—	3,395,911
Columbia Large Value Quantitative Fund, Class I Shares	1,332,083	2,793	(135,526)	11,955	1,211,305	—	—	1,698,031
Columbia Limited Duration Credit Fund, Class I Shares	2,748,315	—	(2,693,761)	(54,554)	—	—	5,169	—
Columbia Select Large Cap Growth Fund, Class I Shares	3,320,551	168,292	(653,647)	18,091	2,853,287	155,227	—	2,839,932
Columbia Select Large-Cap Value Fund, Class I Shares	2,644,481	15,317	(754,330)	85,538	1,991,006	—	—	2,510,822
Columbia Short-Term Cash Fund	6,211,342	3,667,777	(4,611,006)	—	5,268,113	—	3,415	5,268,113
Columbia U.S. Government Mortgage Fund, Class I Shares	6,263,690	1,556,661	(610,483)	(21,486)	7,188,382	—	110,009	7,311,788
Columbia U.S. Treasury Index Fund, Class I Shares	7,511,788	1,362,030	(395,469)	(2,871)	8,475,478	—	60,645	8,546,061
Total	82,118,939	10,476,389	(18,992,859)	(502,248)	73,100,221	155,227	413,365	84,431,258

(b) Non-income producing investment.

(c) The rate shown is the seven-day current annualized yield at June 30, 2015.

Currency Legend

USD US Dollar

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.
- Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	Level 2 Other Significant Observable Inputs ($)	Level 3 Significant Unobservable Inputs ($)	Total ($)
Investments				
Equity Funds	49,771,464	—	—	49,771,464
Fixed-Income Funds	27,700,135	—	—	27,700,135
Alternative Investment Funds	1,691,546	—	—	1,691,546
Exchange-Traded Funds	1,660,835	—	—	1,660,835
Money Market Funds	5,268,113	—	—	5,268,113
Total Investments	86,092,093	—	—	86,092,093
Derivatives				
Liabilities				
Futures Contracts	(28,709)	—	—	(28,709)
Total	86,063,384	—	—	86,063,384

See the Portfolio of Investments for all investment classifications not indicated in the table.

There were no transfers of financial assets between levels during the period.

Derivative instruments are valued at unrealized appreciation (depreciation).

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES
June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $1,701,020)	$1,660,835
Affiliated issuers (identified cost $73,100,221)	84,431,258
Total investments (identified cost $74,801,241)	86,092,093
Margin deposits	109,400
Receivable for:	
Investments sold	60,380
Capital shares sold	1,595
Dividends	93,623
Foreign tax reclaims	514
Variation margin	6,930
Trustees' deferred compensation plan	40,660
Total assets	86,405,195
Liabilities	
Payable for:	
Investments purchased	92,245
Capital shares purchased	61,843
Investment management fees	107
Distribution and/or service fees	103
Transfer agent fees	142
Administration fees	47
Compensation of board members	26,558
Chief compliance officer expenses	12
Other expenses	30,184
Trustees' deferred compensation plan	40,660
Total liabilities	251,901
Net assets applicable to outstanding capital stock	**$86,153,294**
Represented by	
Paid-in capital	$64,370,333
Undistributed net investment income	2,007,256
Accumulated net realized gain	8,513,668
Unrealized appreciation (depreciation) on:	
Investments — unaffiliated issuers	(40,185)
Investments — affiliated issuers	11,331,037
Foreign currency translations	(106)
Futures contracts	(28,709)
Total — representing net assets applicable to outstanding capital stock	**$86,153,294**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES *(continued)*

June 30, 2015 (Unaudited)

Class 1	
Net assets	$71,114,102
Shares outstanding	4,433,182
Net asset value per share	$16.04
Class 2	
Net assets	$15,039,192
Shares outstanding	946,259
Net asset value per share	$15.89

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS
Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — unaffiliated issuers	$29,614
Dividends — affiliated issuers	413,365
Total income	442,979
Expenses:	
Investment management fees	18,752
Distribution and/or service fees	
Class 2	19,769
Transfer agent fees	
Class 1	22,090
Class 2	4,744
Administration fees	8,945
Compensation of board members	10,824
Custodian fees	15,462
Printing and postage fees	13,443
Professional fees	9,039
Chief compliance officer expenses	23
Other	1,139
Total expenses	124,230
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(10,723)
Total net expenses	113,507
Net investment income	329,472
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments — unaffiliated issuers	27,143
Investments — affiliated issuers	(502,248)
Capital gain distributions from underlying affiliated funds	155,227
Futures contracts	90,229
Net realized loss	(229,649)
Net change in unrealized appreciation (depreciation) on:	
Investments — unaffiliated issuers	(40,185)
Investments — affiliated issuers	1,526,588
Foreign currency translations	(43)
Futures contracts	(137,298)
Net change in unrealized appreciation	1,349,062
Net realized and unrealized gain	1,119,413
Net increase in net assets resulting from operations	**$1,448,885**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$329,472	$1,366,511
Net realized gain (loss)	(229,649)	9,423,201
Net change in unrealized appreciation (depreciation)	1,349,062	(1,891,067)
Net increase in net assets resulting from operations	1,448,885	8,898,645
Distributions to shareholders		
Net investment income		
Class 1	—	(1,889,185)
Class 2	—	(379,501)
Net realized gains		
Class 1	—	(1,682,640)
Class 2	—	(371,188)
Total distributions to shareholders	—	(4,322,514)
Decrease in net assets from capital stock activity	(7,267,779)	(8,825,333)
Total decrease in net assets	(5,818,894)	(4,249,202)
Net assets at beginning of period	91,972,188	96,221,390
Net assets at end of period	**$86,153,294**	**$91,972,188**
Undistributed net investment income	$2,007,256	$1,677,784

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	Dollars ($)	Shares	Dollars ($)
Capital stock activity				
Class 1 shares				
Subscriptions	7,179	116,180	88,659	1,373,480
Distributions reinvested	—	—	234,988	3,571,825
Redemptions	(348,717)	(5,622,264)	(757,762)	(11,661,614)
Net decrease	(341,538)	(5,506,084)	(434,115)	(6,716,309)
Class 2 shares				
Subscriptions	20,851	334,515	38,743	586,365
Distributions reinvested	—	—	49,715	750,689
Redemptions	(131,294)	(2,096,210)	(225,512)	(3,446,078)
Net decrease	(110,443)	(1,761,695)	(137,054)	(2,109,024)
Total net decrease	**(451,981)**	**(7,267,779)**	**(571,169)**	**(8,825,333)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

	Six Months Ended June 30, 2015	Year Ended December 31,				
Class 1	**(Unaudited)**	**2014**	**2013**	**2012**	**2011**	**2010**
Per share data						
Net asset value, beginning of period	$15.79	$15.05	$13.05	$11.81	$12.22	$11.08
Income from investment operations:						
Net investment income	0.06	0.23	0.24	0.25	0.24	0.26
Net realized and unrealized gain (loss)	0.19	1.25	2.11	1.27	(0.33)	1.19
Total from investment operations	0.25	1.48	2.35	1.52	(0.09)	1.45
Less distributions to shareholders:						
Net investment income	—	(0.39)	(0.35)	(0.28)	(0.32)	(0.31)
Net realized gains	—	(0.35)	—	—	—	—
Total distributions to shareholders	—	(0.74)	(0.35)	(0.28)	(0.32)	(0.31)
Net asset value, end of period	$16.04	$15.79	$15.05	$13.05	$11.81	$12.22
Total return	1.58%	10.05%	18.17%	13.03%	(0.85%)	13.43%
Ratios to average net assets[(a)]						
Total gross expenses	0.23%[(b)]	0.20%	0.19%	0.24%	0.40%	0.97%
Total net expenses[(c)]	0.21%[(b)]	0.15%	0.15%	0.16%	0.13%	0.68%[(d)]
Net investment income	0.78%[(b)]	1.51%	1.67%	1.99%	1.93%	2.27%
Supplemental data						
Net assets, end of period (in thousands)	$71,114	$75,415	$78,390	$77,976	$81,002	$95,031
Portfolio turnover	10%	41%	15%	51%	89%	234%[(e)]

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(d) The benefits derived from expense reductions had an impact of less than 0.01%.

(e) Effective October 22, 2010, the Fund transitioned to a fund-of-funds structure. If the Fund had not transitioned, portfolio turnover would have been lower.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$15.67	$14.94	$12.96	$11.73	$12.15	$11.02
Income from investment operations:						
Net investment income	0.04	0.19	0.20	0.22	0.20	0.24
Net realized and unrealized gain (loss)	0.18	1.25	2.09	1.26	(0.32)	1.18
Total from investment operations	0.22	1.44	2.29	1.48	(0.12)	1.42
Less distributions to shareholders:						
Net investment income	—	(0.36)	(0.31)	(0.25)	(0.30)	(0.29)
Net realized gains	—	(0.35)	—	—	—	—
Total distributions to shareholders	—	(0.71)	(0.31)	(0.25)	(0.30)	(0.29)
Net asset value, end of period	$15.89	$15.67	$14.94	$12.96	$11.73	$12.15
Total return	1.40%	9.80%	17.88%	12.76%	(1.09%)	13.26%
Ratios to average net assets[(a)]						
Total gross expenses	0.48%[(b)]	0.45%	0.44%	0.49%	0.68%	1.22%
Total net expenses[(c)]	0.46%[(b)]	0.40%	0.40%	0.41%	0.38%	0.85%[(d)]
Net investment income	0.53%[(b)]	1.26%	1.42%	1.72%	1.66%	2.10%
Supplemental data						
Net assets, end of period (in thousands)	$15,039	$16,557	$17,832	$17,976	$20,036	$25,624
Portfolio turnover	10%	41%	15%	51%	89%	234%[(e)]

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(d) The benefits derived from expense reductions had an impact of less than 0.01%.

(e) Effective October 22, 2010, the Fund transitioned to a fund-of-funds structure. If the Fund had not transitioned, portfolio turnover would have been lower.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Asset Allocation Fund (the Fund), a series of Columbia Funds Variable Insurance Trust (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

The Fund is a "fund-of-funds", investing significantly in funds managed by Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), or its affiliates (Underlying Funds).

For information on the Underlying Funds, please refer to the Fund's current prospectus and the prospectuses of the Underlying Funds.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1 and Class 2 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

Investments in the Underlying Funds are valued at the net asset value of the applicable class of the Underlying Fund determined as of the close of the New York Stock Exchange on the valuation date.

All equity securities and exchange-traded funds (ETFs) are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities and ETFs are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Futures and options on futures contracts are valued based upon the settlement price at the close of regular trading on their principal exchanges or, in the absence of transactions, at the mean of the latest quoted bid and ask prices.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board of Trustees (the Board). If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

information is disclosed following the Fund's Portfolio of Investments.

Foreign Currency Transactions and Translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of the NYSE. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Derivative Instruments

The Fund invests in certain derivative instruments, as detailed below, to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more securities, currencies, commodities, indices, or other assets or instruments. Derivatives may be used to increase investment flexibility (including to maintain cash reserves while maintaining desired exposures), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligation under the terms of the contract, the potential for an illiquid secondary market (making it difficult for the Fund to sell, including at favorable prices) and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities. The notional amounts of derivative instruments, if applicable, are not recorded in the financial statements.

A derivative instrument may suffer a marked-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract. The Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund and the amount of any variation margin held by the counterparty. With exchange-traded or centrally cleared derivatives, there is reduced counterparty credit risk to the Fund since the exchange's clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the counterparty credit risk is failure of the clearinghouse. However, credit risk still exists in exchange-traded or centrally cleared derivatives with respect to initial and variation margin that is held in a broker's customer account. While brokers are required to segregate customer margin from their own assets, in the event that a broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker for all its clients, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's customers (including the Fund), potentially resulting in losses to the Fund.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is an agreement between the Fund and a counterparty that governs over-the-counter derivatives and forward foreign currency exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative instrument's payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting) including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

Collateral (margin) requirements differ by type of derivative. Margin requirements are established by the

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

exchange or clearinghouse for exchange-traded and centrally cleared derivatives. Brokers can ask for margin in excess of the minimum in certain circumstances. Collateral terms are contract specific for over-the-counter derivatives. For over-the-counter derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the marked-to-market amount for each transaction under such agreement and comparing that amount to the value of any variation margin currently pledged by the Fund and/or the counterparty. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold (e.g., $500,000) before a transfer has to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to over-the-counter derivatives transactions to terminate derivatives contracts prior to maturity in the event the Fund's net assets decline by a stated percentage over a specified time period or if the Fund fails to meet certain terms of the ISDA Master Agreement, which would cause the Fund to accelerate payment of any net liability owed to the counterparty. The Fund also has termination rights if the counterparty fails to meet certain terms of the ISDA Master Agreement. In addition to considering counterparty credit risk, the Fund would consider terminating the derivatives contracts based on whether termination would result in a net liability owed from the counterparty.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

Futures Contracts

Futures contracts are exchange traded and represent commitments for the future purchase or sale of an asset at a specified price on a specified date. The Fund bought and sold futures contracts to manage exposure to the securities market and maintain appropriate equity market exposure while keeping sufficient cash to accommodate daily redemptions. These instruments may be used for other purposes in future periods. Upon entering into futures contracts, the Fund bears risks that it may not achieve the anticipated benefits of the futures contracts and may realize a loss. Additional risks include counterparty credit risk, the possibility of an illiquid market, and that a change in the value of the contract or option may not correlate with changes in the value of the underlying asset.

Upon entering into a futures contract, the Fund pledges cash or securities with the broker in an amount sufficient to meet the initial margin requirement. The initial margin deposit must be maintained at an established level over the life of the contract. Cash deposited as initial margin is recorded in the Statement of Assets and Liabilities as margin deposits. Securities deposited as initial margin are designated in the Portfolio of Investments. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily change in the contract value and are recorded as variation margin receivable or payable and are offset in unrealized gains or losses. The Fund recognizes a realized gain or loss when the contract is closed or expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities.

Effects of Derivative Transactions in the Financial Statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund, including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; and the impact of derivative transactions over the period in the Statement of Operations, including realized and unrealized gains (losses). The derivative instrument schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

The following table provides a summary of the fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) at June 30, 2015:

Liability Derivatives		
Risk Exposure Category	**Statement of Assets and Liabilities Location**	**Fair Value ($)**
Equity risk	Net assets — unrealized depreciation on futures contracts	28,709*

*Includes cumulative appreciation (depreciation) as reported in the tables following the Portfolio of Investments. Only the current day's variation margin is reported in receivables or payables in the Statement of Assets and Liabilities.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

The following table indicates the effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in the Statement of Operations for the six months ended June 30, 2015:

Amount of Realized Gain (Loss) on Derivatives Recognized in Income	
Risk Exposure Category	**Futures Contracts ($)**
Equity risk	90,229

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income	
Risk Exposure Category	**Futures Contracts ($)**
Equity risk	(137,298)

The following table provides a summary of the average outstanding volume by derivative instrument for the six months ended June 30, 2015:

Derivative Instrument	Average notional amounts ($)*
Futures contracts — Long	2,377,808

*Based on the ending quarterly outstanding amounts for the six months ended June 30, 2015.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Income and capital gain distributions from the Underlying Funds, if any, are recorded on the ex-dividend date.

Corporate actions and dividend income are recorded on the ex-dividend date.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund's sole shareholders are Qualified Investors, the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

Distributions to Subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gains distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees and Underlying Fund Fees

Under an Investment Management Services Agreement, the Investment Manager determines which securities will be purchased, held or sold. The investment management fee for the Funds is an annual fee that is a blend of (i) 0.55% on assets invested in securities (other than third-party advised mutual funds and Columbia Funds that pay an investment management fee, including other Columbia Funds that do not pay an investment management fee, ETFs, derivatives and individual securities and (ii) 0.10% on assets invested in non-exchange traded, third party advised mutual funds. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.042% of the Fund's average daily net assets.

In addition to the fees and expenses which the Funds bear directly, the Funds indirectly bear a pro rata share of the fees and expenses of the Underlying Funds in which the Funds invest. Because the Underlying Funds have varied expense and fee levels and the Funds may own different proportions of Underlying Funds at different times, the amount of fees and expenses incurred indirectly by the Funds will vary. These expenses are not reflected in the expenses shown in Statement of Operations and are not included in the ratios to average net assets shown in the Financial Highlights.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to 0.02% of the Fund's average daily net assets.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. The Trust's independent Trustees may participate in a Deferred Compensation Plan (the Plan) which may be terminated at any time. Obligations of the Plan will be paid solely out of the Fund's assets.

Compensation of Chief Compliance Officer

The Board has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations. The Fund is allocated a portion of the expenses associated with the Chief Compliance Officer based on relative net assets of the Trust.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

services. The Board has approved, and the Fund has adopted, a distribution plan (the Plan) which sets the distribution fees for the Fund. These fees are calculated daily and are intended to compensate the Distributor for selling shares of the Fund. The Plan requires the payment of a monthly distribution fee to the Distributor at the maximum annual rate of 0.25% of the average daily net assets attributable to Class 2 shares of the Fund. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Effective May 1, 2015 Through June 30, 2015	Voluntary Expense Cap Prior to May 1, 2015
Class 1	0.22%	0.21%	0.15%
Class 2	0.47	0.46	0.40

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At June 30, 2015, the cost of investments for federal income tax purposes was approximately $74,801,000 and the aggregate gross approximate unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	$11,403,000
Unrealized depreciation	(112,000)
Net unrealized appreciation/depreciation	$11,291,000

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $8,509,636 and $14,381,854, respectively, for the six months ended June 30, 2015. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 6. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

Note 7. Shareholder Concentration

At June 30, 2015, two unaffiliated shareholders of record owned 82.0% of the outstanding shares of the Fund in one or more accounts. The Fund has no knowledge about whether any portion of those shares was owned beneficially. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Note 8. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 9. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 10. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

On June 10, 2015, the Board of Trustees (the Board) and the Trustees who are not interested persons (as defined in the Investment Company Act of 1940) (the Independent Trustees) of Columbia Funds Variable Insurance Trust (the Trust) unanimously approved the continuation of the Investment Management Services Agreement (the Advisory Agreement) with Columbia Management Investment Advisers, LLC (the Investment Manager) with respect to Columbia Variable Portfolio — Asset Allocation Fund (the Fund), a series of the Trust. The Board and the Independent Trustees also unanimously approved an agreement (the Management Agreement and, together with the Advisory Agreement, the Agreements) combining the Advisory Agreement and the Fund's existing administrative services agreement (the Administrative Services Agreement) in a single agreement. The Board and the Independent Trustees approved the restatement of the Advisory Agreement with the Management Agreement to be effective for the Fund on May 1, 2016, the Fund's next annual prospectus update. As detailed below, the Board's Advisory Fees and Expenses Committee (the Committee) and the Board met on multiple occasions to review and discuss, both among themselves and with the management team of the Investment Manager, materials provided by the Investment Manager and others before determining to approve the Management Agreement and the continuation of the Advisory Agreement.

In connection with their deliberations regarding the approval of the Management Agreement and the continuation of the Advisory Agreement, the Committee and the Board evaluated materials requested from the Investment Manager regarding the Fund and the Agreements, and discussed these materials with representatives of the Investment Manager at Committee meetings held on March 3, 2015, April 29, 2015 and June 9, 2015 and at Board meetings held on March 4, 2015 and June 10, 2015. In addition, the Board considers matters bearing on the Agreements at most of its other meetings throughout the year and meets regularly with senior management of the Trust and the Investment Manager. Through the Board's Investment Oversight Committees, Trustees also meet with selected portfolio managers of the funds the Trustees oversee and other investment personnel at various times throughout the year. The Committee and the Board also consulted with its independent fee consultant, Fund counsel and with the Independent Trustees' independent legal counsel, who advised on various matters with respect to the Committee's and the Board's considerations and otherwise assisted the Committee and the Board in their deliberations. On June 9, 2015, the Committee recommended that the Board approve the Management Agreement and the continuation of the Advisory Agreement. On June 10, 2015, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement for the Fund.

The Committee and the Board considered all information that they, their legal counsel or the Investment Manager believed reasonably necessary to evaluate and to determine whether to approve the Management Agreement and the continuation of the Advisory Agreement. The information and factors considered by the Committee and the Board in recommending for approval or approving the Management Agreement and the continuation of the Advisory Agreement for the Fund included the following:

- Information on the investment performance of the Fund relative to the performance of a group of mutual funds determined to be comparable to the Fund by an independent third-party data provider, as well as performance relative to benchmarks;
- Information on the Fund's advisory fees and total expenses, including information comparing the Fund's expenses to those of a group of comparable mutual funds, as determined by the independent third-party data provider;
- The Investment Manager's agreement to contractually limit or cap total operating expenses for the Fund so that total operating expenses (excluding certain fees and expenses, such as portfolio transaction costs and certain other investment related expenses, interest, taxes, acquired fund fees and expenses, and extraordinary expenses) would not exceed a specified percentage of the Fund's average annual net assets through April 30, 2016;
- The terms and conditions of the Agreements;

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

- The current and proposed terms and conditions of other agreements and arrangements with affiliates of the Investment Manager relating to the operations of the Fund, including the Administrative Services Agreement[1] and agreements with respect to the provision of distribution and transfer agency services to the Fund;
- Descriptions of various functions performed by the Investment Manager under the Agreements, including portfolio management and portfolio trading practices;
- Information regarding the management fees and investment performance of similarly-managed portfolios of other clients of the Investment Manager, including institutional separate accounts;
- Information regarding the reputation, regulatory history and resources of the Investment Manager, including information regarding senior management, portfolio managers and other personnel;
- Information regarding the capabilities of the Investment Manager with respect to compliance monitoring services, including an assessment of the Investment Manager's compliance system by the Fund's Chief Compliance Officer; and
- The profitability to the Investment Manager and its affiliates from their relationships with the Fund.

Nature, Extent and Quality of Services Provided under the Agreements

The Committee and the Board considered the nature, extent and quality of services provided to the Fund by the Investment Manager and its affiliates under the Agreements and under separate agreements for the provision of transfer agency and administrative services, and the resources dedicated to the Fund and the other Columbia Funds by the Investment Manager and its affiliates. The Committee and the Board also determined that the nature and level of the services to be provided under the Management Agreement would not decrease relative to the services provided under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered, among other things, the Investment Manager's ability to attract, motivate and retain highly qualified research, advisory and supervisory investment professionals (including personnel and other resources, compensation programs for personnel involved in fund management, reputation and other attributes), the portfolio management services provided by those investment professionals, and the quality of the Investment Manager's investment research capabilities and trade execution services. The Committee and the Board also considered the potential benefits to shareholders of investing in a mutual fund that is part of a fund complex offering exposure to a variety of asset classes and investment disciplines and providing a variety of fund and shareholder services.

The Committee and the Board also considered the professional experience and qualifications of the senior personnel of the Investment Manager, which included consideration of the Investment Manager's experience with similarly-structured funds. The Committee and the Board noted the compliance programs of and the compliance-related resources provided to the Fund by the Investment Manager and its affiliates, and considered the Investment Manager's ability to provide administrative services to the Fund and coordinate the activities of the Fund's other service providers. In evaluating the nature, extent and quality of services provided under the Agreements, the Committee and the Board considered that these services were provided to the Fund, rather than directly to Fund shareholders. The Committee and the Board accordingly affirmed, after considering various other matters, including the potential benefits to the Fund and its shareholders of the Independent Trustees' important role as pre-suit gatekeepers with respect to claims that they may determine are meritless or contrary to the Fund's best interests, that it was not the intention of the Board or the Investment Manager that there be any third-party beneficiaries of the Agreements. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the nature, extent and quality of the services provided to the Fund under the Agreements supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

[1] Like the Advisory Agreement, the Administrative Services Agreement will terminate with respect to the Fund once the Management Agreement is effective for the Fund.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

Investment Performance

The Committee and the Board reviewed information about the performance of the Fund over various time periods, including performance information relative to benchmarks and information based on reports of the independent third-party data provider that compared the performance of the Fund to the performance of a group of comparable mutual funds, and data provided by the independent fee consultant. The Committee and the Board also reviewed a description of the third party's methodology for identifying the Fund's peer groups for purposes of performance and expense comparisons.

The Committee and the Board noted that, through December 31, 2014, the Fund's performance was in the seventh, tenth and fifteenth percentile (where the best performance would be in the first percentile) of its category selected by the independent third-party data provider for the purposes of performance comparisons for the one-, three- and five-year periods, respectively.

The Committee and the Board also considered the Investment Manager's performance and reputation generally, the Investment Manager's historical responsiveness to Board concerns about performance, and the Investment Manager's willingness to take steps intended to improve performance. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the performance of the Fund was sufficient, in light of other considerations, to warrant the continuation of the Advisory Agreement and the approval of the Management Agreement.

Investment Advisory Fee Rates and Other Expenses

The Committee and the Board considered the advisory fees charged to the Fund under the Advisory Agreement as well as the total expenses incurred by the Fund. In assessing the reasonableness of the fees under the Advisory Agreement, the Committee and the Board considered, among other information, the Fund's advisory fee and its total expense ratio as a percentage of average daily net assets. The Committee and the Board also considered that the proposed management fee would not exceed the sum of the fee rates payable under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered data provided by the independent fee consultant. The Committee and the Board noted that, as of December 31, 2014, the Fund's actual management fee and net expense ratio are ranked in the first and second quintiles, respectively, (where the lowest fees and expenses would be in the first quintile) against the Fund's expense universe as determined by the independent third-party data provider for purposes of expense comparison. The Committee and the Board also took into account the fee waiver and expense limitation arrangements agreed to by the Investment Manager, as noted above.

The Committee and the Board also received and considered information about the advisory fees charged by the Investment Manager to institutional separate accounts. In considering the fees charged to those accounts, the Committee and the Board took into account, among other things, the Investment Manager's representations about the differences between managing mutual funds as compared to other types of accounts, including differences in the services provided, differences in the risk profile of such business for the Investment Manager and the additional resources required to manage mutual funds effectively. The Committee and the Board also received and considered information about the fees charged by the Investment Manager for sub-advisory services provided to comparable unaffiliated funds. In evaluating the Fund's advisory fees, the Committee and the Board also took into account the demands, complexity and quality of the investment management of the Fund.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the advisory/management fee rates and expenses of the Fund were sufficient, in light of other considerations, to warrant the approval of the Management Agreement and continuation of the Advisory Agreement.

Costs of Services Provided and Profitability

The Committee and the Board also took note of the costs the Investment Manager and its affiliates incur in connection with the services provided (both on an absolute and relative basis) and the profitability to the Investment Manager and its affiliates in connection with their relationships with the Fund.

The Committee and the Board also considered the compensation directly or indirectly received by the Investment Manager's affiliates in connection with their relationships with the Fund. The Committee and the Board reviewed

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

information provided by management as to the profitability to the Investment Manager and its affiliates of their relationships with the Fund, information about the allocation of expenses used to calculate profitability, and comparisons of profitability levels realized in 2014 to profitability levels realized in 2013. When reviewing profitability, the Committee and the Board also considered court cases in which adviser profitability was an issue in whole or in part, the performance of similarly managed funds, the performance of the Fund, and the expense ratio of the Fund. The Committee and the Board also considered information provided by the Investment Manager regarding the Investment Manager's financial condition and comparing its profitability to that of other asset management firms that are, or are subsidiaries of, publicly traded companies.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the costs of services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Economies of Scale

The Committee and the Board considered the potential existence of economies of scale in the provision by the Investment Manager of services to the Fund, to groups of related funds, and to the Investment Manager's investment advisory clients as a whole, and whether those economies of scale were shared with the Fund through breakpoints in investment advisory fees or other means, such as expense limitation arrangements and additional investments by the Investment Manager in investment, trading and compliance resources. The Committee and the Board noted that the investment advisory and management fee schedules for the Fund contained breakpoints that would reduce the fee rate on assets above specified threshold levels.

In considering these matters, the Committee and the Board also considered the costs of the services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund, as discussed above. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the extent to which any economies of scale were expected to be shared with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Other Benefits to the Investment Manager

The Committee and the Board received and considered information regarding "fall-out" or ancillary benefits received by the Investment Manager and its affiliates as a result of their relationships with the Fund, such as the engagement of the Investment Manager to provide administrative services to the Fund and the engagement of the Investment Manager's affiliates to provide distribution and transfer agency services to the Fund. In this regard, among other matters, the Committee and the Board considered that the Fund's distributor retains a portion of the distribution fees from the Fund. The Committee and the Board also considered the benefits of research made available to the Investment Manager by reason of brokerage commissions generated by the Fund's securities transactions, and reviewed information about the Investment Manager's practices with respect to allocating portfolio transactions for brokerage and research services. The Committee and the Board considered the possible conflicts of interest associated with certain fall-out or other ancillary benefits and the reporting, disclosure and other processes that are in place to address such possible conflicts of interest. The Committee and the Board recognized that the Investment Manager's profitability would be somewhat lower without these benefits.

Conclusion

The Committee and the Board reviewed all of the above considerations in reaching their decisions to recommend or approve the Management Agreement and the continuation of the Advisory Agreement. In their deliberations, the Trustees did not identify any particular information that was all-important or controlling, and individual Trustees may have attributed different weights to the various factors. Based on their evaluation of all factors that they deemed to be material, including those factors described above, and assisted by the advice of independent legal counsel, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement.

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IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio — Asset Allocation Fund
P.O. Box 8081
Boston, MA 02266-8081

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For Fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO – CASH MANAGEMENT FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

TABLE OF CONTENTS

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW
(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Cash Management Fund (the Fund) Class 3 shares returned 0.00% for the six-month period that ended June 30, 2015.
- The Fund's annualized simple yield and annualized compound yield were both 0.01% for the seven-day period ended June 30, 2015. Generally, seven-day current yields more closely reflect the current earnings of the Fund than the total return. However, in this extremely low rate environment, that has not been the case. Current short-term yields may be higher or lower than the figures shown.
- The Fund is intended to serve as a conservative, shorter term investment choice for individuals seeking current income.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1*	05/03/10	0.01	0.01	0.01	1.31
Class 2*	05/03/10	0.01	0.01	0.01	1.31
Class 3	10/13/81	0.00	0.01	0.01	1.32

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

* The returns shown for periods prior to the share class inception date (including returns for the Life of the Fund, if shown, which are since Fund inception) include the returns of the Fund's oldest share class. These returns are adjusted to reflect any higher class-related operating expenses of the newer share classes, as applicable. Please visit columbiathreadneedle.com/us/investment-products/variable-products/appended-performance for more information.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to maintain the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund.

PORTFOLIO OVERVIEW
(Unaudited)

Portfolio Breakdown (%) (at June 30, 2015)	
Asset-Backed Commercial Paper	15.1
Asset-Backed Securities — Non-Agency	2.2
Certificates of Deposit	8.0
Commercial Paper	30.6
Repurchase Agreements	6.5
U.S. Government & Agency Obligations	32.1
U.S. Treasury Obligations	5.5
Total	**100.0**

Percentages indicated are based upon total investments. The Fund’s portfolio composition is subject to change.

Portfolio Management

Leonard Aplet, CFA

John McColley

UNDERSTANDING YOUR FUND'S EXPENSES
(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,000.10	1,024.25	0.55	0.55	0.11
Class 2	1,000.00	1,000.00	1,000.10	1,024.25	0.55	0.55	0.11
Class 3	1,000.00	1,000.00	1,000.00	1,024.25	0.55	0.55	0.11

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

From time to time, the Investment Manager and its affiliates may limit the expenses of the Fund for the purpose of increasing the yield. This expense limitation policy may be revised or terminated at any time without notice. Had the Investment Manager and its affiliates not limited the expenses of the Fund during the six months ended June 30, 2015, the annualized expense ratios would have been 0.45% for Class 1, 0.70% for Class 2 and 0.58% for Class 3. The actual expenses paid would have been $2.23 for Class 1, $3.47 for Class 2 and $2.88 for Class 3; the hypothetical expenses paid would have been $2.26 for Class 1, $3.51 for Class 2 and $2.91 for Class 3.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Asset-Backed Commercial Paper 15.1%

Issuer	Effective Yield	Principal Amount ($)	Value ($)
Chariot Funding LLC[a]			
08/13/15	0.170%	7,000,000	6,998,579
Jupiter Securitization Co. LLC[a]			
07/06/15	0.080%	4,000,000	3,999,944
07/07/15	0.120%	4,000,000	3,999,907
10/09/15	0.220%	5,000,000	4,996,945
MetLife Short Term Funding LLC[a]			
07/01/15	0.152%	5,000,000	5,000,000
09/01/15	0.160%	11,000,000	10,996,969
Old Line Funding LLC[a]			
08/18/15	0.180%	6,000,000	5,998,560
08/20/15	0.180%	10,000,000	9,997,500
Regency Markets No. 1 LLC[a]			
07/10/15	0.130%	11,000,000	10,999,615
07/20/15	0.160%	4,000,000	3,999,641
Thunder Bay Funding LLC[a]			
07/21/15	0.190%	5,000,000	4,999,444
07/30/15	0.170%	8,000,000	7,998,904
Total Asset-Backed Commercial Paper (Cost: $79,986,008)			**79,986,008**

Commercial Paper 30.6%

Issuer	Effective Yield	Principal Amount ($)	Value ($)
BANKING 10.6%			
BNP Paribas Finance, Inc.			
07/01/15	0.030%	15,300,000	15,300,000
HSBC USA, Inc.			
09/21/15	0.240%	8,000,000	7,995,627
State Street Corp.			
07/10/15	0.180%	5,000,000	4,999,750
09/16/15	0.200%	10,000,000	9,995,722
Toronto Dominion Holdings USA, Inc.[a]			
08/07/15	0.180%	13,000,000	12,997,595
Westpac Banking Corp.[a]			
09/08/15	0.200%	5,000,000	4,998,083
Total			56,286,777
INTEGRATED ENERGY 7.2%			
Chevron Corp.[a]			
09/01/15	0.100%	9,000,000	8,998,450
09/18/15	0.100%	5,000,000	4,998,903
Exxon Mobil Corp.			
09/01/15	0.100%	6,000,000	5,998,966
09/22/15	0.120%	9,000,000	8,997,510
Shell International Finance BV[a]			
07/13/15	0.120%	9,000,000	8,999,610
Total			37,993,439
LIFE INSURANCE 2.4%			
New York Life Capital Corp.[a]			
08/05/15	0.120%	3,000,000	2,999,650
09/10/15	0.120%	10,000,000	9,997,633
Total			12,997,283

Commercial Paper *(continued)*

Issuer	Effective Yield	Principal Amount ($)	Value ($)
PHARMACEUTICALS 7.0%			
Johnson & Johnson[a]			
07/01/15	0.081%	11,000,000	11,000,000
08/03/15	0.050%	4,000,000	3,999,817
Novartis Finance Corp.[a]			
07/06/15	0.070%	9,000,000	8,999,900
07/10/15	0.070%	6,000,000	5,999,880
Roche Holdings, Inc.[a]			
09/01/15	0.090%	7,000,000	6,998,915
Total			36,998,512
RETAILERS 3.0%			
Wal-Mart Stores, Inc.[a]			
07/13/15	0.070%	5,000,000	4,999,883
07/29/15	0.100%	11,000,000	10,999,145
Total			15,999,028
TECHNOLOGY 0.4%			
International Business Machines Co.[a]			
07/29/15	0.090%	2,000,000	1,999,860
Total Commercial Paper (Cost: $162,274,899)			**162,274,899**

Certificates of Deposit 8.0%

Issuer	Effective Yield	Principal Amount ($)	Value ($)
Australia & New Zealand Banking Group Ltd.			
07/06/15	0.140%	16,000,000	16,000,000
Bank of Montreal Chicago Branch			
09/11/15	0.190%	7,000,000	7,000,000
Canadian Imperial Bank of Commerce			
07/01/15	0.120%	16,000,000	16,000,000
HSBC Bank USA NA			
07/06/15	0.265%	3,500,000	3,500,032
Total Certificates of Deposit (Cost: $42,500,032)			**42,500,032**

U.S. Government & Agency Obligations 32.2%

Issuer	Effective Yield	Principal Amount ($)	Value ($)
Federal Home Loan Banks Discount Notes			
07/01/15	0.076%	8,000,000	8,000,000
07/06/15	0.070%	1,000,000	999,989
07/08/15	0.060%	15,000,000	14,999,792
07/09/15	0.070%	2,000,000	1,999,965
07/10/15	0.070%	6,101,000	6,100,886
07/15/15	0.070%	14,000,000	13,999,595
07/17/15	0.080%	11,000,000	10,999,602
07/22/15	0.070%	10,400,000	10,399,532
07/24/15	0.070%	5,000,000	4,999,760
07/29/15	0.070%	9,000,000	8,999,475
08/05/15	0.070%	24,000,000	23,998,240
08/12/15	0.090%	4,900,000	4,899,486
08/17/15	0.060%	12,000,000	11,999,060
08/26/15	0.060%	8,000,000	7,999,191
09/17/15	0.070%	7,000,000	6,998,938
09/18/15	0.080%	16,000,000	15,997,136
09/23/15	0.090%	8,000,000	7,998,413
09/25/15	0.080%	2,000,000	1,999,632

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

U.S. Government & Agency Obligations *(continued)*

Issuer	Effective Yield	Principal Amount ($)	Value ($)
Federal Home Loan Mortgage Corp. Discount Notes			
08/06/15	0.100%	3,000,000	2,999,700
Federal National Mortgage Association Discount Notes			
07/01/15	0.050%	4,000,000	4,000,000
Total U.S. Government & Agency Obligations (Cost: $170,388,392)			**170,388,392**

Repurchase Agreements 6.5%

Issuer	Effective Yield	Principal Amount ($)	Value ($)
Tri-Party Barclays Bank PLC dated 06/30/15, matures 07/01/15 repurchase price $10,200,028 (collateralized by U.S. Treasury Securities, total market value $10,200,000)	0.100%	10,200,000	10,200,000
Tri-Party RBC Capital Markets LLC dated 06/30/15, matures 07/01/15 repurchase price $12,000,020 (collateralized by U.S. Treasury Securities, total market value $12,240,001)	0.060%	12,000,000	12,000,000
Tri-Party TD Securities (USA) LLC dated 06/30/15, matures 07/01/15 repurchase price $12,000,027 (collateralized by U.S. Government Agencies and U.S. Treasury Securities, total market value $12,240,046)	0.080%	12,000,000	12,000,000
Total Repurchase Agreements (Cost: $34,200,000)			**34,200,000**

Asset-Backed Securities — Non-Agency 2.2%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
ABS OTHER 0.8%			
CIT Equipment Collateral Series 2014-VT1 Class A1[(b)]			
12/21/15	0.300%	687,116	687,116
CNH Equipment Trust Series 2014-C Class A1			
11/16/15	0.200%	166,662	166,662
Dell Equipment Finance Trust Series 2015-1 Class A1[(b)]			
04/22/16	0.420%	1,477,429	1,477,429
GE Equipment Transportation LLC Series 2015-1 Class A1			
03/23/16	0.250%	1,002,163	1,002,163

Asset-Backed Securities — Non-Agency *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
GreatAmerica Leasing Receivables Series 2015-1 Class A1[(b)]			
03/21/16	0.400%	914,804	914,804
Total			4,248,174
CAR LOAN 1.4%			
ARI Fleet Lease Trust Series 2015-A Class A1[(b)]			
04/15/16	0.400%	1,008,790	1,008,790
Ally Auto Receivables Trust Series 2014-3 Class A1			
12/15/15	0.270%	513,926	513,926
Enterprise Fleet Financing LLC Series 2015-1 Class A1[(b)]			
03/20/16	0.360%	1,378,122	1,378,122
Hyundai Auto Lease Securitization Trust Series 2015-A Class A1[(b)]			
03/15/16	0.280%	1,307,492	1,307,492
Mercedes-Benz Auto Lease Trust Series 2015-A Class A1			
01/15/16	0.240%	689,552	689,552
Nissan Auto Receivables Owner Trust Series 2014-B Class A1			
12/15/15	0.230%	537,181	537,181
Series 2015-A Class A1			
04/15/16	0.350%	1,434,946	1,434,946
SMART ABS Trust Series 2015-1US Class A1			
03/14/16	0.400%	696,492	696,492
Total			7,566,501
Total Asset-Backed Securities — Non-Agency (Cost: $11,814,675)			**11,814,675**

U.S. Treasury Obligations 5.5%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
U.S. Treasury[(c)]			
01/31/16	0.060%	23,000,000	22,997,981
04/30/16	0.084%	6,000,000	6,000,051
Total U.S. Treasury Obligations (Cost: $28,998,032)			**28,998,032**
Total Investments (Cost: $530,162,038)			**530,162,038**
Other Assets & Liabilities, Net			**(419,949)**
Net Assets			**529,742,089**

Notes to Portfolio of Investments

(a) Represents a security sold within terms of a private placement memorandum, exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "accredited investors." This security may be determined to be liquid under guidelines established by the Fund's Board of Trustees. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2015, the value of these securities amounted to $188,973,332 or 35.67% of net assets.

(b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2015, the value of these securities amounted to $6,773,753 or 1.28% of net assets.

(c) Variable rate security.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.
- Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Short-term securities are valued using amortized cost, as permitted under Rule 2a-7 of the Investment Company Act of 1940, as amended. Generally, amortized cost approximates the current fair value of these securities, but because the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	**Level 2 Other Significant Observable Inputs ($)**	**Level 3 Significant Unobservable Inputs ($)**	**Total ($)**
Investments				
Asset-Backed Commercial Paper	—	79,986,008	—	79,986,008
Commercial Paper	—	162,274,899	—	162,274,899
Certificates of Deposit	—	42,500,032	—	42,500,032
U.S. Government & Agency Obligations	—	170,388,392	—	170,388,392
Repurchase Agreements	—	34,200,000	—	34,200,000
Asset-Backed Securities — Non-Agency	—	11,814,675	—	11,814,675
U.S. Treasury Obligations	—	28,998,032	—	28,998,032
Total Investments	—	530,162,038	—	530,162,038

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category represent certain short-term obligations which are valued using amortized cost, an income approach which converts future cash flows to a present value based upon the discount or premium at purchase.

There were no transfers of financial assets between levels during the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $495,962,038)	$495,962,038
Repurchase agreements (identified cost $34,200,000)	34,200,000
Total investments (identified cost $530,162,038)	530,162,038
Cash	14,614
Receivable for:	
Capital shares sold	180,729
Interest	13,121
Expense reimbursement due from Investment Manager	213,179
Trustees' deferred compensation plan	38,403
Total assets	530,622,084
Liabilities	
Payable for:	
Capital shares purchased	472,693
Dividend distributions to shareholders	145
Investment management fees	153,461
Distribution and/or service fees	34,591
Transfer agent fees	27,901
Administration fees	27,768
Compensation of board members	59,627
Printing and postage fees	45,688
Other expenses	19,718
Trustees' deferred compensation plan	38,403
Total liabilities	879,995
Net assets applicable to outstanding capital stock	**$529,742,089**
Represented by	
Paid-in capital	$532,352,209
Excess of distributions over net investment income	(78,545)
Accumulated net realized loss	(2,531,575)
Total — representing net assets applicable to outstanding capital stock	**$529,742,089**
Class 1	
Net assets	$237,149,773
Shares outstanding	237,125,330
Net asset value per share	$1.00
Class 2	
Net assets	$21,327,173
Shares outstanding	21,328,245
Net asset value per share	$1.00
Class 3	
Net assets	$271,265,143
Shares outstanding	271,233,238
Net asset value per share	$1.00

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Interest	$278,895
Total income	278,895
Expenses:	
Investment management fees	781,492
Distribution and/or service fees	
Class 2	26,901
Class 3	177,382
Transfer agent fees	
Class 1	50,490
Class 2	6,456
Class 3	85,140
Administration fees	141,883
Compensation of board members	9,321
Custodian fees	8,201
Printing and postage fees	66,117
Professional fees	15,406
Other	5,705
Total expenses	1,374,494
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(1,119,281)
Total net expenses	255,213
Net investment income	23,682
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	121
Net realized gain	121
Net realized and unrealized gain	121
Net increase in net assets resulting from operations	**$23,803**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$23,682	$54,763
Net realized gain	121	110
Net increase in net assets resulting from operations	23,803	54,873
Distributions to shareholders		
Net investment income		
Class 1	(8,439)	(18,662)
Class 2	(1,076)	(2,233)
Class 3	(14,181)	(33,908)
Total distributions to shareholders	(23,696)	(54,803)
Increase (decrease) in net assets from capital stock activity	54,878,536	(228,141,111)
Total increase (decrease) in net assets	54,878,643	(228,141,041)
Net assets at beginning of period	474,863,446	703,004,487
Net assets at end of period	**$529,742,089**	**$474,863,446**
Excess of distributions over net investment income	$(78,545)	$(78,531)

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	114,663,069	114,663,069	22,405,420	22,405,420
Distributions reinvested	8,415	8,415	18,705	18,705
Redemptions	(23,664,407)	(23,664,407)	(179,352,920)	(179,352,920)
Net increase (decrease)	91,007,077	91,007,077	(156,928,795)	(156,928,795)
Class 2 shares				
Subscriptions	11,393,377	11,393,377	24,454,326	24,454,326
Distributions reinvested	1,076	1,076	2,233	2,233
Redemptions	(12,910,302)	(12,910,302)	(22,569,947)	(22,569,946)
Net increase (decrease)	(1,515,849)	(1,515,849)	1,886,612	1,886,613
Class 3 shares				
Subscriptions	10,622,977	10,622,977	32,792,987	32,792,987
Distributions reinvested	14,190	14,190	33,928	33,928
Redemptions	(45,249,859)	(45,249,859)	(105,925,844)	(105,925,844)
Net decrease	(34,612,692)	(34,612,692)	(73,098,929)	(73,098,929)
Total net increase (decrease)	**54,878,536**	**54,878,536**	**(228,141,112)**	**(228,141,111)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect fees and expenses imposed to the variable accounts or contracts, as applicable; such fees and expenses would reduce total returns for all periods shown. Total return is not annualized for periods of less than one year.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[a]
Per share data						
Net asset value, beginning of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations:						
Net investment income	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]
Net realized and unrealized gain	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]
Increase from payment by affiliate	—	—	—	—	—	0.00[b]
Total from investment operations	0.00[b]	0.00[b]	0.000[b]	0.00[b]	0.00[b]	0.00[b]
Less distributions to shareholders:						
Net investment income	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]
Total distributions to shareholders	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]
Net asset value, end of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Total return	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%[c]
Ratios to average net assets						
Total gross expenses	0.49%[d]	0.48%	0.48%	0.47%	0.47%	0.51%[d]
Total net expenses[e]	0.11%[d]	0.09%	0.10%	0.14%	0.15%	0.23%[d]
Net investment income	0.01%[d]	0.01%	0.01%	0.01%	0.01%	0.01%[d]
Supplemental data						
Net assets, end of period (in thousands)	$237,150	$146,143	$303,071	$324,195	$283,185	$212,830

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) Rounds to zero.

(c) The Fund received a payment from an affiliate. Had the Fund not received this payment, the total return would have been lower by 0.04%.

(d) Annualized.

(e) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[a]
Per share data						
Net asset value, beginning of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations:						
Net investment income	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]
Net realized and unrealized gain	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]
Increase from payment by affiliate	—	—	—	—	—	0.00[b]
Total from investment operations	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]	0.00[b]
Less distributions to shareholders:						
Net investment income	0.00[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]
Total distributions to shareholders	0.00[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]	(0.00)[b]
Net asset value, end of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Total return	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%
Ratios to average net assets						
Total gross expenses	0.74%[c]	0.73%	0.73%	0.72%	0.71%	0.76%[c]
Total net expenses[d]	0.11%[c]	0.09%	0.10%	0.14%	0.15%	0.23%[c]
Net investment income	0.01%[c]	0.01%	0.01%	0.01%	0.01%	0.00%[b][c]
Supplemental data						
Net assets, end of period (in thousands)	$21,327	$22,843	$20,957	$8,224	$9,774	$3,829

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) Rounds to zero.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 3	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations:						
Net investment income	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]
Net realized and unrealized gain	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]
Increase from payment by affiliate	—	—	—	—	—	0.00[(a)]
Total from investment operations	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]	0.00[(a)]
Less distributions to shareholders:						
Net investment income	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]
Total distributions to shareholders	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]	(0.00)[(a)]
Net asset value, end of period	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Total return	0.00%[(a)]	0.01%	0.01%	0.01%	0.01%	0.01%[(b)]
Ratios to average net assets						
Total gross expenses	0.62%[(c)]	0.60%	0.61%	0.60%	0.59%	0.62%
Total net expenses[(d)]	0.11%[(c)]	0.09%	0.11%	0.14%	0.16%	0.22%
Net investment income	0.01%[(c)]	0.01%	0.01%	0.01%	0.01%	0.01%
Supplemental data						
Net assets, end of period (in thousands)	$271,265	$305,878	$378,976	$449,880	$579,896	$621,642

Notes to Financial Highlights

(a) Rounds to zero.

(b) The Fund received a payment from an affiliate. Had the Fund not received this payment, the total return would have been lower by 0.28%.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Cash Management Fund (the Fund), a series of Columbia Funds Variable Series Trust II (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1, Class 2 and Class 3 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

Securities in the Fund are valued utilizing the amortized cost valuation method permitted in accordance with Rule 2a-7 under the 1940 Act provided certain conditions are met, including that the Board of Trustees (the Board) continues to believe that the amortized cost valuation method fairly reflects the market-based net asset value per share of the Fund. This method involves valuing a portfolio security initially at its cost and thereafter assuming a constant accretion or amortization to maturity of any discount or premium, respectively. The Board has established procedures intended to stabilize the Fund's net asset value for purposes of purchases and redemptions of Fund shares at $1.00 per share. These procedures include determinations, at such intervals as the Board deems appropriate and reasonable in light of current market conditions, of the extent, if any, to which the Fund's market-based net asset value deviates from $1.00 per share. In the event such deviation exceeds 1/2 of 1%, the Board will promptly consider what action, if any, should be initiated.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Repurchase Agreements

The Fund may invest in repurchase agreement transactions with institutions that management has determined are creditworthy. The Fund, through the custodian, receives delivery of the underlying securities collateralizing a repurchase agreement. Management is responsible for determining that the collateral is at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays in or restrictions on the Fund's ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

NOTES TO FINANCIAL STATEMENTS *(continued)*
June 30, 2015 (Unaudited)

Offsetting of Assets and Liabilities

The following table presents the Fund's gross and net amount of assets and liabilities available for offset under netting arrangements as well as any related collateral received or pledged by the Fund as of June 30, 2015:

	Barclays ($)	RBC Capital Markets ($)	TD Securities (USA) ($)	Total ($)
Assets				
Repurchase agreements	10,200,000	12,000,000	12,000,000	34,200,000
Total Financial and Derivative Net Assets	**10,200,000**	**12,000,000**	**12,000,000**	**34,200,000**
Total collateral received (pledged)[a]	10,200,000	12,000,000	12,000,000	34,200,000
Net Amount[b]	—	—	—	—

(a) In some instances, the actual collateral received and/or pledged may be more than the amount shown due to overcollateralization.

(b) Represents the net amount due from/(to) counterparties in the event of default.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Interest income, including amortization of premium and discount, is recognized daily.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund's sole shareholders are Qualified Investors, the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

Distributions to Subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared daily and distributed quarterly. Capital gains distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year to seek to maintain a net asset value of $1.00 per share, unless offset by any available capital loss carryforward. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Money Market Fund Reform

In July 2014, the Securities and Exchange Commission adopted amendments to the rules that govern money market funds. The new rule amendments address potential systemic risks associated with money market funds and improve transparency for money market fund investors. The Fund will be required to comply with provisions of the money market fund reform, the majority of which will become effective in 2016. As a result, the Fund may be required to take certain steps that will impact its structure and/or operations, which could impact the return potential of the Fund.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.33% to 0.15% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.33% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.06% to 0.03% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.06% of the Fund's average daily net assets.

Other Expenses

Other expenses are for, among other things, miscellaneous expenses of the Fund or the Board, including payments to Board Services Corp., a company providing limited administrative services to the Fund and the Board. That company's expenses include boardroom and office expense, employee compensation, employee health and retirement benefits, and certain other expenses. For the six months ended June 30, 2015, other expenses paid by the Fund to this company were $959.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. Under a Deferred Compensation Plan (the Plan), the Board members who are not "interested persons" of the Fund, as defined under the 1940 Act, may elect to defer payment of up to 100% of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of certain funds managed by the Investment Manager. The Fund's liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. Under a Plan and Agreement of Distribution, the Fund pays a fee at an annual rate of up to 0.25% of the Fund's average daily net assets attributable to Class 2 shares and an annual rate of up to 0.125% of the Fund's average daily net assets attributable to Class 3 shares. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Prior to July 1, 2015
Class 1	0.450%	0.450%
Class 2	0.700	0.700
Class 3	0.575	0.575

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

In addition, from time to time, the Investment Manager and its affiliates may waive or absorb expenses of the Fund for the purposes of allowing the Fund to avoid a negative net yield or to increase the Fund's positive net yield. The Fund's yield would be negative if Fund expenses exceed Fund income. Any such expense limitation is voluntary and may be revised or terminated at any time without notice.

Note 4. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At June 30, 2015, the cost of investments for federal income tax purposes was approximately $530,162,000.

The following capital loss carryforwards, determined as of December 31, 2014, may be available to reduce taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code:

Year of Expiration	Amount ($)
2016	210,492
2017	2,314,650
2018	6,554
Total	2,531,696

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Shareholder Concentration

At June 30, 2015, affiliated shareholders of record owned 92.7% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 6. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 7. Significant Risks

Credit Risk

Credit risk is the risk that the value of debt securities in the Fund's portfolio may decline because the issuer may

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

default and fail to pay interest or repay principal when due. Rating agencies assign credit ratings to debt securities to indicate their credit risk. Lower rated or unrated debt securities held by the Fund may present increased credit risk as compared to higher-rated debt securities.

Interest Rate Risk

Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt securities tend to fall, and if interest rates fall, the values of debt securities tend to rise. Actions by governments and central banking authorities can result in increases in interest rates. Increasing interest rates may negatively affect the value of debt securities held by the Fund, resulting in a negative impact on the Fund's performance and net asset value per share. In general, the longer the maturity or duration of a debt security, the greater its sensitivity to changes in interest rates.

Note 8. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 9. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Cash Management Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

The Fund’s Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considered the renewal of the IMS Agreement for a two-month period (Short-Term Period) in order to align the IMS Agreement with the review cycle of other funds in the Columbia family of funds. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March and April 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to each item of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel, and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its April 13-15, 2015 in-person Board meeting (the April Meeting), considered the renewal of the IMS Agreement for the Short-Term Period. At the April Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board’s consideration of advisory agreements and the Board’s legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its expertise, resources and capabilities. The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management. The Independent Trustees noted the information they received concerning Columbia Management’s ability to retain its key portfolio management personnel. In evaluating the quality of services provided under the IMS Agreement and the Fund’s Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund’s and its service providers’ compliance programs. In addition, the Board also reviewed the financial condition of Columbia Management (and its affiliates) and each entity’s ability to carry out its responsibilities under the IMS Agreement and the Fund’s other services agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement for the Short-Term Period.

Based on the foregoing, and based on other information received (both oral and written, including the information on investment performance referenced below) and other considerations, the Board concluded that the services being performed by Columbia Management and its affiliates were acceptable for the Short-Term Period.

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that for purposes of approving the IMS Agreement for the Short-Term Period, the Fund’s performance was acceptable.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability.

The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with few defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund).

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Board referred to a detailed profitability report, discussing the profitability to Columbia Management and Ameriprise Financial from managing, operating and distributing the Funds. For purposes of approving the IMS Agreement for the Short-Term Period, the Board concluded that the investment management service fees were fair and reasonable, observing that the profitability levels also seemed reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Independent Trustees took into account that IMS fees decline as Fund assets exceed various breakpoints.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that, for purposes of its consideration of the renewal of the IMS Agreement for the Short-Term Period, the investment management service fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. The Board noted its understanding that it would undertake the full consideration of renewal of the IMS Agreement for the full annual period at its June 2015 meetings. On April 15, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager, and together with its global affiliates, Columbia Threadneedle), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Cash Management Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

On an annual basis, the Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considers renewal of the IMS Agreement. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March, April and June 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to items of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. All of the materials presented in January, March, April and June were first supplied in draft form to designated representatives of the Independent Trustees, *i.e.*, Independent Legal Counsel, Fund Counsel, the Chair of the Board and the Chair of the Contracts Committee, and the final materials were revised to reflect discussion and subsequent requests made by the Board representatives. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its June 15-17, 2015 in-person Board meeting (the June Meeting), considered the renewal of the IMS Agreement for an additional one-year term. At the June Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its organization, expertise, resources and capabilities.

The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management, including, in particular, the restructured leadership in the Chief Investment Officer's organization, the strengthening of the investment research department, the solidifying of the Global Asset Management initiative and the restructured investment risk management organization. The Board also noted the broad scope of services provided by Columbia Management to each Fund, including, among other services, investment, risk and compliance oversight. The Board also took into account the information it received concerning Columbia Management's ability to attract and retain key portfolio management personnel.

In connection with the Board's evaluation of the overall package of services provided by Columbia Management, the Board also considered the quality of administrative services provided to the Fund by Columbia Management, recalling the information it received highlighting achievements in 2014 in the performance of administrative services. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board reviewed the financial condition of Columbia Management and its affiliates and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other service agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement (including the relatively broad scope of services required to be performed by Columbia Management). The Board took into account the proposed combination of the forms of IMS Agreements and Administrative Services Agreements into a single form of agreement with the combined form reflecting no proposed change in services or fees. Given no material change, the Trustees agreed to the combined form, to be effective upon each Fund's next annual update. The Board concluded that the services being performed under the IMS Agreement and the Administrative Services Agreement were of a reasonably high quality.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that the Fund's investment performance met expectations.

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability.

The Board considered the reports of its independent fee consultant, JDL, which assisted in its analysis of the Funds' performance and expenses, and JDL's conclusion that the effective investment management fee rate for the Fund remains within a reasonable range. The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with certain defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund). The Board took into account that the Fund's total expense ratio (after considering proposed expense caps/waivers) was somewhat higher than the median ratio, but lower than the 60^{th} percentile of the Fund's Lipper peer universe. Based on its review, the Board concluded that the Fund's management fee was fair and reasonable in light of the extent and quality of services that the Fund receives.

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Independent Trustees referred to their detailed analysis of the Profitability Report, discussing the profitability to Columbia Management and Ameriprise from managing, operating and distributing the Funds. The Board took into account JDL's conclusion that 2014 Columbia Management profitability was reasonable. It also considered that Columbia Management generated 2014 profitability that only moderately exceeded 2013 levels. It was further observed that, based on information presented, 2014 overall profitability is in line with profitability levels of industry competitors. It also took into account the indirect economic benefits flowing to Columbia Management or its affiliates in connection with managing or distributing the Funds, such as the enhanced ability to offer various other financial products to Ameriprise Financial customers, soft dollar benefits and overall reputational advantages. The Board noted that the fees paid by the Funds should permit the Investment Manager to offer competitive compensation to its personnel, make necessary investments in its business and earn an appropriate profit. The Board concluded that profitability levels were reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Board took into account that IMS fees decline as Fund assets exceed various breakpoints, all of which have not been surpassed.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that the investment management services fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. On June 17, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio – Cash Management Fund
P.O. Box 8081
Boston, MA 02266-8081

S-6638 F (8/15)

SEMIANNUAL REPORT
June 30, 2015

COLUMBIA VARIABLE PORTFOLIO – DIVIDEND OPPORTUNITY FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

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The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW
(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Dividend Opportunity Fund (the Fund) Class 3 shares returned -1.56% for the six-month period that ended June 30, 2015.
- During the same time period, the Fund outperformed the MSCI USA High Dividend Yield Index (Net), which returned -3.11%, and underperformed the Russell 1000 Value Index, which returned -0.61%.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1*	05/03/10	-1.50	0.46	13.59	6.70
Class 2*	05/03/10	-1.62	0.21	13.30	6.49
Class 3	09/15/99	-1.56	0.36	13.45	6.62
MSCI USA High Dividend Yield Index (Net)		-3.11	2.30	15.85	7.28
Russell 1000 Value Index		-0.61	4.13	16.50	7.05

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

* The returns shown for periods prior to the share class inception date (including returns for the Life of the Fund, if shown, which are since Fund inception) include the returns of the Fund's oldest share class. These returns are adjusted to reflect any higher class-related operating expenses of the newer share classes, as applicable. Please visit columbiathreadneedle.com/us/investment-products/variable-products/appended-performance for more information.

The MSCI USA High Dividend Yield Index (Net) is composed of those securities in the MSCI USA Index that have higher-than-average dividend yield (e.g. 30% higher than that of the MSCI USA Index), a track record of consistent dividend payments and the capacity to sustain future dividend payments. The MSCI USA Index is a free float adjusted market capitalization index that is designed to measure large- and mid-cap U.S. equity market performance.

The Russell 1000 Value Index, an unmanaged index, measures the performance of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes (except the MSCI USA High Dividend Yield Index (Net), which reflects reinvested dividends net of withholding taxes) or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW
(Unaudited)

Top Ten Holdings (%) (at June 30, 2015)	
Altria Group, Inc.	4.8
Pfizer, Inc.	4.5
AT&T, Inc.	4.3
Johnson & Johnson	4.2
Cisco Systems, Inc.	4.1
Philip Morris International, Inc.	4.0
Microsoft Corp.	3.9
Procter & Gamble Co. (The)	3.6
Merck & Co., Inc.	3.1
Occidental Petroleum Corp.	3.0

Percentages indicated are based upon total investments (excluding Money Market Funds).

For further detail about these holdings, please refer to the section entitled “Portfolio of Investments.”

Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

Portfolio Breakdown (%) (at June 30, 2015)	
Common Stocks	89.1
Equity-Linked Notes	8.5
Money Market Funds	2.4
Total	**100.0**

Percentages indicated are based upon total investments. The Fund’s portfolio composition is subject to change.

Equity Sector Breakdown (%) (at June 30, 2015)	
Consumer Discretionary	6.2
Consumer Staples	21.2
Energy	16.4
Financials	3.9
Health Care	16.8
Industrials	4.0
Information Technology	13.5
Materials	2.0
Telecommunication Services	9.4
Utilities	6.6
Total	**100.0**

Percentages indicated are based upon total equity investments. The Fund’s portfolio composition is subject to change.

Portfolio Management

Steven Schroll

Paul Stocking

Dean Ramos, CFA

UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	985.00	1,021.37	3.40	3.46	0.69
Class 2	1,000.00	1,000.00	983.80	1,020.08	4.67	4.76	0.95
Class 3	1,000.00	1,000.00	984.40	1,020.68	4.08	4.16	0.83

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Common Stocks 88.7%

Issuer	Shares	Value ($)
CONSUMER DISCRETIONARY 5.5%		
Automobiles 0.9%		
General Motors Co.	503,067	16,767,223
Hotels, Restaurants & Leisure 1.1%		
McDonald’s Corp.	209,262	19,894,538
Household Durables 1.2%		
Leggett & Platt, Inc.	444,720	21,648,970
Leisure Products 0.3%		
Mattel, Inc.	205,190	5,271,331
Media 2.0%		
National CineMedia, Inc.	428,642	6,841,127
Pearson PLC	482,518	9,135,784
Regal Entertainment Group, Class A	479,709	10,030,715
Vivendi SA	371,008	9,358,110
Total		35,365,736
Total Consumer Discretionary		**98,947,798**
CONSUMER STAPLES 18.8%		
Beverages 2.8%		
Anheuser-Busch InBev NV	171,004	20,494,202
Coca-Cola Co. (The)	415,687	16,307,401
PepsiCo, Inc.	144,513	13,488,843
Total		50,290,446
Food & Staples Retailing 0.4%		
Wesfarmers Ltd.	225,433	6,779,479
Food Products 1.0%		
General Mills, Inc.	332,789	18,543,003
Household Products 3.5%		
Procter & Gamble Co. (The)	804,829	62,969,821
Personal Products 0.5%		
Unilever PLC	197,618	8,476,848
Tobacco 10.6%		
Altria Group, Inc.	1,715,006	83,880,943
British American Tobacco PLC	326,227	17,504,748
Imperial Tobacco Group PLC	274,028	13,205,474
Philip Morris International, Inc.	878,558	70,433,995
Reynolds American, Inc.	70,606	5,271,444
Total		190,296,604
Total Consumer Staples		**337,356,201**
ENERGY 14.5%		
Oil, Gas & Consumable Fuels 14.5%		
BP PLC, ADR	808,459	32,306,022
Cenovus Energy, Inc.	254,904	4,075,607

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Chevron Corp.	262,904	25,362,349
ConocoPhillips	641,226	39,377,689
Enbridge, Inc.	95,691	4,477,382
ENI SpA	1,102,450	19,566,729
Exxon Mobil Corp.	318,652	26,511,846
Kinder Morgan, Inc.	467,726	17,956,001
Occidental Petroleum Corp.	669,920	52,099,678
Phillips 66	145,663	11,734,611
Spectra Energy Corp.	334,189	10,894,561
Total SA	337,697	16,403,293
Total		260,765,768
Total Energy		**260,765,768**
FINANCIALS 3.5%		
Banks 2.7%		
Bank of China Ltd., Class H	20,495,000	13,300,872
Bank of Montreal	150,215	8,904,745
Industrial & Commercial Bank of China Ltd., Class H	18,431,000	14,625,481
JPMorgan Chase & Co.	157,842	10,695,374
Total		47,526,472
Capital Markets 0.8%		
BlackRock, Inc.	23,982	8,297,293
New Mountain Finance Corp.	435,145	6,305,251
Total		14,602,544
Total Financials		**62,129,016**
HEALTH CARE 14.9%		
Biotechnology 1.0%		
Gilead Sciences, Inc.	152,255	17,826,015
Pharmaceuticals 13.9%		
AbbVie, Inc.	298,983	20,088,668
AstraZeneca PLC, ADR	79,076	5,037,932
Eli Lilly & Co.	128,315	10,713,019
Johnson & Johnson	746,933	72,796,090
Merck & Co., Inc.	952,623	54,232,828
Novartis AG, ADR	86,232	8,480,055
Pfizer, Inc.	2,357,730	79,054,687
Total		250,403,279
Total Health Care		**268,229,294**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Common Stocks *(continued)*

Issuer	Shares	Value ($)
INDUSTRIALS 3.6%		
Aerospace & Defense 2.9%		
BAE Systems PLC	1,248,888	8,853,966
Lockheed Martin Corp.	232,908	43,297,597
Total		52,151,563
Commercial Services & Supplies 0.7%		
RR Donnelley & Sons Co.	691,112	12,046,082
Total Industrials		**64,197,645**
INFORMATION TECHNOLOGY 11.9%		
Communications Equipment 4.0%		
Cisco Systems, Inc.	2,597,279	71,321,281
IT Services 0.4%		
Paychex, Inc.	172,085	8,067,345
Semiconductors & Semiconductor Equipment 3.1%		
Intel Corp.	1,093,283	33,252,202
Maxim Integrated Products, Inc.	144,230	4,986,752
Microchip Technology, Inc.	372,964	17,687,818
Total		55,926,772
Software 3.8%		
Microsoft Corp.	1,546,805	68,291,441
Technology Hardware, Storage & Peripherals 0.6%		
Seagate Technology PLC	232,174	11,028,265
Total Information Technology		**214,635,104**
MATERIALS 1.8%		
Chemicals 1.2%		
LyondellBasell Industries NV, Class A	202,730	20,986,610
Metals & Mining 0.6%		
Nucor Corp.	167,020	7,360,571
Rio Tinto PLC	82,604	3,392,751
Total		10,753,322
Total Materials		**31,739,932**
TELECOMMUNICATION SERVICES 8.4%		
Diversified Telecommunication Services 7.3%		
AT&T, Inc.	2,123,603	75,430,379
BCE, Inc.	316,223	13,439,478
CenturyLink, Inc.	776,442	22,811,866
Orange SA	606,243	9,333,761
Verizon Communications, Inc.	219,653	10,238,026
Total		131,253,510

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Wireless Telecommunication Services 1.1%		
Vodafone Group PLC	1,633,742	5,900,288
Vodafone Group PLC, ADR	353,180	12,873,411
Total		18,773,699
Total Telecommunication Services		**150,027,209**
UTILITIES 5.8%		
Electric Utilities 2.6%		
American Electric Power Co., Inc.	145,496	7,706,923
Duke Energy Corp.	240,275	16,968,221
PPL Corp.	319,259	9,408,563
Xcel Energy, Inc.	401,502	12,920,334
Total		47,004,041
Multi-Utilities 3.2%		
Ameren Corp.	223,467	8,420,236
CMS Energy Corp.	109,559	3,488,359
DTE Energy Co.	53,761	4,012,721
National Grid PLC	810,818	10,411,109
PG&E Corp.	201,858	9,911,228
Public Service Enterprise Group, Inc.	219,392	8,617,718
Sempra Energy	131,278	12,988,645
Total		57,850,016
Total Utilities		**104,854,057**
Total Common Stocks (Cost: $1,547,759,877)		**1,592,882,024**

Equity-Linked Notes 8.4%

Issuer	Coupon Rate	Shares	Value ($)
Deutsche Bank AG[(a)]			
(linked to common stock of Allergan PLC)			
09/24/15	5.000%	38,230	11,462,501
(linked to common stock of Devon Energy Corp.)			
07/31/15	4.000%	281,200	16,603,173
(linked to common stock of Dow Chemical Co. (The))			
09/03/15	5.370%	222,580	11,229,829
(linked to common stock of SABMiller PLC)			
08/26/15	14.370%	212,330	10,930,748
Goldman Sachs Group, Inc. (The)[(a)]			
(linked to a basket of 42 oil and gas exploration and production securities)			
07/28/15	7.000%	200,698	12,172,655
(linked to common stock of Blackstone Group L.P. (The))			
09/08/15	5.350%	201,150	8,120,687
09/08/15	5.350%	156,380	6,308,103
(linked to common stock of Dow Chemical Co. (The))			
09/03/15	5.000%	806,204	41,149,297
(linked to common stock of Pioneer Natural Resources Co.)			
07/22/15	5.800%	82,288	11,415,633

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Equity-Linked Notes *(continued)*

Issuer	Coupon Rate	Shares	Value ($)
(linked to common stock of Suncor Energy, Inc.)			
07/29/15	5.000%	374,400	10,305,510
JPMorgan Chase & Co. (linked to common stock of KKR & Co., LP)[a]			
09/22/15	6.650%	522,680	11,896,197
Total Equity-Linked Notes (Cost: $162,015,766)			**151,594,333**

Money Market Funds 2.4%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[b][c]	42,397,998	42,397,998
Total Money Market Funds (Cost: $42,397,998)		**42,397,998**
Total Investments (Cost: $1,752,173,641)		**1,786,874,355**
Other Assets & Liabilities, Net		**8,273,119**
Net Assets		**1,795,147,474**

Notes to Portfolio of Investments

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2015, the value of these securities amounted to $151,594,333 or 8.44% of net assets.

(b) The rate shown is the seven-day current annualized yield at June 30, 2015.

(c) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Ending Cost ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Short-Term Cash Fund	133,741,912	771,216,897	(862,560,811)	42,397,998	41,308	42,397,998

Abbreviation Legend
ADR American Depositary Receipt

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.
- Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Foreign equity securities actively traded in markets where there is a significant delay in the local close relative to the New York Stock Exchange (NYSE) are classified as Level 2. The values of these securities may include an adjustment to reflect the impact of significant market movements following the close of local trading, as described in Note 2 to the financial statements — Security Valuation.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	**Level 2 Other Significant Observable Inputs ($)**	**Level 3 Significant Unobservable Inputs ($)**	**Total ($)**
Investments				
Common Stocks				
Consumer Discretionary	80,453,904	18,493,894	—	98,947,798
Consumer Staples	270,895,450	66,460,751	—	337,356,201
Energy	224,795,746	35,970,022	—	260,765,768
Financials	34,202,663	27,926,353	—	62,129,016
Health Care	268,229,294	—	—	268,229,294
Industrials	55,343,679	8,853,966	—	64,197,645
Information Technology	214,635,104	—	—	214,635,104
Materials	28,347,181	3,392,751	—	31,739,932
Telecommunication Services	134,793,160	15,234,049	—	150,027,209
Utilities	94,442,948	10,411,109	—	104,854,057
Total Common Stocks	1,406,139,129	186,742,895	—	1,592,882,024
Equity-Linked Notes	—	151,594,333	—	151,594,333
Money Market Funds	42,397,998	—	—	42,397,998
Total Investments	1,448,537,127	338,337,228	—	1,786,874,355

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category are generally valued using the market approach, in which a security's value is determined through reference to prices and information from market transactions for similar or identical assets. These assets include certain foreign securities for which a third party statistical pricing service may be employed for purposes of fair market valuation. The model utilized by such third party statistical pricing service takes into account a security's correlation to available market data including, but not limited to, intraday index, ADR, and ETF movements.

There were no transfers of financial assets between levels during the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $1,709,775,643)	$1,744,476,357
Affiliated issuers (identified cost $42,397,998)	42,397,998
Total investments (identified cost $1,752,173,641)	1,786,874,355
Cash	336,345
Receivable for:	
Investments sold	7,479,670
Capital shares sold	39,193
Dividends	7,100,454
Interest	282,077
Foreign tax reclaims	846,850
Trustees' deferred compensation plan	30,541
Total assets	1,802,989,485
Liabilities	
Payable for:	
Investments purchased	4,562,674
Capital shares purchased	1,432,303
Investment management fees	1,108,334
Distribution and/or service fees	133,718
Transfer agent fees	113,467
Administration fees	101,133
Compensation of board members	221,144
Other expenses	138,697
Trustees' deferred compensation plan	30,541
Total liabilities	7,842,011
Net assets applicable to outstanding capital stock	**$1,795,147,474**
Represented by	
Trust capital	$1,795,147,474
Total — representing net assets applicable to outstanding capital stock	**$1,795,147,474**
Class 1	
Net assets	$657,350,872
Shares outstanding	33,388,335
Net asset value per share	$19.69
Class 2	
Net assets	$46,702,719
Shares outstanding	2,404,567
Net asset value per share	$19.42
Class 3	
Net assets	$1,091,093,883
Shares outstanding	55,802,762
Net asset value per share	$19.55

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS
Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — unaffiliated issuers	$66,692,700
Dividends — affiliated issuers	41,308
Interest	8,636,688
Foreign taxes withheld	(3,598,975)
Total income	71,771,721
Expenses:	
Investment management fees	8,883,194
Distribution and/or service fees	
Class 2	57,864
Class 3	722,936
Transfer agent fees	
Class 1	584,530
Class 2	13,887
Class 3	346,998
Administration fees	807,835
Compensation of board members	31,866
Custodian fees	32,329
Printing and postage fees	219,337
Professional fees	33,544
Other	44,900
Total expenses	11,779,220
Net investment income	59,992,501
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	282,172,852
Foreign currency translations	(368,980)
Net realized gain	281,803,872
Net change in unrealized appreciation (depreciation) on:	
Investments	(343,656,329)
Foreign currency translations	(7,091)
Net change in unrealized depreciation	(343,663,420)
Net realized and unrealized loss	(61,859,548)
Net decrease in net assets from operations	**$(1,867,047)**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$59,992,501	$109,689,112
Net realized gain	281,803,872	445,631,727
Net change in unrealized depreciation	(343,663,420)	(237,936,561)
Net increase (decrease) in net assets resulting from operations	(1,867,047)	317,384,278
Decrease in net assets from capital stock activity	(1,679,131,412)	(336,137,912)
Total decrease in net assets	(1,680,998,459)	(18,753,634)
Net assets at beginning of period	3,476,145,933	3,494,899,567
Net assets at end of period	**$1,795,147,474**	**$3,476,145,933**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	3,941,725	79,808,035	11,633,916	219,689,562
Redemptions	(82,372,336)	(1,673,023,502)	(20,887,125)	(380,544,134)
Net decrease	(78,430,611)	(1,593,215,467)	(9,253,209)	(160,854,572)
Class 2 shares				
Subscriptions	266,168	5,288,185	579,155	10,988,166
Redemptions	(115,302)	(2,292,961)	(201,921)	(3,840,411)
Net increase	150,866	2,995,224	377,234	7,147,755
Class 3 shares				
Subscriptions	28,054	561,839	61,526	1,149,766
Redemptions	(4,468,287)	(89,473,008)	(9,688,143)	(183,580,861)
Net decrease	(4,440,233)	(88,911,169)	(9,626,617)	(182,431,095)
Total net decrease	**(82,719,978)**	**(1,679,131,412)**	**(18,502,592)**	**(336,137,912)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[(a)]
Per share data						
Net asset value, beginning of period	$19.99	$18.16	$14.32	$12.55	$13.19	$12.05
Income from investment operations:						
Net investment income	0.38	0.62	0.45	0.40	0.23	0.13
Net realized and unrealized gain (loss)	(0.68)	1.21	3.39	1.37	(0.87)	1.01
Total from investment operations	(0.30)	1.83	3.84	1.77	(0.64)	1.14
Net asset value, end of period	$19.69	$19.99	$18.16	$14.32	$12.55	$13.19
Total return	(1.50%)	10.08%	26.81%	14.10%	(4.85%)	9.46%
Ratios to average net assets[(b)]						
Total gross expenses	0.69%[(c)]	0.69%	0.70%	0.69%	0.74%	0.78%[(c)]
Total net expenses[(d)]	0.69%[(c)]	0.69%	0.70%	0.69%	0.74%	0.78%[(c)]
Net investment income	3.82%[(c)]	3.25%	2.71%	2.89%	1.74%	1.68%[(c)]
Supplemental data						
Net assets, end of period (in thousands)	$657,351	$2,235,149	$2,198,787	$1,803,841	$1,737,503	$1,554,975
Portfolio turnover	45%	86%	71%	64%	41%	26%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[a]
Per share data						
Net asset value, beginning of period	$19.74	$17.98	$14.21	$12.48	$13.15	$12.05
Income from investment operations:						
Net investment income	0.36	0.57	0.40	0.37	0.22	0.11
Net realized and unrealized gain (loss)	(0.68)	1.19	3.37	1.36	(0.89)	0.99
Total from investment operations	(0.32)	1.76	3.77	1.73	(0.67)	1.10
Net asset value, end of period	$19.42	$19.74	$17.98	$14.21	$12.48	$13.15
Total return	(1.62%)	9.79%	26.53%	13.86%	(5.09%)	9.13%
Ratios to average net assets[b]						
Total gross expenses	0.95%[c]	0.94%	0.95%	0.94%	0.97%	1.03%[c]
Total net expenses[d]	0.95%[c]	0.94%	0.95%	0.94%	0.97%	1.03%[c]
Net investment income	3.68%[c]	3.01%	2.46%	2.69%	1.71%	1.37%[c]
Supplemental data						
Net assets, end of period (in thousands)	$46,703	$44,491	$33,741	$18,873	$15,653	$1,191
Portfolio turnover	45%	86%	71%	64%	41%	26%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 3	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$19.86	$18.07	$14.26	$12.51	$13.17	$11.27
Income from investment operations:						
Net investment income	0.38	0.60	0.42	0.38	0.20	0.17
Net realized and unrealized gain (loss)	(0.69)	1.19	3.39	1.37	(0.86)	1.73
Total from investment operations	(0.31)	1.79	3.81	1.75	(0.66)	1.90
Net asset value, end of period	$19.55	$19.86	$18.07	$14.26	$12.51	$13.17
Total return	(1.56%)	9.91%	26.72%	13.99%	(5.01%)	16.83%
Ratios to average net assets[(a)]						
Total gross expenses	0.83%[(b)]	0.81%	0.82%	0.82%	0.86%	0.90%
Total net expenses[(c)]	0.83%[(b)]	0.81%	0.82%	0.82%	0.86%	0.90%
Net investment income	3.78%[(b)]	3.14%	2.58%	2.74%	1.57%	1.42%
Supplemental data						
Net assets, end of period (in thousands)	$1,091,094	$1,196,506	$1,262,372	$1,134,402	$1,222,104	$1,572,800
Portfolio turnover	45%	86%	71%	64%	41%	26%

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Dividend Opportunity Fund (the Fund), a series of Columbia Funds Variable Series Trust II (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1, Class 2 and Class 3 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust’s organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

All equity securities are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Debt securities generally are valued by pricing services approved by the Board of Trustees (the Board) based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques that take into account, as applicable, factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are not readily available or not believed to be reflective of market value may also be valued based upon a bid quote from an approved independent broker-dealer.

Foreign equity securities are valued based on the closing price on the foreign exchange in which such securities are primarily traded. If any foreign equity security closing prices are not readily available, the securities are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets. Foreign currency exchange rates are generally determined at 4:00 p.m. Eastern (U.S.) time. Many securities markets and exchanges outside the U.S. close prior to the close of the NYSE; therefore, the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the NYSE. In those situations, foreign securities will be fair valued pursuant to a policy adopted by the Board, including, if available, utilizing a third party pricing service to determine these fair values. The third party pricing service takes into account multiple factors, including, but not limited to, movements in the U.S. securities markets, certain depositary receipts, futures contracts and foreign exchange rates that have occurred subsequent to the close of the foreign exchange or market, to determine a good faith estimate that reasonably reflects the current market conditions as of the close of the NYSE. The fair value of a security is likely to be different from the quoted or published price, if available.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Foreign Currency Transactions and Translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of the NYSE. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Equity-Linked Notes

The Fund may invest in equity-linked notes (ELNs). An ELN is a debt instrument whose value is based on the value of a single equity security, basket of equity securities or an index of equity securities (each, an Underlying Equity). An ELN typically provides interest income, thereby offering a yield advantage over investing directly in an Underlying Equity. However, the holder of an ELN may have limited or no benefit from any appreciation in the Underlying Equity, but is exposed to various risks, including, without limitation, volatility, issuer and market risk. The Fund may purchase ELNs that trade on a securities exchange or those that trade on the over-the-counter markets, including securities offered and sold under Rule 144A of the Securities Act of 1933, as amended. The Fund may also purchase an ELN in a privately negotiated transaction with the issuer of the ELN (or its broker-dealer affiliate).

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Corporate actions and dividend income are generally recorded net of any non-reclaimable tax withholdings, on the ex-dividend date or upon receipt of ex-dividend notification in the case of certain foreign securities.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

Interest income is recorded on an accrual basis. Market premiums and discounts, including original issue

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

discounts, are amortized and accreted, respectively, over the expected life of the security on all debt securities, unless otherwise noted.

The Fund may place a debt security on non-accrual status and reduce related interest income when it becomes probable that the interest will not be collected and the amount of uncollectible interest can be reasonably estimated. A defaulted debt security is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund is treated as a partnership for federal income tax purposes, and the Fund does not expect to make regular distributions. The Fund will not be subject to federal income tax, and therefore, there is no provision for federal income taxes. The partners of the Fund are subject to tax on their distributive share of the Fund's income and loss. The components of the Fund's net assets are reported at the partner-level for federal income tax purposes, and therefore, are not presented in the Statement of Assets and Liabilities.

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Foreign Taxes

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Realized gains in certain countries may be subject to foreign taxes at the Fund level, based on statutory rates. The Fund accrues for such foreign taxes on realized and unrealized gains at the appropriate rate for each jurisdiction, as applicable. The amount, if any, is disclosed as a liability on the Statement of Assets and Liabilities.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.66% to 0.49% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.56% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.06% to 0.03% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.05% of the Fund's average daily net assets.

Other Expenses

Other expenses are for, among other things, miscellaneous expenses of the Fund or the Board, including payments to Board Services Corp., a company providing limited administrative services to the Fund and the Board. That company's expenses include boardroom and office expense, employee compensation, employee health and retirement benefits, and certain other expenses. For the six months ended June 30, 2015, other expenses paid by the Fund to this company were $3,223.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. Under a Deferred Compensation Plan (the Plan), the Board members who are not "interested persons" of the Fund, as defined under the 1940 Act, may elect to defer payment of up to 100% of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of certain funds managed by the Investment Manager. The Fund's liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. Under a Plan and Agreement of Distribution, the Fund pays a fee at an annual rate of up to 0.25% of the Fund's average daily net assets attributable to Class 2 shares and an annual rate of up to 0.125% of the Fund's average daily net assets attributable to Class 3 shares. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Effective May 1, 2015 Through June 30, 2015	Voluntary Expense Cap Prior to May 1, 2015
Class 1	0.760%	0.760%	0.770%
Class 2	1.010	1.010	1.020
Class 3	0.885	0.885	0.895

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $1,353,152,820 and $2,938,463,478, respectively, for the six months ended June 30, 2015. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 5. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

Note 6. Shareholder Concentration

At June 30, 2015, affiliated shareholders of record owned 96.3% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 7. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 8. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 9. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise

NOTES TO FINANCIAL STATEMENTS *(continued)*
June 30, 2015 (Unaudited)

Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Dividend Opportunity Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

The Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considered the renewal of the IMS Agreement for a two-month period (Short-Term Period) in order to align the IMS Agreement with the review cycle of other funds in the Columbia family of funds. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March and April 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to each item of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel, and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its April 13-15, 2015 in-person Board meeting (the April Meeting), considered the renewal of the IMS Agreement for the Short-Term Period. At the April Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its expertise, resources and capabilities. The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management. The Independent Trustees noted the information they received concerning Columbia Management's ability to retain its key portfolio management personnel. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board also reviewed the financial condition of Columbia Management (and its affiliates) and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other services agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement for the Short-Term Period.

Based on the foregoing, and based on other information received (both oral and written, including the information on investment performance referenced below) and other considerations, the Board concluded that the services being performed by Columbia Management and its affiliates were acceptable for the Short-Term Period.

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that for purposes of approving the IMS Agreement for the Short-Term Period, the Fund's performance was acceptable.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability.

The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with few defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund).

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Board referred to a detailed profitability report, discussing the profitability to Columbia Management and Ameriprise Financial from managing, operating and distributing the Funds. For purposes of approving the IMS Agreement for the Short-Term Period, the Board concluded that the investment management service fees were fair and reasonable, observing that the profitability levels also seemed reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Independent Trustees took into account that IMS fees decline as Fund assets exceed various breakpoints.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that, for purposes of its consideration of the renewal of the IMS Agreement for the Short-Term Period, the investment management service fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. The Board noted its understanding that it would undertake the full consideration of renewal of the IMS Agreement for the full annual period at its June 2015 meetings. On April 15, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager, and together with its global affiliates, Columbia Threadneedle), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Dividend Opportunity Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

On an annual basis, the Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considers renewal of the IMS Agreement. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March, April and June 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to items of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. All of the materials presented in January, March, April and June were first supplied in draft form to designated representatives of the Independent Trustees, *i.e.*, Independent Legal Counsel, Fund Counsel, the Chair of the Board and the Chair of the Contracts Committee, and the final materials were revised to reflect discussion and subsequent requests made by the Board representatives. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its June 15-17, 2015 in-person Board meeting (the June Meeting), considered the renewal of the IMS Agreement for an additional one-year term. At the June Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its organization, expertise, resources and capabilities.

The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management, including, in particular, the restructured leadership in the Chief Investment Officer's organization, the strengthening of the investment research department, the solidifying of the Global Asset Management initiative and the restructured investment risk management organization. The Board also noted the broad scope of services provided by Columbia Management to each Fund, including, among other services, investment, risk and compliance oversight. The Board also took into account the information it received concerning Columbia Management's ability to attract and retain key portfolio management personnel.

In connection with the Board's evaluation of the overall package of services provided by Columbia Management, the Board also considered the quality of administrative services provided to the Fund by Columbia Management, recalling the information it received highlighting achievements in 2014 in the performance of administrative services. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board reviewed the financial condition of Columbia Management and its affiliates and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other service agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement (including the relatively broad scope of services required to be performed by Columbia Management). The Board took into account the proposed combination of the forms of IMS Agreements and Administrative Services Agreements into a single form of agreement with the combined form reflecting no proposed change in services or fees. Given no material change, the Trustees agreed to the combined form, to be effective upon each Fund's next annual update. The Board concluded that the services being performed under the IMS Agreement and the Administrative Services Agreement were of a reasonably high quality.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that the Fund's investment performance met expectations, noting its recently improved performance.

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability. The Board reviewed the fees charged to comparable institutional or other accounts/vehicles managed by Columbia Management and discussed differences in how the products are managed and operated, noting no unreasonable differences in the levels of contractual fees.

The Board considered the reports of its independent fee consultant, JDL, which assisted in its analysis of the Funds' performance and expenses, and JDL's conclusion that the effective investment management fee rate for the Fund remains within a reasonable range. The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with certain defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund). The Board took into account that the Fund's total expense ratio (after considering proposed expense caps/waivers) was below the peer universe's median expense ratio shown in the reports. Based on its review, the Board concluded that the Fund's management fee was fair and reasonable in light of the extent and quality of services that the Fund receives.

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Independent Trustees referred to their detailed analysis of the Profitability Report, discussing the profitability to Columbia Management and Ameriprise from managing, operating and distributing the Funds. The Board took into account JDL's conclusion that 2014 Columbia Management profitability was reasonable. It also considered that Columbia Management generated 2014 profitability that only moderately exceeded 2013 levels. It was further observed that, based on information presented, 2014 overall profitability is in line with profitability levels of industry competitors. It also took into account the indirect economic benefits flowing to Columbia Management or its affiliates in connection with managing or distributing the Funds, such as the enhanced ability to offer various other financial products to Ameriprise Financial customers, soft dollar benefits and overall reputational advantages. The Board noted that the fees paid by the Funds should permit the Investment Manager to offer competitive compensation to its personnel, make necessary investments in its business and earn an appropriate profit. The Board concluded that profitability levels were reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Board took into account that IMS fees decline as Fund assets exceed various breakpoints, all of which have not been surpassed.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that the investment management services fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. On June 17, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

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IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio – Dividend Opportunity Fund
P.O. Box 8081
Boston, MA 02266-8081

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO – INCOME OPPORTUNITIES FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

Not FDIC insured • No bank guarantee • May lose value

TABLE OF CONTENTS

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW

(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Income Opportunities Fund (the Fund) Class 3 shares returned 2.77% for the six-month period that ended June 30, 2015.
- The Fund outperformed its benchmark, the Bank of America Merrill Lynch (BofAML) BB-B US Cash Pay High Yield Constrained Index, which returned 2.69% over the same time period.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1*	05/03/10	2.68	1.68	8.55	7.36
Class 2*	05/03/10	2.73	1.49	8.36	7.17
Class 3	06/01/04	2.77	1.65	8.44	7.30
BofAML BB-B US Cash Pay High Yield Constrained Index		2.69	0.68	8.32	7.21

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

* The returns shown for periods prior to the share class inception date (including returns for the Life of the Fund, if shown, which are since Fund inception) include the returns of the Fund's oldest share class. These returns are adjusted to reflect any higher class-related operating expenses of the newer share classes, as applicable. Please visit columbiathreadneedle.com/us/investment-products/variable-products/appended-performance for more information.

The BofAML BB-B US Cash Pay High Yield Constrained Index is an unmanaged index of high yield bonds. The index is subject to a 2% cap on allocation to any one issuer. The 2% cap is intended to provide broad diversification and better reflect the overall character of the high yield market.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW
(Unaudited)

Portfolio Breakdown (%) (at June 30, 2015)	
Common Stocks	0.0[a]
Convertible Bonds	0.0[a]
Corporate Bonds & Notes	94.6
Money Market Funds	4.4
Preferred Stocks	0.0[a]
Senior Loans	1.0
Warrants	0.0[a]
Total	**100.0**

Percentages indicated are based upon total investments. The Fund’s portfolio composition is subject to change.

(a) Rounds to zero.

Quality Breakdown (%) (at June 30, 2015)	
BBB rating	2.2
BB rating	47.6
B rating	41.8
CCC rating	6.2
C rating	0.4
Not rated	1.8
Total	**100.0**

Percentages indicated are based upon total fixed income investments (excluding Money Market Funds).

Bond ratings apply to the underlying holdings of the Fund and not the Fund itself and are divided into categories ranging from highest to lowest credit quality, determined by using the average rating of Moody’s, S&P and Fitch. When ratings are available from only two rating agencies, the average of the two rating is used. When a rating is available from only one rating agency, that rating is used. When a bond is not rated by any rating agency, it is designated as “Not rated.” Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change, including daily. The ratings assigned by credit rating agencies are but one of the considerations that the Investment Manager and/or Fund’s subadviser incorporates into its credit analysis process, along with such other issuer-specific factors as cash flows, capital structure and leverage ratios, ability to de-leverage (repay) through free cash flow, quality of management, market positioning and access to capital, as well as such security-specific factors as the terms of the security (e.g., interest rate and time to maturity) and the amount and type of any collateral.

Portfolio Management

Brian Lavin, CFA

UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,026.80	1,021.22	3.62	3.61	0.72
Class 2	1,000.00	1,000.00	1,027.30	1,019.98	4.88	4.86	0.97
Class 3	1,000.00	1,000.00	1,027.70	1,020.58	4.27	4.26	0.85

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Corporate Bonds & Notes 93.3%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
AEROSPACE & DEFENSE 1.2%			
ADS Tactical, Inc.[a]			
04/01/18	11.000%	1,784,000	1,846,440
Bombardier, Inc.[a]			
03/15/20	7.750%	1,189,000	1,195,540
03/15/25	7.500%	800,000	726,000
Huntington Ingalls Industries, Inc.[a]			
12/15/21	5.000%	1,218,000	1,239,315
TransDigm, Inc.			
07/15/22	6.000%	3,125,000	3,085,937
Total			8,093,232
AUTOMOTIVE 0.4%			
Gates Global LLC/Co.[a]			
07/15/22	6.000%	1,744,000	1,578,320
Lear Corp. Escrow Bond[b][c][d]			
12/01/16	8.750%	595,000	—
ZF North America Capital, Inc.[a]			
04/29/22	4.500%	1,068,000	1,046,159
Total			2,624,479
BANKING 2.6%			
Ally Financial, Inc.			
02/13/22	4.125%	2,669,000	2,562,240
05/19/22	4.625%	2,251,000	2,222,862
03/30/25	4.625%	1,031,000	982,028
11/01/31	8.000%	1,536,000	1,839,360
Popular, Inc.			
07/01/19	7.000%	1,279,000	1,279,000
Royal Bank of Scotland Group PLC			
05/28/24	5.125%	4,858,000	4,852,088
Synovus Financial Corp.			
02/15/19	7.875%	3,157,000	3,551,625
Total			17,289,203
BROKERAGE/ASSET MANAGERS/EXCHANGES 0.5%			
E*TRADE Financial Corp.			
11/15/22	5.375%	1,480,000	1,517,000
09/15/23	4.625%	2,072,000	2,035,740
Total			3,552,740
BUILDING MATERIALS 0.9%			
Allegion US Holding Co., Inc.			
10/01/21	5.750%	1,145,000	1,182,212
American Builders & Contractors Supply Co., Inc.[a]			
04/15/21	5.625%	3,182,000	3,229,730
HD Supply, Inc.[a]			
12/15/21	5.250%	1,133,000	1,148,579
Total			5,560,521

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
CABLE AND SATELLITE 6.4%			
Altice Financing SA[a]			
02/15/23	6.625%	2,219,000	2,202,357
CCO Holdings LLC/Capital Corp.			
09/30/22	5.250%	1,834,000	1,806,490
01/15/24	5.750%	2,200,000	2,211,000
CCO Holdings LLC/Capital Corp.[a]			
05/01/23	5.125%	277,000	269,383
05/01/25	5.375%	2,218,000	2,159,777
CSC Holdings LLC			
11/15/21	6.750%	4,520,000	4,768,600
06/01/24	5.250%	257,000	246,720
Cequel Communications Holdings I LLC/Capital Corp.[a]			
12/15/21	5.125%	2,789,000	2,532,761
DISH DBS Corp.			
06/01/21	6.750%	2,756,000	2,873,130
07/15/22	5.875%	3,130,000	3,067,400
11/15/24	5.875%	1,905,000	1,829,991
DigitalGlobe, Inc.[a]			
02/01/21	5.250%	1,248,000	1,221,480
Hughes Satellite Systems Corp.			
06/15/19	6.500%	1,640,000	1,779,400
Intelsat Jackson Holdings SA			
04/01/21	7.500%	925,000	914,594
Quebecor Media, Inc.[a][c][d]			
01/15/49	9.750%	1,855,000	41,181
Sirius XM Radio, Inc.[a]			
04/15/25	5.375%	1,271,000	1,226,515
UPCB Finance IV Ltd.[a]			
01/15/25	5.375%	3,270,000	3,121,215
Unitymedia Hessen GmbH & Co. KG NRW[a]			
01/15/25	5.000%	3,255,000	3,230,587
Virgin Media Secured Finance PLC[a]			
01/15/26	5.250%	5,501,000	5,315,341
Ziggo Bond Finance BV[a]			
01/15/25	5.875%	998,000	978,040
Total			41,795,962
CHEMICALS 4.4%			
Angus Chemical Co.[a]			
02/15/23	8.750%	2,224,000	2,268,480
Axalta Coating Systems Dutch Holding B BV/U.S. Holdings, Inc.[a]			
05/01/21	7.375%	2,285,000	2,444,950
Celanese U.S. Holdings LLC			
06/15/21	5.875%	1,268,000	1,356,760
Chemours Co. LLC (The)[a]			
05/15/23	6.625%	2,280,000	2,208,750
05/15/25	7.000%	1,025,000	994,250
Huntsman International LLC[a]			
11/15/22	5.125%	1,104,000	1,087,440
INEOS Group Holdings SA[a]			
02/15/19	5.875%	1,586,000	1,593,930

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
JM Huber Corp.[a]			
11/01/19	9.875%	905,000	966,088
NOVA Chemicals Corp.[a]			
05/01/25	5.000%	3,344,000	3,356,540
PQ Corp.[a]			
11/01/18	8.750%	8,566,000	8,737,320
Platform Specialty Products Corp.[a]			
02/01/22	6.500%	3,379,000	3,488,817
Total			28,503,325
CONSTRUCTION MACHINERY 1.1%			
Ashtead Capital, Inc.[a]			
07/15/22	6.500%	1,299,000	1,383,435
H&E Equipment Services, Inc.			
09/01/22	7.000%	1,873,000	1,931,531
United Rentals North America, Inc.			
04/15/22	7.625%	1,256,000	1,359,620
06/15/23	6.125%	2,394,000	2,444,873
Total			7,119,459
CONSUMER CYCLICAL SERVICES 1.9%			
ADT Corp. (The)			
07/15/22	3.500%	683,000	618,115
06/15/23	4.125%	1,680,000	1,570,800
APX Group, Inc.			
12/01/19	6.375%	6,704,000	6,502,880
CEB, Inc.[a]			
06/15/23	5.625%	465,000	467,325
IHS, Inc.[a]			
11/01/22	5.000%	899,000	893,381
Interval Acquisition Corp.[a]			
04/15/23	5.625%	2,111,000	2,137,388
Total			12,189,889
CONSUMER PRODUCTS 0.9%			
Spectrum Brands, Inc.			
11/15/22	6.625%	899,000	957,435
Spectrum Brands, Inc.[a]			
07/15/25	5.750%	1,269,000	1,288,035
Springs Industries, Inc.			
06/01/21	6.250%	1,960,000	1,942,850
Tempur Sealy International, Inc.			
12/15/20	6.875%	1,425,000	1,510,500
Total			5,698,820
DIVERSIFIED MANUFACTURING 0.8%			
Amsted Industries, Inc.[a]			
09/15/24	5.375%	2,055,000	2,039,588
Entegris, Inc.[a]			
04/01/22	6.000%	2,928,000	3,008,520
Total			5,048,108

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
ELECTRIC 2.2%			
AES Corp. (The)			
07/01/21	7.375%	2,579,000	2,830,452
Calpine Corp.[a]			
01/15/22	6.000%	922,000	975,015
NRG Energy, Inc.			
07/15/22	6.250%	3,538,000	3,591,070
NRG Yield Operating LLC[a]			
08/15/24	5.375%	2,778,000	2,798,835
Talen Energy Supply LLC[a]			
06/01/25	6.500%	1,479,000	1,479,000
TerraForm Power Operating LLC[a]			
02/01/23	5.875%	2,401,000	2,437,015
Total			14,111,387
ENVIRONMENTAL 0.4%			
Clean Harbors, Inc.			
08/01/20	5.250%	2,455,000	2,491,825
FINANCE COMPANIES 5.9%			
AerCap Ireland Capital Ltd./Global Aviation Trust[a]			
05/15/21	4.500%	3,491,000	3,508,455
Air Lease Corp.			
03/01/20	4.750%	516,000	548,250
Aircastle Ltd.			
03/15/21	5.125%	1,247,000	1,259,470
02/15/22	5.500%	1,216,000	1,241,086
International Lease Finance Corp.			
12/15/20	8.250%	4,431,000	5,261,813
01/15/22	8.625%	2,381,000	2,904,820
Navient Corp.			
03/25/24	6.125%	3,417,000	3,271,778
10/25/24	5.875%	5,070,000	4,765,800
OneMain Financial Holdings, Inc.[a]			
12/15/19	6.750%	1,959,000	2,032,463
12/15/21	7.250%	1,612,000	1,670,435
Provident Funding Associates LP/Finance Corp.[a]			
06/15/21	6.750%	4,005,000	3,824,775
Quicken Loans, Inc.[a]			
05/01/25	5.750%	1,970,000	1,886,275
Springleaf Finance Corp.			
10/01/21	7.750%	1,950,000	2,115,750
10/01/23	8.250%	1,352,000	1,487,200
iStar Financial, Inc.			
07/01/19	5.000%	2,668,000	2,631,315
Total			38,409,685
FOOD AND BEVERAGE 1.3%			
B&G Foods, Inc.			
06/01/21	4.625%	1,705,000	1,679,425

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Constellation Brands, Inc.			
05/01/23	4.250%	1,351,000	1,330,735
11/15/24	4.750%	1,509,000	1,512,772
Post Holdings, Inc.[(a)]			
12/15/22	6.000%	699,000	672,788
WhiteWave Foods Co. (The)			
10/01/22	5.375%	2,934,000	3,095,370
Total			8,291,090
GAMING 4.0%			
Boyd Gaming Corp.			
05/15/23	6.875%	824,000	844,600
GLP Capital LP/Financing II, Inc.			
11/01/20	4.875%	1,200,000	1,221,000
11/01/23	5.375%	1,777,000	1,825,868
International Game Technology PLC[(a)]			
02/15/22	6.250%	1,784,000	1,703,720
02/15/25	6.500%	1,373,000	1,270,025
MGM Resorts International			
10/01/20	6.750%	2,562,000	2,715,720
12/15/21	6.625%	2,434,000	2,543,530
Penn National Gaming, Inc.			
11/01/21	5.875%	1,121,000	1,129,408
Pinnacle Entertainment, Inc.			
08/01/21	6.375%	1,489,000	1,580,201
Scientific Games International, Inc.			
12/01/22	10.000%	3,051,000	2,921,332
Scientific Games International, Inc.[(a)]			
01/01/22	7.000%	2,794,000	2,884,805
Seminole Tribe of Florida, Inc.[(a)]			
10/01/20	7.804%	1,340,000	1,429,753
SugarHouse HSP Gaming LP/Finance Corp.[(a)]			
06/01/21	6.375%	1,472,000	1,398,400
Tunica-Biloxi Gaming Authority[(a)(e)]			
11/15/15	9.000%	4,284,000	2,356,200
Total			25,824,562
HEALTH CARE 5.0%			
CHS/Community Health Systems, Inc.			
08/01/21	5.125%	838,000	853,713
02/01/22	6.875%	3,795,000	4,003,725
ConvaTec Finance International SA PIK[(a)]			
01/15/19	8.250%	1,012,000	994,290
Fresenius Medical Care U.S. Finance II, Inc.[(a)]			
01/31/22	5.875%	1,060,000	1,123,600
10/15/24	4.750%	2,295,000	2,272,050
HCA Holdings, Inc.			
02/15/21	6.250%	3,269,000	3,522,347
HCA, Inc.			
05/01/23	4.750%	2,346,000	2,375,325
02/01/25	5.375%	2,832,000	2,878,162

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Hologic, Inc.[(a)(f)]			
07/15/22	5.250%	1,124,000	1,147,885
IMS Health, Inc.[(a)]			
11/01/20	6.000%	819,000	843,570
LifePoint Health, Inc.			
12/01/21	5.500%	2,435,000	2,514,137
Surgical Care Affiliates, Inc.[(a)]			
04/01/23	6.000%	143,000	143,000
Teleflex, Inc.			
06/15/24	5.250%	249,000	252,162
Tenet Healthcare Corp.			
06/01/20	4.750%	1,869,000	1,901,708
10/01/20	6.000%	1,604,000	1,710,265
04/01/22	8.125%	2,369,000	2,590,501
Tenet Healthcare Corp.[(a)]			
06/15/23	6.750%	3,610,000	3,682,200
Total			32,808,640
HEALTHCARE INSURANCE 0.4%			
Centene Corp.			
05/15/22	4.750%	2,837,000	2,922,110
HOME CONSTRUCTION 0.7%			
Meritage Homes Corp.			
04/01/22	7.000%	2,046,000	2,184,105
Standard Pacific Corp.			
11/15/24	5.875%	966,000	994,980
Taylor Morrison Communities, Inc./Monarch, Inc.[(a)]			
04/15/23	5.875%	1,591,000	1,567,135
Total			4,746,220
INDEPENDENT ENERGY 9.9%			
Antero Resources Corp.			
12/01/22	5.125%	2,568,000	2,426,760
Antero Resources Corp.[(a)]			
06/01/23	5.625%	3,460,000	3,343,225
Carrizo Oil & Gas, Inc.			
04/15/23	6.250%	3,498,000	3,506,745
Chesapeake Energy Corp.			
02/15/21	6.125%	4,127,000	3,879,380
03/15/23	5.750%	3,352,000	3,033,560
Comstock Resources, Inc.[(a)]			
03/15/20	10.000%	2,546,000	2,296,696
Concho Resources, Inc.			
04/01/23	5.500%	6,093,000	6,093,000
CrownRock LP/Finance, Inc.[(a)]			
02/15/23	7.750%	2,411,000	2,567,715
Diamondback Energy, Inc.			
10/01/21	7.625%	785,000	839,950
EP Energy LLC/Everest Acquisition Finance, Inc.			
05/01/20	9.375%	4,297,000	4,603,161

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
EP Energy LLC/Everest Acquisition Finance, Inc.[a]			
06/15/23	6.375%	2,993,000	3,000,483
Halcon Resources Corp.[a]			
02/01/20	8.625%	994,000	981,575
Hilcorp Energy I LP/Finance Co.[a]			
12/01/24	5.000%	382,000	358,201
Laredo Petroleum, Inc.			
03/15/23	6.250%	6,974,000	7,096,045
Matador Resources Co.[a]			
04/15/23	6.875%	766,000	782,278
Oasis Petroleum, Inc.			
11/01/21	6.500%	3,106,000	3,090,470
03/15/22	6.875%	5,242,000	5,320,630
RSP Permian, Inc.[a]			
10/01/22	6.625%	1,229,000	1,256,653
Range Resources Corp.[a]			
05/15/25	4.875%	1,313,000	1,275,448
SM Energy Co.			
06/01/25	5.625%	414,000	409,777
SM Energy Co.[a]			
11/15/22	6.125%	1,220,000	1,253,794
SandRidge Energy, Inc.[a]			
06/01/20	8.750%	466,000	422,895
Whiting Petroleum Corp.			
03/15/21	5.750%	3,382,000	3,327,888
Whiting Petroleum Corp.[a]			
04/01/23	6.250%	3,653,000	3,625,602
Total			64,791,931
LEISURE 1.0%			
AMC Entertainment, Inc.[a]			
06/15/25	5.750%	1,322,000	1,295,560
Activision Blizzard, Inc.[a]			
09/15/21	5.625%	3,678,000	3,852,705
09/15/23	6.125%	1,472,000	1,578,720
United Artists Theatre Circuit, Inc.[c][d]			
07/01/15	9.300%	4,021	4,021
Total			6,731,006
LODGING 1.1%			
Choice Hotels International, Inc.			
07/01/22	5.750%	1,561,000	1,691,734
Hilton Worldwide Finance LLC/Corp.			
10/15/21	5.625%	1,559,000	1,619,333
Playa Resorts Holding BV[a]			
08/15/20	8.000%	3,973,000	4,112,055
Total			7,423,122
MEDIA AND ENTERTAINMENT 6.3%			
AMC Networks, Inc.			
12/15/22	4.750%	6,387,000	6,387,000

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Cable One, Inc.[a]			
06/15/22	5.750%	718,000	726,975
Clear Channel Worldwide Holdings, Inc.			
11/15/22	6.500%	7,161,000	7,456,391
MDC Partners, Inc.[a]			
04/01/20	6.750%	3,410,000	3,397,212
Netflix, Inc.			
03/01/24	5.750%	953,000	979,208
Netflix, Inc.[a]			
02/15/22	5.500%	1,129,000	1,165,692
02/15/25	5.875%	2,853,000	2,953,169
Nielsen Finance Co. SARL (The)[a]			
10/01/21	5.500%	1,839,000	1,850,494
Outfront Media Capital LLC/Corp.			
02/15/22	5.250%	598,000	603,980
02/15/24	5.625%	588,000	604,170
03/15/25	5.875%	4,177,000	4,302,310
Outfront Media Capital LLC/Corp.[a]			
02/15/24	5.625%	397,000	405,933
TEGNA, Inc.[a]			
09/15/21	4.875%	1,058,000	1,050,065
Univision Communications, Inc.[a]			
05/15/23	5.125%	3,482,000	3,377,540
02/15/25	5.125%	6,137,000	5,923,432
Ziff Davis Media, Inc.[b][c][d][e]			
12/15/13	13.500%	68,749	—
Total			41,183,571
METALS 1.6%			
Alcoa, Inc.			
10/01/24	5.125%	3,595,000	3,639,937
ArcelorMittal			
03/01/21	6.250%	3,682,000	3,856,895
06/01/25	6.125%	808,000	805,475
FMG Resources August 2006 Proprietary Ltd.[a]			
03/01/22	9.750%	1,708,000	1,763,510
Peabody Energy Corp.			
11/15/18	6.000%	1,000,000	480,000
Total			10,545,817
MIDSTREAM 6.1%			
Blue Racer Midstream LLC/Finance Corp.[a]			
11/15/22	6.125%	3,346,000	3,446,380
Crestwood Midstream Partners LP/Finance Corp.			
03/01/22	6.125%	668,000	681,360
Crestwood Midstream Partners LP/Finance Corp.[a]			
04/01/23	6.250%	2,845,000	2,958,800
Energy Transfer Equity LP			
01/15/24	5.875%	269,000	278,953
06/01/27	5.500%	3,508,000	3,499,230
Hiland Partners LP/Finance Corp.[a]			
05/15/22	5.500%	2,877,000	2,999,272

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
MarkWest Energy Partners LP/Finance Corp.			
07/15/23	4.500%	3,201,000	3,136,980
12/01/24	4.875%	6,212,000	6,072,230
06/01/25	4.875%	761,000	743,878
Northwest Pipeline LLC			
12/01/25	7.125%	150,000	184,301
Regency Energy Partners LP/Finance Corp.			
10/01/22	5.000%	2,513,000	2,552,698
Rose Rock Midstream LP/Finance Corp.[a]			
11/15/23	5.625%	1,690,000	1,635,075
Sabine Pass Liquefaction LLC[a]			
03/01/25	5.625%	4,235,000	4,192,650
Targa Resources Partners LP/Finance Corp.			
05/01/23	5.250%	155,000	153,450
11/15/23	4.250%	2,872,000	2,656,600
Targa Resources Partners LP/Finance Corp.[a]			
11/15/19	4.125%	1,576,000	1,560,240
Tesoro Logistics LP/Finance Corp.[a]			
10/15/22	6.250%	3,254,000	3,367,890
Total			40,119,987
OIL FIELD SERVICES 0.4%			
Transocean, Inc.			
12/15/21	6.875%	1,250,000	1,125,000
10/15/22	4.300%	1,885,000	1,418,463
Total			2,543,463
OTHER FINANCIAL INSTITUTIONS 0.5%			
FTI Consulting, Inc.			
11/15/22	6.000%	428,000	446,190
Icahn Enterprises LP/Finance Corp.			
02/01/22	5.875%	2,834,000	2,887,138
Total			3,333,328
OTHER INDUSTRY 0.8%			
CB Richard Ellis Services, Inc.			
03/15/25	5.250%	5,068,000	5,245,380
PACKAGING 1.0%			
Berry Plastics Corp.			
07/15/23	5.125%	3,160,000	3,081,000
Plastipak Holdings, Inc.[a]			
10/01/21	6.500%	1,611,000	1,639,192
Reynolds Group Issuer, Inc./LLC			
02/15/21	6.875%	1,600,000	1,668,000
Total			6,388,192
PHARMACEUTICALS 3.8%			
Concordia Healthcare Corp.[a]			
04/15/23	7.000%	1,557,000	1,557,000

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Endo Finance LLC/Finco, Inc.[a]			
02/01/25	6.000%	2,187,000	2,222,539
Endo Finance LLC/Ltd./Finco, Inc.[a][f]			
07/15/23	6.000%	2,038,000	2,083,855
Grifols Worldwide Operations Ltd.			
04/01/22	5.250%	1,429,000	1,432,572
Horizon Pharma Financing, Inc.[a]			
05/01/23	6.625%	725,000	755,813
Jaguar Holding Co. II/Merger Sub, Inc.[a]			
12/01/19	9.500%	283,000	301,395
Mallinckrodt International Finance SA/CB LLC[a]			
04/15/25	5.500%	965,000	936,050
Quintiles Transnational Corp.[a]			
05/15/23	4.875%	1,104,000	1,109,520
Valeant Pharmaceuticals International, Inc.[a]			
07/15/21	7.500%	1,146,000	1,233,383
12/01/21	5.625%	2,075,000	2,121,687
03/01/23	5.500%	1,300,000	1,313,000
05/15/23	5.875%	5,115,000	5,242,875
04/15/25	6.125%	4,110,000	4,228,162
Total			24,537,851
PROPERTY & CASUALTY —%			
Lumbermens Mutual Casualty Co.[a][e]			
12/01/97	8.450%	30,000	19
Lumbermens Mutual Casualty Co.[e]			
07/01/26	9.150%	645,000	403
Total			422
RAILROADS 0.5%			
Florida East Coast Holdings Corp.[a]			
05/01/19	6.750%	3,121,000	3,128,803
RESTAURANTS 0.3%			
BC ULC/New Red Finance, Inc.[a]			
01/15/22	4.625%	2,202,000	2,168,970
RETAILERS 1.5%			
Asbury Automotive Group, Inc.			
12/15/24	6.000%	1,607,000	1,671,280
Group 1 Automotive, Inc.			
06/01/22	5.000%	1,268,000	1,261,660
Penske Automotive Group, Inc.			
12/01/24	5.375%	1,698,000	1,719,225
PetSmart, Inc.[a]			
03/15/23	7.125%	1,495,000	1,566,012
Rite Aid Corp.[a]			
04/01/23	6.125%	3,799,000	3,912,970
Total			10,131,147

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
TECHNOLOGY 5.6%			
Alliance Data Systems Corp.[a]			
08/01/22	5.375%	5,326,000	5,246,110
Ancestry.com, Inc.			
12/15/20	11.000%	3,096,000	3,513,960
Audatex North America, Inc.[a]			
06/15/21	6.000%	1,256,000	1,290,540
Equinix, Inc.			
04/01/23	5.375%	4,145,000	4,145,000
First Data Corp.[a]			
01/15/21	8.250%	3,223,000	3,400,265
Goodman Networks, Inc.			
07/01/18	12.125%	1,695,000	1,406,850
MSCI, Inc.[a]			
11/15/24	5.250%	2,957,000	2,993,963
NCR Corp.			
12/15/21	5.875%	897,000	923,910
12/15/23	6.375%	305,000	323,300
NXP BV/Funding LLC[a]			
06/15/22	4.625%	647,000	638,104
Nuance Communications, Inc.[a]			
08/15/20	5.375%	3,909,000	3,938,317
Qualitytech LP/Finance Corp.			
08/01/22	5.875%	2,881,000	2,895,405
SS&C Technologies Holdings, Inc.[a][f]			
07/15/23	5.875%	1,386,000	1,399,860
VeriSign, Inc.			
05/01/23	4.625%	1,281,000	1,231,361
VeriSign, Inc.[a]			
04/01/25	5.250%	1,562,000	1,558,095
Zebra Technologies Corp.[a]			
10/15/22	7.250%	1,868,000	2,022,110
Total			36,927,150
WIRELESS 7.5%			
Altice SA[a]			
05/15/22	7.750%	4,196,000	4,059,630
Altice US Finance I Corp.[a]			
07/15/23	5.375%	2,093,000	2,040,675
Altice US Finance II Corp.[a]			
07/15/25	7.750%	906,000	878,820
Crown Castle International Corp.			
01/15/23	5.250%	4,284,000	4,315,059
Numericable-SFR[a]			
05/15/22	6.000%	4,922,000	4,851,246
05/15/24	6.250%	414,000	407,273
SBA Communications Corp			
07/15/22	4.875%	2,002,000	1,949,448
SBA Telecommunications, Inc.			
07/15/20	5.750%	1,154,000	1,197,275

Corporate Bonds & Notes *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Sprint Communications, Inc.[a]			
11/15/18	9.000%	3,919,000	4,428,470
03/01/20	7.000%	2,956,000	3,215,241
Sprint Corp.			
09/15/23	7.875%	3,840,000	3,745,152
02/15/25	7.625%	1,443,000	1,360,028
T-Mobile USA, Inc.			
04/28/22	6.731%	1,652,000	1,722,210
03/01/23	6.000%	3,218,000	3,294,427
04/01/23	6.625%	3,346,000	3,475,657
01/15/24	6.500%	662,000	683,515
03/01/25	6.375%	456,000	466,260
Wind Acquisition Finance SA[a]			
07/15/20	4.750%	7,132,000	7,025,020
Total			49,115,406
WIRELINES 4.4%			
CenturyLink, Inc.			
06/15/21	6.450%	5,326,000	5,365,945
EarthLink Holdings Corp.			
06/01/20	7.375%	1,532,000	1,593,280
Frontier Communications Corp.			
07/01/21	9.250%	4,414,000	4,623,665
Level 3 Financing, Inc.			
08/15/22	5.375%	3,747,000	3,784,470
Level 3 Financing, Inc.[a]			
05/01/25	5.375%	2,913,000	2,811,045
Telecom Italia SpA[a]			
05/30/24	5.303%	4,077,000	4,056,615
Windstream Services LLC			
10/15/20	7.750%	2,749,000	2,690,584
Zayo Group LLC/Capital, Inc.[a]			
05/15/25	6.375%	3,723,000	3,611,310
Total			28,536,914
Total Corporate Bonds & Notes (Cost: $611,201,657)			**609,933,717**

Convertible Bonds —%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
WIRELINES —%			
At Home Corp.[c][d][e]			
06/12/15	4.750%	296,350	30
Total Convertible Bonds (Cost: $—)			**30**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Senior Loans 1.1%

Borrower	Weighted Average Coupon	Principal Amount ($)	Value ($)
AUTOMOTIVE —%			
BHM Technologies LLC Term Loan[c][d][e][g][h] 11/26/13	0.000%	386,034	39
HEALTH CARE 0.2%			
U.S. Renal Care, Inc. Tranche B1 2nd Lien Term Loan[g][h] 01/03/20	8.500%	1,244,975	1,255,868
RETAILERS 0.4%			
Rite Aid Corp. Tranche 1 2nd Lien Term Loan[g][h] 08/21/20	5.750%	2,276,000	2,297,349
TECHNOLOGY 0.5%			
Riverbed Technology, Inc. Term Loan[g][h] 04/24/22	6.000%	3,247,562	3,278,413
Total Senior Loans (Cost: $7,755,585)			**6,831,669**

Common Stocks —%

Issuer	Shares	Value ($)
CONSUMER DISCRETIONARY —%		
Auto Components —%		
Lear Corp.	493	55,344
Automobiles —%		
BHM Technologies LLC[c][d][i]	35,922	359
Media —%		
Haights Cross Communications, Inc.[b][c][d][i]	27,056	—
Loral Space & Communications, Inc.[i]	6	379
Ziff Davis Holdings, Inc.[c][d][i]	553	6
Total		385
Total Consumer Discretionary		**56,088**
INDUSTRIALS —%		
Commercial Services & Supplies —%		
Quad/Graphics, Inc.	993	18,380

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Road & Rail —%		
Quality Distribution, Inc.[i]	195	3,015
Total Industrials		**21,395**
UTILITIES —%		
Independent Power and Renewable Electricity Producers —%		
Calpine Corp. Escrow[b][c][d][i]	6,049,000	—
Total Utilities		**—**
Total Common Stocks (Cost: $310,067)		**77,483**

Preferred Stocks —%

CONSUMER DISCRETIONARY —%		
Automobiles —%		
BHM Technologies LLC[c][d][i]	430	4
Total Consumer Discretionary		**4**
Total Preferred Stocks (Cost: $23)		**4**

Warrants —%

CONSUMER DISCRETIONARY —%		
Media —%		
ION Media Networks, Inc.[c][d][i]	123	1
Total		1
Total Consumer Discretionary		**1**
Total Warrants (Cost: $316,604)		**1**

Money Market Funds 4.3%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[j][k]	28,116,470	28,116,470
Total Money Market Funds (Cost: $28,116,470)		**28,116,470**
Total Investments (Cost: $647,700,406)		**644,959,374**
Other Assets & Liabilities, Net		**8,583,671**
Net Assets		**653,543,045**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

At June 30, 2015, cash totaling $274,050 was pledged as collateral.

Investments in Derivatives
Futures Contracts Outstanding at June 30, 2015

Short Futures Contracts Outstanding

Contract Description	Number of Contracts	Trading Currency	Notional Market Value ($)	Expiration Date	Unrealized Appreciation ($)	Unrealized Depreciation ($)
US 10YR NOTE (CBT)	(203)	USD	(25,612,892)	09/2015	224,887	—

Notes to Portfolio of Investments

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2015, the value of these securities amounted to $286,946,534 or 43.91% of net assets.

(b) Negligible market value.

(c) Identifies securities considered by the Investment Manager to be illiquid and may be difficult to sell. The aggregate value of such securities at June 30, 2015 was $45,641, which represents 0.01% of net assets. Information concerning such security holdings at June 30, 2015 is as follows:

Security Description	Acquisition Dates	Cost ($)
At Home Corp. 06/12/15 4.750%	07/26/2005	—
BHM Technologies LLC Common Stock	07/21/2006	1,940
BHM Technologies LLC Preferred Stock	07/21/2006	23
BHM Technologies LLC Term Loan 11/26/13 0.000%	06/21/2007 - 03/31/2010	951,580
Calpine Corp. Escrow Common Stock	09/29/2011	—
Haights Cross Communications, Inc. Common Stock	01/15/2004 - 02/03/2006	307,972
ION Media Networks, Inc. Warrant	12/19/2005 - 04/14/2009	316,604
Lear Corp. Escrow Bond 12/01/16 8.750%	11/20/2006 - 07/24/2008	—
Quebecor Media, Inc. 01/15/49 9.750%	01/17/2007 - 07/24/2008	22,775
United Artists Theatre Circuit, Inc. 07/01/15 9.300%	01/27/2003 - 04/24/2013	3,907
Ziff Davis Holdings, Inc. Common Stock	07/1/2008	6
Ziff Davis Media, Inc. 12/15/13 13.500%	07/01/2008 - 04/15/2011	53,372

(d) Represents fair value as determined in good faith under procedures approved by the Board of Trustees. At June 30, 2015, the value of these securities amounted to $45,641, which represents 0.01% of net assets.

(e) Represents securities that have defaulted on payment of interest. The Fund has stopped accruing interest on these securities. At June 30, 2015, the value of these securities amounted to $2,356,691, which represents 0.36% of net assets.

(f) Security, or a portion thereof, has been purchased on a when-issued or delayed delivery basis.

(g) Senior loans have interest rates that float periodically based primarily on the London Interbank Offered Rate ("LIBOR") and other short-term rates. The interest rate shown reflects the weighted average coupon as of June 30, 2015. The interest rate shown for senior loans purchased on a when-issued or delayed delivery basis, if any, reflects an estimated average coupon. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional prepayments by the borrower. Such prepayments cannot be predicted.

(h) Variable rate security.

(i) Non-income producing investment.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Notes to Portfolio of Investments *(continued)*

(j) The rate shown is the seven-day current annualized yield at June 30, 2015.

(k) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Ending Cost ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Short-Term Cash Fund	21,375,604	579,231,634	(572,490,768)	28,116,470	20,949	28,116,470

Abbreviation Legend
PIK Payment-in-Kind

Currency Legend
USD US Dollar

Fair Value Measurements
The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.
- Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs,

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	Level 2 Other Significant Observable Inputs ($)	Level 3 Significant Unobservable Inputs ($)	Total ($)
Investments				
Corporate Bonds & Notes	—	609,888,515	45,202	609,933,717
Convertible Bonds	—	—	30	30
Senior Loans	—	5,575,762	1,255,907	6,831,669
Common Stocks				
Consumer Discretionary	55,723	—	365	56,088
Industrials	21,395	—	—	21,395
Utilities	—	—	0[(a)]	0[(a)]
Total Common Stocks	77,118	—	365	77,483
Preferred Stocks				
Consumer Discretionary	—	—	4	4
Warrants				
Consumer Discretionary	—	—	1	1
Money Market Funds	28,116,470	—	—	28,116,470
Total Investments	28,193,588	615,464,277	1,301,509	644,959,374
Derivatives				
Assets				
Futures Contracts	224,887	—	—	224,887
Total	28,418,475	615,464,277	1,301,509	645,184,261

(a) Rounds to zero.

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category are generally valued using the market approach, in which a security's value is determined through reference to prices and information from market transactions for similar or identical assets.

There were no transfers of financial assets between Levels 1 and 2 during the period.

Derivative instruments are valued at unrealized appreciation (depreciation).

The Fund does not hold any significant investments (greater than one percent of net assets) categorized as Level 3.

The Fund's assets assigned to the Level 3 category are valued utilizing the valuation technique deemed the most appropriate in the circumstances.

Certain corporate bonds, convertible bonds, common stocks and warrants classified as Level 3 are valued using an income approach. To determine fair value for these securities, management considered estimates of future distributions from the liquidation of company assets or potential actions related to the respective company's bankruptcy filing. Significant increases (decreases) to any of these inputs would result in a significantly lower (higher) fair value measurement. Generally, a change in the bankruptcy filings would result in a directionally similar change to estimates of future distributions.

Certain corporate bonds, senior loans and common and preferred stocks classified as Level 3 are valued using a market approach. To determine fair value for these securities, management considered various factors which may have included, but were not limited to, trades of similar securities, single market quotations from broker dealers, estimated earnings of the respective company, market multiples derived from a set of comparable companies, and the position of the security within the respective company's capital structure. Significant increases (decreases) to any of these inputs would result in a significantly lower (higher) fair value measurement. Generally, a change in estimated earnings of the respective company may result in a change to the comparable companies and market multiples utilized.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

Financial Assets were transferred from Level 2 to Level 3 due to utilizing a single market quotation from a broker dealer. As a result, as of period end, management determined to value the security(s) under procedures established by and under the general supervision of the Board of Trustees.

Transfers In		Transfers Out	
Level 2 ($)	**Level 3 ($)**	**Level 2 ($)**	**Level 3 ($)**
—	1,234,081	1,234,081	—

Transfers in and/or out of Level 3 are determined based on the fair value at the beginning of the period for security positions held throughout the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $619,583,936)	$616,842,904
Affiliated issuers (identified cost $28,116,470)	28,116,470
Total investments (identified cost $647,700,406)	644,959,374
Cash	82,762
Margin deposits	274,050
Receivable for:	
Investments sold	7,187,235
Capital shares sold	158,398
Dividends	2,611
Interest	9,049,636
Foreign tax reclaims	12,631
Variation margin	6,344
Expense reimbursement due from Investment Manager	6,004
Trustees' deferred compensation plan	149
Total assets	661,739,194
Liabilities	
Payable for:	
Investments purchased	2,923,838
Investments purchased on a delayed delivery basis	4,080,683
Capital shares purchased	500,134
Investment management fees	332,274
Distribution and/or service fees	47,408
Transfer agent fees	34,399
Administration fees	39,458
Compensation of board members	166,956
Other expenses	70,850
Trustees' deferred compensation plan	149
Total liabilities	8,196,149
Net assets applicable to outstanding capital stock	**$653,543,045**
Represented by	
Paid-in capital	$603,398,765
Undistributed net investment income	23,742,784
Accumulated net realized gain	28,917,641
Unrealized appreciation (depreciation) on:	
Investments	(2,741,032)
Futures contracts	224,887
Total — representing net assets applicable to outstanding capital stock	**$653,543,045**
Class 1	
Net assets	$350,899,543
Shares outstanding	41,922,980
Net asset value per share	$8.37
Class 2	
Net assets	$125,458,775
Shares outstanding	15,047,156
Net asset value per share	$8.34
Class 3	
Net assets	$177,184,727
Shares outstanding	21,073,916
Net asset value per share	$8.41

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — unaffiliated issuers	$842
Dividends — affiliated issuers	20,949
Interest	28,208,396
Total income	28,230,187
Expenses:	
Investment management fees	2,906,078
Distribution and/or service fees	
Class 2	159,470
Class 3	114,409
Transfer agent fees	
Class 1	211,608
Class 2	38,272
Class 3	54,914
Administration fees	339,759
Compensation of board members	17,035
Custodian fees	12,015
Printing and postage fees	65,232
Professional fees	20,248
Other	9,486
Total expenses	3,948,526
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(11,147)
Total net expenses	3,937,379
Net investment income	24,292,808
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	28,769,818
Futures contracts	(256,410)
Swap contracts	75,570
Net realized gain	28,588,978
Net change in unrealized appreciation (depreciation) on:	
Investments	(16,768,147)
Futures contracts	313,768
Net change in unrealized depreciation	(16,454,379)
Net realized and unrealized gain	12,134,599
Net increase in net assets resulting from operations	**$36,427,407**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$24,292,808	$59,146,405
Net realized gain	28,588,978	12,659,796
Net change in unrealized depreciation	(16,454,379)	(27,005,987)
Net increase in net assets resulting from operations	36,427,407	44,800,214
Distributions to shareholders		
Net investment income		
Class 1	(32,077,794)	—
Class 2	(11,331,960)	—
Class 3	(15,985,731)	—
Net realized gains		
Class 1	(3,074,059)	—
Class 2	(1,108,263)	—
Class 3	(1,553,330)	—
Total distributions to shareholders	(65,131,137)	—
Decrease in net assets from capital stock activity	(475,901,831)	(50,403,925)
Total decrease in net assets	(504,605,561)	(5,603,711)
Net assets at beginning of period	1,158,148,606	1,163,752,317
Net assets at end of period	**$653,543,045**	**$1,158,148,606**
Undistributed net investment income	$23,742,784	$58,845,461

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	5,289,929	49,411,458	16,200,607	145,986,107
Distributions reinvested	4,199,743	35,151,853	—	—
Redemptions	(60,678,820)	(569,695,701)	(15,860,952)	(142,821,354)
Net increase (decrease)	(51,189,148)	(485,132,390)	339,655	3,164,753
Class 2 shares				
Subscriptions	200,232	1,849,802	464,738	4,183,522
Distributions reinvested	1,491,633	12,440,223	—	—
Redemptions	(896,071)	(8,269,002)	(2,320,122)	(20,814,089)
Net increase (decrease)	795,794	6,021,023	(1,855,384)	(16,630,567)
Class 3 shares				
Subscriptions	129,064	1,188,778	251,090	2,289,787
Distributions reinvested	2,085,501	17,539,061	—	—
Redemptions	(1,668,113)	(15,518,303)	(4,340,106)	(39,227,898)
Net increase (decrease)	546,452	3,209,536	(4,089,016)	(36,938,111)
Total net decrease	**(49,846,902)**	**(475,901,831)**	**(5,604,745)**	**(50,403,925)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[a]
Per share data						
Net asset value, beginning of period	$9.06	$8.71	$10.51	$10.02	$10.69	$11.25
Income from investment operations:						
Net investment income	0.22	0.45	0.52	0.64	0.70	0.51
Net realized and unrealized gain (loss)	0.02	(0.10)	(0.06)	0.78	(0.04)	0.23
Total from investment operations	0.24	0.35	0.46	1.42	0.66	0.74
Less distributions to shareholders:						
Net investment income	(0.85)	—	(1.38)	(0.71)	(1.03)	(1.30)
Net realized gains	(0.08)	—	(0.59)	(0.22)	(0.30)	—
Tax return of capital	—	—	(0.29)	—	—	—
Total distributions to shareholders	(0.93)	—	(2.26)	(0.93)	(1.33)	(1.30)
Net asset value, end of period	$8.37	$9.06	$8.71	$10.51	$10.02	$10.69
Total return	2.68%	4.02%	5.09%	14.97%	6.42%	7.68%
Ratios to average net assets[b]						
Total gross expenses	0.72%[c]	0.71%	0.72%	0.71%	0.72%	0.78%[c]
Total net expenses[d]	0.72%[c]	0.71%	0.71%	0.71%	0.72%	0.78%[c]
Net investment income	4.83%[c]	5.04%	5.59%	6.16%	6.76%	7.47%[c]
Supplemental data						
Net assets, end of period (in thousands)	$350,900	$843,225	$808,379	$755,648	$983,282	$842,202
Portfolio turnover	29%	59%	56%	68%	66%	77%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[(a)]
Per share data						
Net asset value, beginning of period	$9.01	$8.69	$10.46	$9.98	$10.67	$11.25
Income from investment operations:						
Net investment income	0.21	0.44	0.49	0.60	0.66	0.47
Net realized and unrealized gain (loss)	0.04	(0.12)	(0.04)	0.79	(0.03)	0.24
Total from investment operations	0.25	0.32	0.45	1.39	0.63	0.71
Less distributions to shareholders:						
Net investment income	(0.84)	—	(1.34)	(0.69)	(1.02)	(1.29)
Net realized gains	(0.08)	—	(0.59)	(0.22)	(0.30)	—
Tax return of capital	—	—	(0.29)	—	—	—
Total distributions to shareholders	(0.92)	—	(2.22)	(0.91)	(1.32)	(1.29)
Net asset value, end of period	$8.34	$9.01	$8.69	$10.46	$9.98	$10.67
Total return	2.73%	3.68%	5.01%	14.72%	6.17%	7.44%
Ratios to average net assets[(b)]						
Total gross expenses	0.98%[(c)]	0.96%	0.97%	0.96%	0.97%	1.01%[(c)]
Total net expenses[(d)]	0.97%[(c)]	0.90%	0.78%	0.96%	0.96%	1.01%[(c)]
Net investment income	4.60%[(c)]	4.86%	5.54%	5.86%	6.54%	6.87%[(c)]
Supplemental data						
Net assets, end of period (in thousands)	$125,459	$128,476	$139,973	$9,657	$4,704	$929
Portfolio turnover	29%	59%	56%	68%	66%	77%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 3	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$9.08	$8.75	$10.53	$10.04	$10.71	$10.71
Income from investment operations:						
Net investment income	0.22	0.45	0.51	0.62	0.69	0.81
Net realized and unrealized gain (loss)	0.03	(0.12)	(0.06)	0.79	(0.05)	0.47
Total from investment operations	0.25	0.33	0.45	1.41	0.64	1.28
Less distributions to shareholders:						
Net investment income	(0.84)	—	(1.35)	(0.70)	(1.01)	(1.28)
Net realized gains	(0.08)	—	(0.59)	(0.22)	(0.30)	—
Tax return of capital	—	—	(0.29)	—	—	—
Total distributions to shareholders	(0.92)	—	(2.23)	(0.92)	(1.31)	(1.28)
Net asset value, end of period	$8.41	$9.08	$8.75	$10.53	$10.04	$10.71
Total return	2.77%	3.77%	5.02%	14.80%	6.26%	13.04%
Ratios to average net assets[(a)]						
Total gross expenses	0.85%[(b)]	0.84%	0.85%	0.84%	0.85%	0.86%
Total net expenses[(c)]	0.85%[(b)]	0.84%	0.84%	0.83%	0.85%	0.86%
Net investment income	4.72%[(b)]	4.92%	5.45%	6.01%	6.63%	7.38%
Supplemental data						
Net assets, end of period (in thousands)	$177,185	$186,448	$215,401	$262,909	$236,367	$251,747
Portfolio turnover	29%	59%	56%	68%	66%	77%

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio – Income Opportunities Fund (the Fund), a series of Columbia Funds Variable Series Trust II (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1, Class 2 and Class 3 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

Debt securities generally are valued by pricing services approved by the Board of Trustees (the Board) based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques that take into account, as applicable, factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are not readily available or not believed to be reflective of market value may also be valued based upon a bid quote from an approved independent broker-dealer.

Senior loan securities for which reliable market quotations are readily available are generally valued by pricing services at the average of the bids received.

All equity securities are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Futures and options on futures contracts are valued based upon the settlement price at the close of regular trading on their principal exchanges or, in the absence of transactions, at the mean of the latest quoted bid and ask prices.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Derivative Instruments

The Fund invests in certain derivative instruments, as detailed below, to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more securities, currencies, commodities, indices, or other assets or instruments. Derivatives may be used to increase investment flexibility (including to maintain cash reserves while maintaining desired exposures), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligation under the terms of the contract, the potential for an illiquid secondary market (making it difficult for the Fund to sell, including at favorable prices) and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities. The notional amounts of derivative instruments, if applicable, are not recorded in the financial statements.

A derivative instrument may suffer a marked-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract. The Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund and the amount of any variation margin held by the counterparty. With exchange-traded or centrally cleared derivatives, there is reduced counterparty credit risk to the Fund since the exchange's clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the counterparty credit risk is failure of the clearinghouse. However, credit risk still exists in exchange-traded or centrally cleared derivatives with respect to initial and variation margin that is held in a broker's customer account. While brokers are required to segregate customer margin from their own assets, in the event that a broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker for all its clients, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's customers (including the Fund), potentially resulting in losses to the Fund.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is an agreement between the Fund and a counterparty that governs over-the-counter derivatives and forward foreign currency exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative instrument's payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting) including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

Collateral (margin) requirements differ by type of derivative. Margin requirements are established by the exchange or clearinghouse for exchange-traded and centrally cleared derivatives. Brokers can ask for margin in excess of the minimum in certain circumstances. Collateral terms are contract specific for over-the-counter derivatives. For over-the-counter derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the marked-to-market amount for each transaction under such agreement and comparing that amount to the value of any variation margin currently pledged by the Fund and/or the counterparty. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold (e.g., $500,000) before a transfer has

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to over-the-counter derivatives transactions to terminate derivatives contracts prior to maturity in the event the Fund's net assets decline by a stated percentage over a specified time period or if the Fund fails to meet certain terms of the ISDA Master Agreement, which would cause the Fund to accelerate payment of any net liability owed to the counterparty. The Fund also has termination rights if the counterparty fails to meet certain terms of the ISDA Master Agreement. In addition to considering counterparty credit risk, the Fund would consider terminating the derivatives contracts based on whether termination would result in a net liability owed from the counterparty.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

Futures Contracts

Futures contracts are exchange traded and represent commitments for the future purchase or sale of an asset at a specified price on a specified date. The Fund bought and sold futures contracts to manage the duration and yield curve exposure of the Fund versus the benchmark and manage exposure to movements in interest rates. These instruments may be used for other purposes in future periods. Upon entering into futures contracts, the Fund bears risks that it may not achieve the anticipated benefits of the futures contracts and may realize a loss. Additional risks include counterparty credit risk, the possibility of an illiquid market, and that a change in the value of the contract or option may not correlate with changes in the value of the underlying asset.

Upon entering into a futures contract, the Fund pledges cash or securities with the broker in an amount sufficient to meet the initial margin requirement. The initial margin deposit must be maintained at an established level over the life of the contract. Cash deposited as initial margin is recorded in the Statement of Assets and Liabilities as margin deposits. Securities deposited as initial margin are designated in the Portfolio of Investments. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily change in the contract value and are recorded as variation margin receivable or payable and are offset in unrealized gains or losses. The Fund recognizes a realized gain or loss when the contract is closed or expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities.

Credit Default Swap Contracts

The Fund entered into credit default swap contracts to manage its cash position. These instruments may be used for other purposes in future periods. Credit default swap contracts are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a specified credit event(s) take place. Although specified credit events are contract specific, credit events are generally defined as bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium.

As the purchaser of a credit default swap contract, the Fund purchases protection by paying a periodic interest rate on the notional amount to the counterparty. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized loss upon payment. If a credit event as specified in the contract occurs, the Fund may have the option either to deliver the reference obligation to the seller in exchange for a cash payment of its par amount, or to receive a net cash settlement equal to the par amount less an agreed-upon value of the reference obligation as of the date of the credit event. The difference between the value of the obligation or cash delivered and the notional amount received will be recorded as a realized gain (loss).

Effects of Derivative Transactions in the Financial Statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund, including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; and the impact of derivative transactions over the period in the Statement of Operations, including realized and unrealized gains (losses). The derivative instrument schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

The following table provides a summary of the fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) at June 30, 2015:

	Asset Derivatives	
Risk Exposure Category	**Statement of Assets and Liabilities Location**	**Fair Value ($)**
Interest rate risk	Net assets — unrealized appreciation on futures contracts	224,887*

* Includes cumulative appreciation (depreciation) as reported in the tables following the Portfolio of Investments. Only the current day's variation margin is reported in receivables or payables in the Statement of Assets and Liabilities.

The following table indicates the effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in the Statement of Operations for the six months ended June 30, 2015:

Amount of Realized Gain (Loss) on Derivatives Recognized in Income			
Risk Exposure Category	**Futures Contracts ($)**	**Swap Contracts ($)**	**Total ($)**
Credit risk	—	75,570	75,570
Interest rate risk	(256,410)	—	(256,410)
Total	(256,410)	75,570	(180,840)

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income	
Risk Exposure Category	**Futures Contracts ($)**
Interest rate risk	313,768

The following table provides a summary of the average outstanding volume by derivative instrument for the six months ended June 30, 2015:

Derivative Instrument	**Average notional amounts($)***
Futures contracts — Short	20,347,462

* Based on the ending quarterly outstanding amounts for the six months ended June 30, 2015.

Investments in Senior Loans

The Fund may invest in senior loan assignments. When the Fund purchases an assignment of a senior loan, the Fund typically has direct rights against the borrower; provided, however, that the Fund's rights may be more limited than the lender from which it acquired the assignment and the Fund may be able to enforce its rights only through an administrative agent. Although certain senior loan assignments are secured by collateral, the Fund could experience delays or limitations in realizing such collateral or have its interest subordinated to other indebtedness of the obligor. In the event that the administrator or collateral agent of a loan becomes insolvent, enters into receivership or bankruptcy, the Fund may incur costs and delays in realizing payment or may suffer a loss of principal and/or interest. The risk of loss is greater for unsecured or subordinated loans. In addition, senior loan assignments are vulnerable to market, economic or other conditions or events that may reduce the demand for senior loan assignments and certain senior loan assignments which were liquid, when purchased, may become illiquid.

The Fund may enter into senior loan assignments where all or a portion of the loan may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. These commitments are generally traded and priced in the same manner as other senior loan securities and are disclosed as unfunded senior loan commitments in the Fund's Portfolio of Investments with a corresponding payable for investments purchased. The Fund designates cash or liquid securities to cover these commitments.

Delayed Delivery Securities

The Fund may trade securities on other than normal settlement terms, including securities purchased or sold on a "when-issued" basis. This may increase risk to the Fund since the other party to the transaction may fail to deliver, which could cause the Fund to subsequently invest at less advantageous prices. The Fund designates cash or liquid securities in an amount equal to the delayed delivery commitment.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Trade date for senior loans purchased in the primary market is the date on which the loan is allocated. Trade date for senior loans purchased in the secondary market is the date on which the transaction is entered into.

Income Recognition

Interest income is recorded on an accrual basis. Market premiums and discounts, including original issue discounts, are amortized and accreted, respectively, over the expected life of the security on all debt securities, unless otherwise noted.

The Fund may place a debt security on non-accrual status and reduce related interest income when it becomes probable that the interest will not be collected and the

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

amount of uncollectible interest can be reasonably estimated. A defaulted debt security is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured.

The Fund may receive other income from senior loans, including amendment fees, consent fees and commitment fees. These fees are recorded as income when received by the Fund. These amounts are included in Interest Income in the Statement of Operations.

Corporate actions and dividend income are recorded on the ex-dividend date.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

The value of additional securities received as an income payment is recorded as income and increases the cost basis of such securities.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund's sole shareholders are Qualified Investors, the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

Distributions to Subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gains distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

NOTES TO FINANCIAL STATEMENTS *(continued)*
June 30, 2015 (Unaudited)

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.59% to 0.36% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.57% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.07% to 0.04% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.07% of the Fund's average daily net assets.

Other Expenses

Other expenses are for, among other things, miscellaneous expenses of the Fund or the Board, including payments to Board Services Corp., a company providing limited administrative services to the Fund and the Board. That company's expenses include boardroom and office expense, employee compensation, employee health and retirement benefits, and certain other expenses. For the six months ended June 30, 2015, other expenses paid by the Fund to this company were $1,464.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. Under a Deferred Compensation Plan (the Plan), the Board members who are not "interested persons" of the Fund, as defined under the 1940 Act, may elect to defer payment of up to 100% of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of certain funds managed by the Investment Manager. The Fund's liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. Under a Plan and Agreement of Distribution, the Fund pays a fee at an annual rate of up to 0.25% of the Fund's average daily net assets attributable to Class 2 shares and an annual rate of up to 0.125% of the Fund's average daily net assets attributable to Class 3 shares. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Effective May 1, 2015 Through June 30, 2015	Voluntary Expense Cap Prior to May 1, 2015
Class 1	0.730%	0.730%	0.720%
Class 2	0.980	0.980	0.970
Class 3	0.855	0.855	0.845

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At June 30, 2015, the cost of investments for federal income tax purposes was approximately $647,700,000 and the aggregate gross approximate unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	$9,146,000
Unrealized depreciation	(11,887,000)
Net unrealized depreciation	$(2,741,000)

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $282,230,149 and $794,890,840, respectively, for the six months ended June 30, 2015. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 6. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

Note 7. Shareholder Concentration

At June 30, 2015, affiliated shareholders of record owned 94.2% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 8. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 9. Significant Risks

Credit Risk

Credit risk is the risk that the value of debt securities in the Fund's portfolio may decline because the issuer may default and fail to pay interest or repay principal when due. Rating agencies assign credit ratings to debt securities to indicate their credit risk. Lower rated or unrated debt securities held by the Fund may present increased credit risk as compared to higher-rated debt securities.

Interest Rate Risk

Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt securities tend to fall, and if interest rates fall, the values of debt securities tend to rise. Actions by governments and central banking authorities can result in increases in interest rates. Increasing interest rates may negatively affect the value of debt securities held by the Fund, resulting in a negative impact on the Fund's performance and net asset value per share. In general, the longer the maturity or duration of a debt security, the greater its sensitivity to changes in interest rates.

Liquidity Risk

Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price. Changing regulatory, market or other conditions or environments (for example, the interest rate or credit environments) may adversely affect the liquidity of the Fund's investments. The Fund may have to accept a lower selling price for the holding, sell other investments, or forego another, more appealing investment opportunity. Generally, the less liquid the market at the time the Fund sells a portfolio investment, the greater the risk of loss or decline of value to the Fund. A less liquid market can lead to an increase in Fund redemptions, which may negatively impact Fund performance and net asset value per share, including, for example, if the Fund is forced to sell securities in a down market.

High-Yield Securities Risk

Securities rated below investment grade (commonly called "high-yield" or "junk" bonds) and unrated securities of comparable quality expose the Fund to a greater risk of loss of principal and income than a fund that invests solely or primarily in investment grade securities. In addition, these investments have greater price fluctuations, are less liquid and are more likely to experience a default than higher-rated securities. High-yield securities are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

Note 10. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 11. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of \$10 million and civil money penalties of \$7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the

NOTES TO FINANCIAL STATEMENTS *(continued)*
June 30, 2015 (Unaudited)

Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Income Opportunities Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

The Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considered the renewal of the IMS Agreement for a two-month period (Short-Term Period) in order to align the IMS Agreement with the review cycle of other funds in the Columbia family of funds. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March and April 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to each item of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel, and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its April 13-15, 2015 in-person Board meeting (the April Meeting), considered the renewal of the IMS Agreement for the Short-Term Period. At the April Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its expertise, resources and capabilities. The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management. The Independent Trustees noted the information they received concerning Columbia Management's ability to retain its key portfolio management personnel. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board also reviewed the financial condition of Columbia Management (and its affiliates) and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other services agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement for the Short-Term Period.

Based on the foregoing, and based on other information received (both oral and written, including the information on investment performance referenced below) and other considerations, the Board concluded that the services being performed by Columbia Management and its affiliates were acceptable for the Short-Term Period.

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that for purposes of approving the IMS Agreement for the Short-Term Period, the Fund's performance was acceptable.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability.

The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with few defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund).

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Board referred to a detailed profitability report, discussing the profitability to Columbia Management and Ameriprise Financial from managing, operating and distributing the Funds. For purposes of approving the IMS Agreement for the Short-Term Period, the Board concluded that the investment management service fees were fair and reasonable, observing that the profitability levels also seemed reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Independent Trustees took into account that IMS fees decline as Fund assets exceed various breakpoints.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that, for purposes of its consideration of the renewal of the IMS Agreement for the Short-Term Period, the investment management service fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. The Board noted its understanding that it would undertake the full consideration of renewal of the IMS Agreement for the full annual period at its June 2015 meetings. On April 15, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager, and together with its global affiliates, Columbia Threadneedle), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Income Opportunities Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

On an annual basis, the Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considers renewal of the IMS Agreement. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March, April and June 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to items of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. All of the materials presented in January, March, April and June were first supplied in draft form to designated representatives of the Independent Trustees, *i.e.*, Independent Legal Counsel, Fund Counsel, the Chair of the Board and the Chair of the Contracts Committee, and the final materials were revised to reflect discussion and subsequent requests made by the Board representatives. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its June 15-17, 2015 in-person Board meeting (the June Meeting), considered the renewal of the IMS Agreement for an additional one-year term. At the June Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its organization, expertise, resources and capabilities.

The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management, including, in particular, the restructured leadership in the Chief Investment Officer's organization, the strengthening of the investment research department, the solidifying of the Global Asset Management initiative and the restructured investment risk management organization. The Board also noted the broad scope of services provided by Columbia Management to each Fund, including, among other services, investment, risk and compliance oversight. The Board also took into account the information it received concerning Columbia Management's ability to attract and retain key portfolio management personnel.

In connection with the Board's evaluation of the overall package of services provided by Columbia Management, the Board also considered the quality of administrative services provided to the Fund by Columbia Management, recalling the information it received highlighting achievements in 2014 in the performance of administrative services. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board reviewed the financial condition of Columbia Management and its affiliates and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other service agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement (including the relatively broad scope of services required to be performed by Columbia Management). The Board took into account the proposed combination of the forms of IMS Agreements and Administrative Services Agreements into a single form of agreement with the combined form reflecting no proposed change in services or fees. Given no material change, the Trustees agreed to the combined form, to be effective upon each Fund's next annual update. The Board concluded that the services being performed under the IMS Agreement and the Administrative Services Agreement were of a reasonably high quality.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that the Fund’s investment performance met expectations.

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund’s expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund’s contribution to Columbia Management’s profitability. The Board considered the reports of its independent fee consultant, JDL, which assisted in its analysis of the Funds’ performance and expenses, and JDL’s conclusion that the effective investment management fee rate for the Fund remains within a reasonable range. The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with certain defined exceptions) are generally in line with the “pricing philosophy” currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund). The Board took into account that the Fund’s total expense ratio (after considering proposed expense caps/waivers) was slightly below the peer universe’s median expense ratio shown in the reports. Based on its review, the Board concluded that the Fund’s management fee was fair and reasonable in light of the extent and quality of services that the Fund receives.

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Independent Trustees referred to their detailed analysis of the Profitability Report, discussing the profitability to Columbia Management and Ameriprise from managing, operating and distributing the Funds. The Board took into account JDL’s conclusion that 2014 Columbia Management profitability was reasonable. It also considered that Columbia Management generated 2014 profitability that only moderately exceeded 2013 levels. It was further observed that, based on information presented, 2014 overall profitability is in line with profitability levels of industry competitors. It also took into account the indirect economic benefits flowing to Columbia Management or its affiliates in connection with managing or distributing the Funds, such as the enhanced ability to offer various other financial products to Ameriprise Financial customers, soft dollar benefits and overall reputational advantages. The Board noted that the fees paid by the Funds should permit the Investment Manager to offer competitive compensation to its personnel, make necessary investments in its business and earn an appropriate profit. The Board concluded that profitability levels were reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Board took into account that IMS fees decline as Fund assets exceed various breakpoints, all of which have not been surpassed.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that the investment management services fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. On June 17, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

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IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio – Income Opportunities Fund
P.O. Box 8081
Boston, MA 02266-8081

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE
INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO – LARGE CAP GROWTH FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

TABLE OF CONTENTS

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW
(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Large Cap Growth Fund (the Fund) Class 3 shares returned 8.57% for the six-month period that ended June 30, 2015.
- The Fund outperformed its benchmark, the Russell 1000 Growth Index, which returned 3.96% for the same time period.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1*	05/03/10	8.61	16.80	18.95	7.27
Class 2*	05/03/10	8.46	16.53	18.64	7.05
Class 3	09/15/99	8.57	16.70	18.82	7.22
Russell 1000 Growth Index		3.96	10.56	18.59	9.10

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

* The returns shown for periods prior to the share class inception date (including returns for the Life of the Fund, if shown, which are since Fund inception) include the returns of the Fund's oldest share class. These returns are adjusted to reflect any higher class-related operating expenses of the newer share classes, as applicable. Please visit columbiathreadneedle.com/us/investment-products/variable-products/appended-performance for more information.

The Russell 1000 Growth Index, an unmanaged index, measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW

(Unaudited)

Top Ten Holdings (%) (at June 30, 2015)	
Apple, Inc.	6.0
Lowe's Companies, Inc.	2.5
Amazon.com, Inc.	2.4
Facebook, Inc., Class A	2.4
Visa, Inc., Class A	2.4
Comcast Corp., Class A	2.2
Electronic Arts, Inc.	2.1
Allergan PLC	2.1
Bristol-Myers Squibb Co.	2.0
CVS Health Corp.	2.0

Percentages indicated are based upon total investments (excluding Money Market Funds).

For further detail about these holdings, please refer to the section entitled "Portfolio of Investments."

Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

Portfolio Breakdown (%) (at June 30, 2015)	
Common Stocks	98.4
Money Market Funds	1.6
Total	**100.0**

Percentages indicated are based upon total investments. The Fund's portfolio composition is subject to change.

Equity Sector Breakdown (%) (at June 30, 2015)	
Consumer Discretionary	20.9
Consumer Staples	7.4
Energy	1.7
Financials	5.8
Health Care	21.3
Industrials	9.7
Information Technology	30.9
Materials	1.5
Telecommunication Services	0.8
Total	**100.0**

Percentages indicated are based upon total equity investments. The Fund's portfolio composition is subject to change.

Portfolio Management

John Wilson, CFA

Peter Deininger, CFA, CAIA

Tchintcia Barros, CFA

UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,086.10	1,020.88	4.09	3.96	0.79
Class 2	1,000.00	1,000.00	1,084.60	1,019.64	5.38	5.21	1.04
Class 3	1,000.00	1,000.00	1,085.70	1,020.28	4.71	4.56	0.91

Expenses paid during the period are equal to the annualized expense ratio as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Common Stocks 97.4%

Issuer	Shares	Value ($)
CONSUMER DISCRETIONARY 20.4%		
Auto Components 1.9%		
Delphi Automotive PLC	221,520	18,849,137
Visteon Corp.[(a)]	100,240	10,523,195
Total		29,372,332
Hotels, Restaurants & Leisure 1.3%		
Starwood Hotels & Resorts Worldwide, Inc.	247,710	20,086,804
Household Durables 0.9%		
Jarden Corp.[(a)]	286,440	14,823,270
Internet & Catalog Retail 4.7%		
Amazon.com, Inc.[(a)]	83,801	36,377,176
Ctrip.com International Ltd., ADR[(a)]	86,210	6,260,570
Expedia, Inc.	113,010	12,357,644
Priceline Group, Inc. (The)[(a)]	16,032	18,458,764
Total		73,454,154
Media 5.1%		
Comcast Corp., Class A	543,070	32,660,230
DISH Network Corp., Class A[(a)]	303,359	20,540,438
Time Warner, Inc.	287,360	25,118,137
Total		78,318,805
Multiline Retail 0.9%		
Hudson's Bay Co.	597,784	13,281,430
Specialty Retail 2.4%		
Lowe's Companies, Inc.	551,853	36,957,595
Textiles, Apparel & Luxury Goods 3.2%		
Hanesbrands, Inc.	742,712	24,747,164
lululemon athletica, Inc.[(a)]	171,700	11,212,010
VF Corp.	187,272	13,060,349
Total		49,019,523
Total Consumer Discretionary		**315,313,913**
CONSUMER STAPLES 7.1%		
Beverages 1.1%		
Coca-Cola Enterprises, Inc.	407,197	17,688,638
Food & Staples Retailing 2.9%		
CVS Health Corp.	287,505	30,153,525
Kroger Co. (The)	209,114	15,162,856
Total		45,316,381
Food Products 1.5%		
Mead Johnson Nutrition Co.	152,990	13,802,758
WhiteWave Foods Co. (The), Class A[(a)]	185,997	9,091,533
Total		22,894,291

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Tobacco 1.6%		
Philip Morris International, Inc.	309,590	24,819,830
Total Consumer Staples		**110,719,140**
ENERGY 1.7%		
Oil, Gas & Consumable Fuels 1.7%		
Anadarko Petroleum Corp.	175,970	13,736,218
Kinder Morgan, Inc.	310,853	11,933,647
Total		25,669,865
Total Energy		**25,669,865**
FINANCIALS 5.7%		
Banks 1.3%		
Fifth Third Bancorp	396,402	8,253,089
Wells Fargo & Co.	223,828	12,588,087
Total		20,841,176
Capital Markets 3.4%		
BlackRock, Inc.	32,176	11,132,252
Goldman Sachs Group, Inc. (The)	59,100	12,339,489
Invesco Ltd.	444,950	16,681,176
TD Ameritrade Holding Corp.	323,860	11,924,525
Total		52,077,442
Real Estate Investment Trusts (REITs) 1.0%		
Simon Property Group, Inc.	86,550	14,974,881
Total Financials		**87,893,499**
HEALTH CARE 20.7%		
Biotechnology 10.2%		
Alexion Pharmaceuticals, Inc.[(a)]	139,060	25,137,876
Alkermes PLC[(a)]	270,190	17,384,025
Biogen, Inc.[(a)]	54,370	21,962,218
BioMarin Pharmaceutical, Inc.[(a)]	85,630	11,712,471
Bluebird Bio, Inc.[(a)]	21,420	3,606,485
Celgene Corp.[(a)]	205,710	23,807,847
Dyax Corp.[(a)]	191,987	5,087,656
Incyte Corp.[(a)]	129,470	13,492,069
Intercept Pharmaceuticals, Inc.[(a)]	23,392	5,646,361
Novavax, Inc.[(a)]	559,340	6,231,048
Receptos, Inc.[(a)]	26,240	4,986,912
Vertex Pharmaceuticals, Inc.[(a)]	150,705	18,609,053
Total		157,664,021
Health Care Equipment & Supplies 2.2%		
Medtronic PLC	317,799	23,548,906
Zimmer Biomet Holdings, Inc.	102,419	11,187,227
Total		34,736,133

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Health Care Providers & Services 4.4%		
Express Scripts Holding Co.[a]	246,650	21,937,051
Laboratory Corp. of America Holdings[a]	142,350	17,255,667
McKesson Corp.	126,236	28,379,115
Total		67,571,833
Pharmaceuticals 3.9%		
Allergan PLC[a]	101,895	30,921,057
Bristol-Myers Squibb Co.	455,758	30,326,137
Total		61,247,194
Total Health Care		**321,219,181**
INDUSTRIALS 9.4%		
Aerospace & Defense 2.7%		
Honeywell International, Inc.	259,427	26,453,771
Northrop Grumman Corp.	99,660	15,809,066
Total		42,262,837
Air Freight & Logistics 1.5%		
FedEx Corp.	133,730	22,787,592
Construction & Engineering 0.5%		
Quanta Services, Inc.[a]	266,020	7,666,696
Industrial Conglomerates 1.3%		
Carlisle Companies, Inc.	206,850	20,709,822
Machinery 3.4%		
Ingersoll-Rand PLC	346,580	23,366,424
Pall Corp.	31,309	3,896,405
Snap-On, Inc.	156,625	24,942,531
Total		52,205,360
Total Industrials		**145,632,307**
INFORMATION TECHNOLOGY 30.1%		
Communications Equipment 1.3%		
Palo Alto Networks, Inc.[a]	117,780	20,576,166
Internet Software & Services 7.4%		
Alibaba Group Holding Ltd., ADR[a]	104,450	8,593,101
Facebook, Inc., Class A[a]	423,018	36,280,139
Google, Inc., Class A[a]	52,838	28,534,634
Google, Inc., Class C[a]	53,836	28,022,176
LinkedIn Corp., Class A[a]	61,860	12,782,132
Total		114,212,182
IT Services 2.3%		
Visa, Inc., Class A	533,660	35,835,269
Semiconductors & Semiconductor Equipment 5.7%		
Avago Technologies Ltd.	90,960	12,091,313
Broadcom Corp., Class A	324,730	16,720,348

Common Stocks *(continued)*

Issuer	Shares	Value ($)
NXP Semiconductors NV[a]	124,566	12,232,381
Qorvo, Inc.[a]	186,520	14,971,960
Skyworks Solutions, Inc.	169,790	17,675,139
SunEdison, Inc.[a]	478,420	14,309,542
Total		88,000,683
Software 7.5%		
Electronic Arts, Inc.[a]	471,580	31,360,070
Microsoft Corp.	446,766	19,724,719
Red Hat, Inc.[a]	384,720	29,211,790
salesforce.com, inc.[a]	307,773	21,430,234
ServiceNow, Inc.[a]	196,205	14,579,993
Total		116,306,806
Technology Hardware, Storage & Peripherals 5.9%		
Apple, Inc.	723,715	90,771,954
Total Information Technology		**465,703,060**
MATERIALS 1.5%		
Chemicals 1.5%		
Eastman Chemical Co.	277,180	22,678,868
Total Materials		**22,678,868**
TELECOMMUNICATION SERVICES 0.8%		
Diversified Telecommunication Services 0.8%		
Verizon Communications, Inc.	269,903	12,580,179
Total Telecommunication Services		**12,580,179**
Total Common Stocks (Cost: $1,274,065,858)		**1,507,410,012**

Money Market Funds 1.5%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[b][c]	23,772,819	23,772,819
Total Money Market Funds (Cost: $23,772,819)		**23,772,819**
Total Investments (Cost: $1,297,838,677)		**1,531,182,831**
Other Assets & Liabilities, Net		**16,745,350**
Net Assets		**1,547,928,181**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Notes to Portfolio of Investments

(a) Non-income producing investment.

(b) The rate shown is the seven-day current annualized yield at June 30, 2015.

(c) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Ending Cost ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Short-Term Cash Fund	22,772,953	148,634,194	(147,634,328)	23,772,819	22,681	23,772,819

Abbreviation Legend

ADR American Depositary Receipt

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.
- Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	Level 2 Other Significant Observable Inputs ($)	Level 3 Significant Unobservable Inputs ($)	Total ($)
Investments				
Common Stocks				
Consumer Discretionary	315,313,913	—	—	315,313,913
Consumer Staples	110,719,140	—	—	110,719,140
Energy	25,669,865	—	—	25,669,865
Financials	87,893,499	—	—	87,893,499
Health Care	321,219,181	—	—	321,219,181
Industrials	145,632,307	—	—	145,632,307
Information Technology	465,703,060	—	—	465,703,060
Materials	22,678,868	—	—	22,678,868
Telecommunication Services	12,580,179	—	—	12,580,179
Total Common Stocks	1,507,410,012	—	—	1,507,410,012
Money Market Funds	23,772,819	—	—	23,772,819
Total Investments	1,531,182,831	—	—	1,531,182,831

See the Portfolio of Investments for all investment classifications not indicated in the table.

There were no transfers of financial assets between levels during the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $1,274,065,858)	$1,507,410,012
Affiliated issuers (identified cost $23,772,819)	23,772,819
Total investments (identified cost $1,297,838,677)	1,531,182,831
Cash	6,882
Receivable for:	
Investments sold	19,037,855
Capital shares sold	344
Dividends	1,023,512
Foreign tax reclaims	46,647
Trustees’ deferred compensation plan	20,879
Total assets	1,551,318,950
Liabilities	
Payable for:	
Capital shares purchased	2,189,864
Investment management fees	908,882
Distribution and/or service fees	32,557
Transfer agent fees	82,519
Administration fees	75,342
Compensation of board members	39,919
Other expenses	40,807
Trustees’ deferred compensation plan	20,879
Total liabilities	3,390,769
Net assets applicable to outstanding capital stock	**$1,547,928,181**
Represented by	
Trust capital	$1,547,928,181
Total — representing net assets applicable to outstanding capital stock	**$1,547,928,181**
Class 1	
Net assets	$1,277,571,792
Shares outstanding	99,357,622
Net asset value per share	$12.86
Class 2	
Net assets	$24,810,758
Shares outstanding	1,955,137
Net asset value per share	$12.69
Class 3	
Net assets	$245,545,631
Shares outstanding	19,201,441
Net asset value per share	$12.79

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — unaffiliated issuers	$7,320,484
Dividends — affiliated issuers	22,681
Foreign taxes withheld	(82,554)
Total income	7,260,611
Expenses:	
Investment management fees	4,554,912
Distribution and/or service fees	
Class 2	27,020
Class 3	147,878
Transfer agent fees	
Class 1	331,369
Class 2	6,485
Class 3	70,979
Administration fees	377,888
Compensation of board members	13,274
Custodian fees	9,114
Printing and postage fees	43,214
Professional fees	15,712
Other	10,366
Total expenses	5,608,211
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(49,667)
Total net expenses	5,558,544
Net investment income	1,702,067
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	70,901,934
Foreign currency translations	2,265
Net realized gain	70,904,199
Net change in unrealized appreciation (depreciation) on:	
Investments	34,615,475
Foreign currency translations	(304)
Net change in unrealized appreciation	34,615,171
Net realized and unrealized gain	105,519,370
Net increase in net assets resulting from operations	**$107,221,437**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$1,702,067	$7,306,304
Net realized gain	70,904,199	205,124,311
Net change in unrealized appreciation (depreciation)	34,615,171	(45,470,193)
Net increase in net assets resulting from operations	107,221,437	166,960,422
Increase (decrease) in net assets from capital stock activity	191,205,257	(322,885,856)
Total increase (decrease) in net assets	298,426,694	(155,925,434)
Net assets at beginning of period	1,249,501,487	1,405,426,921
Net assets at end of period	**$1,547,928,181**	**$1,249,501,487**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	22,728,468	290,658,469	10,609,005	113,377,442
Redemptions	(8,128,145)	(103,100,085)	(38,309,309)	(411,956,230)
Net increase (decrease)	14,600,323	187,558,384	(27,700,304)	(298,578,788)
Class 2 shares				
Subscriptions	463,667	5,794,014	434,555	4,648,251
Redemptions	(114,013)	(1,407,167)	(210,891)	(2,264,767)
Net increase	349,654	4,386,847	223,664	2,383,484
Class 3 shares				
Subscriptions	461,027	5,899,646	155,807	1,703,556
Redemptions	(541,321)	(6,639,620)	(2,640,638)	(28,394,108)
Net decrease	(80,294)	(739,974)	(2,484,831)	(26,690,552)
Total net increase (decrease)	**14,869,683**	**191,205,257**	**(29,961,471)**	**(322,885,856)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following table is intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[(a)]
Per share data						
Net asset value, beginning of period	$11.84	$10.37	$7.95	$6.61	$6.82	$6.34
Income from investment operations:						
Net investment income	0.02	0.06	0.05	0.05	0.03	0.02
Net realized and unrealized gain (loss)	1.00	1.41	2.37	1.29	(0.24)	0.46
Total from investment operations	1.02	1.47	2.42	1.34	(0.21)	0.48
Net asset value, end of period	$12.86	$11.84	$10.37	$7.95	$6.61	$6.82
Total return	8.61%	14.18%	30.44%	20.27%	(3.08%)	7.57%
Ratios to average net assets[(b)]						
Total gross expenses	0.80%[(c)]	0.80%	0.81%	0.88%	0.89%	0.83%[(c)]
Total net expenses[(d)]	0.79%[(c)]	0.79%	0.79%	0.78%	0.77%	0.83%[(c)]
Net investment income	0.28%[(c)]	0.59%	0.55%	0.64%	0.51%	0.60%[(c)]
Supplemental data						
Net assets, end of period (in thousands)	$1,277,572	$1,003,539	$1,166,312	$46,512	$44,092	$5
Portfolio turnover	29%	71%	93%	102%	104%	152%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010[a]
Per share data						
Net asset value, beginning of period	$11.70	$10.27	$7.90	$6.58	$6.81	$6.34
Income from investment operations:						
Net investment income	0.00[b]	0.04	0.03	0.03	0.02	0.02
Net realized and unrealized gain (loss)	0.99	1.39	2.34	1.29	(0.25)	0.45
Total from investment operations	0.99	1.43	2.37	1.32	(0.23)	0.47
Net asset value, end of period	$12.69	$11.70	$10.27	$7.90	$6.58	$6.81
Total return	8.46%	13.92%	30.00%	20.06%	(3.38%)	7.41%
Ratios to average net assets[c]						
Total gross expenses	1.05%[d]	1.05%	1.06%	1.13%	1.15%	1.09%[d]
Total net expenses[e]	1.04%[d]	1.04%	1.04%	1.03%	1.02%	1.09%[d]
Net investment income	0.02%[d]	0.36%	0.28%	0.43%	0.26%	0.50%[d]
Supplemental data						
Net assets, end of period (in thousands)	$24,811	$18,783	$14,196	$9,741	$7,907	$320
Portfolio turnover	29%	71%	93%	102%	104%	152%

Notes to Financial Highlights

(a) Based on operations from May 3, 2010 (commencement of operations) through the stated period end.

(b) Rounds to zero.

(c) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(d) Annualized.

(e) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 3	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$11.78	$10.33	$7.93	$6.60	$6.82	$5.82
Income from investment operations:						
Net investment income	0.01	0.05	0.04	0.04	0.01	0.02
Net realized and unrealized gain (loss)	1.00	1.40	2.36	1.29	(0.23)	0.98
Total from investment operations	1.01	1.45	2.40	1.33	(0.22)	1.00
Net asset value, end of period	$12.79	$11.78	$10.33	$7.93	$6.60	$6.82
Total return	8.57%	14.04%	30.26%	20.15%	(3.23%)	17.16%
Ratios to average net assets[a]						
Total gross expenses	0.92%[b]	0.93%	0.94%	1.00%	0.99%	0.93%
Total net expenses[c]	0.91%[b]	0.91%	0.92%	0.91%	0.92%	0.93%
Net investment income	0.14%[b]	0.47%	0.40%	0.52%	0.21%	0.34%
Supplemental data						
Net assets, end of period (in thousands)	$245,546	$227,180	$224,919	$194,870	$188,852	$233,165
Portfolio turnover	29%	71%	93%	102%	104%	152%

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Large Cap Growth Fund (the Fund), a series of Columbia Funds Variable Series Trust II (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1, Class 2 and Class 3 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

All equity securities are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Foreign equity securities are valued based on the closing price on the foreign exchange in which such securities are primarily traded. If any foreign equity security closing prices are not readily available, the securities are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets. Foreign currency exchange rates are generally determined at 4:00 p.m. Eastern (U.S.) time. Many securities markets and exchanges outside the U.S. close prior to the close of the NYSE; therefore, the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the NYSE. In those situations, foreign securities will be fair valued pursuant to a policy adopted by the Board of Trustees (the Board), including, if available, utilizing a third party pricing service to determine these fair values. The third party pricing service takes into account multiple factors, including, but not limited to, movements in the U.S. securities markets, certain depositary receipts, futures contracts and foreign exchange rates that have occurred subsequent to the close of the foreign exchange or market, to determine a good faith estimate that reasonably reflects the current market conditions as of the close of the NYSE. The fair value of a security is likely to be different from the quoted or published price, if available.

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board. If a security or class of

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Foreign Currency Transactions and Translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of the NYSE. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Corporate actions and dividend income are generally recorded net of any non-reclaimable tax withholdings, on the ex-dividend date or upon receipt of ex-dividend notification in the case of certain foreign securities.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund is treated as a partnership for federal income tax purposes, and the Fund does not expect to make regular distributions. The Fund will not be subject to federal income tax, and therefore, there is no provision for federal income taxes. The partners of the Fund are subject to tax on their distributive share of the Fund's income and loss. The components of the Fund's net assets are reported at the partner-level for federal income tax purposes, and therefore, are not presented in the Statement of Assets and Liabilities.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Foreign Taxes

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Realized gains in certain countries may be subject to foreign taxes at the Fund level, based on statutory rates. The Fund accrues for such foreign taxes on realized and unrealized gains at the appropriate rate for each jurisdiction, as applicable. The amount, if any, is disclosed as a liability on the Statement of Assets and Liabilities.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.71% to 0.54% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.67% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.06% to 0.03% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.06% of the Fund's average daily net assets.

Other Expenses

Other expenses are for, among other things, miscellaneous expenses of the Fund or the Board, including payments to Board Services Corp., a company providing limited administrative services to the Fund and the Board. That company's expenses include boardroom and office expense, employee compensation, employee health and retirement benefits, and certain other expenses. For the six months ended June 30, 2015, other expenses paid by the Fund to this company were $1,599.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Under a Deferred Compensation Plan (the Plan), the Board members who are not “interested persons” of the Fund, as defined under the 1940 Act, may elect to defer payment of up to 100% of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of certain funds managed by the Investment Manager. The Fund’s liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund’s average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. Under a Plan and Agreement of Distribution, the Fund pays a fee at an annual rate of up to 0.25% of the Fund’s average daily net assets attributable to Class 2 shares and an annual rate of up to 0.125% of the Fund’s average daily net assets attributable to Class 3 shares. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund’s net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund’s custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Prior to July 1, 2015
Class 1	0.790%	0.790%
Class 2	1.040	1.040
Class 3	0.915	0.915

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $557,820,207 and $385,038,039, respectively, for the six months ended June 30, 2015. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 5. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

Note 6. Shareholder Concentration

At June 30, 2015, affiliated shareholders of record owned 96.0% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 7. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 8. Significant Risks

Consumer Discretionary Sector Risk

The Fund may be more susceptible to the particular risks that may affect companies in the consumer discretionary sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the consumer discretionary sector are subject to certain risks, including fluctuations in the performance of the overall domestic and international economy, interest rate changes, increased competition and consumer confidence. Performance of such companies may be affected by factors including reduced disposable household income, reduced consumer spending, changing demographics and consumer tastes.

Health Care Sector Risk

The Fund may be more susceptible to the particular risks that may affect companies in the health care sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the health care sector are subject to certain risks, including restrictions on government reimbursement for medical expenses, government approval of medical products and services, competitive pricing pressures, and the rising cost of medical products and services (especially for companies dependent upon a relatively limited number of products or services). Performance of such companies may be affected by factors including, government regulation, obtaining and protecting patents (or the failure to do so), product liability and other similar litigation as well as product obsolescence.

Technology and Technology-related Investment Risk

Sector risk occurs when a fund invests a significant portion of its assets in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, making a fund more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly. The Fund may be more susceptible to the particular risks that may affect companies in the technology and technology-related sectors than if it were invested in a wider variety of companies in unrelated sectors.

Note 9. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 10. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Large Cap Growth Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

The Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considered the renewal of the IMS Agreement for a two-month period (Short-Term Period) in order to align the IMS Agreement with the review cycle of other funds in the Columbia family of funds. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March and April 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to each item of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel, and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its April 13-15, 2015 in-person Board meeting (the April Meeting), considered the renewal of the IMS Agreement for the Short-Term Period. At the April Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its expertise, resources and capabilities. The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management. The Independent Trustees noted the information they received concerning Columbia Management's ability to retain its key portfolio management personnel. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board also reviewed the financial condition of Columbia Management (and its affiliates) and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other services agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement for the Short-Term Period.

Based on the foregoing, and based on other information received (both oral and written, including the information on investment performance referenced below) and other considerations, the Board concluded that the services being performed by Columbia Management and its affiliates were acceptable for the Short-Term Period.

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that for purposes of approving the IMS Agreement for the Short-Term Period, the Fund's performance was acceptable.

INTERIM APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability.

The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with few defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund).

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Board referred to a detailed profitability report, discussing the profitability to Columbia Management and Ameriprise Financial from managing, operating and distributing the Funds. For purposes of approving the IMS Agreement for the Short-Term Period, the Board concluded that the investment management service fees were fair and reasonable, observing that the profitability levels also seemed reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Independent Trustees took into account that IMS fees decline as Fund assets exceed various breakpoints.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that, for purposes of its consideration of the renewal of the IMS Agreement for the Short-Term Period, the investment management service fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. The Board noted its understanding that it would undertake the full consideration of renewal of the IMS Agreement for the full annual period at its June 2015 meetings. On April 15, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement for the Short-Term Period.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT

Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager, and together with its global affiliates, Columbia Threadneedle), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio — Large Cap Growth Fund (the Fund). Under an investment management services agreement (the IMS Agreement), Columbia Management provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

On an annual basis, the Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considers renewal of the IMS Agreement. Columbia Management prepared detailed reports for the Board and its Contracts Committee in January, March, April and June 2015, including reports based on analyses of data provided by an independent organization (Lipper) and a comprehensive response to items of information requested by independent legal counsel to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. All of the materials presented in January, March, April and June were first supplied in draft form to designated representatives of the Independent Trustees, *i.e.*, Independent Legal Counsel, Fund Counsel, the Chair of the Board and the Chair of the Contracts Committee, and the final materials were revised to reflect discussion and subsequent requests made by the Board representatives. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel and reviews information prepared by Columbia Management addressing the services Columbia Management provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the Contracts Committee, the Investment Review Committee and the Compliance Committee in determining whether to continue the IMS Agreement.

The Board, at its June 15-17, 2015 in-person Board meeting (the June Meeting), considered the renewal of the IMS Agreement for an additional one-year term. At the June Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. Following an analysis and discussion of the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

Nature, Extent and Quality of Services Provided by Columbia Management

The Independent Trustees analyzed various reports and presentations they had received detailing the services performed by Columbia Management, as well as its organization, expertise, resources and capabilities.

The Independent Trustees specifically considered many developments during the past year concerning the services provided by Columbia Management, including, in particular, the restructured leadership in the Chief Investment Officer's organization, the strengthening of the investment research department, the solidifying of the Global Asset Management initiative and the restructured investment risk management organization. The Board also noted the broad scope of services provided by Columbia Management to each Fund, including, among other services, investment, risk and compliance oversight. The Board also took into account the information it received concerning Columbia Management's ability to attract and retain key portfolio management personnel.

In connection with the Board's evaluation of the overall package of services provided by Columbia Management, the Board also considered the quality of administrative services provided to the Fund by Columbia Management, recalling the information it received highlighting achievements in 2014 in the performance of administrative services. In evaluating the quality of services provided under the IMS Agreement and the Fund's Administrative Services Agreement, the Independent Trustees also took into account the organization and strength of the Fund's and its service providers' compliance programs. In addition, the Board reviewed the financial condition of Columbia Management and its affiliates and each entity's ability to carry out its responsibilities under the IMS Agreement and the Fund's other service agreements with affiliates of Ameriprise Financial, observing the financial strength of Ameriprise Financial, with its solid balance sheet. The Board also discussed the acceptability of the terms of the IMS Agreement (including the relatively broad scope of services required to be performed by Columbia Management). The Board took into account the proposed combination of the forms of IMS Agreements and Administrative Services Agreements into a single form of agreement with the combined form reflecting no proposed change in services or fees. Given no material change, the Trustees agreed to the combined form, to be effective upon each Fund's next annual update. The Board concluded that the services being performed under the IMS Agreement and the Administrative Services Agreement were of a reasonably high quality.

APPROVAL OF INVESTMENT MANAGEMENT SERVICES AGREEMENT *(continued)*

Investment Performance

For purposes of evaluating the nature, extent and quality of services provided under the IMS Agreement, the Board carefully reviewed the investment performance of the Fund. In this regard, the Board considered detailed reports providing the results of analyses performed by an independent organization showing, for various periods, the performance of the Fund, the performance of a benchmark index, the percentage ranking of the Fund among its comparison group and the net assets of the Fund. The Board observed that the Fund's investment performance met expectations.

Comparative Fees, Costs of Services Provided and the Profits Realized by Columbia Management and its Affiliates from their Relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the IMS Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by an independent organization) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to Columbia Management's profitability. The Board reviewed the fees charged to comparable institutional or other accounts/vehicles managed by Columbia Management and discussed differences in how the products are managed and operated, noting no unreasonable differences in the levels of contractual fees.

The Board considered the reports of its independent fee consultant, JDL, which assisted in its analysis of the Funds' performance and expenses, and JDL's conclusion that the effective investment management fee rate for the Fund remains within a reasonable range. The Board accorded particular weight to the notion that the level of fees should reflect a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with certain defined exceptions) are generally in line with the "pricing philosophy" currently in effect (*i.e.*, that the total expense ratio of the Fund is no higher than the median expense ratio of funds in the same comparison universe of the Fund). The Board took into account that the Fund's total expense ratio (after considering proposed expense caps/waivers) approximated the peer universe's median expense ratio. Based on its review, the Board concluded that the Fund's management fee was fair and reasonable in light of the extent and quality of services that the Fund receives.

The Board also considered the expected profitability of Columbia Management and its affiliates in connection with Columbia Management providing investment management services to the Fund. In this regard, the Independent Trustees referred to their detailed analysis of the Profitability Report, discussing the profitability to Columbia Management and Ameriprise from managing, operating and distributing the Funds. The Board took into account JDL's conclusion that 2014 Columbia Management profitability was reasonable. It also considered that Columbia Management generated 2014 profitability that only moderately exceeded 2013 levels. It was further observed that, based on information presented, 2014 overall profitability is in line with profitability levels of industry competitors. It also took into account the indirect economic benefits flowing to Columbia Management or its affiliates in connection with managing or distributing the Funds, such as the enhanced ability to offer various other financial products to Ameriprise Financial customers, soft dollar benefits and overall reputational advantages. The Board noted that the fees paid by the Funds should permit the Investment Manager to offer competitive compensation to its personnel, make necessary investments in its business and earn an appropriate profit. The Board concluded that profitability levels were reasonable.

Economies of Scale to be Realized

The Board also considered the economies of scale that might be realized by Columbia Management as the Fund grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Board took into account that IMS fees decline as Fund assets exceed various breakpoints, all of which have not been surpassed.

Based on the foregoing, the Board, including all of the Independent Trustees, concluded that the investment management services fees were fair and reasonable in light of the extent and quality of services provided. In reaching this conclusion, no single factor was determinative. On June 17, 2015, the Board, including all of the Independent Trustees, approved the renewal of the IMS Agreement.

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IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio – Large Cap Growth Fund
P.O. Box 8081
Boston, MA 02266-8081

COLUMBIA THREADNEEDLE
INVESTMENTS

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

S-6465 F (8/15)

SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO — SMALL CAP VALUE FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

TABLE OF CONTENTS

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW
(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Small Cap Value Fund (the Fund) Class 2 shares returned 2.56% for the six-month period that ended June 30, 2015.
- The Fund outperformed its benchmark, the Russell 2000 Value Index, which returned 0.76% for the same time period.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1	05/19/98	2.66	0.20	13.59	7.80
Class 2	06/01/00	2.56	-0.04	13.39	7.61
Russell 2000 Value Index		0.76	0.78	14.81	6.87

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

The Russell 2000 Value Index, an unmanaged index, tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW
(Unaudited)

Top Ten Holdings (%) (at June 30, 2015)	
Mentor Graphics Corp.	1.1
IDACORP, Inc.	1.1
First Niagara Financial Group, Inc.	1.0
Chesapeake Lodging Trust	1.0
Altisource Residential Corp.	1.0
Southwest Gas Corp.	1.0
Washington Federal, Inc.	1.0
Sunstone Hotel Investors, Inc.	1.0
Symetra Financial Corp.	0.9
Dana Holding Corp.	0.9

Percentages indicated are based upon total investments (excluding Money Market Funds).

For further detail about these holdings, please refer to the section entitled “Portfolio of Investments.”

Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

Portfolio Breakdown (%) (at June 30, 2015)	
Common Stocks	98.2
Exchange-Traded Funds	0.3
Money Market Funds	1.5
Total	**100.0**

Percentages indicated are based upon total investments. The Fund’s portfolio composition is subject to change.

Equity Sector Breakdown (%) (at June 30, 2015)	
Consumer Discretionary	11.8
Consumer Staples	3.0
Energy	7.7
Financials	40.8
Health Care	4.8
Industrials	10.8
Information Technology	12.3
Materials	4.6
Telecommunication Services	0.8
Utilities	3.4
Total	**100.0**

Percentages indicated are based upon total equity investments. The Fund’s portfolio composition is subject to change.

Portfolio Management

Jeremy Javidi, CFA

Effective July 30, 2015, John Barrett no longer serves as a Portfolio Manager of the Fund.

UNDERSTANDING YOUR FUND'S EXPENSES
(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,026.60	1,020.18	4.67	4.66	0.93
Class 2	1,000.00	1,000.00	1,025.60	1,018.94	5.93	5.91	1.18

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Common Stocks 98.5%

Issuer	Shares	Value ($)
CONSUMER DISCRETIONARY 11.6%		
Auto Components 3.1%		
Cooper Tire & Rubber Co.	83,610	2,828,526
Dana Holding Corp.	164,116	3,377,507
Fuel Systems Solutions, Inc.[(a)]	132,837	993,621
Gentherm, Inc.[(a)]	41,299	2,267,728
Remy International, Inc.	92,059	2,035,425
Total		11,502,807
Automobiles 0.4%		
Winnebago Industries, Inc.	61,329	1,446,751
Distributors 0.3%		
VOXX International Corp.[(a)]	118,828	983,896
Diversified Consumer Services 1.0%		
K12, Inc.[(a)]	54,535	689,868
Steiner Leisure Ltd.[(a)]	39,183	2,107,261
Universal Technical Institute, Inc.	105,235	905,021
Total		3,702,150
Hotels, Restaurants & Leisure 0.2%		
Ignite Restaurant Group, Inc.[(a)]	142,445	700,829
Household Durables 1.6%		
Cavco Industries, Inc.[(a)]	17,677	1,333,553
Ethan Allen Interiors, Inc.	65,780	1,732,645
Hooker Furniture Corp.	59,740	1,500,072
UCP, Inc., Class A[(a)]	153,066	1,160,240
Total		5,726,510
Internet & Catalog Retail 0.3%		
Lands' End, Inc.[(a)]	50,594	1,256,249
Leisure Products 1.0%		
Johnson Outdoors, Inc., Class A	21,111	497,164
Malibu Boats, Inc., Class A[(a)]	69,819	1,402,664
Smith & Wesson Holding Corp.[(a)]	102,200	1,695,498
Total		3,595,326
Media 0.4%		
AMC Entertainment Holdings, Inc., Class A	50,094	1,536,884
Multiline Retail 0.2%		
Tuesday Morning Corp.[(a)]	63,954	720,442
Specialty Retail 1.4%		
Aaron's, Inc.	64,788	2,345,973
Citi Trends, Inc.[(a)]	61,618	1,491,156

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Haverty Furniture Companies, Inc.	58,642	1,267,840
Total		5,104,969
Textiles, Apparel & Luxury Goods 1.7%		
Deckers Outdoor Corp.[(a)]	28,407	2,044,452
G-III Apparel Group Ltd.[(a)]	19,520	1,373,232
Steven Madden Ltd.[(a)]	69,740	2,983,477
Total		6,401,161
Total Consumer Discretionary		**42,677,974**
CONSUMER STAPLES 2.9%		
Food & Staples Retailing 0.4%		
Andersons, Inc. (The)	40,775	1,590,225
Food Products 1.9%		
Fresh Del Monte Produce, Inc.	82,199	3,177,813
John B. Sanfilippo & Son, Inc.	31,145	1,616,426
Sanderson Farms, Inc.	28,327	2,129,057
Total		6,923,296
Personal Products 0.6%		
Inter Parfums, Inc.	66,482	2,255,734
Total Consumer Staples		**10,769,255**
ENERGY 7.6%		
Energy Equipment & Services 1.0%		
Dawson Geophysical Co.[(a)]	188,287	884,949
Geospace Technologies Corp.[(a)]	44,630	1,028,722
Gulf Island Fabrication, Inc.	62,685	700,191
Natural Gas Services Group, Inc.[(a)]	50,330	1,148,531
Total		3,762,393
Oil, Gas & Consumable Fuels 6.6%		
Bill Barrett Corp.[(a)]	152,620	1,311,006
Callon Petroleum Co.[(a)]	200,302	1,666,513
Clayton Williams Energy, Inc.[(a)]	33,506	2,203,019
Contango Oil & Gas Co.[(a)]	76,757	941,808
Goodrich Petroleum Corp.[(a)]	411,520	765,427
Halcon Resources Corp.[(a)]	408,710	474,104
Jones Energy, Inc., Class A[(a)]	105,153	951,635
Matador Resources Co.[(a)]	70,600	1,765,000
Parsley Energy, Inc., Class A[(a)]	70,420	1,226,716
Penn Virginia Corp.[(a)]	308,460	1,351,055
SM Energy Co.	58,720	2,708,166

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Stone Energy Corp.[(a)]	101,876	1,282,619
Synergy Resources Corp.[(a)]	158,208	1,808,317
W&T Offshore, Inc.	259,097	1,419,852
World Fuel Services Corp.	59,247	2,840,894
WPX Energy, Inc.[(a)]	114,940	1,411,463
Total		24,127,594
Total Energy		**27,889,987**
FINANCIALS 40.1%		
Banks 17.7%		
Ameris Bancorp	61,888	1,565,148
BancFirst Corp.	39,012	2,553,335
BankUnited, Inc.	87,773	3,153,684
Banner Corp.	56,610	2,713,317
Bridge Bancorp, Inc.	27,640	737,712
Bryn Mawr Bank Corp.	70,051	2,112,738
Capital City Bank Group, Inc.	109,053	1,665,239
Cascade Bancorp[(a)]	358,308	1,856,035
Centerstate Banks, Inc.	113,673	1,535,722
Chemical Financial Corp.	46,849	1,548,828
Columbia Banking System, Inc.	91,149	2,965,989
Community Trust Bancorp, Inc.	62,787	2,189,383
FCB Financial Holdings, Inc., Class A[(a)]	95,339	3,031,780
First Citizens BancShares Inc., Class A	12,408	3,263,800
First Financial Corp.	54,069	1,933,507
First NBC Bank Holding Co.[(a)]	50,823	1,829,628
First Niagara Financial Group, Inc.	394,200	3,721,248
First of Long Island Corp. (The)	27,130	752,044
FirstMerit Corp.	114,160	2,377,953
Heritage Financial Corp.	36,796	657,545
Hudson Valley Holding Corp.	70,659	1,993,290
Investors Bancorp, Inc.	264,454	3,252,784
Merchants Bancshares, Inc.	66,199	2,189,201
National Bank Holdings Corp., Class A	124,050	2,583,962
Northrim BanCorp, Inc.	95,070	2,436,644
Sterling Bancorp	70,283	1,033,160
Synovus Financial Corp.	96,750	2,981,835
Towne Bank	108,256	1,763,490
Union Bankshares Corp.	71,550	1,662,822

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Wintrust Financial Corp.	63,197	3,373,456
Total		65,435,279
Capital Markets 0.4%		
INTL FCStone, Inc.[(a)]	47,745	1,587,044
Consumer Finance 0.9%		
Cash America International, Inc.	59,663	1,562,574
Enova International, Inc.[(a)]	88,000	1,643,840
Total		3,206,414
Diversified Financial Services 0.3%		
Pico Holdings, Inc.[(a)]	80,032	1,178,071
Insurance 7.5%		
Argo Group International Holdings Ltd.	48,926	2,725,178
Baldwin & Lyons, Inc., Class B	69,028	1,589,025
EMC Insurance Group, Inc.	71,402	1,790,036
Employers Holdings, Inc.	61,905	1,410,196
FBL Financial Group, Inc., Class A	37,359	2,156,361
Hanover Insurance Group, Inc. (The)	34,245	2,535,157
Heritage Insurance Holdings, Inc.[(a)]	65,140	1,497,569
Horace Mann Educators Corp.	62,530	2,274,841
National Western Life Insurance Co., Class A	8,696	2,082,605
Navigators Group, Inc. (The)[(a)]	28,520	2,212,011
Safety Insurance Group, Inc.	29,914	1,726,337
Symetra Financial Corp.	140,360	3,392,501
United Fire Group, Inc.	72,030	2,359,703
Total		27,751,520
Real Estate Investment Trusts (REITs) 7.9%		
Altisource Residential Corp.	218,271	3,677,866
Brandywine Realty Trust	134,660	1,788,285
Chesapeake Lodging Trust	120,873	3,684,209
Cousins Properties, Inc.	312,691	3,245,733
EastGroup Properties, Inc.	45,819	2,576,402
Getty Realty Corp.	113,188	1,851,756
LaSalle Hotel Properties	44,270	1,569,814
National Health Investors, Inc.	16,657	1,037,731
Potlatch Corp.	50,247	1,774,724
Rexford Industrial Realty, Inc.	144,958	2,113,488
Sunstone Hotel Investors, Inc.	233,781	3,509,053
Terreno Realty Corp.	111,107	2,188,808
Total		29,017,869

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Thrifts & Mortgage Finance 5.4%		
Astoria Financial Corp.	184,530	2,544,669
Bank Mutual Corp.	228,578	1,753,193
BankFinancial Corp.	88,208	1,039,090
Brookline Bancorp, Inc.	220,861	2,493,521
HomeStreet, Inc.[(a)]	93,355	2,130,361
Radian Group, Inc.	178,600	3,350,536
Washington Federal, Inc.	150,295	3,509,388
Westfield Financial, Inc.	167,451	1,224,067
WSFS Financial Corp.	63,595	1,739,323
Total		19,784,148
Total Financials		**147,960,345**
HEALTH CARE 4.8%		
Biotechnology 0.7%		
ARIAD Pharmaceuticals, Inc.[(a)]	128,370	1,061,620
Dynavax Technologies Corp.[(a)]	59,704	1,398,566
Total		2,460,186
Health Care Equipment & Supplies 0.5%		
Masimo Corp.[(a)]	44,384	1,719,436
Health Care Providers & Services 2.2%		
Chemed Corp.	17,613	2,309,064
Ensign Group, Inc. (The)	28,102	1,434,888
Molina Healthcare, Inc.[(a)]	21,250	1,493,875
Owens & Minor, Inc.	87,720	2,982,480
Total		8,220,307
Health Care Technology 0.4%		
Quality Systems, Inc.	94,150	1,560,066
Pharmaceuticals 1.0%		
Flex Pharma, Inc.[(a)]	55,343	951,900
Impax Laboratories, Inc.[(a)]	29,730	1,365,202
Supernus Pharmaceuticals, Inc.[(a)]	79,172	1,344,340
Total		3,661,442
Total Health Care		**17,621,437**
INDUSTRIALS 10.6%		
Aerospace & Defense 0.3%		
KEYW Holding Corp. (The)[(a)]	122,860	1,145,055
Building Products 1.3%		
Simpson Manufacturing Co., Inc.	69,430	2,360,620

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Universal Forest Products, Inc.	45,390	2,361,642
Total		4,722,262
Commercial Services & Supplies 0.8%		
Unifirst Corp.	28,643	3,203,719
Electrical Equipment 1.1%		
EnerSys	28,268	1,986,958
General Cable Corp.	99,518	1,963,490
Total		3,950,448
Machinery 5.6%		
Albany International Corp., Class A	48,955	1,948,409
Altra Industrial Motion Corp.	64,637	1,756,834
Dynamic Materials Corp.	137,928	1,517,208
EnPro Industries, Inc.	24,106	1,379,345
FreightCar America, Inc.	39,097	816,345
Gorman-Rupp Co.	39,326	1,104,274
Hardinge, Inc.	56,340	554,949
Kadant, Inc.	25,146	1,186,891
LB Foster Co., Class A	52,124	1,804,012
Lydall, Inc.[(a)]	41,368	1,222,838
Mueller Industries, Inc.	85,378	2,964,324
Standex International Corp.	27,690	2,213,262
Twin Disc, Inc.	31,005	577,933
Wabash National Corp.[(a)]	126,690	1,588,693
Total		20,635,317
Professional Services 0.5%		
TrueBlue, Inc.[(a)]	66,580	1,990,742
Road & Rail 0.7%		
Werner Enterprises, Inc.	94,128	2,470,860
Trading Companies & Distributors 0.3%		
Houston Wire & Cable Co.	104,166	1,033,327
Total Industrials		**39,151,730**
INFORMATION TECHNOLOGY 12.1%		
Communications Equipment 2.2%		
Alliance Fiber Optic Products, Inc.	80,874	1,500,212
Comtech Telecommunications Corp.	52,315	1,519,751
Digi International, Inc.[(a)]	104,280	995,874
Plantronics, Inc.	40,880	2,301,953
Polycom, Inc.[(a)]	166,430	1,903,959
Total		8,221,749

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Electronic Equipment, Instruments & Components 2.4%		
AVX Corp.	102,832	1,384,119
GSI Group, Inc.[(a)]	84,445	1,269,208
Knowles Corp.[(a)]	129,686	2,347,317
MTS Systems Corp.	21,409	1,476,150
OSI Systems, Inc.[(a)]	31,310	2,216,435
Total		8,693,229
Internet Software & Services 1.3%		
j2 Global, Inc.	43,876	2,980,936
RetailMeNot, Inc.[(a)]	90,180	1,607,909
Total		4,588,845
IT Services 1.8%		
Higher One Holdings, Inc.[(a)]	288,830	863,602
Lionbridge Technologies, Inc.[(a)]	235,830	1,455,071
Mantech International Corp., Class A	81,020	2,349,580
TeleTech Holdings, Inc.	77,880	2,108,990
Total		6,777,243
Semiconductors & Semiconductor Equipment 1.8%		
Entegris, Inc.[(a)]	174,280	2,539,260
IXYS Corp.	144,531	2,211,324
M/A-COM Technology Solutions Holdings, Inc.[(a)]	48,091	1,839,481
Total		6,590,065
Software 2.2%		
ePlus, Inc.[(a)]	18,901	1,448,762
Mentor Graphics Corp.	154,410	4,081,056
Netscout Systems, Inc.[(a)]	39,165	1,436,181
Silver Spring Networks, Inc.[(a)]	104,710	1,299,451
Total		8,265,450
Technology Hardware, Storage & Peripherals 0.4%		
Stratasys Ltd.[(a)]	42,110	1,470,902
Total Information Technology		**44,607,483**
MATERIALS 4.6%		
Chemicals 2.7%		
Flotek Industries, Inc.[(a)]	111,799	1,400,841
Intrepid Potash, Inc.[(a)]	141,101	1,684,746
LSB Industries, Inc.[(a)]	34,268	1,399,505
Olin Corp.	72,827	1,962,688
OM Group, Inc.	48,713	1,636,757

Common Stocks *(continued)*

Issuer	Shares	Value ($)
Tronox Ltd., Class A	129,143	1,889,362
Total		9,973,899
Containers & Packaging 0.3%		
Greif, Inc., Class A	30,479	1,092,672
Metals & Mining 1.6%		
Commercial Metals Co.	148,330	2,385,147
Olympic Steel, Inc.	66,234	1,155,121
Stillwater Mining Co.[(a)]	129,970	1,506,352
Universal Stainless & Alloy Products, Inc.[(a)]	39,120	768,708
Total		5,815,328
Total Materials		**16,881,899**
TELECOMMUNICATION SERVICES 0.8%		
Diversified Telecommunication Services 0.2%		
magicJack VocalTec Ltd.[(a)]	105,391	783,055
Wireless Telecommunication Services 0.6%		
Shenandoah Telecommunications Co.	59,669	2,042,470
Total Telecommunication Services		**2,825,525**
UTILITIES 3.4%		
Electric Utilities 2.1%		
IDACORP, Inc.	69,120	3,880,397
MGE Energy, Inc.	28,650	1,109,614
Portland General Electric Co.	82,085	2,721,939
Total		7,711,950
Gas Utilities 1.0%		
Southwest Gas Corp.	68,621	3,651,323
Multi-Utilities 0.3%		
Vectren Corp.	28,335	1,090,331
Total Utilities		**12,453,604**
Total Common Stocks (Cost: $328,736,135)		**362,839,239**

Exchange-Traded Funds 0.3%

	Shares	Value
iShares Russell 2000 Value ETF	11,690	1,191,913
Total Exchange-Traded Funds (Cost: $1,132,550)		**1,191,913**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Money Market Funds 1.4%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[b][c]	5,323,142	5,323,142
Total Money Market Funds (Cost: $5,323,142)		**5,323,142**
Total Investments (Cost: $335,191,827)		**369,354,294**
Other Assets & Liabilities, Net		(772,225)
Net Assets		**368,582,069**

Notes to Portfolio of Investments

(a) Non-income producing investment.

(b) The rate shown is the seven-day current annualized yield at June 30, 2015.

(c) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Ending Cost ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Short-Term Cash Fund	8,307,503	55,655,152	(58,639,513)	5,323,142	5,247	5,323,142

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

> Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.

> Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).

> Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	**Level 2 Other Significant Observable Inputs ($)**	**Level 3 Significant Unobservable Inputs ($)**	**Total ($)**
Investments				
Common Stocks				
Consumer Discretionary	42,677,974	—	—	42,677,974
Consumer Staples	10,769,255	—	—	10,769,255
Energy	27,889,987	—	—	27,889,987
Financials	147,960,345	—	—	147,960,345
Health Care	17,621,437	—	—	17,621,437
Industrials	39,151,730	—	—	39,151,730
Information Technology	44,607,483	—	—	44,607,483
Materials	16,881,899	—	—	16,881,899
Telecommunication Services	2,825,525	—	—	2,825,525
Utilities	12,453,604	—	—	12,453,604
Total Common Stocks	362,839,239	—	—	362,839,239
Exchange-Traded Funds	1,191,913	—	—	1,191,913
Money Market Funds	5,323,142	—	—	5,323,142
Total Investments	369,354,294	—	—	369,354,294

See the Portfolio of Investments for all investment classifications not indicated in the table.

There were no transfers of financial assets between levels during the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $329,868,685)	$364,031,152
Affiliated issuers (identified cost $5,323,142)	5,323,142
Total investments (identified cost $335,191,827)	369,354,294
Receivable for:	
Investments sold	5,753,913
Capital shares sold	63,491
Dividends	470,949
Foreign tax reclaims	107
Expense reimbursement due from Investment Manager	18,556
Trustees' deferred compensation plan	47,879
Total assets	375,709,189
Liabilities	
Payable for:	
Investments purchased	6,433,391
Capital shares purchased	176,593
Investment management fees	258,205
Distribution and/or service fees	80,131
Transfer agent fees	19,610
Administration fees	26,148
Compensation of board members	2,664
Chief compliance officer expenses	48
Other expenses	82,451
Trustees' deferred compensation plan	47,879
Total liabilities	7,127,120
Net assets applicable to outstanding capital stock	**$368,582,069**
Represented by	
Paid-in capital	$286,341,003
Undistributed net investment income	3,031,892
Accumulated net realized gain	45,046,725
Unrealized appreciation (depreciation) on:	
Investments	34,162,467
Foreign currency translations	(18)
Total — representing net assets applicable to outstanding capital stock	**$368,582,069**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES *(continued)*

June 30, 2015 (Unaudited)

Class 1	
Net assets	$7,098,969
Shares outstanding	375,324
Net asset value per share	$18.91
Class 2	
Net assets	$361,483,100
Shares outstanding	19,224,753
Net asset value per share	$18.80

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — unaffiliated issuers	$2,928,040
Dividends — affiliated issuers	5,247
Total income	2,933,287
Expenses:	
Investment management fees	1,457,288
Distribution and/or service fees	
Class 2	452,185
Transfer agent fees	
Class 1	2,156
Class 2	108,522
Administration fees	147,575
Compensation of board members	12,955
Custodian fees	13,553
Printing and postage fees	48,873
Professional fees	16,144
Chief compliance officer expenses	91
Other	3,882
Total expenses	2,263,224
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(95,324)
Total net expenses	2,167,900
Net investment income	765,387
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	22,041,911
Foreign currency translations	(152)
Net realized gain	22,041,759
Net change in unrealized appreciation (depreciation) on:	
Investments	(13,292,882)
Foreign currency translations	53
Net change in unrealized depreciation	(13,292,829)
Net realized and unrealized gain	8,748,930
Net increase in net assets resulting from operations	**$9,514,317**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$765,387	$2,280,755
Net realized gain	22,041,759	23,351,454
Net change in unrealized depreciation	(13,292,829)	(14,069,827)
Net increase in net assets resulting from operations	9,514,317	11,562,382
Distributions to shareholders		
Net investment income		
Class 1	—	(45,378)
Class 2	—	(1,724,448)
Net realized gains		
Class 1	—	(935,207)
Class 2	—	(45,444,408)
Total distributions to shareholders	—	(48,149,441)
Increase (decrease) in net assets from capital stock activity	(16,969,685)	24,581,988
Total decrease in net assets	(7,455,368)	(12,005,071)
Net assets at beginning of period	376,037,437	388,042,508
Net assets at end of period	**$368,582,069**	**$376,037,437**
Undistributed net investment income	$3,031,892	$2,266,505

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	16,160	294,807	46,889	912,354
Distributions reinvested	—	—	54,236	980,585
Redemptions	(35,562)	(664,389)	(101,523)	(1,972,268)
Net decrease	(19,402)	(369,582)	(398)	(79,329)
Class 2 shares				
Subscriptions	390,901	7,233,290	1,378,827	26,269,106
Distributions reinvested	—	—	2,619,037	47,168,855
Redemptions	(1,282,637)	(23,833,393)	(2,514,241)	(48,776,644)
Net increase (decrease)	(891,736)	(16,600,103)	1,483,623	24,661,317
Total net increase (decrease)	**(911,138)**	**(16,969,685)**	**1,483,225**	**24,581,988**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$18.42	$20.46	$15.41	$14.59	$17.53	$14.01
Income from investment operations:						
Net investment income	0.06	0.16	0.11	0.16	0.12	0.13
Net realized and unrealized gain (loss)	0.43	0.46	5.14	1.44	(1.04)	3.58
Total from investment operations	0.49	0.62	5.25	1.60	(0.92)	3.71
Less distributions to shareholders:						
Net investment income	—	(0.12)	(0.20)	(0.07)	(0.17)	(0.19)
Net realized gains	—	(2.54)	—	(0.71)	(1.85)	—
Total distributions to shareholders	—	(2.66)	(0.20)	(0.78)	(2.02)	(0.19)
Net asset value, end of period	$18.91	$18.42	$20.46	$15.41	$14.59	$17.53
Total return	2.66%	3.28%	34.22%	11.40%	(5.96%)	26.75%
Ratios to average net assets[(a)]						
Total gross expenses	0.98%[(b)]	0.98%	0.98%[(c)]	1.00%	0.98%[(c)]	0.93%[(c)]
Total net expenses[(d)]	0.93%[(b)]	0.88%	0.88%[(c)]	0.88%	0.90%[(c)]	0.93%[(c)(e)(f)]
Net investment income	0.66%[(b)]	0.81%	0.63%	1.06%	0.76%	0.85%
Supplemental data						
Net assets, end of period (in thousands)	$7,099	$7,270	$8,084	$20,532	$25,058	$29,529
Portfolio turnover	33%	51%	58%	49%	32%	39%

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Ratios include line of credit interest expense which is less than 0.01%.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(e) The benefits derived from expense reductions had an impact of less than 0.01%.

(f) The Investment Manager reimbursed interest expense which had an impact of less than 0.01%.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$18.33	$20.39	$15.36	$14.54	$17.49	$13.98
Income from investment operations:						
Net investment income	0.04	0.12	0.09	0.14	0.10	0.09
Net realized and unrealized gain (loss)	0.43	0.46	5.12	1.43	(1.04)	3.58
Total from investment operations	0.47	0.58	5.21	1.57	(0.94)	3.67
Less distributions to shareholders:						
Net investment income	—	(0.10)	(0.18)	(0.04)	(0.16)	(0.16)
Net realized gains	—	(2.54)	—	(0.71)	(1.85)	—
Total distributions to shareholders	—	(2.64)	(0.18)	(0.75)	(2.01)	(0.16)
Net asset value, end of period	$18.80	$18.33	$20.39	$15.36	$14.54	$17.49
Total return	2.56%	3.05%	34.04%	11.25%	(6.13%)	26.46%
Ratios to average net assets[(a)]						
Total gross expenses	1.23%[(b)]	1.23%	1.23%[(c)]	1.25%	1.23%[(c)]	1.18%[(c)]
Total net expenses[(d)]	1.18%[(b)]	1.10%	1.03%[(c)]	1.03%	1.05%[(c)]	1.10%[(c)(e)(f)]
Net investment income	0.41%[(b)]	0.60%	0.51%	0.93%	0.61%	0.61%
Supplemental data						
Net assets, end of period (in thousands)	$361,483	$368,768	$379,959	$298,663	$266,172	$293,600
Portfolio turnover	33%	51%	58%	49%	32%	39%

Notes to Financial Highlights

(a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(b) Annualized.

(c) Ratios include line of credit interest expense which is less than 0.01%.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(e) The Investment Manager reimbursed interest expense which had an impact of less than 0.01%.

(f) The benefits derived from expense reductions had an impact of less than 0.01%.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Small Cap Value Fund (the Fund), a series of Columbia Funds Variable Insurance Trust (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1 and Class 2 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

All equity securities and exchange-traded funds (ETFs) are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities and ETFs are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Foreign equity securities are valued based on the closing price on the foreign exchange in which such securities are primarily traded. If any foreign equity security closing prices are not readily available, the securities are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets. Foreign currency exchange rates are generally determined at 4:00 p.m. Eastern (U.S.) time. Many securities markets and exchanges outside the U.S. close prior to the close of the NYSE; therefore, the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the NYSE. In those situations, foreign securities will be fair valued pursuant to a policy adopted by the Board of Trustees (the Board), including, if available, utilizing a third party pricing service to determine these fair values. The third party pricing service takes into account multiple factors, including, but not limited to, movements in the U.S. securities markets, certain depositary receipts, futures contracts and foreign exchange rates that have occurred subsequent to the close of the foreign exchange or market, to determine a good faith estimate that reasonably reflects the current market conditions as of the close of the NYSE. The fair value of a security is likely to be different from the quoted or published price, if available.

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

supervision of the Board. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Foreign Currency Transactions and Translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of the NYSE. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Corporate actions and dividend income are generally recorded net of any non-reclaimable tax withholdings, on the ex-dividend date or upon receipt of ex-dividend notification in the case of certain foreign securities.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund's sole shareholders are Qualified Investors, the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Distributions to Subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gains distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)
In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.79% to 0.70% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.79% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.08% to 0.05% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.08% of the Fund's average daily net assets.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. The Trust's independent Trustees may participate in a Deferred Compensation Plan (the Plan) which may be terminated at any time. Obligations of the Plan will be paid solely out of the Fund's assets.

Compensation of Chief Compliance Officer

The Board has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations. The Fund is allocated a portion of the expenses associated with the Chief Compliance Officer based on relative net assets of the Trust.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. The Board has approved, and the Fund has adopted, a distribution plan (the Plan) which sets the distribution fees for the Fund. These fees are calculated daily and are intended to compensate the Distributor for selling shares of the Fund. The Plan requires the payment of a monthly distribution fee to the Distributor at the maximum annual rate of 0.25% of the average daily net assets attributable to Class 2 shares of the Fund. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Prior to July 1, 2015
Class 1	0.93%	0.93%
Class 2	1.18	1.18

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At June 30, 2015, the cost of investments for federal income tax purposes was approximately $335,192,000 and the aggregate gross approximate unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	$54,733,000
Unrealized depreciation	(20,571,000)
Net unrealized appreciation	$34,162,000

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $117,774,531 and $129,367,565, respectively, for the six months ended June 30, 2015. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 6. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

Note 7. Shareholder Concentration

At June 30, 2015, three unaffiliated shareholders of record owned 94.1% of the outstanding shares of the Fund in one or more accounts. The Fund has no knowledge about whether any portion of those shares was owned beneficially. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 8. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 9. Significant Risks

Financial Sector Risk

The Fund may be more susceptible to the particular risks that may affect companies in the financial services sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the financial services sector are subject to certain risks, including the risk of regulatory change, decreased liquidity in credit markets and unstable interest rates. Such companies may have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that industry. Performance of such companies may be affected by competitive pressures and exposure to investments or agreements that, under certain circumstances, may lead to losses (e.g., subprime loans). Companies in the financial services sector are subject to extensive governmental regulation that may limit the amount and types of loans and other financial commitments they can make, and interest rates and fees that they may charge. In addition, profitability of such companies is largely dependent upon the availability and the cost of capital.

Note 10. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 11. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

On June 10, 2015, the Board of Trustees (the Board) and the Trustees who are not interested persons (as defined in the Investment Company Act of 1940) (the Independent Trustees) of Columbia Funds Variable Insurance Trust (the Trust) unanimously approved the continuation of the Investment Management Services Agreement (the Advisory Agreement) with Columbia Management Investment Advisers, LLC (the Investment Manager) with respect to Columbia Variable Portfolio — Small Cap Value Fund (the Fund), a series of the Trust. The Board and the Independent Trustees also unanimously approved an agreement (the Management Agreement and, together with the Advisory Agreement, the Agreements) combining the Advisory Agreement and the Fund's existing administrative services agreement (the Administrative Services Agreement) in a single agreement. The Board and the Independent Trustees approved the restatement of the Advisory Agreement with the Management Agreement to be effective for the Fund on May 1, 2016, the Fund's next annual prospectus update. As detailed below, the Board's Advisory Fees and Expenses Committee (the Committee) and the Board met on multiple occasions to review and discuss, both among themselves and with the management team of the Investment Manager, materials provided by the Investment Manager and others before determining to approve the Management Agreement and the continuation of the Advisory Agreement.

In connection with their deliberations regarding the approval of the Management Agreement and the continuation of the Advisory Agreement, the Committee and the Board evaluated materials requested from the Investment Manager regarding the Fund and the Agreements, and discussed these materials with representatives of the Investment Manager at Committee meetings held on March 3, 2015, April 29, 2015 and June 9, 2015 and at Board meetings held on March 4, 2015 and June 10, 2015. In addition, the Board considers matters bearing on the Agreements at most of its other meetings throughout the year and meets regularly with senior management of the Trust and the Investment Manager. Through the Board's Investment Oversight Committees, Trustees also meet with selected portfolio managers of the funds the Trustees oversee and other investment personnel at various times throughout the year. The Committee and the Board also consulted with its independent fee consultant, Fund counsel and with the Independent Trustees' independent legal counsel, who advised on various matters with respect to the Committee's and the Board's considerations and otherwise assisted the Committee and the Board in their deliberations. On June 9, 2015, the Committee recommended that the Board approve the Management Agreement and the continuation of the Advisory Agreement. On June 10, 2015, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement for the Fund.

The Committee and the Board considered all information that they, their legal counsel or the Investment Manager believed reasonably necessary to evaluate and to determine whether to approve the Management Agreement and the continuation of the Advisory Agreement. The information and factors considered by the Committee and the Board in recommending for approval or approving the Management Agreement and the continuation of the Advisory Agreement for the Fund included the following:

- Information on the investment performance of the Fund relative to the performance of a group of mutual funds determined to be comparable to the Fund by an independent third-party data provider, as well as performance relative to benchmarks;
- Information on the Fund's advisory fees and total expenses, including information comparing the Fund's expenses to those of a group of comparable mutual funds, as determined by the independent third-party data provider;
- The Investment Manager's agreement to contractually limit or cap total operating expenses for the Fund so that total operating expenses (excluding certain fees and expenses, such as portfolio transaction costs and certain other investment related expenses, interest, taxes, acquired fund fees and expenses, and extraordinary expenses) would not exceed a specified percentage of the Fund's average annual net assets through April 30, 2016;
- The terms and conditions of the Agreements;

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

- The current and proposed terms and conditions of other agreements and arrangements with affiliates of the Investment Manager relating to the operations of the Fund, including the Administrative Services Agreement[1] and agreements with respect to the provision of distribution and transfer agency services to the Fund;
- Descriptions of various functions performed by the Investment Manager under the Agreements, including portfolio management and portfolio trading practices;
- Information regarding the management fees and investment performance of similarly-managed portfolios of other clients of the Investment Manager, including institutional separate accounts;
- Information regarding the reputation, regulatory history and resources of the Investment Manager, including information regarding senior management, portfolio managers and other personnel;
- Information regarding the capabilities of the Investment Manager with respect to compliance monitoring services, including an assessment of the Investment Manager's compliance system by the Fund's Chief Compliance Officer; and
- The profitability to the Investment Manager and its affiliates from their relationships with the Fund.

Nature, Extent and Quality of Services Provided under the Agreements

The Committee and the Board considered the nature, extent and quality of services provided to the Fund by the Investment Manager and its affiliates under the Agreements and under separate agreements for the provision of transfer agency and administrative services, and the resources dedicated to the Fund and the other Columbia Funds by the Investment Manager and its affiliates. The Committee and the Board also determined that the nature and level of the services to be provided under the Management Agreement would not decrease relative to the services provided under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered, among other things, the Investment Manager's ability to attract, motivate and retain highly qualified research, advisory and supervisory investment professionals (including personnel and other resources, compensation programs for personnel involved in fund management, reputation and other attributes), the portfolio management services provided by those investment professionals, and the quality of the Investment Manager's investment research capabilities and trade execution services. The Committee and the Board also considered the potential benefits to shareholders of investing in a mutual fund that is part of a fund complex offering exposure to a variety of asset classes and investment disciplines and providing a variety of fund and shareholder services.

The Committee and the Board also considered the professional experience and qualifications of the senior personnel of the Investment Manager, which included consideration of the Investment Manager's experience with similarly-structured funds. The Committee and the Board noted the compliance programs of and the compliance-related resources provided to the Fund by the Investment Manager and its affiliates, and considered the Investment Manager's ability to provide administrative services to the Fund and coordinate the activities of the Fund's other service providers. In evaluating the nature, extent and quality of services provided under the Agreements, the Committee and the Board considered that these services were provided to the Fund, rather than directly to Fund shareholders. The Committee and the Board accordingly affirmed, after considering various other matters, including the potential benefits to the Fund and its shareholders of the Independent Trustees' important role as pre-suit gatekeepers with respect to claims that they may determine are meritless or contrary to the Fund's best interests, that it was not the intention of the Board or the Investment Manager that there be any third-party beneficiaries of the Agreements. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the nature, extent and quality of the services provided to the Fund under the Agreements supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

[1] Like the Advisory Agreement, the Administrative Services Agreement will terminate with respect to the Fund once the Management Agreement is effective for the Fund.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

Investment Performance

The Committee and the Board reviewed information about the performance of the Fund over various time periods, including performance information relative to benchmarks and information based on reports of the independent third-party data provider that compared the performance of the Fund to the performance of a group of comparable mutual funds, and data provided by the independent fee consultant. The Committee and the Board also reviewed a description of the third party's methodology for identifying the Fund's peer groups for purposes of performance and expense comparisons. Although the Fund's performance lagged that of a relevant peer group for certain (although not necessarily all) periods, the Committee and the Board concluded that other factors relevant to performance were sufficient, in light of other considerations, to warrant continuation of the Advisory Agreement and approval of the Management Agreement. Those factors included one or more of the following: (i) that the Fund's performance, although lagging in certain recent periods, was stronger over the longer term; (ii) that the underperformance was attributable, to a significant extent, to investment decisions that were reasonable and consistent with the Fund's investment strategy and policies and that the Fund was performing within a reasonable range of expectations, given those investment decisions, market conditions and the Fund's investment strategy; (iii) that the Fund's performance was competitive when compared to other relevant performance benchmarks or peer groups; and (iv) that the Investment Manager had taken or was taking steps designed to help improve the Fund's investment performance, including, but not limited to, replacing portfolio managers, enhancing the resources supporting the portfolio managers, or modifying investment strategies.

The Committee and the Board noted that, through December 31, 2014, the Fund's performance was in the sixty-sixth, ninety-sixth and seventy-seventh percentile (where the best performance would be in the first percentile) of its category selected by the independent third-party data provider for the purposes of performance comparisons for the one-, three- and five- year periods, respectively.

The Committee and the Board also considered the Investment Manager's performance and reputation generally, the Investment Manager's historical responsiveness to Board concerns about performance, and the Investment Manager's willingness to take steps intended to improve performance. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the performance of the Fund was sufficient, in light of other considerations, to warrant the continuation of the Advisory Agreement and the approval of the Management Agreement.

Investment Advisory Fee Rates and Other Expenses

The Committee and the Board considered the advisory fees charged to the Fund under the Advisory Agreement as well as the total expenses incurred by the Fund. In assessing the reasonableness of the fees under the Advisory Agreement, the Committee and the Board considered, among other information, the Fund's advisory fee and its total expense ratio as a percentage of average daily net assets. The Committee and the Board also considered that the proposed management fee would not exceed the sum of the fee rates payable under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered data provided by the independent fee consultant. The Committee and the Board noted that, as of December 31, 2014, the Fund's actual management fee and net expense ratio are both ranked in the third quintile (where the lowest fees and expenses would be in the first quintile) against the Fund's expense universe as determined by the independent third-party data provider for purposes of expense comparison. The Committee and the Board also took into account the fee waiver and expense limitation arrangements agreed to by the Investment Manager, as noted above.

The Committee and the Board also received and considered information about the advisory fees charged by the Investment Manager to institutional separate accounts. In considering the fees charged to those accounts, the Committee and the Board took into account, among other things, the Investment Manager's representations about the differences between managing mutual funds as compared to other types of accounts, including differences in the services provided, differences in the risk profile of such business for the Investment Manager and the additional resources required to manage mutual funds effectively. The Committee and the Board also received and considered information about the fees charged by the Investment Manager for sub-advisory services

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

provided to comparable unaffiliated funds. In evaluating the Fund's advisory fees, the Committee and the Board also took into account the demands, complexity and quality of the investment management of the Fund.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the advisory/management fee rates and expenses of the Fund were sufficient, in light of other considerations, to warrant the approval of the Management Agreement and continuation of the Advisory Agreement.

Costs of Services Provided and Profitability

The Committee and the Board also took note of the costs the Investment Manager and its affiliates incur in connection with the services provided (both on an absolute and relative basis) and the profitability to the Investment Manager and its affiliates in connection with their relationships with the Fund.

The Committee and the Board also considered the compensation directly or indirectly received by the Investment Manager's affiliates in connection with their relationships with the Fund. The Committee and the Board reviewed information provided by management as to the profitability to the Investment Manager and its affiliates of their relationships with the Fund, information about the allocation of expenses used to calculate profitability, and comparisons of profitability levels realized in 2014 to profitability levels realized in 2013. When reviewing profitability, the Committee and the Board also considered court cases in which adviser profitability was an issue in whole or in part, the performance of similarly managed funds, the performance of the Fund, and the expense ratio of the Fund. The Committee and the Board also considered information provided by the Investment Manager regarding the Investment Manager's financial condition and comparing its profitability to that of other asset management firms that are, or are subsidiaries of, publicly traded companies.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the costs of services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Economies of Scale

The Committee and the Board considered the potential existence of economies of scale in the provision by the Investment Manager of services to the Fund, to groups of related funds, and to the Investment Manager's investment advisory clients as a whole, and whether those economies of scale were shared with the Fund through breakpoints in investment advisory fees or other means, such as expense limitation arrangements and additional investments by the Investment Manager in investment, trading and compliance resources. The Committee and the Board noted that the investment advisory and management fee schedules for the Fund contained breakpoints that would reduce the fee rate on assets above specified threshold levels.

In considering these matters, the Committee and the Board also considered the costs of the services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund, as discussed above. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the extent to which any economies of scale were expected to be shared with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Other Benefits to the Investment Manager

The Committee and the Board received and considered information regarding "fall-out" or ancillary benefits received by the Investment Manager and its affiliates as a result of their relationships with the Fund, such as the engagement of the Investment Manager to provide administrative services to the Fund and the engagement of the Investment Manager's affiliates to provide distribution and transfer agency services to the Fund. In this regard, among other matters, the Committee and the Board considered that the Fund's distributor retains a portion of the distribution fees from the Fund. The Committee and the Board also considered the benefits of research made available to the Investment Manager by reason of brokerage commissions generated by the Fund's securities transactions, and reviewed information about the Investment Manager's practices with respect

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

to allocating portfolio transactions for brokerage and research services. The Committee and the Board considered the possible conflicts of interest associated with certain fall-out or other ancillary benefits and the reporting, disclosure and other processes that are in place to address such possible conflicts of interest. The Committee and the Board recognized that the Investment Manager's profitability would be somewhat lower without these benefits.

Conclusion

The Committee and the Board reviewed all of the above considerations in reaching their decisions to recommend or approve the Management Agreement and the continuation of the Advisory Agreement. In their deliberations, the Trustees did not identify any particular information that was all-important or controlling, and individual Trustees may have attributed different weights to the various factors. Based on their evaluation of all factors that they deemed to be material, including those factors described above, and assisted by the advice of independent legal counsel, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement.

IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us, or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio — Small Cap Value Fund
P.O. Box 8081
Boston, MA 02266-8081

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

C-1505 F (8/15)

SEMIANNUAL REPORT
June 30, 2015

COLUMBIA THREADNEEDLE INVESTMENTS

COLUMBIA VARIABLE PORTFOLIO — STRATEGIC INCOME FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

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The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

PERFORMANCE OVERVIEW

(Unaudited)

Performance Summary

- Columbia Variable Portfolio — Strategic Income Fund (the Fund) Class 2 shares returned 2.77% for the six-month period that ended June 30, 2015.
- The Fund outperformed its benchmark, the Barclays U.S. Aggregate Bond Index, which returned -0.10% for the same time period.
- During the same time period, the Bank of America Merrill Lynch (BofAML) U.S. Cash Pay High Yield Constrained Index returned 2.49%, the Citi Non-U.S. World Government Bond (All Maturities) Index (WGBI) — Unhedged returned -5.83% and the JPMorgan Emerging Markets Bond Index (EMBI) — Global returned 1.76%.

Average Annual Total Returns (%) (for period ended June 30, 2015)

	Inception	6 Months Cumulative	1 Year	5 Years	10 Years
Class 1	07/05/94	2.87	1.10	6.46	6.11
Class 2	06/01/00	2.77	0.85	6.19	5.87
Barclays U.S. Aggregate Bond Index		-0.10	1.86	3.35	4.44
BofAML U.S. Cash Pay High Yield Constrained Index		2.49	-0.52	8.35	7.68
Citi Non-U.S. WGBI — Unhedged		-5.83	-13.49	0.33	2.63
J.P. Morgan EMBI — Global		1.76	-1.57	6.52	7.34

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

Effective at the close of business on August 29, 2014, the Fund compares its performance to that of the Barclays U.S. Aggregate Bond Index (replacing the Blended Benchmark and the Barclays U.S. Government/Credit Bond Index). The Fund's investment manager made this recommendation to the Fund's Board of Trustees because the investment manager believes that the Barclays U.S. Aggregate Bond Index provides a more appropriate basis for comparing the Fund's performance in light of the changes made to the Fund's principal investment strategies. The Fund has also made available, for performance comparison purposes, one or more other measures of performance for markets in which the Fund may invest.

The Barclays U.S. Aggregate Bond Index is a market value-weighted index that tracks the daily price, coupon, pay-downs and total return performance of fixed-rate, publicly placed, dollar-denominated and nonconvertible investment grade debt issues with at least $250 million par amount outstanding and with at least one year to final maturity.

The BofAML U.S. Cash Pay High Yield Constrained Index tracks the performance of U.S. dollar-denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market.

The Citi Non-U.S. WGBI — Unhedged is calculated on a market-weighted basis and includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. $25 million, while excluding floating or variable rate bonds, securities aimed principally at non-institutional investors and private placement-type securities.

The JPMorgan EMBI — Global is based on U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, such as Brady bonds, Eurobonds and loans, and reflects reinvestment of all distributions and changes in market prices.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

PORTFOLIO OVERVIEW
(Unaudited)

Portfolio Breakdown (%) (at June 30, 2015)	
Asset-Backed Securities — Non-Agency	4.8
Commercial Mortgage-Backed Securities — Non-Agency	3.2
Common Stocks	0.0[(a)]
Corporate Bonds & Notes	33.8
Foreign Government Obligations	16.1
Inflation-Indexed Bonds	1.3
Money Market Funds	11.5
Municipal Bonds	0.2
Residential Mortgage-Backed Securities — Agency	10.5
Residential Mortgage-Backed Securities — Non-Agency	12.0
Senior Loans	6.6
Total	**100.0**

Percentages indicated are based upon total investments. The Fund's portfolio composition is subject to change.

(a) Rounds to zero.

Quality Breakdown (%) (at June 30, 2015)	
AAA rating	12.3
A rating	2.7
BBB rating	20.6
BB rating	18.5
B rating	22.8
CCC rating	6.7
D rating	0.3
Not rated	16.1
Total	**100.0**

Percentages indicated are based upon total fixed income investments (excluding Money Market Funds).

Bond ratings apply to the underlying holdings of the Fund and not the Fund itself and are divided into categories ranging from highest to lowest credit quality, determined by using the middle rating of Moody's, S&P and Fitch, after dropping the highest and lowest available ratings. When ratings are available from only two rating agencies, the lower rating is used. When a rating is available from only one rating agency, that rating is used. When a bond is not rated by any rating agency, it is designated as "Not rated." Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change, including daily. The ratings assigned by credit rating agencies are but one of the considerations that the Investment Manager and/or Fund's subadviser incorporates into its credit analysis process, along with such other issuer-specific factors as cash flows, capital structure and leverage ratios, ability to de-leverage (repay) through free cash flow, quality of management, market positioning and access to capital, as well as such security-specific factors as the terms of the security (e.g., interest rate and time to maturity) and the amount and type of any collateral.

Portfolio Management

Colin Lundgren, CFA

Brian Lavin, CFA

Gene Tannuzzo, CFA

Zach Pandl no longer serves as a Portfolio Manager of the Fund.

UNDERSTANDING YOUR FUND'S EXPENSES
(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing Your Fund's Expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of $1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount 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 results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare With Other Funds" below for details on how to use the hypothetical data.

Compare With Other Funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2015 – June 30, 2015

	Account Value at the Beginning of the Period ($)		**Account Value at the End of the Period ($)**		**Expenses Paid During the Period ($)**		**Fund's Annualized Expense Ratio (%)**
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,028.70	1,021.42	3.42	3.41	0.68
Class 2	1,000.00	1,000.00	1,027.70	1,020.18	4.68	4.66	0.93

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

June 30, 2015 (Unaudited)

(Percentages represent value of investments compared to net assets)

Corporate Bonds & Notes[a] 35.7%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
AEROSPACE & DEFENSE 0.4%			
Bombardier, Inc.[b]			
03/15/20	7.750%	278,000	279,529
TransDigm, Inc.			
07/15/22	6.000%	245,000	241,938
TransDigm, Inc.[b]			
05/15/25	6.500%	139,000	137,610
Total			659,077
AUTOMOTIVE 0.2%			
Gates Global LLC/Co.[b]			
07/15/22	6.000%	150,000	135,750
ZF North America Capital, Inc.[b]			
04/29/25	4.750%	157,000	151,996
Total			287,746
BANKING 1.7%			
Agromercantil Senior Trust[b]			
04/10/19	6.250%	108,000	111,240
Ally Financial, Inc.			
03/30/25	4.625%	137,000	130,493
11/01/31	8.000%	463,000	554,442
Grupo Aval Ltd.[b]			
09/26/22	4.750%	200,000	192,750
Industrial Senior Trust[b]			
11/01/22	5.500%	102,000	98,685
Popular, Inc.			
07/01/19	7.000%	95,000	95,000
Royal Bank of Scotland Group PLC			
05/28/24	5.125%	1,634,000	1,632,011
Synovus Financial Corp.			
02/15/19	7.875%	274,000	308,250
Total			3,122,871
BROKERAGE/ASSET MANAGERS/EXCHANGES 0.2%			
E*TRADE Financial Corp.			
09/15/23	4.625%	422,000	414,615
National Financial Partners Corp.[b]			
07/15/21	9.000%	38,000	37,525
Total			452,140
BUILDING MATERIALS 0.3%			
American Builders & Contractors Supply Co., Inc.[b]			
04/15/21	5.625%	244,000	247,660
Cemex SAB de CV			
01/15/21	7.250%	317,000	334,498
Total			582,158

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
CABLE AND SATELLITE 2.1%			
Altice Financing SA[b]			
02/15/23	6.625%	164,000	162,770
CCO Holdings LLC/Capital Corp.			
09/30/22	5.250%	254,000	250,190
01/15/24	5.750%	210,000	211,050
CCO Holdings LLC/Capital Corp.[b]			
05/01/25	5.375%	51,000	49,661
CSC Holdings LLC			
11/15/21	6.750%	298,000	314,390
06/01/24	5.250%	77,000	73,920
DISH DBS Corp.			
07/15/22	5.875%	525,000	514,500
11/15/24	5.875%	50,000	48,031
DigitalGlobe, Inc.[b]			
02/01/21	5.250%	230,000	225,113
Hughes Satellite Systems Corp.			
06/15/21	7.625%	440,000	484,088
Intelsat Jackson Holdings SA			
04/01/21	7.500%	245,000	242,244
Sirius XM Radio, Inc.[b]			
04/15/25	5.375%	92,000	88,780
UPCB Finance IV Ltd.[b]			
01/15/25	5.375%	248,000	236,716
Unitymedia Hessen GmbH & Co. KG NRW[b]			
01/15/25	5.000%	243,000	241,178
Virgin Media Secured Finance PLC[b]			
01/15/26	5.250%	442,000	427,082
Ziggo Bond Finance BV[b]			
01/15/25	5.875%	282,000	276,360
Total			3,846,073
CHEMICALS 1.4%			
Angus Chemical Co.[b]			
02/15/23	8.750%	165,000	168,300
Chemours Co. LLC (The)[b]			
05/15/23	6.625%	168,000	162,750
05/15/25	7.000%	95,000	92,150
Eco Services Operations LLC/Finance Corp.[b]			
11/01/22	8.500%	231,000	232,155
INEOS Group Holdings SA[b]			
02/15/19	5.875%	162,000	162,810
Mexichem SAB de CV[b]			
09/17/44	5.875%	200,000	185,000
NOVA Chemicals Corp.[b]			
05/01/25	5.000%	257,000	257,964

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Corporate Bonds & Notes[(a)] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
PQ Corp.[(b)]			
11/01/18	8.750%	685,000	698,700
Platform Specialty Products Corp.[(b)]			
02/01/22	6.500%	269,000	277,742
Sibur Securities Ltd.[(b)]			
01/31/18	3.914%	378,000	352,194
Total			2,589,765
CONSTRUCTION MACHINERY 0.2%			
Ashtead Capital, Inc.[(b)]			
07/15/22	6.500%	130,000	138,450
H&E Equipment Services, Inc.			
09/01/22	7.000%	276,000	284,625
Total			423,075
CONSUMER CYCLICAL SERVICES 0.7%			
ADT Corp. (The)			
07/15/22	3.500%	247,000	223,535
APX Group, Inc.			
12/01/19	6.375%	435,000	421,950
CEB, Inc.[(b)]			
06/15/23	5.625%	37,000	37,185
IHS, Inc.[(b)]			
11/01/22	5.000%	135,000	134,156
Interval Acquisition Corp.[(b)]			
04/15/23	5.625%	250,000	253,125
Monitronics International, Inc.			
04/01/20	9.125%	251,000	241,588
Total			1,311,539
CONSUMER PRODUCTS 0.3%			
Serta Simmons Holdings LLC[(b)]			
10/01/20	8.125%	168,000	177,660
Spectrum Brands, Inc.[(b)]			
07/15/25	5.750%	110,000	111,650
Springs Industries, Inc.			
06/01/21	6.250%	223,000	221,049
Tempur Sealy International, Inc.			
12/15/20	6.875%	100,000	106,000
Total			616,359
DIVERSIFIED MANUFACTURING 0.2%			
Entegris, Inc.[(b)]			
04/01/22	6.000%	238,000	244,545
Metalloinvest Finance Ltd.[(b)]			
07/21/16	6.500%	200,000	200,000
Total			444,545

Corporate Bonds & Notes[(a)] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
ELECTRIC 1.2%			
AES Corp. (The)			
07/01/21	7.375%	151,000	165,723
Berkshire Hathaway Energy Co.			
02/01/45	4.500%	210,000	206,667
Companhia de Eletricidade do Estad[(b)]			
04/27/16	11.750% BRL	1,265,000	400,360
NRG Energy, Inc.			
07/15/22	6.250%	300,000	304,500
NRG Yield Operating LLC[(b)]			
08/15/24	5.375%	284,000	286,130
Pacific Gas & Electric Co.			
02/15/44	4.750%	444,000	457,830
Talen Energy Supply LLC[(b)]			
06/01/25	6.500%	119,000	119,000
TerraForm Power Operating LLC[(b)]			
02/01/23	5.875%	284,000	288,260
Total			2,228,470
FINANCE COMPANIES 1.5%			
Aircastle Ltd.			
02/15/22	5.500%	99,000	101,042
International Lease Finance Corp.			
01/15/22	8.625%	674,000	822,280
Navient Corp.			
10/25/24	5.875%	592,000	556,480
OneMain Financial Holdings, Inc.[(b)]			
12/15/21	7.250%	226,000	234,192
Provident Funding Associates LP/Finance Corp.[(b)]			
06/15/21	6.750%	278,000	265,490
Quicken Loans, Inc.[(b)]			
05/01/25	5.750%	183,000	175,223
Springleaf Finance Corp.			
10/01/23	8.250%	338,000	371,800
iStar Financial, Inc.			
07/01/19	5.000%	234,000	230,783
Total			2,757,290
FOOD AND BEVERAGE 2.2%			
B&G Foods, Inc.			
06/01/21	4.625%	98,000	96,530
Constellation Brands, Inc.			
05/01/23	4.250%	77,000	75,845
11/15/24	4.750%	130,000	130,325
Diamond Foods, Inc.[(b)]			
03/15/19	7.000%	238,000	243,950

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Grupo Bimbo SAB de CV[b]			
06/27/44	4.875%	2,275,000	2,111,609
HJ Heinz Co.[b][c]			
07/15/45	5.200%	335,000	343,315
MHP SA[b]			
04/02/20	8.250%	407,000	329,670
Molson Coors Brewing Co.			
05/01/42	5.000%	495,000	481,888
Post Holdings, Inc.			
02/15/22	7.375%	55,000	55,963
WhiteWave Foods Co. (The)			
10/01/22	5.375%	327,000	344,985
Total			4,214,080
GAMING 1.4%			
Boyd Gaming Corp.			
05/15/23	6.875%	73,000	74,825
GLP Capital LP/Financing II, Inc.			
11/01/23	5.375%	268,000	275,370
International Game Technology PLC[b]			
02/15/25	6.500%	306,000	283,050
MGM Resorts International			
12/15/21	6.625%	424,000	443,080
Pinnacle Entertainment, Inc.			
08/01/21	6.375%	174,000	184,658
Scientific Games International, Inc.			
12/01/22	10.000%	272,000	260,440
Scientific Games International, Inc.[b]			
01/01/22	7.000%	225,000	232,312
Seminole Tribe of Florida, Inc.[b]			
10/01/20	6.535%	55,000	58,575
10/01/20	7.804%	120,000	128,038
SugarHouse HSP Gaming LP/Finance Corp.[b]			
06/01/21	6.375%	200,000	190,000
Tunica-Biloxi Gaming Authority[b][d]			
11/15/15	9.000%	923,000	507,650
Total			2,637,998
HEALTH CARE 2.2%			
Alere, Inc.[b]			
07/01/23	6.375%	90,000	91,575
CHS/Community Health Systems, Inc.			
08/01/21	5.125%	190,000	193,562
02/01/22	6.875%	448,000	472,640
ConvaTec Finance International SA PIK[b][e]			
01/15/19	8.250%	81,000	79,583
DaVita HealthCare Partners, Inc.			
05/01/25	5.000%	149,000	143,413
Emdeon, Inc.			
12/31/19	11.000%	170,000	184,450
Fresenius Medical Care U.S. Finance II, Inc.[b]			
01/31/22	5.875%	266,000	281,960
HCA, Inc.			
05/01/23	4.750%	365,000	369,562
02/01/25	5.375%	681,000	692,100
Hologic, Inc.[b][c]			
07/15/22	5.250%	89,000	90,891
MPH Acquisition Holdings LLC[b]			
04/01/22	6.625%	357,000	365,925
Sterigenics-Nordion Holdings LLC[b]			
05/15/23	6.500%	55,000	55,825
Surgical Care Affiliates, Inc.[b]			
04/01/23	6.000%	104,000	104,000
Teleflex, Inc.			
06/15/24	5.250%	95,000	96,207
Tenet Healthcare Corp.			
10/01/20	6.000%	468,000	499,005
Tenet Healthcare Corp.[b]			
06/15/23	6.750%	445,000	453,900
Total			4,174,598
HEALTHCARE INSURANCE 0.3%			
Centene Corp.			
05/15/22	4.750%	584,000	601,520
HOME CONSTRUCTION 0.3%			
Meritage Homes Corp.			
04/01/22	7.000%	206,000	219,905
Standard Pacific Corp.			
11/15/24	5.875%	117,000	120,510
Taylor Morrison Communities, Inc./Monarch, Inc.[b]			
04/15/23	5.875%	149,000	146,765
Total			487,180
INDEPENDENT ENERGY 3.4%			
Antero Resources Corp.			
12/01/22	5.125%	343,000	324,135
Carrizo Oil & Gas, Inc.			
04/15/23	6.250%	374,000	374,935
Chesapeake Energy Corp.			
03/15/23	5.750%	636,000	575,580
Comstock Resources, Inc.[b]			
03/15/20	10.000%	173,000	156,060

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Concho Resources, Inc.			
04/01/23	5.500%	614,000	614,000
CrownRock LP/Finance, Inc.[b]			
02/15/23	7.750%	228,000	242,820
Diamondback Energy, Inc.			
10/01/21	7.625%	223,000	238,610
EP Energy LLC/Everest Acquisition Finance, Inc.			
05/01/20	9.375%	337,000	361,011
EP Energy LLC/Everest Acquisition Finance, Inc.[b]			
06/15/23	6.375%	239,000	239,598
Halcon Resources Corp.			
05/15/21	8.875%	100,000	65,750
Hilcorp Energy I LP/Finance Co.[b]			
12/01/24	5.000%	110,000	103,147
Kosmos Energy Ltd.[b]			
08/01/21	7.875%	200,000	193,000
Laredo Petroleum, Inc.			
03/15/23	6.250%	528,000	537,240
Matador Resources Co.[b]			
04/15/23	6.875%	215,000	219,569
Oasis Petroleum, Inc.			
03/15/22	6.875%	604,000	613,060
Parsley Energy LLC/Finance Corp.[b]			
02/15/22	7.500%	361,000	366,303
RSP Permian, Inc.[b]			
10/01/22	6.625%	242,000	247,445
Range Resources Corp.[b]			
05/15/25	4.875%	126,000	122,396
SM Energy Co.			
06/01/25	5.625%	39,000	38,602
SandRidge Energy, Inc.[b]			
06/01/20	8.750%	85,000	77,138
Whiting Petroleum Corp.[b]			
04/01/23	6.250%	413,000	409,902
Zhaikmunai LLP			
11/13/19	7.125%	273,000	258,326
Total			6,378,627
LEISURE 0.4%			
AMC Entertainment, Inc.[b]			
06/15/25	5.750%	105,000	102,900
Activision Blizzard, Inc.[b]			
09/15/23	6.125%	517,000	554,483
LTF Merger Sub, Inc.[b]			
06/15/23	8.500%	102,000	98,430
Total			755,813

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
LIFE INSURANCE 0.1%			
Five Corners Funding Trust[b]			
11/15/23	4.419%	144,000	148,935
LODGING 0.1%			
Playa Resorts Holding BV[b]			
08/15/20	8.000%	270,000	279,450
MEDIA AND ENTERTAINMENT 2.5%			
AMC Networks, Inc.			
12/15/22	4.750%	329,000	329,000
Cable One, Inc.[b]			
06/15/22	5.750%	56,000	56,700
Clear Channel Worldwide Holdings, Inc.			
11/15/22	6.500%	457,000	475,851
MDC Partners, Inc.[b]			
04/01/20	6.750%	310,000	308,837
Netflix, Inc.[b]			
02/15/22	5.500%	18,000	18,585
02/15/25	5.875%	352,000	364,359
Nielsen Finance LLC/Co.[b]			
04/15/22	5.000%	113,000	110,740
Outfront Media Capital LLC/Corp.			
03/15/25	5.875%	518,000	533,540
Sky PLC[b]			
11/26/22	3.125%	885,000	861,201
TEGNA, Inc.[b]			
09/15/24	5.500%	69,000	68,310
Thomson Reuters Corp.			
05/23/43	4.500%	455,000	411,874
Univision Communications, Inc.[b]			
02/15/25	5.125%	739,000	713,283
iHeartCommunications, Inc.[b]			
03/15/23	10.625%	392,000	370,440
Total			4,622,720
METALS 0.4%			
ArcelorMittal			
02/25/22	7.000%	302,000	326,160
06/01/25	6.125%	20,000	19,937
FMG Resources August 2006 Proprietary Ltd.[b]			
03/01/22	9.750%	178,000	183,785
Vale Overseas Ltd.			
01/11/22	4.375%	252,000	246,192
Total			776,074

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
MIDSTREAM 2.0%			
Blue Racer Midstream LLC/Finance Corp.[b]			
11/15/22	6.125%	168,000	173,040
Columbia Pipeline Group, Inc.[b]			
06/01/45	5.800%	495,000	487,803
Crestwood Midstream Partners LP/Finance Corp.[b]			
04/01/23	6.250%	289,000	300,560
Energy Transfer Equity LP			
01/15/24	5.875%	22,000	22,814
06/01/27	5.500%	258,000	257,355
Kinder Morgan Energy Partners LP			
03/01/43	5.000%	660,000	575,927
MarkWest Energy Partners LP/Finance Corp.			
12/01/24	4.875%	778,000	760,495
Rose Rock Midstream LP/Finance Corp.[b]			
11/15/23	5.625%	81,000	78,367
Sabine Pass Liquefaction LLC[b]			
03/01/25	5.625%	340,000	336,600
Targa Resources Partners LP/Finance Corp.			
05/01/23	5.250%	60,000	59,400
11/15/23	4.250%	497,000	459,725
Tesoro Logistics LP/Finance Corp.[b]			
10/15/22	6.250%	216,000	223,560
Total			3,735,646
OIL FIELD SERVICES 0.1%			
Transocean, Inc.			
12/15/21	6.875%	60,000	54,000
10/15/22	4.300%	125,000	94,063
Total			148,063
OTHER FINANCIAL INSTITUTIONS 0.1%			
FTI Consulting, Inc.			
11/15/22	6.000%	88,000	91,740
Icahn Enterprises LP/Finance Corp.			
08/01/20	6.000%	137,000	141,453
Total			233,193
OTHER INDUSTRY 0.9%			
CB Richard Ellis Services, Inc.			
03/15/25	5.250%	1,655,000	1,712,925
PACKAGING 0.2%			
Ardagh Packaging Finance PLC/Holdings USA, Inc.[b]			
01/31/21	6.750%	143,000	146,218
Berry Plastics Corp.			
07/15/23	5.125%	255,000	248,625
Total			394,843

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
PAPER 0.1%			
Inversiones CMPC SA[b]			
09/15/24	4.750%	213,000	216,746
PHARMACEUTICALS 1.0%			
Concordia Healthcare Corp.[b]			
04/15/23	7.000%	196,000	196,000
Endo Finance LLC/Finco, Inc.[b]			
02/01/25	6.000%	134,000	136,178
Grifols Worldwide Operations Ltd.			
04/01/22	5.250%	145,000	145,362
Jaguar Holding Co. II/Merger Sub, Inc.[b]			
12/01/19	9.500%	48,000	51,120
Mallinckrodt International Finance SA/CB LLC[b]			
04/15/25	5.500%	171,000	165,870
Quintiles Transnational Corp.[b]			
05/15/23	4.875%	102,000	102,510
Valeant Pharmaceuticals International, Inc.[b]			
04/15/25	6.125%	1,016,000	1,045,210
Total			1,842,250
PROPERTY & CASUALTY 0.3%			
HUB International Ltd.[b]			
10/01/21	7.875%	605,000	617,100
RAILROADS 0.3%			
Burlington Northern Santa Fe LLC			
04/01/45	4.150%	185,000	170,626
Florida East Coast Holdings Corp.[b]			
05/01/19	6.750%	219,000	219,548
Panama Canal Railway Co.			
11/01/26	7.000%	151,657	150,140
Total			540,314
RESTAURANTS 0.1%			
BC ULC/New Red Finance, Inc.[b]			
01/15/22	4.625%	191,000	188,135
RETAILERS 0.5%			
Asbury Automotive Group, Inc.			
12/15/24	6.000%	185,000	192,400
Penske Automotive Group, Inc.			
12/01/24	5.375%	185,000	187,313
PetSmart, Inc.[b]			
03/15/23	7.125%	187,000	195,882
Rite Aid Corp.			
02/15/27	7.700%	274,000	321,950
Total			897,545

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Corporate Bonds & Notes[a] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
TECHNOLOGY 1.5%			
Alliance Data Systems Corp.[b]			
08/01/22	5.375%	406,000	399,910
Ancestry.com, Inc.			
12/15/20	11.000%	309,000	350,715
Equinix, Inc.			
04/01/23	5.375%	290,000	290,000
Goodman Networks, Inc.			
07/01/18	12.125%	117,000	97,110
MSCI, Inc.[b]			
11/15/24	5.250%	225,000	227,812
NCR Corp.			
12/15/23	6.375%	75,000	79,500
NXP BV/Funding LLC[b]			
06/15/22	4.625%	50,000	49,313
Nuance Communications, Inc.[b]			
08/15/20	5.375%	193,000	194,448
Qualitytech LP/Finance Corp.			
08/01/22	5.875%	236,000	237,180
Riverbed Technology, Inc.[b]			
03/01/23	8.875%	95,000	92,150
SS&C Technologies Holdings, Inc.[b][c]			
07/15/23	5.875%	125,000	126,250
VeriSign, Inc.[b]			
04/01/25	5.250%	365,000	364,087
Zebra Technologies Corp.[b]			
10/15/22	7.250%	234,000	253,305
Total			2,761,780
TRANSPORTATION SERVICES 0.1%			
Concesionaria Mexiquense SA de CV (linked to Mexican Unidad de Inversion Index)[b]			
12/15/35	5.950%	MXN 4,305,846	271,336
WIRELESS 2.3%			
Altice SA[b]			
05/15/22	7.750%	345,000	333,787
Altice US Finance I Corp.[b]			
07/15/23	5.375%	200,000	195,000
Altice US Finance II Corp.[b]			
07/15/25	7.750%	65,000	63,050
Comcel Trust[b]			
02/06/24	6.875%	402,000	423,105
Crown Castle International Corp.			
04/15/22	4.875%	316,000	319,160
Numericable-SFR[b]			
05/15/22	6.000%	228,000	224,723
05/15/24	6.250%	216,000	212,490
SBA Communications Corp			
07/15/22	4.875%	191,000	185,986
Sprint Communications, Inc.[b]			
03/01/20	7.000%	567,000	616,726
Sprint Corp.			
09/15/23	7.875%	380,000	370,614
T-Mobile USA, Inc.			
03/01/23	6.000%	426,000	436,117
01/15/24	6.500%	53,000	54,723
03/01/25	6.375%	265,000	270,963
Wind Acquisition Finance SA[b]			
07/15/20	4.750%	276,000	271,860
04/23/21	7.375%	293,000	296,296
Total			4,274,600
WIRELINES 2.5%			
AT&T, Inc.			
06/15/45	4.350%	1,010,000	862,253
CenturyLink, Inc.			
03/15/22	5.800%	230,000	219,650
CenturyLink, Inc.[b]			
04/01/25	5.625%	202,000	182,305
EarthLink Holdings Corp.			
06/01/20	7.375%	214,000	222,560
Frontier Communications Corp.			
07/01/21	9.250%	381,000	399,098
Level 3 Financing, Inc.[b]			
05/01/25	5.375%	635,000	612,775
Telecom Italia SpA[b]			
05/30/24	5.303%	342,000	340,290
Verizon Communications, Inc.			
11/01/42	3.850%	1,249,000	1,032,332
Windstream Services LLC			
10/15/20	7.750%	224,000	219,240
Zayo Group LLC/Capital, Inc.[b]			
04/01/23	6.000%	598,000	590,645
Total			4,681,148
Total Corporate Bonds & Notes (Cost: $67,255,327)			**66,913,727**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Residential Mortgage-Backed Securities — Agency[f] 11.2%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Federal Home Loan Mortgage Corp.			
10/01/26	8.000%	42,181	44,872
Federal Home Loan Mortgage Corp.[e][g]			
CMO IO Series 2957 Class SW			
04/15/35	5.815%	2,170,219	395,412
CMO IO Series 318 Class S1			
11/15/43	5.765%	9,395,164	2,412,880
CMO IO Series 3761 Class KS			
06/15/40	5.815%	3,330,393	395,276
Federal Home Loan Mortgage Corp.[g]			
CMO IO Series 4120 Class AI			
11/15/39	3.500%	5,343,996	607,137
Federal National Mortgage Association			
05/01/41	4.000%	355,598	376,170
Federal National Mortgage Association[c]			
07/16/30- 07/14/45	3.000%	7,500,000	7,551,498
07/14/45	3.500%	2,000,000	2,061,094
Federal National Mortgage Association[e][g]			
CMO IO Series 2006-5 Class N1			
08/25/34	1.924%	7,733,019	210,817
CMO IO Series 2006-5 Class N2			
02/25/35	1.946%	11,580,023	521,924
CMO IO Series 2010-135 Class MS			
12/25/40	5.763%	2,307,001	410,873
Federal National Mortgage Association[g]			
CMO IO Series 2012-133 Class EI			
07/25/31	3.500%	3,224,904	452,345
CMO IO Series 2012-139 Class IL			
04/25/40	3.500%	4,770,173	582,596
CMO IO Series 2012-96 Class CI			
04/25/39	3.500%	6,902,108	1,249,594
CMO IO Series 2013-1 Class AI			
02/25/43	3.500%	3,036,385	565,493
Government National Mortgage Association[c]			
07/20/45	3.000%	3,000,000	3,028,359
Total Residential Mortgage-Backed Securities — Agency (Cost: $19,621,217)			**20,866,340**

Residential Mortgage-Backed Securities — Non-Agency 12.7%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Apollo Residential Mortgage Securitization Trust			
CMO Series 2013-1 Class A[b]			
05/25/47	4.000%	1,666,344	1,670,509
BCAP LLC Trust			
CMO Series 2012-RR11 Class 9A2[b][e]			
07/26/37	4.000%	3,897,619	3,934,027
Bayview Opportunity Master Fund Trust			
Series 2014-16RP Class A[b][e]			
11/28/29	3.844%	1,454,706	1,449,742
CAM Mortgage Trust			
Series 2015-1 Class A[b][e]			
07/15/64	3.500%	2,000,000	2,000,000
CTS Corp.[b]			
02/27/36	3.750%	1,000,000	986,250
Citigroup Mortgage Loan Trust, Inc.			
CMO Series 2013-2 Class 1A1[b][e]			
11/25/37	2.614%	1,217,631	1,218,714
Credit Suisse Mortgage Capital Certificates[b]			
CMO Series 2010-9R Class 10A5			
04/27/37	4.000%	4,000,000	4,010,068
CMO Series 2010-9R Class 7A5			
05/27/37	4.000%	2,631,568	2,634,923
Credit Suisse Mortgage Capital Certificates[b][e]			
Series 2008-4R Class 3A4			
01/26/38	2.752%	3,250,000	3,018,064
Credit Suisse Securities (USA) LLC			
CMO Series 2014-RPL1 Class A3[b]			
02/25/54	3.958%	1,250,000	1,250,000
Deutsche Mortgage Securities, Inc. Mortgage Loan Trust			
CMO Series 2003-1 Class 1A7			
04/25/33	5.500%	555,390	556,091
Freddie Mac Structured Agency Credit Risk Debt Notes			
CMO Series 2015-DNA2 Class M3[e]			
12/25/27	4.087%	1,000,000	994,118
Total Residential Mortgage-Backed Securities — Non-Agency (Cost: $23,646,639)			**23,722,506**

Commercial Mortgage-Backed Securities — Non-Agency 3.4%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
GS Mortgage Securities Trust			
Series 2007-GG10 Class AM[e]			
08/10/45	5.795%	4,250,000	4,328,638
Invitation Homes Trust			
Series 2015-SFR3 Class F[b][e]			
08/17/32	4.933%	1,000,000	995,546
Morgan Stanley Capital I Trust			
Series 2005-IQ10 Class A4A[e]			
09/15/42	5.230%	11,431	11,423
Rialto Real Estate Fund LLC			
Series 2015-LT7 Class B[b]			
12/25/32	5.071%	1,000,000	999,997
Total Commercial Mortgage-Backed Securities — Non-Agency (Cost: $6,371,880)			**6,335,604**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Asset-Backed Securities — Non-Agency 5.0%

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
Ares CLO Ltd. Series 2014-32A Class C[b][e] 11/15/25	4.474%	750,000	750,224
GMAC Mortgage Home Equity Loan Trust Series 2004-HE5 Class A5 (FGIC)[e] 09/25/34	5.865%	132,654	135,691
New York Mortgage Trust Residential LLC Series 2013-RP1A Class A[b][e] 07/25/18	4.250%	3,211,143	3,274,361
Octagon Investment Partners XXII Ltd. Series 2014-1A Class D1[b][e] 11/22/25	4.176%	2,500,000	2,431,035
SPS Servicer Advance Receivables Trust Series 2015-T1 Class A[b] 06/15/45	2.530%	2,000,000	1,999,991
Vericrest Opportunity Loan Transferee XXXIII LLC Series 2015-NPL5 Class A1[b][e] 03/25/55	3.500%	850,274	849,170
Total Asset-Backed Securities — Non-Agency (Cost: $9,329,251)			**9,440,472**

Inflation-Indexed Bonds[a] 1.4%

Issuer	Coupon Rate		Principal Amount ($)	Value ($)
BRAZIL 0.6%				
Brazil Notas do Tesouro Nacional				
08/15/22	6.000%	BRL	1,529,070	491,118
08/15/30	6.000%	BRL	1,701,920	549,891
Total				1,041,009
ITALY 0.1%				
Italy Buoni Poliennali Del Tesoro				
09/15/41	2.550%	EUR	187,260	234,890
MEXICO 0.3%				
Mexican Udibonos				
11/15/40	4.000%	MXN	8,970,512	613,426
URUGUAY 0.4%				
Uruguay Government International Bond				
04/05/27	4.250%	UYU	21,724,559	766,790
Total Inflation-Indexed Bonds (Cost: $3,318,968)				**2,656,115**

Foreign Government Obligations[a][f] 17.0%

Issuer	Coupon Rate		Principal Amount ($)	Value ($)
ARGENTINA 0.2%				
Argentina Bonar Bonds				
04/17/17	7.000%		250,410	244,400
Provincia de Cordoba[b]				
08/17/17	12.375%		199,000	202,980
Total				447,380
BRAZIL 1.1%				
Brazil Notas do Tesouro Nacional Series F				
01/01/25	10.000%	BRL	4,000,000	1,113,772
Brazilian Government International Bond				
01/20/34	8.250%		537,000	667,222
Petrobras Global Finance BV				
03/15/19	7.875%		298,000	316,539
Total				2,097,533
CANADA 0.3%				
Canadian Government Bond				
06/01/37	5.000%	CAD	540,000	634,731
COLOMBIA 1.0%				
Colombia Government International Bond				
01/18/41	6.125%		299,000	324,696
Ecopetrol SA				
01/16/25	4.125%		136,000	125,501
05/28/45	5.875%		760,000	670,700
Emgesa SA ESP				
01/25/21	8.750%	COP	433,000,000	174,873
Empresas Publicas de Medellin ESP[b]				
02/01/21	8.375%	COP	1,466,000,000	593,104
09/10/24	7.625%	COP	136,000,000	50,533
Total				1,939,407
COSTA RICA 0.2%				
Costa Rica Government International Bond[b]				
03/12/45	7.158%		357,000	348,075
CROATIA 0.2%				
Croatia Government International Bond[b]				
01/26/24	6.000%		425,000	449,332
DOMINICAN REPUBLIC 1.2%				
Banco de Reservas de La Republica Dominicana[b]				
02/01/23	7.000%		208,000	207,396
Dominican Republic International Bond[b]				
02/22/19	12.000%	DOP	9,690,000	229,558
01/08/21	14.000%	DOP	11,392,000	293,835
02/10/23	14.500%	DOP	3,600,000	96,446

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Foreign Government Obligations[a][f] *(continued)*

Issuer	Coupon Rate		Principal Amount ($)	Value ($)
04/20/27	8.625%		727,000	868,765
04/30/44	7.450%		437,000	477,423
Total				2,173,423
ECUADOR 0.1%				
Ecuador Government International Bond[b]				
03/24/20	10.500%		200,000	201,562
EL SALVADOR 0.1%				
El Salvador Government International Bond[b]				
01/18/27	6.375%		119,000	115,133
02/01/41	7.625%		153,000	151,470
Total				266,603
GEORGIA 0.3%				
Georgian Railway JSC[b]				
07/11/22	7.750%		512,000	545,280
GHANA 0.2%				
Republic of Ghana[b]				
08/07/23	7.875%		200,000	180,540
01/18/26	8.125%		200,000	182,040
Total				362,580
HUNGARY 0.6%				
Hungary Government International Bond				
11/22/23	5.750%		712,000	788,540
03/25/24	5.375%		318,000	344,632
Total				1,133,172
INDONESIA 2.9%				
Indonesia Government International Bond[b]				
03/13/20	5.875%		712,000	790,320
04/25/22	3.750%		475,000	467,875
01/15/45	5.125%		200,000	190,750
Indonesia Treasury Bond				
09/15/19	11.500%	IDR	2,269,000,000	189,364
07/15/22	10.250%	IDR	2,723,000,000	224,486
03/15/24	8.375%	IDR	9,300,000,000	697,830
09/15/24	10.000%	IDR	1,147,000,000	94,713
05/15/27	7.000%	IDR	10,033,000,000	678,399
Majapahit Holding BV[b]				
08/07/19	8.000%		194,000	223,585
06/29/37	7.875%		138,000	159,045
PT Pertamina Persero[b]				
05/20/23	4.300%		564,000	540,030
PT Perusahaan Listrik Negara[b]				
11/22/21	5.500%		1,014,000	1,070,003
Total				5,326,400

Foreign Government Obligations[a][f] *(continued)*

Issuer	Coupon Rate		Principal Amount ($)	Value ($)
IRELAND 0.1%				
Vnesheconombank Via VEB Finance PLC[b]				
11/21/23	5.942%		252,000	219,240
IVORY COAST 0.2%				
Ivory Coast Government International Bond[e]				
12/31/32	5.750%		309,000	289,749
KAZAKHSTAN 0.5%				
KazMunayGas National Co. JSC[b]				
07/02/18	9.125%		108,000	122,040
04/30/23	4.400%		572,000	521,950
11/07/44	6.000%		255,000	221,850
Total				865,840
MACEDONIA 0.1%				
Macedonia Government Bond[b]				
07/24/21	3.975%	EUR	100,000	106,492
MALAYSIA 0.2%				
Malaysia Government Bond				
10/31/19	3.654%	MYR	1,200,000	318,788
Petronas Capital Ltd.				
08/12/19	5.250%		75,000	83,123
Total				401,911
MEXICO 2.6%				
Comision Federal de Electricidad[b]				
01/15/24	4.875%		329,000	336,403
Mexican Bonos				
06/10/21	6.500%	MXN	50,000	3,313
06/09/22	6.500%	MXN	9,480,000	624,780
12/05/24	10.000%	MXN	15,000,000	1,221,998
06/03/27	7.500%	MXN	1,980,000	138,390
Mexico Government International Bond				
01/11/40	6.050%		174,000	197,490
01/23/46	4.600%		204,000	188,700
Pemex Finance Ltd.				
11/15/18	9.150%		271,250	309,879
(NPFGC)				
08/15/17	10.610%		120,937	132,956
Pemex Project Funding Master Trust				
01/21/21	5.500%		194,000	210,393
Petroleos Mexicanos				
03/01/18	5.750%		469,000	510,192
09/12/24	7.190%	MXN	260,000	15,985
11/12/26	7.470%	MXN	4,700,000	282,194
06/02/41	6.500%		136,000	141,440
01/23/45	6.375%		484,000	499,085
Petroleos Mexicanos[b]				
01/23/26	4.500%		102,000	99,874
Total				4,913,072

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Foreign Government Obligations[a][f] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
MOROCCO 0.1%			
Morocco Government International Bond[b]			
12/11/22	4.250%	202,000	206,040
PARAGUAY 0.1%			
Republic of Paraguay[b]			
08/11/44	6.100%	212,000	216,770
PERU 0.8%			
Corporacion Financiera de Desarrollo SA[b]			
02/08/22	4.750%	800,000	830,671
Peruvian Government International Bond			
08/12/26	8.200% PEN	775,000	272,454
Peruvian Government International Bond[b]			
08/12/20	7.840% PEN	138,000	48,297
08/12/26	8.200% PEN	835,000	293,547
Total			1,444,969
PHILIPPINES 0.2%			
Philippine Government International Bond			
01/15/21	4.950% PHP	9,000,000	207,547
Power Sector Assets & Liabilities Management Corp.[b]			
12/02/24	7.390%	120,000	157,650
Total			365,197
REPUBLIC OF NAMIBIA 0.2%			
Namibia International Bonds[b]			
11/03/21	5.500%	418,000	447,711
REPUBLIC OF THE CONGO 0.1%			
Republic of Congo[e]			
06/30/29	4.000%	198,398	176,177
ROMANIA 0.3%			
Romanian Government International Bond[b]			
02/07/22	6.750%	132,000	153,780
08/22/23	4.375%	332,000	340,300
01/22/24	4.875%	110,000	116,050
Total			610,130
RUSSIAN FEDERATION 0.8%			
Gazprom Neft OAO Via GPN Capital SA[b]			
09/19/22	4.375%	426,000	359,970
Gazprom OAO Via Gaz Capital SA[b]			
04/11/18	8.146%	278,000	297,112
03/07/22	6.510%	380,000	380,570
Russian Foreign Bond — Eurobond[b]			
04/04/22	4.500%	300,000	293,625
04/04/42	5.625%	200,000	187,500
Total			1,518,777

Foreign Government Obligations[a][f] *(continued)*

Issuer	Coupon Rate	Principal Amount ($)	Value ($)
SERBIA 0.1%			
Republic of Serbia[b]			
12/03/18	5.875%	200,000	210,000
SOUTH AFRICA 0.1%			
Transnet SOC Ltd.[b]			
07/26/22	4.000%	200,000	191,000
TRINIDAD AND TOBAGO 0.5%			
Petroleum Co. of Trinidad & Tobago Ltd.[b]			
08/14/19	9.750%	774,000	901,710
TURKEY 1.3%			
Export Credit Bank of Turkey[b]			
04/24/19	5.875%	200,000	211,220
09/23/21	5.000%	200,000	201,750
Turkey Government International Bond			
03/30/21	5.625%	353,000	380,499
02/05/25	7.375%	798,000	957,600
01/14/41	6.000%	333,000	350,815
02/17/45	6.625%	200,000	229,500
Total			2,331,384
URUGUAY 0.1%			
Uruguay Government International Bond PIK			
01/15/33	7.875%	138,786	186,320
ZAMBIA 0.2%			
Zambia Government International Bond[b]			
04/14/24	8.500%	318,000	319,590
Total Foreign Government Obligations (Cost: $32,234,708)			**31,847,557**

Municipal Bonds 0.3%

Issue Description	Coupon Rate	Principal Amount ($)	Value ($)
CALIFORNIA 0.1%			
Cabazon Band Mission Indians Revenue Bonds Mortgage Notes Series 2004[b][d][h][i]			
10/01/13	13.000%	332,106	165,827
PUERTO RICO 0.2%			
Commonwealth of Puerto Rico Unlimited General Obligation Bonds Series 2014A[i]			
07/01/35	8.000%	485,000	328,593
Total Municipal Bonds (Cost: $783,825)			**494,420**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Senior Loans 7.0%

Borrower	Weighted Average Coupon	Principal Amount ($)	Value ($)
AEROSPACE & DEFENSE 0.2%			
TASC, Inc. 1st Lien Term Loan[e][j] 05/22/20	7.000%	321,750	324,366
AUTOMOTIVE 0.1%			
Navistar, Inc. Tranche B Term Loan[e][j] 08/17/17	5.750%	139,500	139,588
BROKERAGE/ASSET MANAGERS/EXCHANGES 0.2%			
RCS Capital Corp. 1st Lien Term Loan[e][j] 04/29/19	6.500%	480,769	480,769
BUILDING MATERIALS 0.1%			
Contech Engineered Solutions LLC Term Loan[e][j] 04/29/19	6.250%	147,000	146,816
CABLE AND SATELLITE 0.2%			
Encompass Digital Media, Inc. Tranche B 1st Lien Term Loan[e][j] 06/06/21	5.500%	436,632	437,540
CHEMICALS 1.0%			
Ascend Performance Materials Operations LLC Tranche B Term Loan[e][j] 04/10/18	6.750%	291,709	247,952
HII Holding Corp. 2nd Lien Term Loan[e][j] 12/21/20	9.500%	500,000	500,000
Oxea Finance & Cy SCA 2nd Lien Term Loan[e][j] 07/15/20	8.250%	175,000	164,063
Ravago Holdings America, Inc. Term Loan[e][j] 12/20/20	5.500%	987,500	991,825
Total			1,903,840
CONSUMER CYCLICAL SERVICES 0.1%			
Creative Artists Agency LLC Term Loan[e][j] 12/17/21	5.500%	124,688	125,623
CONSUMER PRODUCTS 0.1%			
Fender Musical Instruments Corp. Term Loan[e][j] 04/03/19	5.750%	98,250	98,168

Senior Loans *(continued)*

Borrower	Weighted Average Coupon	Principal Amount ($)	Value ($)
Varsity Brands 1st Lien Term Loan[e][j] 12/10/21	5.000%	99,750	100,249
Total			198,417
DIVERSIFIED MANUFACTURING 0.1%			
William Morris Endeavor Entertainment LLC 2nd Lien Term Loan[e][j] 05/06/22	8.250%	150,000	145,625
ELECTRIC 0.7%			
TPF Generation Holdings LLC Term Loan[e][j] 12/31/17	4.750%	994,914	952,630
Texas Competitive Electric Holdings Co. LLC Term Loan[e][j] 08/21/15	4.673%	624,903	352,845
Windsor Financing LLC Tranche B Term Loan[e][j] 12/05/17	6.250%	108,744	109,288
Total			1,414,763
ENVIRONMENTAL 0.2%			
STI Infrastructure SARL Term Loan[e][j] 08/22/20	6.250%	339,230	323,965
GAMING 1.0%			
Amaya Holdings BV Tranche B 1st Lien Term Loan[c][e][j] 08/01/21	5.000%	500,000	499,125
Cannery Casino Resorts LLC 2nd Lien Term Loan[e][j] 10/02/19	10.000%	100,000	90,900
Peppermill Casinos, Inc. Tranche B Term Loan[e][j] 11/09/18	7.250%	389,958	389,958
Scientific Games International, Inc. Tranche B2 Term Loan[e][j] 10/01/21	6.000%	995,000	993,885
Total			1,973,868
INDEPENDENT ENERGY 0.5%			
Samson Investment Co. Tranche 1 2nd Lien Term Loan[e][j] 09/25/18	5.000%	530,000	205,375
Templar Energy LLC 2nd Lien Term Loan[e][j] 11/25/20	8.500%	1,000,000	734,000
Total			939,375

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*
June 30, 2015 (Unaudited)

Senior Loans *(continued)*

Borrower	Weighted Average Coupon	Principal Amount ($)	Value ($)
MEDIA AND ENTERTAINMENT 0.3%			
Clear Channel Communications, Inc. Tranche D Term Loan[(e)(j)] 01/30/19	6.937%	417,100	384,587
Granite Broadcasting Tranche B 1st Lien Term Loan[(e)(j)] 05/23/18	6.750%	66,938	66,646
Radio One, Inc. Term Loan[(e)(j)] 12/31/18	4.780%	125,000	127,266
Total			578,499
OIL FIELD SERVICES 0.8%			
Drillships Financing Holding, Inc. Tranche B1 Term Loan[(e)(j)] 03/31/21	6.000%	877,657	713,825
Fieldwood Energy LLC 2nd Lien Term Loan[(e)(j)] 09/30/20	8.375%	1,000,000	763,750
Total			1,477,575
OTHER INDUSTRY 0.2%			
Sensus U.S.A., Inc. 2nd Lien Term Loan[(e)(j)] 05/09/18	8.500%	350,000	346,500
PAPER 0.2%			
Caraustar Industries, Inc. Term Loan[(e)(j)] 05/01/19	8.000%	352,471	352,577
PROPERTY & CASUALTY 0.1%			
Alliant Holdings I LLC Term Loan[(e)(j)] 12/20/19	5.000%	109,527	109,663
RETAILERS 0.5%			
Academy Ltd. Tranche B Term Loan[(c)(e)(j)] 06/22/22	5.000%	75,000	74,938
Sports Authority, Inc. (The) Tranche B Term Loan[(e)(j)] 11/16/17	7.500%	948,449	816,851
Total			891,789
TECHNOLOGY 0.3%			
Dell International LLC Tranche B2 Term Loan[(e)(j)] 04/29/20	4.000%	100,000	99,982

Senior Loans *(continued)*

Borrower	Weighted Average Coupon	Principal Amount ($)	Value ($)
Infogroup, Inc. Tranche B Term Loan[(e)(j)] 05/26/18	7.500%	247,500	236,362
Mitel US Holdings, Inc. Term Loan[(e)(j)] 04/29/22	5.000%	150,000	150,750
Total			487,094
TRANSPORTATION SERVICES 0.1%			
Commercial Barge Line Co. 1st Lien Term Loan[(e)(j)] 09/22/19	7.500%	171,062	170,743
WIRELINES —%			
Alaska Communications Systems Holdings, Inc. Term Loan[(e)(j)] 10/21/16	6.250%	78,202	77,983
Total Senior Loans (Cost: $14,480,288)			**13,046,978**

Common Stocks —%

Issuer	Shares	Value ($)
FINANCIALS —%		
Diversified Financial Services —%		
Fairlane Management Corp.[(h)(k)(l)(m)]	2,000	—
Total Financials		**—**
Total Common Stocks (Cost: $—)		**—**

Money Market Funds 12.1%

	Shares	Value ($)
Columbia Short-Term Cash Fund, 0.118%[(n)(o)]	22,685,621	22,685,621
Total Money Market Funds (Cost: $22,685,621)		**22,685,621**
Total Investments (Cost: $199,727,724)		**198,009,340**
Other Assets & Liabilities, Net		(10,783,210)
Net Assets		**187,226,130**

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

At June 30, 2015, cash totaling $1,247,283 was pledged as collateral.

Investments in Derivatives

Forward Foreign Currency Exchange Contracts Open at June 30, 2015

Counterparty	Exchange Date	Currency to be Delivered	Currency to be Received	Unrealized Appreciation ($)	Unrealized Depreciation ($)
Citigroup Global Markets, Inc.	7/10/2015	10,093,500 EUR	11,323,100 USD	69,128	—
Citigroup Global Markets, Inc.	7/24/2015	5,180,000 NZD	3,540,634 USD	37,624	—
Deutsche Bank	7/24/2015	920,000 TRY	343,771 USD	2,880	—
Deutsche Bank	7/24/2015	333,636 USD	920,000 TRY	7,255	—
Goldman, Sachs & Co.	7/24/2015	8,520,000 MXN	554,280 USD	13,110	—
Goldman, Sachs & Co.	7/24/2015	769,958 USD	11,897,000 MXN	—	(14,288)
HSBC Securities (USA), Inc.	7/15/2015	2,200,000,000 COP	837,234 USD	—	(6,008)
HSBC Securities (USA), Inc.	7/24/2015	709,987 USD	450,000,000 CLP	—	(7,546)
J.P. Morgan Securities, Inc.	7/16/2015	254,000 SGD	186,897 USD	—	(1,648)
Morgan Stanley	7/24/2015	3,700,000 AUD	2,854,069 USD	3,105	—
Morgan Stanley	7/24/2015	1,818,194 USD	6,700,000 PLN	—	(37,390)
Standared Chartered Bank	7/24/2015	8,899,000 BRL	2,831,551 USD	—	(7,293)
Standared Chartered Bank	7/24/2015	1,065,000 PEN	335,645 USD	1,763	—
State Street Bank & Trust Company	7/24/2015	782,000 CAD	639,103 USD	13,197	—
State Street Bank & Trust Company	7/24/2015	2,827,673 USD	786,000,000 HUF	—	(51,110)
UBS Securities	7/9/2015	3,144,000 EUR	3,451,609 USD	—	(53,816)
Total				148,062	(179,099)

Futures Contracts Outstanding at June 30, 2015

Long Futures Contracts Outstanding

Contract Description	Number of Contracts	Trading Currency	Notional Market Value ($)	Expiration Date	Unrealized Appreciation ($)	Unrealized Depreciation ($)
AUST 10YR BOND	48	AUD	4,638,983	09/2015	11,554	—
EURO-BTP	19	EUR	2,758,127	09/2015	—	(85,754)
US 2YR NOTE	61	USD	13,355,188	09/2015	21,622	—
US 5YR NOTE	140	USD	16,696,093	09/2015	79,011	—
Total			37,448,391		112,187	(85,754)

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Futures Contracts Outstanding at June 30, 2015 *(continued)*

Short Futures Contracts Outstanding

Contract Description	Number of Contracts	Trading Currency	Notional Market Value ($)	Expiration Date	Unrealized Appreciation ($)	Unrealized Depreciation ($)
EURO-BOND	(15)	EUR	(2,541,857)	09/2015	54,368	—
US 10YR NOTE (CBT)	(386)	USD	(48,702,346)	09/2015	245,503	—
US ULTRA BOND (CBT)	(92)	USD	(14,173,750)	09/2015	207,095	—
Total			(65,417,953)		506,966	—

Credit Default Swap Contracts Outstanding at June 30, 2015
Buy Protection

Counterparty	Reference Entity	Expiration Date	Pay Fixed Rate (%)	Notional Amount ($)	Market Value ($)	Unamortized Premium (Paid) Received ($)	Periodic Payments Receivable (Payable) ($)	Unrealized Appreciation ($)	Unrealized Depreciation ($)
Barclays	CDX Emerging Markets Index 23-V1	6/20/2020	1.00	8,000,000	763,684	(674,542)	(2,000)	87,142	—
Goldman Sachs International	CDX Emerging Markets Index 23-V1	6/20/2020	1.00	1,950,000	186,148	(169,763)	(487)	15,898	—
Morgan Stanley*	CDX North America High Yield 24-V1	6/20/2020	5.00	2,475,000	14,325	—	3,094	11,231	—
Total								114,271	—

*Centrally cleared swap contract

Credit Default Swap Contracts Outstanding at June 30, 2015
Sell Protection

Counterparty	Reference Entity	Expiration Date	Receive Fixed Rate (%)	Implied Credit Spread (%)**	Notional Amount ($)	Market Value ($)	Unamortized Premium (Paid) Received ($)	Periodic Payments Receivable (Payable) ($)	Unrealized Appreciation ($)	Unrealized Depreciation ($)
Morgan Stanley*	CDX North America Investment Grade 24-V1	6/20/2020	1.00	0.700	4,000,000	(10,944)	—	1,000	—	(9,944)
Total									—	(9,944)

* Centrally cleared swap contract

**Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Interest Rate Swap Contracts Outstanding at June 30, 2015

Counterparty	Floating Rate Index	Fund Pay/Receive Floating Rate	Fixed Rate (%)	Expiration Date	Notional Currency	Notional Amount	Unamortized Premium (Paid) Received ($)	Unrealized Appreciation ($)	Unrealized Depreciation ($)
JPMorgan	U.S. CPI Urban Consumers NSA	Receive	1.9850	3/23/2025	USD	4,000,000	—	46,792	—
Morgan Stanley	U.S. CPI Urban Consumers NSA	Receive	1.9600	2/11/2025	USD	1,000,000	—	5,119	—
Morgan Stanley*	6-Month HUF-BUBOR	Receive	2.3200	6/8/2020	HUF	1,100,000,000	(17)	25,171	—
Total								77,082	—

*Centrally cleared swap contract

Notes to Portfolio of Investments

(a) Principal amounts are denominated in United States Dollars unless otherwise noted.

(b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2015, the value of these securities amounted to $82,960,354 or 44.31% of net assets.

(c) Security, or a portion thereof, has been purchased on a when-issued or delayed delivery basis.

(d) Represents securities that have defaulted on payment of interest. The Fund has stopped accruing interest on these securities. At June 30, 2015, the value of these securities amounted to $673,477, which represents 0.36% of net assets.

(e) Variable rate security.

(f) Principal and interest may not be guaranteed by the government.

(g) Interest Only (IO) represents the right to receive the monthly interest payments on an underlying pool of mortgage loans.

(h) Identifies securities considered by the Investment Manager to be illiquid and may be difficult to sell. The aggregate value of such securities at June 30, 2015 was $165,827, which represents 0.09% of net assets. Information concerning such security holdings at June 30, 2015 is as follows:

Security Description	Acquisition Dates	Cost ($)
Cabazon Band Mission Indians Revenue Bonds Mortgage Notes Series 2004 10/01/13 13.000%	10/4/2004	332,106
Fairlane Management Corp.	9/23/2002	—

(i) Municipal obligations include debt obligations issued by or on behalf of territories, possessions, or sovereign nations within the territorial boundaries of the United States. At June 30, 2015, the value of these securities amounted to $494,420 or 0.26% of net assets.

(j) Senior loans have interest rates that float periodically based primarily on the London Interbank Offered Rate ("LIBOR") and other short-term rates. The interest rate shown reflects the weighted average coupon as of June 30, 2015. The interest rate shown for senior loans purchased on a when-issued or delayed delivery basis, if any, reflects an estimated average coupon. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional prepayments by the borrower. Such prepayments cannot be predicted.

(k) Negligible market value.

(l) Non-income producing investment.

(m) Represents fair value as determined in good faith under procedures approved by the Board of Trustees. At June 30, 2015, the value of these securities amounted to $0, which represents less than 0.01% of net assets.

(n) The rate shown is the seven-day current annualized yield at June 30, 2015.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Notes to Portfolio of Investments *(continued)*

(o) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the period ended June 30, 2015 are as follows:

Issuer	Beginning Cost ($)	Purchase Cost ($)	Proceeds From Sales ($)	Ending Cost ($)	Dividends — Affiliated Issuers ($)	Value ($)
Columbia Short-Term Cash Fund	34,365,790	712,254,485	(723,934,654)	22,685,621	38,024	22,685,621

Abbreviation Legend

CMO	Collateralized Mortgage Obligation
FGIC	Financial Guaranty Insurance Company
NPFGC	National Public Finance Guarantee Corporation
PIK	Payment-in-Kind

Currency Legend

AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
CLP	Chilean Peso
COP	Colombian Peso
EUR	Euro
HUF	Hungarian Forint
MXN	Mexican Peso
NZD	New Zealand Dollar
PEN	Peru Nuevos Soles
PLN	Polish Zlotch
SGD	Singapore Dollar
TRY	Turkish Lira
USD	US Dollar
UYU	Uruguay Pesos

Fair Value Measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

Fair value inputs are summarized in the three broad levels listed below:

> Level 1 — Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.

> Level 2 — Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).

> Level 3 — Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2015:

	Level 1 Quoted Prices in Active Markets for Identical Assets ($)	Level 2 Other Significant Observable Inputs ($)	Level 3 Significant Unobservable Inputs ($)	Total ($)
Investments				
Corporate Bonds & Notes	—	66,913,727	—	66,913,727
Residential Mortgage-Backed Securities — Agency	—	20,866,340	—	20,866,340
Residential Mortgage-Backed Securities — Non-Agency	—	17,815,747	5,906,759	23,722,506
Commercial Mortgage-Backed Securities — Non-Agency	—	5,335,607	999,997	6,335,604
Asset-Backed Securities — Non-Agency	—	7,440,481	1,999,991	9,440,472
Inflation-Indexed Bonds	—	2,656,115	—	2,656,115
Foreign Government Obligations	—	31,324,164	523,393	31,847,557
Municipal Bonds	—	494,420	—	494,420
Senior Loans	—	10,333,826	2,713,152	13,046,978
Common Stocks				
Financials	—	—	0[(a)]	0[(a)]
Money Market Funds	22,685,621	—	—	22,685,621
Total Investments	22,685,621	163,180,427	12,143,292	198,009,340
Derivatives				
Assets				
Forward Foreign Currency Exchange Contracts	—	148,062	—	148,062
Futures Contracts	619,153	—	—	619,153
Swap Contracts	—	191,353	—	191,353
Liabilities				
Forward Foreign Currency Exchange Contracts	—	(179,099)	—	(179,099)
Futures Contracts	(85,754)	—	—	(85,754)
Swap Contracts	—	(9,944)	—	(9,944)
Total	23,219,020	163,330,799	12,143,292	198,693,111

(a) Rounds to zero.

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category are generally valued using the market approach, in which a security's value is determined through reference to prices and information from market transactions for similar or identical assets.

There were no transfers of financial assets between Levels 1 and 2 during the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS *(continued)*

June 30, 2015 (Unaudited)

Fair Value Measurements *(continued)*

Derivative instruments are valued at unrealized appreciation (depreciation).

	Corporate Bonds & Notes ($)	Residential Mortgage-Backed Securities — Non-Agency ($)	Commercial Mortgage-Backed Securities — Non-Agency ($)	Asset-Backed Securities — Non-Agency ($)	Foreign Government Obligations ($)	Senior Loans ($)	Common Stocks ($)	Total ($)
Balance as of December 31, 2014	0[(a)]	21,044,502	—	6,614,080	1,987,012	5,729,851	0[(a)]	35,375,445
Increase (decrease) in accrued discounts/premiums	—	(5,199)	—	—	(417)	311	—	(5,305)
Realized gain (loss)	—	(83,216)	—	—	86,852	(14,940)	—	(11,304)
Change in unrealized appreciation (depreciation)[(a)]	—	(162,629)	—	—	(25,209)	154,808	—	(33,030)
Sales	0[(a)]	(12,879,199)	—	—	(1,524,845)	(2,440,703)	—	(16,844,747)
Purchases	—	992,500	999,997	1,999,991	—	491,122	—	4,483,610
Transfers into Level 3	—	—	—	—	—	488,775	—	488,775
Transfers out of Level 3	—	(3,000,000)	—	(6,614,080)	—	(1,696,072)	—	(11,310,152)
Balance as of June 30, 2015	—	5,906,759	999,997	1,999,991	523,393	2,713,152	0[(a)]	12,143,292

(a) Rounds to zero.

(b) Change in unrealized appreciation (depreciation) relating to securities held at June 30, 2015 was $47,518, which is comprised of Residential Mortgage-Backed Securities — Non-Agency of $(56,057), Foreign Government Obligations of $(25,209) and Senior Loans of $128,784.

The Fund's assets assigned to the Level 3 category are valued utilizing the valuation technique deemed the most appropriate in the circumstances.

Certain senior loans, foreign government obligations, and residential and asset backed securities classified as Level 3 securities are valued using the market approach and utilize single market quotations from broker dealers which may have included, but were not limited to, observable transactions for identical or similar assets in the market and the distressed nature of the security. The appropriateness of fair values for these securities is monitored on an ongoing basis which may include results of back testing, manual price reviews and other control procedures. Significant increases (decreases) to any of these inputs would result in a significantly lower (higher) fair value measurement.

Financial assets were transferred from Level 3 to Level 2 as observable market inputs were utilized and management determined that there was sufficient, reliable and observable market data to value these assets as of period end.

Financial Assets were transferred from Level 2 to Level 3 due to utilizing a single market quotation from a broker dealer. As a result, as of period end, management determined to value the security(s) under procedures established by and under the general supervision of the Board of Trustees.

Transfers in and/or out of Level 3 are determined based on the fair value at the beginning of the period for security positions held throughout the period.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

Assets	
Investments, at value	
Unaffiliated issuers (identified cost $177,042,103)	$175,323,719
Affiliated issuers (identified cost $22,685,621)	22,685,621
Total investments (identified cost $199,727,724)	198,009,340
Cash	270,150
Margin deposits	1,247,283
Unrealized appreciation on forward foreign currency exchange contracts	148,062
Unrealized appreciation on swap contracts	154,951
Premiums paid on outstanding swap contracts	844,322
Receivable for:	
Investments sold	3,433,458
Capital shares sold	432
Dividends	2,928
Interest	1,961,712
Foreign tax reclaims	87,878
Variation margin	39,067
Expense reimbursement due from Investment Manager	17,454
Trustees' deferred compensation plan	49,097
Total assets	206,266,134
Liabilities	
Foreign currency (cost $20,876)	20,831
Unrealized depreciation on forward foreign currency exchange contracts	179,099
Payable for:	
Investments purchased	6,034,131
Investments purchased on a delayed delivery basis	12,338,925
Capital shares purchased	182,641
Dividends and interest on securities sold short	3,250
Variation margin	52,563
Investment management fees	87,261
Distribution and/or service fees	8,040
Transfer agent fees	9,878
Administration fees	11,525
Compensation of board members	4,085
Chief compliance officer expenses	154
Other expenses	58,524
Trustees' deferred compensation plan	49,097
Total liabilities	19,040,004
Net assets applicable to outstanding capital stock	**$187,226,130**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES *(continued)*
June 30, 2015 (Unaudited)

Represented by	
Paid-in capital	$101,689,492
Undistributed net investment income	63,849,637
Accumulated net realized gain	22,738,527
Unrealized appreciation (depreciation) on:	
Investments	(1,718,384)
Foreign currency translations	(16,913)
Forward foreign currency exchange contracts	(31,037)
Futures contracts	533,399
Swap contracts	181,409
Total — representing net assets applicable to outstanding capital stock	**$187,226,130**
Class 1	
Net assets	$150,486,406
Shares outstanding	16,797,085
Net asset value per share	$8.96
Class 2	
Net assets	$36,739,724
Shares outstanding	4,128,206
Net asset value per share	$8.90

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Net investment income	
Income:	
Dividends — affiliated issuers	$38,024
Interest	17,383,901
Foreign taxes withheld	(6,050)
Total income	17,415,875
Expenses:	
Investment management fees	1,903,250
Distribution and/or service fees	
Class 2	43,603
Transfer agent fees	
Class 1	205,858
Class 2	10,465
Administration fees	244,740
Compensation of board members	18,413
Custodian fees	33,614
Printing and postage fees	18,942
Professional fees	33,683
Chief compliance officer expenses	238
Other	11,548
Total expenses	2,524,354
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(25,196)
Total net expenses	2,499,158
Net investment income	14,916,717
Realized and unrealized gain (loss) — net	
Net realized gain (loss) on:	
Investments	3,450,895
Foreign currency translations	(158,775)
Forward foreign currency exchange contracts	9,524,540
Futures contracts	(4,622,250)
Swap contracts	(2,172,611)
Net realized gain	6,021,799
Net change in unrealized appreciation (depreciation) on:	
Investments	7,703,932
Foreign currency translations	78,739
Forward foreign currency exchange contracts	(1,626,014)
Futures contracts	544,388
Swap contracts	2,871,533
Net change in unrealized appreciation	9,572,578
Net realized and unrealized gain	15,594,377
Net increase in net assets resulting from operations	**$30,511,094**

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations		
Net investment income	$14,916,717	$52,746,130
Net realized gain	6,021,799	19,155,866
Net change in unrealized appreciation (depreciation)	9,572,578	(23,651,348)
Net increase in net assets resulting from operations	30,511,094	48,250,648
Distributions to shareholders		
Net investment income		
Class 1	—	(40,834,891)
Class 2	—	(1,035,451)
Net realized gains		
Class 1	—	(13,006,960)
Class 2	—	(356,744)
Total distributions to shareholders	—	(55,234,046)
Decrease in net assets from capital stock activity	(778,031,343)	(240,710,194)
Total decrease in net assets	(747,520,249)	(247,693,592)
Net assets at beginning of period	934,746,379	1,182,439,971
Net assets at end of period	**$187,226,130**	**$934,746,379**
Undistributed net investment income	$63,849,637	$48,932,920

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	**Dollars ($)**	**Shares**	**Dollars ($)**
Capital stock activity				
Class 1 shares				
Subscriptions	687,811	6,001,409	15,103,761	135,283,846
Distributions reinvested	—	—	6,076,958	53,841,851
Redemptions	(87,375,851)	(786,064,758)	(48,449,007)	(428,594,367)
Net decrease	(86,688,040)	(780,063,349)	(27,268,288)	(239,468,670)
Class 2 shares				
Subscriptions	457,972	4,064,094	462,414	4,111,110
Distributions reinvested	—	—	157,845	1,392,195
Redemptions	(229,959)	(2,032,088)	(755,263)	(6,744,829)
Net increase (decrease)	228,013	2,032,006	(135,004)	(1,241,524)
Total net decrease	**(86,460,027)**	**(778,031,343)**	**(27,403,292)**	**(240,710,194)**

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following tables are intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

Class 1	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$8.71	$8.77	$9.37	$8.73	$8.83	$8.60
Income from investment operations:						
Net investment income	0.18	0.39	0.40	0.42	0.45	0.47
Net realized and unrealized gain (loss)	0.07	(0.05)	(0.37)	0.63	0.13[a]	0.40
Total from investment operations	0.25	0.34	0.03	1.05	0.58	0.87
Less distributions to shareholders:						
Net investment income	—	(0.30)	(0.40)	(0.41)	(0.68)	(0.64)
Net realized gains	—	(0.10)	(0.23)	—	—	—
Total distributions to shareholders	—	(0.40)	(0.63)	(0.41)	(0.68)	(0.64)
Net asset value, end of period	$8.96	$8.71	$8.77	$9.37	$8.73	$8.83
Total return	2.87%	3.77%	0.37%	12.25%	6.80%	10.43%
Ratios to average net assets[b]						
Total gross expenses	0.69%[c]	0.67%	0.67%	0.67%	0.68%	0.98%
Total net expenses[d]	0.68%[c]	0.67%	0.67%	0.65%	0.58%[e]	0.65%[e]
Net investment income	4.15%[c]	4.39%	4.37%	4.63%	5.22%	5.34%
Supplemental data						
Net assets, end of period (in thousands)	$150,486	$900,978	$1,147,222	$1,011,055	$1,044,575	$37,602
Portfolio turnover	110%	130%	116%	112%	95%	78%

Notes to Financial Highlights

(a) Calculation of the net gain (loss) per share (both realized and unrealized) does not correlate to the aggregate realized and unrealized gain (loss) presented in the Statement of Operations due to the timing of subscriptions and redemptions of Fund shares in relation to fluctuations in the market value of the portfolio.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(e) The benefits derived from expense reductions had an impact of less than 0.01%.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS *(continued)*

Class 2	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per share data						
Net asset value, beginning of period	$8.66	$8.73	$9.33	$8.69	$8.79	$8.56
Income from investment operations:						
Net investment income	0.17	0.37	0.37	0.40	0.43	0.44
Net realized and unrealized gain (loss)	0.07	(0.07)	(0.37)	0.62	0.13[a]	0.41
Total from investment operations	0.24	0.30	—	1.02	0.56	0.85
Less distributions to shareholders:						
Net investment income	—	(0.27)	(0.37)	(0.38)	(0.66)	(0.62)
Net realized gains	—	(0.10)	(0.23)	—	—	—
Total distributions to shareholders	—	(0.37)	(0.60)	(0.38)	(0.66)	(0.62)
Net asset value, end of period	$8.90	$8.66	$8.73	$9.33	$8.69	$8.79
Total return	2.77%	3.41%	0.12%	11.96%	6.56%	10.21%
Ratios to average net assets[b]						
Total gross expenses	0.97%[c]	0.92%	0.92%	0.93%	1.08%	1.23%
Total net expenses[d]	0.93%[c]	0.92%	0.92%	0.90%	0.91%[e]	0.90%[e]
Net investment income	3.96%[c]	4.14%	4.11%	4.36%	5.01%	5.09%
Supplemental data						
Net assets, end of period (in thousands)	$36,740	$33,769	$35,218	$37,516	$30,869	$27,747
Portfolio turnover	110%	130%	116%	112%	95%	78%

Notes to Financial Highlights

(a) Calculation of the net gain (loss) per share (both realized and unrealized) does not correlate to the aggregate realized and unrealized gain (loss) presented in the Statement of Operations due to the timing of subscriptions and redemptions of Fund shares in relation to fluctuations in the market value of the portfolio.

(b) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.

(c) Annualized.

(d) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.

(e) The benefits derived from expense reductions had an impact of less than 0.01%.

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 (Unaudited)

Note 1. Organization

Columbia Variable Portfolio — Strategic Income Fund (the Fund), a series of Columbia Funds Variable Insurance Trust (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund Shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1 and Class 2 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You invest by participating in a Qualified Plan or buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services — Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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

Security Valuation

Debt securities generally are valued by pricing services approved by the Board of Trustees (the Board) based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques that take into account, as applicable, factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are not readily available or not believed to be reflective of market value may also be valued based upon a bid quote from an approved independent broker-dealer.

Asset- and mortgage-backed securities are generally valued by pricing services, which utilize pricing models that incorporate the securities' cash flow and loan performance data. These models also take into account available market data, including trades, market quotations, and benchmark yield curves for identical or similar securities. Factors used to identify similar securities may include, but are not limited to, issuer, collateral type, vintage, prepayment speeds, collateral performance, credit ratings, credit enhancement and expected life. Asset-backed securities for which quotations are readily available may also be valued based upon an over-the-counter or exchange bid quote from an approved independent broker-dealer.

Senior loan securities for which reliable market quotations are readily available are generally valued by pricing services at the average of the bids received.

All equity securities are valued at the close of business of the New York Stock Exchange (NYSE). Equity securities are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Forward foreign currency exchange contracts are marked-to-market based upon foreign currency exchange rates provided by a pricing service.

Futures and options on futures contracts are valued based upon the settlement price at the close of regular trading on their principal exchanges or, in the absence of

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

transactions, at the mean of the latest quoted bid and ask prices.

Swap transactions are valued through an independent pricing service or broker, or if neither is available, through an internal model based upon observable inputs.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Foreign Currency Transactions and Translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of the NYSE. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Derivative Instruments

The Fund invests in certain derivative instruments, as detailed below, to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more securities, currencies, commodities, indices, or other assets or instruments. Derivatives may be used to increase investment flexibility (including to maintain cash reserves while maintaining desired exposures), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligation under the terms of the contract, the potential for an illiquid secondary market (making it difficult for the Fund to sell, including at favorable prices) and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities. The notional amounts of derivative instruments, if applicable, are not recorded in the financial statements.

A derivative instrument may suffer a marked-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract. The Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund and the amount of any variation margin held by the counterparty. With exchange-traded or centrally cleared derivatives, there is reduced counterparty credit risk to the Fund since the exchange's clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the counterparty credit risk is failure of the clearinghouse. However, credit risk still exists in exchange-traded or centrally cleared derivatives with respect to initial and variation margin that is held in a broker's customer account. While brokers are required to segregate customer margin from their own assets, in the event that a broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker for all its clients, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's customers (including the Fund), potentially resulting in losses to the Fund.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is an agreement between the Fund and a counterparty that governs over-the-counter derivatives and forward foreign currency exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative instrument's payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting) including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

Collateral (margin) requirements differ by type of derivative. Margin requirements are established by the exchange or clearinghouse for exchange-traded and centrally cleared derivatives. Brokers can ask for margin in excess of the minimum in certain circumstances. Collateral terms are contract specific for over-the-counter derivatives. For over-the-counter derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the marked-to-market amount for each transaction under such agreement and comparing that amount to the value of any variation margin currently pledged by the Fund and/or the counterparty. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold (e.g., $500,000) before a transfer has to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to over-the-counter derivatives transactions to terminate derivatives contracts prior to maturity in the event the Fund's net assets decline by a stated percentage over a specified time period or if the Fund fails to meet certain terms of the ISDA Master Agreement, which would cause the Fund to accelerate payment of any net liability owed to the counterparty. The Fund also has termination rights if the counterparty fails to meet certain terms of the ISDA Master Agreement. In addition to considering counterparty credit risk, the Fund would consider terminating the derivatives contracts based on whether termination would result in a net liability owed from the counterparty.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

Forward Foreign Currency Exchange Contracts

Forward foreign currency exchange contracts are over-the-counter agreements between two parties to buy and sell a currency at a set price on a future date. The Fund utilized forward foreign currency exchange contracts to hedge the currency exposure associated with some or all of the Fund's securities, and to shift investment exposure from one currency to another. These instruments may be used for other purposes in future periods.

The values of forward foreign currency exchange contracts fluctuate daily with changes in foreign currency exchange rates. Changes in the value of these contracts are recorded as unrealized appreciation or depreciation until the contract is exercised or has expired. The Fund will realize a gain or loss when the forward foreign currency exchange contract is closed or expires.

The use of forward foreign currency exchange contracts does not eliminate fluctuations in the prices of the Fund's portfolio securities. The risks of forward foreign currency exchange contracts include movement in the values of the foreign currencies relative to the U.S. dollar (or other foreign currencies) and the possibility that counterparties will not complete their contractual obligations, which may be in excess of the amount reflected, if any, in the Statement of Assets and Liabilities.

Futures Contracts

Futures contracts are exchange traded and represent commitments for the future purchase or sale of an asset at a specified price on a specified date. The Fund bought and sold futures contracts to manage the duration and yield curve exposure of the Fund versus the benchmark. These instruments may be used for other purposes in future periods. Upon entering into futures contracts, the Fund bears risks that it may not achieve the anticipated benefits of the futures contracts and may realize a loss. Additional risks include counterparty credit risk, the possibility of an illiquid market, and that a change in the

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

value of the contract or option may not correlate with changes in the value of the underlying asset.

Upon entering into a futures contract, the Fund pledges cash or securities with the broker in an amount sufficient to meet the initial margin requirement. The initial margin deposit must be maintained at an established level over the life of the contract. Cash deposited as initial margin is recorded in the Statement of Assets and Liabilities as margin deposits. Securities deposited as initial margin are designated in the Portfolio of Investments. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily change in the contract value and are recorded as variation margin receivable or payable and are offset in unrealized gains or losses. The Fund recognizes a realized gain or loss when the contract is closed or expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities.

Swap Contracts

Swap contracts are negotiated in the over-the-counter market and may be entered into as a bilateral contract or centrally cleared (centrally cleared swap contract). In a centrally cleared swap contract, immediately following execution of the swap contract with a broker, the swap contract is novated to a central counterparty (the CCP) and the CCP becomes the Fund's counterparty to the centrally cleared swap contract. The Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap contract. Securities deposited as initial margin are designated in the Portfolio of Investments and cash deposited is recorded in the Statement of Assets and Liabilities as margin deposits. Unlike a bilateral swap contract, for centrally cleared swap contracts, the Fund has minimal credit exposure to the counterparty because the CCP stands between the Fund and the counterparty. Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swap contracts, if any, is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities.

Credit Default Swap Contracts

The Fund entered into credit default swap contracts to increase or decrease its credit exposure to an index. These instruments may be used for other purposes in future periods. Credit default swap contracts are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a specified credit event(s) take place. Although specified credit events are contract specific, credit events are generally defined as bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium.

As the purchaser of a credit default swap contract, the Fund purchases protection by paying a periodic interest rate on the notional amount to the counterparty. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized loss upon payment. If a credit event as specified in the contract occurs, the Fund may have the option either to deliver the reference obligation to the seller in exchange for a cash payment of its par amount, or to receive a net cash settlement equal to the par amount less an agreed-upon value of the reference obligation as of the date of the credit event. The difference between the value of the obligation or cash delivered and the notional amount received will be recorded as a realized gain (loss).

As the seller of a credit default swap contract, the Fund sells protection to a buyer and will generally receive a periodic interest rate on the notional amount. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized gain upon receipt of the payment. If a credit event as specified in the contract with the counterparty occurs, the Fund may either be required to accept the reference obligation from the buyer in exchange for a cash payment of its notional amount, or to pay the buyer a net cash settlement equal to the notional amount less an agreed-upon value of the reference obligation (recovery value) as of the date of the credit event. The difference between the value of the obligation or cash received and the notional amount paid will be recorded as a realized gain (loss). The maximum potential amount of undiscounted future payments the Fund could be required to make as the seller of protection under a credit default swap contract is equal to the notional amount of the reference obligation. These potential amounts may be partially offset by any recovery values of the respective reference obligations or premiums received upon entering into the agreement. The notional amounts and market values of all credit default swap contracts in which the Fund is the seller of protection, if any, are disclosed in the Credit Default Swap Contracts Outstanding schedule following the Portfolio of Investments.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

As a protection seller, the Fund bears the risk of loss from the credit events specified in the contract with the counterparty. For credit default swap contracts on credit indices, quoted market prices and resulting market values serve as an indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the reference entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the contract.

Any premium paid or received by the Fund upon entering into a credit default swap contract is recorded as an asset or liability, respectively, and amortized daily as a component of realized gain (loss) in the Statement of Operations. Credit default swap contracts are valued daily, and the change in value is recorded as unrealized appreciation (depreciation) until the termination of the swap, at which time a realized gain (loss) is recorded.

Credit default swap contracts can involve greater risks than if a fund had invested in the reference obligation directly since, in addition to general market risks, credit default swaps are subject to counterparty credit risk, leverage risk, hedging risk, correlation risk and liquidity risk. The Fund will enter into credit default swap transactions only with counterparties that meet certain standards of creditworthiness, as determined by the Investment Manager.

Interest Rate Swap Contracts

The Fund entered into interest rate swap transactions to manage the duration and yield curve exposure of the Fund. These instruments may be used for other purposes in future periods. Interest rate swaps are agreements between two parties that involve the exchange of one type of interest rate for another type of interest rate cash flow on specified dates in the future, based on a predetermined, specified notional amount. Certain interest rate swaps are considered forward-starting, whereby the accrual for the exchange of cash flows does not begin until a specified date in the future (the effective date). The net cash flow for a standard interest rate swap transaction is generally the difference between a floating market interest rate versus a fixed interest rate.

Interest rate swaps are valued daily and unrealized appreciation (depreciation) is recorded. Certain interest rate swaps may accrue periodic interest on a daily basis as a component of unrealized appreciation (depreciation); the Fund will realize a gain or loss upon the payment or receipt of accrued interest. The Fund will realize a gain or a loss when the interest rate swap is terminated.

Risks of entering into interest rate swaps include a lack of correlation between the swaps and the portfolio of bonds the swaps are designed to hedge or replicate. A lack of correlation may cause the interest rate swaps to experience adverse changes in value relative to expectations. In addition, interest rate swaps are subject to the risk of default of a counterparty, and the risk of adverse movements in market interest rates relative to the interest rate swap positions taken. The Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from/paid to the counterparty over the contract's remaining life to the extent that such amount is positive, plus the cost of entering into a similar transaction with another counterparty.

The Fund attempts to mitigate counterparty credit risk by entering into interest rate swap transactions only with counterparties that meet prescribed levels of creditworthiness, as determined by the Investment Manager. The Fund and any counterparty are required to maintain an agreement that requires the Fund and that counterparty to monitor (on a daily basis) the net market value of all derivative transactions entered into pursuant to the agreement between the Fund and such counterparty. If the net market value of such derivatives transactions between the Fund and that counterparty exceeds a certain threshold (as defined in the agreement), the Fund or the counterparty is required to post cash and/or securities as collateral. Market values of derivatives transactions presented in the financial statements are not netted with the market values of other derivatives transactions or with any collateral amounts posted by the Fund or any counterparty.

Effects of Derivative Transactions in the Financial Statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund, including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; and the impact of derivative transactions over the period in the Statement of Operations, including realized and unrealized gains (losses). The derivative instrument schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

The following table is a summary of the fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) at June 30, 2015:

Asset Derivatives

Risk Exposure Category	Statement of Assets and Liabilities Location	Fair Value ($)
Credit risk	Net assets — unrealized appreciation on swap contracts	114,271*
Credit risk	Premiums paid on outstanding swap contracts	844,305
Foreign exchange risk	Unrealized appreciation on forward foreign currency exchange contracts	148,062
Interest rate risk	Net assets — unrealized appreciation on futures contracts	619,153*
Interest rate risk	Net assets — unrealized appreciation on swap contracts	77,082*
Interest rate risk	Premiums paid on outstanding swap contracts	17
Total		1,802,890

Liability Derivatives

Risk Exposure Category	Statement of Assets and Liabilities Location	Fair Value ($)
Credit risk	Net assets — unrealized depreciation on swap contracts	9,944*
Foreign exchange risk	Unrealized depreciation on forward foreign currency exchange contracts	179,099
Interest rate risk	Net assets — unrealized depreciation on futures contracts	85,754*
Total		274,797

*Includes cumulative appreciation (depreciation) as reported in the tables following the Portfolio of Investments. Only the current day's variation margin is reported in receivables or payables in the Statement of Assets and Liabilities.

The following table indicates the effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in the Statement of Operations for the six months ended June 30, 2015:

Amount of Realized Gain (Loss) on Derivatives Recognized in Income

Risk Exposure Category	Forward Foreign Currency Exchange Contracts ($)	Futures Contracts ($)	Swap Contracts ($)	Total ($)
Credit risk	—	—	1,455,882	1,455,882
Foreign exchange risk	9,524,540	—	—	9,524,540
Interest rate risk	—	(4,622,250)	(3,628,493)	(8,250,743)
Total	9,524,540	(4,622,250)	(2,172,611)	2,729,679

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income

Risk Exposure Category	Forward Foreign Currency Exchange Contracts ($)	Futures Contracts ($)	Swap Contracts ($)	Total ($)
Credit risk	—	—	(834,261)	(834,261)
Foreign exchange risk	(1,626,014)	—	—	(1,626,014)
Interest rate risk	—	544,388	3,705,794	4,250,182
Total	(1,626,014)	544,388	2,871,533	1,789,907

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

The following table provides a summary of the average outstanding volume by derivative instrument for the six months ended June 30, 2015:

Derivative Instrument	Average Notional Amounts ($)*
Futures contracts — Long	88,882,546
Futures contracts — Short	120,890,168
Credit default swap contracts — buy protection	35,662,500
Credit default swap contracts — sell protection	2,000,000

Derivative Instrument	Average Unrealized Appreciation ($)*	Average Unrealized Depreciation ($)*
Forward foreign currency exchange contracts	1,136,099	(165,230)
Interest rate swap contracts	38,541	(3,106,948)

*Based on the ending quarterly outstanding amounts for the six months ended June 30, 2015.

Asset- and Mortgage-Backed Securities

The Fund may invest in asset-backed and mortgage-backed securities. The maturity dates shown represent the original maturity of the underlying obligation. Actual maturity may vary based upon prepayment activity on these obligations. All, or a portion, of the obligation may be prepaid at any time because the underlying asset may be prepaid. As a result, decreasing market interest rates could result in an increased level of prepayment. An increased prepayment rate will have the effect of shortening the maturity of the security. Unless otherwise noted, the coupon rates presented are fixed rates.

Delayed Delivery Securities

The Fund may trade securities on other than normal settlement terms, including securities purchased or sold on a "when-issued" basis. This may increase risk to the Fund since the other party to the transaction may fail to deliver, which could cause the Fund to subsequently invest at less advantageous prices. The Fund designates cash or liquid securities in an amount equal to the delayed delivery commitment.

Mortgage Dollar Roll Transactions

The Fund may enter into mortgage "dollar rolls" in which the Fund sells securities for delivery in the current month and simultaneously contracts with the same counterparty to repurchase similar but not identical securities (same type, coupon and maturity) on a specified future date. During the roll period, the Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund will benefit because it receives negotiated amounts in the form of reductions of the purchase price for the future purchase plus the interest earned on the cash proceeds of the securities sold until the settlement date of the forward purchase. The Fund records the incremental difference between the forward purchase and sale of each forward roll as a realized gain or loss. Unless any realized gains exceed the income, capital appreciation, and gain or loss due to mortgage prepayments that would have been realized on the securities sold as part of the mortgage dollar roll, the use of this technique will diminish the investment performance of the Fund compared to what the performance would have been without the use of mortgage dollar rolls. All cash proceeds will be invested in instruments that are permissible investments for the Fund. The Fund identifies cash or liquid securities in an amount equal to the forward purchase price.

For financial reporting and tax purposes, the Fund treats "to be announced" mortgage dollar rolls as two separate transactions, one involving the purchase of a security and a separate transaction involving a sale. These transactions may increase the Fund's portfolio turnover rate. The Fund does not currently enter into mortgage dollar rolls that are accounted for as financing transactions.

Mortgage dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations.

Treasury Inflation Protected Securities

The Fund may invest in treasury inflation protected securities (TIPS). The principal amount of TIPS is adjusted periodically and is increased for inflation or decreased for deflation based on a monthly published index. These adjustments are recorded as interest income in the Statement of Operations. Coupon payments are based on the adjusted principal at the time the interest is paid.

Interest Only and Principal Only Securities

The Fund may invest in Interest Only (IO) or Principal Only (PO) securities. IOs are stripped securities entitled to receive all of the security's interest, but none of its principal. IOs are particularly sensitive to changes in interest rates and therefore subject to greater fluctuations in price than typical interest bearing debt securities. IOs are also subject to credit risk because the Fund may not receive all or part of the interest payments if the issuer, obligor, guarantor or counterparty defaults

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

on its obligation. Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. POs are stripped securities entitled to receive the principal from the underlying obligation, but not the interest. POs are particularly sensitive to changes in interest rates and therefore are subject to fluctuations in price. POs are also subject to credit risk because the Fund may not receive all or part of its principal if the issuer, obligor, guarantor or counterparty defaults on its obligation. The Fund may also invest in IO or PO stripped mortgage-backed securities. Payments received for POs are treated as reductions to the cost and par value of the securities.

Investments in Senior Loans

The Fund may invest in senior loan assignments. When the Fund purchases an assignment of a senior loan, the Fund typically has direct rights against the borrower; provided, however, that the Fund's rights may be more limited than the lender from which it acquired the assignment and the Fund may be able to enforce its rights only through an administrative agent. Although certain senior loan assignments are secured by collateral, the Fund could experience delays or limitations in realizing such collateral or have its interest subordinated to other indebtedness of the obligor. In the event that the administrator or collateral agent of a loan becomes insolvent, enters into receivership or bankruptcy, the Fund may incur costs and delays in realizing payment or may suffer a loss of principal and/or interest. The risk of loss is greater for unsecured or subordinated loans. In addition, senior loan assignments are vulnerable to market, economic or other conditions or events that may reduce the demand for senior loan assignments and certain senior loan assignments which were liquid, when purchased, may become illiquid.

The Fund may enter into senior loan assignments where all or a portion of the loan may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. These commitments are generally traded and priced in the same manner as other senior loan securities and are disclosed as unfunded senior loan commitments in the Fund's Portfolio of Investments with a corresponding payable for investments purchased. The Fund designates cash or liquid securities to cover these commitments.

Offsetting of Assets and Liabilities

The following tables present the Fund's gross and net amount of assets and liabilities available for offset under netting arrangements as well as any related collateral received or pledged by the Fund as of June 30, 2015:

	Barclays ($)	Citigroup Global Markets Inc. ($)	Deutsche Bank Securities Inc. ($)	Goldman Sachs & Co. ($)	HSBC Securities (USA), Inc. ($)	J.P. Morgan Securities, Inc. ($)	Morgan Stanley ($)(e)	Morgan Stanley ($)(e)	Standard Chartered Bank ($)	State Street Bank & Trust Company ($)	UBS Securities ($)	Total ($)
Assets												
Centrally cleared credit default swap contracts[a]	—	—	—	—	—	—	—	4,097	—	—	—	4,097
Forward foreign currency exchange contracts	—	106,752	10,135	13,110	—	—	3,105	—	1,763	13,197	—	148,062
OTC credit default swap contracts[b]	761,684	—	—	185,661	—	—	—	—	—	—	—	947,345
OTC interest rate swap contracts[b]	—	—	—	—	—	46,792	5,119	—	—	—	—	51,911
Total Assets	761,684	106,752	10,135	198,771	—	46,792	8,224	4,097	1,763	13,197	—	1,151,415

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

	Barclays ($)	Citigroup Global Markets Inc. ($)	Deutsche Bank Securities Inc. ($)	Goldman Sachs & Co. ($)	HSBC Securities (USA), Inc. ($)	J.P. Morgan Securities, Inc. ($)	Morgan Stanley ($)(e)	Morgan Stanley ($)(e)	Standard Chartered Bank ($)	State Street Bank & Trust Company ($)	UBS Securities ($)	Total ($)
Liabilities												
Centrally cleared credit default swap contracts[(a)]	—	—	—	—	—	—	—	14,481	—	—	—	14,481
Centrally cleared interest rate swap contracts[(a)]	—	—	—	—	—	—	—	5,878	—	—	—	5,878
Forward foreign currency exchange contracts	—	—	—	14,288	13,554	1,648	37,390	—	7,293	51,110	53,816	179,099
Total Liabilities	—	—	—	14,288	13,554	1,648	37,390	20,359	7,293	51,110	53,816	199,458
Total Financial and Derivative Net Assets	761,684	106,752	10,135	184,483	(13,554)	45,144	(29,166)	(16,262)	(5,530)	(37,913)	(53,816)	951,957
Total collateral received (pledged)[(c)]	670,000	—	—	184,483	—	45,144	—	(16,262)	—	—	—	883,365
Net Amount[(d)]	91,684	106,752	10,135	—	(13,554)	—	(29,166)	—	(5,530)	(37,913)	(53,816)	68,592

(a) Centrally cleared swaps are included within payable/receivable for variation margin on the Statement of Assets and Liabilities.

(b) Over-the-Counter Swap Contracts are presented at market value plus periodic payments receivable (payable), which is comprised of unrealized appreciation, unrealized depreciation, premiums paid and premiums received.

(c) In some instances, the actual collateral received and/or pledged may be more than the amount shown due to overcollateralization.

(d) Represents the net amount due from/(to) counterparties in the event of default.

(e) Exposure can only be netted across transactions governed under the same master agreement with the same legal entity.

Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Trade date for senior loans purchased in the primary market is the date on which the loan is allocated. Trade date for senior loans purchased in the secondary market is the date on which the transaction is entered into.

Income Recognition

Interest income is recorded on an accrual basis. Market premiums and discounts, including original issue discounts, are amortized and accreted, respectively, over the expected life of the security on all debt securities, unless otherwise noted. The Fund classifies gains and losses realized on prepayments received on mortgage-backed securities as adjustments to interest income.

The Fund may place a debt security on non-accrual status and reduce related interest income when it becomes probable that the interest will not be collected and the amount of uncollectible interest can be reasonably estimated. A defaulted debt security is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured.

The Fund may receive other income from senior loans, including amendment fees, consent fees and commitment fees. These fees are recorded as income when received by the Fund. These amounts are included in Interest Income in the Statement of Operations.

The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Corporate actions and dividend income are recorded on the ex-dividend date.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

The value of additional securities received as an income payment is recorded as income and increases the cost basis of such securities.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of Class Net Asset Value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal Income Tax Status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund's sole shareholders are Qualified Investors, the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

Foreign Taxes

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Realized gains in certain countries may be subject to foreign taxes at the Fund level, based on statutory rates. The Fund accrues for such foreign taxes on realized and unrealized gains at the appropriate rate for each jurisdiction, as applicable. The amount, if any, is disclosed as a liability on the Statement of Assets and Liabilities.

Distributions to Subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gains distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

Guarantees and Indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent Accounting Pronouncement

Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)
In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU No. 2015-07 changes the disclosure requirements for investments for which fair value is measured using the net asset value per share practical expedient. The

NOTES TO FINANCIAL STATEMENTS *(continued)*
June 30, 2015 (Unaudited)

disclosure requirements are effective for annual periods beginning after December 15, 2016 and interim periods within those fiscal years. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

Note 3. Fees and Compensation Paid to Affiliates

Investment Management Fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), determines which securities will be purchased, held or sold. The investment management fee is an annual fee that is equal to a percentage of the Fund's average daily net assets that declines from 0.530% to 0.353% as the Fund's net assets increase. The annualized effective investment management fee rate for the six months ended June 30, 2015 was 0.528% of the Fund's average daily net assets.

Administration Fees

Under an Administrative Services Agreement, the Investment Manager also serves as the Fund Administrator. The Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund's average daily net assets that declines from 0.07% to 0.04% as the Fund's net assets increase. The annualized effective administration fee rate for the six months ended June 30, 2015 was 0.07% of the Fund's average daily net assets.

Compensation of Board Members

Board members are compensated for their services to the Fund as disclosed in the Statement of Operations. The Trust's independent Trustees may participate in a Deferred Compensation Plan (the Plan) which may be terminated at any time. Obligations of the Plan will be paid solely out of the Fund's assets.

Compensation of Chief Compliance Officer

The Board has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations. The Fund is allocated a portion of the expenses associated with the Chief Compliance Officer based on relative net assets of the Trust.

Transfer Agency Fees

The Fund has a Transfer Agency and Dividend Disbursing Agent Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. The annual fee rate under this agreement is 0.06% of the Fund's average daily net assets attributable to each share class. The Transfer Agent also receives compensation from the Fund for various shareholder services.

Distribution Fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. The Board has approved, and the Fund has adopted, a distribution plan (the Plan) which sets the distribution fees for the Fund. These fees are calculated daily and are intended to compensate the Distributor for selling shares of the Fund. The Plan requires the payment of a monthly distribution fee to the Distributor at the maximum annual rate of 0.25% of the average daily net assets attributable to Class 2 shares of the Fund. The Fund pays no distribution and service fees for Class 1 shares.

Expenses Waived/Reimbursed by the Investment Manager and its Affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below), so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the annual rates of:

	Contractual Expense Cap July 1, 2015 Through April 30, 2016	Voluntary Expense Cap Effective May 1, 2015 Through June 30, 2015	Voluntary Expense Cap Prior to May 1, 2015
Class 1	0.69%	0.68%	0.69%
Class 2	0.94	0.93	0.94

The contractual agreement may be modified or amended only with approval from all parties. Under the arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend and interest expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest and extraordinary expenses. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At June 30, 2015, the cost of investments for federal income tax purposes was approximately $199,728,000 and the aggregate gross approximate unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	$4,243,000
Unrealized depreciation	(5,962,000)
Net unrealized depreciation	$(1,719,000)

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Portfolio Information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to $742,462,329 and $1,484,455,497, respectively, for the six months ended June 30, 2015, of which $612,402,420 and $624,594,540, respectively, were U.S. government securities. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 6. Affiliated Money Market Fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds. The income earned by the Fund from such investments is included as Dividends — affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of Columbia Short-Term Cash Fund.

Note 7. Shareholder Concentration

At June 30, 2015, one unaffiliated shareholder of record owned 16.9% of the outstanding shares of the Fund in one or more accounts. The Fund has no knowledge about whether any portion of those shares was owned beneficially. Affiliated shareholders of record owned 81.0% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund.

Note 8. Line of Credit

The Fund has entered into a revolving credit facility with a syndicate of banks led by JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility agreement, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager, severally and not jointly, permits collective borrowings up to $550 million. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the overnight federal funds rate plus 1.00% or (ii) the one-month LIBOR rate plus 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.075% per annum. The commitment fee is included in other expenses in the Statement of Operations.

The Fund had no borrowings during the six months ended June 30, 2015.

Note 9. Significant Risks

Derivatives Risk

Losses involving derivative instruments may be substantial, because a relatively small price movement in the underlying security(ies) commodity, currency or index or other instrument or asset may result in a substantial

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

loss for the Fund. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the Fund. Derivatives will typically increase the Fund's exposure to principal risks to which it is otherwise exposed, and may expose the Fund to additional risks, including correlation risk, counterparty risk, hedging risk, leverage risk and liquidity risk.

Credit Risk

Credit risk is the risk that the value of debt securities in the Fund's portfolio may decline because the issuer may default and fail to pay interest or repay principal when due. Rating agencies assign credit ratings to debt securities to indicate their credit risk. Lower rated or unrated debt securities held by the Fund may present increased credit risk as compared to higher-rated debt securities.

Interest Rate Risk

Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt securities tend to fall, and if interest rates fall, the values of debt securities tend to rise. Actions by governments and central banking authorities can result in increases in interest rates. Increasing interest rates may negatively affect the value of debt securities held by the Fund, resulting in a negative impact on the Fund's performance and net asset value per share. In general, the longer the maturity or duration of a debt security, the greater its sensitivity to changes in interest rates.

Liquidity Risk

Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price. Changing regulatory, market or other conditions or environments (for example, the interest rate or credit environments) may adversely affect the liquidity of the Fund's investments. The Fund may have to accept a lower selling price for the holding, sell other investments, or forego another, more appealing investment opportunity. Generally, the less liquid the market at the time the Fund sells a portfolio investment, the greater the risk of loss or decline of value to the Fund. A less liquid market can lead to an increase in Fund redemptions, which may negatively impact Fund performance and net asset value per share, including, for example, if the Fund is forced to sell securities in a down market.

Foreign Securities and Emerging Market Countries Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks. These countries are also more likely to experience high levels of inflation, deflation or currency devaluation which could hurt their economies and securities markets. To the extent that the Fund concentrates its investment exposure to any one or a few specific countries, the Fund will be particularly susceptible to the various conditions, events or other factors impacting those countries and may, therefore, have a greater risk than that of a fund which is more geographically diversified.

High-Yield Securities Risk

Securities rated below investment grade (commonly called "high-yield" or "junk" bonds) and unrated securities of comparable quality expose the Fund to a greater risk of loss of principal and income than a fund that invests solely or primarily in investment grade securities. In addition, these investments have greater price fluctuations, are less liquid and are more likely to experience a default than higher-rated securities. High-yield securities are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

Mortgage-Backed Securities Risk

The value of any mortgage-backed and other asset-backed securities held by the Fund may be affected by, among other things, changes or perceived changes in: interest rates; factors concerning the interests in and structure of the issuer or the originator of the mortgages or other assets; the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements; or the market's assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of a particular U.S. Government agency, authority, enterprise or

NOTES TO FINANCIAL STATEMENTS *(continued)*

June 30, 2015 (Unaudited)

instrumentality, and some, but not all, are also insured or guaranteed by the U.S. Government. Mortgage-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government. Mortgage- and other asset-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage or other asset may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the Fund to have to reinvest the money received in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage- and other asset-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

Note 10. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 11. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)) entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of $10 million and civil money penalties of $7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the Funds' Boards of Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the SEC on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT

On June 10, 2015, the Board of Trustees (the Board) and the Trustees who are not interested persons (as defined in the Investment Company Act of 1940) (the Independent Trustees) of Columbia Funds Variable Insurance Trust (the Trust) unanimously approved the continuation of the Investment Management Services Agreement (the Advisory Agreement) with Columbia Management Investment Advisers, LLC (the Investment Manager) with respect to Columbia Variable Portfolio — Strategic Income Fund (the Fund), a series of the Trust. The Board and the Independent Trustees also unanimously approved an agreement (the Management Agreement and, together with the Advisory Agreement, the Agreements) combining the Advisory Agreement and the Fund's existing administrative services agreement (the Administrative Services Agreement) in a single agreement. The Board and the Independent Trustees approved the restatement of the Advisory Agreement with the Management Agreement to be effective for the Fund on May 1, 2016, the Fund's next annual prospectus update. As detailed below, the Board's Advisory Fees and Expenses Committee (the Committee) and the Board met on multiple occasions to review and discuss, both among themselves and with the management team of the Investment Manager, materials provided by the Investment Manager and others before determining to approve the Management Agreement and the continuation of the Advisory Agreement.

In connection with their deliberations regarding the approval of the Management Agreement and the continuation of the Advisory Agreement, the Committee and the Board evaluated materials requested from the Investment Manager regarding the Fund and the Agreements, and discussed these materials with representatives of the Investment Manager at Committee meetings held on March 3, 2015, April 29, 2015 and June 9, 2015 and at Board meetings held on March 4, 2015 and June 10, 2015. In addition, the Board considers matters bearing on the Agreements at most of its other meetings throughout the year and meets regularly with senior management of the Trust and the Investment Manager. Through the Board's Investment Oversight Committees, Trustees also meet with selected portfolio managers of the funds the Trustees oversee and other investment personnel at various times throughout the year. The Committee and the Board also consulted with its independent fee consultant, Fund counsel and with the Independent Trustees' independent legal counsel, who advised on various matters with respect to the Committee's and the Board's considerations and otherwise assisted the Committee and the Board in their deliberations. On June 9, 2015, the Committee recommended that the Board approve the Management Agreement and the continuation of the Advisory Agreement. On June 10, 2015, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement for the Fund.

The Committee and the Board considered all information that they, their legal counsel or the Investment Manager believed reasonably necessary to evaluate and to determine whether to approve the Management Agreement and the continuation of the Advisory Agreement. The information and factors considered by the Committee and the Board in recommending for approval or approving the Management Agreement and the continuation of the Advisory Agreement for the Fund included the following:

- Information on the investment performance of the Fund relative to the performance of a group of mutual funds determined to be comparable to the Fund by an independent third-party data provider, as well as performance relative to benchmarks;
- Information on the Fund's advisory fees and total expenses, including information comparing the Fund's expenses to those of a group of comparable mutual funds, as determined by the independent third-party data provider;
- The Investment Manager's agreement to contractually limit or cap total operating expenses for the Fund so that total operating expenses (excluding certain fees and expenses, such as portfolio transaction costs and certain other investment related expenses, interest, taxes, acquired fund fees and expenses, and extraordinary expenses) would not exceed a specified percentage of the Fund's average annual net assets through April 30, 2016;
- The terms and conditions of the Agreements;

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

- The current and proposed terms and conditions of other agreements and arrangements with affiliates of the Investment Manager relating to the operations of the Fund, including the Administrative Services Agreement(1) and agreements with respect to the provision of distribution and transfer agency services to the Fund;
- Descriptions of various functions performed by the Investment Manager under the Agreements, including portfolio management and portfolio trading practices;
- Information regarding the management fees and investment performance of similarly-managed portfolios of other clients of the Investment Manager, including institutional separate accounts;
- Information regarding the reputation, regulatory history and resources of the Investment Manager, including information regarding senior management, portfolio managers and other personnel;
- Information regarding the capabilities of the Investment Manager with respect to compliance monitoring services, including an assessment of the Investment Manager's compliance system by the Fund's Chief Compliance Officer; and
- The profitability to the Investment Manager and its affiliates from their relationships with the Fund.

Nature, Extent and Quality of Services Provided under the Agreements

The Committee and the Board considered the nature, extent and quality of services provided to the Fund by the Investment Manager and its affiliates under the Agreements and under separate agreements for the provision of transfer agency and administrative services, and the resources dedicated to the Fund and the other Columbia Funds by the Investment Manager and its affiliates. The Committee and the Board also determined that the nature and level of the services to be provided under the Management Agreement would not decrease relative to the services provided under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered, among other things, the Investment Manager's ability to attract, motivate and retain highly qualified research, advisory and supervisory investment professionals (including personnel and other resources, compensation programs for personnel involved in fund management, reputation and other attributes), the portfolio management services provided by those investment professionals, and the quality of the Investment Manager's investment research capabilities and trade execution services. The Committee and the Board also considered the potential benefits to shareholders of investing in a mutual fund that is part of a fund complex offering exposure to a variety of asset classes and investment disciplines and providing a variety of fund and shareholder services.

The Committee and the Board also considered the professional experience and qualifications of the senior personnel of the Investment Manager, which included consideration of the Investment Manager's experience with similarly-structured funds. The Committee and the Board noted the compliance programs of and the compliance-related resources provided to the Fund by the Investment Manager and its affiliates, and considered the Investment Manager's ability to provide administrative services to the Fund and coordinate the activities of the Fund's other service providers. In evaluating the nature, extent and quality of services provided under the Agreements, the Committee and the Board considered that these services were provided to the Fund, rather than directly to Fund shareholders. The Committee and the Board accordingly affirmed, after considering various other matters, including the potential benefits to the Fund and its shareholders of the Independent Trustees' important role as pre-suit gatekeepers with respect to claims that they may determine are meritless or contrary to the Fund's best interests, that it was not the intention of the Board or the Investment Manager that there be any third-party beneficiaries of the Agreements. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the nature, extent and quality of the services provided to the Fund under the Agreements supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Investment Performance

The Committee and the Board reviewed information about the performance of the Fund over various time periods, including performance information relative to benchmarks and information based on reports of the independent

(1) Like the Advisory Agreement, the Administrative Services Agreement will terminate with respect to the Fund once the Management Agreement is effective for the Fund.

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

third-party data provider that compared the performance of the Fund to the performance of a group of comparable mutual funds, and data provided by the independent fee consultant. The Committee and the Board also reviewed a description of the third party's methodology for identifying the Fund's peer groups for purposes of performance and expense comparisons.

The Committee and the Board noted that, through December 31, 2014, the Fund's performance was in the thirty-ninth, forty-eighth and twenty-eighth percentile (where the best performance would be in the first percentile) of its category selected by the independent third-party data provider for the purposes of performance comparisons for the one-, three- and five- year periods, respectively.

The Committee and the Board also considered the Investment Manager's performance and reputation generally, the Investment Manager's historical responsiveness to Board concerns about performance, and the Investment Manager's willingness to take steps intended to improve performance. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the performance of the Fund was sufficient, in light of other considerations, to warrant the continuation of the Advisory Agreement and the approval of the Management Agreement.

Investment Advisory Fee Rates and Other Expenses

The Committee and the Board considered the advisory fees charged to the Fund under the Advisory Agreement as well as the total expenses incurred by the Fund. In assessing the reasonableness of the fees under the Advisory Agreement, the Committee and the Board considered, among other information, the Fund's advisory fee and its total expense ratio as a percentage of average daily net assets. The Committee and the Board also considered that the proposed management fee would not exceed the sum of the fee rates payable under the Advisory Agreement and the Administrative Services Agreement. The Committee and the Board considered data provided by the independent fee consultant. The Committee and the Board noted that, as of December 31, 2014, the Fund's actual management fee and net expense ratio are ranked in the fourth and third quintiles, respectively, (where the lowest fees and expenses would be in the first quintile) against the Fund's expense universe as determined by the independent third-party data provider for purposes of expense comparison. The Committee and the Board also took into account the fee waiver and expense limitation arrangements agreed to by the Investment Manager, as noted above.

The Committee and the Board also received and considered information about the advisory fees charged by the Investment Manager to institutional separate accounts. In considering the fees charged to those accounts, the Committee and the Board took into account, among other things, the Investment Manager's representations about the differences between managing mutual funds as compared to other types of accounts, including differences in the services provided, differences in the risk profile of such business for the Investment Manager and the additional resources required to manage mutual funds effectively. The Committee and the Board also received and considered information about the fees charged by the Investment Manager for sub-advisory services provided to comparable unaffiliated funds. In evaluating the Fund's advisory fees, the Committee and the Board also took into account the demands, complexity and quality of the investment management of the Fund.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the advisory/management fee rates and expenses of the Fund were sufficient, in light of other considerations, to warrant the approval of the Management Agreement and continuation of the Advisory Agreement.

Costs of Services Provided and Profitability

The Committee and the Board also took note of the costs the Investment Manager and its affiliates incur in connection with the services provided (both on an absolute and relative basis) and the profitability to the Investment Manager and its affiliates in connection with their relationships with the Fund.

The Committee and the Board also considered the compensation directly or indirectly received by the Investment Manager's affiliates in connection with their relationships with the Fund. The Committee and the Board reviewed information provided by management as to the profitability to the Investment Manager and its affiliates of their

BOARD CONSIDERATION AND APPROVAL OF ADVISORY AGREEMENT *(continued)*

relationships with the Fund, information about the allocation of expenses used to calculate profitability, and comparisons of profitability levels realized in 2014 to profitability levels realized in 2013. When reviewing profitability, the Committee and the Board also considered court cases in which adviser profitability was an issue in whole or in part, the performance of similarly managed funds, the performance of the Fund, and the expense ratio of the Fund. The Committee and the Board also considered information provided by the Investment Manager regarding the Investment Manager's financial condition and comparing its profitability to that of other asset management firms that are, or are subsidiaries of, publicly traded companies.

After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the costs of services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Economies of Scale

The Committee and the Board considered the potential existence of economies of scale in the provision by the Investment Manager of services to the Fund, to groups of related funds, and to the Investment Manager's investment advisory clients as a whole, and whether those economies of scale were shared with the Fund through breakpoints in investment advisory fees or other means, such as expense limitation arrangements and additional investments by the Investment Manager in investment, trading and compliance resources. The Committee and the Board noted that the investment advisory and management fee schedules for the Fund contained breakpoints that would reduce the fee rate on assets above specified threshold levels.

In considering these matters, the Committee and the Board also considered the costs of the services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund, as discussed above. After reviewing these and related factors, the Committee and the Board concluded, within the context of their overall conclusions, that the extent to which any economies of scale were expected to be shared with the Fund supported the approval of the Management Agreement and the continuation of the Advisory Agreement.

Other Benefits to the Investment Manager

The Committee and the Board received and considered information regarding "fall-out" or ancillary benefits received by the Investment Manager and its affiliates as a result of their relationships with the Fund, such as the engagement of the Investment Manager to provide administrative services to the Fund and the engagement of the Investment Manager's affiliates to provide distribution and transfer agency services to the Fund. In this regard, among other matters, the Committee and the Board considered that the Fund's distributor retains a portion of the distribution fees from the Fund. The Committee and the Board also considered the benefits of research made available to the Investment Manager by reason of brokerage commissions generated by the Fund's securities transactions, and reviewed information about the Investment Manager's practices with respect to allocating portfolio transactions for brokerage and research services. The Committee and the Board considered the possible conflicts of interest associated with certain fall-out or other ancillary benefits and the reporting, disclosure and other processes that are in place to address such possible conflicts of interest. The Committee and the Board recognized that the Investment Manager's profitability would be somewhat lower without these benefits.

Conclusion

The Committee and the Board reviewed all of the above considerations in reaching their decisions to recommend or approve the Management Agreement and the continuation of the Advisory Agreement. In their deliberations, the Trustees did not identify any particular information that was all-important or controlling, and individual Trustees may have attributed different weights to the various factors. Based on their evaluation of all factors that they deemed to be material, including those factors described above, and assisted by the advice of independent legal counsel, the Board, including the Independent Trustees, voting separately, unanimously approved the Management Agreement and the continuation of the Advisory Agreement.

IMPORTANT INFORMATION ABOUT THIS REPORT

The policy of the Board is to vote the proxies of the companies in which each fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611, contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how each fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedle.com/us or searching the website of the SEC at sec.gov.

Each fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each fund's Form N-Q is available on the SEC's website at sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. Each fund's complete schedule of portfolio holdings, as filed on Form N-Q, can also be obtained without charge, upon request, by calling 800.345.6611.

Columbia Variable Portfolio — Strategic Income Fund
P.O. Box 8081
Boston, MA 02266-8081

This information is for use with concurrent or prior delivery of a fund prospectus. **Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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Dreyfus Variable Investment Fund, Appreciation Portfolio

SEMIANNUAL REPORT June 30, 2015

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Dreyfus

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THE FUND

FOR MORE INFORMATION

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Variable Investment Fund, Appreciation Portfolio, covering the six-month period from January 1, 2015, through June 30, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The U.S. stock market proved volatile on its way to posting modest gains over the first half of 2015. Investors were worried when the economic recovery stalled during the first quarter of the year due to unusually harsh winter weather, a strengthening U.S. dollar, and expected increases in short-term interest rates. These fears waned during the second quarter, when economic growth seemed to regain momentum. While a number of headwinds remained, investors were encouraged by better employment data, stronger housing markets, and stabilizing currency exchange rates.

We expect economic uncertainty and bouts of market volatility to persist over the near term as Europe continues to struggle with instability in Greece, China addresses a stubborn economic slowdown, geopolitical conflicts flare across the Middle East, and U.S. investors await the first in a series of short-term interest rate hikes. We remain more optimistic regarding the economy's long-term outlook, which we believe should be supported by improved consumer and business confidence as well as aggressively accommodative monetary policies from many of the world's major central banks. As always, we urge you to discuss these observations with your financial advisor, who can help you assess their implications for your investment portfolio.

Thank you for your continued confidence and support.

Sincerely,

J. Charles Cardona
President
The Dreyfus Corporation
July 15, 2015

DISCUSSION OF FUND PERFORMANCE

For the period of January 1, 2015, through June 30, 2015, as provided by Fayez Sarofim, Portfolio Manager of Fayez Sarofim & Co., Sub-Investment Adviser

Fund and Market Performance Overview

For the six-month period ended June 30, 2015, Dreyfus Variable Investment Fund, Appreciation Portfolio's Initial shares produced a total return of –0.30%, and its Service shares produced a total return of –0.45%.[1] In comparison, the fund's benchmark, the Standard & Poor's® 500 Composite Stock Price Index ("S&P 500 Index"), produced a total return of 1.23% for the same period.[2]

U.S. equities advanced modestly over the first half of 2015 amid choppy economic growth. Overweighted allocations to the energy and consumer staples sectors weighed on the fund's underperformance compared to its benchmark.

The Fund's Investment Approach

The fund seeks long-term capital growth consistent with the preservation of capital. Its secondary goal is current income. To pursue these goals, the fund normally invests at least 80% of its assets in common stocks. The fund focuses on blue-chip companies with total market capitalizations of more than $5 billion at the time of purchase, including multinational companies. These are established companies that have demonstrated sustained patterns of profitability, strong balance sheets, an expanding global presence, and the potential to achieve predictable, above-average earnings growth.

In choosing stocks, the fund first identifies economic sectors it believes will expand over the next three to five years or longer. Using fundamental analysis, the fund then seeks companies within these sectors that have proven track records and dominant positions in their industries. The fund employs a "buy-and-hold" investment strategy, which generally has resulted in an annual portfolio turnover of below 15%. A low portfolio turnover rate helps reduce the fund's trading costs and minimizes tax liability by limiting the distribution of capital gains.[3]

Choppy Economic Growth Constrained Equity Gains

The S&P 500 Index made scant progress over the first half of 2015. U.S. economic data softened more than expected over the winter months and remained mixed through the spring while global growth slowed. Investors were skittish about the possibility of higher short-term interest rates from the Federal Reserve Board (the "Fed"), and they were unsettled by the debt crisis in Greece.

Market leadership narrowed in this environment, with strength concentrated in only three sectors of the S&P 500 Index: the health care, consumer discretionary, and telecommunications services sectors. Five segments, including the energy and industrials sectors, posted negative returns.

Fund Strategies Produced Mixed Results

The fund lagged the S&P 500 Index over the first half of 2015 but registered strengthening relative results compared to previous reporting periods. The primary factors detracting from relative performance over the reporting period included overweighted allocations to the energy and consumer staples sectors. Relative results also were penalized by an underweighted and selectively focused position in the consumer discretionary sector, as well as by stock selection shortfalls in the industrials sector.

On a more positive note, our stock selection strategy in the information technology sector — particularly an overweighted position in Apple — was a primary factor supporting relative performance. The fund's lack of exposure to utilities, the reporting period's weakest sector, also contributed positively to relative results. Stock selections in the strong-performing health care sector, which featured positions in Novo Nordisk, Gilead Sciences, and Abbott Laboratories, also proved advantageous, but this positive impact was offset by an underweighted presence in the sector.

The largest positive contributors to the fund's returns over the first half of 2015 were Apple, Novo Nordisk, Walt Disney, Estee Lauder, Gilead Sciences, JPMorgan Chase & Co., Christian Dior, Walgreens Boots Alliance, and McGraw-Hill Financial. Positions detracting from performance included Chevron, ExxonMobil, Procter & Gamble, Union Pacific, Twenty-First Century Fox, Wal-Mart Stores, and Canadian Pacific Railway.

Positioned for the Next Phase of the Economic Cycle

The S&P 500 Index may continue to lack clear direction until investors are more confident of the U.S. economy's ability to withstand higher interest rates. The debt crisis in Greece hurt stocks in late June, but its impact on the U.S. and global economies are expected to be limited. Even as the Fed begins to normalize monetary policy, still-low interest rates, muted inflation, and aggressive monetary easing abroad are expected to support equity valuations.

Nonetheless, investors' risk appetites are likely to diminish, and their preferences may begin to shift. We expect profit fundamentals to command greater attention, and greater forward earnings support may be required to drive the market higher. Stocks of large, high-quality companies seem well positioned for better relative performance as the business cycle matures and monetary policies normalize. The large, globally prominent industry leaders in which the fund invests, with their established competitive advantages and strong balance sheets, in our view typically have greater flexibility than smaller companies to absorb higher labor costs and sustain earnings growth as interest rates rise.

July 15, 2015

Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Stock Index Fund, Inc. made available through insurance products may be similar to other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

1 *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*

2 *SOURCE: LIPPER INC. – Reflects reinvestment of dividends daily and, where applicable, capital gain distributions. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted, unmanaged index of U.S. stock market performance. Investors cannot invest directly in any index.*

3 *Achieving tax efficiency is not a part of the fund's investment objective, and there can be no guarantee that the fund will achieve any particular level of taxable distributions in future years. In periods when the manager has to sell significant amounts of securities (e.g., during periods of significant net redemptions or changes in index components) funds can be expected to be less tax efficient than during periods of more stable market conditions and asset flows.*

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Variable Investment Fund, Appreciation Portfolio from January 1, 2015 to June 30, 2015. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 3.96	$ 5.20
Ending value (after expenses)	$997.00	$995.50

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.01	$ 5.26
Ending value (after expenses)	$1,020.83	$1,019.59

† *Expenses are equal to the fund's annualized expense ratio of .80% for Initial shares and 1.05% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS

June 30, 2015 (Unaudited)

Common Stocks—99.5%	Shares		Value ($)
Banks—1.2%			
Wells Fargo & Co.	120,000		**6,748,800**
Capital Goods—1.3%			
United Technologies	67,000		**7,432,310**
Consumer Durables & Apparel—2.2%			
Christian Dior	55,100		10,756,104
Hermes International	3,177		1,185,114
			11,941,218
Consumer Services—1.3%			
McDonald's	76,200		**7,244,334**
Diversified Financials—10.1%			
American Express	106,000		8,238,320
BlackRock	30,600		10,586,988
Franklin Resources	152,300		7,467,269
Intercontinental Exchange	12,000		2,683,320
JPMorgan Chase & Co.	219,600		14,880,096
State Street	80,500		6,198,500
Visa, Cl. A	86,200		5,788,330
			55,842,823
Energy—13.5%			
Chevron	173,800		16,766,486
ConocoPhillips	161,100		9,893,151
EOG Resources	34,600		3,029,230
Exxon Mobil	294,764		24,524,365
Imperial Oil	98,800	a	3,815,656
Occidental Petroleum	147,800		11,494,406
Phillips 66	58,800		4,736,928
			74,260,222
Food & Staples Retailing—2.3%			
Walgreens Boots Alliance	106,500		8,992,860
Whole Foods Market	89,100		3,514,104
			12,506,964

Common Stocks (continued)	Shares		Value ($)
Food, Beverage & Tobacco—18.3%			
Altria Group	290,900		14,227,919
Anheuser-Busch InBev, ADR	27,000		3,258,090
Coca-Cola	481,000		18,869,630
Diageo, ADR	25,000		2,901,000
Nestle, ADR	203,500		14,684,560
PepsiCo	120,400		11,238,136
Philip Morris International	378,900		30,376,413
SABMiller	100,000		5,191,377
			100,747,125
Health Care Equipment & Services—1.7%			
Abbott Laboratories	191,800		**9,413,544**
Household & Personal Products—4.6%			
Estee Lauder, Cl. A	130,600		11,317,796
Procter & Gamble	177,900		13,918,896
			25,236,692
Insurance—1.3%			
ACE	70,100		**7,127,768**
Materials—2.1%			
Air Products & Chemicals	5,000		684,150
Praxair	90,900		10,867,095
			11,551,245
Media—6.9%			
Comcast, Cl. A	169,000		10,163,660
McGraw-Hill Financial	54,800		5,504,660
Twenty-First Century Fox, Cl. A	279,736		9,104,008
Walt Disney	115,600		13,194,584
			37,966,912
Pharmaceuticals, Biotech & Life Sciences—11.9%			
AbbVie	191,800		12,887,042
Celgene	25,000	b	2,893,375
Gilead Sciences	57,300		6,708,684
Johnson & Johnson	69,700		6,792,962
Novartis, ADR	84,000		8,260,560
Novo Nordisk, ADR	278,100		15,228,756

Common Stocks (continued)	Shares	Value ($)
Pharmaceuticals, Biotech & Life Sciences (continued)		
Roche Holding, ADR	366,900	12,867,183
		65,638,562
Retailing—2.0%		
Target	46,900	3,828,447
Wal-Mart Stores	102,600	7,277,418
		11,105,865
Semiconductors & Semiconductor Equipment—3.3%		
Intel	172,400	5,243,546
Texas Instruments	215,600	11,105,556
Xilinx	45,000	1,987,200
		18,336,302
Software & Services—5.9%		
Automatic Data Processing	99,200	7,958,816
Facebook, Cl. A	74,600 [b]	6,398,069
International Business Machines	65,800	10,703,028
Oracle	179,800	7,245,940
		32,305,853
Technology Hardware & Equipment—6.9%		
Apple	261,550	32,804,909
QUALCOMM	82,800	5,185,764
		37,990,673
Transportation—2.7%		
Canadian Pacific Railway	49,400	7,915,362
Union Pacific	74,100	7,066,917
		14,982,279
Total Common Stocks (cost $273,581,975)		**548,379,491**

Other Investment—1.7%		
Registered Investment Company;		
Dreyfus Institutional Preferred Plus Money Market Fund (cost $9,148,683)	9,148,683 [c]	**9,148,683**

Investment of Cash Collateral for Securities Loaned—.7%	Shares	Value ($)
Registered Investment Company;		
Dreyfus Institutional Cash Advantage Fund (cost $3,868,465)	3,868,465 [c]	**3,868,465**
Total Investments (cost $286,599,123)	**101.9%**	**561,396,639**
Liabilities, Less Cash and Receivables	**(1.9%)**	**(10,501,367)**
Net Assets	**100.0%**	**550,895,272**

ADR—American Depository Receipts

[a] *Security, or portion thereof, on loan. At June 30, 2015, the value of the fund's securities on loan was $3,777,499 and the value of the collateral held by the fund was $3,868,465.*

[b] *Non-income producing security.*

[c] *Investment in affiliated money market mutual fund.*

Portfolio Summary (Unaudited)†

	Value (%)		Value (%)
Food, Beverage & Tobacco	18.3	Money Market Investments	2.4
Energy	13.5	Food & Staples Retailing	2.3
Pharmaceuticals, Biotech & Life Sciences	11.9	Consumer Durables & Apparel	2.2
Diversified Financials	10.1	Materials	2.1
Media	6.9	Retailing	2.0
Technology Hardware & Equipment	6.9	Health Care Equipment & Services	1.7
Software & Services	5.9	Insurance	1.3
Household & Personal Products	4.6	Consumer Services	1.3
Semiconductors & Semiconductor Equipment	3.3	Capital Goods	1.3
Transportation	2.7	Banks	1.2
			101.9

† *Based on net assets.*

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments (including securities on loan, valued at $3,777,499)—Note 1(c):		
Unaffiliated issuers	273,581,975	548,379,491
Affiliated issuers	13,017,148	13,017,148
Cash		26,427
Dividends and securities lending income receivable		1,338,485
Receivable for investment securities sold		212,212
Prepaid expenses		4,775
		562,978,538
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		325,835
Due to Fayez Sarofim & Co.		102,201
Payable for shares of Beneficial Interest redeemed		7,734,348
Liability for securities on loan—Note 1(c)		3,868,465
Accrued expenses		52,417
		12,083,266
Net Assets ($)		**550,895,272**
Composition of Net Assets ($):		
Paid-in capital		237,879,184
Accumulated undistributed investment income—net		214,428
Accumulated net realized gain (loss) on investments		38,003,901
Accumulated net unrealized appreciation (depreciation) on investments and foreign currency transactions		274,797,759
Net Assets ($)		**550,895,272**

Net Asset Value Per Share

	Initial Shares	Service Shares
Net Assets ($)	301,861,795	249,033,477
Shares Outstanding	6,475,553	5,374,748
Net Asset Value Per Share ($)	**46.62**	**46.33**

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends (net of $262,764 foreign taxes withheld at source):	
Unaffiliated issuers	7,572,915
Affiliated issuers	1,071
Income from securities lending—Note 1(c)	4,332
Total Income	**7,578,318**
Expenses:	
Investment advisory fee—Note 3(a)	1,533,611
Sub-investment advisory fee—Note 3(a)	626,405
Distribution fees—Note 3(b)	326,660
Professional fees	51,344
Prospectus and shareholders' reports	24,056
Trustees' fees and expenses—Note 3(c)	22,127
Custodian fees—Note 3(b)	21,975
Shareholder servicing costs—Note 3(b)	1,136
Loan commitment fees—Note 2	989
Interest expense—Note 2	677
Miscellaneous	15,659
Total Expenses	**2,624,639**
Less—reduction in fees due to earnings credits—Note 3(b)	(3)
Net Expenses	**2,624,636**
Investment Income—Net	**4,953,682**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	38,063,614
Net unrealized appreciation (depreciation) on investments and foreign currency transactions	(44,789,909)
Net Realized and Unrealized Gain (Loss) on Investments	**(6,726,295)**
Net (Decrease) in Net Assets Resulting from Operations	**(1,772,613)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations ($):		
Investment income—net	4,953,682	10,358,834
Net realized gain (loss) on investments	38,063,614	27,347,692
Net unrealized appreciation (depreciation) on investments	(44,789,909)	7,612,519
Net Increase (Decrease) in Net Assets Resulting from Operations	**(1,772,613)**	**45,319,045**
Dividends to Shareholders from ($):		
Investment income—net:		
Initial Shares	(2,827,200)	(6,210,078)
Service Shares	(2,044,860)	(4,157,846)
Net realized gain on investments:		
Initial Shares	(14,565,873)	(9,146,788)
Service Shares	(12,097,365)	(6,764,797)
Total Dividends	**(31,535,298)**	**(26,279,509)**
Beneficial Interest Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	5,973,824	16,457,471
Service Shares	14,200,087	35,946,895
Dividends reinvested:		
Initial Shares	17,393,073	15,356,866
Service Shares	14,142,225	10,922,643
Cost of shares redeemed:		
Initial Shares	(33,143,145)	(72,828,378)
Service Shares	(28,959,976)	(45,422,441)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	**(10,393,912)**	**(39,566,944)**
Total Increase (Decrease) in Net Assets	**(43,701,823)**	**(20,527,408)**
Net Assets ($):		
Beginning of Period	594,597,095	615,124,503
End of Period	**550,895,272**	**594,597,095**
Undistributed investment income—net	214,428	132,806

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Capital Share Transactions:		
Initial Shares		
Shares sold	122,102	342,337
Shares issued for dividends reinvested	371,176	325,702
Shares redeemed	(678,583)	(1,518,733)
Net Increase (Decrease) in Shares Outstanding	**(185,305)**	**(850,694)**
Service Shares		
Shares sold	293,404	751,479
Shares issued for dividends reinvested	303,606	233,185
Shares redeemed	(601,078)	(951,348)
Net Increase (Decrease) in Shares Outstanding	**(4,068)**	**33,316**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	49.51	47.95	40.47	37.99	35.44	31.40
Investment Operations:						
Investment income—net[a]	.44	.89	.86	.82	.73	.64
Net realized and unrealized gain (loss) on investments	(.59)	2.86	7.59	3.14	2.42	4.09
Total from Investment Operations	(.15)	3.75	8.45	3.96	3.15	4.73
Distributions:						
Dividends from investment income—net	(.44)	(.90)	(.87)	(1.48)	(.60)	(.69)
Dividends from net realized gain on investments	(2.30)	(1.29)	(.10)	–	–	–
Total Distributions	(2.74)	(2.19)	(.97)	(1.48)	(.60)	(.69)
Net asset value, end of period	46.62	49.51	47.95	40.47	37.99	35.44
Total Return (%)	(.30)[b]	8.09	21.11	10.44	9.01	15.32
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.80[c]	.80	.81	.81	.80	.81
Ratio of net expenses to average net assets	.80[c]	.80	.81	.81	.80	.81
Ratio of net investment income to average net assets	1.83[c]	1.84	1.95	2.02	1.99	2.01
Portfolio Turnover Rate	5.60[b]	3.65	7.71	3.05	4.24	11.90
Net Assets, end of period ($ x 1,000)	301,862	329,802	360,197	345,985	326,445	310,385

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	49.23	47.69	40.25	37.74	35.23	31.21
Investment Operations:						
Investment income—net[a]	.38	.76	.75	.72	.63	.58
Net realized and unrealized gain (loss) on investments	(.60)	2.85	7.55	3.10	2.42	4.05
Total from Investment Operations	(.22)	3.61	8.30	3.82	3.05	4.63
Distributions:						
Dividends from investment income—net	(.38)	(.78)	(.76)	(1.31)	(.54)	(.61)
Dividends from net realized gain on investments	(2.30)	(1.29)	(.10)	–	–	–
Total Distributions	(2.68)	(2.07)	(.86)	(1.31)	(.54)	(.61)
Net asset value, end of period	46.33	49.23	47.69	40.25	37.74	35.23
Total Return (%)	(.45)[b]	7.83	20.83	10.14	8.74	15.04
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	1.05[c]	1.05	1.06	1.06	1.05	1.06
Ratio of net expenses to average net assets	1.05[c]	1.05	1.06	1.06	1.05	1.06
Ratio of net investment income to average net assets	1.58[c]	1.59	1.70	1.79	1.75	1.74
Portfolio Turnover Rate	5.60[b]	3.65	7.71	3.05	4.24	11.90
Net Assets, end of period ($ x 1,000)	249,033	264,795	254,928	220,568	174,160	125,296

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Appreciation Portfolio (the "fund") is a separate diversified series of Dreyfus Variable Investment Fund (the "Company"), which is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company and operates as a series company currently offering seven series, including the fund. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund's investment objective is to seek long-term capital growth consistent with the preservation of capital. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser. Fayez Sarofim & Co. ("Sarofim & Co.") serves as the fund's sub-investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold to the public without a sales charge. The fund is authorized to issue an unlimited number of $.001 par value shares of Beneficial Interest in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series' operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount 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 (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant ADRs and financial futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Company's Board of Trustees (the "Board").

Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are generally categorized within Level 3 of the fair value hierarchy.

Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange.

The following is a summary of the inputs used as of June 30, 2015 in valuing the fund's investments:

	Level 1– Unadjusted Quoted Prices	Level 2–Other Significant Observable Inputs	Level 3– Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities– Domestic Common Stocks†	462,315,728	–	–	**462,315,728**
Equity Securities– Foreign Common Stocks†	86,063,763	–	–	**86,063,763**
Mutual Funds	13,017,148	–	–	**13,017,148**

† *See Statement of Investments for additional detailed categorizations.*

At December 31, 2014, $15,893,896 of exchange traded foreign equity securities were classified within Level 2 of the fair value hierarchy pursuant to the fund's fair valuation procedures.

(b) Foreign currency transactions: The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized on securities transactions between trade and settlement date, and 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 exchange gains and losses arise from changes in the value of assets and liabilities other than investments resulting from changes in exchange rates. Foreign currency gains and losses on foreign currency transactions are also included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. During the period ended June 30, 2015, The Bank of New York Mellon earned $1,356 from lending portfolio securities, pursuant to the securities lending agreement.

(d) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act. Investments in affiliated investment companies during the period ended June 30, 2015, were as follows:

Affiliated Investment Company	Value 12/31/2014 ($)	Purchases ($)	Sales ($)	Value 6/30/2015 ($)	Net Assets (%)
Dreyfus Institutional Preferred Plus Money Market Fund	1,263,200	33,810,859	25,925,376	9,148,683	1.7
Dreyfus Institutional Cash Advantage Fund	4,154,880	46,129,045	46,415,460	3,868,465	.7
Total	**5,418,080**	**79,939,904**	**72,340,836**	**13,017,148**	**2.4**

(e) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are normally declared and paid quarterly. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(f) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2015, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2015, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2014 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2014 was as follows: $10,543,184 and long-term capital gain $15,736,325. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in a $430 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing.

The average amount of borrowings outstanding under the Facilities during the period ended June 30, 2015 was approximately $123,800 with a related weighted average annualized interest rate of 1.10%.

NOTE 3—Investment Advisory Fee, Sub-Investment Advisory Fee and Other Transactions with Affiliates:

(a) Pursuant to an investment advisory agreement with Dreyfus, the investment advisory fee is computed at the annual rate of .5325% of the value of the fund's average daily net assets. Pursuant to a sub-investment advisory agreement with Sarofim & Co., the fund pays Sarofim & Co. a monthly sub-investment advisory fee at the annual rate of .2175% of the value of the fund's average daily net assets. Both fees are payable monthly.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2015, Service shares were charged $326,660 pursuant to the Distribution Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2015, the fund was charged $1,052 for transfer agency services and $66 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were partially offset by earnings credits of $3.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended June 30, 2015, the fund was charged $21,975 pursuant to the custody agreement.

During the period ended June 30, 2015, the fund was charged $6,240 for services performed by the Chief Compliance Officer and his staff.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: investment advisory fees $250,217, Distribution Plan fees $53,710, custodian fees $18,459, Chief Compliance Officer fees $3,169 and transfer agency fees $280.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2015, amounted to $32,096,188 and $69,544,837, respectively.

At June 30, 2015, accumulated net unrealized appreciation on investments was $274,797,516, consisting of $278,528,634 gross unrealized appreciation and $3,731,118 gross unrealized depreciation.

At June 30, 2015, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

INFORMATION ABOUT THE RENEWAL OF THE FUND'S INVESTMENT ADVISORY AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited)

At a meeting of the fund's Board of Trustees held on March 11-12, 2015, the Board considered the renewal of the fund's Investment Advisory Agreement, pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"), and the Sub-Investment Advisory Agreement (together, the "Agreements"), pursuant to which Fayez Sarofim & Co. (the "Subadviser") provides day-to-day management of the fund's investments. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus and the Subadviser. In considering the renewal of the Agreements, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

<u>Analysis of Nature, Extent, and Quality of Services Provided to the Fund.</u> The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered Dreyfus' extensive administrative, accounting, and compliance infrastructures, as well as Dreyfus' supervisory activities over the Subadviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Lipper, Inc. ("Lipper"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended December 31, 2014, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Lipper as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Lipper used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. They also noted that performance generally should be considered over longer periods of time, although it is possible that long-term performance can be adversely affected by even one period of significant underperformance so that a single investment decision or theme has the ability to affect disproportionately long-term performance. The Board discussed the results of the comparisons and noted that the fund's total return performance was below the Performance Group and Performance Universe medians for all periods except the ten-year period when it was equal to the Performance Group median and above the Performance Universe median. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index and noted that the fund's performance was above the return of the index in five of the ten years.

The Board discussed with representatives of Dreyfus and the Sub-Adviser the investment strategy employed in the management of the fund's assets and how that strategy affected the fund's relative performance. They discussed, among other matters, plans for increased management focus on ways to improve the fund's performance. The Board members noted that the Sub-Adviser is an experienced manager with a long-term "buy-and-hold" investment approach to investing in high quality, "mega-cap" companies. The Sub-Adviser's considerable reputation, based on following this investment approach, was noted. A representative of the Sub-Adviser reminded the Board members that high quality, mega-cap stocks have been out of favor, which has affected the fund's relative performance.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board noted that the fund's contractual management fee was above the Expense Group median and the fund's actual management fee and total expenses were above the Expense Group and Expense Universe medians.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Subadviser or its affiliates for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness and reasonableness of the fund's management fee.

The Board considered the fee to the Subadviser in relation to the fee paid to Dreyfus by the fund and the respective services provided by the Subadviser and Dreyfus.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered on the advice of its counsel the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements bear a reasonable relationship to the mix of services provided by Dreyfus and the Subadviser, including the nature, extent and quality of such services, and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Dreyfus representatives noted that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that Dreyfus may have realized any economies of scale would be less. Dreyfus representatives also noted that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus and the Subadviser from acting as investment adviser and sub-investment adviser, respectively, and noted the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus and the Subadviser are adequate and appropriate.
- The Board noted Dreyfus' efforts to improve fund performance and agreed to closely monitor performance.
- The Board concluded that the fees paid to Dreyfus and the Subadviser were reasonable in light of the considerations described above.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates and the Subadviser, of the fund and the services provided to the fund by Dreyfus and the Subadviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of prior or similar agreements during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the same or similar arrangements in prior years. The Board determined to renew the Agreements.

For More Information

Dreyfus Variable Investment Fund, Appreciation Portfolio
200 Park Avenue
New York, NY 10166

Investment Adviser

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Sub-Investment Adviser

Fayez Sarofim & Co.
Two Houston Center
Suite 2907
Houston, TX 77010

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-554-4611 or 1-516-338-3300

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144
Attn: Investments Division

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at http://www.dreyfus.com and on the SEC's website at http://www.sec.gov. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-DREYFUS.

The Dreyfus Socially Responsible Growth Fund, Inc.

SEMIANNUAL REPORT June 30, 2015

BNY MELLON

Dreyfus

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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THE FUND

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The Dreyfus Socially Responsible Growth Fund, Inc.

The Fund

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this semiannual report for The Dreyfus Socially Responsible Growth Fund, covering the six-month period from January 1, 2015, through June 30, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The U.S. stock market proved volatile on its way to posting modest gains over the first half of 2015. Investors were worried when the economic recovery stalled during the first quarter of the year due to unusually harsh winter weather, a strengthening U.S. dollar, and expected increases in short-term interest rates. These fears waned during the second quarter, when economic growth seemed to regain momentum. While a number of headwinds remained, investors were encouraged by better employment data, stronger housing markets, and stabilizing currency exchange rates.

We expect economic uncertainty and bouts of market volatility to persist over the near term as Europe continues to struggle with instability in Greece, China addresses a stubborn economic slowdown, geopolitical conflicts flare across the Middle East, and U.S. investors await the first in a series of short-term interest rate hikes. We remain more optimistic regarding the economy's long-term outlook, which we believe should be supported by improved consumer and business confidence as well as aggressively accommodative monetary policies from many of the world's major central banks. As always, we urge you to discuss these observations with your financial advisor, who can help you assess their implications for your investment portfolio.

Thank you for your continued confidence and support.

Sincerely,

J. Charles Cardona
President
The Dreyfus Corporation
July 15, 2015

DISCUSSION OF FUND PERFORMANCE

For the reporting period of January 1, 2015, through June 30, 2015, as provided by C. Wesley Boggs, William S. Cazalet, CAIA, and Ronald P. Gala, CFA, Portfolio Managers

Fund and Market Performance Overview

For the six-month period ended June 30, 2015, The Dreyfus Socially Responsible Growth Fund's Initial shares produced a total return of 0.07%, and the fund's Service shares returned –0.05%.[1] In comparison, the fund's benchmark, the Standard & Poor's 500® Composite Stock Price Index ("S&P 500 Index"), produced a total return of 1.23% for the same period.[2]

U.S. equities advanced modestly over the first half of 2015 amid choppy economic growth. The fund underperformed its benchmark, mainly due to relative weakness among stocks exhibiting attractive valuations and low volatility.

The Fund's Investment Approach

The fund seeks capital growth, with current income as a secondary objective. To pursue these goals, the fund invests at least 80% of its net assets in the common stocks of companies that, in our opinion, meet traditional investment standards while simultaneously conducting their businesses in a manner that contributes to the enhancement of the quality of life in America. In selecting stocks, we use quantitative research to identify and rank stocks within an industry or sector. Next, using fundamental analysis, we designate the most attractive of the higher ranked securities as potential purchase candidates. We then evaluate whether each company meets the fund's socially responsible investment criteria in order to determine whether the company is eligible for purchase or retention by the fund. With respect to those eligible securities, we then select investments that we consider to be the most attractive based on financial considerations.

The fund normally focuses on large-cap growth stocks; however, the fund also may invest in value-oriented stocks, midcap stocks and small-cap stocks.

Choppy Economic Growth Constrained Equity Gains

The U.S. economic recovery proved uneven over the first half of 2015. The economy contracted modestly during the first quarter in the face of severe winter weather and a labor slowdown in West Coast ports. Global economic weakness further weighed on U.S. exporters when massive quantitative easing programs in overseas markets caused the U.S. dollar to appreciate sharply against most foreign currencies. Meanwhile, low oil prices created challenges for energy producers. In this environment, the S&P 500 Index repeatedly vacillated between gains and losses over the first few months of the year.

The economy seemed to get back on track in the spring, when labor markets resumed their gains, housing markets showed renewed strength, oil prices rebounded, and currency exchange rates stabilized. Consequently, stock prices moved higher through mid-June until concerns regarding a debt crisis in Greece derailed the market's advance.

Growth Factors More Predictive than Valuations

Investors favored companies exhibiting high levels of price and earnings momentum over the reporting period, while more value-oriented and lower volatility stocks lagged market averages. For example, in the consumer discretionary sector, the fund did not hold Internet retailer Amazon.com which ranked poorly on our valuation and low volatility criteria. In addition, the company's environmental, social, and corporate governance (ESG) rating was downgraded due to concerns regarding corporate governance, toxic emissions, labor relations, and health and safety factors.

In the information technology sector, computer hardware maker Hewlett-Packard reported disappointing quarterly earnings stemming from foreign currency exchange headwinds and a weak outlook. The single greatest distractor from performance over the reporting period was the fund's top performer in 2014, Southwest Airlines, which fell sharply amid rebounding fuel prices and increased industry capacity.

The fund achieved better relative performance in the health care sector, where our security selection process identified several fast-growing companies in the biotechnology and life sciences industries. Most notably, biopharmaceutical developer Gilead Sciences significantly outperformed the market after announcing that it beat revenue expectations and raised its future revenue guidance. Medical insurer Cigna climbed due to strong financial results and, later in the reporting period, a takeover offer from a former rival. A number of strong stock selections in the consumer discretionary sector further supported the fund's results compared to the benchmark.

The fund's ESG criteria also added value. We established a new investment in health care services provider Henry Schein, which is ranked highly in energy efficiency, product quality and safety, and labor management. Conversely, we eliminated a position in data storage specialist Seagate Technology after its ESG rating fell due to compensation packages that fail to link employees' interests to the company's performance.

Focusing on Value, Quality, and Sustainability

Although our quantitative process does not directly consider macroeconomic factors, it is worth noting that the U.S. economy has regained momentum. As of midyear, our models have continued to identify opportunities meeting our criteria for attractive valuations, earnings quality, behavioral factors, and social responsibility. We have found such stocks across all of the market sectors represented in the S&P 500 Index, enabling the fund to maintain a generally sector-neutral investment posture.

July 15, 2015

Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

The fund's socially responsible investment criteria may limit the number of investment opportunities available to the fund, and as a result, at times, the fund may produce more modest gains than funds that are not subject to such special investment considerations.

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of The Dreyfus Socially Responsible Growth Fund, Inc. made available through insurance products may be similar to other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

1 *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*

2 *SOURCE: LIPPER INC. – Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Standard & Poor's 500® Composite Stock Price Index is a widely accepted, unmanaged index of U.S. stock market performance. Investors cannot invest directly in any index.*

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in The Dreyfus Socially Responsible Growth Fund, Inc. from January 1, 2015 to June 30, 2015. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.27	$ 5.50
Ending value (after expenses)	$1,000.70	$999.50

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.31	$ 5.56
Ending value (after expenses)	$1,020.53	$1,019.29

† *Expenses are equal to the fund's annualized expense ratio of .86% for Initial shares and 1.11% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS

June 30, 2015 (Unaudited)

Common Stocks—98.9%	Shares	Value ($)
Banks—3.6%		
Comerica	106,900	5,486,108
People's United Financial	256,700	4,161,107
		9,647,215
Capital Goods—6.0%		
3M	34,950	5,392,785
Caterpillar	5,000	424,100
Cummins	10,000	1,311,900
General Electric	71,350	1,895,770
Lockheed Martin	15,950	2,965,105
Parker Hannifin	8,600	1,000,438
Snap-on	17,850	2,842,612
		15,832,710
Consumer Durables & Apparel—.5%		
PVH	10,800	**1,244,160**
Consumer Services—2.0%		
Marriott International, Cl. A	71,750	**5,337,482**
Diversified Financials—5.5%		
American Express	45,550	3,540,146
Franklin Resources	61,100	2,995,733
Legg Mason	34,400	1,772,632
Northern Trust	20,200	1,544,492
T. Rowe Price Group	62,250	4,838,693
		14,691,696
Energy—7.6%		
Baker Hughes	25,400	1,567,180
ConocoPhillips	64,950	3,988,579
Exxon Mobil	4,600	382,720
Hess	12,950	866,096
Marathon Petroleum	95,500	4,995,605
National Oilwell Varco	33,050	1,595,654
Noble	44,000 [a]	677,160
Phillips 66	19,450	1,566,892

Common Stocks (continued)	Shares		Value ($)
Energy (continued)			
Spectra Energy	132,850		4,330,910
Tesoro	2,900		244,789
			20,215,585
Food, Beverage & Tobacco—4.5%			
Campbell Soup	30,400	a	1,448,560
Coca-Cola Enterprises	93,150		4,046,436
Mondelez International, Cl. A	103,900		4,274,446
PepsiCo	22,800		2,128,152
			11,897,594
Health Care Equipment & Services—5.2%			
AmerisourceBergen	39,400		4,189,796
Cardinal Health	14,100		1,179,465
Cigna	15,000		2,430,000
Edwards Lifesciences	14,200	b	2,022,506
Henry Schein	27,400	b	3,894,088
			13,715,855
Household & Personal Products—2.4%			
Clorox	36,650		3,812,333
Kimberly-Clark	24,400		2,585,668
			6,398,001
Insurance—5.7%			
ACE	43,400		4,412,912
Genworth Financial, Cl. A	83,200	b	629,824
Marsh & McLennan	80,300		4,553,010
Travelers	56,900		5,499,954
			15,095,700
Materials—6.2%			
Alcoa	336,350		3,750,302
Ball	60,050		4,212,507
Ecolab	11,950		1,351,187
International Flavors & Fragrances	41,800		4,568,322
Sigma-Aldrich	17,750		2,473,462
			16,355,780

Common Stocks (continued)	Shares		Value ($)
Media—5.5%			
DIRECTV	42,600	b	3,952,854
Discovery Communications, Cl. A	57,000	a,b	1,895,820
Scripps Networks Interactive, Cl. A	1,300		84,981
Time Warner	46,100		4,029,601
Time Warner Cable	16,550		2,948,714
Walt Disney	15,900		1,814,826
			14,726,796
Pharmaceuticals, Biotech & Life Sciences—13.1%			
Agilent Technologies	108,650		4,191,717
AstraZeneca, ADR	10,150	a	646,656
Biogen	10,350	b	4,180,779
Gilead Sciences	66,250		7,756,550
Mallinckrodt	8,500	b	1,000,620
Merck & Co.	94,600		5,385,578
PerkinElmer	52,500		2,763,600
Waters	33,250	b	4,268,635
Zoetis	95,900		4,624,298
			34,818,433
Retailing—1.8%			
Best Buy	8,200		267,402
Gap	99,900		3,813,183
Staples	31,900		488,389
Tiffany & Co.	2,700		247,860
			4,816,834
Semiconductors & Semiconductor Equipment—1.9%			
Intel	71,500		2,174,672
Skyworks Solutions	28,100		2,925,210
			5,099,882
Software & Services—7.6%			
Accenture, Cl. A	50,950		4,930,941
Citrix Systems	12,000	b	841,920

Common Stocks (continued)	Shares		Value ($)
Software & Services (continued)			
Intuit	45,150		4,549,766
Microsoft	101,450		4,479,018
Symantec	50		1,163
Teradata	95,300	a,b	3,526,100
Xerox	166,000		1,766,240
			20,095,148
Technology Hardware & Equipment—9.8%			
Apple	104,400		13,094,370
Cisco Systems	80,375		2,207,098
Corning	280,200		5,528,346
EMC	51,625		1,362,384
Hewlett-Packard	125,300		3,760,253
			25,952,451
Telecommunication Services—1.5%			
CenturyLink	132,100	a	**3,881,098**
Transportation—3.2%			
Expeditors International of Washington	14,200		654,691
Norfolk Southern	29,650		2,590,224
Southwest Airlines	159,300		5,271,237
			8,516,152
Utilities—5.3%			
Exelon	171,900		5,401,098
NextEra Energy	59,700		5,852,391
Public Service Enterprise Group	74,500		2,926,360
			14,179,849
Total Common Stocks (cost $211,079,186)			**262,518,421**

Other Investment—1.1%			
Registered Investment Company;			
Dreyfus Institutional Preferred Plus Money Market Fund (cost $2,842,492)	2,842,492	c	**2,842,492**

Investment of Cash Collateral for Securities Loaned—1.8%	Shares	Value ($)
Registered Investment Company;		
Dreyfus Institutional Cash Advantage Fund (cost $4,898,035)	4,898,035 [c]	**4,898,035**
Total Investments (cost $218,819,713)	**101.8%**	**270,258,948**
Liabilities, Less Cash and Receivables	**(1.8%)**	**(4,872,316)**
Net Assets	**100.0%**	**265,386,632**

ADR—American Depository Receipts

[a] *Security, or portion thereof, on loan. At June 30, 2015, the value of the fund's securities on loan was $10,014,064 and the value of the collateral held by the fund was $10,245,931, consisting of cash collateral of $4,898,035 and U.S. Government and Agency securities valued at $5,347,896.*

[b] *Non-income producing security.*

[c] *Investment in affiliated money market mutual fund.*

Portfolio Summary (Unaudited)†

	Value (%)		Value (%)
Pharmaceuticals, Biotech & Life Sciences	13.1	Food, Beverage & Tobacco	4.5
Technology Hardware & Equipment	9.8	Banks	3.6
Energy	7.6	Transportation	3.2
Software & Services	7.6	Money Market Investments	2.9
Materials	6.2	Household & Personal Products	2.4
Capital Goods	6.0	Consumer Services	2.0
Insurance	5.7	Semiconductors & Semiconductor Equipment	1.9
Diversified Financials	5.5	Retailing	1.8
Media	5.5	Telecommunication Services	1.5
Utilities	5.3	Consumer Durables & Apparel	.5
Health Care Equipment & Services	5.2		**101.8**

† *Based on net assets.*

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments (including securities on loan, valued at $10,014,064)—Note 1(b):		
Unaffiliated issuers	211,079,186	262,518,421
Affiliated issuers	7,740,527	7,740,527
Cash		111,904
Dividends and securities lending income receivable		289,842
Prepaid expenses		7,312
		270,668,006
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		183,185
Liability for securities on loan—Note 1(b)		4,898,035
Payable for shares of Common Stock redeemed		129,316
Accrued expenses		70,838
		5,281,374
Net Assets ($)		**265,386,632**
Composition of Net Assets ($):		
Paid-in capital		195,890,538
Accumulated undistributed investment income—net		1,520,631
Accumulated net realized gain (loss) on investments		16,536,228
Accumulated net unrealized appreciation (depreciation) on investments		51,439,235
Net Assets ($)		**265,386,632**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	254,622,486	10,764,146
Shares Outstanding	6,388,637	272,371
Net Asset Value Per Share ($)	**39.86**	**39.52**

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends:	
Unaffiliated issuers	2,715,725
Affiliated issuers	1,019
Income from securities lending—Note 1(b)	2,037
Total Income	**2,718,781**
Expenses:	
Management fee—Note 3(a)	1,034,191
Prospectus and shareholders' reports	40,363
Professional fees	40,036
Directors' fees and expenses—Note 3(d)	37,182
Distribution fees—Note 3(b)	13,538
Custodian fees—Note 3(c)	13,049
Shareholder servicing costs—Note 3(c)	930
Loan commitment fees—Note 2	693
Miscellaneous	15,366
Total Expenses	**1,195,348**
Less—reduction in fees due to earnings credits—Note 3(c)	(3)
Net Expenses	**1,195,345**
Investment Income—Net	**1,523,436**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	16,562,971
Net unrealized appreciation (depreciation) on investments	(17,566,613)
Net Realized and Unrealized Gain (Loss) on Investments	**(1,003,642)**
Net Increase in Net Assets Resulting from Operations	**519,794**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations ($):		
Investment income—net	1,523,436	2,774,159
Net realized gain (loss) on investments	16,562,971	35,125,017
Net unrealized appreciation (depreciation) on investments	(17,566,613)	(3,224,985)
Net Increase (Decrease) in Net Assets Resulting from Operations	**519,794**	**34,674,191**
Dividends to Shareholders from ($):		
Investment income—net:		
Initial Shares	(2,689,794)	(2,824,636)
Service Shares	(85,867)	(79,619)
Net realized gain on investments:		
Initial Shares	(33,743,127)	(18,473,730)
Service Shares	(1,384,964)	(647,248)
Total Dividends	**(37,903,752)**	**(22,025,233)**
Capital Stock Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	7,666,274	25,341,730
Service Shares	1,076,624	1,819,641
Dividends reinvested:		
Initial Shares	36,432,921	21,298,366
Service Shares	1,470,831	726,867
Cost of shares redeemed:		
Initial Shares	(24,047,765)	(53,057,045)
Service Shares	(943,572)	(1,143,249)
Increase (Decrease) in Net Assets from Capital Stock Transactions	**21,655,313**	**(5,013,690)**
Total Increase (Decrease) in Net Assets	**(15,728,645)**	**7,635,268**
Net Assets ($):		
Beginning of Period	281,115,277	273,480,009
End of Period	**265,386,632**	**281,115,277**
Undistributed investment income—net	1,520,631	2,772,856

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Capital Share Transactions:		
Initial Shares		
Shares sold	175,022	572,802
Shares issued for dividends reinvested	885,584	514,577
Shares redeemed	(556,199)	(1,207,470)
Net Increase (Decrease) in Shares Outstanding	**504,407**	**(120,091)**
Service Shares		
Shares sold	25,503	41,632
Shares issued for dividends reinvested	36,032	17,672
Shares redeemed	(22,407)	(26,392)
Net Increase (Decrease) in Shares Outstanding	**39,128**	**32,912**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	45.97	44.09	33.24	29.91	29.90	26.26
Investment Operations:						
Investment income—net[a]	.24	.45	.46	.44	.24	.25
Net realized and unrealized gain (loss) on investments	(.01)	5.07	10.87	3.15	.04	3.62
Total from Investment Operations	.23	5.52	11.33	3.59	.28	3.87
Distributions:						
Dividends from investment income—net	(.47)	(.48)	(.48)	(.26)	(.27)	(.23)
Dividends from net realized gain on investments	(5.87)	(3.16)	–	–	–	–
Total Distributions	(6.34)	(3.64)	(.48)	(.26)	(.27)	(.23)
Net asset value, end of period	39.86	45.97	44.09	33.24	29.91	29.90
Total Return (%)	.07[b]	13.45	34.34	11.98	.90	14.82
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.86[c]	.84	.86	.85	.85	.89
Ratio of net expenses to average net assets	.86[c]	.84	.86	.85	.85	.89
Ratio of net investment income to average net assets	1.11[c]	1.02	1.19	1.34	.80	.93
Portfolio Turnover Rate	29.61[b]	45.05	38.81	48.84	67.88	32.75
Net Assets, end of period ($ x 1,000)	254,622	270,483	264,713	207,383	208,013	227,893

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	45.58	43.76	33.01	29.70	29.71	26.10
Investment Operations:						
Investment income—net[a]	.18	.33	.36	.36	.17	.18
Net realized and unrealized gain (loss) on investments	(.01)	5.04	10.78	3.13	.02	3.60
Total from Investment Operations	.17	5.37	11.14	3.49	.19	3.78
Distributions:						
Dividends from investment income—net	(.36)	(.39)	(.39)	(.18)	(.20)	(.17)
Dividends from net realized gain on investments	(5.87)	(3.16)	–	–	–	–
Total Distributions	(6.23)	(3.55)	(.39)	(.18)	(.20)	(.17)
Net asset value, end of period	39.52	45.58	43.76	33.01	29.70	29.71
Total Return (%)	(.05)[b]	13.13	33.99	11.70	.65	14.54
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	1.11[c]	1.09	1.11	1.10	1.10	1.14
Ratio of net expenses to average net assets	1.11[c]	1.09	1.11	1.10	1.10	1.14
Ratio of net investment income to average net assets	.86[c]	.76	.93	1.09	.55	.68
Portfolio Turnover Rate	29.61[b]	45.05	38.81	48.84	67.88	32.75
Net Assets, end of period ($ x 1,000)	10,764	10,632	8,767	6,552	6,167	6,494

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

The Dreyfus Socially Responsible Growth Fund, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified open-end management investment company. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund's investment objective is to seek to provide capital growth. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold to the public without a sales charge. The fund is authorized to issue 150 million shares of $.001 par value Common Stock in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan. Initial shares are subject to a Shareholder Services Plan fee and Service shares are subject to a Distribution Plan fee, and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount 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 (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant ADRs and financial futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the fund's Board of Directors (the "Board"). Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of June 30, 2015 in valuing the fund's investments:

	Level 1– Unadjusted Quoted Prices	Level 2–Other Significant Observable Inputs	Level 3– Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities– Domestic Common Stocks†	261,194,605	–	–	**261,194,605**
Equity Securities– Foreign Common Stocks†	1,323,816	–	–	**1,323,816**
Mutual Funds	7,740,527	–	–	**7,740,527**

† *See Statement of Investments for additional detailed categorizations.*

At June 30, 2015, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least

102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. During the period ended June 30, 2015, The Bank of New York Mellon earned $592 from lending portfolio securities, pursuant to the securities lending agreement.

(c) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act. Investments in affiliated investment companies during the period ended June 30, 2015 were as follows:

Affiliated Investment Company	Value 12/31/2014 ($)	Purchases ($)	Sales ($)	Value 6/30/2015 ($)	Net Assets (%)
Dreyfus Institutional Preferred Plus Money Market Fund	3,814,776	13,611,185	14,583,469	2,842,492	1.1
Dreyfus Institutional Cash Advantage Fund	1,507,543	16,215,797	12,825,305	4,898,035	1.8
Total	**5,322,319**	**29,826,982**	**27,408,774**	**7,740,527**	**2.9**

(d) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue

Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2015, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2015, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2014 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2014 was as follows: ordinary income $3,658,185 and long-term capital gains $18,367,048. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in a $430 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended June 30, 2015, the fund did not borrow under the Facilities.

NOTE 3—Management Fee and Other Transactions with Affiliates:

(a) Pursuant to management agreement with Dreyfus, the management fee is computed at the annual rate of .75% of the value of the fund's average daily net assets and is payable monthly.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2015, Service shares were charged $13,538 pursuant to the Distribution Plan.

(c) Under the Shareholder Services Plan, Initial shares reimburse the Distributor at an amount not to exceed an annual rate of .25% of the value of its average daily net assets for certain allocated expenses with respect to servicing and/or maintaining Initial shares' shareholder accounts.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and

custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2015, the fund was charged $654 for transfer agency services and $53 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were partially offset by earnings credits of $3.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended June 30, 2015, the fund was charged $13,049 pursuant to the custody agreement.

During the period ended June 30, 2015, the fund was charged $6,240 for services performed by the Chief Compliance Officer and his staff.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $167,567, Distribution Plan fees $2,254, custodian fees $10,000, Chief Compliance Officer fees $3,169 and transfer agency fees $195.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2015, amounted to $81,026,592 and $94,886,563, respectively.

At June 30, 2015, accumulated net unrealized appreciation on investments was $51,439,235, consisting of $55,952,103 gross unrealized appreciation and $4,512,868 gross unrealized depreciation.

At June 30, 2015, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

For More Information

The Dreyfus Socially Responsible Growth Fund, Inc.
200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-554-4611 or 1-516-338-3300

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144
Attn: Investments Division

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at http://www.dreyfus.com and on the SEC's website at http://www.sec.gov. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-DREYFUS.

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Dreyfus Stock Index Fund, Inc.

SEMIANNUAL REPORT June 30, 2015

BNY MELLON

Dreyfus

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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THE FUND

FOR MORE INFORMATION

Dreyfus
Stock Index Fund, Inc.

The Fund

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Stock Index Fund, covering the six-month period from January 1, 2015, through June 30, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The U.S. stock market proved volatile on its way to posting modest gains over the first half of 2015. Investors were worried when the economic recovery stalled during the first quarter of the year due to unusually harsh winter weather, a strengthening U.S. dollar, and expected increases in short-term interest rates. These fears waned during the second quarter, when economic growth seemed to regain momentum. While a number of headwinds remained, investors were encouraged by better employment data, stronger housing markets, and stabilizing currency exchange rates.

We expect economic uncertainty and bouts of market volatility to persist over the near term as Europe continues to struggle with instability in Greece, China addresses a stubborn economic slowdown, geopolitical conflicts flare across the Middle East, and U.S. investors await the first in a series of short-term interest rate hikes. We remain more optimistic regarding the economy's long-term outlook, which we believe should be supported by improved consumer and business confidence as well as aggressively accommodative monetary policies from many of the world's major central banks. As always, we urge you to discuss these observations with your financial advisor, who can help you assess their implications for your investment portfolio.

Thank you for your continued confidence and support.

Sincerely,

J. Charles Cardona
President
The Dreyfus Corporation
July 15, 2015

DISCUSSION OF FUND PERFORMANCE

For the period of January 1, 2015, through June 30, 2015, as provided by Thomas J. Durante, CFA, Karen Q. Wong, CFA, and Richard A. Brown, CFA, Portfolio Managers

Fund and Market Performance Overview

For the six-month period ended June 30, 2015, Dreyfus Stock Index Fund's (the "fund") Initial shares produced a total return of 1.08%, and its Service shares produced a total return of 0.97%.[1] In comparison, the fund's benchmark, the Standard & Poor's® 500 Composite Stock Price Index ("S&P 500 Index"), produced a total return of 1.23% for the same period.[2,3]

U.S. equities advanced modestly over the first half of 2015 amid choppy economic growth. The difference in returns between the fund and the S&P 500 Index was primarily the result of transaction costs and operating expenses that are not reflected in the S&P 500 Index's results.

The Fund's Investment Approach

The fund seeks to match the total return of the S&P 500 Index by generally investing in all 500 stocks in the S&P 500 Index in proportion to their respective weighting. Often considered a proxy for the stock market in general, the S&P 500 Index is made up of 500 common stocks chosen to reflect the industries of the U.S. economy. Each stock is weighted by its market capitalization; that is, larger companies have greater representation in the S&P 500 Index than smaller ones. The fund also may use stock index futures as a substitute for the sale or purchase of securities.

Choppy Economic Growth Constrained Equity Gains

In contrast to robust economic performance during much of 2014, the economic recovery proved more uneven over the first half of 2015. The U.S. economy contracted modestly during the first quarter in the face of severe winter weather and a labor slowdown in West Coast ports. Global economic weakness further weighed on U.S. exporters and multinational corporations when massive quantitative easing programs in Europe and Japan caused the U.S. dollar to appreciate sharply against most foreign currencies. Meanwhile, sharply lower oil prices created challenges for energy producers. In this environment, the S&P 500 Index repeatedly vacillated between gains and losses over the first few months of the year.

The economy seemed to get back on track in the spring, when labor markets resumed their gains, housing markets showed renewed strength, oil prices rebounded, and currency exchange rates stabilized. These developments more than offset concerns surrounding flat wage growth and reduced labor force participation. Consequently, stock prices moved higher through mid-June until concerns regarding a debt crisis in Greece derailed the market's advance.

Various Market Sectors Produced Mixed Results

The health care sector ranked as the S&P 500 Index's strongest segment over the first half of 2015. Earnings of health care providers were supported by demographic trends in which an aging population is spending more on medical services. In addition, the Affordable Care Act has boosted demand for hospitals and insurers while fueling speculation that mergers-and-acquisitions activity will increase within the sector. The consumer discretionary sector was bolstered over the reporting period by improved consumer confidence, and restaurants, hotels, and entertainment providers benefited from higher levels of disposable income stemming from lower fuel prices. Moreover, many consumer discretionary companies derive the bulk of their revenues from the United States, which enabled them to avoid the dampening influences of adverse currency fluctuations.

The information technology sector produced more mixed results. Innovative companies engaged in cloud and mobile computing fared well, but legacy technology producers — such as those focusing on desktop computers — lagged sector averages. The sector's results also were bolstered by consumer electronics giant Apple, which continued to gain market share among smartphone users.

The energy sector was the greatest laggard within the S&P 500 Index over the first half of 2015. Although oil prices have rebounded to a degree, they remain significantly lower than year-ago levels. Energy companies also have struggled with high inventories, slowing global demand, and concerns that sanctions relief for Iran could increase crude oil supplies. Dividend-paying companies in the utilities sector generally produced flat earnings over the first half of the year, but they lost value due to concerns that rising interest rates could make bonds a more competitive alternative for income-oriented investors. Stocks in the industrials sector fell out of favor amid global economic weakness and a strengthening U.S. dollar early in the reporting period. In addition, airlines were hurt by increased industry capacity, and railroads suffered when shipping volumes declined among domestic energy producers.

Maintaining a Passive Investment Approach

Although we attempt to replicate the performance of the S&P 500 Index and do not actively manage the fund's investments in response to macroeconomic trends, it is worth noting that the U.S. economy recently has gained momentum, and international markets may be poised for recovery in response to aggressively accommodative monetary policies. As always, we have continued to monitor the factors considered by the fund's investment model in light of current market conditions.

July 15, 2015

Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Stock Index Fund, Inc. made available through insurance products may be similar to other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

1 *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*

2 *SOURCE: LIPPER INC. – Reflects reinvestment of dividends monthly and, where applicable, capital gain distributions. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted, unmanaged index of U.S. stock market performance. Investors cannot invest directly in any index.*

3 *"Standard & Poor's®," "S&P®," "Standard & Poor's 500™, "and "S&P 500®" are trademarks of Standard & Poor's Financial Services LLC ("Standard & Poor's") and have been licensed for use by the fund to reflect the fund's benchmark. The fund is not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's does not make any representation regarding the advisability of investing in the fund.*

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Stock Index Fund, Inc. from January 1, 2015 to June 30, 2015. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 1.40	$ 2.59
Ending value (after expenses)	$1,010.80	$1,009.70

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 1.40	$ 2.61
Ending value (after expenses)	$1,023.41	$1,022.22

† *Expenses are equal to the fund's annualized expense ratio of .28% for Initial shares and .52% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS

June 30, 2015 (Unaudited)

Common Stocks—99.3%	Shares	Value ($)
Automobiles & Components—1.1%		
BorgWarner	26,373	1,499,041
Delphi Automotive	34,170	2,907,525
Ford Motor	456,338	6,849,633
General Motors	157,043	5,234,243
Goodyear Tire & Rubber	32,553	981,473
Harley-Davidson	24,200	1,363,670
Johnson Controls	75,545	3,741,744
		22,577,329
Banks—6.2%		
Bank of America	1,216,790	20,709,766
BB&T	83,382	3,361,128
Citigroup	352,388	19,465,913
Comerica	20,999	1,077,669
Fifth Third Bancorp	93,672	1,950,251
Hudson City Bancorp	54,637	539,814
Huntington Bancshares	92,131	1,042,002
JPMorgan Chase & Co.	431,436	29,234,103
KeyCorp	97,036	1,457,481
M&T Bank	15,265	1,907,056
People's United Financial	36,681	594,599
PNC Financial Services Group	60,434	5,780,512
Regions Financial	158,606	1,643,158
SunTrust Banks	60,142	2,587,309
U.S. Bancorp	207,097	8,988,010
Wells Fargo & Co.	544,246	30,608,395
Zions Bancorporation	21,832	692,839
		131,640,005
Capital Goods—7.4%		
3M	73,342	11,316,671
Allegion	10,801	649,572
AMETEK	28,427	1,557,231
Boeing	74,737	10,367,517
Caterpillar	70,596	5,987,953
Cummins	19,730	2,588,379
Danaher	71,300	6,102,567

Common Stocks (continued)	Shares		Value ($)
Capital Goods (continued)			
Deere & Co.	38,995	a	3,784,465
Dover	19,008		1,333,981
Eaton	54,300		3,664,707
Emerson Electric	77,690		4,306,357
Fastenal	32,374	a	1,365,535
Flowserve	16,349		860,938
Fluor	17,391		921,897
General Dynamics	36,691		5,198,748
General Electric	1,170,208		31,092,427
Honeywell International	90,370		9,215,029
Illinois Tool Works	40,123		3,682,890
Ingersoll-Rand	30,315		2,043,837
Jacobs Engineering Group	15,244	b	619,211
Joy Global	11,265	a	407,793
L-3 Communications Holdings	9,834		1,114,979
Lockheed Martin	31,319		5,822,202
Masco	39,775		1,060,799
Northrop Grumman	22,976		3,644,683
PACCAR	40,607		2,591,133
Pall	12,172		1,514,805
Parker Hannifin	16,805		1,954,926
Pentair	20,854		1,433,712
Precision Castparts	16,073		3,212,511
Quanta Services	25,057	b	722,143
Raytheon	35,886		3,433,572
Rockwell Automation	15,447		1,925,314
Rockwell Collins	15,630		1,443,431
Roper Technologies	11,862		2,045,721
Snap-on	6,577		1,047,387
Stanley Black & Decker	17,936		1,887,585
Textron	32,583		1,454,179
United Rentals	10,991	b	963,031
United Technologies	95,468		10,590,265
W.W. Grainger	6,892		1,630,992

Common Stocks (continued)	Shares		Value ($)
Capital Goods (continued)			
Xylem	22,125		820,174
			157,381,249
Commercial & Professional Services—.6%			
ADT	20,783	a	697,685
Cintas	10,997		930,236
Dun & Bradstreet	3,960		483,120
Equifax	14,075		1,366,542
Nielsen	43,002		1,925,200
Pitney Bowes	23,223		483,271
Republic Services	28,928		1,133,110
Robert Half International	15,113		838,772
Stericycle	9,614	b	1,287,411
Tyco International	47,900		1,843,192
Waste Management	49,415		2,290,385
			13,278,924
Consumer Durables & Apparel—1.4%			
Coach	32,907		1,138,911
D.R. Horton	39,115		1,070,186
Fossil Group	5,573	a,b	386,543
Garmin	14,345		630,176
Hanesbrands	47,053		1,567,806
Harman International Industries	7,974		948,428
Hasbro	12,719		951,254
Leggett & Platt	16,421		799,374
Lennar, Cl. A	19,766		1,008,857
Mattel	40,884		1,050,310
Michael Kors Holdings	22,776	b	958,642
Mohawk Industries	7,293	b	1,392,234
Newell Rubbermaid	32,349		1,329,867
NIKE, Cl. B	81,449		8,798,121
PulteGroup	39,332		792,540
PVH	9,394		1,082,189
Ralph Lauren	7,218		955,374
Under Armour, Cl. A	19,017	b	1,586,778

Common Stocks (continued)	Shares		Value ($)
Consumer Durables & Apparel (continued)			
VF	40,113		2,797,481
Whirlpool	9,062		1,568,179
			30,813,250
Consumer Services—1.8%			
Carnival	52,374		2,586,752
Chipotle Mexican Grill	3,580	b	2,165,864
Darden Restaurants	14,864		1,056,533
H&R Block	31,557		935,665
Marriott International, Cl. A	24,443	a	1,818,315
McDonald's	111,804		10,629,206
Royal Caribbean Cruises	19,705		1,550,586
Starbucks	173,112		9,281,400
Starwood Hotels & Resorts Worldwide	20,267	c	1,643,451
Wyndham Worldwide	13,770		1,127,901
Wynn Resorts	9,402		927,695
Yum! Brands	49,841		4,489,677
			38,213,045
Diversified Financials—5.1%			
Affiliated Managers Group	6,526	b	1,426,584
American Express	101,874		7,917,647
Ameriprise Financial	21,428		2,677,000
Bank of New York Mellon	129,260		5,425,042
Berkshire Hathaway, Cl. B	211,821	b	28,830,956
BlackRock	14,614		5,056,152
Capital One Financial	63,533		5,588,998
Charles Schwab	133,690		4,364,979
CME Group	36,404		3,387,756
Discover Financial Services	51,298		2,955,791
E*TRADE Financial	33,871	b	1,014,436
Franklin Resources	45,466		2,229,198
Goldman Sachs Group	46,779		9,766,987
Intercontinental Exchange	13,088		2,926,608
Invesco	49,404		1,852,156
Legg Mason	11,677		601,716
Leucadia National	38,352		931,187
McGraw-Hill Financial	31,902		3,204,556

Common Stocks (continued)	Shares		Value ($)
Diversified Financials (continued)			
Moody's	20,979		2,264,893
Morgan Stanley	177,802		6,896,940
NASDAQ OMX Group	13,750		671,137
Navient	47,286		861,078
Northern Trust	25,233		1,929,315
State Street	47,379		3,648,183
T. Rowe Price Group	30,751		2,390,275
			108,819,570
Energy—7.8%			
Anadarko Petroleum	58,800		4,589,928
Apache	43,669		2,516,644
Baker Hughes	51,001		3,146,762
Cabot Oil & Gas	47,243	a	1,490,044
Cameron International	22,383	b	1,172,198
Chesapeake Energy	59,535	a	665,006
Chevron	218,404		21,069,434
Cimarex Energy	10,841		1,195,871
ConocoPhillips	142,210		8,733,116
CONSOL Energy	27,392		595,502
Devon Energy	44,768		2,663,248
Diamond Offshore Drilling	8,660	a	223,515
Ensco, Cl. A	27,022		601,780
EOG Resources	63,686		5,575,709
EQT	17,492		1,422,799
Exxon Mobil	485,590		40,401,088
FMC Technologies	27,452	b	1,138,983
Halliburton	98,530	a	4,243,687
Helmerich & Payne	12,355	a	870,039
Hess	28,693		1,918,988
Kinder Morgan	201,325		7,728,867
Marathon Oil	77,729		2,062,928
Marathon Petroleum	62,676		3,278,582
Murphy Oil	18,930		786,920
National Oilwell Varco	45,114		2,178,104
Newfield Exploration	18,373	b	663,633
Noble	30,092	a	463,116

Common Stocks (continued)	Shares		Value ($)
Energy (continued)			
Noble Energy	45,129		1,926,106
Occidental Petroleum	88,881		6,912,275
ONEOK	24,607		971,484
Phillips 66	63,052		5,079,469
Pioneer Natural Resources	17,221		2,388,380
Range Resources	19,911		983,205
Schlumberger	147,411		12,705,354
Southwestern Energy	44,543	b	1,012,462
Spectra Energy	76,927		2,507,820
Tesoro	14,262		1,203,855
Transocean	39,286	a	633,290
Valero Energy	59,129		3,701,475
Williams	77,988		4,475,731
			165,897,397
Food & Staples Retailing—2.4%			
Costco Wholesale	50,760		6,855,646
CVS Health	131,024		13,741,797
Kroger	56,477		4,095,147
Sysco	68,528		2,473,861
Wal-Mart Stores	182,575		12,950,045
Walgreens Boots Alliance	100,652		8,499,055
Whole Foods Market	41,527		1,637,825
			50,253,376
Food, Beverage & Tobacco—5.1%			
Altria Group	227,537		11,128,835
Archer-Daniels-Midland	72,882		3,514,370
Brown-Forman, Cl. B	17,892		1,792,421
Campbell Soup	20,702		986,450
Coca-Cola	454,486		17,829,486
Coca-Cola Enterprises	25,447		1,105,418
ConAgra Foods	50,514		2,208,472
Constellation Brands, Cl. A	19,297		2,238,838
Dr. Pepper Snapple Group	22,174		1,616,485
General Mills	70,249		3,914,274
Hershey	17,560		1,559,855
Hormel Foods	16,227		914,716

Common Stocks (continued)	Shares		Value ($)
Food, Beverage & Tobacco (continued)			
J.M. Smucker	11,160		1,209,856
Kellogg	30,010		1,881,627
Keurig Green Mountain	14,411		1,104,315
Kraft Foods Group	68,592		5,839,923
McCormick & Co	15,009		1,214,979
Mead Johnson Nutrition	23,727		2,140,650
Molson Coors Brewing, Cl. B	18,665		1,303,004
Mondelez International, Cl. A	189,040		7,777,106
Monster Beverage	16,967	b	2,273,917
PepsiCo	171,409		15,999,316
Philip Morris International	179,903		14,422,824
Reynolds American	47,389		3,538,077
Tyson Foods, Cl. A	34,559		1,473,250
			108,988,464
Health Care Equipment & Services—5.2%			
Abbott Laboratories	173,029		8,492,263
Aetna	40,934		5,217,448
AmerisourceBergen	23,948		2,546,630
Anthem	30,941		5,078,656
Baxter International	63,536		4,443,072
Becton Dickinson & Co.	24,131		3,418,156
Boston Scientific	152,404	b	2,697,551
C.R. Bard	8,622		1,471,775
Cardinal Health	38,209		3,196,183
Cerner	35,848	b	2,475,663
Cigna	29,699		4,811,238
DaVita HealthCare Partners	19,709	b	1,566,274
DENTSPLY International	15,866		817,892
Edwards Lifesciences	12,257	b	1,745,765
Express Scripts Holding	84,463	b	7,512,139
HCA Holdings	34,704	b	3,148,347
Henry Schein	9,672	b	1,374,585
Humana	17,302		3,309,527
Intuitive Surgical	4,256	b	2,062,032
Laboratory Corporation of America Holdings	11,672	b	1,414,880
McKesson	27,038		6,078,413

Common Stocks (continued)	Shares		Value ($)
Health Care Equipment & Services (continued)			
Medtronic	164,684		12,203,084
Patterson	9,507		462,516
Quest Diagnostics	16,648		1,207,313
St. Jude Medical	32,425		2,369,295
Stryker	34,618		3,308,442
Tenet Healthcare	11,190	b	647,677
UnitedHealth Group	110,215		13,446,230
Universal Health Services, Cl. B	10,567		1,501,571
Varian Medical Systems	11,943	b	1,007,153
Zimmer Biomet Holdings	19,872		2,170,619
			111,202,389
Household & Personal Products—1.8%			
Clorox	15,164		1,577,359
Colgate-Palmolive	98,330		6,431,765
Estee Lauder, Cl. A	25,698		2,226,989
Kimberly-Clark	42,388		4,491,856
Procter & Gamble	315,026		24,647,634
			39,375,603
Insurance—2.7%			
ACE	37,600		3,823,168
Aflac	50,373		3,133,201
Allstate	47,811		3,101,500
American International Group	155,037		9,584,387
Aon	32,158		3,205,509
Assurant	8,162		546,854
Chubb	26,441		2,515,597
Cincinnati Financial	17,615		883,921
Genworth Financial, Cl. A	58,498	b	442,830
Hartford Financial Services Group	49,718		2,066,777
Lincoln National	29,938		1,772,928
Loews	34,182		1,316,349
Marsh & McLennan	62,907		3,566,827
MetLife	129,791		7,266,998
Principal Financial Group	31,386		1,609,788
Progressive	61,408		1,708,985
Prudential Financial	52,233		4,571,432

Common Stocks (continued)	Shares	Value ($)
Insurance (continued)		
Torchmark	14,359	835,981
Travelers	36,934	3,570,040
Unum Group	28,587	1,021,985
XL Group	35,292	1,312,862
		57,857,919
Materials—3.2%		
Air Products & Chemicals	22,134	3,028,595
Airgas	8,186	865,915
Alcoa	138,296	1,542,000
Allegheny Technologies	13,606	410,901
Avery Dennison	10,048	612,325
Ball	15,582	1,093,077
CF Industries Holdings	28,245	1,815,589
Dow Chemical	125,481	6,420,863
E.I. du Pont de Nemours & Co.	104,474	6,681,112
Eastman Chemical	16,843	1,378,094
Ecolab	30,933	3,497,594
FMC	15,496	814,315
Freeport-McMoRan	119,177	2,219,076
International Flavors & Fragrances	9,317	1,018,255
International Paper	48,934	2,328,769
LyondellBasell Industries, Cl. A	45,586	4,719,063
Martin Marietta Materials	7,330	1,037,268
MeadWestvaco	38,806	1,831,255
Monsanto	55,729	5,940,154
Mosaic	36,308	1,701,030
Newmont Mining	61,239	1,430,543
Nucor	37,363	1,646,587
Owens-Illinois	19,062 [b]	437,282
PPG Industries	31,502	3,613,909
Praxair	33,206	3,969,777
Sealed Air	25,014	1,285,219
Sherwin-Williams	9,493	2,610,765
Sigma-Aldrich	13,713	1,910,907
Vulcan Materials	15,563	1,306,203
		67,166,442

Common Stocks (continued)	Shares		Value ($)
Media—3.7%			
Cablevision Systems Cl. A	26,358	a	631,011
CBS, Cl. B	52,511		2,914,360
Comcast, Cl. A	292,047		17,563,707
DIRECTV	58,334	b	5,412,812
Discovery Communications, Cl. A	17,665	a,b	587,538
Discovery Communications, Cl. C	32,180	b	1,000,154
Gannet	12,967		181,401
Interpublic Group of Companies	48,207		928,949
News Corp., Cl. A	57,179	b	834,242
Omnicom Group	28,432		1,975,740
Scripps Networks Interactive, Cl. A	11,466	a	749,532
TEGNA	25,933		831,671
Time Warner	96,540		8,438,561
Time Warner Cable	32,814		5,846,470
Twenty-First Century Fox, Cl. A	205,755		6,696,296
Viacom, Cl. B	41,547		2,685,598
Walt Disney	180,862		20,643,589
			77,921,631
Pharmaceuticals, Biotech & Life Sciences—10.1%			
AbbVie	199,216		13,385,323
Agilent Technologies	39,140		1,510,021
Alexion Pharmaceuticals	25,894	b	4,680,858
Allergan	45,566	b	13,827,458
Amgen	88,294		13,554,895
Biogen	27,297	b	11,026,350
Bristol-Myers Squibb	193,569		12,880,081
Celgene	92,167	b	10,666,948
Eli Lilly & Co.	112,852		9,422,013
Endo International	23,406	b	1,864,288
Gilead Sciences	170,766		19,993,283
Hospira	20,018	b	1,775,797
Johnson & Johnson	321,800		31,362,628
Mallinckrodt	13,365	b	1,573,328
Merck & Co.	328,291		18,689,607
Mylan	47,761	b	3,241,061

Common Stocks (continued)	Shares		Value ($)
Pharmaceuticals, Biotech & Life Sciences (continued)			
PerkinElmer	12,780		672,739
Perrigo Company	16,956		3,133,977
Pfizer	715,008		23,974,218
Regeneron Pharmaceuticals	8,747	b	4,462,107
Thermo Fisher Scientific	45,728		5,933,665
Vertex Pharmaceuticals	28,123	b	3,472,628
Waters	9,473	b	1,216,144
Zoetis	59,045		2,847,150
			215,166,567
Real Estate—2.4%			
American Tower	49,157	c	4,585,857
Apartment Investment & Management, Cl. A	18,056	c	666,808
AvalonBay Communities	15,484	c	2,475,427
Boston Properties	17,770	c	2,150,881
CBRE Group, Cl. A	32,473	b	1,201,501
Crown Castle International	39,213		3,148,804
Equity Residential	42,692	c	2,995,698
Essex Property Trust	7,595	c	1,613,937
General Growth Properties	73,952	c	1,897,608
HCP	53,355	c	1,945,857
Health Care	40,751	c	2,674,488
Host Hotels & Resorts	87,739	c	1,739,864
Iron Mountain	22,010		682,310
Kimco Realty	49,616	c	1,118,345
Macerich	16,251	c	1,212,325
Plum Creek Timber	20,445	c	829,454
Prologis	58,997	c	2,188,789
Public Storage	16,656	c	3,070,867
Realty Income	26,423	a,c	1,172,917
Simon Property Group	36,270	c	6,275,435
SL Green Realty	11,580	c	1,272,526
Ventas	38,024	c	2,360,910
Vornado Realty Trust	20,670	c	1,962,203
Weyerhaeuser	60,491	c	1,905,467
			51,148,278

Common Stocks (continued)	Shares		Value ($)
Retailing—4.7%			
Amazon.com	44,343	b	19,248,853
AutoNation	7,846	b	494,141
AutoZone	3,682	b	2,455,526
Bed Bath & Beyond	19,967	a,b	1,377,324
Best Buy	34,569		1,127,295
CarMax	24,824	b	1,643,597
Dollar General	34,741		2,700,765
Dollar Tree	23,654	b	1,868,429
Expedia	11,929		1,304,436
Family Dollar Stores	11,473		904,187
GameStop, Cl. A	13,708	a	588,896
Gap	29,963		1,143,688
Genuine Parts	17,949		1,606,974
Home Depot	150,943		16,774,296
Kohl's	23,210		1,453,178
L Brands	28,146		2,412,957
Lowe's	108,465		7,263,901
Macy's	39,871		2,690,096
Netflix	6,974	b	4,581,500
Nordstrom	16,415		1,222,918
O'Reilly Automotive	11,733	b	2,651,423
Priceline Group	6,035	b	6,948,518
Ross Stores	47,772		2,322,197
Staples	72,385		1,108,214
Target	73,958		6,037,192
The TJX Companies	78,629		5,202,881
Tiffany & Co.	13,366		1,226,999
Tractor Supply	15,611		1,404,053
TripAdvisor	12,783	b	1,113,911
Urban Outfitters	10,889	b	381,115
			101,259,460
Semiconductors & Semiconductor Equipment—2.4%			
Altera	34,487		1,765,734
Analog Devices	36,704		2,355,846
Applied Materials	144,748		2,782,057

Common Stocks (continued)	Shares		Value ($)
Semiconductors & Semiconductor Equipment (continued)			
Avago Technologies	30,058		3,995,610
Broadcom, Cl. A	63,813		3,285,731
First Solar	8,381	b	393,739
Intel	550,927		16,756,445
KLA-Tencor	18,331		1,030,386
Lam Research	18,283		1,487,322
Linear Technology	27,726		1,226,321
Microchip Technology	23,408	a	1,110,124
Micron Technology	126,449	b	2,382,299
NVIDIA	60,979		1,226,288
Qorvo	17,217	b	1,382,009
Skyworks Solutions	22,310		2,322,471
Texas Instruments	121,663		6,266,861
Xilinx	29,899		1,320,340
			51,089,583
Software & Services—10.4%			
Accenture, Cl. A	73,201		7,084,393
Adobe Systems	55,145	b	4,467,296
Akamai Technologies	20,863	b	1,456,655
Alliance Data Systems	7,239	b	2,113,354
Autodesk	27,022	b	1,353,127
Automatic Data Processing	54,692		4,387,939
CA	38,102		1,116,008
Citrix Systems	18,232	b	1,279,157
Cognizant Technology Solutions, Cl. A	70,666	b	4,316,986
Computer Sciences	15,975		1,048,599
eBay	127,946	b	7,707,467
Electronic Arts	35,857	b	2,384,490
Equinix	6,626		1,683,004
Facebook, Cl. A	244,574	b	20,975,889
Fidelity National Information Services	32,728		2,022,590
Fiserv	28,144	b	2,331,168
Google, Cl. A	33,236	b	17,948,769
Google, Cl. C	33,184	b	17,272,604
International Business Machines	106,314		17,293,035

Common Stocks (continued)	Shares		Value ($)
Software & Services (continued)			
Intuit	31,757		3,200,153
MasterCard, Cl. A	112,618		10,527,531
Microsoft	940,042		41,502,854
Oracle	370,677		14,938,283
Paychex	37,655		1,765,266
Red Hat	21,043	b	1,597,795
salesforce.com	70,766	b	4,927,437
Symantec	80,734		1,877,066
Teradata	17,281	a,b	639,397
Total System Services	19,743		824,665
VeriSign	12,387	a,b	764,526
Visa, Cl. A	224,273		15,059,932
Western Union	59,512		1,209,879
Xerox	123,285		1,311,752
Yahoo!	100,126	b	3,933,951
			222,323,017
Technology Hardware & Equipment—6.7%			
Amphenol, Cl. A	35,649		2,066,573
Apple	669,400		83,959,495
Cisco Systems	590,313		16,209,995
Corning	149,118		2,942,098
EMC	225,760		5,957,806
F5 Networks	8,193	b	986,028
FLIR Systems	15,986		492,689
Harris	14,229		1,094,352
Hewlett-Packard	211,166		6,337,092
Juniper Networks	40,835		1,060,485
Motorola Solutions	22,671		1,299,955
NetApp	35,840		1,131,110
QUALCOMM	189,343		11,858,552
SanDisk	25,131		1,463,127
Seagate Technology	37,516		1,782,010
TE Connectivity	47,000		3,022,100
Western Digital	25,064		1,965,519
			143,628,986

Common Stocks (continued)	Shares		Value ($)
Telecommunication Services—2.2%			
AT&T	603,110	a	21,422,467
CenturyLink	64,779		1,903,207
Frontier Communications	133,009		658,395
Level 3 Communications	32,850	b	1,730,209
Verizon Communications	473,996		22,092,954
			47,807,232
Transportation—2.1%			
American Airlines Group	82,452		3,292,721
C.H. Robinson Worldwide	16,942		1,057,011
CSX	115,867		3,783,058
Delta Air Lines	95,558		3,925,523
Expeditors International of Washington	23,052		1,062,812
FedEx	30,706		5,232,302
J.B. Hunt Transport Services	10,692		877,706
Kansas City Southern	12,890		1,175,568
Norfolk Southern	35,314		3,085,031
Ryder System	5,911		516,444
Southwest Airlines	78,945		2,612,290
Union Pacific	102,531		9,778,381
United Parcel Service, Cl. B	80,206		7,772,763
			44,171,610
Utilities—2.8%			
AES	75,011		994,646
AGL Resources	13,986		651,188
Ameren	28,746		1,083,149
American Electric Power	56,182		2,975,961
CenterPoint Energy	52,052		990,550
CMS Energy	31,790		1,012,194
Consolidated Edison	34,369		1,989,278
Dominion Resources	68,064		4,551,440
DTE Energy	21,027		1,569,455
Duke Energy	80,400		5,677,848
Edison International	38,205		2,123,434
Entergy	21,437		1,511,308
Eversource Energy	36,521		1,658,419

Common Stocks (continued)	Shares	Value ($)
Utilities (continued)		
Exelon	98,724	3,101,908
FirstEnergy	48,617	1,582,483
NextEra Energy	51,071	5,006,490
NiSource	35,935	1,638,277
NRG Energy	39,241	897,834
Pepco Holdings	31,010	835,409
PG&E	55,680	2,733,888
Pinnacle West Capital	13,127	746,795
PPL	78,453	2,312,010
Public Service Enterprise Group	59,371	2,332,093
SCANA	16,024	811,616
Sempra Energy	26,535	2,625,373
Southern	104,726	4,388,019
TECO Energy	26,631	470,303
WEC Energy Group	37,434	1,683,391
Xcel Energy	58,627	1,886,617
		59,841,376
Total Common Stocks (cost $933,467,332)		**2,117,822,702**

Short-Term Investments—.0%	Principal Amount ($)	Value ($)
U.S. Treasury Bills:		
0.08%, 9/17/15	545,000 [d]	545,006
0.08%, 12/10/15	150,000 [d]	149,975
Total Short-Term Investments (cost $694,849)		**694,981**

Other Investment—.8%	Shares	Value ($)
Registered Investment Company;		
Dreyfus Institutional Preferred Plus Money Market Fund (cost $17,140,864)	17,140,864 [e]	**17,140,864**

Investment of Cash Collateral for Securities Loaned—.2%	Shares	Value ($)
Registered Investment Company;		
Dreyfus Institutional Cash Advantage Fund (cost $4,416,835)	4,416,835 [e]	**4,416,835**
Total Investments (cost $955,719,880)	**100.3%**	**2,140,075,382**
Liabilities, Less Cash and Receivables	**(.3%)**	**(7,409,565)**
Net Assets	**100.0%**	**2,132,665,817**

[a] *Security, or portion thereof, on loan. At June 30, 2015, the value of the fund's securities on loan was $40,767,974 and the value of the collateral held by the fund was $41,647,890, consisting of cash collateral of $4,416,835 and U.S. Government & Agency securities valued at $37,231,055.*

[b] *Non-income producing security.*

[c] *Investment in real estate investment trust.*

[d] *Held by or on behalf of a counterparty for open financial futures contracts.*

[e] *Investment in affiliated money market mutual fund.*

Portfolio Summary (Unaudited)†

	Value (%)		Value (%)
Software & Services	10.4	Food & Staples Retailing	2.4
Pharmaceuticals, Biotech & Life Sciences	10.1	Real Estate	2.4
Energy	7.8	Semiconductors & Semiconductor Equipment	2.4
Capital Goods	7.4	Telecommunication Services	2.2
Technology Hardware & Equipment	6.7	Transportation	2.1
Banks	6.2	Consumer Services	1.8
Health Care Equipment & Services	5.2	Household & Personal Products	1.8
Diversified Financials	5.1	Consumer Durables & Apparel	1.4
Food, Beverage & Tobacco	5.1	Automobiles & Components	1.1
Retailing	4.7	Short-Term/ Money Market Investments	1.0
Media	3.7	Commercial & Professional Services	.6
Materials	3.2		
Utilities	2.8		
Insurance	2.7		**100.3**

† *Based on net assets.*

See notes to financial statements.

STATEMENT OF FINANCIAL FUTURES

June 30, 2015 (Unaudited)

	Contracts	Market Value Covered by Contracts ($)	Expiration	Unrealized (Depreciation) at 6/30/2015 ($)
Financial Futures Long				
Standard & Poor's 500 E-mini	180	18,489,600	September 2015	**(272,607)**

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments (including securities on loan, valued at $40,767,974)—Note 1(b):		
Unaffiliated issuers	934,162,181	2,118,517,683
Affiliated issuers	21,557,699	21,557,699
Cash		887,569
Dividends and securities lending income receivable		2,452,902
Receivable for investment securities sold		384,927
Receivable for futures variation margin—Note 4		38,884
Prepaid expenses		12,187
		2,143,851,851
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		486,069
Liability for securities on loan—Note 1(b)		4,416,835
Payable for shares of Common Stock redeemed		4,294,639
Payable for investment securities purchased		1,822,911
Accrued expenses		165,580
		11,186,034
Net Assets ($)		**2,132,665,817**
Composition of Net Assets ($):		
Paid-in capital		945,824,602
Accumulated undistributed investment income—net		375,776
Accumulated net realized gain (loss) on investments		2,382,544
Accumulated net unrealized appreciation (depreciation) on investments [including ($272,607) net unrealized (depreciation) on financial futures]		1,184,082,895
Net Assets ($)		**2,132,665,817**

Net Asset Value Per Share

	Initial Shares	Service Shares
Net Assets ($)	1,919,401,740	213,264,077
Shares Outstanding	43,782,455	4,859,144
Net Asset Value Per Share ($)	**43.84**	**43.89**

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends:	
Unaffiliated issuers	22,151,444
Affiliated issuers	10,713
Income from securities lending—Note 1(b)	63,377
Interest	346
Total Income	**22,225,880**
Expenses:	
Management fee—Note 3(a)	2,655,256
Distribution fees—Note 3(b)	280,708
Directors' fees and expenses—Note 3(d)	79,961
Prospectus and shareholders' reports	79,515
Professional fees	42,067
Loan commitment fees—Note 2	7,672
Shareholder servicing costs—Note 3(c)	5,890
Registration fees	2,358
Miscellaneous	115,737
Total Expenses	**3,269,164**
Less—reduction in fees due to earnings credits—Note 3(c)	(2)
Net Expenses	**3,269,162**
Investment Income—Net	**18,956,718**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	42,816,728
Net realized gain (loss) on financial futures	1,036,857
Net Realized Gain (Loss)	**43,853,585**
Net unrealized appreciation (depreciation) on investments	(38,161,597)
Net unrealized appreciation (depreciation) on financial futures	(373,457)
Net Unrealized Appreciation (Depreciation)	**(38,535,054)**
Net Realized and Unrealized Gain (Loss) on Investments	**5,318,531**
Net Increase in Net Assets Resulting from Operations	**24,275,249**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations ($):		
Investment income—net	18,956,718	35,964,660
Net realized gain (loss) on investments	43,853,585	60,577,665
Net unrealized appreciation (depreciation) on investments	(38,535,054)	166,059,427
Net Increase (Decrease) in Net Assets Resulting from Operations	**24,275,249**	**262,601,752**
Dividends to Shareholders from ($):		
Investment income—net:		
Initial Shares	(17,000,719)	(32,486,811)
Service Shares	(1,622,294)	(3,496,374)
Net realized gain on investments:		
Initial Shares	(53,808,934)	(21,174,073)
Service Shares	(6,088,629)	(2,747,658)
Total Dividends	**(78,520,576)**	**(59,904,916)**
Capital Stock Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	101,153,560	178,069,463
Service Shares	5,714,678	15,253,576
Dividends reinvested:		
Initial Shares	70,809,653	53,660,884
Service Shares	7,710,923	6,244,032
Cost of shares redeemed:		
Initial Shares	(158,784,402)	(255,053,283)
Service Shares	(29,560,247)	(49,284,189)
Increase (Decrease) in Net Assets from Capital Stock Transactions	**(2,955,835)**	**(51,109,517)**
Total Increase (Decrease) in Net Assets	**(57,201,162)**	**151,587,319**
Net Assets ($):		
Beginning of Period	2,189,866,979	2,038,279,660
End of Period	**2,132,665,817**	**2,189,866,979**
Undistributed investment income—net	375,776	42,071

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Capital Share Transactions:		
Initial Shares		
Shares sold	2,245,186	4,171,268
Shares issued for dividends reinvested	1,611,946	1,273,338
Shares redeemed	(3,539,564)	(6,014,440)
Net Increase (Decrease) in Shares Outstanding	**317,568**	**(569,834)**
Service Shares		
Shares sold	128,731	357,107
Shares issued for dividends reinvested	175,329	148,424
Shares redeemed	(653,181)	(1,160,923)
Net Increase (Decrease) in Shares Outstanding	**(349,121)**	**(655,392)**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	44.99	40.84	31.86	29.48	29.67	26.31
Investment Operations:						
Investment income—net[a]	.40	.74	.66	.63	.54	.48
Net realized and unrealized gain (loss) on investments	.08	4.65	9.39	3.95	.02	3.37
Total from Investment Operations	.48	5.39	10.05	4.58	.56	3.85
Distributions:						
Dividends from investment income—net	(.39)	(.75)	(.68)	(.64)	(.55)	(.49)
Dividends from net realized gain on investments	(1.24)	(.49)	(.39)	(1.56)	(.20)	–
Total Distributions	(1.63)	(1.24)	(1.07)	(2.20)	(.75)	(.49)
Net asset value, end of period	43.84	44.99	40.84	31.86	29.48	29.67
Total Return (%)	1.08[b]	13.42	32.02	15.74	1.88	14.84
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.28[c]	.27	.29	.28	.27	.27
Ratio of net expenses to average net assets	.28[c]	.27	.29	.28	.27	.27
Ratio of net investment income to average net assets	1.77[c]	1.76	1.82	2.02	1.81	1.78
Portfolio Turnover Rate	1.84[b]	1.59	3.76	3.13	3.27	4.46
Net Assets, end of period ($ x 1,000)	1,919,402	1,955,325	1,798,538	1,541,577	1,487,417	1,635,095

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	45.03	40.89	31.90	29.51	29.70	26.34
Investment Operations:						
Investment income—net[a]	.34	.64	.57	.56	.47	.41
Net realized and unrealized gain (loss) on investments	.09	4.63	9.40	3.96	.02	3.38
Total from Investment Operations	.43	5.27	9.97	4.52	.49	3.79
Distributions:						
Dividends from investment income—net	(.33)	(.64)	(.59)	(.57)	(.48)	(.43)
Dividends from net realized gain on investments	(1.24)	(.49)	(.39)	(1.56)	(.20)	–
Total Distributions	(1.57)	(1.13)	(.98)	(2.13)	(.68)	(.43)
Net asset value, end of period	43.89	45.03	40.89	31.90	29.51	29.70
Total Return (%)	.97[b]	13.10	31.71	15.47	1.62	14.54
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.52[c]	.52	.54	.53	.52	.52
Ratio of net expenses to average net assets	.52[c]	.52	.54	.53	.52	.52
Ratio of net investment income to average net assets	1.53[c]	1.50	1.57	1.78	1.56	1.53
Portfolio Turnover Rate	1.84[b]	1.59	3.76	3.13	3.27	4.46
Net Assets, end of period ($ x 1,000)	213,264	234,542	239,742	185,127	168,177	168,782

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus Stock Index Fund, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a non-diversified open-end management investment company, that is intended to be a funding vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of life insurance companies. The fund's investment objective is to seek to match the total return of the Standard & Poor's 500® Composite Stock Price Index. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser. Mellon Capital Management Corporation ("Mellon Capital"), an indirect wholly-owned subsidiary of BNY Mellon, serves as the fund's index manager.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold to the public without a sales charge. The fund is authorized to issue 400 million shares of $.001 par value Common Stock in each of the following classes of shares: Initial shares (250 million shares authorized) and Service shares (150 million shares authorized). Initial shares are subject to a Shareholder Services Plan fee and Service shares are subject to a Distribution Plan fee. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan, Shareholder Services Plan, and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount 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 (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. U.S. Treasury Bills are valued at the mean price between quoted bid prices and asked prices by an independent pricing service (the "Service") approved by the fund's Board of Directors (the "Board"). These securities are generally categorized within Level 2 of the fair value hierarchy.

The Service's procedures are reviewed by Dreyfus under the general supervision of the Board.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and financial futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are generally categorized within Level 3 of the fair value hierarchy.

Financial futures, which are traded on an exchange, are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on each business day and are generally categorized within Level 1 of the fair value hierarchy.

The following is a summary of the inputs used as of June 30, 2015 in valuing the fund's investments:

	Level 1– Unadjusted Quoted Prices	Level 2–Other Significant Observable Inputs	Level 3– Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities–Domestic Common Stocks†	2,111,803,554	–	–	**2,111,803,554**
Equity Securities–Foreign Common Stocks†	6,019,148	–	–	**6,019,148**

	Level 1– Unadjusted Quoted Prices	Level 2–Other Significant Observable Inputs	Level 3– Significant Unobservable Inputs	Total
Assets ($) (continued)				
Investments in Securities (continued):				
Mutual Funds	21,557,699	–	–	**21,557,699**
U.S. Treasury	–	694,981	–	**694,981**
Liabilities ($)				
Other Financial Instruments:				
Financial Futures††	(272,607)	–	–	**(272,607)**

† *See Statement of Investments for additional detailed categorizations.*
†† *Amount shown represents unrealized depreciation at period end.*

At June 30, 2015, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. During the period ended June 30, 2015, The Bank of New York Mellon earned $19,438 from lending portfolio securities, pursuant to the securities lending agreement.

(c) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act. Investments in affiliated investment companies during the period ended June 30, 2015, were as follows:

Affiliated Investment Company	Value 12/31/2014 ($)	Purchases ($)	Sales ($)	Value 6/30/2015 ($)	Net Assets (%)
Dreyfus Institutional Preferred Plus Money Market Fund	19,877,173	115,725,494	118,461,803	17,140,864	.8
Dreyfus Institutional Cash Advantage Fund	5,130,668	40,670,620	41,384,453	4,416,835	.2
Total	**25,007,841**	**156,396,114**	**159,846,256**	**21,557,699**	**1.0**

(d) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are normally declared and paid on a quarterly basis. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2015, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2015, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2014 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2014 was as follows: ordinary income $39,882,668 and long-term capital gains $20,022,248. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in a $430 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended June 30, 2015, the fund did not borrow under the Facilities.

NOTE 3—Mangement Fee, Index-Management Fee and Other Transactions with Affiliates:

(a) Pursuant to a management agreement (the "Agreement") with Dreyfus, the management fee is computed at the annual rate of .245% of the value of the fund's average daily net assets and is payable monthly. Pursuant to the Agreement, the fund's custody fee is included in the management fee.

Pursuant to an index management agreement (the "Index Agreement"), Dreyfus has agreed to pay Mellon Capital a monthly index-management fee at the annual rate of .095% of the value of the fund's average daily net assets. Pursuant to the Index Agreement, the fund's custody fee is included in the index-management fee.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2015, Service shares were charged $280,708 pursuant to the Distribution Plan.

(c) Under the Shareholder Services Plan, Initial shares reimburse the Distributor an amount not to exceed an annual rate of .25% of the value of its average daily net assets for certain allocated expenses with respect to servicing and/or maintaining Initial shares' shareholder accounts. During the period ended June 30, 2015, Initial shares were charged $5,168 pursuant to the Shareholders Services Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and

custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2015, the fund was charged $752 for transfer agency services and $51 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were partially offset by earnings credits of $2.

During the period ended June 30, 2015, the fund was charged $6,240 for services performed by the Chief Compliance Officer and his staff.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $436,875, Distribution Plan fees $44,831, Shareholder Services Plan fees $1,000, Chief Compliance Officer fees $3,169 and transfer agency fees $194.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities and financial futures, during the period ended June 30, 2015, amounted to $39,474,739 and $93,759,612, respectively.

Derivatives: A derivative is a financial instrument whose performance is derived from the performance of another asset. Each type of derivative instrument that was held by the fund during the period ended June 30, 2015 is discussed below.

Financial Futures: In the normal course of pursuing its investment objective, the fund is exposed to market risk, including equity price risk as a result of changes in value of underlying financial instruments. The fund invests in financial futures in order to manage its exposure to or protect against changes in the market. A financial futures contract represents a commitment for the future purchase or a sale of an asset at a specified date. Upon entering into such contracts, these investments require initial margin deposits with a counterparty, which consist of cash or cash equivalents. The amount of these deposits is determined by the exchange or Board of Trade on which the contract is traded and is subject to change. Accordingly, variation margin payments are received or made to reflect daily unrealized gains or losses which are recorded in the Statement of Operations. When the contracts are closed, the fund recognizes a realized gain or loss which is reflected in the Statement of Operations. There is minimal counterparty credit risk to the fund with financial futures since they are exchange traded, and the exchange guarantees the financial futures against default. Financial futures open at June 30, 2015 are set forth in the Statement of Financial Futures.

The following summarizes the average market value of derivatives outstanding during the period ended June 30, 2015:

	Average Market Value ($)
Equity financial futures	24,012,060

At June 30, 2015, accumulated net unrealized appreciation on investments was $1,184,355,502, consisting of $1,218,790,535 gross unrealized appreciation and $34,435,033 gross unrealized depreciation.

At June 30, 2015, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

NOTE 5—Pending Legal Matters:

The fund and many other entities have been named as defendants in numerous pending litigations as a result of their participation in the leveraged buyout transaction ("LBO") of the Tribune Company

("Tribune"). The cases allege that Tribune took on billions of dollars of debt in the LBO to purchase its own stock from shareholders at $34 per share. The LBO was closed in a two-step transaction with shares being repurchased by Tribune in a tender offer in June 2007 and in a go-private merger in December 2007. In 2008, approximately one year after the LBO was concluded, Tribune filed for bankruptcy protection under Chapter 11. Thereafter, in approximately June 2011, certain Tribune creditors filed dozens of complaints in various courts throughout the country alleging that the payments made to shareholders in the LBO were "fraudulent conveyances" under state and/or federal law, and that the shareholders must return the payments they received for their shares to satisfy the plaintiffs' unpaid claims. These cases have been consolidated for coordinated pre-trial proceedings in a multi-district litigation in the United States District Court for the Southern District of New York titled In re Tribune Company Fraudulent Conveyance Litigation (S.D.N.Y. Nos. 11-md-2296 and 12-mc-2296 (RJS) ("Tribune MDL")). On March 27, 2013, the Tribune MDL was reassigned from Judge William H. Pauley to Judge Richard J. Sullivan. No explanation was given for the reassignment.

In addition, there was a case pending in United States Bankruptcy Court for the District of Delaware brought by the Unsecured Creditors Committee of the Tribune Company that has since been transferred to the Tribune MDL (formerly The Official Committee of Unsecured Creditors of Tribune Co. v. FitzSimons, et al., Bankr. D. Del. Adv. Pro. No. 10-54010 (KJC)) ("FitzSimons case"). The case was originally filed on November 1, 2010. In a Fourth Amended Complaint filed in November 2012, among other claims, the Creditors Committee sought recovery under the Bankruptcy Code for alleged "fraudulent conveyances" from more than 5,000 Tribune shareholders ("Shareholder Defendants"), including the fund, and a defendants' class of all shareholders who tendered their Tribune stock in the LBO and received cash in exchange. There were 35 other counts in the Fourth Amended Complaint that did not relate to claims against Shareholder Defendants, but instead were brought against parties directly involved in approval or execution of the leveraged buyout. On January 10, 2013, pursuant to the Tribune bankruptcy plan, Mark S. Kirchner, as Litigation Trustee for the Tribune Litigation Trust, became the successor plaintiff to the Creditors Committee in this case. The case is now proceeding as: Mark S. Kirchner, as Litigation Trustee for the Tribune Litigation Trust v. FitzSimons, et al., S.D.N.Y. No. 12-cv-2652 (RJS). On August 1, 2013, the plaintiff filed a Fifth Amended Complaint with the Court. The Fifth Amended Complaint contains more detailed allegations regarding the steps Tribune took in consideration and execution of the LBO, but does not change the legal basis for the claim previously alleged against the Shareholder Defendants.

On November 6, 2012, a motion to dismiss was filed in the Tribune MDL. Oral argument on the motion to dismiss was held on May 23, 2013. On September 23, 2013 Judge Sullivan granted the motion to dismiss on standing grounds, after rejecting defendants' preemption arguments. By granting the motion, Judge Sullivan dismissed nearly 50 cases in the Tribune MDL. The fund was a defendant in at least one of the dismissed cases. The motion had no effect on the FitzSimons case, which had been stayed.

On September 30, 2013, plaintiffs appealed the motion to dismiss decision to the U.S. Court of Appeals for the Second Circuit. On October 28, 2013, certain defendants cross-appealed from Judge Sullivan's decision, seeking review of the arguments that Judge Sullivan rejected in his decision. Briefing on the appeal and cross appeal was completed in April 2014. Oral argument before the Second Circuit took place on November 5, 2014.

On November 11, 2013, Judge Sullivan entered Master Case Order No. 4 in the Tribune MDL. Master Case Order No. 4 addressed numerous procedural and administrative tasks for the cases that remain in the Tribune MDL, including the FitzSimons case. Pursuant to Master Case Order No. 4, the parties – through their executive committees and liaison counsel – attempted to negotiate a protocol for motions to dismiss and other procedural issues, and submitted rival proposals to the Court. On April 24, 2014, the Court entered an order setting a schedule for the first motions to dismiss in the FitzSimons case. Pursuant to that schedule, a "global" motion to dismiss the fraudulent transfer claim asserted against the Shareholder Defendants, which applies equally to all Shareholder Defendants including the fund, was filed on May 23, 2014. Plaintiffs' response brief was filed on June 23, 2014, and the reply brief was filed on July 3, 2014. No date for oral argument has been scheduled. The Court also preserved Shareholder Defendants' rights to file nineteen motions to dismiss enumerated in their proposal and motions pursuant to Rules 12(b)(2)-(5) of the Federal Rules of Civil Procedure. If these various motions are necessary after the Court decides the global motion to dismiss, the Court will set further guidelines and briefing schedules.

At this stage in the proceedings, it is not possible to assess with any reasonable certainty the probable outcomes of the pending litigations. Consequently, at this time, management is unable to estimate the possible loss that may result.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AGREEMENT (Unaudited)

At a meeting of the fund's Board of Directors held on March 11-12, 2015, the Board considered the renewal of the fund's Management Agreement, pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"), and the Index Management Agreement (together, the "Agreements"), pursuant to which Mellon Capital Management Corporation (the "Index Manager") provides day-to-day management of the fund's investments. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus and the Index Manager. In considering the renewal of the Agreements, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

<u>Analysis of Nature, Extent, and Quality of Services Provided to the Fund.</u> The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered

Dreyfus' extensive administrative, accounting, and compliance infrastructures, as well as Dreyfus' supervisory activities over the Index Manager. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Lipper, Inc. ("Lipper"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended December 31, 2014, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Lipper as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Lipper used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed the results of the comparisons and noted that the fund's total return performance was above the Performance Group and Performance Universe medians for all periods and ranked in the first quartile of the Performance Universe in all periods. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board noted that the fund's contractual management fee was at the

Expense Group median, the fund's actual management fee was at the Expense Group median and slightly below the Expense Universe median and the fund's total expenses were at the Expense Group median and below the Expense Universe median.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Index Manager or its affiliates for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness and reasonableness of the fund's management fee.

The Board considered the fee to the Index Manager in relation to the fee paid to Dreyfus by the fund and the respective services provided by the Index Manager and Dreyfus. The Board also noted the Index Manager's fee is paid by Dreyfus (out of its fee from the fund) and not the fund.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered on the advice of its counsel the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements bear a reasonable relationship to the mix of services provided by Dreyfus and the Index Manager, including the nature, extent and quality of such services, and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Since Dreyfus, and not the fund, pays the Index Manager pursuant to the Index Management Agreement, the Board did not consider the Index Manager's profitability to be relevant to its deliberations. Dreyfus representatives also noted that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus and the Index Manager from acting as investment adviser and index manager, respectively, and noted that there were no soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus and the Index Manager are adequate and appropriate.
- The Board was satisfied with the fund's performance.
- The Board concluded that the fees paid to Dreyfus and the Index Manager were reasonable in light of the considerations described above.

- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates and the Index Manager, of the fund and the services provided to the fund by Dreyfus and the Index Manager. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of prior or similar agreements during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the same or similar arrangements in prior years. The Board determined to renew the Agreements.

For More Information

Dreyfus Stock Index Fund, Inc.
200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Index Fund Manager

Mellon Capital Management Corporation
500 Grant Street
Pittsburgh, PA 15258

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-554-4611 or 1-516-338-3300

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144
Attn: Investments Division

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at http://www.dreyfus.com and on the SEC's website at http://www.sec.gov. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-DREYFUS.

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Dreyfus Investment Portfolios, Technology Growth Portfolio

SEMIANNUAL REPORT June 30, 2015

BNY MELLON

Dreyfus

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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THE FUND

FOR MORE INFORMATION

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Investment Portfolios, Technology Growth Portfolio, covering the six-month period from January 1, 2015, through June 30, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The U.S. stock market proved volatile on its way to posting modest gains over the first half of 2015. Investors were worried when the economic recovery stalled during the first quarter of the year due to unusually harsh winter weather, a strengthening U.S. dollar, and expected increases in short-term interest rates. These fears waned during the second quarter, when economic growth seemed to regain momentum. While a number of headwinds remained, investors were encouraged by better employment data, stronger housing markets, and stabilizing currency exchange rates.

We expect economic uncertainty and bouts of market volatility to persist over the near term as Europe continues to struggle with instability in Greece, China addresses a stubborn economic slowdown, geopolitical conflicts flare across the Middle East, and U.S. investors await the first in a series of short-term interest rate hikes. We remain more optimistic regarding the economy's long-term outlook, which we believe should be supported by improved consumer and business confidence as well as aggressively accommodative monetary policies from many of the world's major central banks. As always, we urge you to discuss these observations with your financial advisor, who can help you assess their implications for your investment portfolio.

Thank you for your continued confidence and support.

Sincerely,

J. Charles Cardona
President
The Dreyfus Corporation
July 15, 2015

DISCUSSION OF FUND PERFORMANCE

For the period of January 1, 2015, through June 30, 2015, as provided by Barry K. Mills, CFA, Portfolio Manager

Fund and Market Performance Overview

For the six-month period ended June 30, 2015, Dreyfus Investment Portfolios, Technology Growth Portfolio's Initial shares produced a total return of 4.31%, and its Service shares produced a total return of 4.18%.[1] The fund's benchmarks, the Morgan Stanley High Technology 35 Index ("MS High Tech 35 Index") and the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index"), produced total returns of 0.22% and 1.23%, respectively, over the same period.[2,3]

Although broad market averages rose mildly amid uneven economic growth, technology stocks produced roughly flat returns during the reporting period, largely due to weak returns from companies focused on legacy platforms, such as desktop computers. Strong individual stock selections and an emphasis on fast growing, innovative companies enabled the fund to outperform its benchmarks.

The Fund's Investment Approach

The fund seeks capital appreciation. To pursue its goal, the fund normally invests at least 80% of its net assets in the stocks of growth companies of any size that Dreyfus believes to be leading producers or beneficiaries of technological innovation. In choosing stocks, the fund looks for technology companies with the potential for strong earnings or revenue growth rates, although some of the fund's investments may currently be experiencing losses. Up to 25% of the fund's assets may be invested in foreign securities. The fund's investment process centers on a multi-dimensional approach that looks for opportunities across emerging growth, cyclical, or stable growth companies. The fund's investment approach seeks companies that appear to have strong earnings momentum, positive earnings revisions, favorable growth, product, or market cycles, and/or favorable valuations.

Legacy Technology Lagged Market Averages

In contrast to robust employment gains and improved business and consumer confidence during much of 2014, the economic recovery proved more uneven over the first half of

2015. The U.S. economy contracted modestly during the first quarter in the face of severe winter weather and a labor slowdown in West Coast ports. Global economic weakness further weighed on U.S. exporters when massive quantitative easing programs in overseas markets caused the U.S. dollar to appreciate sharply against most foreign currencies. Meanwhile, lower oil prices created challenges for energy producers. In this environment, technology stocks got off to a slow start during the opening months of 2015.

Stock prices rebounded in the spring as weather conditions eased and economic activity resurged. However, unlike the prior reporting period, when technology investors favored stocks of cheaply valued but slow growing PC makers and legacy parts suppliers, investors in the spring of 2015 tended to reward faster growing companies producing innovations in areas such as cybersecurity, cloud computing, and social media.

Focus on Growth and Innovation Boosted Fund Results

The fund's performance relative to its benchmark benefited from our emphasis on fast growing areas of the technology sector, and our corresponding decision to avoid most legacy enterprises tied to the PC market. Top performers ranged from security specialists to mobile messaging firms and automotive technology providers. Tencent Holdings, China's largest social networking and online entertainment company, advanced amid gains in its mobile user base and higher advertising revenue. Network security services provider Fortinet saw sharp revenue increases as businesses and governments allocated additional funds to combat a wave of damaging cyberattacks. NXP Semiconductors climbed after announcing that it would acquire Freescale Semiconductor, making the combined firm one of the industry's largest. Electric car maker Tesla Motors moved higher after the company announced new models and battery products and overcame production bottlenecks to achieve shipment targets. Another top automotive technology holding, Israel-based Mobileye, reported better-than-expected quarterly earnings as growing numbers of automakers incorporated the company's electronic driver assist systems into their vehicles.

Of course, not all of the fund's investments outperformed its benchmarks. China-based online marketplace *Alibaba Group* declined due to a revenue shortfall when the company failed to monetize transactions on its platform as effectively as analysts expected. Web-based information technology systems provider *Rackspace Hosting* delivered solid earnings in the first quarter of 2015 but offered disappointing guidance for the rest of the year. Semiconductor equipment giant *Applied Materials* was hurt when regulatory concerns derailed a proposed merger with Tokyo Electron. The fund's relative performance also suffered from its lack of exposure to online retailer Amazon.com during the first three months of the year, and to high-flying online media provider Netflix throughout the reporting period.

Continuing to Emphasize Fast-Growing Technologies

With the U.S. economy gaining strength, we believe that the technology areas in which the fund's investments are currently focused—such as cybersecurity, cloud computing, software as a service, social media, and automotive technology—are positioned to continue performing well. At the same time, we remain watchful for the impact of changing currency exchange rates and relatively weak global economic growth on exporters.

July 15, 2015

Please note, the position in any security highlighted with italicized typeface was sold during the reporting period.
The technology sector has been among the most volatile sectors of the stock market. Technology companies involve greater risk because their revenue and/or earnings tend to be less predictable, and some companies may be experiencing significant losses.
Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.
The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals The investment objective and policies of Dreyfus Investment Portfolios, Technology Growth Portfolio made available through insurance products may be similar to other funds managed or advised by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

1 *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*

2 *SOURCE: BLOOMBERG L.P. — Reflects reinvestment of net dividends and, where applicable, capital gain distributions. The Morgan Stanley High Technology 35 Index is an unmanaged, equal dollar-weighted index of 35 stocks from the electronics-based subsectors. Investors cannot invest directly in any index.*

3 *SOURCE: LIPPER INC. — Reflects monthly reinvestment of dividends and, where applicable, capital gain distributions. The Standard & Poor's 500® Composite Stock Price Index is a widely accepted, unmanaged index of U.S. stock market performance. Investors cannot invest directly in any index.*

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Investment Portfolios, Technology Growth Portfolio from January 1, 2015 to June 30, 2015. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.26	$ 5.52
Ending value (after expenses)	$1,043.10	$1,041.80

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2015

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.21	$ 5.46
Ending value (after expenses)	$1,020.63	$1,019.39

† *Expenses are equal to the fund's annualized expense ratio of .84% for Initial shares and 1.09% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS

June 30, 2015 (Unaudited)

Common Stocks–96.5%	Shares		Value ($)
Application Software–15.6%			
Adobe Systems	148,483	a	12,028,608
Cerner	117,931	a	8,144,315
Citrix Systems	82,197	a	5,766,941
salesforce.com	181,425	a	12,632,623
Splunk	90,538	a	6,303,256
			44,875,743
Automobile Manufacturers–3.2%			
Tesla Motors	34,796	a,b	**9,334,375**
Communications Equipment–3.7%			
Cisco Systems	389,893		**10,706,462**
Computer Storage & Peripherals–7.0%			
Apple	113,808		14,274,368
Lenovo Group	4,368,000		6,051,992
			20,326,360
Data Processing & Outsourced Services–6.6%			
Paychex	121,547		5,698,123
Visa, Cl. A	200,393		13,456,390
			19,154,513
Electronic Components–5.8%			
Amphenol, Cl. A	167,429		9,705,859
Mobileye	130,525	b	6,940,014
			16,645,873
Internet Retail–4.9%			
Amazon.com	32,745	a	**14,214,277**
Internet Software & Services–17.2%			
Akamai Technologies	123,212	a	8,602,662
Facebook, Cl. A	169,779	a	14,561,096
Google, Cl. A	10,384	a	5,607,775
Google, Cl. C	10,412	a	5,419,550

Common Stocks (continued)	Shares		Value ($)
Internet Software & Services (continued)			
LinkedIn, Cl. A	45,958	a	9,496,302
Tencent Holdings	293,200		5,851,480
			49,538,865
IT Consulting & Other Services—4.6%			
Cognizant Technology Solutions, Cl. A	214,915	a	**13,129,157**
Semiconductor Equipment—12.7%			
Avago Technologies	65,217		8,669,296
Cavium	78,981	a	5,434,683
Microchip Technology	176,255	b	8,358,893
NXP Semiconductors	86,473	a	8,491,649
Qorvo	71,208	a	5,715,866
			36,670,387
Systems Software—15.2%			
Fortinet	159,636	a	6,597,756
Oracle	283,749		11,435,085
Palo Alto Networks	37,775	a	6,599,292
ServiceNow	77,044	a	5,725,140
VMware, Cl. A	157,584	a,b	13,511,252
			43,868,525
Total Common Stocks (cost $219,945,761)			**278,464,537**

Other Investment—3.0%			
Registered Investment Company;			
Dreyfus Institutional Preferred Plus Money Market Fund (cost $8,620,591)	8,620,591	c	**8,620,591**

Investment of Cash Collateral for Securities Loaned—7.8%	Shares	Value ($)
Registered Investment Company;		
Dreyfus Institutional Cash Advantage Fund (cost $22,598,419)	22,598,419 [c]	**22,598,419**
Total Investments (cost $251,164,771)	**107.3%**	**309,683,547**
Liabilities, Less Cash and Receivables	**(7.3%)**	**(21,084,019)**
Net Assets	**100.0%**	**288,599,528**

[a] *Non-income producing security.*

[b] *Security, or portion thereof, on loan. At June 30, 2015, the value of the fund's securities on loan was $37,763,004 and the value of the collateral held by the fund was $38,275,739, consisting of cash collateral of $22,598,419 and U.S. Government & Agency securities valued at $15,677,320.*

[c] *Investment in affiliated money market mutual fund.*

Portfolio Summary (Unaudited)†

	Value (%)		Value (%)
Internet Software & Services	17.2	Electronic Components	5.8
Application Software	15.6	Internet Retail	4.9
Systems Software	15.2	IT Consulting & Other Services	4.6
Semiconductor Equipment	12.7	Communications Equipment	3.7
Money Market Investments	10.8	Automobile Manufacturers	3.2
Computer Storage & Peripherals	7.0		
Data Processing & Outsourced Services	6.6		**107.3**

† *Based on net assets.*

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments (including securities on loan, valued at $37,763,004)—Note 1(b):		
Unaffiliated issuers	219,945,761	278,464,537
Affiliated issuers	31,219,010	31,219,010
Cash		342,631
Receivable for investment securities sold		1,466,537
Dividends and securities lending income receivable		27,108
Prepaid expenses		1,029
		311,520,852
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		236,772
Liability for securities on loan—Note 1(b)		22,598,419
Payable for shares of Beneficial Interest redeemed		21,432
Accrued expenses		64,701
		22,921,324
Net Assets ($)		**288,599,528**
Composition of Net Assets ($):		
Paid-in capital		214,892,011
Accumulated investment (loss)—net		(582,727)
Accumulated net realized gain (loss) on investments		15,771,468
Accumulated net unrealized appreciation (depreciation) on investments		58,518,776
Net Assets ($)		**288,599,528**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	88,885,702	199,713,826
Shares Outstanding	5,088,018	11,902,792
Net Asset Value Per Share ($)	**17.47**	**16.78**

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2015 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends:	
Unaffiliated issuers	829,113
Affiliated issuers	6,058
Income from securities lending—Note 1(b)	19,928
Total Income	**855,099**
Expenses:	
Management fee—Note 3(a)	1,062,950
Distribution fees—Note 3(b)	242,636
Trustees' fees and expenses—Note 3(c)	51,847
Professional fees	35,687
Custodian fees—Note 3(b)	18,428
Prospectus and shareholders' reports	10,742
Loan commitment fees—Note 2	946
Shareholder servicing costs—Note 3(b)	443
Miscellaneous	14,148
Total Expenses	**1,437,827**
Less—reduction in fees due to earnings credits—Note 3(b)	(1)
Net Expenses	**1,437,826**
Investment (Loss)—Net	**(582,727)**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	16,428,074
Net unrealized appreciation (depreciation) on investments	(4,618,277)
Net Realized and Unrealized Gain (Loss) on Investments	**11,809,797**
Net Increase in Net Assets Resulting from Operations	**11,227,070**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Operations ($):		
Investment (loss)—net	(582,727)	(633,908)
Net realized gain (loss) on investments	16,428,074	30,147,217
Net unrealized appreciation (depreciation) on investments	(4,618,277)	(11,220,542)
Net Increase (Decrease) in Net Assets Resulting from Operations	**11,227,070**	**18,292,767**
Dividends to Shareholders from ($):		
Net realized gain on investments:		
Initial Shares	(9,027,789)	(5,129,350)
Service Shares	(20,490,561)	(10,634,942)
Total Dividends	**(29,518,350)**	**(15,764,292)**
Beneficial Interest Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	2,791,871	8,366,168
Service Shares	13,389,929	29,602,554
Dividends reinvested:		
Initial Shares	9,027,789	5,129,350
Service Shares	20,490,561	10,634,942
Cost of shares redeemed:		
Initial Shares	(13,719,467)	(15,094,005)
Service Shares	(9,366,660)	(38,169,931)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	**22,614,023**	**469,078**
Total Increase (Decrease) in Net Assets	**4,322,743**	**2,997,553**
Net Assets ($):		
Beginning of Period	284,276,785	281,279,232
End of Period	**288,599,528**	**284,276,785**
Accumulated investment (loss)—net	(582,727)	–

	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
Capital Share Transactions:		
Initial Shares		
Shares sold	151,860	461,954
Shares issued for dividends reinvested	524,566	277,562
Shares redeemed	(752,047)	(841,829)
Net Increase (Decrease) in Shares Outstanding	**(75,621)**	**(102,313)**
Service Shares		
Shares sold	762,834	1,674,566
Shares issued for dividends reinvested	1,238,849	594,795
Shares redeemed	(534,065)	(2,186,451)
Net Increase (Decrease) in Shares Outstanding	**1,467,618**	**82,910**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	18.65	18.38	13.84	11.97	12.98	9.99
Investment Operations:						
Investment income (loss)—net[a]	(.02)	(.01)	(.01)	.00[b]	(.03)	(.03)
Net realized and unrealized gain (loss) on investments	.79	1.26	4.55	1.87	(.98)	3.02
Total from Investment Operations	.77	1.25	4.54	1.87	(1.01)	2.99
Distributions:						
Dividends from net realized gain on investments	(1.95)	(.98)	–	–	–	–
Net asset value, end of period	17.47	18.65	18.38	13.84	11.97	12.98
Total Return (%)	4.31[c]	6.82	32.80	15.62	(7.78)	29.93
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.84[d]	.83	.85	.83	.83	.81
Ratio of net expenses to average net assets	.84[d]	.83	.85	.83	.83	.81
Ratio of net investment income (loss) to average net assets	(.24)[d]	(.05)	(.05)	.03	(.25)	(.33)
Portfolio Turnover Rate	39.08[c]	72.20	68.73	52.00	79.60	103.90
Net Assets, end of period ($ x 1,000)	88,886	96,320	96,786	79,353	74,929	91,806

[a] *Based on average shares outstanding.*
[b] *Amount represents less than $.01 per share.*
[c] *Not annualized.*
[d] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Per Share Data ($):						
Net asset value, beginning of period	18.01	17.82	13.45	11.66	12.68	9.78
Investment Operations:						
Investment (loss)–net[a]	(.04)	(.05)	(.04)	(.03)	(.06)	(.06)
Net realized and unrealized gain (loss) on investments	.76	1.22	4.41	1.82	(.96)	2.96
Total from Investment Operations	.72	1.17	4.37	1.79	(1.02)	2.90
Distributions:						
Dividends from net realized gain on investments	(1.95)	(.98)	–	–	–	–
Net asset value, end of period	16.78	18.01	17.82	13.45	11.66	12.68
Total Return (%)	4.18[b]	6.58	32.49	15.35	(8.05)	29.65
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	1.09[c]	1.08	1.10	1.08	1.08	1.06
Ratio of net expenses to average net assets	1.09[c]	1.08	1.10	1.08	1.08	1.06
Ratio of net investment (loss) to average net assets	(.49)[c]	(.30)	(.30)	(.22)	(.50)	(.58)
Portfolio Turnover Rate	39.08[b]	72.20	68.73	52.00	79.60	103.90
Net Assets, end of period ($ x 1,000)	199,714	187,957	184,493	160,409	125,006	145,238

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Technology Growth Portfolio (the "fund") is a separate diversified series of Dreyfus Investment Portfolios (the "Company"), which is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company and operates as a series company currently offering four series, including the fund. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund's investment objective is to seek capital appreciation. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold to the public without a sales charge. The fund is authorized to issue an unlimited number of $.001 par value shares of Beneficial Interest in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series' operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for

SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount 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 (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and financial futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Company's Board of Trustees (the "Board").

Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of June 30, 2015 in valuing the fund's investments:

	Level 1– Unadjusted Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3– Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities– Domestic Common Stocks†	242,460,106	–	–	**242,460,106**
Equity Securities– Foreign Common Stocks†	36,004,431	–	–	**36,004,431**
Mutual Funds	31,219,010	–	–	**31,219,010**

† *See Statement of Investments for additional detailed categorizations.*

At December 31, 2014, $13,761,361 of exchange traded domestic equity securities were classified within Level 2 of the fair value hierarchy.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. During the period ended June 30, 2015, The Bank of New York Mellon earned $5,945 from lending portfolio securities, pursuant to the securities lending agreement.

(c) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act. Investments in affiliated investment companies during the period ended June 30, 2015, were as follows:

Affiliated Investment Company	Value 12/31/2014 ($)	Purchases ($)	Sales ($)	Value 6/30/2015 ($)	Net Assets (%)
Dreyfus Institutional Preferred Plus Money Market Fund	7,826,448	73,426,622	72,632,479	8,620,591	3.0
Dreyfus Institutional Cash Advantage Fund	5,748,432	66,117,330	49,267,343	22,598,419	7.8
Total	**13,574,880**	**139,543,952**	**121,899,822**	**31,219,010**	**10.8**

(d) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2015, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2015, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2014 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2014 was as follows: long-term capital gains $15,764,292. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in a $430 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York

Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended June 30, 2015, the fund did not borrow under the Facilities.

NOTE 3—Management Fee and Other Transactions with Affiliates:

(a) Pursuant to a management agreement with Dreyfus, the management fee is computed at the annual rate of .75% of the value of the fund's average daily net assets and is payable monthly

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2015, Service shares were charged $242,636 pursuant to the Distribution Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and

custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2015, the fund was charged $306 for transfer agency services and $28 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were partially offset by earnings credits of $1.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended June 30, 2015, the fund was charged $18,428 pursuant to the custody agreement.

During the period ended June 30, 2015, the fund was charged $6,240 for services performed by the Chief Compliance Officer and his staff.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $180,541, Distribution Plan fees $41,624, custodian fees $11,322, Chief Compliance Officer fees $3,169 and transfer agency fees $116.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2015, amounted to $107,044,031 and $117,138,998, respectively.

At June 30, 2015, accumulated net unrealized appreciation on investments was $58,518,776, consisting of $62,922,098 gross unrealized appreciation and $4,403,322 gross unrealized depreciation.

At June 30, 2015, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

For More Information

Dreyfus Investment Portfolios, Technology Growth Portfolio
200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-554-4611 or 1-516-338-3300

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144
Attn: Investments Division

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at http://www.dreyfus.com and on the SEC's website at http://www.sec.gov. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-DREYFUS.

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Semiannual Report
June 30, 2015

FRANKLIN TEMPLETON
INVESTMENTS

Franklin Templeton Variable Insurance Products Trust

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

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Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

SUPPLEMENT DATED JUNE 30, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

In the section "**Glossary of Investments, Techniques, Strategies and Their Risks**" under the heading "**Foreign securities**" the following is added before the paragraph on page 40 that begins with "*Developing markets or emerging markets*:"

Investing through Stock Connect. Foreign investors may now invest in eligible China A shares ("Stock Connect Securities") listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai – Hong Kong Stock Connect ("Stock Connect") program. Stock Connect is a securities trading and clearing program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), SSE, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE. In contrast to certain other regimes for foreign investment in Chinese securities, no individual investment quotas or licensing requirements apply to investors in Stock Connect Securities through Stock Connect. In addition, there are no lock-up periods or restrictions on the repatriation of principal and profits.

However, trading through Stock Connect is subject to a number of restrictions that may affect a Fund's investments and returns. For example, a primary feature of the Stock Connect program is the application of the home market's laws and rules to investors in a security. Thus, investors in Stock Connect Securities are generally subject to PRC securities regulations and SSE listing rules, among other restrictions. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to all Stock Connect participants, which may restrict or preclude a Fund's ability to invest in Stock Connect Securities. For example, an investor cannot purchase and sell the same security on the same trading day. Stock Connect also is generally available only on business days when both the SSE and the SEHK are open. Trading in the Stock Connect Program is subject to trading, clearance and settlement procedures that are untested in the PRC, which could pose risks to a Fund. Finally, the withholding tax treatment of dividends and capital gains payable to overseas investors currently is unsettled.

Stock Connect is in its initial stages. Further developments are likely and there can be no assurance as to whether or how such developments may restrict or affect a Fund's investments or returns. In addition, the application and interpretation of the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program, are uncertain, and they may have a detrimental effect on a Fund's investments and returns.

Please keep this supplement with your Statement of Additional Information for future reference.

**SUPPLEMENT DATED MAY 1, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST**

The statement of additional information (SAI) is amended as follows:

I. The section entitled “Calculation of Net Asset Value” in the SAI is removed in its entirety.

Please keep this supplement with your statement of additional information for future reference.

Franklin Growth and Income VIP Fund

This semiannual report for Franklin Growth and Income VIP Fund covers the period ended June 30, 2015.

Class 2 Performance Summary as of June 30, 2015

The Fund's Class 2 shares delivered a -0.72% total return for the six-month period ended June 30, 2015.

Performance reflects the Fund's Class 2 operating expenses, but does ***not*** *include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Fund Goals and Main Investments

Franklin Growth and Income VIP Fund seeks capital appreciation with current income as a secondary goal. Under normal market conditions, the Fund invests predominantly in equity securities, including securities convertible into common stock.

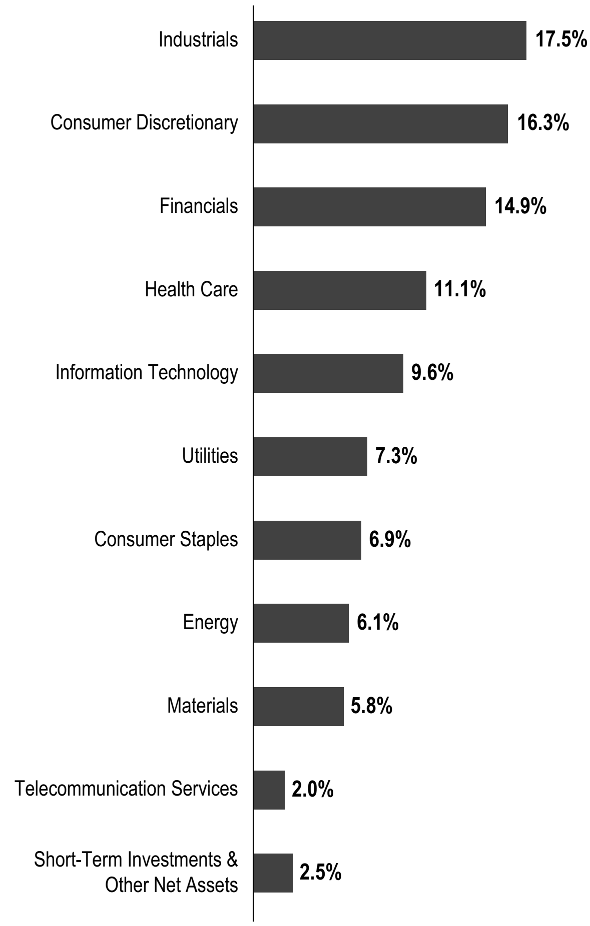
Fund Risks

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Convertible securities are subject to the risks of stocks when the underlying stock price is high relative to the conversion price and debt securities when the underlying stock price is low relative to the conversion price. The Fund's investment in foreign securities also involves special risks, including currency fluctuations and economic as well as political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's benchmark, the Standard & Poor's® 500 Index (S&P 500®), produced a +1.23% total return.[1] The Fund's peers as measured by the Lipper VIP Equity Income Funds Classification Average posted a +1.41% return for the same period.[2]

Portfolio Breakdown
Based on Total Net Assets as of 6/30/15



Economic and Market Overview

U.S. economic growth was mixed during the six months under review. In 2015's first quarter, U.S. dollar strength, low energy price, and a labor dispute at West Coast ports led exports to decline. Lower business investment and state and local government spending also weighed on the economy, while increases in consumer spending, residential investment and private inventory investment offered some support. In the second quarter, business capital spending rebounded and manufacturing and non-manufacturing activities increased, contributing to strong job gains that helped the unemployment rate decline from 5.6% in December 2014 to 5.3% in June 2015.[3] Housing market data were generally encouraging as home sales and prices rose. After a brief, winter slump, retail sales rebounded in the spring as strong employment gains led to broad-based improvement, especially for auto and gasoline sales. Inflation, as measured by the Consumer Price Index, rose during the six months amid generally higher energy prices bouncing from recent lows.

During the six-month period, the Federal Reserve Board (Fed) kept its target interest rate at 0%–0.25% while considering when an increase would be appropriate. The Fed anticipated raising its target rate when it saw further labor market progress and was reasonably confident that inflation would move back to 2% over the medium term. In its June meeting, the Fed lowered its 2015 economic growth forecast and raised unemployment estimates given the weak start to the year.

1. Source: Morningstar.
2. Source: Lipper, a Thomson Reuters Company.
One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.
3. Source: Bureau of Labor Statistics.

Investor confidence grew during the period as corporate profits remained healthy, the Fed showed caution about raising interest rates, economic data in Europe and Japan improved and China introduced more stimulus measures. However, the stock markets endured some sell-offs when many investors reacted to debt negotiations between Greece and its creditors, geopolitical tensions in certain regions, and less robust growth in China. For the six months under review, U.S. stocks, as measured by the S&P 500 and the Dow Jones Industrial Average, rose marginally after both reached all-time highs in May.[4]

Investment Strategy

We seek to invest in a broadly diversified portfolio of equity securities that we consider to be financially strong, with a focus on "blue chip" companies. We apply a bottom-up approach to investing in individual securities. We will assess the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins, balance sheet and liquidation value. We consider dividend yield in selecting stocks for the Fund because we believe that, over time, dividend income can contribute significantly to total return and can be a more consistent source of investment return than capital appreciation. We seek to take advantage of price dislocations that result from the market's short-term focus and choose to invest in those companies that, in our opinion, offer the best trade-off between growth opportunity, business and financial risk, and valuation.

Manager's Discussion

During the period under review, several sectors the Fund invested in rose in value, including consumer discretionary and health care. In contrast, many other sectors the Fund invested in declined in value. Key detracting sectors included information technology (IT), utilities and energy.

In consumer discretionary, key contributors included our equity-linked security in Internet retailer Amazon.com and our stock position in sports footwear, apparel, equipment, accessories and services company NIKE. Amazon.com helped relative results, as the Internet retailer generated year-over-year margin expansion in 2014's fourth quarter and in 2015's first quarter. In its first-quarter earnings report, Amazon.com announced a loss that investors appeared to overlook as the company disclosed the revenues and profitability of Amazon Web Services (AWS), its cloud computing platform, for the first time. With

Top 10 Holdings
6/30/15

Company *Sector/Industry*	**% of Total Net Assets**
Eli Lilly & Co. *Health Care*	2.4%
NIKE Inc., B *Consumer Discretionary*	2.4%
Barclays Bank PLC into Amazon.com Inc., 144A *Consumer Discretionary*	2.3%
Target Corp. *Consumer Discretionary*	2.2%
JPMorgan Chase & Co. *Financials*	2.2%
Cisco Systems Inc. *Information Technology*	2.2%
Ford Motor Co. *Consumer Discretionary*	2.2%
BlackRock Inc. *Financials*	2.2%
Microsoft Corp. *Information Technology*	2.1%
L Brands Inc. *Consumer Discretionary*	2.1%

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments.

robust annual revenue growth and a high profit margin, AWS was more profitable than many analysts had estimated. The company's core retail business generated strong revenue growth in North America and internationally. NIKE continued to benefit from the strong growth trend in global athletic participation. Additionally, factors including the company's strong brand, innovation and geographic expansion spurred growth exceeding that of its peers. NIKE's margins expanded as a result of its premium price product mix and a shift in distribution channels. NIKE generated strong free cash flow and had a favorable capital return strategy that consistently raised dividends and implemented share buybacks. The company's balance sheet was healthy, in our view, and allowed for further capital returns opportunities.

In health care, pharmaceutical companies Eli Lilly & Co. and Sanofi and pharmaceuticals and diagnostics developer Roche Holding[5] were key contributors. Eli Lilly experienced a strong first quarter that suggested to us that it was moving past a challenging period in which a number of its patents expired. The company announced that phase III results for its experimental Alzheimer's drug would become available earlier than

4. Please see Index Descriptions following the Fund Summaries.
5. Sold by period-end.

expected. Sanofi benefited from the appointment of a new chief executive officer. Roche showed promising results from its product pipeline, particularly among its non-cancer drugs. The company announced that in clinical trials, its experimental multiple sclerosis drug met expectations and outperformed a competitor's medication.

In contrast, among IT holdings, top detractors included data storage company Seagate Technology, semiconductor maker Intel and software firm Microsoft. The personal computer (PC) market struggled during the period owing largely to unfavorable currency exchange rates in overseas markets, which delayed demand. Additionally, Microsoft terminated support of its Windows XP operating system during late 2014, effectively ending a PC replacement cycle. Finally, distributors reduced PC inventories in advance of the Windows 10 operating system launch. Seagate suffered from weak revenue levels in its first quarter driven by a slowdown in the PC market, which accounts for nearly half of Seagate's revenue. Shares of Intel, the world's leading microprocessor supplier, were hurt by weak global desktop and notebook computer sales during the period. The company also struggled to execute and gain market share in the smartphone market. Intel shares also were pressured after the announcement of its intention to acquire Altera, a leading programmable logic semiconductor company. Microsoft was also hurt by weakness in the PC market, which accounts for a considerable portion of the company's gross profit. Microsoft had low earnings in its first quarter as sales from its devices and consumer business, licensing, phone and hardware divisions declined.

Within utilities, electric power company Duke Energy and power and energy company Dominion Resources were major detractors. Duke Energy lagged the utility average during the period as U.S. dollar strength weighed on translated earnings of the company's international operations. Our position in Dominion Resources was hurt by falling power prices in New England.

In the energy sector, significant detractors included a convertible preferred stock holding in oil and natural gas exploration and production company Chesapeake Energy as well as stocks of oil and natural gas producer Royal Dutch Shell and multinational energy corporation Chevron. Energy stocks underperformed the broader markets despite a modest recovery in crude oil prices by period-end, which helped offset a drop in natural gas prices. U.S. crude oil inventory levels rapidly increased during the first half of the reporting period and sparked fears of the U.S. reaching full oil storage capacity, which could have led to further price weakness. Yet these fears were fleeting as crude oil inventories resumed their normal seasonal withdrawal in May and into June, helped by strong demand for gasoline and resumption in refinery runs following maintenance.

Investors then turned their attention to broader economic events such as the Greek debt crisis, the possibility of the United Nations lifting Iranian export sanctions and the Chinese stock market collapse. These events at period-end stoked fears that strong oil demand growth could fade in the second half of the calendar year and increase the oil surplus as production in the U.S. and Middle East continued to grow. In this environment, Royal Dutch Shell and Chevron suffered losses. Chesapeake Energy declined as natural gas prices fell because of warm winter weather, which also negatively affected natural gas liquid prices as propane inventories surged above export demand. These factors weighed on prices for a considerable amount of the company's output. Chesapeake was also burdened by contracts designed to support a midstream business the company sold off. These contracts carried substantial long-term commitments that limited operational flexibility and resulted in natural gas prices that were lower than those of Chesapeake's peers.

Thank you for your participation in Franklin Growth and Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or 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 the investment manager 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.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   If an account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."
   If Fund-Level Expenses Incurred During Period were $7.50, then 8.6 × $7.50 = $64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 2	Beginning Account Value 1/1/15	Ending Account Value 6/30/15	Fund-Level Expenses Incurred During Period* 1/1/15–6/30/15
Actual	$1,000	$ 992.80	$4.10
Hypothetical (5% return before expenses)	$1,000	$1,020.68	$4.16

*Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 2 shares (0.83%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

Financial Highlights

Franklin Growth and Income VIP Fund

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$17.02	$15.97	$12.64	$11.60	$11.76	$10.47
Income from investment operations[a]:						
Net investment income[b]	0.26	0.53[c]	0.33	0.35	0.33	0.38
Net realized and unrealized gains (losses)	(0.35)	0.95	3.40	1.08	(0.03)	1.32
Total from investment operations	(0.09)	1.48	3.73	1.43	0.30	1.70
Less distributions from:						
Net investment income	(0.61)	(0.43)	(0.40)	(0.39)	(0.46)	(0.41)
Net realized gains	(0.38)	—	—	—	—	—
Total distributions	(0.99)	(0.43)	(0.40)	(0.39)	(0.46)	(0.41)
Net asset value, end of period	$15.94	$17.02	$15.97	$12.64	$11.60	$11.76
Total return[d]	(0.62)%	9.40%	29.96%	12.53%	2.64%	16.93%
Ratios to average net assets[e]						
Expenses	0.58%	0.57%[f]	0.58%[f]	0.60%	0.59%	0.59%
Net investment income	3.01%	3.26%[c]	2.29%	2.86%	2.80%	3.62%
Supplemental data						
Net assets, end of period (000's)	$156,243	$168,961	$175,860	$154,463	$156,830	$176,590
Portfolio turnover rate	13.45%	20.54%	35.16%	30.00%	32.93%	26.83%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.12 per share received in the form of special dividends paid in connection with certain Fund holdings. Excluding these amounts, the ratio of net investment income to average net assets would have been 2.53%.

[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

Franklin Growth and Income VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.76	$15.73	$12.46	$11.44	$11.60	$10.33
Income from investment operations[a]:						
Net investment income[b]	0.23	0.48[c]	0.29	0.32	0.29	0.35
Net realized and unrealized gains (losses)	(0.34)	0.94	3.35	1.05	(0.02)	1.31
Total from investment operations	(0.11)	1.42	3.64	1.37	0.27	1.66
Less distributions from:						
Net investment income	(0.56)	(0.39)	(0.37)	(0.35)	(0.43)	(0.39)
Net realized gains	(0.38)	—	—	—	—	—
Total distributions	(0.94)	(0.39)	(0.37)	(0.35)	(0.43)	(0.39)
Net asset value, end of period	$15.71	$16.76	$15.73	$12.46	$11.44	$11.60
Total return[d]	(0.72)%	9.14%	29.60%	12.23%	2.41%	16.68%
Ratios to average net assets[e]						
Expenses	0.83%	0.82%[f]	0.83%[f]	0.85%	0.84%	0.84%
Net investment income	2.76%	3.01%[c]	2.04%	2.61%	2.55%	3.37%
Supplemental data						
Net assets, end of period (000's)	$129,417	$138,191	$150,966	$131,400	$129,309	$151,481
Portfolio turnover rate	13.45%	20.54%	35.16%	30.00%	32.93%	26.83%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.12 per share received in the form of special dividends paid in connection with certain Fund holdings. Excluding these amounts, the ratio of net investment income to average net assets would have been 2.28%.

[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments, June 30, 2015 (unaudited)

Franklin Growth and Income VIP Fund

	Country	Shares	Value
Common Stocks 86.7%			
Consumer Discretionary 14.0%			
Ford Motor Co.	United States	413,000	$ 6,199,130
L Brands Inc.	United States	70,100	6,009,673
Las Vegas Sands Corp.	United States	63,600	3,343,452
Lowe's Cos. Inc.	United States	81,700	5,471,449
NIKE Inc., B	United States	62,900	6,794,458
Starwood Hotels & Resorts Worldwide Inc.	United States	70,000	5,676,300
Target Corp.	United States	78,500	6,407,955
			39,902,417
Consumer Staples 6.9%			
Anheuser-Busch InBev NV, ADR	Belgium	35,000	4,223,450
Mead Johnson Nutrition Co., A	United States	45,400	4,095,988
Nestle SA	Switzerland	44,700	3,226,660
PepsiCo Inc.	United States	61,500	5,740,410
The Procter & Gamble Co.	United States	31,600	2,472,384
			19,758,892
Energy 5.5%			
Chevron Corp.	United States	42,700	4,119,269
Exxon Mobil Corp.	United States	49,744	4,138,701
HollyFrontier Corp.	United States	81,600	3,483,504
Royal Dutch Shell PLC, A, ADR	United Kingdom	69,100	3,939,391
			15,680,865
Financials 13.7%			
Aflac Inc.	United States	72,300	4,497,060
Arthur J. Gallagher & Co.	United States	94,400	4,465,120
Bank of America Corp.	United States	128,300	2,183,666
BlackRock Inc.	United States	17,900	6,193,042
JPMorgan Chase & Co.	United States	93,370	6,326,751
MetLife Inc.	United States	93,778	5,250,630
T. Rowe Price Group Inc.	United States	61,100	4,749,303
Wells Fargo & Co.	United States	98,300	5,528,392
			39,193,964
Health Care 9.6%			
Bristol-Myers Squibb Co.	United States	89,900	5,981,946
Eli Lilly & Co.	United States	81,400	6,796,086
Johnson & Johnson	United States	44,600	4,346,716
Pfizer Inc.	United States	132,400	4,439,372
Sanofi, ADR	France	120,000	5,943,600
			27,507,720
Industrials 15.3%			
Caterpillar Inc.	United States	58,800	4,987,416
General Electric Co.	United States	166,200	4,415,934
Honeywell International Inc.	United States	58,100	5,924,457
Lockheed Martin Corp.	United States	30,500	5,669,950
Nielsen NV	United States	95,500	4,275,535
Raytheon Co.	United States	39,800	3,808,064
Republic Services Inc.	United States	146,200	5,726,654
United Parcel Service Inc., B	United States	41,200	3,992,692
United Technologies Corp.	United States	44,800	4,969,664
			43,770,366

Franklin Growth and Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Information Technology 9.6%			
Cisco Systems Inc.	United States	229,208	$ 6,294,052
Intel Corp.	United States	182,800	5,559,862
Maxim Integrated Products Inc.	United States	168,200	5,815,515
Microsoft Corp.	United States	137,800	6,083,870
Seagate Technology PLC	United States	78,800	3,743,000
			27,496,299
Materials 4.6%			
BHP Billiton PLC	Australia	111,700	2,191,754
The Dow Chemical Co.	United States	111,500	5,705,455
Freeport-McMoRan Inc., B	United States	82,788	1,541,513
Potash Corp. of Saskatchewan Inc.	Canada	115,500	3,577,035
			13,015,757
Telecommunication Services 2.0%			
Rogers Communications Inc., B	Canada	159,100	5,652,823
Utilities 5.5%			
Dominion Resources Inc.	United States	52,600	3,517,362
Duke Energy Corp.	United States	56,703	4,004,366
PG&E Corp.	United States	110,500	5,425,550
Xcel Energy Inc.	United States	89,800	2,889,764
			15,837,042
Total Common Stocks (Cost $189,609,733)			247,816,145
[a] **Equity-Linked Securities (Cost $5,125,650) 2.3%**			
Consumer Discretionary 2.3%			
[b] Barclays Bank PLC into Amazon.com Inc., 3.00%, 144A	United States	15,000	6,441,570
Convertible Preferred Stocks 8.5%			
Energy 0.6%			
Chesapeake Energy Corp., 5.75%, cvt. pfd.	United States	2,700	1,856,282
Financials 1.2%			
Bank of America Corp., 7.25%, cvt. pfd., L	United States	3,100	3,447,200
Health Care 1.5%			
Allergan PLC, 5.50%, cvt. pfd.	United States	4,000	4,170,320
Industrials 2.2%			
Genesee & Wyoming Inc., 5.00%, cvt. pfd.	United States	9,200	931,500
Stanley Black & Decker Inc., 6.25%, cvt. pfd.	United States	45,300	5,402,025
			6,333,525
Materials 1.2%			
Alcoa Inc., 5.375%, cvt. pfd.	United States	84,800	3,352,144
Utilities 1.8%			
NextEra Energy Inc., 5.799%, cvt. pfd.	United States	62,000	3,317,000
NextEra Energy Inc., 5.889%, cvt. pfd.	United States	28,100	1,734,051
			5,051,051
Total Convertible Preferred Stocks (Cost $22,820,497)			24,210,522
Total Investments before Short Term Investments (Cost $217,555,880)			278,468,237

Franklin Growth and Income VIP Fund (continued)

	Country	Principal Amount	Value
Short Term Investments (Cost $7,036,215) 2.4%			
Repurchase Agreements 2.4%			
[c]Joint Repurchase Agreement, 0.095%, 7/01/15 (Maturity Value $7,036,234)	United States	$ 7,036,215	$ 7,036,215
BNP Paribas Securities Corp. (Maturity Value $1,726,692)			
HSBC Securities (USA) Inc. (Maturity Value $3,626,053)			
Merrill Lynch, Pierce, Fenner & Smith Inc. (Maturity Value $1,683,489)			
Collateralized by U.S. Government Agency Securities, 0.000% - 5.50%, 12/01/15 - 6/12/20; U.S. Government Agency Securities, Strips, 6/01/17; [d]U.S. Treasury Bills, 3/31/16; U.S. Treasury Bonds, 3.125%, 8/15/44; and U.S. Treasury Notes, 1.25% - 1.75%, 1/31/19 - 9/30/19 (valued at $7,178,379)			
Total Investments (Cost $224,592,095) 99.9%			285,504,452
Other Assets, less Liabilities 0.1%			155,801
Net Assets 100.0%			$ 285,660,253

See Abbreviations on page FGI-19.

[a]See Note 1(d) regarding equity-linked securities.

[b]Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees.

[c]See Note 1(c) regarding joint repurchase agreement.

[d]The security is traded on a discount basis with no stated coupon rate.

Financial Statements

Statement of Assets and Liabilities
June 30, 2015 (unaudited)

	Franklin Growth and Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$217,555,880
Cost - Repurchase agreements	7,036,215
Total cost of investments	$224,592,095
Value - Unaffiliated issuers	$278,468,237
Value - Repurchase agreements	7,036,215
Total value of investments	285,504,452
Receivables:	
Capital shares sold	16,181
Dividends	508,253
Other assets	125
Total assets	286,029,011
Liabilities:	
Payables:	
Capital shares redeemed	128,662
Management fees	128,423
Distribution fees	55,662
Reports to shareholders	37,575
Accrued expenses and other liabilities	18,436
Total liabilities	368,758
Net assets, at value	$285,660,253
Net assets consist of:	
Paid-in capital	$205,562,325
Undistributed net investment income	4,290,886
Net unrealized appreciation (depreciation)	60,913,719
Accumulated net realized gain (loss)	14,893,323
Net assets, at value	$285,660,253
Class 1:	
Net assets, at value	$156,243,156
Shares outstanding	9,799,719
Net asset value and maximum offering price per share	$ 15.94
Class 2:	
Net assets, at value	$129,417,097
Shares outstanding	8,239,365
Net asset value and maximum offering price per share	$ 15.71

Statement of Operations
for the six months ended June 30, 2015 (unaudited)

	Franklin Growth and Income VIP Fund
Investment income:	
Dividends	$ 5,335,452
Interest	1,468
Total investment income	5,336,920
Expenses:	
Management fees (Note 3a)	792,872
Distribution fees - Class 2 (Note 3c)	167,095
Custodian fees (Note 4)	1,913
Reports to shareholders	38,749
Professional fees	19,087
Trustees' fees and expenses	650
Other	5,374
Total expenses	1,025,740
Net investment income	4,311,180
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments	14,825,984
Foreign currency transactions	39,480
Net realized gain (loss)	14,865,464
Net change in unrealized appreciation (depreciation) on:	
Investments	(20,930,878)
Translation of other assets and liabilities denominated in foreign currencies	10,477
Net change in unrealized appreciation (depreciation)	(20,920,401)
Net realized and unrealized gain (loss)	(6,054,937)
Net increase (decrease) in net assets resulting from operations	$ (1,743,757)

Statements of Changes in Net Assets

	Franklin Growth and Income VIP Fund	
	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 4,311,180	$ 9,837,662
Net realized gain (loss)	14,865,464	23,764,024
Net change in unrealized appreciation (depreciation)	(20,920,401)	(6,144,449)
Net increase (decrease) in net assets resulting from operations	(1,743,757)	27,457,237
Distributions to shareholders from:		
Net investment income:		
Class 1	(5,633,682)	(4,441,593)
Class 2	(4,366,077)	(3,421,107)
Net realized gains:		
Class 1	(3,526,285)	—
Class 2	(2,955,426)	—
Total distributions to shareholders	(16,481,470)	(7,862,700)
Capital share transactions: (Note 2)		
Class 1	(2,717,964)	(17,675,242)
Class 2	(548,885)	(21,593,267)
Total capital share transactions	(3,266,849)	(39,268,509)
Net increase (decrease) in net assets	(21,492,076)	(19,673,972)
Net assets:		
Beginning of period	307,152,329	326,826,301
End of period	$285,660,253	$307,152,329
Undistributed net investment income included in net assets:		
End of period	$ 4,290,886	$ 9,979,465

Notes to Financial Statements (unaudited)

Franklin Growth and Income VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of nineteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Growth and Income VIP Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At June 30, 2015, 77.93% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. Each class of shares differs by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Repurchase agreements are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these

Franklin Growth and Income VIP Fund (continued)

differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2015.

d. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statement of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in

Franklin Growth and Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Equity-Linked Securities *(continued)*

equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

e. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date. As a result of several court cases, in certain countries across the European Union, the Fund has filed additional tax reclaims for previously withheld taxes on dividends earned in those countries. These additional filings are subject to various administrative proceedings by the local jurisdictions' tax authorities within the European Union, as well as a number of related judicial proceedings. At this time, uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment, and accordingly, no amounts are reflected in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of June 30, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from foreign securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

g. Accounting Estimates

The preparation of financial statements in accordance with U.S. 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 amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

h. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities

Franklin Growth and Income VIP Fund (continued)

arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At June 30, 2015, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Shares	**Amount**	**Shares**	**Amount**
Class 1 Shares:				
Shares sold	5,479	$ 91,968	1,787	$ 29,600
Shares issued in reinvestment of distributions	568,589	9,159,967	273,329	4,441,593
Shares redeemed	(701,563)	(11,969,899)	(1,356,798)	(22,146,435)
Net increase (decrease)	(127,495)	$ (2,717,964)	(1,081,682)	$(17,675,242)
Class 2 Shares:				
Shares sold	266,953	$ 4,486,108	349,345	$ 5,677,772
Shares issued in reinvestment of distributions	461,342	7,321,503	213,552	3,421,107
Shares redeemed	(735,360)	(12,356,496)	(1,911,427)	(30,692,146)
Net increase (decrease)	(7,065)	$ (548,885)	(1,348,530)	$(21,593,267)

3. Transactions With Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including $100 million
0.500%	Over $100 million, up to and including $250 million
0.450%	Over $250 million, up to and including $7.5 billion
0.440%	Over $7.5 billion, up to and including $10 billion
0.430%	Over $10 billion, up to and including $12.5 billion
0.420%	Over $12.5 billion, up to and including $15 billion
0.400%	In excess of $15 billion

Franklin Growth and Income VIP Fund (continued)

3. Transactions With Affiliates (continued)

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2015, there were no credits earned.

5. Income Taxes

At June 30, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$224,694,756
Unrealized appreciation	$ 69,763,391
Unrealized depreciation	(8,953,695)
Net unrealized appreciation (depreciation)	$ 60,809,696

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of equity-linked securities, corporate actions, bond discounts and premiums, and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2015, aggregated $39,375,004 and $59,848,156, respectively.

7. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an

Franklin Growth and Income VIP Fund (continued)

annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2015, the Fund did not use the Global Credit Facility.

8. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

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

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of June 30, 2015, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments:[a]				
Energy	$ 15,680,865	$ 1,856,282	$ —	$ 17,537,147
All Other Equity Investments[b]	254,489,520	—	—	254,489,520
Equity-Linked Securities	—	6,441,570	—	6,441,570
Short Term Investments	—	7,036,215	—	7,036,215
Total Investments in Securities	$270,170,385	$15,334,067	$ —	$285,504,452

[a]Includes common and convertible preferred stocks.
[b]For detailed categories, see the accompanying Statement of Investments.

9. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions.

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Barclays 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury bills that have a remaining maturity between one month and three months and are investment-grade rated, U.S. dollar denominated, fixed rate and nonconvertible.

Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg Commodity Index comprises exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Prior to 7/1/14, the index was known as the Dow Jones-UBS Commodity Index.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/15, there were 293 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the six-month period ended 6/30/15, there were 71 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/15, there were 52 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the six-month period ended 6/30/15, there were 113 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI China A Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of companies incorporated in China that are listed on the Shanghai and Shenzhen Stock Exchanges, are quoted in the Chinese renminbi and entail foreign investment regulations.

MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of China, as represented by B, China H, Red Chip and P Chip shares.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 2500 ™ Value Index is market capitalization weighted and measures performance of those Russell 2500 ™ Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P®/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Review of Investment Management Agreement

At a meeting held April 14, 2015, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreement for each of the separate funds within the Trust (Fund(s)). In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports and related financial information for each Fund, along with periodic reports on expenses, shareholder services, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates. Information furnished specifically in connection with the renewal process included reports prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared each Fund's investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments (FTI) from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. mutual funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Funds by the FTI organization, as well as a memorandum relating to economies of scale.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. While the investment management agreements for all Funds were considered at the same Board meeting, the Board dealt with each Fund separately. In approving continuance of the investment management agreement for each Fund, the Board, including a majority of independent Trustees, determined that the existing management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of each Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

NATURE, EXTENT AND QUALITY OF SERVICE. The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Funds and its shareholders, except as noted later with respect to investment performance. The Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for each Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. Favorable consideration was given to management's continual efforts and expenditures in establishing effective business continuity plans and developing strategies to address cybersecurity threats. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm that also covered FOREX transactions. Consideration was also given to the experience of each Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments, including expanded collateralization requirements. The Board also took into account, among other things, management's efforts in establishing a global credit facility for the benefit of the Funds and other accounts managed by FTI to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the Manager's parent company and its commitment to the mutual fund business as evidenced by its continued subsidization of money market funds.

INVESTMENT PERFORMANCE. The Board placed significant emphasis on the investment performance of each of the

Board Review of Investment Management Agreement (continued)

Funds in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings throughout the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewals of all Funds. The Lipper reports prepared for each of the individual Funds showed the investment performance of Class 1 shares for those having such class of shares and Class 2 shares for those Funds that did not have Class 1 shares, in comparison to a performance universe selected by Lipper. Comparative performance for each Fund was shown for the one-year period ended January 31, 2015, and previous periods ended that date of up to 10 years unless otherwise noted. Performance was shown on a total return basis for each Fund. In certain cases, income return was indicated as well. The following summarizes the performance results for each of the Funds and the Board's view of such performance.

Franklin Flex Cap Growth VIP Fund – The performance universe for this Fund, which has been in operation for 10 full years, consisted of the Fund and all multi-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of its performance universe, and on an annualized basis to also be in the lowest performing quintile of such universe for each of the previous three- and five-year periods. The Board discussed with management the reasons for the Fund's underperformance and steps management was taking to evaluate its highest conviction stocks, but found the Fund's absolute performance on an annualized basis as shown in the Lipper report to be acceptable.

Franklin Founding Funds Allocation VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation growth funds underlying variable insurance products as selected by Lipper. The Fund has been in existence for seven years and the Lipper report showed its income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe for each of the previous three- and five-year periods. The Lipper report showed the Fund's total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-highest performing quintile of such universe for the previous three-year period, and to be in the second-lowest performing quintile of such universe for the previous five-year period. In assessing the relevance of such comparative performance, the Board noted the Fund is not actively managed and that its performance reflects those of the three underlying funds in which it invests in equal portions, which are not perfectly aligned to the investment style of comparative funds. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Franklin Global Real Estate VIP Fund – The performance universe for this Fund consisted of the Fund and all global real estate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three- and five-year periods, but in the lowest performing quintile of such universe for the previous 10-year period. Noting the marked improvement in performance in recent years, the Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Growth and Income VIP Fund – The performance universe for this Fund consisted of the Fund and all equity income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return during the one-year period to be in the highest quintile of its Lipper performance universe, and on an annualized basis in each of the previous three-, five- and 10-year periods to also be in the highest quintile of such universe. The Lipper report showed the Fund's total return for the one-year period to be in the middle performing quintile of its performance universe, and on an annualized basis, to be in the second-lowest performing quintile of such universe for each of the previous three- and 10-year periods, and the second-highest performing quintile of such universe for the previous five-year period. The Board noted management's attention to intensifying its focus on its highest conviction investments and found the Fund's comparative performance as shown in the Lipper report to be satisfactory.

Franklin High Income VIP Fund – The performance universe for this Fund consisted of the Fund and all high yield funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the second-highest quintile of such performance universe, and on an annualized basis to be in the highest and second-highest quintiles of such universe for the previous three- and five-year periods, respectively, and to be in the middle quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the lowest

performing quintile of its performance universe for the one-year period, and, on an annualized basis, to be in the middle performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for the previous five- and 10-year periods. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report, noting the Fund's income objective.

Franklin Income VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation moderate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such performance universe for the one-year period and to also be in the highest quintile of such universe for each of the previous three-, five- and 10-year periods on an annualized basis. The Lipper report showed the Fund's total return to be in the lowest performing quintile of its performance universe for the one-year period, and on an annualized basis to be in the middle performing quintile of such universe for the previous three- and five-year periods, and the second-highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Large Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest or best performing quintile of such universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the lowest performing quintile of such universe for each of the previous five- and 10-year periods. The Board discussed with management the Fund's historical underperformance and noted that a new portfolio manager was appointed for the Fund, effective May 1, 2014. In view of such discussions, and in light of the Fund's positive total return during the most recent year, the Board believed that appropriate action had been taken and that the Fund's comparative performance as shown in the Lipper report was acceptable.

Franklin Mutual Global Discovery VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three-, five- and 10-year periods. The Board found the Fund's overall comparative performance as set forth in the Lipper report to be satisfactory, noting that the three-year annualized total return exceeded 13%.

Franklin Mutual Shares VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of the performance universe, and on an annualized basis to be in the lowest performing quintile of such universe for the previous three- and five-year periods, and to be in the middle performing quintile for the previous 10-year period. The Board found the Fund's overall performance as set forth in the Lipper report to be unacceptable, but acknowledged management's explanation that the Fund is managed conservatively and the Fund's cash holdings detract from relative performance in sharply rising markets. The Board indicated it would continue to monitor the Fund.

Franklin Rising Dividends VIP Fund – The performance universe for this Fund consisted of the Fund and all multi-cap core funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return to be in the middle performing quintile of the performance universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the middle performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that its total return was above the median for the one-year period as well as the annualized five-year period.

Franklin Small Cap Value VIP Fund – The performance group for this Fund consisted of the Fund and all small-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such performance universe, and on an annualized basis to also be in the second-lowest performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting management's recent commitment of two additional analysts to support the Fund and the Fund's longer term positive returns.

Board Review of Investment Management Agreement (continued)

Franklin Small-Mid Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all mid-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such universe, and on an annualized basis to be in the middle performing quintile of such universe for each of the previous three- and five-year periods, and the second-lowest performing quintile of such universe for the previous 10-year period. The Board discussed with management portfolio adjustments and the commitment of additional resources to the portfolio team. Given management's attention to the Fund, the Board found the Fund's performance to be acceptable and noted that the 10-year annualized performance was less than 1% below the median.

Franklin Strategic Income VIP Fund – The performance universe for this Fund consisted of the Fund and all general bond funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe during each of the previous three- and five-year periods, and in the second-highest quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the second-lowest performing quintile of such universe during the one-year period, and on an annualized basis to be in either the highest or second-highest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Templeton Developing Markets VIP Fund – The performance universe for this Fund consisted of the Fund and all emerging markets funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the second-lowest performing quintile of such performance universe and on an annualized basis to also be in the second-lowest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board found the performance of the Fund as set forth in the Lipper report to be disappointing and discussed with management the impact of the Manager's approach to investing, which was out of favor in current markets. The Board also discussed with management steps it was evaluating to improve the performance, including a more rigorous selling discipline. The Board concluded that continued monitoring is warranted in light of the Fund's underperformance, but did not believe a portfolio management change was needed at this time.

Templeton Foreign VIP Fund – The performance universe for this Fund consisted of the Fund and all international large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, in the second-highest performing quintile of such universe for the previous five-year period, and in the highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative investment performance as set forth in the Lipper report, noting that performance was in the highest or second-highest quintile in each of the previous seven years.

Templeton Global Bond VIP Fund – The performance universe for this Fund consisted of the Fund and all global income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the highest quintile of such Lipper universe, and on an annualized basis to also be in the highest quintile of such universe for the previous three- and 10-year periods, and in the second-highest quintile of such universe for the previous five-year period. The Lipper report showed the Fund's total return for the one-year period to be in the highest performing quintile of its performance universe, and on an annualized basis to also be in the highest performing quintile of such universe for each of the previous three-, five- and 10-year annualized periods. The Board was satisfied with the Fund's comparative performance as set forth in the Lipper report.

Templeton Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the lowest or worst performing quintile of such performance universe and on an annualized basis to be in the middle performing quintile of such universe for the previous three-year period, and the second-lowest performing quintile of such universe for the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that the

Fund's performance had been in the highest quintile in three of the previous five one-year periods. They also observed that the Fund's annualized performance was within 1% of the median for the trailing five-year period.

COMPARATIVE EXPENSES. Consideration was given to expense comparison information contained in the Lipper reports furnished for each Fund, which compared its management fee and total expense ratio with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on each Fund's contractual investment management fee rate in comparison with the contractual investment management fee rate that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of its Lipper expense group. The Lipper contractual investment management fee analysis includes administrative charges at the fund level as being part of a management fee, and actual total expenses, for comparative consistency, are shown by Lipper for the same class of shares for all funds within a particular Lipper expense group. The results of such comparisons showed that both the contractual investment management fee rates and actual total expense ratios of the following Funds were in the least expensive quintiles of their respective Lipper expense groups: Franklin Small Cap Value VIP Fund, Franklin Growth and Income VIP Fund, Franklin High Income VIP Fund, Franklin Income VIP Fund and Templeton Global Bond VIP Fund. The Board was satisfied with the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper reports. The contractual investment management fee rates and actual total expense ratios of each of Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund and Templeton Developing Markets VIP Fund were above the medians of their Lipper expense groups, but in no case by more than 22 basis points. The Board found the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper report to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were in the middle performing quintile: Franklin Flex Cap Growth VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin Mutual Shares VIP Fund. The Board found the comparative expenses of these Funds as shown in the Lipper reports to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were below the median: Franklin Small-Mid Cap Growth VIP Fund and Templeton Growth VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports. The contractual investment management fee rates and actual total expense ratios for the following Funds were in the first or second quintiles of their expense groups, meaning they were among the least expensive of their peers: Franklin Strategic Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Founding Funds Allocation VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Foreign VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports.

MANAGEMENT PROFITABILITY. The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2014, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Funds' Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to

Board Review of Investment Management Agreement (continued)

each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also took into account management's expenditures in improving services provided the Funds, as well as the need to implement systems to meet additional regulatory and compliance requirements resulting from statutes such as the Sarbanes-Oxley and Dodd-Frank Acts and recent SEC and other regulatory requirements. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from Fund operations, including potential benefits resulting from personnel, systems enhancements necessitated by fund growth, as well as increased leverage with the service providers and counterparties. Based upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, quality and extent of services provided.

ECONOMIES OF SCALE. The Board also considered whether economies of scale are realized by the Manager as the Funds grow larger and the extent to which this is reflected in the level of management fees charged. While recognizing that any precise determination is inherently subjective, the Board noted that based upon the Fund profitability analysis, it appears that as some funds get larger, at some point economies of scale do result in the Manager realizing a larger profit margin on management services provided such a fund. The Board also noted that economies of scale are shared with a fund and its shareholders through management fee breakpoints so that as a fund grows in size, its effective management fee rate declines. In the case of Franklin Founding Funds Allocation VIP Fund, the management fees of the underlying funds in which it invests have management fee breakpoints that extend beyond their existing asset sizes, and in the case of each of the other Funds, other than Franklin Rising Dividends VIP Fund, their management fees contain breakpoints that extend beyond their existing asset sizes. To the extent economies of scale may be realized by the Manager and its affiliates, the Board believed the schedule of investment management fees provides a sharing of benefits for each Fund and its shareholders. The investment management structure of Franklin Rising Dividends VIP Fund provides for a fee of 0.750% on the first $500 million of assets; 0.625% on the next $500 million of assets; and 0.500% on assets in excess of $1 billion. This Fund had assets of $1.8 billion at December 31, 2014, and in reviewing its fee structure, management stated its belief that this fee structure reaches a relatively low rate quickly reflecting anticipated economies of scale. In support of such position, management pointed out the favorable management fee and total expense comparisons of this Fund within its Lipper expense group as previously discussed under "Comparative Expenses." In light of such position and taking into account the fact that the reduced rate on assets in excess of the last breakpoint lowers the Fund's overall investment management fee rate, the Board believed that the schedule of investment management fees provides a sharing of benefits for the Fund and its shareholders, but intends to monitor future growth and the appropriateness of adding additional breakpoints.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

Semiannual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
June 30, 2015

Franklin Templeton
Variable Insurance Products Trust

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Supplement Dated June 30, 2015
to the Statement of Additional Information
Dated May 1, 2015
of Franklin Templeton Variable Insurance Products Trust

The statement of additional information (SAI) is amended as follows:

In the section **"Glossary of Investments, Techniques, Strategies and Their Risks"** under the heading **"Foreign securities"** the following is added before the paragraph on page 40 that begins with "*Developing markets or emerging markets*:"

Investing through Stock Connect. Foreign investors may now invest in eligible China A shares ("Stock Connect Securities") listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai – Hong Kong Stock Connect ("Stock Connect") program. Stock Connect is a securities trading and clearing program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), SSE, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE. In contrast to certain other regimes for foreign investment in Chinese securities, no individual investment quotas or licensing requirements apply to investors in Stock Connect Securities through Stock Connect. In addition, there are no lock-up periods or restrictions on the repatriation of principal and profits.

However, trading through Stock Connect is subject to a number of restrictions that may affect a Fund's investments and returns. For example, a primary feature of the Stock Connect program is the application of the home market's laws and rules to investors in a security. Thus, investors in Stock Connect Securities are generally subject to PRC securities regulations and SSE listing rules, among other restrictions. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to all Stock Connect participants, which may restrict or preclude a Fund's ability to invest in Stock Connect Securities. For example, an investor cannot purchase and sell the same security on the same trading day. Stock Connect also is generally available only on business days when both the SSE and the SEHK are open. Trading in the Stock Connect Program is subject to trading, clearance and settlement procedures that are untested in the PRC, which could pose risks to a Fund. Finally, the withholding tax treatment of dividends and capital gains payable to overseas investors currently is unsettled.

Stock Connect is in its initial stages. Further developments are likely and there can be no assurance as to whether or how such developments may restrict or affect a Fund's investments or returns. In addition, the application and interpretation of the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program, are uncertain, and they may have a detrimental effect on a Fund's investments and returns.

Please keep this supplement with your Statement of Additional Information for future reference.

SUPPLEMENT DATED MAY 1, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

I. The section entitled "Calculation of Net Asset Value" in the SAI is removed in its entirety.

Please keep this supplement with your statement of additional information for future reference.

Franklin Large Cap Growth VIP Fund

We are pleased to bring you Franklin Large Cap Growth VIP Fund's semiannual report for the period ended June 30, 2015.

Class 2 Performance Summary as of June 30, 2015

The Fund's Class 2 shares delivered a +7.84% total return for the six-month period ended June 30, 2015.

*Performance reflects the Fund's Class 2 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

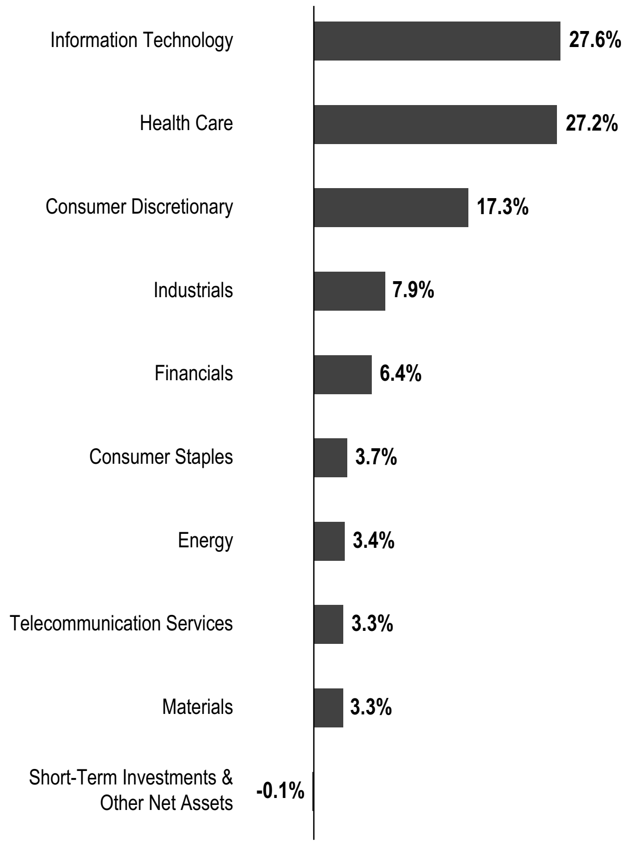
Fund Goal and Main Investments

Franklin Large Cap Growth VIP Fund seeks capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of large capitalization companies. For this Fund, large capitalization companies are those with market capitalization values within those of the top 50% of companies in the Russell 1000® Index at the time of purchase.[1]

Fund Risks

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. The Fund may focus on particular sectors of the market from time to time, which can carry greater risks of adverse developments in such sectors. Smaller or midsized companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Investments in foreign securities may involve special risks including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Portfolio Breakdown*
Based on Total Net Assets as of 6/30/15



Figures are stated as a percentage of total and may not equal 100% or may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's benchmark, the Standard & Poor's® 500 Index (S&P 500®), generated a +1.23% total return.[2]

Economic and Market Overview

U.S. economic growth was mixed during the six months under review. In 2015's first quarter, U.S. dollar strength, low energy prices, and a labor dispute at West Coast ports led exports to decline. Lower business investment and state and local government spending also weighed on the economy, while increases in consumer spending, residential investment and private inventory investment offered some support. In the second quarter, business capital spending rebounded and manufacturing and non-manufacturing activities increased, contributing to strong job gains that helped the unemployment rate decline from 5.6% in December 2014 to 5.3% in June 2015.[3] Housing market data were generally encouraging as home sales and prices rose. After a brief, winter slump, retail sales rebounded in the spring as strong employment gains led to broad-based improvement, especially for auto and gasoline sales. Inflation, as measured by the Consumer Price Index, rose during the six months amid generally higher energy prices bouncing from recent lows.

During the six-month period, the Federal Reserve Board (Fed) kept its target interest rate at 0%–0.25% while considering when an increase would be appropriate. The Fed anticipated raising its target rate when it saw further labor market progress and was reasonably confident that inflation would move back to 2% over the medium term. In its June meeting, the Fed lowered

1. Please see Index Descriptions following the Fund Summaries.
2. Source: Morningstar.
One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.
3. Source: Bureau of Labor Statistics.

its 2015 economic growth forecast and raised unemployment estimates given the weak start to the year.

Investor confidence grew during the period as corporate profits remained healthy, the Fed showed caution about raising interest rates, economic data in Europe and Japan improved and China introduced more stimulus measures. However, the stock markets endured some sell-offs when many investors reacted to debt negotiations between Greece and its creditors, geopolitical tensions in certain regions, and less robust growth in China. For the six months under review, U.S. stocks, as measured by the S&P 500 and the Dow Jones Industrial Average, rose marginally after both reached all-time highs in May.[1]

Investment Strategy

We are a research driven, fundamental investor, pursuing a growth strategy. As a "bottom-up" investor focusing primarily on individual securities, we seek companies that have identifiable drivers of future earnings growth and that present, in our opinion, the best trade-off between that potential earnings growth, business and financial risk, and valuation.

Manager's Discussion

Looking back on the key factors impacting the Fund's returns during the six months under review, we would like to remind shareholders that our investment strategy is primarily bottom-up and driven by individual stock selection. However, we recognize that a sector-based discussion can be a helpful way to organize a portfolio review of key performance drivers. We employed our long-held strategy: bottom-up, individual-company, fundamental research aimed at opportunistically finding what we believed to be outstanding large-cap companies across all sectors, at valuations we believed understated their fair worth, with future growth potential being a key driver of estimated worth.

During the six months under review, nearly all sectors represented in the Fund's portfolio contributed to absolute performance. Relative to the S&P 500, key contributors included stock selection and overweightings in health care and consumer discretionary, as well as stock selection in information technology (IT).

Health care was one of the period's best-performing sectors, driven largely by the biotechnology and pharmaceuticals industries, as many companies received positive responses from the Food and Drug Administration, maintained pricing flexibility and generated solid earnings growth. Further benefiting the sector were many companies' limited exposure to emerging markets, including Greece and China, and consolidation in several industries. Top contributors to Fund performance included Valeant Pharmaceuticals International[4] and Allergan PLC (formerly Actavis). Headquartered in Canada, Valeant Pharmaceuticals contributed to relative returns following its report of strong revenue growth in 2015's first quarter. The company also stated that it expected its acquisition of Salix Pharmaceuticals to expand its product offering in future years. Allergan PLC became one of the world's top 10 pharmaceutical companies by revenue following its acquisition of Allergan Inc. in March. Allergan PLC reported stronger-than-expected first-quarter earnings, driven by higher generic drug revenues and stronger gross margins across brands. In our view, the company's broad pipeline, recent and pending launches, and synergies with recent acquisitions could support strong revenue growth.

The Fund's consumer discretionary holdings performed well overall, as strength in many industries, including athletic apparel, media and Internet retail, more than offset weakness in specialty retail. Amazon.com helped relative results, as the

Top 10 Holdings
6/30/15

Company ***Sector/Industry***	**% of Total Net Assets**
Allergan PLC *Health Care*	4.5%
Celgene Corp. *Health Care*	3.8%
MasterCard Inc., A *Information Technology*	3.8%
Apple Inc. *Information Technology*	3.4%
SBA Communications Corp. *Telecommunication Services*	3.3%
Amazon.com Inc. *Consumer Discretionary*	2.8%
Facebook Inc., A *Information Technology*	2.8%
Valeant Pharmaceuticals International Inc. *Health Care*	2.7%
Google Inc., A & C *Information Technology*	2.6%
The Walt Disney Co. *Consumer Discretionary*	2.6%

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments.

4. Not part of the index.

Internet retailer generated year-over-year margin expansion in 2014's fourth quarter and in 2015's first quarter. In its first-quarter earnings report, Amazon.com announced a loss that investors appeared to overlook as the company disclosed the revenues and profitability of Amazon Web Services (AWS), its cloud computing platform, for the first time. With robust annual revenue growth and a high profit margin, AWS was more profitable than many analysts had estimated. The company's core retail business generated strong revenue growth in North America and internationally.

In the IT sector, key contributors included Palo Alto Networks[4] and Avago Technologies. Palo Alto Networks, a network security company, demonstrated solid market share gains and fixed operating costs in an environment characterized by cyber attacks and strong enterprise security spending. Avago Technologies is a Singapore-based leading global supplier of high-performance filters for 4G-enabled devices, which is an attractive growth market. The company also supplies high-speed optical communication chips to equipment suppliers.

In contrast, key detractors from the Fund's relative performance included stock selection in the industrials sector, which underperformed resulting from slower emerging market economic growth, commodity price declines and the negative effects of foreign currency exchange.

Within the industrials sector, key detractors included Precision Castparts,[5] American Airlines Group and Kansas City Southern. Precision Castparts continued to struggle amid weak power and energy end markets. Further hurting its shares were a large aerospace customer's inventory reduction of Precision Castparts' products and new competitive pressures from Alcoa's titanium aerospace components business. American Airlines Group suffered from lower airfares as a result of excess capacity, particularly in the Dallas market after the Dallas Love Field Airport opened to national routes. Nonetheless, American Airlines produced record margins and earnings in 2015's first quarter. We expect the competitive pressure to ease in 2016, allowing further earnings improvement, and believe that many investors would eventually recognize the company's strong fundamentals. Kansas City Southern was negatively affected by declining coal and oil-related volumes. Additionally, the company's Mexico operations were understaffed relative to demand. We believe Kansas City Southern can redeploy assets used for coal and oil transport to the long-term opportunity of transporting more intermodal volumes across the U.S.-Mexico border, a strategy that could potentially help the company grow.

Key individual detractors from relative performance included Las Vegas Sands[4,5] and Anadarko Petroleum. Las Vegas Sands is a global gaming company with casino properties in Macau, Singapore and the U.S. The company was hurt primarily by a gaming revenue decline in its largest market, Macau. China's new government aggressively pursued an anti-corruption campaign and an increasingly restrictive tourist visa program that resulted in lower-than-expected visits and revenue from mainland China. Anadarko Petroleum is an energy exploration and production company with oil and natural gas assets globally. Its shares declined as energy prices fell due to record crude oil and natural gas production levels and weak demand growth in North America and Asia. In our view, Anadarko is a high-quality company with a strong balance sheet, diversified asset base and talented management team. Although it may take time for energy prices to return to 2013 levels, we believe the company is well positioned for long-term growth.

Thank you for your participation in Franklin Large Cap Growth VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or 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 the investment manager 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.

5. Not held at period-end.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   If an account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."
   If Fund-Level Expenses Incurred During Period were $7.50, then 8.6 × $7.50 = $64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 2	Beginning Account Value 1/1/15	Ending Account Value 6/30/15	Fund-Level Expenses Incurred During Period* 1/1/15–6/30/15
Actual	$1,000	$1,078.40	$5.36
Hypothetical (5% return before expenses)	$1,000	$1,019.64	$5.21

*Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 2 shares (1.04%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

Financial Highlights

Franklin Large Cap Growth VIP Fund

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$23.26	$20.91	$16.43	$14.75	$15.07	$13.62
Income from investment operations[a]:						
Net investment income (loss)[b]	(0.04)	0.11	0.24	0.21	0.15	0.12
Net realized and unrealized gains (losses)	1.92	2.54	4.48	1.65	(0.33)	1.48
Total from investment operations	1.88	2.65	4.72	1.86	(0.18)	1.60
Less distributions from:						
Net investment income	(0.13)	(0.30)	(0.24)	(0.18)	(0.14)	(0.15)
Net realized gains	(6.21)	—	—	—	—	—
Total distributions	(6.34)	(0.30)	(0.24)	(0.18)	(0.14)	(0.15)
Net asset value, end of period	$18.80	$23.26	$20.91	$16.43	$14.75	$15.07
Total return[c]	8.01%	12.74%	28.92%	12.65%	(1.22)%	11.85%
Ratios to average net assets[d]						
Expenses	0.79%	0.79%	0.79%	0.80%	0.80%	0.79%
Net investment income (loss)	(0.31)%	0.50%	1.27%	1.31%	0.99%	0.86%
Supplemental data						
Net assets, end of period (000's)	$54,941	$54,971	$54,291	$46,756	$48,666	$58,265
Portfolio turnover rate	13.05%	93.53%	28.27%	33.88%	56.61%	46.75%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[d]Ratios are annualized for periods less than one year.

Franklin Large Cap Growth VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$22.94	$20.62	$16.20	$14.54	$14.86	$13.43
Income from investment operations[a]:						
Net investment income (loss)[b]	(0.07)	0.06	0.19	0.17	0.11	0.08
Net realized and unrealized gains (losses)	1.89	2.50	4.42	1.62	(0.33)	1.46
Total from investment operations	1.82	2.56	4.61	1.79	(0.22)	1.54
Less distributions from:						
Net investment income	(0.07)	(0.24)	(0.19)	(0.13)	(0.10)	(0.11)
Net realized gains	(6.21)	—	—	—	—	—
Total distributions	(6.28)	(0.24)	(0.19)	(0.13)	(0.10)	(0.11)
Net asset value, end of period	$18.48	$22.94	$20.62	$16.20	$14.54	$14.86
Total return[c]	7.84%	12.46%	28.63%	12.37%	(1.51)%	11.59%
Ratios to average net assets[d]						
Expenses	1.04%	1.04%	1.04%	1.05%	1.05%	1.04%
Net investment income (loss)	(0.56)%	0.25%	1.02%	1.06%	0.74%	0.61%
Supplemental data						
Net assets, end of period (000's)	$251,003	$256,098	$285,477	$278,989	$293,226	$357,405
Portfolio turnover rate	13.05%	93.53%	28.27%	33.88%	56.61%	46.75%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[d]Ratios are annualized for periods less than one year.

Statement of Investments, June 30, 2015 (unaudited)

Franklin Large Cap Growth VIP Fund

	Shares	Value
Common Stocks 99.7%		
Consumer Discretionary 17.3%		
[a] Amazon.com Inc.	19,938	$ 8,654,886
[a] Buffalo Wild Wings Inc.	9,194	1,440,608
[a] Chipotle Mexican Grill Inc.	3,780	2,286,862
[a] DISH Network Corp., A	25,838	1,749,491
Hanesbrands Inc.	87,380	2,911,502
Harman International Industries Inc.	28,096	3,341,738
Lowe's Cos. Inc.	47,749	3,197,751
NIKE Inc., B	42,323	4,571,730
[a] The Priceline Group Inc.	4,665	5,371,141
Starbucks Corp.	123,331	6,612,392
[a] Under Armour Inc., A	59,625	4,975,110
The Walt Disney Co.	68,827	7,855,914
		52,969,125
Consumer Staples 3.7%		
Constellation Brands Inc., A	29,101	3,376,298
Mead Johnson Nutrition Co., A	30,080	2,713,818
[a] Monster Beverage Corp.	40,358	5,408,779
		11,498,895
Energy 3.4%		
Anadarko Petroleum Corp.	77,163	6,023,344
[a] Diamondback Energy Inc.	36,566	2,756,345
Schlumberger Ltd.	18,727	1,614,080
		10,393,769
Financials 6.4%		
[a] Affiliated Managers Group Inc.	16,323	3,568,208
American Tower Corp.	16,834	1,570,444
BlackRock Inc.	6,585	2,278,278
[a] CBRE Group Inc.	111,829	4,137,673
The Charles Schwab Corp.	133,409	4,355,804
[a] Signature Bank	25,314	3,705,716
		19,616,123
Health Care 26.8%		
[a] Allergan PLC	45,768	13,888,757
[a] Alnylam Pharmaceuticals Inc.	12,378	1,483,751
[a] Biogen Inc.	15,792	6,379,021
[a] Celgene Corp.	100,412	11,621,183
[a] Celldex Therapeutics Inc.	74,270	1,873,089
[a] Envision Healthcare Holdings Inc.	83,866	3,311,030
Gilead Sciences Inc.	59,868	7,009,345
[a] HMS Holdings Corp.	140,695	2,415,733
[a] Illumina Inc.	26,630	5,814,927
[a] Impax Laboratories Inc.	38,707	1,777,425
[a] Incyte Corp.	30,360	3,163,816
[a] Jazz Pharmaceuticals PLC	17,261	3,039,144
[a] Karyopharm Therapeutics Inc.	50,352	1,370,078
[a] Medivation Inc.	20,263	2,314,035
Perrigo Co. PLC	21,036	3,888,084
[a] Puma Biotechnology Inc.	6,071	708,789
[a] Sagent Pharmaceuticals Inc.	50,504	1,227,752

Franklin Large Cap Growth VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Health Care (continued)		
[a] Valeant Pharmaceuticals International Inc.	37,086	$ 8,238,655
[a] VWR Corp.	93,442	2,497,705
		82,022,319
Industrials 7.9%		
Allegiant Travel Co.	13,071	2,325,070
American Airlines Group Inc.	38,879	1,552,633
[a] DigitalGlobe Inc.	55,846	1,551,960
Flowserve Corp.	65,412	3,444,596
Hexcel Corp.	41,475	2,062,967
[a] IHS Inc., A	31,967	4,111,915
Kansas City Southern	30,696	2,799,475
Union Pacific Corp.	15,438	1,472,322
[a] United Rentals Inc.	22,286	1,952,699
Univar Inc.	29,700	773,091
[a] WABCO Holdings Inc.	16,492	2,040,390
		24,087,118
Information Technology 27.6%		
[a] Adobe Systems Inc.	38,350	3,106,734
Apple Inc.	83,695	10,497,445
Avago Technologies Ltd. (Singapore)	40,300	5,357,079
[a] BroadSoft Inc.	64,206	2,219,601
[a] Electronic Arts Inc.	71,876	4,779,754
[a] Facebook Inc., A	98,203	8,422,380
[a] FitBit Inc., A	10,200	389,946
[a] Google Inc., A	8,263	4,462,351
[a] Google Inc., C	6,787	3,532,701
[a] LinkedIn Corp., A	11,489	2,373,972
MasterCard Inc., A	122,762	11,475,792
Microsoft Corp.	88,971	3,928,070
Mobileye NV	32,379	1,721,591
[a] NetSuite Inc.	16,355	1,500,571
[a] NXP Semiconductors NV (Netherlands)	49,376	4,848,723
[a] Palo Alto Networks Inc.	23,413	4,090,251
[a] Salesforce.com Inc.	38,636	2,690,225
[a] ServiceNow Inc.	31,560	2,345,224
[a] ViaSat Inc.	32,752	1,973,636
Visa Inc., A	69,032	4,635,499
		84,351,545
Materials 3.3%		
[a] Axalta Coating Systems Ltd.	74,389	2,460,788
Ecolab Inc.	21,432	2,423,316
LyondellBasell Industries NV, A	30,063	3,112,122
Martin Marietta Materials Inc.	14,267	2,018,923
		10,015,149
Telecommunication Services 3.3%		
[a] SBA Communications Corp.	88,056	10,123,798
Total Common Stocks (Cost $216,355,725)		305,077,841

Franklin Large Cap Growth VIP Fund (continued)

	Shares	Value
Convertible Preferred Stocks (Cost $1,250,406) 0.4%		
Health Care 0.4%		
[a,b] Acerta Pharma BV, 8.00%, cvt. pfd., B, 144A (Netherlands)	108,731	$ 1,250,406
Total Investments before Short Term Investments (Cost $217,606,131)		306,328,247
	Principal Amount	
Short Term Investments (Cost $427,180) 0.2%		
Repurchase Agreements 0.2%		
[c] Joint Repurchase Agreement, 0.095%, 7/01/15 (Maturity Value $427,181) BNP Paribas Securities Corp. (Maturity Value $104,830) HSBC Securities (USA) Inc. (Maturity Value $220,144) Merrill Lynch, Pierce, Fenner & Smith Inc. (Maturity Value $102,207) Collateralized by U.S. Government Agency Securities, 0.000% - 5.50%, 12/01/15 - 6/12/20; U.S. Government Agency Securities, Strips, 6/01/17; [d]U.S. Treasury Bills, 3/31/16; U.S. Treasury Bonds, 3.125%, 8/15/44; and U.S. Treasury Notes, 1.25% - 1.75%, 1/31/19 - 9/30/19 (valued at $435,811)	$ 427,180	427,180
Total Investments (Cost $218,033,311) 100.3%		306,755,427
Other Assets, less Liabilities (0.3)%		(812,141)
Net Assets 100.0%		$ 305,943,286

[a]Non-income producing.
[b]See Note 7 regarding restricted securities.
[c]See Note 1(c) regarding joint repurchase agreement.
[d]The security is traded on a discount basis with no stated coupon rate.

Financial Statements

Statement of Assets and Liabilities
June 30, 2015 (unaudited)

	Franklin Large Cap Growth VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$217,606,131
Cost - Repurchase agreements	427,180
Total cost of investments	$218,033,311
Value - Unaffiliated issuers	$306,328,247
Value - Repurchase agreements	427,180
Total value of investments	306,755,427
Receivables:	
Investment securities sold	506,142
Capital shares sold	36,718
Dividends	103,011
Other assets	174,359
Total assets	307,575,657
Liabilities:	
Payables:	
Investment securities purchased	980,355
Capital shares redeemed	277,829
Management fees	190,427
Distribution fees	106,187
Accrued expenses and other liabilities	77,573
Total liabilities	1,632,371
Net assets, at value	$305,943,286
Net assets consist of:	
Paid-in capital	$213,772,103
Undistributed net investment income (loss)	(781,872)
Net unrealized appreciation (depreciation)	88,722,116
Accumulated net realized gain (loss)	4,230,939
Net assets, at value	$305,943,286
Class 1:	
Net assets, at value	$ 54,940,570
Shares outstanding	2,922,919
Net asset value and maximum offering price per share	$ 18.80
Class 2:	
Net assets, at value	$251,002,716
Shares outstanding	13,582,937
Net asset value and maximum offering price per share	$ 18.48

Statement of Operations
for the six months ended June 30, 2015 (unaudited)

	Franklin Large Cap Growth VIP Fund
Investment income:	
Dividends	$ 738,839
Interest	624
Total investment income	739,463
Expenses:	
Management fees (Note 3a)	1,165,330
Distribution fees - Class 2 (Note 3c)	318,279
Custodian fees (Note 4)	1,593
Reports to shareholders	31,142
Professional fees	20,264
Trustees' fees and expenses	669
Other	5,056
Total expenses	1,542,333
Net investment income (loss)	(802,870)
Realized and unrealized gains (losses):	
Net realized gain (loss) from Investments	4,509,946
Net change in unrealized appreciation (depreciation) on investments	20,221,581
Net realized and unrealized gain (loss)	24,731,527
Net increase (decrease) in net assets resulting from operations	$23,928,657

Statements of Changes in Net Assets

	Franklin Large Cap Growth VIP Fund	
	Six Months Ended June 30, 2015 (unaudited)	**Year Ended December 31, 2014**
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	$ (802,870)	$ 944,121
Net realized gain (loss)	4,509,946	106,966,453
Net change in unrealized appreciation (depreciation)	20,221,581	(70,957,037)
Net increase (decrease) in net assets resulting from operations	23,928,657	36,953,537
Distributions to shareholders from:		
Net investment income:		
Class 1	(286,901)	(729,509)
Class 2	(675,379)	(2,842,675)
Net realized gains:		
Class 1	(13,634,161)	—
Class 2	(63,414,142)	—
Total distributions to shareholders	(78,010,583)	(3,572,184)
Capital share transactions: (Note 2)		
Class 1	9,613,908	(5,100,024)
Class 2	39,343,050	(56,981,465)
Total capital share transactions	48,956,958	(62,081,489)
Net increase (decrease) in net assets	(5,124,968)	(28,700,136)
Net assets:		
Beginning of period	311,068,254	339,768,390
End of period	$305,943,286	$311,068,254
Undistributed net investment income (loss) included in net assets:		
End of period	$ (781,872)	$ 983,278

Notes to Financial Statements (unaudited)

Franklin Large Cap Growth VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of nineteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Large Cap Growth VIP Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At June 30, 2015, 46.40% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. Each class of shares differs by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Repurchase agreements are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country

Franklin Large Cap Growth VIP Fund (continued)

specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2015.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in

Franklin Large Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes *(continued)*

which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of June 30, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from foreign securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. 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 amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Franklin Large Cap Growth VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2015, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Shares	**Amount**	**Shares**	**Amount**
Class 1 Shares:				
Shares sold	3,770	$ 92,076	23,998	$ 507,108
Shares issued in reinvestment of distributions	740,482	13,921,062	33,235	729,509
Shares redeemed	(184,249)	(4,399,230)	(290,268)	(6,336,641)
Net increase (decrease)	560,003	$ 9,613,908	(233,035)	$ (5,100,024)
Class 2 Shares:				
Shares sold	349,113	$ 8,352,264	570,172	$ 12,631,684
Shares issued in reinvestment of distributions	3,468,048	64,089,521	131,120	2,842,675
Shares redeemed	(1,398,202)	(33,098,735)	(3,381,155)	(72,455,824)
Net increase (decrease)	2,418,959	$ 39,343,050	(2,679,863)	$(56,981,465)

3. Transactions With Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including $500 million
0.625%	Over $500 million, up to and including $1 billion
0.500%	In excess of $1 billion

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, is February 1 through January 31.

Franklin Large Cap Growth VIP Fund (continued)

3. Transactions With Affiliates (continued)

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2015, there were no credits earned.

5. Income Taxes

At June 30, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$218,371,240
Unrealized appreciation	$ 92,695,234
Unrealized depreciation	(4,311,047)
Net unrealized appreciation (depreciation)	$ 88,384,187

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2015, aggregated $40,429,745 and $68,095,023, respectively.

7. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act) or which are subject to legal, contractual, or other agreed upon restrictions on resale. Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At June 30, 2015, the Fund held investments in restricted securities, excluding certain securities exempt from registration under the 1933 Act deemed to be liquid, as follows:

Shares	Issuer	Acquisition Date	Cost	Value
108,731	Acerta Pharma BV, 8.00%, cvt. pfd., B, 144A (Value is 0.41% of Net Assets)	5/06/15	$1,250,406	$1,250,406

8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Franklin Large Cap Growth VIP Fund (continued)

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2015, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

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

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of June 30, 2015, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities				
Equity Investments:[a]				
Health care	$ 82,022,319	$ —	$1,250,406	$ 83,272,725
All Other Equity Investments[b]	223,055,522	—	—	223,055,522
Short Term Investments	—	427,180	—	427,180
Total Investments in Securities	$305,077,841	$427,180	$1,250,406	$306,755,427

[a]Includes common and convertible preferred stocks.
[b]For detailed categories, see the accompanying Statement of Investments.

10. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions.

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See www.franklintempletondatasources.com for additional data provider information.

Barclays 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury bills that have a remaining maturity between one month and three months and are investment-grade rated, U.S. dollar denominated, fixed rate and nonconvertible.

Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg Commodity Index comprises exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Prior to 7/1/14, the index was known as the Dow Jones-UBS Commodity Index.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/15, there were 293 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the six-month period ended 6/30/15, there were 71 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/15, there were 52 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the six-month period ended 6/30/15, there were 113 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI China A Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of companies incorporated in China that are listed on the Shanghai and Shenzhen Stock Exchanges, are quoted in the Chinese renminbi and entail foreign investment regulations.

MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of China, as represented by B, China H, Red Chip and P Chip shares.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 2500 ™ Value Index is market capitalization weighted and measures performance of those Russell 2500 ™ Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P®/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Review of Investment Management Agreement

At a meeting held April 14, 2015, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreement for each of the separate funds within the Trust (Fund(s)). In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports and related financial information for each Fund, along with periodic reports on expenses, shareholder services, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates. Information furnished specifically in connection with the renewal process included reports prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared each Fund's investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments (FTI) from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. mutual funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Funds by the FTI organization, as well as a memorandum relating to economies of scale.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. While the investment management agreements for all Funds were considered at the same Board meeting, the Board dealt with each Fund separately. In approving continuance of the investment management agreement for each Fund, the Board, including a majority of independent Trustees, determined that the existing management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of each Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

NATURE, EXTENT AND QUALITY OF SERVICE. The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Funds and its shareholders, except as noted later with respect to investment performance. The Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for each Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. Favorable consideration was given to management's continual efforts and expenditures in establishing effective business continuity plans and developing strategies to address cybersecurity threats. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm that also covered FOREX transactions. Consideration was also given to the experience of each Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments, including expanded collateralization requirements. The Board also took into account, among other things, management's efforts in establishing a global credit facility for the benefit of the Funds and other accounts managed by FTI to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the Manager's parent company and its commitment to the mutual fund business as evidenced by its continued subsidization of money market funds.

INVESTMENT PERFORMANCE. The Board placed significant emphasis on the investment performance of each of the

Board Review of Investment Management Agreement (continued)

Funds in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings throughout the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewals of all Funds. The Lipper reports prepared for each of the individual Funds showed the investment performance of Class 1 shares for those having such class of shares and Class 2 shares for those Funds that did not have Class 1 shares, in comparison to a performance universe selected by Lipper. Comparative performance for each Fund was shown for the one-year period ended January 31, 2015, and previous periods ended that date of up to 10 years unless otherwise noted. Performance was shown on a total return basis for each Fund. In certain cases, income return was indicated as well. The following summarizes the performance results for each of the Funds and the Board's view of such performance.

Franklin Flex Cap Growth VIP Fund – The performance universe for this Fund, which has been in operation for 10 full years, consisted of the Fund and all multi-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of its performance universe, and on an annualized basis to also be in the lowest performing quintile of such universe for each of the previous three- and five-year periods. The Board discussed with management the reasons for the Fund's underperformance and steps management was taking to evaluate its highest conviction stocks, but found the Fund's absolute performance on an annualized basis as shown in the Lipper report to be acceptable.

Franklin Founding Funds Allocation VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation growth funds underlying variable insurance products as selected by Lipper. The Fund has been in existence for seven years and the Lipper report showed its income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe for each of the previous three- and five-year periods. The Lipper report showed the Fund's total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-highest performing quintile of such universe for the previous three-year period, and to be in the second-lowest performing quintile of such universe for the previous five-year period. In assessing the relevance of such comparative performance, the Board noted the Fund is not actively managed and that its performance reflects those of the three underlying funds in which it invests in equal portions, which are not perfectly aligned to the investment style of comparative funds. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Franklin Global Real Estate VIP Fund – The performance universe for this Fund consisted of the Fund and all global real estate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three- and five-year periods, but in the lowest performing quintile of such universe for the previous 10-year period. Noting the marked improvement in performance in recent years, the Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Growth and Income VIP Fund – The performance universe for this Fund consisted of the Fund and all equity income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return during the one-year period to be in the highest quintile of its Lipper performance universe, and on an annualized basis in each of the previous three-, five- and 10-year periods to also be in the highest quintile of such universe. The Lipper report showed the Fund's total return for the one-year period to be in the middle performing quintile of its performance universe, and on an annualized basis, to be in the second-lowest performing quintile of such universe for each of the previous three- and 10-year periods, and the second-highest performing quintile of such universe for the previous five-year period. The Board noted management's attention to intensifying its focus on its highest conviction investments and found the Fund's comparative performance as shown in the Lipper report to be satisfactory.

Franklin High Income VIP Fund – The performance universe for this Fund consisted of the Fund and all high yield funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the second-highest quintile of such performance universe, and on an annualized basis to be in the highest and second-highest quintiles of such universe for the previous three- and five-year periods, respectively, and to be in the middle quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the lowest

performing quintile of its performance universe for the one-year period, and, on an annualized basis, to be in the middle performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for the previous five- and 10-year periods. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report, noting the Fund's income objective.

Franklin Income VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation moderate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such performance universe for the one-year period and to also be in the highest quintile of such universe for each of the previous three-, five- and 10-year periods on an annualized basis. The Lipper report showed the Fund's total return to be in the lowest performing quintile of its performance universe for the one-year period, and on an annualized basis to be in the middle performing quintile of such universe for the previous three- and five-year periods, and the second-highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Large Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest or best performing quintile of such universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the lowest performing quintile of such universe for each of the previous five- and 10-year periods. The Board discussed with management the Fund's historical underperformance and noted that a new portfolio manager was appointed for the Fund, effective May 1, 2014. In view of such discussions, and in light of the Fund's positive total return during the most recent year, the Board believed that appropriate action had been taken and that the Fund's comparative performance as shown in the Lipper report was acceptable.

Franklin Mutual Global Discovery VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three-, five- and 10-year periods. The Board found the Fund's overall comparative performance as set forth in the Lipper report to be satisfactory, noting that the three-year annualized total return exceeded 13%.

Franklin Mutual Shares VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of the performance universe, and on an annualized basis to be in the lowest performing quintile of such universe for the previous three- and five-year periods, and to be in the middle performing quintile for the previous 10-year period. The Board found the Fund's overall performance as set forth in the Lipper report to be unacceptable, but acknowledged management's explanation that the Fund is managed conservatively and the Fund's cash holdings detract from relative performance in sharply rising markets. The Board indicated it would continue to monitor the Fund.

Franklin Rising Dividends VIP Fund – The performance universe for this Fund consisted of the Fund and all multi-cap core funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return to be in the middle performing quintile of the performance universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the middle performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that its total return was above the median for the one-year period as well as the annualized five-year period.

Franklin Small Cap Value VIP Fund – The performance group for this Fund consisted of the Fund and all small-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such performance universe, and on an annualized basis to also be in the second-lowest performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting management's recent commitment of two additional analysts to support the Fund and the Fund's longer term positive returns.

Board Review of Investment Management Agreement (continued)

Franklin Small-Mid Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all mid-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such universe, and on an annualized basis to be in the middle performing quintile of such universe for each of the previous three- and five-year periods, and the second-lowest performing quintile of such universe for the previous 10-year period. The Board discussed with management portfolio adjustments and the commitment of additional resources to the portfolio team. Given management's attention to the Fund, the Board found the Fund's performance to be acceptable and noted that the 10-year annualized performance was less than 1% below the median.

Franklin Strategic Income VIP Fund – The performance universe for this Fund consisted of the Fund and all general bond funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe during each of the previous three- and five-year periods, and in the second-highest quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the second-lowest performing quintile of such universe during the one-year period, and on an annualized basis to be in either the highest or second-highest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Templeton Developing Markets VIP Fund – The performance universe for this Fund consisted of the Fund and all emerging markets funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the second-lowest performing quintile of such performance universe and on an annualized basis to also be in the second-lowest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board found the performance of the Fund as set forth in the Lipper report to be disappointing and discussed with management the impact of the Manager's approach to investing, which was out of favor in current markets. The Board also discussed with management steps it was evaluating to improve the performance, including a more rigorous selling discipline. The Board concluded that continued monitoring is warranted in light of the Fund's underperformance, but did not believe a portfolio management change was needed at this time.

Templeton Foreign VIP Fund – The performance universe for this Fund consisted of the Fund and all international large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, in the second-highest performing quintile of such universe for the previous five-year period, and in the highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative investment performance as set forth in the Lipper report, noting that performance was in the highest or second-highest quintile in each of the previous seven years.

Templeton Global Bond VIP Fund – The performance universe for this Fund consisted of the Fund and all global income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the highest quintile of such Lipper universe, and on an annualized basis to also be in the highest quintile of such universe for the previous three- and 10-year periods, and in the second-highest quintile of such universe for the previous five-year period. The Lipper report showed the Fund's total return for the one-year period to be in the highest performing quintile of its performance universe, and on an annualized basis to also be in the highest performing quintile of such universe for each of the previous three-, five- and 10-year annualized periods. The Board was satisfied with the Fund's comparative performance as set forth in the Lipper report.

Templeton Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the lowest or worst performing quintile of such performance universe and on an annualized basis to be in the middle performing quintile of such universe for the previous three-year period, and the second-lowest performing quintile of such universe for the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that the

Fund's performance had been in the highest quintile in three of the previous five one-year periods. They also observed that the Fund's annualized performance was within 1% of the median for the trailing five-year period.

COMPARATIVE EXPENSES. Consideration was given to expense comparison information contained in the Lipper reports furnished for each Fund, which compared its management fee and total expense ratio with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on each Fund's contractual investment management fee rate in comparison with the contractual investment management fee rate that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of its Lipper expense group. The Lipper contractual investment management fee analysis includes administrative charges at the fund level as being part of a management fee, and actual total expenses, for comparative consistency, are shown by Lipper for the same class of shares for all funds within a particular Lipper expense group. The results of such comparisons showed that both the contractual investment management fee rates and actual total expense ratios of the following Funds were in the least expensive quintiles of their respective Lipper expense groups: Franklin Small Cap Value VIP Fund, Franklin Growth and Income VIP Fund, Franklin High Income VIP Fund, Franklin Income VIP Fund and Templeton Global Bond VIP Fund. The Board was satisfied with the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper reports. The contractual investment management fee rates and actual total expense ratios of each of Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund and Templeton Developing Markets VIP Fund were above the medians of their Lipper expense groups, but in no case by more than 22 basis points. The Board found the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper report to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were in the middle performing quintile: Franklin Flex Cap Growth VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin Mutual Shares VIP Fund. The Board found the comparative expenses of these Funds as shown in the Lipper reports to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were below the median: Franklin Small-Mid Cap Growth VIP Fund and Templeton Growth VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports. The contractual investment management fee rates and actual total expense ratios for the following Funds were in the first or second quintiles of their expense groups, meaning they were among the least expensive of their peers: Franklin Strategic Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Founding Funds Allocation VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Foreign VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports.

MANAGEMENT PROFITABILITY. The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2014, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Funds' Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to

Board Review of Investment Management Agreement (continued)

each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also took into account management's expenditures in improving services provided the Funds, as well as the need to implement systems to meet additional regulatory and compliance requirements resulting from statutes such as the Sarbanes-Oxley and Dodd-Frank Acts and recent SEC and other regulatory requirements. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from Fund operations, including potential benefits resulting from personnel, systems enhancements necessitated by fund growth, as well as increased leverage with the service providers and counterparties. Based upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, quality and extent of services provided.

ECONOMIES OF SCALE. The Board also considered whether economies of scale are realized by the Manager as the Funds grow larger and the extent to which this is reflected in the level of management fees charged. While recognizing that any precise determination is inherently subjective, the Board noted that based upon the Fund profitability analysis, it appears that as some funds get larger, at some point economies of scale do result in the Manager realizing a larger profit margin on management services provided such a fund. The Board also noted that economies of scale are shared with a fund and its shareholders through management fee breakpoints so that as a fund grows in size, its effective management fee rate declines. In the case of Franklin Founding Funds Allocation VIP Fund, the management fees of the underlying funds in which it invests have management fee breakpoints that extend beyond their existing asset sizes, and in the case of each of the other Funds, other than Franklin Rising Dividends VIP Fund, their management fees contain breakpoints that extend beyond their existing asset sizes. To the extent economies of scale may be realized by the Manager and its affiliates, the Board believed the schedule of investment management fees provides a sharing of benefits for each Fund and its shareholders. The investment management structure of Franklin Rising Dividends VIP Fund provides for a fee of 0.750% on the first $500 million of assets; 0.625% on the next $500 million of assets; and 0.500% on assets in excess of $1 billion. This Fund had assets of $1.8 billion at December 31, 2014, and in reviewing its fee structure, management stated its belief that this fee structure reaches a relatively low rate quickly reflecting anticipated economies of scale. In support of such position, management pointed out the favorable management fee and total expense comparisons of this Fund within its Lipper expense group as previously discussed under "Comparative Expenses." In light of such position and taking into account the fact that the reduced rate on assets in excess of the last breakpoint lowers the Fund's overall investment management fee rate, the Board believed that the schedule of investment management fees provides a sharing of benefits for the Fund and its shareholders, but intends to monitor future growth and the appropriateness of adding additional breakpoints.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

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FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
June 30, 2015

Franklin Templeton
Variable Insurance Products Trust

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

Not FDIC Insured | May Lose Value | No Bank Guarantee

LIBERTY LIFE S 08/15

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

SUPPLEMENT DATED JUNE 30, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

In the section "**Glossary of Investments, Techniques, Strategies and Their Risks**" under the heading "**Foreign securities**" the following is added before the paragraph on page 40 that begins with "*Developing markets or emerging markets*:"

Investing through Stock Connect. Foreign investors may now invest in eligible China A shares ("Stock Connect Securities") listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai – Hong Kong Stock Connect ("Stock Connect") program. Stock Connect is a securities trading and clearing program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), SSE, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE. In contrast to certain other regimes for foreign investment in Chinese securities, no individual investment quotas or licensing requirements apply to investors in Stock Connect Securities through Stock Connect. In addition, there are no lock-up periods or restrictions on the repatriation of principal and profits.

However, trading through Stock Connect is subject to a number of restrictions that may affect a Fund's investments and returns. For example, a primary feature of the Stock Connect program is the application of the home market's laws and rules to investors in a security. Thus, investors in Stock Connect Securities are generally subject to PRC securities regulations and SSE listing rules, among other restrictions. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to all Stock Connect participants, which may restrict or preclude a Fund's ability to invest in Stock Connect Securities. For example, an investor cannot purchase and sell the same security on the same trading day. Stock Connect also is generally available only on business days when both the SSE and the SEHK are open. Trading in the Stock Connect Program is subject to trading, clearance and settlement procedures that are untested in the PRC, which could pose risks to a Fund. Finally, the withholding tax treatment of dividends and capital gains payable to overseas investors currently is unsettled.

Stock Connect is in its initial stages. Further developments are likely and there can be no assurance as to whether or how such developments may restrict or affect a Fund's investments or returns. In addition, the application and interpretation of the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program, are uncertain, and they may have a detrimental effect on a Fund's investments and returns.

Please keep this supplement with your Statement of Additional Information for future reference.

SUPPLEMENT DATED MAY 1, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

I. The section entitled “Calculation of Net Asset Value” in the SAI is removed in its entirety.

Please keep this supplement with your statement of additional information for future reference.

Franklin Strategic Income VIP Fund

This semiannual report for Franklin Strategic Income VIP Fund covers the period ended June 30, 2015.

Class 2 Performance Summary as of June 30, 2015

The Fund's Class 2 shares delivered a +0.46% total return* for the six-month period ended June 30, 2015.

*The Fund has a fee waiver associated with any investment in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

Performance reflects the Fund's Class 2 operating expenses, but does ***not*** *include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Fund Goals and Main Investments

Franklin Strategic Income VIP Fund seeks a high level of current income, with capital appreciation over the long term as a secondary goal. Under normal market conditions, the Fund invests primarily to predominantly in U.S. and foreign debt securities, including those in emerging markets.

Fund Risks

All investments involve risks, including possible loss of principal. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. High yields reflect the higher credit risks associated with certain lower rated securities held in the portfolio. Floating rate loans and high yield corporate bonds are rated below investment grade and are subject to greater risk of default, which could result in loss of principal — a risk that may be heightened in a slowing economy. The risks of foreign securities include currency fluctuations and political uncertainty. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. Investing in derivative securities and the use of foreign currency techniques involve special risks as such may not achieve the anticipated benefits and/or may result in losses to the Fund. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's benchmark, the Barclays U.S. Aggregate Bond Index, had a -0.10% total return for the period under review.[1] The Fund's peers, as measured by the Lipper Multi-Sector Income Funds Classification Average, produced a +1.04% return.[2]

Economic and Market Overview

U.S. economic growth was mixed during the six-months under review. In 2015's first quarter, U.S. dollar strength, low energy prices and a labor dispute at West Coast ports led exports to decline. Lower business investment and state and local government spending also weighed on the economy, while increases in consumer spending, residential investment and private inventory investment offered some support. In the second quarter, business capital spending rebounded and manufacturing and non-manufacturing activities increased, contributing to strong job gains that helped the unemployment rate decline from 5.6% in December 2014 to 5.3% in June 2015.[3] Housing market data were generally encouraging as home sales and prices rose. After a brief, winter slump, retail sales rebounded in the spring as strong employment gains led to broad-based improvement, especially for auto and gasoline sales. Inflation, as measured by the Consumer Price Index, rose during the six months amid generally higher energy prices bouncing from recent lows.

During the six-month period, the Federal Reserve Board (Fed) kept its target interest rate at 0%–0.25% while considering when an increase might be appropriate. The Fed anticipated raising its target rate when it saw further labor market progress and was reasonably confident that inflation would move back to 2% over the medium term. In its June meeting, the Fed lowered its 2015 economic growth forecast and raised unemployment estimates given the weak start to the year.

The 10-year Treasury yield, which moves inversely to price, declined from 2.17% at the start of the period to a six-month low of 1.68% in early February as investors sought less risky assets given concerns about soft domestic data, Greece's debt negotiations, less robust growth in China and the Fed's cautious tone on raising interest rates. At period-end, the yield rose to 2.35% based partly on upbeat domestic and eurozone economic data and expectations of an agreement between Greece and its international creditors.

Yields generally increased across much of Europe, Asia and the Americas, though select markets experienced a decline in yields. The U.S. dollar broadly strengthened against most developed and emerging market currencies over the period. The European Central Bank's asset purchases could keep interest rates low and put further downward pressure on the euro, which depreciated against the U.S. dollar during the period. Japan remained heavily indebted and has become reliant on its central bank as the buyer of last resort for its debt financing. Although Japan's quantitative easing measures have been positive for global risk assets, we think they are likely to contribute to further yen depreciation.

1. Source: Morningstar.
2. Source: Lipper, a Thomson Reuters Company.
One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.
3. Source: Bureau of Labor Statistics.

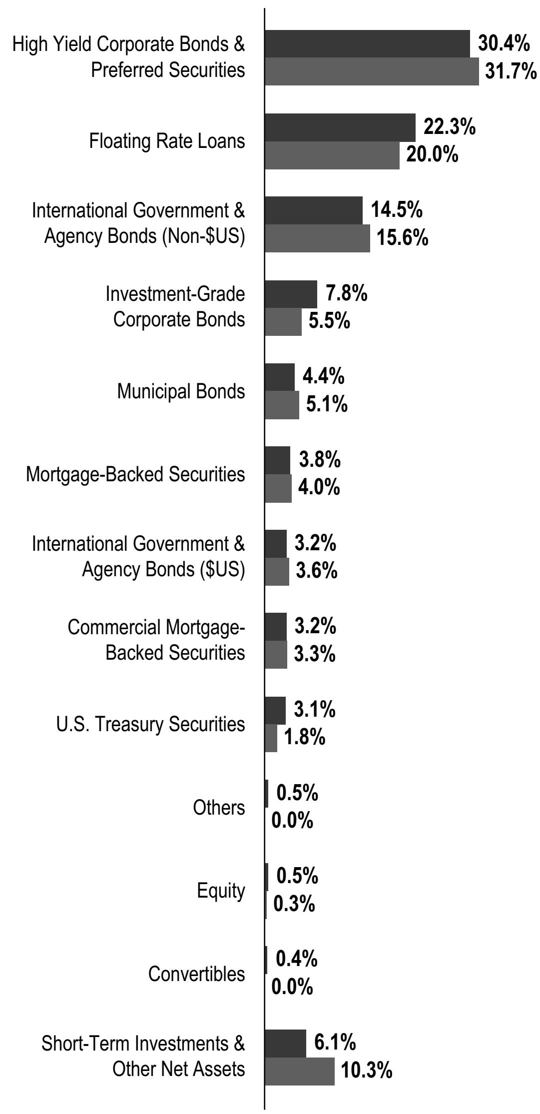
Investment Strategy

We allocate our investments among the various types of debt available based on our assessment of changing economic, global market, industry and issuer conditions. We use a top-down analysis of macroeconomic trends, combined with a bottom-up fundamental analysis of market sectors, industries and issuers, seeking to take advantage of varying sector reactions to economic events. For example, we may evaluate business cycles, yield curves, country risk, and the relative interest rates among currencies, and values between and within markets. In selecting debt securities, we generally conduct our own analysis of the security's intrinsic value rather than simply relying on the coupon rate or rating. We may also enter into various transactions involving certain currency-, interest rate- or credit-related derivative instruments.

Manager's Discussion

During the first half of 2015, the global fixed income markets were impacted by two broad themes: Treasury yield volatility and a strengthening U.S. dollar. A combination of relatively tepid global economic growth combined with quantitative easing (QE) measures implemented in the eurozone and Japan caused longer term interest rates in many developed markets to decline at the start of the period. However, although Europe and Japan engaged in forms of QE, the U.S. discontinued incremental QE and guided the market toward an expectation of likely increases in the short-term federal funds target rate. As a result, the U.S. dollar experienced broad strengthening over the past six months. Moreover, with some early signs of growth in the European economy combined with the expectation for short-term rate increases in the U.S. by year-end, government yield curves rose during the second half of the period. Overall for the six-month period, the 10-year U.S. Treasury yield climbed from 2.17% to 2.35%. By way of comparison, after falling below 0.2% in April, the 10-year German government bond yield jumped to 0.8% by the end of June. Although concerns regarding Greece's fate in the eurozone and the outlook for Chinese economic growth negatively impacted financial markets toward period-end, equity markets were still able to generate a positive total return over the past six months, with the Standard & Poor's® 500 Index rising 1.23%.[1]

Asset Allocation*
Based on Total Net Assets
■ 6/30/15 ■ 12/31/14



*Figures reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives, unsettled trades or other factors. The breakdown may not match the Statement of Investments (SOI).

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's SOI.

The Fund posted a slightly positive total return for the review period. Fund returns outperformed the Barclays U.S. Aggregate Bond Index, as the Aggregate Index's longer rate duration caused that benchmark to generate a negative total return as U.S. interest rates rose. Conversely, the Fund's exposure to global non-dollar bonds detracted from returns given U.S. dollar strength, even as the Fund's short positions in the euro and yen, achieved through currency forwards, added to returns, as both currencies weakened compared to the U.S. dollar. Also, the Fund's municipal bond position suffered from a longer maturity profile in a period of rising rates, as well as from holdings in Puerto Rico. Finally, within the Fund's high yield exposure, select holdings in the energy and mining sectors also declined as a result of a weak commodity price environment. Overall, the Fund lagged the performance of the Lipper Multi-Sector Income Funds peer group during the six-month period.

What is duration?
Duration is a measure of a bond's price sensitivity to interest rate changes. In general, a portfolio of securities with a lower duration can be expected to be less sensitive to interest rate changes than a portfolio with a higher duration.

What is a currency forward contract?
A currency forward contract, or a currency forward, is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

In the corporate sectors, U.S. dollar strength along with a significant decline in energy-related profitability due to lower commodity prices negatively impacted first-quarter 2015 earnings generally. Investors also seemed to expect commodity prices to similarly constrain second-quarter operating results. However, default rates in the high yield market remained below historical averages, and corporate liquidity was generally still robust given refinancing activity over the past several years, which lowered interest costs and, in many cases, boosted cash balances. Although many senior management teams remained focused on shareholder-friendly activities such as stock buybacks, dividends and mergers and acquisitions, following the financial crisis we believe there continued to be a greater focus on prudent balance sheet management. Overall, the high yield market's lesser sensitivity to interest rates allowed it to post a positive return during the period, although prices for certain commodity-related issues were still under pressure. We slightly reduced the Fund's exposure to high yield in favor of leveraged bank loans, given favorable credit fundamentals for loans as well as the senior secured nature of loans and their ultimate floating rate characteristics. We also increased exposure to investment-grade corporate bonds, considering their higher quality and what we deemed more attractive yields due to the rise in the U.S. Treasury yield curve and an increase in spreads over U.S. Treasuries for that sector.

What is the yield curve?
The yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity rates. The most frequently reported yield curve compares three-month, two-year and 30-year U.S. Treasury debt.

Outside the U.S., the strong U.S. dollar negatively impacted non-dollar global bond positions. The Fund further reduced its exposure to global government bonds during the period, but it was still hampered by its remaining non-dollar holdings. Conversely, the Fund's net short positions in the yen and the euro, achieved through currency forwards, helped support performance given the decline in those currencies over the past six months. The Fund maintained a fairly modest exposure to hard currency emerging market bonds.

With the rise in longer term U.S. interest rates, the more rate-sensitive fixed income sectors, such as Treasuries, agencies and mortgage-backed securities, generally posted flat total returns during the period. The Fund maintained a lower exposure to these sectors, preferring higher income opportunities in the corporate credit markets.

Higher longer term U.S. interest rates negatively impacted the generally longer duration municipal bond sector. In addition, concerns regarding Puerto Rico's debt burden as well as the U.S. commonwealth's prospective treatment of certain municipal obligations in a restructuring scenario pressured select issues. The Fund held a somewhat modest exposure to municipal bonds at period-end but would look for additional investment opportunities if price volatility continues.

The portfolio utilized derivatives, including currency forwards and credit derivatives. Currency forwards are typically used to take long and short positions in currencies and as a tool to hedge currency risk. Credit derivatives can be used to hedge against credit risk or to otherwise enhance Fund returns by taking long or short positions in individual credits or baskets of credits in various sectors including in the corporate, municipal, sovereign and securitized markets.

What is a credit derivative?
A credit derivative is a contract agreement between the Fund and a counterparty that is principally used by the Fund to gain or increase exposure to certain high yield securities or segments of the high yield bond market and/or to hedge against credit risk.

Thank you for your participation in Franklin Strategic Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or 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 the investment manager 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.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   If an account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."
   If Fund-Level Expenses Incurred During Period were $7.50, then 8.6 × $7.50 = $64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 2	Beginning Account Value 1/1/15	Ending Account Value 6/30/15	Fund-Level Expenses Incurred During Period* 1/1/15–6/30/15
Actual	$1,000	$1,004.60	$4.32
Hypothetical (5% return before expenses)	$1,000	$1,020.48	$4.36

*Expenses are calculated using the most recent six-month annualized expense ratio, net of expense waivers, for the Fund's Class 2 shares (0.87%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

Financial Highlights

Franklin Strategic Income VIP Fund

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.90	$12.64	$13.17	$12.55	$12.99	$12.28
Income from investment operations[a]:						
Net investment income[b]	0.27	0.54	0.59	0.65	0.69	0.72
Net realized and unrealized gains (losses)	(0.19)	(0.25)	(0.15)	0.92	(0.32)	0.61
Total from investment operations	0.08	0.29	0.44	1.57	0.37	1.33
Less distributions from:						
Net investment income and net foreign currency gains	(0.77)	(0.78)	(0.80)	(0.93)	(0.81)	(0.62)
Net realized gains	(0.20)	(0.25)	(0.17)	(0.02)	—	—
Total distributions	(0.97)	(1.03)	(0.97)	(0.95)	(0.81)	(0.62)
Net asset value, end of period	$11.01	$11.90	$12.64	$13.17	$12.55	$12.99
Total return[c]	0.58%	2.12%	3.52%	13.12%	2.78%	11.21%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.63%	0.63%	0.60%	0.58%	0.60%	0.59%
Expenses net of waiver and payments by affiliates	0.62%[e]	0.62%[e]	0.60%[e]	0.58%	0.60%[e]	0.59%[e]
Net investment income	4.59%	4.34%	4.58%	5.04%	5.36%	5.71%
Supplemental data						
Net assets, end of period (000's)	$513,236	$574,850	$705,493	$1,019,537	$1,043,690	$1,195,149
Portfolio turnover rate	52.59%	55.64%	48.06%	49.98%	55.65%	56.46%
Portfolio turnover rate excluding mortgage dollar rolls[f]	30.93%	48.86%	47.01%	48.75%	55.65%	56.46%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[d]Ratios are annualized for periods less than one year.

[e]Benefit of expense reduction rounds to less than 0.01%.

[f]See Note 1(h) regarding mortgage dollar rolls.

Franklin Strategic Income VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.55	$12.30	$12.84	$12.27	$12.72	$12.05
Income from investment operations[a]:						
Net investment income[b]	0.25	0.49	0.54	0.60	0.64	0.68
Net realized and unrealized gains (losses)	(0.19)	(0.24)	(0.13)	0.89	(0.30)	0.59
Total from investment operations	0.06	0.25	0.41	1.49	0.34	1.27
Less distributions from:						
Net investment income and net foreign currency gains	(0.74)	(0.75)	(0.78)	(0.90)	(0.79)	(0.60)
Net realized gains	(0.20)	(0.25)	(0.17)	(0.02)	—	—
Total distributions	(0.94)	(1.00)	(0.95)	(0.92)	(0.79)	(0.60)
Net asset value, end of period	$10.67	$11.55	$12.30	$12.84	$12.27	$12.72
Total return[c]	0.46%	1.86%	3.32%	12.75%	2.57%	10.91%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.88%	0.88%	0.85%	0.83%	0.85%	0.84%
Expenses net of waiver and payments by affiliates	0.87%[e]	0.87%[e]	0.85%[e]	0.83%	0.85%[e]	0.84%[e]
Net investment income	4.34%	4.09%	4.33%	4.79%	5.11%	5.46%
Supplemental data						
Net assets, end of period (000's)	$214,326	$206,571	$175,307	$158,451	$123,749	$101,347
Portfolio turnover rate	52.59%	55.64%	48.06%	49.98%	55.65%	56.46%
Portfolio turnover rate excluding mortgage dollar rolls[f]	30.93%	48.86%	47.01%	48.75%	55.65%	56.46%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[d]Ratios are annualized for periods less than one year.

[e]Benefit of expense reduction rounds to less than 0.01%.

[f]See Note 1(h) regarding mortgage dollar rolls.

Franklin Strategic Income VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.78	$12.51	$13.04	$12.44	$12.88	$12.20
Income from investment operations[a]:						
Net investment income[b]	0.25	0.49	0.54	0.60	0.64	0.67
Net realized and unrealized gains (losses)	(0.19)	(0.25)	(0.14)	0.91	(0.31)	0.60
Total from investment operations	0.06	0.24	0.40	1.51	0.33	1.27
Less distributions from:						
Net investment income and net foreign currency gains	(0.72)	(0.72)	(0.76)	(0.89)	(0.77)	(0.59)
Net realized gains	(0.20)	(0.25)	(0.17)	(0.02)	—	—
Total distributions	(0.92)	(0.97)	(0.93)	(0.91)	(0.77)	(0.59)
Net asset value, end of period	$10.92	$11.78	$12.51	$13.04	$12.44	$12.88
Total return[c]	0.44%	1.75%	3.17%	12.67%	2.46%	10.88%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.98%	0.98%	0.95%	0.93%	0.95%	0.94%
Expenses net of waiver and payments by affiliates	0.97%[e]	0.97%[e]	0.95%[e]	0.93%	0.95%[e]	0.94%[e]
Net investment income	4.24%	3.99%	4.23%	4.69%	5.01%	5.36%
Supplemental data						
Net assets, end of period (000's)	$110,238	$113,986	$134,970	$196,479	$188,786	$188,178
Portfolio turnover rate	52.59%	55.64%	48.06%	49.98%	55.65%	56.46%
Portfolio turnover rate excluding mortgage dollar rolls[f]	30.93%	48.86%	47.01%	48.75%	55.65%	56.46%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[d]Ratios are annualized for periods less than one year.

[e]Benefit of expense reduction rounds to less than 0.01%.

[f]See Note 1(h) regarding mortgage dollar rolls.

Statement of Investments, June 30, 2015 (unaudited)

Franklin Strategic Income VIP Fund

	Country	Shares	Value
Common Stocks 0.5%			
Consumer Services 0.5%			
[a,b,c] Turtle Bay Resort	United States	1,901,449	$ 3,788,636
Materials 0.0%†			
[a] Verso Corp.	United States	9,431	6,225
Transportation 0.0%†			
[a] CEVA Holdings LLC	United Kingdom	224	165,967
Total Common Stocks (Cost $2,532,467)			3,960,828
Convertible Preferred Stocks 0.0%†			
Transportation 0.0%†			
[a] CEVA Holdings LLC, cvt. pfd., A-1	United Kingdom	6	6,000
[a] CEVA Holdings LLC, cvt. pfd., A-2	United Kingdom	486	359,277
Total Convertible Preferred Stocks (Cost $731,856)			365,277
		Principal Amount*	
Corporate Bonds 38.5%			
Automobiles & Components 0.8%			
[d] Avis Budget Finance PLC, senior note, 144A, 6.00%, 3/01/21	United States	1,000,000 EUR	1,174,352
[d] Fiat Chrysler Automobiles NV, senior note, 144A, 5.25%, 4/15/23	United Kingdom	3,500,000	3,434,375
The Goodyear Tire & Rubber Co., senior note, 6.50%, 3/01/21	United States	2,000,000	2,125,000
			6,733,727
Banks 3.2%			
Bank of America Corp.,			
[e] junior sub. bond, AA, 6.10% to 3/17/25, FRN thereafter, Perpetual	United States	800,000	795,000
[e] junior sub. bond, M, 8.125% to 5/15/18, FRN thereafter, Perpetual	United States	2,000,000	2,125,000
senior note, 5.65%, 5/01/18	United States	1,500,000	1,648,032
CIT Group Inc., senior note,			
5.375%, 5/15/20	United States	1,000,000	1,045,000
5.00%, 8/15/22	United States	2,500,000	2,481,250
Citigroup Inc.,			
[e] junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual	United States	700,000	684,250
[e] junior sub. bond, O, 5.875% to 3/27/20, FRN thereafter, Perpetual	United States	1,000,000	1,003,450
senior note, 3.875%, 10/25/23	United States	3,000,000	3,062,877
sub. bond, 5.50%, 9/13/25	United States	500,000	540,658
sub. note, 4.05%, 7/30/22	United States	300,000	307,308
JPMorgan Chase & Co.,			
[e] junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual	United States	1,500,000	1,492,500
[e] junior sub. bond, V, 5.00% to 7/30/19, FRN thereafter, Perpetual	United States	200,000	196,000
[e] junior sub. note, X, 6.10% to 10/01/24, FRN thereafter, Perpetual	United States	500,000	502,375
senior note, 4.25%, 10/15/20	United States	1,000,000	1,069,029
sub. note, 3.375%, 5/01/23	United States	1,000,000	971,421
sub. note, 3.875%, 9/10/24	United States	1,000,000	982,110
Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22	United Kingdom	1,000,000	1,073,750
The Royal Bank of Scotland PLC, sub. note, 6.934%, 4/09/18	United Kingdom	1,500,000 EUR	1,875,410
[e] Wells Fargo & Co., junior sub. bond,			
5.875% to 6/15/25, FRN thereafter, Perpetual	United States	2,500,000	2,562,500
S, 5.90% to 6/15/24, FRN thereafter, Perpetual	United States	2,500,000	2,512,500
			26,930,420

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Capital Goods 1.1%			
[d] Abengoa Finance SAU, senior note, 144A, 8.875%, 11/01/17	Spain	1,300,000	$ 1,356,062
[d] Bombardier Inc., senior bond, 144A, 7.50%, 3/15/25	Canada	3,400,000	3,102,500
[d] KM Germany Holdings GmbH, senior secured note, first lien, 144A, 8.75%, 12/15/20	Germany	900,000 EUR	1,077,604
Navistar International Corp., senior note, 8.25%, 11/01/21	United States	1,500,000	1,432,500
Terex Corp., senior note, 6.00%, 5/15/21	United States	1,000,000	1,010,000
TransDigm Inc.,			
senior sub. bond, 6.50%, 7/15/24	United States	500,000	496,250
[d] senior sub. bond, 144A, 6.50%, 5/15/25	United States	200,000	198,750
senior sub. note, 6.00%, 7/15/22	United States	400,000	397,000
			9,070,666
Consumer Durables & Apparel 0.6%			
KB Home, senior note,			
4.75%, 5/15/19	United States	1,000,000	997,500
7.00%, 12/15/21	United States	1,200,000	1,245,000
M/I Homes Inc., senior note, 8.625%, 11/15/18	United States	300,000	311,250
Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24	United States	1,100,000	1,163,250
Visant Corp., senior note, 10.00%, 10/01/17	United States	1,400,000	1,135,750
			4,852,750
Consumer Services 1.6%			
[d] 1011778 BC ULC/New Red Finance Inc.,			
secured note, second lien, 144A, 6.00%, 4/01/22	Canada	2,000,000	2,060,000
senior secured note, first lien, 144A, 4.625%, 1/15/22	Canada	1,100,000	1,086,250
[f] Caesars Entertainment Operating Co. Inc., senior secured note, first lien, 11.25%, 6/01/17	United States	2,500,000	1,975,000
[d,g] Financiere Quick SAS, 144A, FRN, 7.511%, 10/15/19	France	1,500,000 EUR	1,292,405
[d,f] Fontainebleau Las Vegas, senior secured note, first lien, 144A, 11.00%, 6/15/15	United States	2,500,000	12,625
[d] International Game Technology PLC, senior secured bond, 144A, 6.50%, 2/15/25	United States	3,500,000	3,257,188
MGM Resorts International, senior note,			
6.625%, 7/15/15	United States	2,500,000	2,502,750
6.75%, 10/01/20	United States	200,000	212,460
6.625%, 12/15/21	United States	500,000	525,000
[d] Wynn Macau Ltd., senior note, 144A, 5.25%, 10/15/21	Macau	1,000,000	949,375
			13,873,053
Diversified Financials 2.2%			
AerCap Ireland Capital Ltd./AerCap Global Aviation Trust, senior note,			
4.25%, 7/01/20	Netherlands	1,300,000	1,301,625
[d] 144A, 5.00%, 10/01/21	Netherlands	1,100,000	1,133,000
Deutsche Bank AG, sub. bond, 4.296% to 5/24/23, FRN thereafter, 5/24/28	Germany	3,500,000	3,311,525
E*TRADE Financial Corp., senior note,			
5.375%, 11/15/22	United States	700,000	719,250
4.625%, 9/15/23	United States	800,000	788,000
[e] The Goldman Sachs Group Inc., junior sub. bond, M, 5.375% to 5/10/20, FRN thereafter, Perpetual	United States	3,000,000	2,970,000

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Diversified Financials (continued)			
Morgan Stanley,			
[e] junior sub. bond, 5.55% to 7/15/20, FRN thereafter, Perpetual	United States	2,500,000	$ 2,485,000
sub. bond, 3.95%, 4/23/27	United States	1,000,000	943,420
Navient Corp., senior note,			
8.45%, 6/15/18	United States	1,000,000	1,113,800
5.50%, 1/15/19	United States	1,500,000	1,533,180
5.875%, 3/25/21	United States	700,000	701,309
6.125%, 3/25/24	United States	500,000	480,000
[d] Neuberger Berman Group LLC/Finance Corp., senior note, 144A, 5.875%, 3/15/22	United States	1,000,000	1,072,500
			18,552,609
Energy 6.8%			
Access Midstream Partner LP/ACMP Finance Corp., senior note, 6.125%, 7/15/22	United States	600,000	634,730
BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%, 4/15/22	United States	2,300,000	1,932,000
California Resources Corp.,			
senior bond, 6.00%, 11/15/24	United States	1,500,000	1,295,625
senior note, 5.50%, 9/15/21	United States	800,000	697,000
CGG SA, senior note,			
7.75%, 5/15/17	France	159,000	155,025
6.50%, 6/01/21	France	1,800,000	1,503,000
6.875%, 1/15/22	France	200,000	167,625
CHC Helicopter SA,			
senior note, 9.375%, 6/01/21	Canada	260,000	156,000
senior secured note, first lien, 9.25%, 10/15/20	Canada	2,205,000	1,608,272
Chesapeake Energy Corp., senior note,			
6.625%, 8/15/20	United States	200,000	196,000
6.125%, 2/15/21	United States	1,500,000	1,413,750
5.75%, 3/15/23	United States	1,000,000	910,000
Clayton Williams Energy Inc., senior note, 7.75%, 4/01/19	United States	1,800,000	1,719,000
CONSOL Energy Inc., senior note,			
5.875%, 4/15/22	United States	2,500,000	2,135,300
[d] 144A, 8.00%, 4/01/23	United States	500,000	476,250
Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20	United States	2,500,000	2,831,250
Energy Transfer Partners LP, senior note, 5.20%, 2/01/22	United States	1,000,000	1,047,369
Energy XXI Gulf Coast Inc.,			
senior note, 9.25%, 12/15/17	United States	1,500,000	798,750
senior note, 6.875%, 3/15/24	United States	1,000,000	330,000
[d] senior secured note, second lien, 144A, 11.00%, 3/15/20	United States	700,000	617,750
[d] EnQuest PLC, senior note, 144A, 7.00%, 4/15/22	United Kingdom	1,500,000	1,208,438
Freeport-McMoRan Oil & Gas LLC/FCX Oil & Gas Inc., senior note, 6.875%, 2/15/23	United States	672,000	722,400
[d,h] Gaz Capital SA (OJSC Gazprom), loan participation,			
senior bond, 144A, 6.51%, 3/07/22	Russia	500,000	503,250
senior note, 144A, 5.092%, 11/29/15	Russia	1,500,000	1,516,875
senior note, 144A, 3.85%, 2/06/20	Russia	1,500,000	1,385,625
Halcon Resources Corp., senior note,			
8.875%, 5/15/21	United States	2,000,000	1,325,000
9.25%, 2/15/22	United States	800,000	522,000

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Energy (continued)			
[d] Kinder Morgan Finance Co. LLC, senior secured note, 144A, 6.00%, 1/15/18	United States	2,000,000	$ 2,167,188
Kinder Morgan Inc., senior note, 6.50%, 9/15/20	United States	1,500,000	1,715,673
Linn Energy LLC/Finance Corp., senior note,			
8.625%, 4/15/20	United States	2,000,000	1,650,420
7.75%, 2/01/21	United States	1,200,000	939,000
6.50%, 9/15/21	United States	200,000	150,000
[d] LUKOIL International Finance BV, senior note, 144A, 4.563%, 4/24/23	Russia	3,500,000	3,125,937
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	2,000,000	1,975,000
Midstates Petroleum Co. Inc./LLC, senior note, 9.25%, 6/01/21	United States	1,500,000	630,000
Oasis Petroleum Inc., senior note, 6.875%, 3/15/22	United States	1,300,000	1,326,000
Offshore Group Investment Ltd.,			
senior bond, first lien, 7.125%, 4/01/23	United States	700,000	430,500
senior secured note, first lien, 7.50%, 11/01/19	United States	1,800,000	1,112,625
PBF Holding Co. LLC, first lien, 8.25%, 2/15/20	United States	1,000,000	1,061,500
Peabody Energy Corp., senior note,			
6.50%, 9/15/20	United States	2,500,000	862,500
6.25%, 11/15/21	United States	1,500,000	487,500
Penn Virginia Corp., senior note, 8.50%, 5/01/20	United States	1,500,000	1,353,750
Penn Virginia Resource Partners LP/Penn Virginia Resource Finance Corp., senior note,			
8.375%, 6/01/20	United States	500,000	543,125
6.50%, 5/15/21	United States	400,000	423,500
[d,f,g] Quicksilver Resources Inc., secured note, second lien, 144A, FRN, 7.00%, 6/21/19	United States	900,000	551,250
Regency Energy Partners LP/Regency Energy Finance Corp., senior note,			
5.875%, 3/01/22	United States	200,000	212,972
5.00%, 10/01/22	United States	500,000	508,080
Sabine Pass Liquefaction LLC,			
first lien, 5.625%, 2/01/21	United States	2,000,000	2,050,000
first lien, 5.625%, 4/15/23	United States	900,000	901,404
senior secured note, first lien, 5.75%, 5/15/24	United States	300,000	300,375
Sanchez Energy Corp., senior note,			
7.75%, 6/15/21	United States	1,700,000	1,700,000
6.125%, 1/15/23	United States	600,000	540,000
W&T Offshore Inc., senior note, 8.50%, 6/15/19	United States	2,000,000	1,397,500
Williams Partners LP, senior bond, 4.00%, 9/15/25	United States	1,500,000	1,405,751
			57,329,834
Food & Staples Retailing 0.4%			
[d] Cencosud SA, senior note, 144A,			
4.875%, 1/20/23	Chile	1,500,000	1,508,738
5.15%, 2/12/25	Chile	1,500,000	1,514,565
			3,023,303
Food, Beverage & Tobacco 0.9%			
Constellation Brands Inc., senior note, 4.25%, 5/01/23	United States	1,000,000	987,500

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Food, Beverage & Tobacco (continued)			
[d] JBS USA LLC/Finance Inc., senior note, 144A,			
8.25%, 2/01/20	United States	2,500,000	$ 2,662,500
7.25%, 6/01/21	United States	300,000	317,625
5.75%, 6/15/25	United States	500,000	496,250
[d] Post Holdings Inc., senior note, 144A,			
6.75%, 12/01/21	United States	1,700,000	1,704,250
6.00%, 12/15/22	United States	500,000	483,125
[d] Smithfield Foods Inc., senior note, 144A, 5.875%, 8/01/21	United States	600,000	622,500
			7,273,750
Health Care Equipment & Services 1.9%			
Alere Inc., senior sub. note, 6.50%, 6/15/20	United States	800,000	832,000
AmSurg Corp., senior note, 5.625%, 7/15/22	United States	400,000	402,500
CHS/Community Health Systems Inc.,			
senior note, 8.00%, 11/15/19	United States	1,500,000	1,584,375
senior note, 6.875%, 2/01/22	United States	400,000	423,500
senior secured note, first lien, 5.125%, 8/15/18	United States	600,000	616,800
DaVita HealthCare Partners Inc.,			
senior bond, 5.125%, 7/15/24	United States	500,000	492,500
senior bond, 5.00%, 5/01/25	United States	900,000	868,500
senior note, 5.75%, 8/15/22	United States	1,500,000	1,595,625
HCA Inc.,			
senior note, 7.50%, 2/15/22	United States	1,000,000	1,150,000
senior note, 5.875%, 5/01/23	United States	1,500,000	1,597,500
senior secured bond, first lien, 5.875%, 3/15/22	United States	1,000,000	1,090,000
senior secured bond, first lien, 5.25%, 4/15/25	United States	600,000	623,625
[d,i] Hologic Inc., senior note, 144A, 5.25%, 7/15/22	United States	1,000,000	1,023,750
Omnicare Inc., senior note, 4.75%, 12/01/22	United States	700,000	745,500
Tenet Healthcare Corp., senior note,			
8.125%, 4/01/22	United States	1,200,000	1,317,000
[d] 144A, 5.00%, 3/01/19	United States	500,000	501,875
[d] 144A, 5.50%, 3/01/19	United States	1,200,000	1,215,000
[d] Tenet Healthcare Corp. II, senior note, 144A, 6.75%, 6/15/23	United States	300,000	306,562
			16,386,612
Insurance 0.8%			
MetLife Inc., junior sub. note,			
[e] 5.25% to 6/15/20, FRN thereafter, Perpetual	United States	1,200,000	1,192,500
6.40% to 12/15/36, FRN thereafter, 12/15/66	United States	1,500,000	1,650,000
[d] Nippon Life Insurance Co., sub. bond, 144A, 5.10% to 10/16/24, FRN thereafter, 10/16/44	Japan	3,500,000	3,652,215
			6,494,715
Materials 4.9%			
ArcelorMittal, senior note,			
6.25%, 3/01/21	Luxembourg	3,000,000	3,164,835
6.125%, 6/01/25	Luxembourg	300,000	300,375
[d] Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A,			
7.00%, 11/15/20	Luxembourg	105,882	108,331
6.75%, 1/31/21	Luxembourg	200,000	205,500
6.00%, 6/30/21	Luxembourg	1,300,000	1,309,750

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Materials (continued)			
[d] Barminco Finance Pty. Ltd., senior note, 144A, 9.00%, 6/01/18	Australia	1,500,000	$ 1,425,938
[d] Cemex Finance LLC, senior secured note, first lien, 144A, 6.00%, 4/01/24	Mexico	1,000,000	991,250
[d] Cemex SAB de CV,			
first lien, 144A, 5.70%, 1/11/25	Mexico	1,500,000	1,431,562
secured note, 144A, 5.875%, 3/25/19	Mexico	1,000,000	1,026,250
[d] Ceramtec Group GmbH, senior note, 144A, 8.25%, 8/15/21	Germany	1,400,000 EUR	1,709,427
[d] The Chemours Co.,			
senior bond, 144A, 7.00%, 5/15/25	United States	500,000	486,250
senior note, 144A, 6.625%, 5/15/23	United States	1,800,000	1,748,250
[d] First Quantum Minerals Ltd., senior note, 144A,			
6.75%, 2/15/20	Canada	1,400,000	1,361,500
7.00%, 2/15/21	Canada	1,725,000	1,658,156
[d] FMG Resources (August 2006) Pty. Ltd., senior secured note, 144A, 9.75%, 3/01/22	Australia	3,200,000	3,302,000
Freeport-McMoRan Inc., senior note, 4.55%, 11/14/24	United States	2,500,000	2,330,487
[d] Glencore Finance Canada Ltd., senior bond, 144A, 4.95%, 11/15/21	Switzerland	1,500,000	1,575,687
[d] Glencore Funding LLC, senior note, 144A,			
4.125%, 5/30/23	Switzerland	1,000,000	967,806
4.625%, 4/29/24	Switzerland	500,000	496,752
[d] INVISTA Finance LLC, senior secured note, 144A, 4.25%, 10/15/19	United States	2,800,000	2,772,000
Novelis Inc., senior note, 8.75%, 12/15/20	Canada	1,600,000	1,696,000
[d] Owens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22	United States	1,400,000	1,387,750
Reynolds Group Issuer Inc./LLC/SA,			
first lien, 5.75%, 10/15/20	United States	700,000	719,250
senior note, 8.50%, 5/15/18	United States	1,000,000	1,021,250
senior note, 8.25%, 2/15/21	United States	1,000,000	1,042,500
senior secured note, first lien, 7.125%, 4/15/19	United States	800,000	825,000
[d] Sealed Air Corp.,			
senior bond, 144A, 5.125%, 12/01/24	United States	1,000,000	990,000
senior bond, 144A, 5.50%, 9/15/25	United States	400,000	404,000
senior note, 144A, 4.875%, 12/01/22	United States	1,000,000	988,750
Steel Dynamics Inc.,			
senior bond, 5.50%, 10/01/24	United States	1,000,000	1,002,500
senior note, 5.125%, 10/01/21	United States	1,000,000	1,007,000
[d] U.S. Coatings Acquisition Inc./Flash Dutch 2 BV, 144A, 5.75%, 2/01/21	United States	1,000,000 EUR	1,175,048
Verso Paper Holdings LLC/Inc., senior secured note, first lien, 11.75%, 1/15/19	United States	451,000	264,963
			40,896,117
Media 3.8%			
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond,			
5.25%, 9/30/22	United States	2,700,000	2,666,250
[d] 144A, 5.375%, 5/01/25	United States	900,000	878,625
Clear Channel Worldwide Holdings Inc.,			
senior note, 6.50%, 11/15/22	United States	1,000,000	1,045,000
senior sub. note, 7.625%, 3/15/20	United States	200,000	207,250
senior sub. note, 7.625%, 3/15/20	United States	500,000	523,125

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Media (continued)			
CSC Holdings LLC, senior note,			
6.75%, 11/15/21	United States	2,500,000	$ 2,643,750
5.25%, 6/01/24	United States	200,000	193,000
DISH DBS Corp., senior note,			
7.125%, 2/01/16	United States	2,000,000	2,055,000
6.75%, 6/01/21	United States	500,000	522,500
5.875%, 7/15/22	United States	500,000	491,250
5.875%, 11/15/24	United States	500,000	481,563
Gannett Co. Inc.,			
senior bond, 6.375%, 10/15/23	United States	1,000,000	1,045,000
[d] senior bond, 144A, 5.50%, 9/15/24	United States	300,000	297,750
senior note, 5.125%, 7/15/20	United States	1,000,000	1,028,750
iHeartCommunications Inc.,			
senior secured bond, first lien, 9.00%, 3/01/21	United States	2,400,000	2,196,000
senior secured note, first lien, 9.00%, 9/15/22	United States	700,000	637,000
[d] Nielsen Finance LLC/Co., senior note, 144A, 5.00%, 4/15/22	United States	300,000	294,563
[d] Sirius XM Radio Inc., senior bond, 144A,			
6.00%, 7/15/24	United States	1,700,000	1,721,250
5.375%, 4/15/25	United States	800,000	776,000
Time Warner Cable Inc., senior note, 4.00%, 9/01/21	United States	2,500,000	2,567,315
[d] Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, senior secured note, first lien, 144A, 5.625%, 4/15/23	Germany	720,000 EUR	866,596
[d] Unitymedia KabelBW GmbH, senior bond, 144A, 6.125%, 1/15/25	Germany	1,700,000	1,776,500
[d] Univision Communications Inc., senior secured note, first lien, 144A, 5.125%, 2/15/25	United States	3,000,000	2,895,000
[d] Videotron Ltd., senior bond, 144A, 5.375%, 6/15/24	Canada	800,000	802,000
[d] Virgin Media Finance PLC, senior bond, 144A, 6.375%, 10/15/24	United Kingdom	900,000 GBP	1,476,642
[d] Virgin Media Secured Finance PLC, senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	1,900,000	1,910,687
			31,998,366
Pharmaceuticals, Biotechnology & Life Sciences 2.0%			
AbbVie Inc., senior note, 3.60%, 5/14/25	United States	1,500,000	1,483,335
Actavis Funding SCS, senior bond, 3.80%, 3/15/25	United States	1,500,000	1,474,203
[d] Baxalta Inc., senior note, 144A, 4.00%, 6/23/25	United States	2,100,000	2,090,519
[d] Endo Finance LLC/Endo Ltd./Endo Finco Inc.,			
senior bond, 144A, 6.00%, 2/01/25	United States	1,200,000	1,225,500
[i] senior note, 144A, 6.00%, 7/15/23	United States	700,000	717,500
Grifols Worldwide Operations Ltd., senior note, 5.25%, 4/01/22	United States	700,000	703,500
[d,j] Jaguar Holding Co. I, senior note, 144A, PIK, 9.375%, 10/15/17	United States	2,500,000	2,559,375
[d] Valeant Pharmaceuticals International Inc.,			
senior bond, 144A, 6.125%, 4/15/25	United States	300,000	309,750
senior note, 144A, 7.50%, 7/15/21	United States	600,000	650,250
senior note, 144A, 5.50%, 3/01/23	United States	400,000	405,000
[d] VPI Escrow Corp., senior note, 144A, 6.375%, 10/15/20	United States	2,400,000	2,533,500
Zoetis Inc., senior bond, 3.25%, 2/01/23	United States	2,500,000	2,422,997
			16,575,429
Real Estate 0.1%			
Crown Castle International Corp., senior bond, 5.25%, 1/15/23	United States	500,000	505,500

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Retailing 0.7%			
[d] Argos Merger Sub Inc., senior note, 144A, 7.125%, 3/15/23	United States	700,000	$ 735,000
[d] Edcon Ltd., secured note, 144A, 9.50%, 3/01/18	South Africa	1,800,000 EUR	1,589,763
[d] Family Tree Escrow LLC, senior note, 144A, 5.75%, 3/01/23	United States	900,000	945,000
[d] Netflix Inc., senior bond, 144A, 5.875%, 2/15/25	United States	2,300,000	2,392,253
			5,662,016
Software & Services 1.1%			
[d] BMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21	United States	2,500,000	2,034,375
Equinix Inc., senior bond, 5.375%, 4/01/23	United States	2,500,000	2,512,500
First Data Corp.,			
senior bond, 12.625%, 1/15/21	United States	300,000	347,250
[d] senior secured bond, second lien, 144A, 8.25%, 1/15/21	United States	3,000,000	3,172,500
Sterling International Inc., senior note, 11.00%, 10/01/19	United States	1,100,000	1,171,500
			9,238,125
Technology Hardware & Equipment 0.3%			
[d] Alcatel-Lucent USA Inc., senior note, 144A, 6.75%, 11/15/20	France	1,500,000	1,591,875
[d,j] CommScope Holdings Co. Inc., senior note, 144A, PIK, 6.625%, 6/01/20	United States	200,000	208,250
[d] CommScope Technologies Finance LLC, senior bond, 144A, 6.00%, 6/15/25	United States	900,000	898,875
			2,699,000
Telecommunication Services 3.3%			
AT&T Inc., senior bond, 3.40%, 5/15/25	United States	1,900,000	1,807,728
CenturyLink Inc.,			
senior bond, 6.75%, 12/01/23	United States	200,000	201,375
[d] senior bond, 144A, 5.625%, 4/01/25	United States	900,000	815,625
senior note, 6.00%, 4/01/17	United States	500,000	523,125
senior note, 6.45%, 6/15/21	United States	500,000	506,250
[d] Digicel Group Ltd., senior note, 144A, 8.25%, 9/30/20	Bermuda	1,500,000	1,507,500
[d] Digicel Ltd., senior note, 144A,			
6.00%, 4/15/21	Bermuda	1,000,000	967,500
6.75%, 3/01/23	Bermuda	300,000	293,827
Frontier Communications Corp.,			
senior bond, 7.625%, 4/15/24	United States	300,000	266,250
senior note, 8.50%, 4/15/20	United States	100,000	104,800
senior note, 8.75%, 4/15/22	United States	200,000	199,000
senior note, 7.875%, 1/15/27	United States	400,000	372,000
Intelsat Jackson Holdings SA,			
senior bond, 6.625%, 12/15/22	Luxembourg	1,600,000	1,474,000
senior note, 7.25%, 10/15/20	Luxembourg	1,000,000	992,500
senior note, 7.50%, 4/01/21	Luxembourg	1,000,000	992,500
[d] Millicom International Cellular SA, senior note, 144A, 6.625%, 10/15/21	Luxembourg	2,000,000	2,068,750
[d] Play Finance 2 SA, senior secured note, 144A, 5.25%, 2/01/19	Poland	800,000 EUR	919,118
Sprint Communications Inc., senior note,			
8.375%, 8/15/17	United States	1,200,000	1,302,000
6.00%, 11/15/22	United States	500,000	458,125
[d] 144A, 9.00%, 11/15/18	United States	1,500,000	1,697,640
[d] 144A, 7.00%, 3/01/20	United States	800,000	872,160
Sprint Corp., senior bond, 7.875%, 9/15/23	United States	500,000	488,750

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Telecommunication Services (continued)			
T-Mobile USA Inc.,			
senior bond, 6.50%, 1/15/24	United States	300,000	$ 310,500
senior bond, 6.375%, 3/01/25	United States	1,300,000	1,337,375
senior note, 6.542%, 4/28/20	United States	1,400,000	1,469,286
senior note, 6.125%, 1/15/22	United States	200,000	207,000
Verizon Communications Inc., senior note, 5.15%, 9/15/23	United States	2,000,000	2,195,012
[d] Wind Acquisition Finance SA, senior secured note, 144A,			
4.00%, 7/15/20	Italy	1,200,000 EUR	1,343,191
7.00%, 4/23/21	Italy	1,500,000 EUR	1,735,266
			27,428,153
Transportation 0.7%			
[d] Florida East Coast Holdings Corp.,			
secured note, first lien, 144A, 6.75%, 5/01/19	United States	900,000	904,500
senior note, 144A, 9.75%, 5/01/20	United States	400,000	381,000
Hertz Corp., senior note,			
6.75%, 4/15/19	United States	1,000,000	1,034,400
6.25%, 10/15/22	United States	1,500,000	1,530,000
[d] Stena AB, senior bond, 144A, 7.00%, 2/01/24	Sweden	900,000	873,000
[d] Stena International SA, secured bond, 144A, 5.75%, 3/01/24	Sweden	1,100,000	1,053,239
			5,776,139
Utilities 1.3%			
Calpine Corp.,			
senior bond, 5.75%, 1/15/25	United States	1,200,000	1,171,500
senior note, 5.375%, 1/15/23	United States	1,300,000	1,283,750
[d,e] EDF SA, sub. note, 144A, 5.25% to 1/29/23, FRN thereafter, Perpetual	France	3,000,000	3,015,000
Exelon Corp., senior bond, 3.95%, 6/15/25	United States	1,800,000	1,811,502
[d] InterGen NV, secured bond, 144A, 7.00%, 6/30/23	Netherlands	2,500,000	2,237,500
[d,f] Texas Competitive Electric Holdings Co. LLC/Texas Competitive Electric Holdings Finance Inc., senior secured note, first lien, 144A, 11.50%, 10/01/20	United States	3,000,000	1,837,500
			11,356,752
Total Corporate Bonds (Cost $336,299,717)			322,657,036
[g,k] **Senior Floating Rate Interests 20.8%**			
Automobiles & Components 0.9%			
Crowne Group LLC, Term Loan, 6.00%, 9/30/20	United States	1,117,056	1,117,056
FRAM Group Holdings Inc. (Autoparts Holdings),			
Second Lien Term Loan, 11.00%, 1/29/18	United States	1,458,729	1,363,912
Term Loan, 7.00%, 7/29/17	United States	3,111,198	2,986,751
[i] The Goodyear Tire & Rubber Co., Second Lien Loans, 5.25%, 4/30/19	United States	358,614	359,734
Henniges Automotive Holdings Inc., Term Loans, 5.50%, 6/12/21	United States	806,589	808,605
[i] TI Group Automotive Systems LLC, Term Loan B, 5.75%, 6/30/22	United States	230,658	231,090
UCI International Inc., Term Loan, 5.50%, 7/26/17	United States	576,748	573,864
			7,441,012

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
[g,k] **Senior Floating Rate Interests** (continued)			
Capital Goods 1.1%			
Alfred Fueling Systems Inc. (Wayne Fueling),			
First Lien Initial Term Loan, 4.75%, 6/18/21	United States	489,413	$ 494,307
Second Lien Initial Term Loan, 8.50%, 6/20/22	United States	845,106	842,993
Doncasters U.S. Finance LLC, Second Lien Term Loan, 9.50%, 10/09/20	United States	125,226	125,539
[l] Erickson Inc., Purchase Price Notes, 6.00%, 11/02/20	United States	179,526	154,500
LCS Deco LLC, Term B Loans, 5.50%, 5/21/22	United States	61,664	62,358
Onsite Rental Group Operations Pty. Ltd., Term B Loan, 5.50%, 7/30/21	United States	2,422,669	2,362,102
Sensus USA Inc.,			
First Lien Term Loan, 4.50%, 5/09/17	United States	1,314,688	1,308,936
Second Lien Term Loan, 8.50%, 5/09/18	United States	3,032,186	3,017,025
TransDigm Inc.,			
Tranche C Term Loan, 3.75%, 2/28/20	United States	91,027	90,503
Tranche D Term Loan, 3.75%, 6/04/21	United States	291,258	289,370
[i] WireCo Worldgroup Inc., Term Loan, 6.00%, 2/15/17	United States	359,972	360,646
			9,108,279
Commercial & Professional Services 0.6%			
AlixPartners LLP, Second Lien 2013 Recapitalization Term Loan, 9.00%, 7/10/21	United States	2,678,927	2,710,739
Interactive Data Corp., Term Loan, 4.75%, 5/02/21	United States	2,238,602	2,247,930
			4,958,669
Consumer Services 3.3%			
24 Hour Fitness Worldwide Inc., Term Loan, 4.75%, 5/28/21	United States	945,498	902,656
Boyd Gaming Corp., Term A Loan, 3.146%, 8/14/18	United States	54,575	54,609
Caesars Entertainment Resort Properties LLC, Term B Loans, 7.00%, 10/11/20	United States	4,050,250	3,713,573
Cannery Casino Resorts LLC,			
Second Lien Term Loan, 10.00%, 10/02/19	United States	780,000	713,700
Term Loan, 6.00%, 10/02/18	United States	2,930,099	2,906,902
Fitness International LLC, Term B Loan, 5.50%, 7/01/20	United States	4,258,984	4,111,253
Hilton Worldwide Finance LLC, Initial Term Loan, 3.50%, 10/26/20	United States	1,053,531	1,054,702
ROC Finance LLC, Funded Term B Loans, 5.00%, 6/20/19	United States	2,246,088	2,205,378
Seaworld Parks and Entertainment Inc., Term B-2 Loan, 3.00%, 5/14/20	United States	1,538,046	1,487,338
TGI Friday's Inc., First Lien Initial Term Loan, 5.25%, 7/15/20	United States	467,979	470,904
[i] Town Sports International LLC, Initial Term Loan, 4.50%, 11/15/20	United States	1,366,654	1,091,045
Travelport Finance Luxembourg S.A.R.L., Initial Term Loan, 5.75%, 9/02/21	Luxembourg	2,347,674	2,358,433
[c,j] Turtle Bay Holdings LLC, Term Loan B, PIK, 3.00%, 6/30/16	United States	6,490,742	6,506,969
			27,577,462
Diversified Financials 0.6%			
Guggenheim Partners Investment Management Holdings LLC, Initial Term Loan, 4.25%, 7/22/20	United States	927,314	931,951
Trans Union LLC, 2015 Term B-2 Loans, 3.75%, 4/09/21	United States	3,988,167	3,960,748
			4,892,699

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
[g,k] **Senior Floating Rate Interests** (continued)			
Energy 2.1%			
Bowie Resource Holdings LLC,			
[i] First Lien Initial Term Loan, 6.75%, 8/16/20	United States	2,724,383	$ 2,594,975
Second Lien Initial Term Loan, 11.75%, 2/16/21	United States	480,257	457,445
Citgo Petroleum Corp., Term B Loan, 4.50%, 7/29/21	United States	222,890	223,215
[i] Drillships Ocean Ventures Inc. and Drillships Ventures Projects Inc., Term Loan, 5.50%, 7/25/21	Marshall Islands	2,099,047	1,796,784
Fieldwood Energy LLC,			
[i] Loans, 3.875%, 10/01/18	United States	2,930,400	2,796,334
Second Lien Loans, 8.375%, 9/30/20	United States	468,000	359,190
[i] Foresight Energy LLC, Term Loans, 5.50%, 8/21/20	United States	1,372,000	1,361,710
OSG Bulk Ships Inc., Initial Term Loan, 5.25%, 8/05/19	United States	1,239,185	1,240,734
OSG International Inc. (OIN), Initial Term Loan, 5.75%, 8/05/19	United States	2,012,176	2,022,237
[i] Peabody Energy Corp., Term Loan, 4.25%, 9/24/20	United States	1,781,863	1,506,152
[i] UTEX Industries Inc., First Lien Initial Term Loan, 5.00%, 5/21/21	United States	3,111,139	2,888,824
Westmoreland Coal Co., Term Loan, 7.50%, 12/16/20	United States	661,307	644,774
			17,892,374
Food, Beverage & Tobacco 0.4%			
AdvancePierre Foods Inc., Second Lien Term Loan, 9.50%, 10/10/17	United States	1,805,558	1,837,155
[i] CSM Bakery Supplies LLC (U.S. Acquisition), Second Lien Term Loan, 8.75%, 7/03/21	United States	296,913	282,810
[i] Post Holdings Inc., Series A Incremental Term Loan, 3.75%, 6/02/21	United States	1,067,625	1,064,480
			3,184,445
Health Care Equipment & Services 1.3%			
Carestream Health Inc., Second Lien Loan, 9.50%, 12/07/19	United States	662,437	660,119
Community Health Systems Inc., 2018 Term F Loans, 3.534%, 12/31/18	United States	986,859	987,211
Connolly LLC,			
[i] Initial Term Loan, 4.50%, 5/14/21	United States	2,676,482	2,676,482
Second Lien Initial Term Loan, 8.00%, 5/13/22	United States	253,793	255,697
Dialysis Newco Inc., Second Lien Term Loan B, 7.75%, 10/22/21	United States	267,300	269,973
Kinetic Concepts Inc., Dollar Term E-1 Loan, 4.50%, 5/04/18	United States	1,006,689	1,011,879
Millennium Health LLC, Tranche B Term Loan, 5.25%, 4/16/21	United States	2,350,675	984,345
Surgery Centers Holdings Inc., Second Lien Term Loan, 8.50%, 11/03/21	United States	269,467	269,467
Truven Health Analytics Inc., New Tranche B Term Loan, 4.50%, 6/06/19	United States	1,730,880	1,729,258
U.S. Renal Care Inc., Tranche B-2 Term Loan, 4.25%, 7/03/19	United States	1,716,635	1,717,172
			10,561,603
Household & Personal Products 0.9%			
FGI Operating Co. LLC (Freedom Group), Term B Loans, 5.50%, 4/19/19	United States	4,641,758	4,421,275
Revlon Consumer Products Corp., Replacement Term Loan, 3.25%, 11/19/17	United States	459,530	459,721
[i] Spectrum Brands Inc., Term Loan B, 5.25%, 6/23/22	United States	980,983	984,457
Sun Products Corp., Tranche B Term Loan, 5.50%, 3/23/20	United States	2,170,122	2,110,444
			7,975,897

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
[g,k] **Senior Floating Rate Interests** (continued)			
Materials 2.9%			
[i] Appvion Inc., Term Loan, 5.75% - 6.75%, 6/28/19	United States	2,949,330	$ 2,761,923
Atkore International Inc., Second Lien Initial Term Loan, 7.75%, 10/09/21	United States	219,800	206,795
Caraustar Industries Inc.,			
Term Loan B, 8.00%, 5/01/19	United States	1,662,052	1,670,349
Term Loan C, 8.00%, 5/01/19	United States	2,726,300	2,739,910
CD&R Millennium U.S. Acquico LLC, Second Lien Initial Term Loan, 8.75%, 7/31/22	United States	585,000	579,881
The Chemours Co. LLC, Tranche B Term Loan, 3.75%, 5/12/22	United States	750,232	748,670
Coveris Holdings SA, Term B-1 Loan, 4.50%, 5/08/19	Luxembourg	2,966,959	2,978,703
Cyanco Intermediate Corp., Initial Term Loan, 5.50%, 5/01/20	United States	3,296,453	3,296,453
FMG America Finance Inc. (Fortescue Metals Group), Loans, 3.75%, 6/30/19	Australia	2,118,932	1,886,513
HII Holding Corp. (Houghton International), Second Lien Term Loan, 9.50%, 12/21/20	United States	575,175	577,332
Huntsman International LLC, Extended Term B Dollar Loan, 2.731%, 4/19/17	United States	378,485	378,719
Ineos U.S. Finance LLC, Dollar Term Loan, 4.25%, 3/31/22	United States	408,802	409,185
Nexeo Solutions LLC,			
Term B-1 Loan, 5.00%, 9/08/17	United States	110,369	109,035
Term B-3 Loan, 5.00%, 9/08/17	United States	107,871	106,568
Novelis Inc., Initial Term Loan, 4.00%, 6/02/22	Canada	802,059	799,052
OCI Beaumont LLC, Term B-3 Loan, 5.50%, 8/20/19	United States	1,758,812	1,785,195
Oxbow Carbon LLC,			
First Lien Tranche B Term Loan, 4.25%, 7/19/19	United States	328,724	328,107
Second Lien Initial Term Loan, 8.00%, 1/17/20	United States	311,538	295,183
OXEA GmbH, Second Lien Term Loan, 8.25%, 7/15/20	Luxembourg	891,600	845,627
Solenis International LP and Solenis Holdings, Second Lien Term Loan, 7.75%, 7/31/22	United States	174,800	169,611
Tronox Pigments (Netherlands) BV, Term Loan, 4.25%, 3/19/20	Netherlands	264,410	264,938
Walter Energy Inc., B Term Loan, 7.25%, 4/02/18	United States	3,083,004	1,700,792
			24,638,541
Media 2.2%			
[i] AMC Entertainment Inc., Initial Term Loan, 5.00%, 4/30/20	United States	344,420	344,375
Cengage Learning Acquisitions Inc., Original Term Loans, 7.00%, 3/31/20	United States	2,661,763	2,671,745
[i] Charter Communications Operating LLC, Term E Loan, (CCO Safari), 3.00%, 7/01/20	United States	1,403,177	1,387,742
Cumulus Media Holdings Inc., Term Loans, 4.25%, 12/23/20	United States	459,266	437,164
MediArena Acquisition BV, Second Lien Dollar Term B Loan, 10.00%, 8/13/22	Netherlands	430,000	416,025
Radio One Inc., Term Loan B, 4.78%, 12/31/18	United States	6,867,843	7,003,771
UPC Financing Partnership (UPC Broadband Holdings BV), Term Loan AH, 3.25%, 6/30/21	Netherlands	1,231,045	1,215,657
Virgin Media Bristol LLC, F Facility, 3.50%, 6/30/23	United States	571,213	566,394
William Morris Endeavor Entertainment LLC, Term Loans Second Lien, 8.25%, 5/06/22	United States	4,466,536	4,360,456
			18,403,329

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
[g,k] **Senior Floating Rate Interests** (continued)			
Pharmaceuticals, Biotechnology & Life Sciences 1.1%			
[i] Endo Luxembourg Finance Co. and Endo LLC, Term Loan B, 3.25%, 7/01/22	United States	1,526,156	$ 1,531,879
Grifols Worldwide Operations USA Inc., US Tranche B Term Loan, 3.187%, 2/27/21	United States	2,766,840	2,770,443
Horizon Pharma Inc., 2015 Term Loan, 4.50%, 5/07/21	United States	54,713	54,970
Valeant Pharmaceuticals International Inc.,			
[i] Series D-2 Tranche B Term Loan, 5.00%, 2/13/19	United States	1,340,000	1,338,827
Series F-1 New Term Loan, 4.00%, 4/01/22	United States	3,472,725	3,475,094
			9,171,213
Real Estate 0.0%†			
Capital Automotive LP, Second Lien Term Loan, 6.00%, 4/30/20	United States	182,500	185,846
Retailing 0.9%			
BJ's Wholesale Club Inc.,			
2013 (Nov) Replacement Loans, 4.50%, 9/26/19	United States	1,755,822	1,759,246
Second Lien 2013 (Nov) Replacement Loans, 8.50%, 3/26/20	United States	1,915,908	1,934,668
[i] Dollar Tree Inc., Term B-1 Loans, 3.50%, 3/09/22	United States	293,851	294,340
[i] Evergreen AcqCo. 1 LP (Savers), Term Loan, 5.00%, 7/09/19	United States	3,158,333	2,956,989
The Men's Wearhouse Inc., Tranche B Term Loan, 4.50%, 6/18/21	United States	747,063	750,331
			7,695,574
Semiconductors & Semiconductor Equipment 0.1%			
M/A-COM Technology Solutions Holdings Inc., Initial Term Loan, 4.50%, 5/07/21	United States	518,364	519,660
Software & Services 1.6%			
BMC Software Finance Inc., Initial U.S. Term Loans, 5.00%, 9/10/20	United States	4,804,119	4,534,555
MoneyGram International Inc., Term Loan, 4.25%, 3/27/20	United States	5,139,994	4,889,419
Sungard Availability Services Capital Inc., Tranche B Term Loan, 6.00%, 3/29/19	United States	2,887,509	2,656,509
Vertafore Inc., Second Lien Term Loan, 9.75%, 10/27/17	United States	1,173,616	1,189,753
			13,270,236
Technology Hardware & Equipment 0.1%			
CIENA Corp., Term Loan, 3.75%, 7/15/19	United States	228,679	229,536
[i] CommScope Inc., Tranche 5 Term Loan, 5.25%, 12/29/22	United States	389,022	389,205
[i] Dell International LLC, Term B-2 Loan, 5.50%, 4/29/20	United States	296,201	296,492
			915,233
Telecommunication Services 0.2%			
Intelsat Jackson Holdings SA, Tranche B-2 Term Loan, 3.75%, 6/30/19	Luxembourg	1,328,748	1,320,997
Transportation 0.3%			
American Airlines Inc., 2015 Term Loans, 3.50%, 6/27/20	United States	1,170,000	1,161,225
[i] Navios Maritime Midstream Partners LP, Term Loan B, 6.75%, 6/18/20	Marshall Islands	1,305,136	1,301,873
			2,463,098
Utilities 0.2%			
Calpine Construction Finance Co. LP,			
Term B-1 Loan, 3.00%, 5/03/20	United States	1,189,486	1,170,652
Term B-2 Loan, 3.25%, 1/31/22	United States	296,533	292,919

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
[g,k] **Senior Floating Rate Interests** (continued)			
Utilities (continued)			
Calpine Corp., Term Loan (B5), 3.50%, 5/27/22	United States	492,357	$ 488,703
			1,952,274
Total Senior Floating Rate Interests (Cost $178,340,231)			174,128,441
Foreign Government and Agency Securities 16.1%			
Government of Hungary,			
5.50%, 2/12/16	Hungary	1,454,700,000 HUF	5,284,057
5.50%, 12/22/16	Hungary	46,690,000 HUF	175,880
6.50%, 6/24/19	Hungary	206,000,000 HUF	835,261
7.50%, 11/12/20	Hungary	313,570,000 HUF	1,350,995
A, 6.75%, 11/24/17	Hungary	104,470,000 HUF	414,462
A, 5.50%, 12/20/18	Hungary	34,100,000 HUF	133,553
A, 7.00%, 6/24/22	Hungary	930,000 HUF	3,962
A, 6.00%, 11/24/23	Hungary	1,270,000 HUF	5,192
senior note, 6.25%, 1/29/20	Hungary	3,000,000	3,365,145
senior note, 6.375%, 3/29/21	Hungary	1,000,000	1,138,785
Government of Indonesia, FR34, 12.80%, 6/15/21	Indonesia	17,235,000,000 IDR	1,562,746
Government of Malaysia,			
3.835%, 8/12/15	Malaysia	7,475,000 MYR	1,981,751
4.72%, 9/30/15	Malaysia	10,268,000 MYR	2,731,035
3.197%, 10/15/15	Malaysia	13,330,000 MYR	3,532,741
senior bond, 3.814%, 2/15/17	Malaysia	2,500,000 MYR	669,342
senior bond, 4.24%, 2/07/18	Malaysia	600,000 MYR	162,783
senior note, 3.172%, 7/15/16	Malaysia	32,500,000 MYR	8,619,322
Government of Mexico,			
8.00%, 12/17/15	Mexico	753,560[m] MXN	4,899,563
6.25%, 6/16/16	Mexico	1,524,310[m] MXN	9,947,454
7.25%, 12/15/16	Mexico	930,330[m] MXN	6,203,946
Government of Poland,			
6.25%, 10/24/15	Poland	9,134,000 PLN	2,462,542
4.75%, 10/25/16	Poland	31,000,000 PLN	8,552,467
Strip, 7/25/15	Poland	2,052,000 PLN	544,878
Strip, 1/25/16	Poland	1,066,000 PLN	280,797
[d] Government of Portugal, 144A, 5.125%, 10/15/24	Portugal	5,000,000	5,150,775
[d] Government of Serbia, senior note, 144A,			
4.875%, 2/25/20	Serbia	4,410,000	4,469,513
7.25%, 9/28/21	Serbia	1,000,000	1,123,795
Government of Singapore, senior note, 1.125%, 4/01/16	Singapore	7,350,000 SGD	5,466,798
Government of Sri Lanka,			
A, 6.50%, 7/15/15	Sri Lanka	28,980,000 LKR	216,467
A, 6.40%, 8/01/16	Sri Lanka	19,500,000 LKR	145,405
B, 6.40%, 10/01/16	Sri Lanka	16,000,000 LKR	119,022
B, 8.50%, 7/15/18	Sri Lanka	15,280,000 LKR	116,459
C, 8.50%, 4/01/18	Sri Lanka	8,070,000 LKR	61,667
D, 8.50%, 6/01/18	Sri Lanka	54,050,000 LKR	412,456
Government of the Philippines,			
senior bond, 7.00%, 1/27/16	Philippines	80,000,000 PHP	1,811,808
senior note, 1.625%, 4/25/16	Philippines	155,000,000 PHP	3,417,660

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Foreign Government and Agency Securities (continued)			
[d] Government of Ukraine,			
144A, 7.75%, 9/23/20	Ukraine	3,850,000	$ 1,901,457
senior bond, 144A, 7.80%, 11/28/22	Ukraine	2,790,000	1,468,237
senior note, 144A, 7.95%, 2/23/21	Ukraine	2,120,000	1,119,625
senior note, 144A, 7.50%, 4/17/23	Ukraine	1,000,000	525,625
[n] Government of Uruguay, senior bond, Index Linked, 4.375%, 12/15/28	Uruguay	174,338,838 UYU	6,203,396
Korea Monetary Stabilization Bond, senior note,			
2.80%, 8/02/15	South Korea	1,324,510,000 KRW	1,184,295
2.81%, 10/02/15	South Korea	6,000,000,000 KRW	5,376,025
2.07%, 12/02/16	South Korea	3,750,000,000 KRW	3,368,985
Korea Treasury Bond, senior note,			
2.75%, 12/10/15	South Korea	5,847,900,000 KRW	5,250,454
3.00%, 12/10/16	South Korea	5,500,000,000 KRW	5,006,083
Nota Do Tesouro Nacional,			
10.00%, 1/01/17	Brazil	7,500[o] BRL	2,291,035
10.00%, 1/01/23	Brazil	4,000[o] BRL	1,134,117
[p] Index Linked, 6.00%, 8/15/16	Brazil	1,604[o] BRL	1,356,529
[p] Index Linked, 6.00%, 8/15/18	Brazil	5,525[o] BRL	4,648,173
[p] Index Linked, 6.00%, 5/15/23	Brazil	2,250[o] BRL	1,875,427
Uruguay Notas del Tesoro,			
10.25%, 8/22/15	Uruguay	59,720,000 UYU	2,207,981
9.50%, 1/27/16	Uruguay	9,220,000 UYU	341,379
[n] 18, Index Linked, 2.25%, 8/23/17	Uruguay	27,357,989 UYU	959,404
Uruguay Treasury Bill, Strip,			
7/02/15	Uruguay	510,000 UYU	18,876
8/20/15	Uruguay	35,364,000 UYU	1,287,839
Total Foreign Government and Agency Securities (Cost $158,093,283)			134,895,426
U.S. Government and Agency Securities 3.1%			
U.S. Treasury Bond,			
7.875%, 2/15/21	United States	900,000	1,194,047
6.50%, 11/15/26	United States	2,400,000	3,371,439
U.S. Treasury Note,			
4.625%, 2/15/17	United States	600,000	639,422
3.75%, 11/15/18	United States	7,000,000	7,598,829
2.75%, 2/15/24	United States	4,000,000	4,147,812
2.50%, 5/15/24	United States	6,000,000	6,095,154
[n] Index Linked, 2.125%, 1/15/19	United States	771,348	839,081
[n] Index Linked, 0.625%, 7/15/21	United States	1,679,503	1,732,906
Total U.S. Government and Agency Securities (Cost $25,634,949)			25,618,690
Asset-Backed Securities and Commercial Mortgage-Backed Securities 6.5%			
Banks 3.6%			
Banc of America Commercial Mortgage Trust, 2006-4, AJ, 5.695%, 7/10/46	United States	1,807,000	1,854,000
[g] Bear Stearns Adjustable Rate Mortgage Trust, 2004-4, A6, FRN, 2.68%, 6/25/34	United States	2,018,905	2,038,781

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Asset-Backed Securities and Commercial Mortgage-Backed Securities (continued)			
Banks (continued)			
Bear Stearns Commercial Mortgage Securities Inc.,			
[g] 2006-PW11, AJ, FRN, 5.597%, 3/11/39	United States	1,000,000	$ 1,018,520
[g] 2006-PW12, AJ, FRN, 5.94%, 9/11/38	United States	1,440,000	1,470,541
2006-PW13, AJ, 5.611%, 9/11/41	United States	5,100,000	5,185,514
Citigroup Commercial Mortgage Trust,			
2006-C5, AJ, 5.482%, 10/15/49	United States	1,882,000	1,879,062
[g] 2007-C6, AM, FRN, 5.899%, 6/10/17	United States	2,500,000	2,650,806
2015-GC27, A5, 3.137%, 2/10/48	United States	610,000	600,580
[g] Citigroup/Deutsche Bank Commercial Mortgage Trust, 2006-CD3, AJ, FRN, 5.688%, 10/15/48	United States	2,700,000	2,617,299
Countrywide Asset-Backed Certificates, 2005-11, AF4, 5.21%, 3/25/34	United States	1,275,000	1,245,843
CSAIL Commercial Mortgage Trust, 2015-C1, A4, 3.505%, 4/15/50	United States	550,000	562,236
Greenwich Capital Commercial Funding Corp.,			
[g] 2006-GG7, AJ, FRN, 6.013%, 7/10/38	United States	2,560,000	2,595,539
2007-GG9, AM, 5.475%, 3/10/39	United States	1,030,000	1,076,726
JPMBB Commercial Mortgage Securities Trust, 2015-C28, A4, 3.227%, 10/15/48	United States	550,000	543,918
JP Morgan Chase Commercial Mortgage Securities Trust,			
2006-CB17, AM, 5.464%, 12/12/43	United States	760,000	782,504
[g] 2006-LDP7, AJ, FRN, 6.10%, 4/15/45	United States	1,680,000	1,680,400
[g] Merrill Lynch Mortgage Investors Trust, 2005-A6, 2A3, FRN, 0.567%, 8/25/35	United States	345,285	313,865
[g] Morgan Stanley Capital I Trust, 2006-HQ8, AJ, FRN, 5.681%, 3/12/44	United States	200,000	202,999
Wells Fargo Commercial Mortgage Trust, 2014-LC16, A4, 3.548%, 8/15/50	United States	220,000	226,612
Wells Fargo Mortgage Backed Securities Trust,			
[g] 2004-W, A9, FRN, 2.614%, 11/25/34	United States	1,063,415	1,082,083
2007-3, 3A1, 5.50%, 4/25/37	United States	300,815	311,032
			29,938,860
Diversified Financials 2.9%			
[d,g] ARES CLO XII Ltd., 2007-12A, B, 144A, FRN, 1.282%, 11/25/20	United States	1,380,000	1,363,399
[d,g] Atrium CDO Corp., 10A, C, 144A, FRN, 2.876%, 7/16/25	United States	1,400,000	1,389,962
[d,g] Atrium XI, 11A, C, 144A, FRN, 3.477%, 10/23/25	Cayman Islands	1,820,000	1,828,026
[d,g] BCAP LLC Trust, 2009-RR1, 2A2, 144A, FRN, 2.644%, 5/26/35	United States	440,000	419,984
[d,g] Catamaran CLO Ltd., 2013-1A, C, 144A, FRN, 2.877%, 1/27/25	Cayman Islands	1,130,000	1,106,677
[d,g] Cent CDO Ltd., 2007-15A, A2B, 144A, FRN, 0.626%, 3/11/21	United States	1,251,000	1,190,464
[d,g] Cent CLO LP, 2013-17A, D, 144A, FRN, 3.278%, 1/30/25	Cayman Islands	784,314	786,314
[d,g] CIFC Funding Ltd., 2007-3A, A1J, 144A, FRN, 0.677%, 7/26/21	United States	960,000	941,779
[d,g] ColumbusNova CLO Ltd., 2007-2A, A2, 144A, FRN, 1.275%, 10/15/21	United States	860,000	844,159
[d,g] CT CDO IV Ltd., 2006-4A, A1, 144A, FRN, 0.497%, 10/20/43	United States	1,258,983	1,256,623
[d,g] Eaton Vance CDO Ltd., 2014-1A,			
B, 144A, FRN, 2.325%, 7/15/26	United States	426,000	428,313
C, 144A, FRN, 3.275%, 7/15/26	United States	167,100	167,414
[g] FHLMC Structured Agency Credit Risk Debt Notes,			
2014-DN1, M2, FRN, 2.387%, 2/25/24	United States	1,500,000	1,502,966
2014-HQ2, M2, FRN, 2.387%, 9/25/24	United States	1,000,000	993,866

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Asset-Backed Securities and Commercial Mortgage-Backed Securities (continued)			
Diversified Financials (continued)			
[g]FHLMC Structured Agency Credit Risk Debt Notes, (continued)			
2015-HQ1, M2, FRN, 2.387%, 3/25/25	United States	1,000,000	$ 993,760
[d]G-Force LLC, 2005-RRA, C, 144A, 5.20%, 8/22/36	United States	2,000,000	1,949,480
[g]Impac Secured Assets Trust, 2007-2, FRN, 0.437%, 4/25/37	United States	317,866	294,716
[d,g]ING Investment Management CLO Ltd.,			
2013-1A, B, 144A, FRN, 3.175%, 4/15/24	Cayman Islands	270,000	270,680
2013-1A, C, 144A, FRN, 3.775%, 4/15/24	Cayman Islands	440,000	433,594
2013-2A, B, 144A, FRN, 2.957%, 4/25/25	United States	1,080,000	1,075,604
[d,g]Invitation Homes Trust, 2015-SFR1, A, 144A, FRN, 1.635%, 3/17/32	United States	1,471,496	1,478,737
[g]MortgageIT Trust, 2004-1, A2, FRN, 1.087%, 11/25/34	United States	377,914	363,108
[d,g]Newcastle CDO Ltd., 2004-5A, 1, 144A, FRN, 0.622%, 12/24/39	United States	202,010	199,796
[g]Opteum Mortgage Acceptance Corp. Trust, 2005-4, 1APT, FRN, 0.497%, 11/25/35	United States	647,731	612,717
Residential Asset Securities Corp., 2004-KS1, AI4, 4.213%, 4/25/32	United States	20,066	20,058
[g]Structured Asset Securities Corp., 2005-2XS, 2A2, FRN, 1.684%, 2/25/35	United States	350,471	339,015
[g,q]Talisman 6 Finance, Reg S, FRN, 0.191%, 10/22/16	Germany	1,394,253 EUR	1,536,143
[g]Thornburg Mortgage Securities Trust, 2005-1, A3, FRN, 2.23%, 4/25/45	United States	335,921	338,328
			24,125,682
Total Asset-Backed Securities and Commercial Mortgage-Backed Securities (Cost $51,927,722)			54,064,542
Mortgage-Backed Securities 2.4%			
[g]**Federal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.0%†**			
FHLMC, 2.348%, 1/01/33	United States	54,231	56,856
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 0.4%			
FHLMC Gold 15 Year, 5.50%, 7/01/17 - 7/01/19	United States	73,071	77,013
FHLMC Gold 15 Year, 6.00%, 5/01/17	United States	2,874	2,956
FHLMC Gold 15 Year, 6.50%, 5/01/16	United States	176	178
[i]FHLMC Gold 30 Year, 3.50%, 7/01/45	United States	1,648,000	1,692,063
FHLMC Gold 30 Year, 5.00%, 4/01/34 - 8/01/35	United States	367,109	405,946
FHLMC Gold 30 Year, 5.50%, 3/01/33 - 1/01/35	United States	320,851	360,226
FHLMC Gold 30 Year, 6.00%, 4/01/33 - 2/01/36	United States	286,146	326,168
FHLMC Gold 30 Year, 6.50%, 12/01/23 - 6/01/36	United States	67,833	78,205
FHLMC Gold 30 Year, 7.00%, 9/01/21 - 4/01/30	United States	29,550	33,533
FHLMC Gold 30 Year, 7.50%, 8/01/30 - 7/01/31	United States	1,183	1,273
			2,977,561
[g]**Federal National Mortgage Association (FNMA) Adjustable Rate 0.0%†**			
FNMA, 2.31% - 2.42%, 4/01/20 - 12/01/34	United States	199.351	211,468
Federal National Mortgage Association (FNMA) Fixed Rate 1.7%			
[i]FNMA 15 Year, 2.50%, 7/01/22 - 7/01/30	United States	3,423,933	3,464,640
FNMA 15 Year, 4.50%, 6/01/19 - 3/01/20	United States	108,732	113,392
FNMA 15 Year, 5.00%, 10/01/17 - 6/01/18	United States	76,178	79,786
FNMA 15 Year, 5.50%, 3/01/16 - 11/01/18	United States	412,157	428,087
FNMA 15 Year, 6.00%, 4/01/16 - 7/01/16	United States	567	568
[i]FNMA 30 Year, 3.00%, 7/01/45	United States	4,578,000	4,550,460
[i]FNMA 30 Year, 3.50%, 7/01/45	United States	4,887,000	5,027,024

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
Federal National Mortgage Association (FNMA) Fixed Rate (continued)			
FNMA 30 Year, 5.00%, 4/01/30	United States	116,006	$ 128,100
FNMA 30 Year, 6.50%, 6/01/28 - 10/01/37	United States	314,447	361,507
			14,153,564
Government National Mortgage Association (GNMA) Fixed Rate 0.3%			
GNMA I SF 30 Year, 5.00%, 11/15/33 - 7/15/34	United States	402,588	450,175
GNMA I SF 30 Year, 6.50%, 2/15/32	United States	2,126	2,427
GNMA I SF 30 Year, 7.00%, 10/15/28 - 6/15/32	United States	19,585	20,033
GNMA I SF 30 Year, 7.50%, 9/15/30	United States	1,497	1,788
[i] GNMA II SF 30 Year, 3.00%, 7/01/45	United States	100,000	100,768
[i] GNMA II SF 30 Year, 3.50%, 7/01/45	United States	1,920,000	1,989,075
GNMA II SF 30 Year, 5.00%, 9/20/33 - 11/20/33	United States	118,817	132,979
GNMA II SF 30 Year, 6.00%, 11/20/34	United States	136,718	159,736
GNMA II SF 30 Year, 6.50%, 4/20/31 - 2/20/34	United States	62,981	73,798
GNMA II SF 30 Year, 7.50%, 1/20/28 - 4/20/32	United States	16,496	19,396
			2,950,175
Total Mortgage-Backed Securities (Cost $20,052,123)			20,349,624
Municipal Bonds 4.3%			
Arkansas State GO, Four-Lane Highway Construction and Improvement Bonds, 3.25%, 6/15/22	United States	400,000	428,340
California State GO, Various Purpose,			
5.25%, 11/01/40	United States	560,000	643,462
Refunding, 5.25%, 3/01/38	United States	1,500,000	1,633,845
Refunding, 5.00%, 4/01/38	United States	2,000,000	2,162,260
Refunding, NATL Insured, 4.50%, 12/01/32	United States	300,000	313,299
Series 1, AGMC Insured, Pre-Refunded, 4.75%, 9/01/31	United States	290,000	298,526
Chicago GO,			
Build America Bonds, Direct Payment, Taxable Project, Series B, 7.517%, 1/01/40	United States	355,000	362,242
Taxable Project, Series B, 6.034%, 1/01/42	United States	500,000	422,460
Colorado State ISD, GO, Mitchell and Scurry Counties, School Building, PSF Guarantee, 5.00%, 8/15/43	United States	300,000	331,518
Evansville Local Public Improvement Bond Bank Revenue, Sewage Works Project, Series A, 5.00%, 7/01/36	United States	675,000	739,949
Florida Hurricane Catastrophe Fund Finance Corp. Revenue, Series A, 2.995%, 7/01/20	United States	3,000,000	3,060,300
Illinois State GO,			
5.877%, 3/01/19	United States	2,000,000	2,163,720
Build America Bonds, 7.35%, 7/01/35	United States	1,000,000	1,107,930
Massachusetts State GO, Consolidated Loan of 2014, Series A, 4.50%, 12/01/43	United States	2,300,000	2,414,678
Minnesota State GO, Various Purpose, Refunding, Series F, 4.00%, 10/01/24	United States	2,650,000	2,990,419
Nassau County GO, General Improvement Bonds, Series B, 5.00%,			
4/01/39	United States	1,500,000	1,624,815
4/01/43	United States	1,600,000	1,709,856
New Jersey EDA Revenue, School Facilities Construction, Refunding, Series NN, 5.00%, 3/01/30	United States	700,000	719,215

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Municipal Bonds (continued)			
New York City HDC Revenue, Series B1, 5.00%, 7/01/33	United States	500,000	$ 558,875
New York City Municipal Water Finance Authority Water and Sewer System Revenue, Second General Resolution, Fiscal 2014, Refunding, Series BB, 5.00%, 6/15/46	United States	2,430,000	2,656,112
New York State Urban Development Corp. Revenue, State Personal Income Tax, General Purpose, Series C, 5.00%, 3/15/29	United States	1,500,000	1,712,385
Port Authority of New York and New Jersey Revenue, Consolidated, One Hundred Ninety-First Series A, 4.823%, 6/01/45	United States	3,500,000	3,470,810
Puerto Rico Electric Power Authority Power Revenue,			
Series A, 6.75%, 7/01/36	United States	3,465,000	1,879,971
Series XX, 5.25%, 7/01/40	United States	165,000	89,522
Puerto Rico Sales Tax FICO Revenue, Capital Appreciation, Refunding, Series A, zero cpn., 8/01/26	United States	275,000	76,447
Puerto Rico Sales Tax FICO Sales Tax Revenue,			
Capital Appreciation, Series A, zero cpn., 8/01/25	United States	320,000	99,654
first subordinate, Series A, 5.75%, 8/01/37	United States	500,000	276,250
first subordinate, Series A, 6.50%, 8/01/44	United States	2,500,000	1,393,750
South Carolina State Public Service Authority Revenue, Refunding, Series B, 5.00%, 12/01/38	United States	1,000,000	1,090,850
Total Municipal Bonds (Cost $36,882,968)			36,431,460
		Shares	
Escrows and Litigation Trusts 0.0%			
[a,l] Comfort Co. Inc., Escrow Account	United States	13,427	—
[a,l] NewPage Corp., Litigation Trust	United States	2,500,000	—
Total Escrows and Litigation Trusts (Cost $ —)			—
Total Investments before Short Term Investments (Cost $810,495,316)			772,471,324
		Principal Amount*	
Short Term Investments 9.0%			
Foreign Government and Agency Securities (Cost $3,976,926) 0.5%			
Korea Monetary Stabilization Bond, senior note, 2.79%, 6/02/16	South Korea	4,400,000,000 KRW	3,972,635
Total Investments before Money Market Funds (Cost $814,472,242)			776,443,959
		Shares	
Money Market Funds (Cost $70,999,990) 8.5%			
[a,r] Institutional Fiduciary Trust Money Market Portfolio	United States	70,999,990	70,999,990
Total Investments (Cost $885,472,232) 101.2%			847,443,949
Other Assets, less Liabilities (1.2)%			(9,644,312)
Net Assets 100.0%			$ 837,799,637

Franklin Strategic Income VIP Fund (continued)

[†]Rounds to less than 0.1% of net assets.

*The principal amount is stated in U.S. dollars unless otherwise indicated.

[a]Non-income producing.

[b]The security is owned by FT Holdings Corporation III, a wholly-owned subsidiary of the Fund. See Note 1(g).

[c]At June 30, 2015, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited or extended period of time.

[d]Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At June 30, 2015, the aggregate value of these securities was $169,457,707, representing 20.23% of net assets.

[e]Perpetual security with no stated maturity date.

[f]See Note 7 regarding defaulted securities.

[g]The coupon rate shown represents the rate at period end.

[h]See Note 1(f) regarding loan participation notes.

[i]A portion or all of the security purchased on a when-issued, delayed delivery, or to-be-announced (TBA) basis. See Note 1(c).

[j]Income may be received in additional securities and/or cash.

[k]See Note 1(i) regarding senior floating rate interests.

[l]Security has been deemed illiquid because it may not be able to be sold within seven days. At June 30, 2015, the aggregate value of these securities was $154,500, representing 0.02% of net assets.

[m]Principal amount is stated in 100 Mexican Peso Units

[n]Principal amount of security is adjusted for inflation. See Note 1(k).

[o]Principal amount is stated in 1,000 Brazilian Real Units.

[p]Redemption price at maturity is adjusted for inflation. See Note 1(k).

[q]Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees. At June 30, 2015, the value of this security was $1,536,143, representing 0.18% of net assets.

[r]See Note 3(e) regarding investments in Institutional Fiduciary Trust Money Market Portfolio.

At June 30, 2015, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

Currency	Counterparty[a]	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Chilean Peso	BZWS	Buy	477,650,000	$ 764,240	7/23/15	$ —	$(18,711)
Chilean Peso	DBAB	Buy	140,000,000	223,642	7/23/15	—	(5,126)
Euro	BZWS	Sell	167,374	199,799	7/23/15	13,210	—
Euro	DBAB	Buy	1,333,927	1,500,268	7/23/15	—	(13,202)
Euro	DBAB	Sell	1,404,872	1,677,880	7/23/15	111,726	—
Euro	JPHQ	Sell	4,984,544	5,954,900	7/23/15	398,117	—
Indian Rupee	CITI	Buy	4,537,000	71,562	7/23/15	—	(444)
Indian Rupee	DBAB	Buy	307,316,000	4,692,564	7/23/15	124,614	—
Indian Rupee	HSBC	Buy	144,338,000	2,201,953	7/23/15	60,545	—
Indian Rupee	JPHQ	Buy	23,701,000	361,682	7/23/15	9,831	—
Japanese Yen	BZWS	Sell	136,513,000	1,151,736	7/23/15	36,018	—
Japanese Yen	CITI	Sell	127,820,000	1,076,841	7/23/15	32,171	—
Japanese Yen	DBAB	Buy	246,700,000	2,001,948	7/23/15	14,327	—
Japanese Yen	DBAB	Sell	607,629,000	5,116,962	7/23/15	150,821	—
Japanese Yen	GSCO	Sell	42,760,000	361,378	7/23/15	11,901	—
Japanese Yen	HSBC	Sell	247,910,000	2,094,586	7/23/15	68,422	—
Japanese Yen	JPHQ	Sell	149,719,000	1,264,812	7/23/15	41,162	—
Singapore Dollar	DBAB	Buy	2,636,400	1,965,451	7/23/15	1,542	(10,361)
Singapore Dollar	DBAB	Sell	1,332,800	997,904	7/23/15	8,752	—
Singapore Dollar	JPHQ	Buy	694,000	513,960	7/23/15	1,100	—
Euro	DBAB	Sell	2,242,876	2,547,795	8/27/15	46,167	—
Euro	JPHQ	Sell	1,788,861	2,047,826	8/27/15	52,590	—
Japanese Yen	DBAB	Sell	257,790,000	2,201,076	8/27/15	93,336	—
Japanese Yen	HSBC	Sell	85,800,000	733,102	8/27/15	31,584	—
Japanese Yen	JPHQ	Sell	181,500,000	1,550,801	8/27/15	66,822	—

Franklin Strategic Income VIP Fund (continued)

Forward Exchange Contracts

Currency	Counterparty[a]	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
British Pound	DBAB	Sell	380,363	$ 587,280	9/17/15	$ —	$ (9,924)
Chilean Peso	DBAB	Buy	314,000,000	496,051	9/17/15	—	(8,554)
Chilean Peso	JPHQ	Buy	234,301,000	372,054	9/17/15	—	(8,293)
Chilean Peso	MSCO	Buy	220,380,000	349,449	9/17/15	—	(7,301)
Euro	BZWS	Sell	132,570	150,743	9/17/15	2,832	—
Euro	DBAB	Sell	4,905,869	5,295,003	9/17/15	2,666	(181,243)
Euro	HSBC	Sell	142,717	162,336	9/17/15	3,104	—
Euro	JPHQ	Sell	2,118,679	2,409,747	9/17/15	45,893	—
Japanese Yen	DBAB	Sell	1,020,022,000	8,584,415	9/17/15	241,238	—
Japanese Yen	HSBC	Sell	80,270,000	677,184	9/17/15	20,623	—
Japanese Yen	JPHQ	Sell	235,580,000	1,986,825	9/17/15	59,920	—
Singapore Dollar	DBAB	Buy	4,665,140	3,434,290	9/17/15	25,380	—
Singapore Dollar	HSBC	Buy	837,000	616,597	9/17/15	4,122	—
Singapore Dollar	JPHQ	Buy	4,945,200	3,649,325	9/17/15	18,038	—
British Pound	DBAB	Sell	1,350,860	2,050,200	10/22/15	—	(70,282)
Chilean Peso	CITI	Buy	377,668,000	606,452	10/22/15	—	(21,956)
Chilean Peso	JPHQ	Buy	1,598,650,000	2,566,051	10/22/15	—	(91,909)
Euro	BZWS	Sell	4,318,741	4,849,082	10/22/15	27,600	—
Euro	CITI	Sell	1,058,200	1,187,025	10/22/15	5,641	—
Euro	DBAB	Sell	4,582,808	5,133,799	10/22/15	17,510	—
Euro	GSCO	Sell	369,000	413,856	10/22/15	1,901	—
Euro	JPHQ	Sell	6,561,135	7,358,117	10/22/15	33,205	—
Indian Rupee	DBAB	Sell	31,625,000	478,804	10/22/15	—	(8,964)
Japanese Yen	BZWS	Sell	60,047,000	502,532	10/22/15	11,014	—
Japanese Yen	CITI	Sell	31,757,000	265,057	10/22/15	5,109	—
Japanese Yen	DBAB	Sell	27,184,000	227,025	10/22/15	4,509	—
Japanese Yen	HSBC	Sell	147,626,000	1,232,219	10/22/15	23,820	—
Japanese Yen	JPHQ	Sell	366,653,000	3,062,294	10/22/15	61,040	—
Singapore Dollar	DBAB	Sell	1,249,000	934,461	10/22/15	8,617	—
Euro	BZWS	Sell	529,706	601,328	12/17/15	9,337	—
Euro	CITI	Sell	3,868,000	4,391,770	12/17/15	68,960	—
Euro	DBAB	Sell	4,942,326	5,611,616	12/17/15	88,158	—
Euro	JPHQ	Sell	2,176,103	2,470,312	12/17/15	38,337	—
Indian Rupee	DBAB	Buy	128,000,000	1,942,042	12/17/15	11,911	—
Japanese Yen	DBAB	Sell	1,175,702,500	9,608,121	12/17/15	—	(27,656)
Japanese Yen	JPHQ	Sell	548,120,000	4,476,569	12/17/15	—	(15,692)
Japanese Yen	MSCO	Sell	12,500,000	102,110	12/17/15	—	(337)
Totals Forward Exchange Contracts unrealized appreciation (depreciation)						2,215,243	(499,955)
Net unrealized appreciation (depreciation)						$1,715,288	

[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

At June 30, 2015, the Fund had the following credit default swap contracts outstanding. See Note 1(d).

Credit Default Swap Contracts

Description	Periodic Payment Rate	Counterparty / Exchange	Notional Amount[a]	Expiration Date	Upfront Premiums Paid (Received)	Unrealized Appreciation	Unrealized Depreciation	Value	Rating[b]
OTC Swaps Contracts									
Contracts to Sell Protection[c]									
Traded Index									
MCDX.NA.24	1.00%	CITI	7,000,000	6/20/20	$ 6,659	$ —	$ (1,981)	$ 4,678	Non Investment Grade
MCDX.NA.24	1.00%	GSCO	3,000,000	6/20/20	15,538	—	(4,624)	10,914	Non Investment Grade
Net unrealized appreciation (depreciation)							$(6,605)		

Franklin Strategic Income VIP Fund (continued)

[a]In U.S. dollars unless otherwise indicated. For contracts to sell protection, the notional amount is equal to the maximum potential amount of the future payments and no recourse provisions have been entered into in association with the contracts.

[b]Based on internal ratings for index swaps. Internal ratings based on mapping into equivalent ratings from external vendors.

[c]The fund enters contracts to sell protection to create a long credit position. Performance triggers include failure to pay or bankruptcy of the underlying securities for traded index swaps.

See Note 8 regarding other derivative information.

See Abbreviations on page FSI-46.

Financial Statements

Statement of Assets and Liabilities
June 30, 2015 (unaudited)

	Franklin Strategic Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$814,472,242
Cost - Sweep Money Fund (Note 3e)	70,999,990
Total cost of investments	$885,472,232
Value - Unaffiliated issuers	$776,443,959
Value - Sweep Money Fund (Note 3e)	70,999,990
Total value of investments	847,443,949
Cash	698,667
Restricted Cash (Note 1e)	916,000
Foreign currency, at value (cost $3,793,637)	3,788,578
Receivables:	
Investment securities sold	8,594,544
Capital shares sold	206,350
Interest	8,819,040
OTC swap contracts (premiums paid $23,212)	22,197
Unrealized appreciation on OTC forward exchange contracts	2,215,243
Other assets	378
Total assets	872,704,946
Liabilities:	
Payables:	
Investment securities purchased	31,897,244
Capital shares redeemed	633,985
Management fees	400,741
Distribution fees	156,099
Due to brokers	916,000
Unrealized depreciation on OTC forward exchange contracts	499,955
Unrealized depreciation on OTC swap contracts	6,605
Deferred tax	8,456
Accrued expenses and other liabilities	386,224
Total liabilities	34,905,309
Net assets, at value	$837,799,637
Net assets consist of:	
Paid-in capital	$858,077,749
Undistributed net investment income	5,033,856
Net unrealized appreciation (depreciation)	(36,433,718)
Accumulated net realized gain (loss)	11,121,750
Net assets, at value	$837,799,637

Statement of Assets and Liabilities (continued)
June 30, 2015 (unaudited)

	Franklin Strategic Income VIP Fund
Class 1:	
Net assets, at value	$513,236,092
Shares outstanding	46,608,936
Net asset value and maximum offering price per share	$ 11.01
Class 2:	
Net assets, at value	$214,326,030
Shares outstanding	20,087,337
Net asset value and maximum offering price per share	$ 10.67
Class 4:	
Net assets, at value	$110,237,515
Shares outstanding	10,094,792
Net asset value and maximum offering price per share	$ 10.92

Statement of Operations
for the six months ended June 30, 2015 (unaudited)

	Franklin Strategic Income VIP Fund
Investment income:	
Dividends	$ 83,389
Interest	22,596,173
Total investment income	22,679,562
Expenses:	
Management fees (Note 3a)	2,533,315
Distribution fees: (note 3c)	
Class 2	266,238
Class 4	197,804
Custodian fees (Note 4)	57,120
Reports to shareholders	89,511
Professional fees	45,071
Trustees' fees and expenses	1,998
Other	37,409
Total expenses	3,228,466
Expense reductions (Note 4)	(392)
Expenses waived/paid by affiliates (Note 3e)	(47,844)
Net expenses	3,180,230
Net investment income	19,499,332
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments	(5,596,265)
Foreign currency transactions	14,640,910
Swap contracts	126,596
Net realized gain (loss)	9,171,241
Net change in unrealized appreciation (depreciation) on:	
Investments	(14,100,002)
Translation of other assets and liabilities denominated in foreign currencies	(9,062,515)
Swap contracts	(182,222)
Change in deferred taxes on unrealized appreciation	2,643
Net change in unrealized appreciation (depreciation)	(23,342,096)
Net realized and unrealized gain (loss)	(14,170,855)
Net increase (decrease) in net assets resulting from operations	$ 5,328,477

Statements of Changes in Net Assets

	Franklin Strategic Income VIP Fund	
	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 19,499,332	$ 41,174,450
Net realized gain (loss)	9,171,241	21,895,839
Net change in unrealized appreciation (depreciation)	(23,342,096)	(41,564,436)
Net increase (decrease) in net assets resulting from operations	5,328,477	21,505,853
Distributions to shareholders from:		
Net investment income and net foreign currency gains:		
Class 1	(33,228,366)	(39,220,893)
Class 2	(13,693,486)	(11,269,863)
Class 4	(6,782,412)	(7,512,342)
Net realized gains:		
Class 1	(8,524,986)	(12,517,628)
Class 2	(3,636,551)	(3,732,579)
Class 4	(1,855,841)	(2,588,163)
Total distributions to shareholders	(67,721,642)	(76,841,468)
Capital share transactions: (Note 2)		
Class 1	(23,652,255)	(94,647,397)
Class 2	24,072,010	43,236,033
Class 4	4,365,706	(13,615,799)
Total capital share transactions	4,785,461	(65,027,163)
Net increase (decrease) in net assets	(57,607,704)	(120,362,778)
Net assets:		
Beginning of period	895,407,341	1,015,770,119
End of period	$837,799,637	$ 895,407,341
Undistributed net investment income included in net assets:		
End of period	$ 5,033,856	$ 39,238,788

Notes to Financial Statements (unaudited)

Franklin Strategic Income VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of nineteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Strategic Income VIP Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At June 30, 2015, 75.26% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares differs by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in open-end mutual funds are valued at the closing NAV.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the date that the values of the foreign debt securities are determined.

Certain derivative financial instruments (derivatives) trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation *(continued)*

comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Purchased on a When-Issued, Delayed Delivery, and TBA Basis

The Fund purchases securities on a when-issued, delayed delivery and to-be-announced (TBA) basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell

Franklin Strategic Income VIP Fund (continued)

the securities before the settlement date. Sufficient assets have been segregated for these securities.

d. Derivative Financial Instruments

The Fund invested in derivatives in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral terms are contract specific for OTC derivatives. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from $100,000 to $250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of fund business each day and any additional collateral required due to changes in derivative values may be delivered by the fund or the counterparty within a few business days. Collateral pledged and/or received by the fund, if any, is held in segregated accounts with the fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives.

The Fund entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

The Fund entered into credit default swap contracts primarily to manage exposure to credit risk. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. These agreements may be privately negotiated in the over-the-counter market ("OTC credit default swaps") or may be executed in a multilateral trade facility platform, such as a registered exchange ("centrally cleared credit default swaps"). The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, or a tranche of a credit index. In the event of a default of the underlying referenced debt obligation, the buyer is entitled to receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation, a net settlement amount equal to the notional amount of the credit default swap less the recovery value of the referenced debt obligation, or other agreed upon amount. For centrally cleared credit default swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. Over the term of the contract, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments are accrued daily as an unrealized appreciation or depreciation until the payments

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Derivative Financial Instruments *(continued)*

are made, at which time they are realized. Payments received or paid to initiate a credit default swap contract are reflected in the Statement of Assets and Liabilities and represent compensating factors between stated terms of the credit default swap agreement and prevailing market conditions (credit spreads and other relevant factors). These upfront payments are amortized over the term of the contract as a realized gain or loss in the Statement of Operations.

See Note 8 regarding other derivative information.

e. Restricted Cash

At June 30, 2015, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's custodian and is reflected in the Statement of Assets and Liabilities.

f. Loan Participation Notes

The Fund invests in loan participation notes ("Participations"). Participations are loans originally issued to a borrower by one or more financial institutions (the "Lender") and subsequently sold to other investors, such as the Fund. Participations typically result in the Fund having a contractual relationship only with the Lender and not with the borrower. The Fund has the right to receive from the Lender any payments of principal, interest and fees which the Lender received from the borrower. The Fund generally has no rights to either enforce compliance by the borrower with the terms of the loan agreement or to any collateral relating to the original loan. As a result, the Fund assumes the credit risk of both the borrower and the Lender that is selling the Participation. The Participations may also involve interest rate risk and liquidity risk, including the potential default or insolvency of the borrower and/or the Lender.

g. Investments in FT Holdings Corporation III (FT Subsidiary)

The Fund invests in certain financial instruments through its investment in the FT Subsidiary. FT Subsidiary is a Delaware Corporation, is a wholly-owned subsidiary of the Fund, and is able to invest in certain financial instruments consistent with the investment objective of the Fund. At June 30, 2015, FT Subsidiary's investment, Turtle Bay Resort, as well as any other assets and liabilities of the FT Subsidiary are reflected in the Fund's Statement of Investments and Statement of Assets and Liabilities. The financial statements have been consolidated and include the accounts of the Fund and FT Subsidiary. All intercompany transactions and balances have been eliminated.

h. Mortgage Dollar Rolls

The Fund enters into mortgage dollar rolls, typically on a TBA basis. Mortgage dollar rolls are agreements between the Fund and a financial institution to simultaneously sell and repurchase mortgage-backed securities at a future date. Gains or losses are realized on the initial sale, and the difference between the repurchase price and the sale price is recorded as an unrealized gain or loss to the Fund upon entering into the mortgage dollar roll. In addition, the Fund may invest the cash proceeds that are received from the initial sale. During the period between the sale and repurchase, the Fund is not entitled to principal and interest paid on the mortgage backed securities. The risks of mortgage dollar roll transactions include the potential inability of the counterparty to fulfill its obligations.

i. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

j. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax

Franklin Strategic Income VIP Fund (continued)

regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of June 30, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

k. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income in the Statement of Operations.

l. Accounting Estimates

The preparation of financial statements in accordance with U.S. 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 amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

m. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Franklin Strategic Income VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2015, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Shares	**Amount**	**Shares**	**Amount**
Class 1 Shares:				
Shares sold	216,677	$ 2,593,431	702,662	$ 8,745,867
Shares issued in reinvestment of distributions	3,778,584	41,753,352	4,268,855	51,738,520
Shares redeemed	(5,694,368)	(67,999,038)	(12,467,167)	(155,131,784)
Net increase (decrease)	(1,699,107)	$(23,652,255)	(7,495,650)	$ (94,647,397)
Class 2 Shares:				
Shares sold	2,509,062	$ 28,992,544	6,058,039	$ 72,800,016
Shares issued in reinvestment of distributions	1,618,117	17,330,037	1,273,552	15,002,442
Shares redeemed	(1,927,657)	(22,250,571)	(3,696,063)	(44,566,425)
Net increase (decrease)	2,199,522	$ 24,072,010	3,635,528	$ 43,236,033
Class 4 Shares:				
Shares sold	451,552	$ 5,350,839	732,854	$ 9,004,820
Shares issued in reinvestment of distributions	788,162	8,638,254	839,610	10,100,506
Shares redeemed	(819,468)	(9,623,387)	(2,683,922)	(32,721,125)
Net increase (decrease)	420,246	$ 4,365,706	(1,111,458)	$ (13,615,799)

3. Transactions With Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including $500 million
0.525%	Over $500 million, up to and including $1 billion
0.480%	Over $1 billion, up to and including $1.5 billion
0.435%	Over $1.5 billion, up to and including $6.5 billion
0.415%	Over $6.5 billion, up to and including $11.5 billion
0.400%	Over $11.5 billion, up to and including $16.5 billion
0.390%	Over $16.5 billion, up to and including $19 billion
0.380%	Over $19 billion, up to and including $21.5 billion
0.370%	In excess of $21.5 billion

Franklin Strategic Income VIP Fund (continued)

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25%, and 0.35% per year of its average daily net assets of Class 2 and Class 4, respectively. Some distribution fees are not charged on shares held by affiliates. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Institutional Fiduciary Trust Money Market Portfolio

The Fund invests in Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an affiliated open-end management investment company. Management fees paid by the Fund are waived on assets invested in the Sweep Money Fund, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund. Prior to January 1, 2014, the waiver was accounted for as a reduction to management fees.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2015, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

At June 30, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$887,769,495
Unrealized appreciation	$ 16,490,160
Unrealized depreciation	(56,815,706)
Net unrealized appreciation (depreciation)	$ (40,325,546)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions and bond discounts and premiums.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2015, aggregated $417,602,224 and $417,822,487, respectively.

Franklin Strategic Income VIP Fund (continued)

7. Credit Risk And Defaulted Securities

At June 30, 2015, the Fund had 58.32% of its portfolio invested in high yield, senior secured floating rate notes, or other securities rated below investment grade. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At June 30, 2015, the aggregate value of these securities was $4,376,375, representing 0.52% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Statement of Investments.

8. Other Derivative Information

At June 30, 2015, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Foreign exchange contracts	Unrealized appreciation on OTC forward exchange contracts	$2,215,243	Unrealized depreciation on OTC forward exchange contracts	$499,955
Credit contracts	OTC swap contracts (premium paid)	22,197	OTC swap contracts (premium received)	—
	Unrealized appreciation on OTC swap contracts	—	Unrealized depreciation on OTC swap contracts	6,605
Totals		$2,237,440		$506,560

For the period ended June 30, 2015, the effect of derivative contracts in the Fund's Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Operations Locations**	**Net Realized Gain (Loss) for the Period**	**Statement of Operations Locations**	**Net Change in Unrealized Appreciation (Depreciation) for the Period**
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts	Foreign currency transactions	$15,020,616[a]	Translation of other assets and liabilities denominated in foreign currencies	$(9,130,400)[a]
Credit contracts	Swap contracts	126,596	Swap contracts	(182,222)
Totals		$15,147,212		$(9,312,622)

[a]Forward exchange contracts are included in net realized gain (loss) from foreign currency transactions and net change in unrealized appreciation (depreciation) on translation of other assets and liabilities denominated in foreign currencies in the Statement of Operations.

Franklin Strategic Income VIP Fund (continued)

At June 30, 2015, the Fund's OTC derivative assets and liabilities, are as follows:

	Gross and Net Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities	
	Assets[a]	Liabilities[a]
Derivatives		
Forward exchange contracts	$2,215,243	$499,955
Swap Contracts	22,197	6,605
Total	$2,237,440	$506,560

[a]Absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

At June 30, 2015, the Fund's OTC derivative assets which may be offset against the Fund's OTC derivative liabilities and collateral received from the counterparty, is as follows:

		Amounts Not Offset in the Statement of Assets and Liabilities			
	Gross and Net Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received[a]	Cash Collateral Received[b]	Net Amount (Not less than zero)
Counterparty					
BZWS	$ 100,011	$ (18,711)	$ —	$ —	$ 81,300
CITI	118,540	(24,381)	—	—	94,159
DBAB	951,274	(335,312)	—	(615,962)	—
GSCO	29,340	(4,624)	—	—	24,716
HSBC	212,220	—	(64,105)	—	148,115
JPHQ	826,055	(115,894)	(474,003)	—	236,158
MSCO	—	—	—	—	—
Total	$2,237,440	$(498,922)	$(538,108)	$(615,962)	$584,448

[a]At June 30, 2015, the Fund received U.S. Government Agency Securities and U.S. Treasury Bonds and Notes as collateral for derivatives.

[b]In some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit collateral amounts to avoid the effect of over-collateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

Franklin Strategic Income VIP Fund (continued)

8. Other Derivative Information (continued)

At June 30, 2015, the Fund's OTC derivative liabilities which may be offset against the Fund's OTC derivative assets and collateral pledged to the counterparty, is as follows:

		Amounts Not Offset in the Statement of Assets and Liabilities			
	Gross and Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged	Net Amount (Not less than zero)
Counterparty					
BZWS	$ 18,711	$ (18,711)	$ —	$ —	$ —
CITI	24,381	(24,381)	—	—	—
DBAB	335,312	(335,312)	—	—	—
GSCO	4,624	(4,624)	—	—	—
HSBC	—	—	—	—	—
JPHQ	115,894	(115,894)	—	—	—
MSCO	7,638	—	—	—	7,638
Total	$506,560	$(498,922)	$ —	$ —	$7,638

For the period ended June 30, 2015, the average month end fair value of derivatives represented 1.33% of average month end net assets. The average month end number of open derivative contracts for the period was 126.

See Note 1(d) regarding derivative financial instruments.

9. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2015, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

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

Franklin Strategic Income VIP Fund (continued)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of June 30, 2015, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments:[a]				
Consumer Services	$ —	$ —	$3,788,636	$ 3,788,636
Transportation	—	531,244	—	531,244
All other Equity Investments[b]	6,225	—	—	6,225
Corporate Bonds	—	322,488,411	168,625	322,657,036
Senior Floating Rate Interests	—	173,973,941	154,500	174,128,441
Foreign Government and Agency Securities	—	134,895,426	—	134,895,426
U.S. Government and Agency Securities	—	25,618,690	—	25,618,690
Asset-Backed Securities and Commercial Mortgage-Backed Securities	—	54,064,542	—	54,064,542
Mortgage-Backed Securities	—	20,349,624	—	20,349,624
Municipal Bonds	—	36,431,460	—	36,431,460
Escrows and Litigation Trusts	—	—	—[c]	—
Short Term Investments	70,999,990	3,972,635	—	74,972,625
Total Investments in Securities	$71,006,215	$772,325,973	$4,111,761	$847,443,949
Other Financial Instruments				
Forward Exchange Contracts	$ —	$ 2,215,243	$ —	$ 2,215,243
Liabilities:				
Other Financial Instruments				
Forward Exchange Contracts	$ —	$ 499,955	$ —	$ 499,955
Swap Contracts	—	6,605	—	6,605
Total Other Financial Instruments	$ —	$ 506,560	$ —	$ 506,560

[a]Includes common and convertible preferred stocks.
[b]For detailed categories, see the accompanying Statement of Investments.
[c]Includes securities determined to have no value at June 30, 2015.

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 financial instruments at the end of the period.

11. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Franklin Strategic Income VIP Fund (continued)

Abbreviations

Counterparty		Currency		Selected Portfolio	
BZWS	Barclays Bank PLC	**BRL**	Brazilian Real	**AGMC**	Assured Guaranty Municipal Corp.
CITI	Citigroup, Inc.	**EUR**	Euro	**CDO**	Collateralized Debt Obligation
DBAB	Deutsche Bank AG	**GBP**	British Pound	**CLO**	Collateralized Loan Obligation
GSCO	The Goldman Sachs Group, Inc.	**HUF**	Hungarian Forint	**EDA**	Economic Development Authority
HSBC	HSBC Bank USA, N.A.	**IDR**	Indonesian Rupiah	**FICO**	Financing Corp.
JPHQ	JP Morgan Chase & Co.	**KRW**	South Korean Won	**FRN**	Floating Rate Note
MSCO	Morgan Stanley	**LKR**	Sri Lankan Rupee	**GO**	General Obligation
		MXN	Mexican Peso	**HDC**	Housing Development Corp.
		MYR	Malaysian Ringgit	**ISD**	Independent School District
		PHP	Philippine Peso	**NATL**	National Public Financial Guarantee Corp.
		PLN	Polish Zloty	**PIK**	Payment-In-Kind
		SGD	Singapore Dollar	**PSF**	Permanent School Fund
		UYU	Uruguayan Peso		

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions.

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Barclays 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury bills that have a remaining maturity between one month and three months and are investment-grade rated, U.S. dollar denominated, fixed rate and nonconvertible.

Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg Commodity Index comprises exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Prior to 7/1/14, the index was known as the Dow Jones-UBS Commodity Index.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/15, there were 293 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the six-month period ended 6/30/15, there were 71 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/15, there were 52 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the six-month period ended 6/30/15, there were 113 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI China A Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of companies incorporated in China that are listed on the Shanghai and Shenzhen Stock Exchanges, are quoted in the Chinese renminbi and entail foreign investment regulations.

MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of China, as represented by B, China H, Red Chip and P Chip shares.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 2500 ™ Value Index is market capitalization weighted and measures performance of those Russell 2500 ™ Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P®/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Review of Investment Management Agreement

At a meeting held April 14, 2015, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreement for each of the separate funds within the Trust (Fund(s)). In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports and related financial information for each Fund, along with periodic reports on expenses, shareholder services, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates. Information furnished specifically in connection with the renewal process included reports prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared each Fund's investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments (FTI) from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. mutual funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Funds by the FTI organization, as well as a memorandum relating to economies of scale.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. While the investment management agreements for all Funds were considered at the same Board meeting, the Board dealt with each Fund separately. In approving continuance of the investment management agreement for each Fund, the Board, including a majority of independent Trustees, determined that the existing management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of each Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

NATURE, EXTENT AND QUALITY OF SERVICE. The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Funds and its shareholders, except as noted later with respect to investment performance. The Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for each Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. Favorable consideration was given to management's continual efforts and expenditures in establishing effective business continuity plans and developing strategies to address cybersecurity threats. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm that also covered FOREX transactions. Consideration was also given to the experience of each Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments, including expanded collateralization requirements. The Board also took into account, among other things, management's efforts in establishing a global credit facility for the benefit of the Funds and other accounts managed by FTI to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the Manager's parent company and its commitment to the mutual fund business as evidenced by its continued subsidization of money market funds.

INVESTMENT PERFORMANCE. The Board placed significant emphasis on the investment performance of each of the

Board Review of Investment Management Agreement (continued)

Funds in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings throughout the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewals of all Funds. The Lipper reports prepared for each of the individual Funds showed the investment performance of Class 1 shares for those having such class of shares and Class 2 shares for those Funds that did not have Class 1 shares, in comparison to a performance universe selected by Lipper. Comparative performance for each Fund was shown for the one-year period ended January 31, 2015, and previous periods ended that date of up to 10 years unless otherwise noted. Performance was shown on a total return basis for each Fund. In certain cases, income return was indicated as well. The following summarizes the performance results for each of the Funds and the Board's view of such performance.

Franklin Flex Cap Growth VIP Fund – The performance universe for this Fund, which has been in operation for 10 full years, consisted of the Fund and all multi-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of its performance universe, and on an annualized basis to also be in the lowest performing quintile of such universe for each of the previous three- and five-year periods. The Board discussed with management the reasons for the Fund's underperformance and steps management was taking to evaluate its highest conviction stocks, but found the Fund's absolute performance on an annualized basis as shown in the Lipper report to be acceptable.

Franklin Founding Funds Allocation VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation growth funds underlying variable insurance products as selected by Lipper. The Fund has been in existence for seven years and the Lipper report showed its income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe for each of the previous three- and five-year periods. The Lipper report showed the Fund's total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-highest performing quintile of such universe for the previous three-year period, and to be in the second-lowest performing quintile of such universe for the previous five-year period. In assessing the relevance of such comparative performance, the Board noted the Fund is not actively managed and that its performance reflects those of the three underlying funds in which it invests in equal portions, which are not perfectly aligned to the investment style of comparative funds. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Franklin Global Real Estate VIP Fund – The performance universe for this Fund consisted of the Fund and all global real estate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three- and five-year periods, but in the lowest performing quintile of such universe for the previous 10-year period. Noting the marked improvement in performance in recent years, the Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Growth and Income VIP Fund – The performance universe for this Fund consisted of the Fund and all equity income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return during the one-year period to be in the highest quintile of its Lipper performance universe, and on an annualized basis in each of the previous three-, five- and 10-year periods to also be in the highest quintile of such universe. The Lipper report showed the Fund's total return for the one-year period to be in the middle performing quintile of its performance universe, and on an annualized basis, to be in the second-lowest performing quintile of such universe for each of the previous three- and 10-year periods, and the second-highest performing quintile of such universe for the previous five-year period. The Board noted management's attention to intensifying its focus on its highest conviction investments and found the Fund's comparative performance as shown in the Lipper report to be satisfactory.

Franklin High Income VIP Fund – The performance universe for this Fund consisted of the Fund and all high yield funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the second-highest quintile of such performance universe, and on an annualized basis to be in the highest and second-highest quintiles of such universe for the previous three- and five-year periods, respectively, and to be in the middle quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the lowest

performing quintile of its performance universe for the one-year period, and, on an annualized basis, to be in the middle performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for the previous five- and 10-year periods. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report, noting the Fund's income objective.

Franklin Income VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation moderate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such performance universe for the one-year period and to also be in the highest quintile of such universe for each of the previous three-, five- and 10-year periods on an annualized basis. The Lipper report showed the Fund's total return to be in the lowest performing quintile of its performance universe for the one-year period, and on an annualized basis to be in the middle performing quintile of such universe for the previous three- and five-year periods, and the second-highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Large Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest or best performing quintile of such universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the lowest performing quintile of such universe for each of the previous five- and 10-year periods. The Board discussed with management the Fund's historical underperformance and noted that a new portfolio manager was appointed for the Fund, effective May 1, 2014. In view of such discussions, and in light of the Fund's positive total return during the most recent year, the Board believed that appropriate action had been taken and that the Fund's comparative performance as shown in the Lipper report was acceptable.

Franklin Mutual Global Discovery VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three-, five- and 10-year periods. The Board found the Fund's overall comparative performance as set forth in the Lipper report to be satisfactory, noting that the three-year annualized total return exceeded 13%.

Franklin Mutual Shares VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of the performance universe, and on an annualized basis to be in the lowest performing quintile of such universe for the previous three- and five-year periods, and to be in the middle performing quintile for the previous 10-year period. The Board found the Fund's overall performance as set forth in the Lipper report to be unacceptable, but acknowledged management's explanation that the Fund is managed conservatively and the Fund's cash holdings detract from relative performance in sharply rising markets. The Board indicated it would continue to monitor the Fund.

Franklin Rising Dividends VIP Fund – The performance universe for this Fund consisted of the Fund and all multi-cap core funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return to be in the middle performing quintile of the performance universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the middle performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that its total return was above the median for the one-year period as well as the annualized five-year period.

Franklin Small Cap Value VIP Fund – The performance group for this Fund consisted of the Fund and all small-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such performance universe, and on an annualized basis to also be in the second-lowest performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting management's recent commitment of two additional analysts to support the Fund and the Fund's longer term positive returns.

Board Review of Investment Management Agreement (continued)

Franklin Small-Mid Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all mid-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such universe, and on an annualized basis to be in the middle performing quintile of such universe for each of the previous three- and five-year periods, and the second-lowest performing quintile of such universe for the previous 10-year period. The Board discussed with management portfolio adjustments and the commitment of additional resources to the portfolio team. Given management's attention to the Fund, the Board found the Fund's performance to be acceptable and noted that the 10-year annualized performance was less than 1% below the median.

Franklin Strategic Income VIP Fund – The performance universe for this Fund consisted of the Fund and all general bond funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe during each of the previous three- and five-year periods, and in the second-highest quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the second-lowest performing quintile of such universe during the one-year period, and on an annualized basis to be in either the highest or second-highest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Templeton Developing Markets VIP Fund – The performance universe for this Fund consisted of the Fund and all emerging markets funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the second-lowest performing quintile of such performance universe and on an annualized basis to also be in the second-lowest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board found the performance of the Fund as set forth in the Lipper report to be disappointing and discussed with management the impact of the Manager's approach to investing, which was out of favor in current markets. The Board also discussed with management steps it was evaluating to improve the performance, including a more rigorous selling discipline. The Board concluded that continued monitoring is warranted in light of the Fund's under-performance, but did not believe a portfolio management change was needed at this time.

Templeton Foreign VIP Fund – The performance universe for this Fund consisted of the Fund and all international large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, in the second-highest performing quintile of such universe for the previous five-year period, and in the highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative investment performance as set forth in the Lipper report, noting that performance was in the highest or second-highest quintile in each of the previous seven years.

Templeton Global Bond VIP Fund – The performance universe for this Fund consisted of the Fund and all global income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the highest quintile of such Lipper universe, and on an annualized basis to also be in the highest quintile of such universe for the previous three- and 10-year periods, and in the second-highest quintile of such universe for the previous five-year period. The Lipper report showed the Fund's total return for the one-year period to be in the highest performing quintile of its performance universe, and on an annualized basis to also be in the highest performing quintile of such universe for each of the previous three-, five- and 10-year annualized periods. The Board was satisfied with the Fund's comparative performance as set forth in the Lipper report.

Templeton Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the lowest or worst performing quintile of such performance universe and on an annualized basis to be in the middle performing quintile of such universe for the previous three-year period, and the second-lowest performing quintile of such universe for the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that the

Fund's performance had been in the highest quintile in three of the previous five one-year periods. They also observed that the Fund's annualized performance was within 1% of the median for the trailing five-year period.

COMPARATIVE EXPENSES. Consideration was given to expense comparison information contained in the Lipper reports furnished for each Fund, which compared its management fee and total expense ratio with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on each Fund's contractual investment management fee rate in comparison with the contractual investment management fee rate that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of its Lipper expense group. The Lipper contractual investment management fee analysis includes administrative charges at the fund level as being part of a management fee, and actual total expenses, for comparative consistency, are shown by Lipper for the same class of shares for all funds within a particular Lipper expense group. The results of such comparisons showed that both the contractual investment management fee rates and actual total expense ratios of the following Funds were in the least expensive quintiles of their respective Lipper expense groups: Franklin Small Cap Value VIP Fund, Franklin Growth and Income VIP Fund, Franklin High Income VIP Fund, Franklin Income VIP Fund and Templeton Global Bond VIP Fund. The Board was satisfied with the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper reports. The contractual investment management fee rates and actual total expense ratios of each of Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund and Templeton Developing Markets VIP Fund were above the medians of their Lipper expense groups, but in no case by more than 22 basis points. The Board found the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper report to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were in the middle performing quintile: Franklin Flex Cap Growth VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin Mutual Shares VIP Fund. The Board found the comparative expenses of these Funds as shown in the Lipper reports to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were below the median: Franklin Small-Mid Cap Growth VIP Fund and Templeton Growth VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports. The contractual investment management fee rates and actual total expense ratios for the following Funds were in the first or second quintiles of their expense groups, meaning they were among the least expensive of their peers: Franklin Strategic Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Founding Funds Allocation VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Foreign VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports.

MANAGEMENT PROFITABILITY. The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2014, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Funds' Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to

Board Review of Investment Management Agreement (continued)

each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also took into account management's expenditures in improving services provided the Funds, as well as the need to implement systems to meet additional regulatory and compliance requirements resulting from statutes such as the Sarbanes-Oxley and Dodd-Frank Acts and recent SEC and other regulatory requirements. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from Fund operations, including potential benefits resulting from personnel, systems enhancements necessitated by fund growth, as well as increased leverage with the service providers and counterparties. Based upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, quality and extent of services provided.

ECONOMIES OF SCALE. The Board also considered whether economies of scale are realized by the Manager as the Funds grow larger and the extent to which this is reflected in the level of management fees charged. While recognizing that any precise determination is inherently subjective, the Board noted that based upon the Fund profitability analysis, it appears that as some funds get larger, at some point economies of scale do result in the Manager realizing a larger profit margin on management services provided such a fund. The Board also noted that economies of scale are shared with a fund and its shareholders through management fee breakpoints so that as a fund grows in size, its effective management fee rate declines. In the case of Franklin Founding Funds Allocation VIP Fund, the management fees of the underlying funds in which it invests have management fee breakpoints that extend beyond their existing asset sizes, and in the case of each of the other Funds, other than Franklin Rising Dividends VIP Fund, their management fees contain breakpoints that extend beyond their existing asset sizes. To the extent economies of scale may be realized by the Manager and its affiliates, the Board believed the schedule of investment management fees provides a sharing of benefits for each Fund and its shareholders. The investment management structure of Franklin Rising Dividends VIP Fund provides for a fee of 0.750% on the first $500 million of assets; 0.625% on the next $500 million of assets; and 0.500% on assets in excess of $1 billion. This Fund had assets of $1.8 billion at December 31, 2014, and in reviewing its fee structure, management stated its belief that this fee structure reaches a relatively low rate quickly reflecting anticipated economies of scale. In support of such position, management pointed out the favorable management fee and total expense comparisons of this Fund within its Lipper expense group as previously discussed under "Comparative Expenses." In light of such position and taking into account the fact that the reduced rate on assets in excess of the last breakpoint lowers the Fund's overall investment management fee rate, the Board believed that the schedule of investment management fees provides a sharing of benefits for the Fund and its shareholders, but intends to monitor future growth and the appropriateness of adding additional breakpoints.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

FRANKLIN TEMPLETON INVESTMENTS

Semiannual Report
June 30, 2015

Franklin Templeton Variable Insurance Products Trust

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

Not FDIC Insured | May Lose Value | No Bank Guarantee

LIBERTY LIFE S 08/15

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

SUPPLEMENT DATED JUNE 30, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

In the section "**Glossary of Investments, Techniques, Strategies and Their Risks**" under the heading "**Foreign securities**" the following is added before the paragraph on page 40 that begins with "*Developing markets or emerging markets*:"

Investing through Stock Connect. Foreign investors may now invest in eligible China A shares ("Stock Connect Securities") listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai – Hong Kong Stock Connect ("Stock Connect") program. Stock Connect is a securities trading and clearing program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), SSE, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE. In contrast to certain other regimes for foreign investment in Chinese securities, no individual investment quotas or licensing requirements apply to investors in Stock Connect Securities through Stock Connect. In addition, there are no lock-up periods or restrictions on the repatriation of principal and profits.

However, trading through Stock Connect is subject to a number of restrictions that may affect a Fund's investments and returns. For example, a primary feature of the Stock Connect program is the application of the home market's laws and rules to investors in a security. Thus, investors in Stock Connect Securities are generally subject to PRC securities regulations and SSE listing rules, among other restrictions. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to all Stock Connect participants, which may restrict or preclude a Fund's ability to invest in Stock Connect Securities. For example, an investor cannot purchase and sell the same security on the same trading day. Stock Connect also is generally available only on business days when both the SSE and the SEHK are open. Trading in the Stock Connect Program is subject to trading, clearance and settlement procedures that are untested in the PRC, which could pose risks to a Fund. Finally, the withholding tax treatment of dividends and capital gains payable to overseas investors currently is unsettled.

Stock Connect is in its initial stages. Further developments are likely and there can be no assurance as to whether or how such developments may restrict or affect a Fund's investments or returns. In addition, the application and interpretation of the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program, are uncertain, and they may have a detrimental effect on a Fund's investments and returns.

Please keep this supplement with your Statement of Additional Information for future reference.

SUPPLEMENT DATED MAY 1, 2015
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2015
OF FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

The statement of additional information (SAI) is amended as follows:

I. The section entitled “Calculation of Net Asset Value” in the SAI is removed in its entirety.

Please keep this supplement with your statement of additional information for future reference.

Templeton Growth VIP Fund

This semiannual report for Templeton Growth VIP Fund covers the period ended June 30, 2015.

Class 2 Performance Summary as of June 30, 2015

The Fund's Class 2 shares delivered a +1.10% total return for the six-month period ended June 30, 2015.

Performance reflects the Fund's Class 2 operating expenses, but does ***not*** *include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Fund Goal and Main Investments

Templeton Growth VIP Fund seeks long-term capital growth. Under normal market conditions, the Fund invests predominantly in equity securities of companies located anywhere in the world, including emerging markets.

Fund Risks

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. In addition, smaller and midsized-company stocks have historically experienced more price volatility than larger company stocks, especially over the short term. Value securities may not increase in price as anticipated or may decline further in value. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investments from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

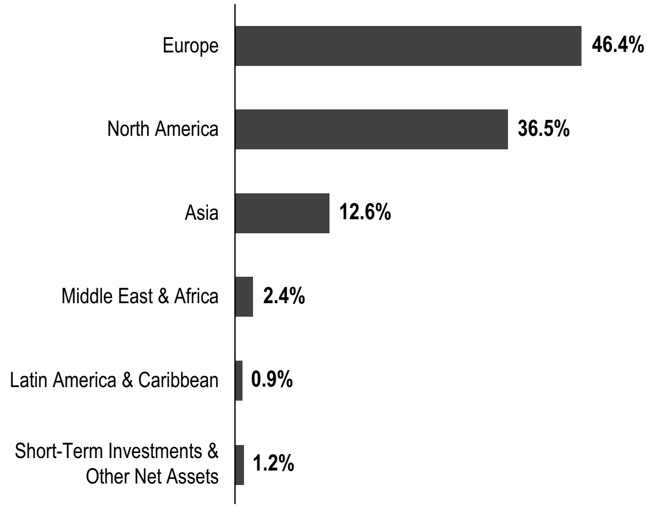
You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's benchmarks, the MSCI All Country World Index (ACWI) returned +2.97%, and the MSCI World Index returned +2.95% for the period under review.[1]

Economic and Market Overview

The global economy expanded moderately during the six months under review despite slowing growth in some countries. As measured by the MSCI World Index, stocks in global developed markets advanced overall during the six-month period amid a generally accommodative monetary policy environment and signs of economic improvement in Europe and Japan. Oil prices rebounded from earlier lows as demand picked up despite rising inventories and strong global supply, while gold prices declined marginally during the period under review.

U.S. economic growth was mixed during the six months under review. In 2015's first quarter, U.S. dollar strength, low energy prices, and a labor dispute at West Coast ports led exports to

Geographic Breakdown
Based on Total Net Assets as of 6/30/15



decline. In the second quarter, business capital spending rebounded and manufacturing and non-manufacturing activities increased, contributing to strong job gains. During the six-month period, the U.S. Federal Reserve Board (Fed) kept its target interest rate at 0%–0.25% while considering when an increase would be appropriate, based on labor market and inflation data. In its June meeting, the Fed lowered its economic growth forecast for 2015 and raised unemployment estimates given the weak start to the year.

Outside the U.S., the U.K. economy slowed in 2015's first quarter as the mining and agriculture sectors contracted. Near period-end, the Conservative Party's unexpected victory in the U.K. general elections supported investor sentiment. In the eurozone, economic growth improved somewhat during the six-month period. Spain expanded at a solid pace, and France and Italy returned to growth in 2015's first quarter. However, Germany, the region's largest economy, slowed during the first quarter amid sluggish exports. The region avoided deflation as the annual inflation rate rose in May. The European Central Bank (ECB) maintained its benchmark interest rates during the period and also expanded its asset purchases to boost inflation and the economy. The region generally benefited from a weaker euro that helped exports, the ECB's accommodative policy and an improved 2015 eurozone growth forecast, but Greece's debt situation remained a major concern.

The Japanese economy continued to grow in 2015's first quarter after exiting recession in the previous quarter, driven by an

1. Source: Morningstar.
One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

increase in private demand as business investment and private consumption rose. The Bank of Japan maintained its monetary policy during the review period, but lowered its economic growth and inflation forecasts at its April meeting.

In emerging markets, economic growth generally moderated. A ceasefire agreement between Russia and Ukraine helped emerging market stocks early in the period. However, Greece's credit default due to the lack of progress in negotiations weighed on emerging market stocks toward period-end. China's government implemented market-friendly policies to support new economic drivers that could help steer the economy toward more sustainable growth. Lower interest rates there fueled massive stock market speculation and a 60% price gain up to mid-June 2015 for the domestic A-share market.[2] Concerned the market was overheated, the People's Bank of China reduced liquidity, which led to a market panic in the last two weeks of June, exacerbated by certain government intervention measures. Central bank actions varied across emerging markets, as some banks raised interest rates in response to rising inflation and weakening currencies, while others lowered interest rates to promote economic growth. In the recent global environment, emerging market stocks, as measured by the MSCI Emerging Markets Index, rose for the six-month period.[3]

Investment Strategy

Our investment philosophy is bottom up, value oriented and long term. In choosing investments, we will focus on the market price of a company's securities relative to our evaluation of the company's potential long-term earnings, asset value and cash flow. Among factors we may consider are a company's historical value measures, including price/earnings ratio, profit margins and liquidation value. We do in-depth research to construct a bargain list from which we buy.

Manager's Discussion

Global equities advanced during the six months under review, though momentum waned toward period-end as the Greek debt drama intensified, Chinese market volatility flared and U.S. economic growth disappointed. The prevailing market trends during the period were the outperformance of defensive and late-cycle consumer sectors and the underperformance of early-cycle resource and industrial sectors. In this environment, the Fund delivered absolute gains but trailed its benchmark MSCI ACWI.

Top 10 Holdings
6/30/15

Company ***Sector/Industry, Country***	**% of Total Net Assets**
Microsoft Corp. *Software, U.S.*	3.1%
Samsung Electronics Co. Ltd. *Technology Hardware, Storage & Peripherals, South Korea*	3.1%
Citigroup Inc. *Banks, U.S.*	2.5%
Teva Pharmaceutical Industries Ltd., ADR *Pharmaceuticals, Israel*	2.4%
Comcast Corp., Special A *Media, U.S.*	2.1%
American International Group Inc. *Insurance, U.S.*	2.1%
CRH PLC *Construction Materials, Ireland*	2.0%
Roche Holding AG *Pharmaceuticals, Switzerland*	1.9%
Amgen Inc. *Biotechnology, U.S.*	1.9%
Pfizer Inc. *Pharmaceuticals, U.S.*	1.8%

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

In our analysis, conditions remained difficult for value-oriented equity investors during the period as value stocks extended their longest stretch of underperformance on record, trailing their growth counterparts by a wide margin. We feel that sustained low interest rate policies in many regions and expanded global stimulus measures ensured that correlations between stocks stayed historically elevated. In other words, our view is that broad-based economic and policy news remained the key market drivers, overshadowing stock-specific fundamental factors that typically influence share prices over time.

At the sector level, stock selection in information technology (IT) detracted from relative performance.[4] Shares of U.S. computer-maker Hewlett-Packard declined after the company forecast lower-than-expected earnings, saying a rising U.S. dollar would hurt results as the firm prepared to split in two. Nevertheless, we remained favorable toward Hewlett-Packard given what we considered its still cheap sum-of-the-parts valuation and the prospect of additional cost savings from restructuring initiatives. South Korean semiconductor and

2. MSCI.

3. Please see Index Descriptions following the Fund Summaries.

4. The IT sector comprises communications equipment; electronic equipment, instruments and components; software; and technology hardware, storage and peripherals in the SOI.

consumer electronics firm Samsung Electronics also lagged. After more than doubling in value between 2011 and 2013 as the firm successfully grew its profitable mobile phone business, shares of Samsung showed little movement more recently due to slower handset growth and an unfavorable South Korean won-to-Japanese yen exchange rate. We believed Samsung remained inexpensive and were encouraged by the positive changes under way at the company, including a recently announced US$2 billion buyback and renewed expectations for a dividend hike. In our analysis, Samsung has solid net cash and investment levels, a reinvigorated leadership focused on shareholder value, and significant scope for operational and strategic improvement across business lines, and remains well positioned for additional increases from recent modest valuation levels.

Stock selection in industrials and consumer discretionary also detracted from relative returns.[5] From the industrials sector, shares of German airline Deutsche Lufthansa declined due to charges tied to pension obligations, an asset disposal and a wrong-way bet on fuel prices. We continued to see additional opportunity in Lufthansa at what we deemed recently depressed valuations given its strong balance sheet, diversified business portfolio and ongoing restructuring program. From the consumer discretionary sector, U.S. luxury lifestyle brand Michael Kors Holdings declined after the firm posted a surprising sales decline in its primary North American market and gave a disappointing forecast for the coming year. This company has had a phenomenal growth trajectory in recent years and it appeared to us that expectations for future growth had run ahead of what was realistically achievable. However, Michael Kors seemed cheap to us based on near-term measures and, as a relatively young company with strong brand recognition, it may have numerous opportunities to expand global penetration over a long-term investment horizon.

Although the Fund's overweighted allocation in the health care sector contributed to relative performance, the negative effect of stock selection more than offset the gains from the overweighting.[6] Within the biotechnology sector, U.S.-based Amgen detracted from relative performance. However, we believed select biotechnology stocks offered an interesting value proposition. Biotechnology drugs have tended to have longer duration lifecycles than traditional pharmaceutical products, and have generally been more immune to pricing pressures and generic competition. We remained positive on our holdings in this industry, as cash flow generation and pipeline innovation continued to accelerate. Elsewhere in the health care sector, pharmaceuticals firms Sanofi (France), Allergan (U.S.) and Pfizer (U.S.) contributed. In general, pharmaceuticals stocks have consolidated gains after a long stretch of outperformance driven by earnings improvements and growing cash flow generation at the company level and mergers and acquisition activity at the industry level. We became more active in the pharmaceuticals industry during the mid- and late-2000s, when research and development (R&D) productivity faltered, cost structures were bloated and patent expirations loomed. These conditions gave us a chance to buy, at a discount that we considered significant, businesses that we believed could be restructured and repositioned for long-term growth. For the most part, we believed our investment theses have worked out as cost-cutting buffered margins and improving R&D productivity offset patent losses with new, often longer life, revenue streams. In our analysis, shares had appreciated as the value cycle progressed, and the industry had recently traded at a slight premium to the broader market, making continued pipeline development essential to future return prospects. During the period, we found a few bargains among major pharmaceuticals stocks; however, our mature value holdings in the sector generated strong cash flows to support healthy dividend yields and continued to self-fund R&D.

Turning to contributors, we were encouraged by the strong absolute and relative gains of our European financials holdings overall at a time when Greece's escalating debt drama created significant turmoil and uncertainty in the European financial system.[7] Shares of Dutch financial services firm ING Groep advanced to a post-financial crisis high after the firm posted a major increase in profit at its banking operation in the first quarter, helped by a boost in fees from new lending. The company comfortably passed the ECB's recent stress tests and has repaid the final installment of the Dutch government's bailout-era loan. Following years of drastic restructuring, ING has improved its capital position, allowing it to return to lending growth and, consequently, higher levels of profitability. The stock remained reasonably valued, in our analysis, given its slight premium to book value and double-digit return on equity. More broadly, the European banking system has restructured and recapitalized, with systemically important firms exiting non-core businesses and shoring up their balance sheets. We

5. The industrials sector comprises aerospace and defense, air freight and logistics, airlines, commercial services and supplies, construction and engineering, industrial conglomerates, and machinery in the SOI. The consumer discretionary sector comprises auto components; automobiles; media; multiline retail; specialty retail; and textiles, apparel and luxury goods in the SOI.

6. The health care sector comprises biotechnology, life sciences tools and services, and pharmaceuticals in the SOI.

7. The financials sector comprises banks, capital markets, consumer finance and insurance in the SOI.

believe an emerging banking union with a single supervisor will soon support the financial system, ensuring regulatory consistency and a stronger industry safety net. Across the sector, major eurozone bank exposure to Greece was minimal. In 2010–2011, during the last round of fears that Greece would leave the eurozone, formal and robust support mechanisms were lacking. Five years later, the ECB has launched large-scale quantitative easing measures and policy tools such as the European Stability Mechanism, Long-Term Refinancing Operations and Outright Monetary Transactions. Such progress suggested to us that firewalls have strengthened and the scope for targeted policy intervention has increased dramatically in the eurozone. The recent revival of credit growth in the region was further evidence that the rightsizing of loan books and capital buffers along with the ECB's stimulatory efforts were beginning to have their intended effect on the economy.

Stock selection in the materials sector also contributed to relative performance.[8] In our view, the sector had offered only limited value in recent years, with selective opportunities concentrated primarily in chemicals and building materials companies. Irish building materials firm CRH delivered solid gains after agreeing to buy the assets that two rivals were required to divest as a regulatory condition to complete their merger. The company's diverse geographical assets generated strong revenues and earnings last year and should help CRH gain market share and transform into a major cement producer. The deal will likely add quickly to CRH's earnings and represent considerable value for long-term shareholders, in our analysis. We found fewer opportunities among metals and mining firms, where stock prices seemed to reflect excessive optimism about demand scenarios as the Chinese economy moderates and Beijing attempts to rebalance away from commodity-intensive fixed asset investment toward a more sustainable, consumption-oriented growth model. Bulk commodities like iron ore and coal looked particularly vulnerable to us in this environment given abundant global supply and the disproportionate reliance on a moderating China to drive demand growth. Base and precious metals, however, offered what we generally considered more attractive supply and demand fundamentals and may present select value opportunities following a sustained period of weakness. A position in Russian miner Mining and Metallurgical Co. Norilsk Nickel was a major contributor during the period as nickel prices rebounded from a bear market and investor sentiment on Russia improved.

From a regional standpoint, an underweighting and stock selection in Asia notably detracted, pressured by an underweighting in Japan and stock selection in South Korea and China. Chinese equities suffered a steep decline at period-end following a dramatic rally in the mainland A-share market, prompting the government to enact a number of heavy-handed market controls intended to stem the massive sell-off. We believed Beijing's determined efforts to regain control of share prices underscored the importance of buoyant markets to a government undertaking delicate economic and political transitions; it also raised concerns about China's commitment to liberalizing its markets at a time when the country desires greater representation and influence in the global financial system. Shortly after period-end, the new measures and their effects were still being monitored; however, many international investors added moral hazard to their list of Chinese market concerns that also included systemic leverage, illiquidity, volatility, lack of transparency and insufficient price discovery. In our analysis, although such concerns raised the risk premium for Chinese equities, we noted that select Hong Kong-listed H shares, which did not participate in the extreme A-share rally, have likely been oversold and represented what we believed to be compelling long-term value.

Encouragingly, European holdings contributed to relative performance, buoyed by an overweighted allocation and stock selection. Despite the negative headlines and periodic crises, we believe Europe has made significant progress in strengthening its defenses and positioning for sustainable growth. Economic conditions have also improved, with recent sentiment readings above average and multiple leading indicators consistent with improving economic growth. Critically, in a region where a majority of lending is carried out by banks, credit conditions have been improving, with loan growth for households and corporations recently turning positive. In fact, credit demand in Europe was at an eight-year high and bank balance sheets have started growing again. Challenges remained as Europe tried to balance the need for further integration with the desire to respect national sovereignty and political self-determination. However, in our opinion, the European experiment has been a continual study of disagreement and reconciliation among countries whose strong national identities often obscure a foundation of deeply shared interests and values. There will be more bumps along the way, but we believed Europe continued to advance in the right direction. European equities, trading at a considerable discount to their global peers based on price-to-book value and a record discount to their U.S. peers based on cyclically

8. The materials sector comprises chemicals, construction materials, and metals and mining in the SOI.

adjusted earnings, remained a source of selective value in this environment, in our analysis.

It is also important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the six months ended June 30, 2015, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's substantial investment in securities with non-U.S. currency exposure.

Through six decades of investing in global equity markets, our goal has always been simple: to maximize total returns over time. Admittedly, attempting to buy stocks at the point of maximum pessimism involves weathering volatility and "capturing down markets" at times, but this matters little to long-term risk mitigation and investment excellence, in our opinion.

Thank you for your participation in Templeton Growth VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or 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 the investment manager 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.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   If an account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."
   If Fund-Level Expenses Incurred During Period were $7.50, then 8.6 × $7.50 = $64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 2	Beginning Account Value 1/1/15	Ending Account Value 6/30/15	Fund-Level Expenses Incurred During Period* 1/1/15–6/30/15
Actual	$1,000	$1,011.00	$5.19
Hypothetical (5% return before expenses)	$1,000	$1,019.64	$5.21

*Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 2 shares (1.04%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

SUPPLEMENT DATED MAY 1, 2015
TO THE PROSPECTUSES
DATED MAY 1, 2015
OF TEMPLETON GROWTH VIP FUND
(A series of Franklin Templeton Variable Insurance Products Trust)

The Prospectus is amended as follows:

I. The section in the Fund Summary under the heading "Portfolio Managers" on page TG-S4 is replaced with the following:

Portfolio Managers

Norman J. Boersma, CFA President, Chief Executive Officer and Director of Global Advisors and portfolio manager of the Fund since 2011.

Tucker Scott, CFA Executive Vice President of Global Advisors and portfolio manager of the Fund since May 2015.

James Harper, CFA Executive Vice President of Global Advisors and portfolio manager of the Fund since 2010.

Heather Arnold, CFA Executive Vice President, Director of Research and Portfolio Manager of Global Advisors and portfolio manager of the Fund since 2014.

II. In the Fund Details, under the heading "Management," the portfolio manager information beginning on page TG-D6 is replaced with the following:

The Fund is managed by a team of dedicated professionals focused on investments in equity securities of companies anywhere in the world. The portfolio managers of the team are as follows:

Norman J. Boersma, CFA *President, Chief Executive Officer and Director of Global Advisors* Mr. Boersma has been lead portfolio manager of the Fund since 2011. He has primary responsibility for the investments of the Fund. He has final authority over all aspects of the Fund's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated investment management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He joined Franklin Templeton Investments in 1991.

Tucker Scott, CFA *Executive Vice President of Global Advisors* Mr. Scott has been a portfolio manager of the Fund since May 2015, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton Investments in 1996.

James Harper, CFA *Executive Vice President of Global Advisors* Mr. Harper has been a portfolio manager of the Fund since 2010, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton Investments in 2007.

Heather Arnold, CFA *Executive Vice President, Director of Research and Portfolio Manager of Global Advisors* Ms. Arnold has been a portfolio manager of the Fund since 2014, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. She first joined Franklin Templeton Investments in 1997, left in 2001 to start her own company and rejoined again in 2008.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Templeton Growth VIP Fund

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31,				
		2014	2013	2012	2011	2010
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.85	$15.47	$12.16	$10.27	$11.19	$10.56
Income from investment operations[a]:						
Net investment income[b]	0.21	0.38[c]	0.22	0.27	0.25	0.17
Net realized and unrealized gains (losses)	(0.03)	(0.75)	3.49	1.88	(0.99)	0.62
Total from investment operations	0.18	(0.37)	3.71	2.15	(0.74)	0.79
Less distributions from net investment income	(0.42)	(0.25)	(0.40)	(0.26)	(0.18)	(0.16)
Net asset value, end of period	$14.61	$14.85	$15.47	$12.16	$10.27	$11.19
Total return[d]	1.17%	(2.53)%	31.05%	21.40%	(6.80)%	7.74%
Ratios to average net assets[e]						
Expenses	0.79%[f]	0.78%	0.78%[g]	0.78%[g]	0.78%[g]	0.77%[g]
Net investment income	2.73%	2.46%[c]	1.62%	2.31%	2.22%	1.71%
Supplemental data						
Net assets, end of period (000's)	$538,340	$572,860	$588,409	$476,954	$1,200,682	$1,348,622
Portfolio turnover rate	10.10%	17.46%	11.60%	18.73%[h]	42.13%[h]	9.61%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.09 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.88%.

[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[g]Benefit of expense reduction rounds to less than 0.01%.

[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind.

Templeton Growth VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.61	$15.23	$11.97	$10.11	$11.01	$10.40
Income from investment operations[a]:						
Net investment income[b]	0.18	0.34[c]	0.19	0.21	0.21	0.15
Net realized and unrealized gains (losses)	(0.01)	(0.75)	3.44	1.88	(0.96)	0.60
Total from investment operations	0.17	(0.41)	3.63	2.09	(0.75)	0.75
Less distributions from net investment income	(0.38)	(0.21)	(0.37)	(0.23)	0.15	(0.14)
Net asset value, end of period	$14.40	$14.61	$15.23	$11.97	$10.11	$11.01
Total return[d]	1.10%	(2.81)%	30.82%	21.07%	(6.97)%	7.39%
Ratios to average net assets[e]						
Expenses	1.04%[f]	1.03%	1.03%[g]	1.03%[g]	1.03%[g]	1.02%[g]
Net investment income	2.48%	2.21%[c]	1.37%	2.06%	1.97%	1.46%
Supplemental data						
Net assets, end of period (000's)	$1,093,508	$1,171,896	$1,450,304	$1,352,554	$1,254,193	$1,626,885
Portfolio turnover rate	10.10%	17.46%	11.60%	18.73%[h]	42.13%[h]	9.61%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.09 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.63%.

[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[g]Benefit of expense reduction rounds to less than 0.01%.

[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind.

Templeton Growth VIP Fund (continued)

	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014	2013	2012	2011	2010
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.73	$15.35	$12.07	$10.19	$11.11	$10.50
Income from investment operations[a]:						
Net investment income[b]	0.18	0.33[c]	0.17	0.20	0.20	0.14
Net realized and unrealized gains (losses)	(0.02)	(0.76)	3.47	1.90	(0.98)	0.61
Total from investment operations	0.16	(0.43)	3.64	2.10	(0.78)	0.75
Less distributions from net investment income	(0.36)	(0.19)	(0.36)	(0.22)	(0.14)	(0.14)
Net asset value, end of period	$14.53	$14.73	$15.35	$12.07	$10.19	$11.11
Total return[d]	1.04%	(2.88)%	30.64%	21.02%	(7.14)%	7.31%
Ratios to average net assets[e]						
Expenses	1.14%[f]	1.13%	1.13%[g]	1.13%[g]	1.13%[g]	1.12%[g]
Net investment income	2.38%	2.11%[c]	1.27%	1.96%	1.87%	1.36%
Supplemental data						
Net assets, end of period (000's)	$55,833	$59,989	$72,683	$67,158	$56,170	$60,569
Portfolio turnover rate	10.10%	17.46%	11.60%	18.73%[h]	42.13%[h]	9.61%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.09 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.53%.

[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[g]Benefit of expense reduction rounds to less than 0.01%.

[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind.

Statement of Investments, June 30, 2015 (unaudited)

Templeton Growth VIP Fund

	Country	Shares	Value
Common Stocks 97.9%			
Aerospace & Defense 0.7%			
BAE Systems PLC	United Kingdom	1,730,147	$ 12,263,892
Air Freight & Logistics 0.9%			
United Parcel Service Inc., B	United States	160,030	15,508,507
Airlines 1.3%			
[a] Deutsche Lufthansa AG	Germany	1,735,414	22,367,082
Auto Components 1.3%			
Cie Generale des Etablissements Michelin, B	France	207,869	21,773,686
Automobiles 2.7%			
Hero Motocorp Ltd.	India	114,200	4,534,170
Hyundai Motor Co.	South Korea	130,180	15,812,654
Nissan Motor Co. Ltd.	Japan	2,342,720	24,405,327
			44,752,151
Banks 15.6%			
Bangkok Bank PCL, fgn.	Thailand	913,600	4,809,843
BNP Paribas SA	France	401,637	24,237,776
Citigroup Inc.	United States	770,990	42,589,488
[a] Commerzbank AG	Germany	547,840	6,999,844
Credit Agricole SA	France	1,640,346	24,386,635
DBS Group Holdings Ltd.	Singapore	932,690	14,327,238
HSBC Holdings PLC	United Kingdom	2,567,864	23,271,490
ING Groep NV, IDR	Netherlands	1,273,446	21,018,232
JPMorgan Chase & Co.	United States	440,760	29,865,898
KB Financial Group Inc.	South Korea	657,984	21,685,193
Standard Chartered PLC	United Kingdom	539,080	8,629,857
SunTrust Banks Inc.	United States	478,520	20,585,930
UniCredit SpA	Italy	3,118,881	20,941,918
			263,349,342
Biotechnology 2.2%			
Amgen Inc.	United States	207,480	31,852,330
Gilead Sciences Inc.	United States	49,050	5,742,774
			37,595,104
Capital Markets 3.1%			
Credit Suisse Group AG	Switzerland	1,058,236	29,084,232
Morgan Stanley	United States	609,690	23,649,875
			52,734,107
Chemicals 1.0%			
Akzo Nobel NV	Netherlands	227,412	16,541,983
Commercial Services & Supplies 0.5%			
Serco Group PLC	United Kingdom	4,886,178	9,057,900
Communications Equipment 1.7%			
Cisco Systems Inc.	United States	778,890	21,388,320
Ericsson, B	Sweden	723,972	7,499,586
			28,887,906
Construction & Engineering 0.7%			
[b] FLSmidth & Co. AS	Denmark	250,000	12,025,515

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Construction Materials 2.0%			
CRH PLC	Ireland	1,172,741	$ 33,092,258
[c] CRH PLC, 144A	Ireland	38,100	1,075,101
			34,167,359
Consumer Finance 0.8%			
Capital One Financial Corp.	United States	154,710	13,609,839
Diversified Telecommunication Services 3.5%			
China Telecom Corp. Ltd., ADR	China	179,195	10,577,881
Singapore Telecommunications Ltd.	Singapore	4,679,470	14,626,601
Telefonica SA	Spain	1,787,635	25,400,930
Verizon Communications Inc.	United States	158,750	7,399,337
			58,004,749
Electronic Equipment, Instruments & Components 0.5%			
[a] Flextronics International Ltd.	Singapore	691,118	7,816,544
Energy Equipment & Services 2.4%			
Baker Hughes Inc.	United States	301,680	18,613,656
Halliburton Co.	United States	129,480	5,576,704
Noble Corp. PLC	United States	523,100	8,050,509
Technip SA	France	137,470	8,505,855
			40,746,724
Food & Staples Retailing 3.0%			
CVS Health Corp.	United States	139,920	14,674,810
Metro AG	Germany	587,740	18,523,593
Tesco PLC	United Kingdom	5,191,768	17,336,148
			50,534,551
Health Care Equipment & Supplies 3.1%			
Getinge AB, B	Sweden	925,050	22,255,148
Medtronic PLC	United States	408,310	30,255,771
			52,510,919
Industrial Conglomerates 1.2%			
Siemens AG	Germany	201,712	20,310,494
Insurance 6.3%			
Aegon NV	Netherlands	1,717,940	12,620,768
American International Group Inc.	United States	569,370	35,198,453
Aviva PLC	United Kingdom	947,200	7,328,653
AXA SA	France	1,091,068	27,516,739
Swiss Re AG	Switzerland	270,006	23,893,697
			106,558,310
Internet Software & Services 0.8%			
[a] Google Inc., A	United States	24,310	13,128,372
Life Sciences Tools & Services 0.6%			
[a] QIAGEN NV	Netherlands	385,000	9,454,409
Machinery 0.8%			
[a] Navistar International Corp.	United States	598,440	13,542,697
Media 4.7%			
Comcast Corp., Special A	United States	592,942	35,540,943

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Media (continued)			
[a]News Corp., A	United States	319,435	$ 4,660,557
Sky PLC	United Kingdom	1,055,761	17,199,689
Twenty-First Century Fox Inc., A	United States	641,182	20,867,268
			78,268,457
Metals & Mining 2.0%			
Mining and Metallurgical Co. Norilsk Nickel OJSC, ADR	Russia	1,040,760	17,557,621
POSCO	South Korea	76,429	15,290,715
POSCO, ADR	South Korea	27,740	1,361,757
			34,210,093
Multiline Retail 0.9%			
Target Corp.	United States	191,680	15,646,838
Oil, Gas & Consumable Fuels 8.7%			
Apache Corp.	United States	209,000	12,044,670
BP PLC	United Kingdom	2,847,664	18,796,168
Chesapeake Energy Corp.	United States	1,136,570	12,695,487
Chevron Corp.	United States	137,470	13,261,731
Eni SpA	Italy	776,759	13,781,292
Galp Energia SGPS SA, B	Portugal	1,575,520	18,471,419
Kunlun Energy Co. Ltd.	China	17,103,030	17,408,282
Royal Dutch Shell PLC, A	United Kingdom	4,510	126,577
Royal Dutch Shell PLC, B	United Kingdom	299,573	8,504,270
Suncor Energy Inc.	Canada	46,000	1,266,934
Total SA, B	France	618,659	30,039,969
			146,396,799
Pharmaceuticals 11.6%			
[a]Allergan PLC	United States	56,124	17,031,389
GlaxoSmithKline PLC	United Kingdom	1,207,210	25,081,570
Merck KGaA	Germany	219,854	21,899,556
Pfizer Inc.	United States	908,503	30,462,106
Roche Holding AG	Switzerland	115,383	32,328,463
Sanofi	France	290,857	28,602,606
Teva Pharmaceutical Industries Ltd., ADR	Israel	688,930	40,715,763
			196,121,453
Software 3.4%			
Microsoft Corp.	United States	1,177,169	51,972,011
SAP SE	Germany	80,912	5,644,791
			57,616,802
Specialty Retail 2.0%			
Best Buy Co. Inc.	United States	223,160	7,277,247
Kingfisher PLC	United Kingdom	4,891,448	26,688,148
			33,965,395
Technology Hardware, Storage & Peripherals 4.7%			
Hewlett-Packard Co.	United States	942,050	28,270,920
Samsung Electronics Co. Ltd.	South Korea	45,620	51,664,964
			79,935,884

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Textiles, Apparel & Luxury Goods 0.8%			
[a] Michael Kors Holdings Ltd.	United States	321,440	$ 13,529,410
Wireless Telecommunication Services 2.4%			
SoftBank Group Corp.	Japan	149,680	8,816,432
Turkcell Iletisim Hizmetleri AS, ADR	Turkey	1,653,543	18,999,209
Vodafone Group PLC	United Kingdom	3,292,417	11,888,733
			39,704,374
Total Common Stocks (Cost $1,360,517,289)			1,652,637,647
Preferred Stocks (Cost $22,230,600) 0.9%			
Oil, Gas & Consumable Fuels 0.9%			
[a] Petroleo Brasileiro SA, ADR, pfd.	Brazil	1,913,392	15,613,279
Total Investments before Short Term Investments (Cost $1,382,747,889)			1,668,250,926
		Principal Amount	
Short Term Investments 1.6%			
Time Deposits 1.1%			
Bank of Montreal, 0.03%, 7/01/15	United States	$ 7,000,000	7,000,000
Royal Bank of Canada, 0.05%, 7/01/15	United States	11,500,000	11,500,000
Total Time Deposits (Cost $18,500,000)			18,500,000
Total Investments before Money Market Funds (Cost $1,401,247,889)			1,686,750,926
		Shares	
[d] **Investments from Cash Collateral Received for Loaned Securities (Cost $7,762,500) 0.5%**			
Money Market Funds 0.5%			
[a,e] Institutional Fiduciary Trust Money Market Portfolio	United States	7,762,500	7,762,500
Total Investments (Cost $1,409,010,389) 100.4%			1,694,513,426
Other Assets, less Liabilities (0.4)%			(6,832,503)
Net Assets 100.0%			$ 1,687,680,923

See Abbreviations on page TG-26.

[a]Non-income producing.

[b]A portion or all of the security is on loan at June 30, 2015. See Note 1(c).

[c]Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustee. At June 30, 2015, the aggregate value of this security was $1,075,101, representing 0.06% of net assets.

[d]See Note 1(c) regarding securities on loan.

[e]See Note 3(e) regarding investments in Institutional Fiduciary Trust Money Market Portfolio.

Financial Statements

Statement of Assets and Liabilities
June 30, 2015 (unaudited)

	Templeton Growth VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$1,401,247,889
Cost - Sweep Money Fund (Note 3e)	7,762,500
Total cost of investments	$1,409,010,389
Value - Unaffiliated issuers	$1,686,750,926
Value - Sweep Money Fund (Note 3e)	7,762,500
Total value of investments (Includes securities loaned in the amount of $7,215,309)	1,694,513,426
Cash	451,364
Receivables:	
Investment securities sold	2,410,959
Capital shares sold	1,460,092
Dividends and interest	2,832,070
Other assets	735
Total assets	1,701,668,646
Liabilities:	
Payables:	
Investment securities purchased	3,892,107
Capital shares redeemed	359,392
Management fees	1,088,580
Distribution fees	516,905
Payable upon return of securities loaned	7,762,500
Accrued expenses and other liabilities	368,239
Total liabilities	13,987,723
Net assets, at value	$1,687,680,923
Net assets consist of:	
Paid-in capital	$1,406,775,027
Undistributed net investment income	22,591,055
Net unrealized appreciation (depreciation)	285,479,348
Accumulated net realized gain (loss)	(27,164,507)
Net assets, at value	$1,687,680,923
Class 1:	
Net assets, at value	$ 538,339,902
Shares outstanding	36,842,340
Net asset value and maximum offering price per share	$ 14.61
Class 2:	
Net assets, at value	$1,093,508,315
Shares outstanding	75,959,830
Net asset value and maximum offering price per share	$ 14.40
Class 4:	
Net assets, at value	$ 55,832,706
Shares outstanding	3,843,702
Net asset value and maximum offering price per share	$ 14.53

Statement of Operations
for the six months ended June 30, 2015 (unaudited)

	Templeton Growth VIP Fund
Investment income:	
Dividends (net of foreign taxes of $3,152,458)	$ 30,546,737
Interest	3,442
Income from securities loaned	549,280
Total investment income	31,099,459
Expenses:	
Management fees (Note 3a)	6,726,036
Distribution fees: (Note 3c)	
Class 2	1,433,072
Class 4	103,414
Custodian fees (Note 4)	62,553
Reports to shareholders	126,678
Professional fees	45,392
Trustees' fees and expenses	4,207
Other	25,076
Total expenses	8,526,428
Expenses waived/paid by affiliates (Note 3e)	(20,553)
Net expenses	8,505,875
Net investment income	22,593,584
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments	62,244,166
Foreign currency transactions	137,342
Net realized gain (loss)	62,381,508
Net change in unrealized appreciation (depreciation) on:	
Investments	(63,281,066)
Translation of other assets and liabilities denominated in foreign currencies	23,776
Net change in unrealized appreciation (depreciation)	(63,257,290)
Net realized and unrealized gain (loss)	(875,782)
Net increase (decrease) in net assets resulting from operations	$ 21,717,802

Statements of Changes in Net Assets

	Templeton Growth VIP Fund	
	Six Months Ended June 30, 2015 (unaudited)	Year Ended December 31, 2014
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 22,593,584	$ 45,743,743
Net realized gain (loss)	62,381,508	105,495,221
Net change in unrealized appreciation (depreciation)	(63,257,290)	(200,494,822)
Net increase (decrease) in net assets resulting from operations	21,717,802	(49,255,858)
Distributions to shareholders from:		
Net investment income:		
Class 1	(15,123,132)	(9,482,577)
Class 2	(28,110,279)	(18,300,865)
Class 4	(1,358,156)	(885,005)
Total distributions to shareholders	(44,591,567)	(28,668,447)
Capital share transactions: (Note 2)		
Class 1	(26,831,138)	9,471,206
Class 2	(63,809,621)	(227,816,318)
Class 4	(3,549,129)	(10,381,665)
Total capital share transactions	(94,189,888)	(228,726,777)
Net increase (decrease) in net assets	(117,063,653)	(306,651,082)
Net assets:		
Beginning of period	1,804,744,576	2,111,395,658
End of period	$1,687,680,923	$1,804,744,576
Undistributed net investment income included in net assets:		
End of period	$ 22,591,055	$ 44,589,038

Notes to Financial Statements (unaudited)

Templeton Growth VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of nineteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Growth VIP Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2, and Class 4. Each class of shares differs by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in open-end mutual funds are valued at the closing NAV. Time deposits are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds).

Templeton Growth VIP Fund (continued)

These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned is reported separately in the Statement of Operations. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date. As a result of several court cases, in certain countries across the European Union, the Fund has filed

Templeton Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes *(continued)*

additional tax reclaims for previously withheld taxes on dividends earned in those countries. These additional filings are subject to various administrative proceedings by the local jurisdictions' tax authorities within the European Union, as well as a number of related judicial proceedings. At this time, uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment, and accordingly, no amounts are reflected in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of June 30, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income, is recorded on the ex-dividend date except for certain dividends from foreign securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. 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 amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Templeton Growth VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2015, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	174,719	$ 2,628,557	2,100,767	$ 33,047,439
Shares issued in reinvestment of distributions	1,016,340	15,123,132	589,713	9,482,577
Shares redeemed	(2,923,773)	(44,582,827)	(2,142,457)	(33,058,810)
Net increase (decrease)	(1,732,714)	$ (26,831,138)	548,023	$ 9,471,206
Class 2 Shares:				
Shares sold	1,886,017	$ 28,562,254	2,721,083	$ 41,308,837
Shares issued in reinvestment of distributions	1,917,482	28,110,279	1,155,358	18,300,865
Shares redeemed	(8,045,951)	(120,482,154)	(18,911,727)	(287,426,020)
Net increase (decrease)	(4,242,452)	$ (63,809,621)	(15,035,286)	$(227,816,318)
Class 4 Shares:				
Shares sold	130,521	$ 1,929,451	416,620	$ 6,355,215
Shares issued on reinvestment of distributions	91,767	1,358,156	55,382	885,005
Shares redeemed	(451,066)	(6,836,736)	(1,134,025)	(17,621,885)
Net increase (decrease)	(228,778)	$ (3,549,129)	(662,023)	$ (10,381,665)

3. Transactions With Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Global Advisors Limited (TGAL)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to TGAL based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.000%	Up to and including $100 million
0.900%	Over $100 million, up to and including $250 million
0.800%	Over $250 million, up to and including $500 million
0.750%	Over $500 million, up to and including $1 billion
0.700%	Over $1 billion, up to and including $5 billion
0.675%	Over $5 billion, up to and including $10 billion
0.655%	Over $10 billion, up to and including $15 billion

Templeton Growth VIP Fund (continued)

3. Transactions With Affiliates (continued)

a. Management Fees *(continued)*

Annualized Fee Rate	Net Assets
0.635%	Over $15 billion, up to and including $20 billion
0.615%	In excess of $20 billion

b. Administrative Fees

Under an agreement with TGAL, FT Services provides administrative services to the Fund. The fee is paid by TGAL based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted a distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets of each class. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Institutional Fiduciary Trust Money Market Portfolio

The Fund invests in Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an affiliated open-end management investment company. Management fees paid by the Fund are waived on assets invested in the Sweep Money Fund, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund.

f. Other Affiliated Transactions

At June 30, 2015, Franklin Templeton Variable Insurance Products Trust – Franklin Founding Funds Allocation VIP Fund owned 22.86% of the Fund's outstanding shares.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2015, there were no credits earned.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

Templeton Growth VIP Fund (continued)

At December 31, 2014, capital loss carryforwards were as follows:

Capital loss carryforwards subject to expiration:	
2017	$16,985,638
2018	55,299,629

At June 30, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$1,425,100,820
Unrealized appreciation	$ 397,481,041
Unrealized depreciation	(128,068,435)
Net unrealized appreciation (depreciation)	$ 269,412,606

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, passive foreign investment company shares and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2015, aggregated $176,481,952 and $269,835,278, respectively.

7. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2015, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

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

Templeton Growth VIP Fund (continued)

9. Fair Value Measurements (continued)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of June 30, 2015, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments[a,b]	$1,668,250,926	$ —	$ —	$1,668,250,926
Short Term Investments	7,762,500	18,500,000	—	26,262,500
Total Investments in Securities	$1,676,013,426	$18,500,000	$ —	$1,694,513,426

[a]Includes common and preferred stocks.
[b]For detailed categories, see the accompanying Statement of Investments.

10. New Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-11, Transfers and Servicing (Topic 860), Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The ASU changes the accounting for certain repurchase agreements and expands disclosure requirements related to repurchase agreements, securities lending, repurchase-to-maturity and similar transactions. The ASU is effective for certain transactions accounted for as a sale for interim and annual reporting periods beginning after December 15, 2014, and transactions accounted for as secured borrowings for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

11. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

ADR American Depositary Receipt
IDR International Depositary Receipt

Templeton Growth VIP Fund

At December 31, 2014 more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code (Code). This written statement will allow shareholders of record on June 12, 2015, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid and foreign source income as reported by the Fund, to Class 1, Class 2, and Class 4 shareholders of record.

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share
Class 1	$0.0215	$0.3708
Class 2	$0.0215	$0.3332
Class 4	$0.0215	$0.3183

Foreign Tax Paid Per Share (Column 1) is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share (Column 2) is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends.

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions.

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See www.franklintempletondatasources.com for additional data provider information.

Barclays 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury bills that have a remaining maturity between one month and three months and are investment-grade rated, U.S. dollar denominated, fixed rate and nonconvertible.

Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg Commodity Index comprises exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Prior to 7/1/14, the index was known as the Dow Jones-UBS Commodity Index.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/15, there were 293 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the six-month period ended 6/30/15, there were 71 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/15, there were 52 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the six-month period ended 6/30/15, there were 113 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI China A Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of companies incorporated in China that are listed on the Shanghai and Shenzhen Stock Exchanges, are quoted in the Chinese renminbi and entail foreign investment regulations.

MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of China, as represented by B, China H, Red Chip and P Chip shares.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 2500 ™ Value Index is market capitalization weighted and measures performance of those Russell 2500 ™ Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P®/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Review of Investment Management Agreement

At a meeting held April 14, 2015, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreement for each of the separate funds within the Trust (Fund(s)). In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports and related financial information for each Fund, along with periodic reports on expenses, shareholder services, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates. Information furnished specifically in connection with the renewal process included reports prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared each Fund's investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments (FTI) from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. mutual funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Funds by the FTI organization, as well as a memorandum relating to economies of scale.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. While the investment management agreements for all Funds were considered at the same Board meeting, the Board dealt with each Fund separately. In approving continuance of the investment management agreement for each Fund, the Board, including a majority of independent Trustees, determined that the existing management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of each Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

NATURE, EXTENT AND QUALITY OF SERVICE. The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Funds and its shareholders, except as noted later with respect to investment performance. The Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for each Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. Favorable consideration was given to management's continual efforts and expenditures in establishing effective business continuity plans and developing strategies to address cybersecurity threats. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm that also covered FOREX transactions. Consideration was also given to the experience of each Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments, including expanded collateralization requirements. The Board also took into account, among other things, management's efforts in establishing a global credit facility for the benefit of the Funds and other accounts managed by FTI to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the Manager's parent company and its commitment to the mutual fund business as evidenced by its continued subsidization of money market funds.

INVESTMENT PERFORMANCE. The Board placed significant emphasis on the investment performance of each of the

Board Review of Investment Management Agreement (continued)

Funds in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings throughout the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewals of all Funds. The Lipper reports prepared for each of the individual Funds showed the investment performance of Class 1 shares for those having such class of shares and Class 2 shares for those Funds that did not have Class 1 shares, in comparison to a performance universe selected by Lipper. Comparative performance for each Fund was shown for the one-year period ended January 31, 2015, and previous periods ended that date of up to 10 years unless otherwise noted. Performance was shown on a total return basis for each Fund. In certain cases, income return was indicated as well. The following summarizes the performance results for each of the Funds and the Board's view of such performance.

Franklin Flex Cap Growth VIP Fund – The performance universe for this Fund, which has been in operation for 10 full years, consisted of the Fund and all multi-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of its performance universe, and on an annualized basis to also be in the lowest performing quintile of such universe for each of the previous three- and five-year periods. The Board discussed with management the reasons for the Fund's underperformance and steps management was taking to evaluate its highest conviction stocks, but found the Fund's absolute performance on an annualized basis as shown in the Lipper report to be acceptable.

Franklin Founding Funds Allocation VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation growth funds underlying variable insurance products as selected by Lipper. The Fund has been in existence for seven years and the Lipper report showed its income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe for each of the previous three- and five-year periods. The Lipper report showed the Fund's total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-highest performing quintile of such universe for the previous three-year period, and to be in the second-lowest performing quintile of such universe for the previous five-year period. In assessing the relevance of such comparative performance, the Board noted the Fund is not actively managed and that its performance reflects those of the three underlying funds in which it invests in equal portions, which are not perfectly aligned to the investment style of comparative funds. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Franklin Global Real Estate VIP Fund – The performance universe for this Fund consisted of the Fund and all global real estate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three- and five-year periods, but in the lowest performing quintile of such universe for the previous 10-year period. Noting the marked improvement in performance in recent years, the Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Growth and Income VIP Fund – The performance universe for this Fund consisted of the Fund and all equity income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return during the one-year period to be in the highest quintile of its Lipper performance universe, and on an annualized basis in each of the previous three-, five- and 10-year periods to also be in the highest quintile of such universe. The Lipper report showed the Fund's total return for the one-year period to be in the middle performing quintile of its performance universe, and on an annualized basis, to be in the second-lowest performing quintile of such universe for each of the previous three- and 10-year periods, and the second-highest performing quintile of such universe for the previous five-year period. The Board noted management's attention to intensifying its focus on its highest conviction investments and found the Fund's comparative performance as shown in the Lipper report to be satisfactory.

Franklin High Income VIP Fund – The performance universe for this Fund consisted of the Fund and all high yield funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the second-highest quintile of such performance universe, and on an annualized basis to be in the highest and second-highest quintiles of such universe for the previous three- and five-year periods, respectively, and to be in the middle quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the lowest

performing quintile of its performance universe for the one-year period, and, on an annualized basis, to be in the middle performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for the previous five- and 10-year periods. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report, noting the Fund's income objective.

Franklin Income VIP Fund – The performance universe for this Fund consisted of the Fund and all mixed-asset target allocation moderate funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such performance universe for the one-year period and to also be in the highest quintile of such universe for each of the previous three-, five- and 10-year periods on an annualized basis. The Lipper report showed the Fund's total return to be in the lowest performing quintile of its performance universe for the one-year period, and on an annualized basis to be in the middle performing quintile of such universe for the previous three- and five-year periods, and the second-highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative performance as shown in the Lipper report.

Franklin Large Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest or best performing quintile of such universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the lowest performing quintile of such universe for each of the previous five- and 10-year periods. The Board discussed with management the Fund's historical underperformance and noted that a new portfolio manager was appointed for the Fund, effective May 1, 2014. In view of such discussions, and in light of the Fund's positive total return during the most recent year, the Board believed that appropriate action had been taken and that the Fund's comparative performance as shown in the Lipper report was acceptable.

Franklin Mutual Global Discovery VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return to be in the highest performing quintile of such universe for the one-year period, and on an annualized basis to be in the highest performing quintile of such universe for the previous three-, five- and 10-year periods. The Board found the Fund's overall comparative performance as set forth in the Lipper report to be satisfactory, noting that the three-year annualized total return exceeded 13%.

Franklin Mutual Shares VIP Fund – The performance universe for this Fund consisted of the Fund and all large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of the performance universe, and on an annualized basis to be in the lowest performing quintile of such universe for the previous three- and five-year periods, and to be in the middle performing quintile for the previous 10-year period. The Board found the Fund's overall performance as set forth in the Lipper report to be unacceptable, but acknowledged management's explanation that the Fund is managed conservatively and the Fund's cash holdings detract from relative performance in sharply rising markets. The Board indicated it would continue to monitor the Fund.

Franklin Rising Dividends VIP Fund – The performance universe for this Fund consisted of the Fund and all multi-cap core funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return to be in the middle performing quintile of the performance universe for the one-year period, and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, and the middle performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that its total return was above the median for the one-year period as well as the annualized five-year period.

Franklin Small Cap Value VIP Fund – The performance group for this Fund consisted of the Fund and all small-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such performance universe, and on an annualized basis to also be in the second-lowest performing quintile of such universe for the previous three-year period, and in the second-highest performing quintile of such universe for each of the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting management's recent commitment of two additional analysts to support the Fund and the Fund's longer term positive returns.

Board Review of Investment Management Agreement (continued)

Franklin Small-Mid Cap Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all mid-cap growth funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of such universe, and on an annualized basis to be in the middle performing quintile of such universe for each of the previous three- and five-year periods, and the second-lowest performing quintile of such universe for the previous 10-year period. The Board discussed with management portfolio adjustments and the commitment of additional resources to the portfolio team. Given management's attention to the Fund, the Board found the Fund's performance to be acceptable and noted that the 10-year annualized performance was less than 1% below the median.

Franklin Strategic Income VIP Fund – The performance universe for this Fund consisted of the Fund and all general bond funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return to be in the highest quintile of such Lipper universe for the one-year period, and on an annualized basis to also be in the highest quintile of such universe during each of the previous three- and five-year periods, and in the second-highest quintile of such universe for the previous 10-year period. The Lipper report showed the Fund's total return to be in the second-lowest performing quintile of such universe during the one-year period, and on an annualized basis to be in either the highest or second-highest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board was satisfied with the Fund's performance as shown in the Lipper report.

Templeton Developing Markets VIP Fund – The performance universe for this Fund consisted of the Fund and all emerging markets funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the second-lowest performing quintile of such performance universe and on an annualized basis to also be in the second-lowest performing quintile of such universe for each of the previous three-, five- and 10-year periods. The Board found the performance of the Fund as set forth in the Lipper report to be disappointing and discussed with management the impact of the Manager's approach to investing, which was out of favor in current markets. The Board also discussed with management steps it was evaluating to improve the performance, including a more rigorous selling discipline. The Board concluded that continued monitoring is warranted in light of the Fund's underperformance, but did not believe a portfolio management change was needed at this time.

Templeton Foreign VIP Fund – The performance universe for this Fund consisted of the Fund and all international large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's comparative total return for the one-year period to be in the lowest performing quintile of such performance universe and on an annualized basis to be in the second-lowest performing quintile of such universe for the previous three-year period, in the second-highest performing quintile of such universe for the previous five-year period, and in the highest performing quintile of such universe for the previous 10-year period. The Board was satisfied with the Fund's comparative investment performance as set forth in the Lipper report, noting that performance was in the highest or second-highest quintile in each of the previous seven years.

Templeton Global Bond VIP Fund – The performance universe for this Fund consisted of the Fund and all global income funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's income return for the one-year period to be in the highest quintile of such Lipper universe, and on an annualized basis to also be in the highest quintile of such universe for the previous three- and 10-year periods, and in the second-highest quintile of such universe for the previous five-year period. The Lipper report showed the Fund's total return for the one-year period to be in the highest performing quintile of its performance universe, and on an annualized basis to also be in the highest performing quintile of such universe for each of the previous three-, five- and 10-year annualized periods. The Board was satisfied with the Fund's comparative performance as set forth in the Lipper report.

Templeton Growth VIP Fund – The performance universe for this Fund consisted of the Fund and all global large-cap value funds underlying variable insurance products as selected by Lipper. The Lipper report showed the Fund's total return for the one-year period to be in the lowest or worst performing quintile of such performance universe and on an annualized basis to be in the middle performing quintile of such universe for the previous three-year period, and the second-lowest performing quintile of such universe for the previous five- and 10-year periods. The Board found the Fund's comparative performance as set forth in the Lipper report to be acceptable, noting that the

Fund's performance had been in the highest quintile in three of the previous five one-year periods. They also observed that the Fund's annualized performance was within 1% of the median for the trailing five-year period.

COMPARATIVE EXPENSES. Consideration was given to expense comparison information contained in the Lipper reports furnished for each Fund, which compared its management fee and total expense ratio with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on each Fund's contractual investment management fee rate in comparison with the contractual investment management fee rate that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of its Lipper expense group. The Lipper contractual investment management fee analysis includes administrative charges at the fund level as being part of a management fee, and actual total expenses, for comparative consistency, are shown by Lipper for the same class of shares for all funds within a particular Lipper expense group. The results of such comparisons showed that both the contractual investment management fee rates and actual total expense ratios of the following Funds were in the least expensive quintiles of their respective Lipper expense groups: Franklin Small Cap Value VIP Fund, Franklin Growth and Income VIP Fund, Franklin High Income VIP Fund, Franklin Income VIP Fund and Templeton Global Bond VIP Fund. The Board was satisfied with the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper reports. The contractual investment management fee rates and actual total expense ratios of each of Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund and Templeton Developing Markets VIP Fund were above the medians of their Lipper expense groups, but in no case by more than 22 basis points. The Board found the comparative contractual investment management fees and expenses of these Funds as shown in their Lipper report to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were in the middle performing quintile: Franklin Flex Cap Growth VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin Mutual Shares VIP Fund. The Board found the comparative expenses of these Funds as shown in the Lipper reports to be acceptable. The contractual investment management fee rates of the following Funds were at or above the median while the actual total expense ratios were below the median: Franklin Small-Mid Cap Growth VIP Fund and Templeton Growth VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports. The contractual investment management fee rates and actual total expense ratios for the following Funds were in the first or second quintiles of their expense groups, meaning they were among the least expensive of their peers: Franklin Strategic Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Founding Funds Allocation VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Foreign VIP Fund. The Board was satisfied with the comparative expenses of these Funds as shown in the Lipper reports.

MANAGEMENT PROFITABILITY. The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2014, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Funds' Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to

Board Review of Investment Management Agreement (continued)

each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also took into account management's expenditures in improving services provided the Funds, as well as the need to implement systems to meet additional regulatory and compliance requirements resulting from statutes such as the Sarbanes-Oxley and Dodd-Frank Acts and recent SEC and other regulatory requirements. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from Fund operations, including potential benefits resulting from personnel, systems enhancements necessitated by fund growth, as well as increased leverage with the service providers and counterparties. Based upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, quality and extent of services provided.

ECONOMIES OF SCALE. The Board also considered whether economies of scale are realized by the Manager as the Funds grow larger and the extent to which this is reflected in the level of management fees charged. While recognizing that any precise determination is inherently subjective, the Board noted that based upon the Fund profitability analysis, it appears that as some funds get larger, at some point economies of scale do result in the Manager realizing a larger profit margin on management services provided such a fund. The Board also noted that economies of scale are shared with a fund and its shareholders through management fee breakpoints so that as a fund grows in size, its effective management fee rate declines. In the case of Franklin Founding Funds Allocation VIP Fund, the management fees of the underlying funds in which it invests have management fee breakpoints that extend beyond their existing asset sizes, and in the case of each of the other Funds, other than Franklin Rising Dividends VIP Fund, their management fees contain breakpoints that extend beyond their existing asset sizes. To the extent economies of scale may be realized by the Manager and its affiliates, the Board believed the schedule of investment management fees provides a sharing of benefits for each Fund and its shareholders. The investment management structure of Franklin Rising Dividends VIP Fund provides for a fee of 0.750% on the first $500 million of assets; 0.625% on the next $500 million of assets; and 0.500% on assets in excess of $1 billion. This Fund had assets of $1.8 billion at December 31, 2014, and in reviewing its fee structure, management stated its belief that this fee structure reaches a relatively low rate quickly reflecting anticipated economies of scale. In support of such position, management pointed out the favorable management fee and total expense comparisons of this Fund within its Lipper expense group as previously discussed under "Comparative Expenses." In light of such position and taking into account the fact that the reduced rate on assets in excess of the last breakpoint lowers the Fund's overall investment management fee rate, the Board believed that the schedule of investment management fees provides a sharing of benefits for the Fund and its shareholders, but intends to monitor future growth and the appropriateness of adding additional breakpoints.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

VIP S 08/15

SEMIANNUAL REPORT
June 30, 2015

MFS® CORE EQUITY PORTFOLIO

MFS® Variable Insurance Trust II

RGS-SEM

MFS® CORE EQUITY PORTFOLIO

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The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,

Robert J. Manning

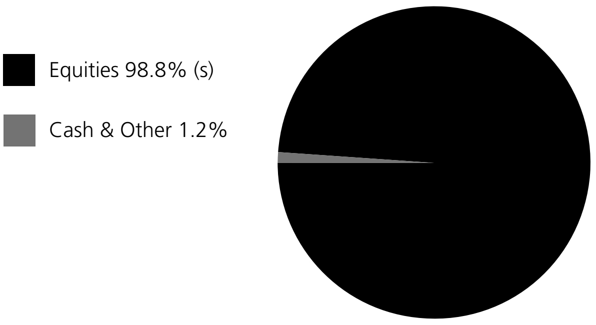
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure



Top ten holdings

Apple, Inc.	2.8%
JPMorgan Chase & Co.	1.8%
American International Group, Inc.	1.8%
Wells Fargo & Co.	1.6%
Hess Corp.	1.6%
Allergan PLC	1.5%
American Express Co.	1.3%
Valero Energy Corp.	1.3%
American Tower Corp., REIT	1.2%
Eli Lilly & Co.	1.2%

Equity sectors

Financial Services	18.3%
Health Care	15.3%
Technology	15.1%
Industrial Goods & Services	7.2%
Retailing	7.0%
Consumer Staples	6.5%
Energy	6.5%
Utilities & Communications (s)	5.6%
Leisure (s)	5.3%
Basic Materials	4.5%
Special Products & Services	4.0%
Autos & Housing	1.8%
Transportation (s)	1.7%

(s) Includes securities sold short.

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.84%	$1,000.00	$1,035.90	$4.24
	Hypothetical (h)	0.84%	$1,000.00	$1,020.63	$4.21
Service Class	Actual	1.09%	$1,000.00	$1,034.91	$5.50
	Hypothetical (h)	1.09%	$1,000.00	$1,019.39	$5.46

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

Notes to Expense Table

Expense ratios include 0.01% of investment related expenses from short sales that are outside of the expense limitation arrangement (See Notes 2 and 3 of the Notes to Financial Statements).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 98.9%		
Aerospace – 3.4%		
Honeywell International, Inc.	24,354	$ 2,483,379
Northrop Grumman Corp.	10,236	1,623,737
Rockwell Collins, Inc.	10,596	978,541
Textron, Inc.	9,109	406,535
United Technologies Corp.	20,017	2,220,486
		$ 7,712,678
Alcoholic Beverages – 0.4%		
Constellation Brands, Inc., "A"	7,767	$ 901,127
Apparel Manufacturers – 0.9%		
Hanesbrands, Inc.	27,766	$ 925,163
PVH Corp.	9,102	1,048,550
		$ 1,973,713
Automotive – 0.8%		
Delphi Automotive PLC	10,934	$ 930,374
Harley-Davidson, Inc.	16,603	935,579
		$ 1,865,953
Biotechnology – 2.4%		
Alder Biopharmaceuticals, Inc. (a)	8,760	$ 464,017
Alexion Pharmaceuticals, Inc. (a)	9,367	1,693,273
AMAG Pharmaceuticals, Inc. (a)	13,275	916,772
Biogen, Inc. (a)	5,447	2,200,261
Exact Sciences Corp. (a)	4,261	126,722
		$ 5,401,045
Broadcasting – 2.2%		
Nielsen Holdings B.V.	12,185	$ 545,522
Time Warner, Inc.	22,545	1,970,658
Twenty-First Century Fox, Inc.	76,995	2,505,802
		$ 5,021,982
Brokerage & Asset Managers – 2.4%		
Affiliated Managers Group, Inc. (a)	2,450	$ 535,570
BlackRock, Inc.	5,505	1,904,620
Franklin Resources, Inc.	30,077	1,474,675
NASDAQ OMX Group, Inc.	29,375	1,433,794
		$ 5,348,659
Business Services – 2.4%		
Accenture PLC, "A"	9,295	$ 899,570
Bright Horizons Family Solutions, Inc. (a)	16,895	976,531
Equifax, Inc.	3,472	337,096
Fidelity National Information Services, Inc.	16,284	1,006,351
Gartner, Inc. (a)	13,707	1,175,786
Global Payments, Inc.	4,318	446,697
IMS Health Holdings, Inc. (a)	15,709	481,481
Univar, Inc. (a)	6,138	159,772
		$ 5,483,284
Cable TV – 1.4%		
Charter Communications, Inc., "A" (a)	5,438	$ 931,258

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Cable TV – continued		
Time Warner Cable, Inc.	12,074	$ 2,151,225
		$ 3,082,483
Chemicals – 2.3%		
Agrium, Inc.	6,770	$ 717,490
LyondellBasell Industries N.V., "A"	10,954	1,133,958
Monsanto Co.	8,536	909,852
PPG Industries, Inc.	21,233	2,435,850
		$ 5,197,150
Computer Software – 3.2%		
Adobe Systems, Inc. (a)	24,961	$ 2,022,091
Intuit, Inc.	7,573	763,131
Oracle Corp.	36,297	1,462,769
Qlik Technologies, Inc. (a)	22,802	797,158
Salesforce.com, Inc. (a)	32,660	2,274,116
		$ 7,319,265
Computer Software – Systems – 4.8%		
Apple, Inc. (s)	50,316	$ 6,310,884
EMC Corp.	71,577	1,888,917
Hewlett-Packard Co.	11,544	346,435
NCR Corp. (a)	21,840	657,384
Sabre Corp.	30,558	727,280
SS&C Technologies Holdings, Inc.	12,177	761,063
Western Digital Corp.	2,108	165,309
		$ 10,857,272
Construction – 1.0%		
Interface, Inc.	46,184	$ 1,156,909
Sherwin-Williams Co.	3,912	1,075,878
		$ 2,232,787
Consumer Products – 2.2%		
Colgate-Palmolive Co.	36,352	$ 2,377,784
Estee Lauder Cos., Inc., "A"	16,943	1,468,280
Newell Rubbermaid, Inc.	24,923	1,024,585
		$ 4,870,649
Consumer Services – 1.6%		
Capella Education Co.	5,560	$ 298,405
Nord Anglia Education, Inc. (a)	38,297	939,042
Priceline Group, Inc. (a)	2,035	2,343,038
		$ 3,580,485
Containers – 0.3%		
Crown Holdings, Inc. (a)	5,760	$ 304,762
Graphic Packaging Holding Co.	20,321	283,072
		$ 587,834
Electrical Equipment – 2.1%		
Advanced Drainage Systems, Inc.	27,407	$ 803,847
AMETEK, Inc.	22,865	1,252,545
Danaher Corp.	24,738	2,117,325

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Electrical Equipment – continued		
W.W. Grainger, Inc.	2,105	$ 498,148
		$ 4,671,865
Electronics – 3.3%		
Avago Technologies Ltd.	18,700	$ 2,485,791
Freescale Semiconductor Ltd. (a)	9,558	382,033
KLA-Tencor Corp.	9,584	538,717
Mellanox Technologies Ltd. (a)	15,056	731,571
Microchip Technology, Inc.	6,690	317,273
Rubicon Technology, Inc. (a)	38,456	93,448
Skyworks Solutions, Inc.	4,800	499,680
Texas Instruments, Inc.	41,205	2,122,470
Ultratech, Inc. (a)	14,548	270,011
		$ 7,440,994
Energy – Independent – 4.7%		
Anadarko Petroleum Corp.	11,778	$ 919,391
Concho Resources, Inc. (a)	2,732	311,066
Energen Corp.	2,358	161,051
EOG Resources, Inc.	10,834	948,517
Goodrich Petroleum Corp. (a)	22,005	40,929
Hess Corp.	54,194	3,624,495
Memorial Resource Development Corp. (a)	22,527	427,337
Noble Energy, Inc.	9,300	396,924
Parsley Energy, Inc., "A" (a)	9,035	157,390
PDC Energy, Inc. (a)	1,578	84,644
Pioneer Natural Resources Co.	3,128	433,822
Rice Energy, Inc. (a)	7,558	157,433
Valero Energy Corp.	46,276	2,896,878
		$ 10,559,877
Energy – Integrated – 0.5%		
Chevron Corp.	11,348	$ 1,094,742
Food & Beverages – 2.9%		
Coca-Cola Co.	54,069	$ 2,121,127
General Mills, Inc.	17,627	982,176
Mead Johnson Nutrition Co., "A"	7,710	695,596
Mondelez International, Inc.	32,887	1,352,971
Snyders-Lance, Inc.	14,892	480,565
WhiteWave Foods Co., "A" (a)	19,795	967,580
		$ 6,600,015
Food & Drug Stores – 1.3%		
CVS Health Corp.	25,838	$ 2,709,889
Fairway Group Holdings Corp. (a)	60,699	216,088
		$ 2,925,977
Gaming & Lodging – 0.6%		
La Quinta Holdings, Inc. (a)	17,722	$ 404,948
Wynn Resorts Ltd.	9,744	961,440
		$ 1,366,388
General Merchandise – 1.6%		
Dollar Tree, Inc. (a)	12,113	$ 956,806
Five Below, Inc. (a)	28,730	1,135,697
Kohl's Corp.	10,661	667,485

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
General Merchandise – continued		
Target Corp.	11,150	$ 910,175
		$ 3,670,163
Health Maintenance Organizations – 1.3%		
Cigna Corp.	5,896	$ 955,152
UnitedHealth Group, Inc.	16,677	2,034,594
		$ 2,989,746
Insurance – 2.8%		
American International Group, Inc. (s)	63,903	$ 3,950,483
MetLife, Inc.	42,030	2,353,260
		$ 6,303,743
Internet – 2.8%		
Facebook, Inc., "A " (a)	13,365	$ 1,146,249
Google, Inc., "A" (a)	4,600	2,484,184
Google, Inc., "C" (a)	3,088	1,607,335
LinkedIn Corp., "A" (a)	4,656	962,069
		$ 6,199,837
Machinery & Tools – 1.7%		
Colfax Corp. (a)	16,570	$ 764,706
IPG Photonics Corp. (a)	8,517	725,435
Joy Global, Inc.	8,971	324,750
Roper Technologies, Inc.	12,254	2,113,325
		$ 3,928,216
Major Banks – 4.4%		
Goldman Sachs Group, Inc.	10,418	$ 2,175,174
JPMorgan Chase & Co. (s)	60,696	4,112,761
Wells Fargo & Co.	64,471	3,625,849
		$ 9,913,784
Medical & Health Technology & Services – 1.8%		
Cerner Corp. (a)	4,716	$ 325,687
Express Scripts Holding Co. (a)	5,638	501,444
HCA Holdings, Inc. (a)	6,357	576,707
Healthcare Services Group, Inc.	12,070	398,914
Henry Schein, Inc. (a)	2,907	413,143
McKesson Corp.	5,441	1,223,191
MedAssets, Inc. (a)	11,628	256,514
Universal Health Services, Inc.	2,834	402,711
		$ 4,098,311
Medical Equipment – 4.2%		
Abbott Laboratories	37,255	$ 1,828,475
AtriCure, Inc. (a)	8,435	207,838
Cepheid, Inc. (a)	3,997	244,417
Cooper Cos., Inc.	5,691	1,012,827
DexCom, Inc. (a)	4,183	334,556
Insulet Corp. (a)	7,518	232,945
Medtronic PLC	31,485	2,333,039
OraSure Technologies, Inc. (a)	36,090	194,525
STERIS Corp.	2,532	163,162
Stryker Corp.	20,670	1,975,432
TearLab Corp. (a)	47,369	95,685

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Medical Equipment – continued		
Thermo Fisher Scientific, Inc.	6,503	$ 843,829
		$ 9,466,730
Metals & Mining – 0.3%		
First Quantum Minerals Ltd.	20,619	$ 269,582
Lundin Mining Corp. (a)	86,885	356,862
		$ 626,444
Natural Gas – Distribution – 0.3%		
NorthWestern Corp.	13,627	$ 664,316
Natural Gas – Pipeline – 0.5%		
EQT GP Holdings LP (a)	4,221	$ 143,472
Plains GP Holdings LP	15,917	411,295
Williams Partners LP	13,533	655,403
		$ 1,210,170
Network & Telecom – 1.0%		
Cisco Systems, Inc.	69,568	$ 1,910,337
Ixia (a)	29,371	365,375
		$ 2,275,712
Oil Services – 1.3%		
Forum Energy Technologies, Inc. (a)	7,760	$ 157,373
Halliburton Co.	10,664	459,298
Oil States International, Inc. (a)	3,319	123,566
Schlumberger Ltd.	22,864	1,970,648
Tesco Corp.	14,342	156,328
		$ 2,867,213
Other Banks & Diversified Financials – 5.4%		
American Express Co.	37,298	$ 2,898,801
BB&T Corp.	22,093	890,569
Discover Financial Services	41,367	2,383,567
EuroDekania Ltd.	151,350	65,173
Fifth Third Bancorp	75,924	1,580,738
PrivateBancorp, Inc.	21,684	863,457
Texas Capital Bancshares, Inc. (a)	18,853	1,173,411
Visa, Inc., "A"	34,524	2,318,287
		$ 12,174,003
Pharmaceuticals – 5.6%		
Allergan PLC (a)	11,103	$ 3,369,316
Bristol-Myers Squibb Co.	34,594	2,301,885
Eli Lilly & Co.	33,232	2,774,540
Merck & Co., Inc.	33,038	1,880,853
Valeant Pharmaceuticals International, Inc. (a)	9,889	2,196,841
		$ 12,523,435
Railroad & Shipping – 1.2%		
Canadian Pacific Railway Ltd.	7,099	$ 1,137,473
Union Pacific Corp.	16,882	1,610,036
		$ 2,747,509
Real Estate – 3.3%		
Equity Lifestyle Properties, Inc., REIT	17,924	$ 942,444
Gramercy Property Trust, Inc., REIT	26,942	629,635

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Real Estate – continued		
Medical Properties Trust, Inc., REIT	89,091	$ 1,167,983
Mid-America Apartment Communities, Inc., REIT	20,126	1,465,374
Plum Creek Timber Co. Inc., REIT	31,593	1,281,728
Tanger Factory Outlet Centers, Inc., REIT	44,595	1,413,662
WP GLIMCHER, Inc., REIT	33,778	457,016
		$ 7,357,842
Restaurants – 1.1%		
Aramark	29,074	$ 900,422
Chuy's Holdings, Inc. (a)	4,522	121,144
Domino's Pizza, Inc.	3,690	418,446
YUM! Brands, Inc.	12,530	1,128,702
		$ 2,568,714
Specialty Chemicals – 1.7%		
Albemarle Corp.	21,799	$ 1,204,831
Amira Nature Foods Ltd. (a)(l)	11,781	135,364
Ecolab, Inc.	13,906	1,572,351
W.R. Grace & Co. (a)	8,437	846,231
		$ 3,758,777
Specialty Stores – 3.2%		
American Eagle Outfitters, Inc.	33,719	$ 580,641
AutoZone, Inc. (a)	1,969	1,313,126
Burlington Stores, Inc. (a)	11,139	570,317
Cabela's, Inc. (a)	9,833	491,453
Dick's Sporting Goods, Inc.	14,496	750,458
Gap, Inc.	15,875	605,949
Lumber Liquidators Holdings, Inc. (a)(l)	5,679	117,612
Ross Stores, Inc.	18,280	888,591
Sally Beauty Holdings, Inc. (a)	28,594	902,999
Urban Outfitters, Inc. (a)	29,468	1,031,380
		$ 7,252,526
Telecommunications – Wireless – 1.5%		
American Tower Corp., REIT	30,049	$ 2,803,271
SBA Communications Corp. (a)	4,412	507,248
		$ 3,310,519
Telephone Services – 0.8%		
Verizon Communications, Inc.	39,644	$ 1,847,807
Tobacco – 1.0%		
Altria Group, Inc.	22,076	$ 1,079,737
Philip Morris International, Inc.	7,822	627,090
Reynolds American, Inc.	7,559	564,355
		$ 2,271,182
Trucking – 0.7%		
FedEx Corp.	2,667	$ 454,457
Swift Transportation Co. (a)	46,822	1,061,455
		$ 1,515,912
Utilities – Electric Power – 2.3%		
American Electric Power Co., Inc.	14,599	$ 773,309
Calpine Corp. (a)	25,390	456,766

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Utilities – Electric Power – continued		
CMS Energy Corp.	26,053	$ 829,528
Dominion Resources, Inc.	7,806	521,987
Edison International	11,926	662,847
Exelon Corp.	20,301	637,857
NextEra Energy, Inc.	6,747	661,408
NRG Energy, Inc.	14,391	329,266
Pattern Energy Group, Inc.	14,499	411,482
		$ 5,284,450
Total Common Stocks (Identified Cost, $179,721,960)		**$222,923,285**
CONVERTIBLE PREFERRED STOCKS – 0.3%		
Telephone Services – 0.3%		
Frontier Communications Corp., 11.125% (Identified Cost, $541,050) (a)	5,382	$ 537,662
MONEY MARKET FUNDS – 0.1%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	243,761	$ 243,761
COLLATERAL FOR SECURITIES LOANED – 0.3%		
Navigator Securities Lending Prime Portfolio, 0.19%, at Cost and Net Asset Value (j)	716,132	$ 716,132
Total Investments (Identified Cost, $181,222,903)		**$224,420,840**
SECURITIES SOLD SHORT – (0.4)%		
Gaming & Lodging – (0.1)%		
Marriott International, Inc., "A"	(2,417)	$ (179,801)
SECURITIES SOLD SHORT – continued		
Telecommunications – Wireless – (0.1)%		
Crown Castle International Corp., REIT	(4,189)	$ (336,377)
Trucking – (0.2)%		
United Parcel Service, Inc., "B"	(4,754)	$ (460,710)
Total Securities Sold Short (Proceeds Received, $964,806)		**$ (976,888)**
OTHER ASSETS, LESS LIABILITIES – 0.8%		**1,730,204**
NET ASSETS – 100.0%		**$225,174,156**

(a) Non-income producing security.

(j) The rate quoted is the annualized seven-day yield of the fund at period end.

(l) A portion of this security is on loan.

(s) Security or a portion of the security was pledged to cover collateral requirements for securities sold short.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

At June 30, 2015, the fund had cash collateral of $2,310 and other liquid securities with an aggregate value of $1,700,308 to cover any commitments for securities sold short. Cash collateral is comprised of "Deposits with brokers" in the Statement of Assets and Liabilities.

The following abbreviations are used in this report and are defined:

PLC Public Limited Company

REIT Real Estate Investment Trust

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15		
Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $180,979,142)	$224,177,079	
Underlying affiliated funds, at cost and value	243,761	
Total investments, at value, including $705,802 of securities on loan (identified cost, $181,222,903)	$224,420,840	
Deposits with brokers	2,310	
Receivables for		
Investments sold	2,624,943	
Fund shares sold	238,434	
Interest and dividends	230,909	
Other assets	886	
Total assets		$227,518,322
Liabilities		
Payables for		
Securities sold short, at value (proceeds received, $964,806)	$976,888	
Investments purchased	455,160	
Fund shares reacquired	112,529	
Collateral for securities loaned, at value	716,132	
Payable to affiliates		
Investment adviser	8,073	
Shareholder servicing costs	30	
Distribution and/or service fees	695	
Payable for independent Trustees' compensation	40	
Accrued expenses and other liabilities	74,619	
Total liabilities		$2,344,166
Net assets		$225,174,156
Net assets consist of		
Paid-in capital	$152,483,414	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	43,185,846	
Accumulated net realized gain (loss) on investments and foreign currency	27,758,748	
Undistributed net investment income	1,746,148	
Net assets		$225,174,156
Shares of beneficial interest outstanding		9,310,937

	Net assets	Shares outstanding	Net asset value per share
Initial Class	$174,541,828	7,201,859	$24.24
Service Class	50,632,328	2,109,078	24.01

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Dividends	$1,525,232	
Interest	18,468	
Dividends from underlying affiliated funds	796	
Foreign taxes withheld	(2,803)	
Total investment income		$1,541,693
Expenses		
Management fee	$738,640	
Distribution and/or service fees	61,875	
Shareholder servicing costs	2,665	
Administrative services fee	20,255	
Independent Trustees' compensation	2,418	
Custodian fee	14,085	
Shareholder communications	8,184	
Audit and tax fees	27,513	
Legal fees	6,415	
Dividend and interest expense on securities sold short	10,707	
Miscellaneous	7,293	
Total expenses		$900,050
Fees paid indirectly	(7)	
Reduction of expenses by investment adviser	(6,577)	
Net expenses		$893,466
Net investment income		$648,227
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$11,421,686	
Securities sold short	(46,490)	
Foreign currency	(436)	
Net realized gain (loss) on investments and foreign currency		$11,374,760
Change in unrealized appreciation (depreciation)		
Investments	$(5,479,670)	
Securities sold short	41,049	
Translation of assets and liabilities in foreign currencies	(9)	
Net unrealized gain (loss) on investments and foreign currency translation		$(5,438,630)
Net realized and unrealized gain (loss) on investments and foreign currency		$5,936,130
Change in net assets from operations		$6,584,357

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$648,227	$1,098,096
Net realized gain (loss) on investments and foreign currency	11,374,760	16,480,956
Net unrealized gain (loss) on investments and foreign currency translation	(5,438,630)	(53,240)
Change in net assets from operations	$6,584,357	$17,525,812
Distributions declared to shareholders		
From net investment income	$—	$(1,201,680)
From net realized gain on investments	—	(2,447,779)
Total distributions declared to shareholders	$—	$(3,649,459)
Change in net assets from fund share transactions	$53,950,735	$(16,674,844)
Total change in net assets	$60,535,092	$(2,798,491)
Net assets		
At beginning of period	164,639,064	167,437,555
At end of period (including undistributed net investment income of $1,746,148 and $1,097,921, respectively)	$225,174,156	$164,639,064

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$23.40	$21.49	$16.12	$13.95	$14.23	$12.27
Income (loss) from investment operations						
Net investment income (d)	$0.09	$0.16	$0.16	$0.17	$0.11	$0.12
Net realized and unrealized gain (loss) on investments and foreign currency	0.75	2.27	5.40	2.12	(0.25)	1.98
Total from investment operations	$0.84	$2.43	$5.56	$2.29	$(0.14)	$2.10
Less distributions declared to shareholders						
From net investment income	$—	$(0.18)	$(0.19)	$(0.12)	$(0.14)	$(0.14)
From net realized gain on investments	—	(0.34)	—	—	—	—
Total distributions declared to shareholders	$—	$(0.52)	$(0.19)	$(0.12)	$(0.14)	$(0.14)
Net asset value, end of period (x)	$24.24	$23.40	$21.49	$16.12	$13.95	$14.23
Total return (%) (k)(r)(s)(x)	3.59(n)	11.38	34.62	16.46	(0.94)	17.22
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.85(a)	0.85	0.85	0.85	0.88	0.90
Expenses after expense reductions (f)	0.84(a)	0.84	0.85	0.85	0.87	0.86
Net investment income	0.72(a)	0.74	0.85	1.10	0.75	0.98
Portfolio turnover	29(n)	48	55	63	65	69
Net assets at end of period (000 omitted)	$174,542	$115,826	$117,044	$97,349	$96,375	$112,121
Supplemental Ratios (%):						
Ratio of expenses to average net assets after expense reductions excluding short sale dividend and interest expense (f)	0.83(a)	0.84	0.84	0.85	0.87	0.85

See Notes to Financial Statements

Service Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31 2014	2013	2012	2011	2010
Net asset value, beginning of period	$23.20	$21.32	$16.00	$13.84	$14.13	$12.19
Income (loss) from investment operations						
Net investment income (d)	$0.06	$0.11	$0.11	$0.13	$0.07	$0.09
Net realized and unrealized gain (loss) on investments and foreign currency	0.75	2.24	5.36	2.11	(0.25)	1.97
Total from investment operations	$0.81	$2.35	$5.47	$2.24	$(0.18)	$2.06
Less distributions declared to shareholders						
From net investment income	$—	$(0.13)	$(0.15)	$(0.08)	$(0.11)	$(0.12)
From net realized gain on investments	—	(0.34)	—	—	—	—
Total distributions declared to shareholders	$—	$(0.47)	$(0.15)	$(0.08)	$(0.11)	$(0.12)
Net asset value, end of period (x)	$24.01	$23.20	$21.32	$16.00	$13.84	$14.13
Total return (%) (k)(r)(s)(x)	3.49(n)	11.07	34.28	16.24	(1.25)	16.95
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.10(a)	1.10	1.10	1.10	1.13	1.15
Expenses after expense reductions (f)	1.09(a)	1.09	1.10	1.10	1.12	1.11
Net investment income	0.48(a)	0.49	0.60	0.85	0.51	0.73
Portfolio turnover	29(n)	48	55	63	65	69
Net assets at end of period (000 omitted)	$50,632	$48,813	$50,394	$41,707	$37,337	$35,819
Supplemental Ratios (%):						
Ratio of expenses to average net assets after expense reductions excluding short sale dividend and interest expense (f)	1.08(a)	1.09	1.09	1.10	1.12	1.10

(a) Annualized.

(d) Per share data is based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.

(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.

(n) Not annualized.

(r) Certain expenses have been reduced without which performance would have been lower.

(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS Core Equity Portfolio (the fund) is a diversified series of MFS Variable Insurance Trust II (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund’s Statement of Assets and Liabilities through the date that the financial statements were issued.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures (“ASU 2014-11”). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund’s adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund’s accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund’s right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund’s Significant Accounting Policies note under the captions for each of the fund’s in-scope financial instruments and transactions.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Equity securities held short, for which there were no sales reported for that day, are generally valued at the last quoted daily ask quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund’s investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund’s valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment’s value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund’s net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund’s net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund’s foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities:				
United States	$217,643,120	$—	$—	$217,643,120
Canada	4,678,248	—	—	4,678,248
Hong Kong	939,042	—	—	939,042
United Arab Emirates	135,364	—	—	135,364
Cayman Islands	—	—	65,173	65,173
Mutual Funds	959,893	—	—	959,893
Total Investments	$224,355,667	$—	$65,173	$224,420,840
Short Sales	$(976,888)	$—	$—	$(976,888)

For further information regarding security characteristics, see the Portfolio of Investments.

The following is a reconciliation of level 3 assets for which significant unobservable inputs were used to determine fair value. The fund's policy is to recognize transfers between the levels as of the end of the period. The table presents the activity of level 3 securities held at the beginning and the end of the period.

	Equity Securities
Balance as of 12/31/14	$54,741
Change in unrealized appreciation (depreciation)	(11,452)
Acquired in merger	21,884
Balance as of 6/30/15	$65,173

The net change in unrealized appreciation (depreciation) from investments still held as level 3 at June 30, 2015 is $(11,452). At June 30, 2015, the fund held one level 3 security.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Short Sales – The fund entered into short sales whereby it sells a security it does not own in anticipation of a decline in the value of that security. The fund will realize a gain if the security price decreases and a loss if the security price increases between the date of the short sale and the date on which the fund replaces the borrowed security. Losses from short sales can exceed the proceeds of the security sold; and they can also exceed the potential loss from an ordinary buy and sell transaction. The amount of any premium, dividends, or interest the fund may be required to pay in connection with a short sale will be recognized as a fund expense. During the six months ended June 30, 2015, this expense amounted to $10,707. The fund segregates cash or marketable securities in an amount that, when combined with the amount of proceeds from the short sale deposited with the broker, at least equals the current market value of the security sold short.

Security Loans – Under its Securities Lending Agency Agreement with the fund, State Street Bank and Trust Company ("State Street"), as lending agent, loans the securities of the fund to certain qualified institutions (the "Borrowers") approved by the fund. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. On loans collateralized by cash, the cash collateral is invested in a money market fund. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. In the event of Borrower default, State Street will for the benefit of the fund either purchase securities identical to those loaned or, when such purchase is commercially impracticable, pay the fund the market value of the loaned securities. In return, State Street assumes the fund's rights to the related collateral. If the collateral value is less than the cost to purchase identical securities, State Street is responsible for the shortfall, but only to the extent that such shortfall is not due to a decline in collateral value resulting from collateral reinvestment for which the fund bears the risk of loss. At period end, the fund had investment securities on loan with a fair value of $705,802 and a related liability of $716,132 for cash collateral received on securities loaned, both of which are presented gross in the Statement of Assets and Liabilities. The collateral received on securities loaned exceeded the value of securities on loan at period end. The liability for cash collateral for securities loaned is carried at fair value, which is categorized as level 2 within the fair value hierarchy. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is included in "Interest" income in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. The amount of the credit, for the six months ended June 30, 2015, is shown as a reduction of total expenses in the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$1,201,680
Long-term capital gains	2,447,779
Total distributions	$3,649,459

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$181,400,336
Gross appreciation	50,201,405
Gross depreciation	(7,180,901)
Net unrealized appreciation (depreciation)	$43,020,504
As of 12/31/14	
Undistributed ordinary income	4,880,824
Undistributed long-term capital gain	12,801,638
Other temporary differences	(76,251)
Net unrealized appreciation (depreciation)	37,170,827

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income		From net realized gain on investments	
	Six months ended 6/30/15	Year ended 12/31/14	Six months ended 6/30/15	Year ended 12/31/14
Initial Class	$—	$921,244	$—	$1,709,770
Service Class	—	280,436	—	738,009
Total	$—	$1,201,680	$—	$2,447,779

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.75%
Average daily net assets in excess of $1 billion	0.65%

The investment adviser has agreed in writing to reduce its management fee to 0.60% of average daily net assets in excess of $2.5 billion. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until April 30, 2017. For the six months ended June 30, 2015, the fund's average daily net assets did not exceed $2.5 billion and therefore, the management fee was not reduced in accordance with this agreement. MFS has also agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $6,577, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.74% of the fund's average daily net assets.

Effective March 28, 2015, the investment adviser has agreed in writing to pay a portion of the fund's total annual operating expenses, excluding interest, taxes, extraordinary expenses, brokerage and transaction costs, and investment-related expenses (such as short sale dividend and interest expenses incurred in connection with the fund's investment activity), such that total annual operating expenses do not exceed 0.84% of average daily net assets for the Initial Class shares and 1.09% of average daily net assets for the Service Class shares. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until April 30, 2017. For the period from March 28, 2015 through June 30, 2015, the fund's actual operating expenses did not exceed the limit and therefore, the investment adviser did not pay any portion of the fund's expenses related to this agreement.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $2,652, which equated to 0.0027% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $13.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0206% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $226 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short-term obligations, aggregated $54,395,134 and $65,752,545, respectively. Purchases exclude the value of securities acquired in connection with the MFS Core Equity Series merger. (See Note 8.)

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold				
Initial Class	155,568	$3,736,930	174,011	$3,827,167
Service Class	91,960	2,200,197	251,018	5,503,108
	247,528	$5,937,127	425,029	$9,330,275
Shares issued in connection with acquisition of MFS Core Equity Series				
Initial Class	2,543,983	$60,953,837		
Service Class	168,899	4,011,358		
	2,712,882	$64,965,195		
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	115,548	$2,631,014
Service Class	—	—	45,064	1,018,445
	—	$—	160,612	$3,649,459

	Six months ended 6/30/15 Shares	Six months ended 6/30/15 Amount	Year ended 12/31/14 Shares	Year ended 12/31/14 Amount
Shares reacquired				
Initial Class	(448,057)	$(10,842,122)	(785,003)	$(17,414,315)
Service Class	(255,732)	(6,109,465)	(555,931)	(12,240,263)
	(703,789)	$(16,951,587)	(1,340,934)	$(29,654,578)
Net change				
Initial Class	2,251,494	$53,848,645	(495,444)	$(10,956,134)
Service Class	5,127	102,090	(259,849)	(5,718,710)
	2,256,621	$53,950,735	(755,293)	$(16,674,844)

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $293 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	2,418,386	19,196,508	(21,371,133)	243,761

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$796	$243,761

(8) Acquisitions

At close of business on March 27, 2015, the fund with net assets of approximately $164,864,316, acquired all of the assets and liabilities of MFS Core Equity Series, a series of MFS Variable Insurance Trust. The purpose of the transaction was to provide shareholders of MFS Core Equity Series the opportunity to participate in a larger combined portfolio with an identical investment objective, investment policies and strategies. The acquisition was accomplished by a tax-free exchange of approximately 2,712,882 shares of the fund (valued at approximately $64,965,195) for all of the assets and liabilities of MFS Core Equity Series. MFS Core Equity Series then distributed the shares of the fund that MFS Core Equity Series received from the fund to its shareholders. MFS Core Equity Series' investments on that date were valued at approximately $67,331,560 with a cost basis of approximately $56,001,514. For financial reporting purposes, assets received and shares issued by the fund were recorded at fair value; however, the cost basis of the investments received from MFS Core Equity Series were carried forward to align ongoing reporting of the fund's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of MFS Core Equity Series that have been included in the fund's Statement of Operations since March 27, 2015.

Assuming the acquisition had been completed on January 1, 2015, the fund's pro forma results of operations for the six months ended June 30, 2015 are as follows:

Net investment income	$778,016
Net realized and unrealized gain (loss) on investments and foreign currency	7,428,561
Change in net assets from operations	$8,206,577

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products" section of *mfs.com*.

MFS®

SEMIANNUAL REPORT
June 30, 2015

MFS®

MFS® GROWTH SERIES

MFS® Variable Insurance Trust

VEG-SEM

MFS® GROWTH SERIES

CONTENTS

The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

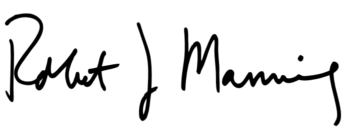
Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,



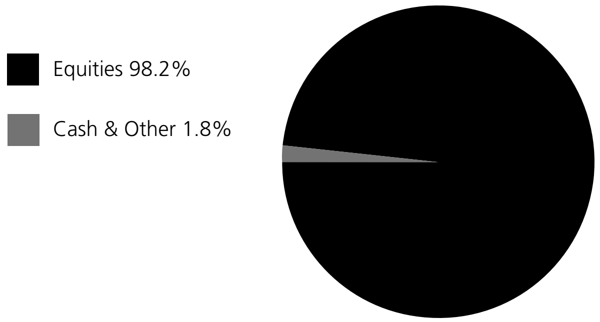
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure



Top ten holdings

Apple, Inc.	4.0%
Visa, Inc., "A"	3.3%
Facebook, Inc., "A"	2.7%
MasterCard, Inc., "A"	2.6%
Google, Inc., "A"	2.4%
Allergan PLC	2.4%
Danaher Corp.	2.3%
Thermo Fisher Scientific, Inc.	2.3%
Google, Inc., "C"	2.1%
Biogen, Inc.	2.0%

Equity sectors

Technology	20.5%
Health Care	20.4%
Retailing	14.5%
Financial Services	10.2%
Leisure	8.8%
Special Products & Services	5.7%
Industrial Goods & Services	5.6%
Consumer Staples	4.9%
Autos & Housing	2.1%
Transportation	1.7%
Utilities & Communications	1.7%
Basic Materials	1.4%
Energy	0.7%

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders during the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.75%	$1,000.00	$1,037.48	$3.79
	Hypothetical (h)	0.75%	$1,000.00	$1,021.08	$3.76
Service Class	Actual	1.00%	$1,000.00	$1,036.37	$5.05
	Hypothetical (h)	1.00%	$1,000.00	$1,019.84	$5.01

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 98.2%		
Aerospace – 0.9%		
Honeywell International, Inc.	106,987	$ 10,909,460
Rockwell Collins, Inc.	40,545	3,744,331
		$ 14,653,791
Airlines – 0.2%		
Spirit Airlines, Inc. (a)	60,649	$ 3,766,303
Alcoholic Beverages – 1.5%		
Constellation Brands, Inc., "A"	134,464	$ 15,600,513
Pernod Ricard S.A.	61,856	7,144,270
		$ 22,744,783
Apparel Manufacturers – 2.5%		
LVMH Moet Hennessy Louis Vuitton S.A.	57,812	$ 10,128,582
NIKE, Inc., "B"	107,584	11,621,224
PVH Corp.	29,845	3,438,144
VF Corp.	189,056	13,184,765
		$ 38,372,715
Biotechnology – 6.8%		
Alexion Pharmaceuticals, Inc. (a)	110,140	$ 19,910,008
Biogen, Inc. (a)	76,191	30,776,593
Celgene Corp. (a)	142,252	16,463,535
Gilead Sciences, Inc.	72,050	8,435,614
Isis Pharmaceuticals, Inc. (a)	34,899	2,008,437
Regeneron Pharmaceuticals, Inc. (a)	41,761	21,303,539
Vertex Pharmaceuticals, Inc. (a)	48,430	5,980,136
		$ 104,877,862
Broadcasting – 2.3%		
Time Warner, Inc.	186,134	$ 16,269,973
Twenty-First Century Fox, Inc.	555,430	18,076,469
Walt Disney Co.	16,127	1,840,736
		$ 36,187,178
Brokerage & Asset Managers – 3.5%		
Affiliated Managers Group, Inc. (a)	50,933	$ 11,133,954
BlackRock, Inc.	36,858	12,752,131
Charles Schwab Corp.	162,897	5,318,587
Intercontinental Exchange, Inc.	108,728	24,312,668
		$ 53,517,340
Business Services – 4.1%		
Cognizant Technology Solutions Corp., "A" (a)	373,864	$ 22,839,352
Equifax, Inc.	80,696	7,834,775
Fiserv, Inc. (a)	67,689	5,606,680
FleetCor Technologies, Inc. (a)	92,188	14,386,859
Realogy Holdings Corp. (a)	121,744	5,687,880
Verisk Analytics, Inc., "A" (a)	74,164	5,396,173
Zillow Group, Inc. (a)	24,886	2,158,612
		$ 63,910,331
Cable TV – 1.2%		
Comcast Corp., "Special A"	306,675	$ 18,382,100

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Chemicals – 1.0%		
Monsanto Co.	139,577	$ 14,877,512
Computer Software – 4.5%		
Adobe Systems, Inc. (a)	325,143	$ 26,339,834
Intuit, Inc.	99,015	9,977,742
Oracle Corp.	284,263	11,455,799
Salesforce.com, Inc. (a)	327,116	22,777,087
		$ 70,550,462
Computer Software – Systems – 5.2%		
Apple, Inc.	489,734	$ 61,424,887
EMC Corp.	574,310	15,156,041
Sabre Corp.	179,321	4,267,840
		$ 80,848,768
Construction – 2.1%		
Sherwin-Williams Co.	87,599	$ 24,091,477
Vulcan Materials Co.	96,623	8,109,568
		$ 32,201,045
Consumer Products – 1.6%		
Colgate-Palmolive Co.	225,166	$ 14,728,108
Estee Lauder Cos., Inc., "A"	119,386	10,345,991
		$ 25,074,099
Consumer Services – 1.5%		
Priceline Group, Inc. (a)	20,795	$ 23,942,739
Electrical Equipment – 3.4%		
AMETEK, Inc.	287,055	$ 15,724,873
Danaher Corp.	423,267	36,227,423
		$ 51,952,296
Electronics – 1.9%		
Avago Technologies Ltd.	116,572	$ 15,495,916
Broadcom Corp., "A"	185,016	9,526,474
NXP Semiconductors N.V. (a)	51,396	5,047,087
		$ 30,069,477
Energy – Independent – 0.4%		
Anadarko Petroleum Corp.	49,167	$ 3,837,976
Noble Energy, Inc.	52,974	2,260,930
		$ 6,098,906
Entertainment – 1.5%		
Netflix, Inc. (a)	34,334	$ 22,555,378
Food & Beverages – 1.8%		
Danone S.A.	124,595	$ 8,055,083
Mead Johnson Nutrition Co., "A"	105,860	9,550,689
Mondelez International, Inc.	261,862	10,773,003
		$ 28,378,775
Food & Drug Stores – 1.6%		
CVS Health Corp.	232,999	$ 24,436,935

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Gaming & Lodging – 1.2%		
Hilton Worldwide Holdings, Inc. (a)	274,618	$ 7,565,726
Marriott International, Inc., "A"	120,931	8,996,057
Wynn Resorts Ltd.	15,127	1,492,581
		$ 18,054,364
General Merchandise – 2.7%		
Costco Wholesale Corp.	93,975	$ 12,692,264
Dollar General Corp.	210,866	16,392,723
Dollar Tree, Inc. (a)	155,032	12,245,978
		$ 41,330,965
Internet – 8.8%		
Alibaba Group Holding Ltd., ADR (a)	75,443	$ 6,206,696
Facebook, Inc., "A " (a)	489,175	41,954,094
Google, Inc., "A" (a)	69,335	37,443,673
Google, Inc., "C" (a)	62,292	32,423,609
LinkedIn Corp., "A" (a)	74,173	15,326,367
Twitter, Inc. (a)	99,321	3,597,407
		$ 136,951,846
Machinery & Tools – 1.3%		
Colfax Corp. (a)	98,128	$ 4,528,607
Roper Technologies, Inc.	94,364	16,274,015
		$ 20,802,622
Major Banks – 0.8%		
Morgan Stanley	310,382	$ 12,039,718
Medical & Health Technology & Services – 2.1%		
Cerner Corp. (a)	150,933	$ 10,423,433
McKesson Corp.	98,593	22,164,692
		$ 32,588,125
Medical Equipment – 5.3%		
Abbott Laboratories	340,726	$ 16,722,832
C.R. Bard, Inc.	30,092	5,136,704
Cooper Cos., Inc.	36,376	6,473,837
Medtronic PLC	236,034	17,490,119
Thermo Fisher Scientific, Inc.	278,650	36,157,624
		$ 81,981,116
Oil Services – 0.4%		
Schlumberger Ltd.	63,153	$ 5,443,157
Other Banks & Diversified Financials – 6.0%		
MasterCard, Inc., "A"	437,022	$ 40,852,817
Visa, Inc., "A"	769,762	51,689,518
		$ 92,542,335
Pharmaceuticals – 6.2%		
Allergan PLC (a)	121,757	$ 36,948,379
Bristol-Myers Squibb Co.	396,605	26,390,097
Eli Lilly & Co.	129,032	10,772,882
Receptos, Inc. (a)	26,793	5,092,010
Valeant Pharmaceuticals International, Inc. (a)	57,198	12,706,536
Zoetis, Inc.	102,577	4,946,263
		$ 96,856,167

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Printing & Publishing – 0.5%		
Moody's Corp.	77,815	$ 8,400,907
Railroad & Shipping – 0.9%		
Canadian Pacific Railway Ltd.	55,897	$ 8,956,376
Union Pacific Corp.	57,236	5,458,597
		$ 14,414,973
Restaurants – 2.2%		
Aramark	271,246	$ 8,400,489
Starbucks Corp.	435,878	23,369,599
YUM! Brands, Inc.	21,051	1,896,274
		$ 33,666,362
Specialty Chemicals – 0.4%		
Ecolab, Inc.	54,526	$ 6,165,255
Specialty Stores – 7.7%		
Amazon.com, Inc. (a)	67,909	$ 29,478,618
AutoZone, Inc. (a)	23,385	15,595,457
Burlington Stores, Inc. (a)	107,657	5,512,038
L Brands, Inc.	55,283	4,739,412
Ross Stores, Inc.	607,614	29,536,117
Tiffany & Co.	18,310	1,680,858
TJX Cos., Inc.	333,247	22,050,954
Tractor Supply Co.	111,183	9,999,799
Urban Outfitters, Inc. (a)	40,665	1,423,275
		$ 120,016,528
Telecommunications – Wireless – 1.7%		
American Tower Corp., REIT	280,564	$ 26,173,816
Trucking – 0.5%		
FedEx Corp.	47,839	$ 8,151,766
Total Common Stocks (Identified Cost, $1,016,286,276)		**$1,522,978,817**
MONEY MARKET FUNDS – 1.6%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	24,004,512	$ 24,004,512
Total Investments (Identified Cost, $1,040,290,788)		**$1,546,983,329**
OTHER ASSETS, LESS LIABILITIES – 0.2%		**3,311,993**
NET ASSETS – 100.0%		**$1,550,295,322**

(a) Non-income producing security.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

The following abbreviations are used in this report and are defined:

ADR American Depositary Receipt

PLC Public Limited Company

REIT Real Estate Investment Trust

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15

Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $1,016,286,276)	$1,522,978,817	
Underlying affiliated funds, at cost and value	24,004,512	
Total investments, at value (identified cost, $1,040,290,788)	$1,546,983,329	
Receivables for		
Investments sold	13,493,620	
Fund shares sold	207,278	
Interest and dividends	810,209	
Other assets	3,971	
Total assets		$1,561,498,407
Liabilities		
Payables for		
Investments purchased	$6,588,948	
Fund shares reacquired	4,376,901	
Payable to affiliates		
Investment adviser	52,310	
Shareholder servicing costs	1,240	
Distribution and/or service fees	3,777	
Payable for independent Trustees' compensation	16	
Accrued expenses and other liabilities	179,893	
Total liabilities		$11,203,085
Net assets		$1,550,295,322
Net assets consist of		
Paid-in capital	$904,517,425	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	506,692,443	
Accumulated net realized gain (loss) on investments and foreign currency	135,910,932	
Undistributed net investment income	3,174,522	
Net assets		$1,550,295,322
Shares of beneficial interest outstanding		37,766,978

	Net assets	Shares outstanding	Net asset value per share
Initial Class	$1,277,044,905	30,965,461	$41.24
Service Class	273,250,417	6,801,517	40.17

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Dividends	$7,360,668	
Interest	16,084	
Dividends from underlying affiliated funds	13,440	
Foreign taxes withheld	(54,216)	
Total investment income		$7,335,976
Expenses		
Management fee	$5,604,985	
Distribution and/or service fees	343,875	
Shareholder servicing costs	38,233	
Administrative services fee	128,957	
Independent Trustees' compensation	17,120	
Custodian fee	64,553	
Shareholder communications	63,533	
Audit and tax fees	28,016	
Legal fees	6,655	
Miscellaneous	18,183	
Total expenses		$6,314,110
Fees paid indirectly	(24)	
Reduction of expenses by investment adviser	(52,180)	
Net expenses		$6,261,906
Net investment income		$1,074,070
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$53,848,130	
Foreign currency	4,921	
Net realized gain (loss) on investments and foreign currency		$53,853,051
Change in unrealized appreciation (depreciation)		
Investments	$3,789,405	
Translation of assets and liabilities in foreign currencies	(2,901)	
Net unrealized gain (loss) on investments and foreign currency translation		$3,786,504
Net realized and unrealized gain (loss) on investments and foreign currency		$57,639,555
Change in net assets from operations		$58,713,625

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$1,074,070	$2,104,826
Net realized gain (loss) on investments and foreign currency	53,853,051	93,277,069
Net unrealized gain (loss) on investments and foreign currency translation	3,786,504	34,228,741
Change in net assets from operations	$58,713,625	$129,610,636
Distributions declared to shareholders		
From net investment income	$—	$(1,315,037)
From net realized gain on investments	—	(101,856,096)
Total distributions declared to shareholders	$—	$(103,171,133)
Change in net assets from fund share transactions	$(51,416,113)	$(34,019,063)
Total change in net assets	$7,297,512	$(7,579,560)
Net assets		
At beginning of period	1,542,997,810	1,550,577,370
At end of period (including undistributed net investment income of $3,174,522 and $2,100,452, respectively)	$1,550,295,322	$1,542,997,810

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$39.75	$39.07	$28.83	$24.56	$24.69	$21.43
Income (loss) from investment operations						
Net investment income (loss) (d)	$0.04	$0.07	$0.04	$0.13	$(0.00)(w)	$0.05
Net realized and unrealized gain (loss) on investments and foreign currency	1.45	3.33	10.53	4.14	(0.08)	3.24
Total from investment operations	$1.49	$3.40	$10.57	$4.27	$(0.08)	$3.29
Less distributions declared to shareholders						
From net investment income	$—	$(0.04)	$(0.08)	$—	$(0.05)	$(0.03)
From net realized gain on investments	—	(2.68)	(0.25)	—	—	—
Total distributions declared to shareholders	$—	$(2.72)	$(0.33)	$—	$(0.05)	$(0.03)
Net asset value, end of period (x)	$41.24	$39.75	$39.07	$28.83	$24.56	$24.69
Total return (%) (k)(r)(s)(x)	3.75(n)	8.94	36.85	17.39	(0.32)	15.34
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.76(a)	0.76	0.77	0.82	0.84	0.85
Expenses after expense reductions (f)	0.75(a)	0.76	0.77	0.82	0.84	0.85
Net investment income	0.18(a)	0.18	0.13	0.45	(0.00)(w)	0.24
Portfolio turnover	18(n)	36	43	52	75	100
Net assets at end of period (000 omitted)	$1,277,045	$1,263,935	$1,308,361	$1,007,422	$461,382	$503,497

Service Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$38.77	$38.22	$28.25	$24.13	$24.27	$21.10
Income (loss) from investment operations						
Net investment income (loss) (d)	$(0.01)	$(0.02)	$(0.04)	$0.07	$(0.06)	$0.00(w)
Net realized and unrealized gain (loss) on investments and foreign currency	1.41	3.25	10.30	4.05	(0.08)	3.17
Total from investment operations	$1.40	$3.23	$10.26	$4.12	$(0.14)	$3.17
Less distributions declared to shareholders						
From net investment income	$—	$—	$(0.04)	$—	$(0.00)(w)	$—
From net realized gain on investments	—	(2.68)	(0.25)	—	—	—
Total distributions declared to shareholders	$—	$(2.68)	$(0.29)	$—	$(0.00)(w)	$—
Net asset value, end of period (x)	$40.17	$38.77	$38.22	$28.25	$24.13	$24.27
Total return (%) (k)(r)(s)(x)	3.61(n)	8.68	36.49	17.07	(0.56)	15.02
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.01(a)	1.01	1.02	1.07	1.09	1.10
Expenses after expense reductions (f)	1.00(a)	1.01	1.02	1.07	1.09	1.10
Net investment income (loss)	(0.07)(a)	(0.06)	(0.12)	0.26	(0.25)	0.02
Portfolio turnover	18(n)	36	43	52	75	100
Net assets at end of period (000 omitted)	$273,250	$279,063	$242,216	$134,247	$56,810	$43,161

See Notes to Financial Statements

Financial Highlights – continued

(a) Annualized.
(d) Per share data is based on average shares outstanding.
(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.
(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.
(n) Not annualized.
(r) Certain expenses have been reduced without which performance would have been lower.
(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.
(w) Per share amount was less than $0.01 or ratio was less than 0.01%.
(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS Growth Series (the fund) is a diversified series of MFS Variable Insurance Trust (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities	$1,522,978,817	$—	$—	$1,522,978,817
Mutual Funds	24,004,512	—	—	24,004,512
Total Investments	$1,546,983,329	$—	$—	$1,546,983,329

For further information regarding security characteristics, see the Portfolio of Investments.

Of the level 1 investments presented above, equity investments amounting to $25,327,935 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued at fair value. The fund's policy is to recognize transfers between the levels as of the end of the period.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Security Loans – Under its Securities Lending Agency Agreement with the fund, State Street Bank and Trust Company ("State Street"), as lending agent, loans the securities of the fund to certain qualified institutions (the "Borrowers") approved by the fund. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. On loans collateralized by cash, the cash collateral is invested in a money market fund. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. In the event of Borrower default, State Street will for the benefit of the fund either purchase securities identical to those loaned or, when such purchase is commercially impracticable, pay the fund the market value of the loaned securities. In return, State Street assumes the fund's rights to the related collateral. If the collateral value is less than the cost to purchase identical securities, State Street is responsible for the shortfall, but only to the extent that such shortfall is not due to a decline in collateral value resulting from collateral reinvestment for which the fund bears the risk of loss. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is included in "Interest" income in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income. At June 30, 2015 there were no securities on loan or collateral outstanding.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend payments received in additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. The amount of the credit, for the six months ended June 30, 2015, is shown as a reduction of total expenses in the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$28,519,200
Long-term capital gains	74,651,933
Total distributions	$103,171,133

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$1,042,392,195
Gross appreciation	514,106,229
Gross depreciation	(9,515,095)
Net unrealized appreciation (depreciation)	$504,591,134
As of 12/31/14	
Undistributed ordinary income	3,887,306
Undistributed long-term capital gain	82,537,653
Other temporary differences	(162,416)
Net unrealized appreciation (depreciation)	500,801,729

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share

dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income		From net realized gain on investments	
	Six months ended 6/30/15	**Year ended 12/31/14**	**Six months ended 6/30/15**	**Year ended 12/31/14**
Initial Class	$—	$1,315,037	$—	$83,920,326
Service Class	—	—	—	17,935,770
Total	$—	$1,315,037	$—	$101,856,096

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.75%
Average daily net assets in excess of $1 billion	0.65%

MFS has agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $52,180, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.71% of the fund's average daily net assets.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $36,903, which equated to 0.0047% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $1,330.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0164% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $2,012 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

Notes to Financial Statements (unaudited) – continued

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short-term obligations, aggregated $273,386,928 and $330,399,965, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold				
Initial Class	1,749,298	$70,288,099	1,933,212	$75,547,700
Service Class	616,510	24,643,782	2,525,829	96,644,801
	2,365,808	$94,931,881	4,459,041	$172,192,501
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	2,206,955	$84,945,696
Service Class	—	—	477,396	17,935,770
	—	$—	2,684,351	$102,881,466
Shares reacquired				
Initial Class	(2,578,693)	$(106,095,119)	(5,836,614)	$(229,260,814)
Service Class	(1,012,284)	(40,252,875)	(2,143,317)	(79,832,216)
	(3,590,977)	$(146,347,994)	(7,979,931)	$(309,093,030)
Net change				
Initial Class	(829,395)	$(35,807,020)	(1,696,447)	$(68,767,418)
Service Class	(395,774)	(15,609,093)	859,908	34,748,355
	(1,225,169)	$(51,416,113)	(836,539)	$(34,019,063)

The fund is one of several mutual funds in which certain MFS funds may invest. The MFS funds do not invest in the underlying funds for the purpose of exercising management or control. At the end of the period, the MFS Moderate Allocation Portfolio, the MFS Growth Allocation Portfolio, and the MFS Conservative Allocation Portfolio were the owners of record of approximately 12%, 4%, and 3%, respectively, of the value of outstanding voting shares of the fund.

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $2,598 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	19,395,311	138,791,058	(134,181,857)	24,004,512

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$13,440	$24,004,512

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT" in the "Products" section of *mfs.com*.

SEMIANNUAL REPORT
June 30, 2015

MFS® HIGH YIELD PORTFOLIO

MFS® Variable Insurance Trust II

HYS-SEM

MFS® HIGH YIELD PORTFOLIO

CONTENTS

The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,

Robert J. Manning

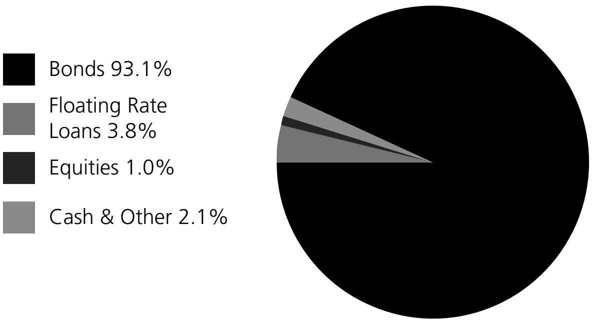
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure (i)



Composition including fixed income credit quality (a)(i)

BBB	1.8%
BB	38.6%
B	46.0%
CCC	11.6%
C	0.1%
D	0.1%
Not Rated	(1.3)%
Non-Fixed Income	1.0%
Cash & Other	2.1%

Portfolio facts (i)

Average Duration (d)	4.6
Average Effective Maturity (m)	6.6 yrs.

Top five industries (i)

Energy – Independent	6.7%
Medical & Health Technology & Services	6.1%
Cable TV	5.9%
Midstream	5.4%
Telecommunications – Wireless	4.8%

(a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures contracts, which have not been rated by any rating agency. Non-Fixed Income includes equity securities (including convertible bonds and equity derivatives) and commodities. The fund may not hold all of these instruments. The fund is not rated by these agencies.

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.

(i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.

(m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.72%	$1,000.00	$1,024.55	$3.61
	Hypothetical (h)	0.72%	$1,000.00	$1,021.22	$3.61
Service Class	Actual	0.97%	$1,000.00	$1,024.83	$4.87
	Hypothetical (h)	0.97%	$1,000.00	$1,019.98	$4.86

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
BONDS – 92.8%		
Aerospace – 2.2%		
Aerojet Rocketdyne Holdings, Inc., 7.125%, 3/15/21	$ 2,675,000	$ 2,848,840
Bombardier, Inc., 7.75%, 3/15/20 (n)	905,000	909,978
Bombardier, Inc., 6.125%, 1/15/23 (n)	1,155,000	1,025,063
Bombardier, Inc., 7.5%, 3/15/25 (n)	870,000	789,525
CPI International, Inc., 8.75%, 2/15/18	2,484,000	2,539,890
Huntington Ingalls Industries, Inc., 7.125%, 3/15/21	2,540,000	2,692,400
TransDigm, Inc., 6%, 7/15/22	515,000	508,563
TransDigm, Inc., 6.5%, 7/15/24	980,000	967,750
		$ 12,282,009
Apparel Manufacturers – 0.3%		
Hanesbrands, Inc., 6.375%, 12/15/20	$ 635,000	$ 663,575
PVH Corp., 4.5%, 12/15/22	1,030,000	1,019,700
		$ 1,683,275
Asset-Backed & Securitized – 0.1%		
Citigroup Commercial Mortgage Trust, FRN, 5.899%, 12/10/49	$ 2,086,863	$ 305,976
Crest Ltd., CDO, 7%, 1/28/40 (a)(p)	1,415,132	465,805
CWCapital Cobalt Ltd., CDO, "F", FRN, 1.535%, 4/26/50 (a)(p)(z)	1,094,147	11
		$ 771,792
Automotive – 2.6%		
Accuride Corp., 9.5%, 8/01/18	$ 2,680,000	$ 2,740,300
Goodyear Tire & Rubber Co., 7%, 5/15/22	1,220,000	1,326,445
Goodyear Tire & Rubber Co., 6.5%, 3/01/21	2,670,000	2,826,863
Lear Corp., 4.75%, 1/15/23	1,640,000	1,615,400
Lear Corp., 5.25%, 1/15/25	1,335,000	1,311,638
Schaeffler Finance B.V., 4.75%, 5/15/21 (n)	1,330,000	1,336,650
Schaeffler Finance B.V., 6.875%, 8/15/18 (n)(p)	1,530,000	1,583,550
Schaeffler Holding Finance B.V., 6.25%, 11/15/19 (n)(p)	560,000	590,100
ZF North America Capital, Inc., 4.5%, 4/29/22 (n)	1,600,000	1,567,280
		$ 14,898,226
Broadcasting – 2.2%		
AMC Networks, Inc., 7.75%, 7/15/21	$ 1,935,000	$ 2,089,800
Clear Channel Communications, Inc., 9%, 3/01/21	1,679,000	1,519,495
Clear Channel Worldwide Holdings, Inc., "A", 6.5%, 11/15/22	650,000	666,250
Clear Channel Worldwide Holdings, Inc., "B", 6.5%, 11/15/22	1,095,000	1,140,169
Liberty Media Corp., 8.5%, 7/15/29	1,840,000	1,987,200
Netflix, Inc., 5.375%, 2/01/21	1,645,000	1,706,688

Issuer	Shares/Par	Value ($)
BONDS – continued		
Broadcasting – continued		
Netflix, Inc., 5.875%, 2/15/25 (n)	$ 670,000	$ 693,524
Nexstar Broadcasting, Inc., 6.875%, 11/15/20	1,685,000	1,786,100
Tribune Media Co., 5.875%, 7/15/22 (n)	650,000	654,875
		$ 12,244,101
Brokerage & Asset Managers – 0.2%		
E*Trade Financial Corp., 4.625%, 9/15/23	$ 1,415,000	$ 1,390,238
Building – 3.3%		
Allegion U.S. Holding Co., Inc., 5.75%, 10/01/21	$ 2,925,000	$ 3,020,063
Building Materials Corp. of America, 5.375%, 11/15/24 (n)	1,610,000	1,580,779
Building Materials Holding Corp., 6.75%, 5/01/21 (n)	1,620,000	1,688,850
CEMEX S.A.B. de C.V., 5.875%, 3/25/19 (n)	467,000	478,535
CEMEX S.A.B. de C.V., 7.25%, 1/15/21 (n)	684,000	721,757
Gibraltar Industries, Inc., 6.25%, 2/01/21	1,940,000	1,983,650
HD Supply, Inc., 7.5%, 7/15/20	2,230,000	2,358,225
Headwaters, Inc., 7.25%, 1/15/19	1,320,000	1,372,800
Nortek, Inc., 8.5%, 4/15/21	2,005,000	2,140,338
PriSo Acquisition Corp., 9%, 5/15/23 (n)	1,185,000	1,164,263
Roofing Supply Group LLC/Roofing Supply Finance, Inc., 10%, 6/01/20 (n)	2,197,000	2,246,433
		$ 18,755,693
Business Services – 1.2%		
Equinix, Inc., 4.875%, 4/01/20	$ 1,325,000	$ 1,338,250
Equinix, Inc., 5.375%, 4/01/23	1,070,000	1,070,000
Equinix, Inc., 5.375%, 1/01/22	530,000	531,325
Iron Mountain, Inc., 8.375%, 8/15/21	210,000	216,825
Iron Mountain, Inc., REIT, 6%, 8/15/23	1,500,000	1,567,500
NeuStar, Inc., 4.5%, 1/15/23	2,395,000	2,113,588
		$ 6,837,488
Cable TV – 5.6%		
Altice Financing S.A., 6.625%, 2/15/23 (n)	$ 2,755,000	$ 2,735,164
CCO Holdings LLC, 5.25%, 9/30/22	250,000	246,250
CCO Holdings LLC/CCO Holdings Capital Corp., 7.375%, 6/01/20	905,000	955,906
CCO Holdings LLC/CCO Holdings Capital Corp., 6.5%, 4/30/21	2,100,000	2,197,125
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 1/15/24	1,805,000	1,814,025
CCO Holdings LLC/CCO Holdings Capital Corp., 5.125%, 5/01/23 (n)	1,445,000	1,405,263
CCO Holdings LLC/CCO Holdings Capital Corp., 5.375%, 5/01/25 (n)	565,000	550,169

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
BONDS – continued		
Cable TV – continued		
Cequel Communications Holdings, 6.375%, 9/15/20 (n)	$ 1,650,000	$ 1,638,863
DISH DBS Corp., 6.75%, 6/01/21	1,165,000	1,214,513
DISH DBS Corp., 5%, 3/15/23	1,590,000	1,470,750
DISH DBS Corp., 5.875%, 11/15/24	655,000	629,209
Intelsat Jackson Holdings S.A., 6.625%, 12/15/22	1,685,000	1,533,350
Intelsat Jackson Holdings S.A., 5.5%, 8/01/23	2,060,000	1,824,130
Intelsat Luxembourg S.A., 8.125%, 6/01/23	2,315,000	1,921,450
LGE Holdco VI B.V., 7.125%, 5/15/24 (n)	EUR 945,000	1,170,317
Lynx I Corp., 5.375%, 4/15/21 (n)	$ 553,500	570,105
Lynx II Corp., 6.375%, 4/15/23 (n)	1,485,000	1,535,119
SIRIUS XM Radio, Inc., 4.25%, 5/15/20 (n)	635,000	631,825
SIRIUS XM Radio, Inc., 5.875%, 10/01/20 (n)	255,000	261,375
SIRIUS XM Radio, Inc., 4.625%, 5/15/23 (n)	770,000	722,838
SIRIUS XM Radio, Inc., 6%, 7/15/24 (n)	1,155,000	1,166,550
SIRIUS XM Radio, Inc., 5.375%, 4/15/25 (n)	950,000	916,750
Unitymedia Hessen, 5.5%, 1/15/23 (n)	1,605,000	1,636,097
Unitymedia KabelBW GmbH, 6.125%, 1/15/25 (n)	1,335,000	1,395,075
Virgin Media Finance PLC, 5.75%, 1/15/25 (n)	200,000	200,000
Virgin Media Secured Finance PLC, 5.25%, 1/15/26 (n)	1,290,000	1,246,463
Ziggo Bond Finance B.V., 5.875%, 1/15/25 (n)	200,000	196,000
		$ 31,784,681
Chemicals – 2.5%		
Celanese U.S. Holdings LLC, 5.875%, 6/15/21	$ 1,033,000	$ 1,105,310
Celanese U.S. Holdings LLC, 4.625%, 11/15/22	300,000	297,000
Evolution Escrow Issuer Co., 7.5%, 3/15/22 (n)	1,580,000	1,497,050
Flash Dutch 2 B.V./U.S. Coatings Acquisition, 7.375%, 5/01/21 (n)	1,765,000	1,890,756
Hexion U.S. Finance Corp., 6.625%, 4/15/20	1,180,000	1,082,650
Hexion U.S. Finance Corp./Hexion Nova Scotia Finance, 8.875%, 2/01/18	1,825,000	1,647,063
Huntsman International LLC, 8.625%, 3/15/21	540,000	568,307
INEOS Group Holdings S.A., 6.125%, 8/15/18 (n)	1,380,000	1,409,325
INEOS Group Holdings S.A., 5.875%, 2/15/19 (n)	205,000	206,025
Tronox Finance LLC, 6.375%, 8/15/20	3,285,000	3,046,838
W.R. Grace & Co., 5.125%, 10/01/21 (n)	1,530,000	1,541,475
		$ 14,291,799

Issuer	Shares/Par	Value ($)
BONDS – continued		
Computer Software – 0.5%		
Syniverse Holdings, Inc., 9.125%, 1/15/19	$ 755,000	$ 664,400
VeriSign, Inc., 4.625%, 5/01/23	2,195,000	2,109,944
		$ 2,774,344
Computer Software – Systems – 0.8%		
CDW LLC/CDW Finance Corp., 6%, 8/15/22	$ 630,000	$ 650,475
CDW LLC/CDW Finance Corp., 5.5%, 12/01/24	915,000	905,850
Sabre GLBL, Inc., 5.375%, 4/15/23 (n)	2,425,000	2,388,625
SS&C Technologies Holdings, Inc., 5.875%, 7/15/23 (z)	505,000	510,050
		$ 4,455,000
Conglomerates – 2.5%		
Amsted Industries Co., 5%, 3/15/22 (n)	$ 2,320,000	$ 2,317,100
ATS Automation Tooling Systems, Inc., 6.5%, 6/15/23 (n)	675,000	689,344
BC Mountain LLC, 7%, 2/01/21 (n)	1,975,000	1,757,750
EnerSys, 5%, 4/30/23 (n)	2,760,000	2,729,806
Enpro Industries, Inc., 5.875%, 9/15/22	2,290,000	2,330,075
Entegris, Inc., 6%, 4/01/22 (n)	2,225,000	2,286,188
Renaissance Acquisition, 6.875%, 8/15/21 (n)	2,265,000	2,063,981
		$ 14,174,244
Construction – 0.2%		
Empresas ICA S.A.B. de C.V., 8.9%, 2/04/21	$ 930,000	$ 799,800
Empresas ICA S.A.B. de C.V., 8.875%, 5/29/24 (n)	807,000	603,233
		$ 1,403,033
Consumer Products – 0.9%		
Prestige Brands, Inc., 8.125%, 2/01/20	$ 971,000	$ 1,036,543
Prestige Brands, Inc., 5.375%, 12/15/21 (n)	1,150,000	1,150,000
Spectrum Brands, Inc., 6.375%, 11/15/20	1,825,000	1,929,938
Spectrum Brands, Inc., 5.75%, 7/15/25 (n)	905,000	918,575
		$ 5,035,056
Consumer Services – 2.4%		
ADT Corp., 4.125%, 6/15/23	$ 885,000	$ 827,475
ADT Corp., 6.25%, 10/15/21	2,615,000	2,745,750
CEB, Inc., 5.625%, 6/15/23 (n)	1,660,000	1,668,300
Garda World Security Corp., 7.25%, 11/15/21 (n)	590,000	566,400
Garda World Security Corp., 7.25%, 11/15/21 (n)	1,445,000	1,387,200
Interval Acquisition Corp., 5.625%, 4/15/23 (n)	2,550,000	2,581,875
Monitronics International, Inc., 9.125%, 4/01/20	2,105,000	2,031,325
Service Corp. International, 7%, 6/15/17	650,000	698,750

Issuer	Shares/Par	Value ($)
BONDS – continued		
Consumer Services – continued		
Service Corp. International, 5.375%, 5/15/24	$ 1,025,000	$ 1,071,125
		$ 13,578,200
Containers – 3.1%		
Ardagh Packaging Finance PLC, 7%, 11/15/20 (n)	$ 331,765	$ 338,400
Ardagh Packaging Finance PLC, 9.125%, 10/15/20 (n)	1,360,000	1,428,000
Ball Corp., 5%, 3/15/22	1,945,000	1,949,863
Berry Plastics Group, Inc., 5.5%, 5/15/22	2,200,000	2,208,250
Crown American LLC, 4.5%, 1/15/23	2,432,000	2,296,732
Multi-Color Corp., 6.125%, 12/01/22 (n)	2,070,000	2,116,575
Reynolds Group, 8.25%, 2/15/21	1,570,000	1,628,875
Reynolds Group, 9.875%, 8/15/19	367,000	385,350
Reynolds Group, 5.75%, 10/15/20	1,265,000	1,296,625
Sealed Air Corp., 4.875%, 12/01/22 (n)	1,610,000	1,585,850
Sealed Air Corp., 5.125%, 12/01/24 (n)	565,000	557,231
Signode Industrial Group, 6.375%, 5/01/22 (n)	1,980,000	1,920,600
		$ 17,712,351
Electrical Equipment – 0.1%		
Avaya, Inc., 10.5%, 3/01/21 (n)	$ 915,000	$ 754,875
Electronics – 1.8%		
Advanced Micro Devices, Inc., 6.75%, 3/01/19	$ 1,490,000	$ 1,352,175
Advanced Micro Devices, Inc., 7%, 7/01/24	960,000	811,200
Advanced Micro Devices, Inc., 7.5%, 8/15/22	735,000	648,638
Micron Technology, Inc., 5.5%, 2/01/25 (n)	1,435,000	1,344,595
Micron Technology, Inc., 5.875%, 2/15/22	1,130,000	1,149,775
NXP B.V., 5.75%, 2/15/21 (n)	745,000	774,800
NXP B.V., 5.75%, 3/15/23 (n)	2,070,000	2,152,800
Sensata Technologies B.V., 5.625%, 11/01/24 (n)	960,000	993,600
Sensata Technologies B.V., 5%, 10/01/25 (n)	855,000	832,556
		$ 10,060,139
Energy – Independent – 6.5%		
American Energy-Permian Basin LLC, 7.125%, 11/01/20 (n)	$ 515,000	$ 350,200
American Energy-Permian Basin LLC, 7.375%, 11/01/21 (n)	730,000	495,947
Baytex Energy Corp., 5.625%, 6/01/24 (n)	2,010,000	1,864,275
Bonanza Creek Energy, Inc., 6.75%, 4/15/21	1,785,000	1,691,288
Chaparral Energy, Inc., 7.625%, 11/15/22	2,420,000	1,742,400
Chesapeake Energy Corp., 5.75%, 3/15/23	2,325,000	2,104,125

Issuer	Shares/Par	Value ($)
BONDS – continued		
Energy – Independent – continued		
Concho Resources, Inc., 6.5%, 1/15/22	$ 1,560,000	$ 1,626,300
Concho Resources, Inc., 5.5%, 4/01/23	2,030,000	2,030,000
EP Energy LLC, 9.375%, 5/01/20	1,595,000	1,704,577
EP Energy LLC, 7.75%, 9/01/22	2,565,000	2,693,250
Halcon Resources Corp., 8.875%, 5/15/21	2,140,000	1,407,050
Linn Energy LLC/Linn Energy Finance Corp., 6.5%, 9/15/21	915,000	686,250
Linn Energy LLC/Linn Energy Finance Corp., 8.625%, 4/15/20	1,270,000	1,041,667
Linn Energy LLC/Linn Energy Finance Corp., 7.75%, 2/01/21	1,734,000	1,348,185
MEG Energy Corp., 6.5%, 3/15/21 (n)	1,725,000	1,660,313
MEG Energy Corp., 7%, 3/31/24 (n)	505,000	484,169
Northern Blizzard Resources, Inc., 7.25%, 2/01/22 (n)	1,837,000	1,754,335
Oasis Petroleum, Inc., 6.875%, 3/15/22	1,740,000	1,766,100
QEP Resources, Inc., 5.25%, 5/01/23	2,840,000	2,719,300
Rosetta Resources, Inc., 5.625%, 5/01/21	1,445,000	1,535,313
RSP Permian, Inc., 6.625%, 10/01/22 (n)	1,045,000	1,068,513
Sanchez Energy Corp., 6.125%, 1/15/23	1,485,000	1,329,075
SM Energy Co., 6.5%, 11/15/21	2,265,000	2,361,263
SM Energy Co., 6.125%, 11/15/22 (n)	1,060,000	1,089,362
		$ 36,553,257
Entertainment – 1.9%		
Activision Blizzard, Inc., 6.125%, 9/15/23 (n)	$ 1,620,000	$ 1,737,450
Carmike Cinemas, Inc., 6%, 6/15/23 (n)	900,000	909,000
Cedar Fair LP, 5.25%, 3/15/21	1,935,000	1,988,213
Cedar Fair LP, 5.375%, 6/01/24	880,000	889,856
Cinemark USA, Inc., 5.125%, 12/15/22	1,120,000	1,110,200
Cinemark USA, Inc., 4.875%, 6/01/23	1,020,000	980,475
NCL Corp. Ltd., 5.25%, 11/15/19 (n)	1,320,000	1,351,350
Six Flags Entertainment Corp., 5.25%, 1/15/21 (n)	1,700,000	1,738,250
		$ 10,704,794
Financial Institutions – 5.5%		
Aircastle Ltd., 4.625%, 12/15/18	$ 1,310,000	$ 1,349,300
Aircastle Ltd., 5.125%, 3/15/21	1,245,000	1,257,450
Aircastle Ltd., 5.5%, 2/15/22	865,000	882,845
Aviation Capital Group, 4.625%, 1/31/18 (n)	960,000	994,244
Aviation Capital Group, 6.75%, 4/06/21 (n)	935,000	1,067,924
CIT Group, Inc., 6.625%, 4/01/18 (n)	1,925,000	2,042,906
CIT Group, Inc., 5.5%, 2/15/19 (n)	1,898,000	1,978,665
CIT Group, Inc., 5.25%, 3/15/18	1,655,000	1,710,856
CIT Group, Inc., 5%, 8/15/22	2,245,000	2,222,550
Credit Acceptance Co., 7.375%, 3/15/23 (n)	1,775,000	1,832,688
Icahn Enterprises LP, 6%, 8/01/20	1,020,000	1,053,150
Icahn Enterprises LP, 5.875%, 2/01/22	2,465,000	2,511,219
Nationstar Mortgage LLC/Capital Corp., 7.875%, 10/01/20	2,660,000	2,653,350

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
BONDS – continued		
Financial Institutions – continued		
Nationstar Mortgage LLC/Capital Corp., 6.5%, 8/01/18	$ 820,000	$ 820,000
Navient Corp., 5.875%, 3/25/21	1,245,000	1,244,216
PHH Corp., 6.375%, 8/15/21	845,000	830,213
SLM Corp., 8%, 3/25/20	2,930,000	3,266,950
SLM Corp., 7.25%, 1/25/22	2,070,000	2,183,850
SLM Corp., 6.125%, 3/25/24	1,055,000	1,010,163
		$ 30,912,539
Food & Beverages – 1.0%		
Constellation Brands, Inc., 4.25%, 5/01/23	$ 1,495,000	$ 1,472,575
Darling Ingredients, Inc., 5.375%, 1/15/22	1,760,000	1,760,000
Sun Merger Sub, Inc., 5.875%, 8/01/21 (n)	2,355,000	2,431,538
		$ 5,664,113
Forest & Paper Products – 0.4%		
Appvion, Inc., 9%, 6/01/20 (n)	$ 1,680,000	$ 1,058,400
Tembec Industries, Inc., 9%, 12/15/19 (n)	1,280,000	1,216,000
		$ 2,274,400
Gaming & Lodging – 3.1%		
Boyd Gaming Corp., 6.875%, 5/15/23	$ 1,445,000	$ 1,481,125
CCM Merger, Inc., 9.125%, 5/01/19 (n)	2,105,000	2,252,350
Chester Downs & Marina LLC, 9.25%, 2/01/20 (n)	835,000	651,300
Greektown Holdings LLC, 8.875%, 3/15/19 (n)	1,970,000	2,068,500
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., 5.625%, 10/15/21	1,975,000	2,051,433
Isle of Capri Casinos, Inc., 8.875%, 6/15/20	620,000	669,600
Isle of Capri Casinos, Inc., 5.875%, 3/15/21	2,160,000	2,219,400
MGM Resorts International, 6.625%, 12/15/21	1,990,000	2,079,550
MGM Resorts International, 6%, 3/15/23	960,000	972,000
RHP Hotel Properties, 5%, 4/15/23 (n)	595,000	583,100
Ryman Hospitality Properties, Inc., REIT, 5%, 4/15/21	2,630,000	2,630,000
		$ 17,658,358
Industrial – 1.6%		
Anixter, Inc., 5.125%, 10/01/21	$ 1,520,000	$ 1,546,600
Dematic S.A., 7.75%, 12/15/20 (n)	2,785,000	2,889,438
Howard Hughes Corp., 6.875%, 10/01/21 (n)	2,440,000	2,586,400
SPL Logistics Escrow LLC, 8.875%, 8/01/20 (n)	1,645,000	1,743,700
		$ 8,766,138

Issuer	Shares/Par	Value ($)
BONDS – continued		
Machinery & Tools – 1.3%		
Ashtead Capital, Inc., 5.625%, 10/01/24 (n)	$ 2,145,000	$ 2,150,363
H&E Equipment Services Co., 7%, 9/01/22	2,425,000	2,500,781
Jurassic Holdings III, Inc., 6.875%, 2/15/21 (n)	2,035,000	1,587,300
Light Tower Rentals, Inc., 8.125%, 8/01/19 (n)	1,660,000	1,361,200
		$ 7,599,644
Major Banks – 1.1%		
Bank of America Corp., FRN, 6.1%, 12/29/49	$ 4,420,000	$ 4,364,750
JPMorgan Chase & Co., 6% to 8/01/23, FRN to 12/31/49	1,905,000	1,890,713
		$ 6,255,463
Medical & Health Technology & Services – 5.7%		
CHS/Community Health Systems, Inc., 5.125%, 8/01/21	$ 440,000	$ 448,250
CHS/Community Health Systems, Inc., 6.875%, 2/01/22	4,035,000	4,256,925
Davita Healthcare Partners, Inc., 5%, 5/01/25	2,210,000	2,127,125
Davita, Inc., 5.125%, 7/15/24	1,065,000	1,047,028
Fresenius Medical Care Capital Trust III, 5.625%, 7/31/19 (n)	735,000	795,638
HCA, Inc., 7.5%, 2/15/22	3,125,000	3,589,844
HCA, Inc., 5.875%, 3/15/22	1,985,000	2,158,688
HCA, Inc., 4.75%, 5/01/23	200,000	202,500
HCA, Inc., 5%, 3/15/24	1,450,000	1,475,375
HCA, Inc., 4.25%, 10/15/19	1,260,000	1,289,925
HCA, Inc., 5.375%, 2/01/25	1,175,000	1,194,153
HealthSouth Corp., 5.125%, 3/15/23	2,430,000	2,414,813
LifePoint Hospitals, Inc., 5.5%, 12/01/21	2,345,000	2,421,213
Tenet Healthcare Corp., 8%, 8/01/20	2,560,000	2,665,600
Tenet Healthcare Corp., 4.5%, 4/01/21	2,530,000	2,504,700
Tenet Healthcare Corp., 8.125%, 4/01/22	975,000	1,066,163
Tenet Healthcare Corp., 6.75%, 6/15/23 (n)	945,000	963,900
Universal Health Services, Inc., 7.625%, 8/15/20	1,750,000	1,618,750
		$ 32,240,590
Medical Equipment – 1.1%		
Alere, Inc., 6.375%, 7/01/23 (n)	$ 559,000	$ 568,783
DJO Finco, Inc., 8.125%, 6/15/21 (n)	1,485,000	1,529,550
Hologic, Inc., 5.25%, 7/15/22 (n)	1,135,000	1,159,119
Sterigenics-Nordion Holdings LLC, 6.5%, 5/15/23 (n)	1,200,000	1,218,000
Teleflex, Inc., 5.25%, 6/15/24	1,565,000	1,584,876
		$ 6,060,328
Metals & Mining – 4.2%		
Century Aluminum Co., 7.5%, 6/01/21 (n)	$ 1,750,000	$ 1,774,063

Issuer	Shares/Par	Value ($)
BONDS – continued		
Metals & Mining – continued		
Commercial Metals Co., 4.875%, 5/15/23	$ 1,183,000	$ 1,112,020
Consol Energy, Inc., 5.875%, 4/15/22	1,910,000	1,623,500
Consol Energy, Inc., 8%, 4/01/23 (n)	1,200,000	1,138,500
EVRAZ, Inc. N.A. Canada, 7.5%, 11/15/19 (n)	2,020,000	1,989,700
First Quantum Minerals Ltd., 7.25%, 10/15/19 (n)	2,666,000	2,672,665
First Quantum Minerals Ltd., 7.25%, 5/15/22 (n)	652,000	623,475
GrafTech International Co., 6.375%, 11/15/20	2,170,000	1,974,700
Hudbay Minerals, Inc., 9.5%, 10/01/20	1,795,000	1,902,700
Lundin Mining Corp., 7.5%, 11/01/20 (n)	1,030,000	1,109,825
Lundin Mining Corp., 7.875%, 11/01/22 (n)	1,350,000	1,444,500
Steel Dynamics, Inc., 5.25%, 4/15/23	1,000,000	992,500
Steel Dynamics, Inc., 5.125%, 10/01/21	975,000	976,950
Steel Dynamics, Inc., 5.5%, 10/01/24	475,000	475,000
Suncoke Energy Partners LP/Suncoke Energy Partners Finance Corp., 7.375%, 2/01/20 (n)	715,000	722,150
Suncoke Energy Partners LP/Suncoke Energy Partners Finance Corp., 7.375%, 2/01/20 (n)	1,075,000	1,085,750
Suncoke Energy, Inc., 7.625%, 8/01/19	709,000	707,228
TMS International Corp., 7.625%, 10/15/21 (n)	1,090,000	1,062,750
Walter Energy, Inc., 9.5%, 10/15/19 (a)(d)(n)	1,035,000	558,900
		$ 23,946,876
Midstream – 5.3%		
AmeriGas Finance LLC, 6.75%, 5/20/20	$ 2,730,000	$ 2,873,325
Blue Racer Midstream LLC/Blue Racer Finance Corp., 6.125%, 11/15/22 (n)	1,265,000	1,302,950
Crestwood Midstream Partners LP, 6%, 12/15/20	1,410,000	1,459,350
Crestwood Midstream Partners LP, 6.125%, 3/01/22	905,000	923,100
Crestwood Midstream Partners LP, 6.25%, 4/01/23 (n)	740,000	769,600
El Paso Corp., 7.75%, 1/15/32	3,725,000	4,269,044
Energy Transfer Equity LP, 7.5%, 10/15/20	2,105,000	2,373,388
Ferrellgas LP/Ferrellgas Finance Corp., 6.75%, 1/15/22	2,710,000	2,716,775
Ferrellgas LP/Ferrellgas Finance Corp., 6.5%, 5/01/21	790,000	788,025
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., 5.5%, 2/15/23	2,115,000	2,170,519
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., 4.5%, 7/15/23	393,000	385,140
Sabine Pass Liquefaction LLC, 5.625%, 4/15/23	1,880,000	1,873,533
Sabine Pass Liquefaction LLC, 5.625%, 2/01/21	$ 2,435,000	$ 2,483,700
Sabine Pass Liquefaction LLC, 5.75%, 5/15/24	1,055,000	1,051,044
Sabine Pass Liquefaction LLC, 5.625%, 3/01/25 (n)	1,391,000	1,377,090
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 5.5%, 8/15/22	585,000	558,675
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 7.5%, 7/01/21	570,000	597,075
Targa Resources Partners LP/Targa Resources Finance Corp., 4.125%, 11/15/19 (n)	830,000	821,700
Targa Resources Partners LP/Targa Resources Finance Corp., 5.25%, 5/01/23	590,000	584,100
Targa Resources Partners LP/Targa Resources Finance Corp., 5%, 1/15/18 (n)	590,000	603,275
		$ 29,981,408
Network & Telecom – 1.3%		
Centurylink, Inc., 7.65%, 3/15/42	$ 1,970,000	$ 1,782,850
Centurylink, Inc., 6.45%, 6/15/21	555,000	559,163
Citizens Communications Co., 9%, 8/15/31	775,000	705,250
Frontier Communications Corp., 6.25%, 9/15/21	620,000	564,200
Frontier Communications Corp., 8.125%, 10/01/18	495,000	533,674
Frontier Communications Corp., 7.125%, 1/15/23	925,000	820,938
Telecom Italia Capital, 6%, 9/30/34	730,000	710,370
Telecom Italia S.p.A., 5.303%, 5/30/24 (n)	1,810,000	1,803,213
		$ 7,479,658
Oil Services – 0.8%		
Bristow Group, Inc., 6.25%, 10/15/22	$ 2,298,000	$ 2,275,020
Pacific Drilling S.A., 5.375%, 6/01/20 (n)	1,900,000	1,439,250
Shale-Inland Holdings LLC/Finance Co., 8.75%, 11/15/19 (n)	1,275,000	943,500
		$ 4,657,770
Oils – 0.5%		
CITGO Holding, Inc., 10.75%, 2/15/20 (n)	$ 1,290,000	$ 1,319,025
CITGO Petroleum Corp., 6.25%, 8/15/22 (n)	1,350,000	1,326,375
		$ 2,645,400
Other Banks & Diversified Financials – 0.6%		
Groupe BPCE S.A., 12.5% to 9/30/19, FRN to 8/29/49 (n)	2,447,000	$ 3,240,758
Pharmaceuticals – 2.3%		
Endo Finance LLC/Endo Finco, Inc., 6%, 7/15/23 (z)	$ 610,000	$ 623,725

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
BONDS – continued		
Pharmaceuticals – continued		
Endo Finance LLC/Endo Finco, Inc., 7.25%, 1/15/22 (n)	$ 2,745,000	$ 2,916,563
Endo Finance LLC/Endo Finco, Inc., 6%, 2/01/25 (n)	495,000	503,044
Mallinckrodt International Finance S.A., 5.75%, 8/01/22 (n)	1,260,000	1,288,350
Mallinckrodt International Finance S.A., 5.5%, 4/15/25 (n)	240,000	232,800
Valeant Pharmaceuticals International, Inc., 7%, 10/01/20 (n)	3,035,000	3,156,400
Valeant Pharmaceuticals International, Inc., 7.25%, 7/15/22 (n)	1,135,000	1,205,938
Valeant Pharmaceuticals International, Inc., 5.5%, 3/01/23 (n)	880,000	888,800
Vantage Point Imaging, 7.5%, 7/15/21 (n)	720,000	774,900
VRX Escrow Corp., 5.875%, 5/15/23 (n)	1,220,000	1,250,500
		$ 12,841,020
Pollution Control – 0.3%		
Abengoa Finance S.A.U., 7.75%, 2/01/20 (n)	$ 1,515,000	$ 1,499,850
Precious Metals & Minerals – 0.7%		
Aurico Gold, Inc., 7.75%, 4/01/20 (n)	$ 1,735,000	$ 1,743,675
Eldorado Gold Corp., 6.125%, 12/15/20 (n)	2,300,000	2,277,000
		$ 4,020,675
Printing & Publishing – 1.2%		
American Media, Inc., 13.5%, 6/15/18 (z)	$ 194,964	$ 202,031
Gannett Co., Inc., 5.125%, 7/15/20	515,000	527,875
Gannett Co., Inc., 4.875%, 9/15/21 (n)	920,000	913,100
Gannett Co., Inc., 6.375%, 10/15/23	1,390,000	1,447,338
Nielsen Finance LLC, 5%, 4/15/22 (n)	2,680,000	2,626,400
Outdoor Americas Capital LLC/Outfront Media Capital Corp., 5.625%, 2/15/24	980,000	1,002,050
Outfront Media Cap LLC, 5.625%, 2/15/24 (n)	120,000	122,700
		$ 6,841,494
Real Estate – Healthcare – 0.6%		
MPT Operating Partnership LP, REIT, 6.875%, 5/01/21	$ 1,840,000	$ 1,943,500
MPT Operating Partnership LP, REIT, 6.375%, 2/15/22	1,380,000	1,471,425
		$ 3,414,925
Real Estate – Other – 0.8%		
DuPont Fabros Technology LP, REIT, 5.875%, 9/15/21	$ 2,455,000	$ 2,485,688
Felcor Lodging LP, REIT, 5.625%, 3/01/23	2,130,000	2,188,575
		$ 4,674,263

Issuer	Shares/Par	Value ($)
BONDS – continued		
Retailers – 2.3%		
Best Buy Co., Inc., 5.5%, 3/15/21	$ 2,095,000	$ 2,172,725
Bon Ton Stores, Inc., 8%, 6/15/21	1,505,000	1,151,325
DriveTime Automotive Group, Inc./DT Acceptance Corp., 8%, 6/01/21 (n)	1,430,000	1,365,650
Family Tree Escrow LLC, 5.75%, 3/01/23 (n)	2,755,000	2,878,975
Jo-Ann Stores Holdings, Inc., 9.75%, 10/15/19 (n)(p)	1,065,000	953,175
Neiman Marcus Group Ltd., 8%, 10/15/21 (n)	1,425,000	1,499,813
Rite Aid Corp., 9.25%, 3/15/20	1,350,000	1,463,063
Rite Aid Corp., 6.75%, 6/15/21	605,000	635,250
Rite Aid Corp., 6.125%, 4/01/23 (n)	485,000	499,550
Sally Beauty Holdings, Inc., 6.875%, 11/15/19	585,000	611,325
		$ 13,230,851
Specialty Chemicals – 0.6%		
Chemtura Corp., 5.75%, 7/15/21	$ 2,545,000	$ 2,583,175
Univar USA, Inc., 6.75%, 7/15/23 (z)	590,000	595,900
		$ 3,179,075
Specialty Stores – 1.2%		
Argos Merger Sub, Inc., 7.125%, 3/15/23 (n)	$ 1,885,000	$ 1,974,538
Group 1 Automotive, Inc., 5%, 6/01/22	2,555,000	2,542,225
Michaels Stores, Inc., 5.875%, 12/15/20 (n)	2,080,000	2,178,800
		$ 6,695,563
Telecommunications – Wireless – 4.7%		
Crown Castle International Corp., 5.25%, 1/15/23	$ 1,710,000	$ 1,722,398
Crown Castle International Corp., 4.875%, 4/15/22	725,000	732,250
Digicel Group Ltd., 8.25%, 9/30/20 (n)	765,000	766,913
Digicel Group Ltd., 7.125%, 4/01/22 (n)	802,000	761,659
Digicel Group Ltd., 6.75%, 3/01/23 (n)	2,036,000	1,995,891
Eileme 2 AB, 11.625%, 1/31/20 (n)	1,190,000	1,320,781
Sprint Capital Corp., 6.875%, 11/15/28	1,915,000	1,646,900
Sprint Corp., 7.875%, 9/15/23	1,745,000	1,701,899
Sprint Corp., 7.125%, 6/15/24	2,860,000	2,652,936
Sprint Nextel Corp., 9%, 11/15/18 (n)	590,000	666,263
Sprint Nextel Corp., 6%, 11/15/22	1,985,000	1,813,794
T-Mobile USA, Inc., 6.125%, 1/15/22	300,000	309,750
T-Mobile USA, Inc., 6.5%, 1/15/24	1,195,000	1,233,838
T-Mobile USA, Inc., 6.633%, 4/28/21	1,185,000	1,229,438
T-Mobile USA, Inc., 6.25%, 4/01/21	3,455,000	3,541,375
Wind Acquisition Finance S.A., 7.375%, 4/23/21 (n)	2,475,000	2,502,844
Wind Acquisition Finance S.A., 4.75%, 7/15/20 (n)	1,900,000	1,871,500
		$ 26,470,429

Issuer	Shares/Par	Value ($)
BONDS – continued		
Telephone Services – 0.5%		
Level 3 Financing, Inc., 8.625%, 7/15/20	$ 460,000	$ 491,602
Level 3 Financing, Inc., 5.125%, 5/01/23 (n)	1,190,000	1,160,250
Level 3 Financing, Inc., 5.375%, 5/01/25 (n)	950,000	915,563
		$ 2,567,415
Transportation – Services – 1.6%		
Jack Cooper Holdings Corp., 10.25%, 6/01/20 (n)	$ 2,160,000	$ 1,998,000
Navios Maritime Acquisition Corp., 8.125%, 11/15/21 (n)	1,504,000	1,481,440
Navios Maritime Holding, Inc., 7.375%, 1/15/22 (n)	1,785,000	1,546,256
Stena AB, 7%, 2/01/24 (n)	2,705,000	2,610,325
Syncreon Group BV/Syncre, 8.625%, 11/01/21 (n)	1,405,000	1,064,288
Ultrapetrol (Bahamas) Ltd., 8.875%, 6/15/21	585,000	514,800
		$ 9,215,109
Utilities – Electric Power – 1.6%		
Calpine Corp., 5.5%, 2/01/24	$ 1,770,000	$ 1,712,475
Covanta Holding Corp., 7.25%, 12/01/20	1,570,000	1,648,500
Covanta Holding Corp., 6.375%, 10/01/22	400,000	418,500
Covanta Holding Corp., 5.875%, 3/01/24	765,000	763,088
NRG Energy, Inc., 8.25%, 9/01/20	1,645,000	1,723,138
NRG Energy, Inc., 6.625%, 3/15/23	1,720,000	1,771,600
NRG Energy, Inc., 6.25%, 7/15/22	910,000	923,650
		$ 8,960,951
Total Bonds (Identified Cost, $539,534,426)		**$525,139,658**
FLOATING RATE LOANS (g)(r) – 3.7%		
AEROSPACE – 0.2%		
TransDigm, Inc., Term Loan C, 3.75%, 2/28/20	$ 1,480,331	$ 1,467,995
BUILDING – 0.4%		
ABC Supply Co., Inc., Term Loan, 3.5%, 4/16/20	$ 1,145,199	$ 1,141,143
HD Supply, Inc., Term Loan B, 4%, 6/28/18	945,984	945,511
		$ 2,086,654
BUSINESS SERVICES – 0.1%		
Fleetcor Technologies, Inc., Term Loan B, 3.75%, 11/17/21	$ 331,071	$ 331,760
CABLE TV – 0.2%		
Cequel Communications LLC, Term Loan B, 3.5%, 2/14/19	$ 1,082,820	$ 1,077,406
CONGLOMERATES – 0.2%		
Entegris, Inc., Term Loan B, 3.5%, 4/30/21	$ 1,391,827	$ 1,383,998

Issuer	Shares/Par	Value ($)
FLOATING RATE LOANS (g)(r) – continued		
CONSUMER SERVICES – 0.2%		
Realogy Corp., Term Loan B, 3.75%, 3/05/20	$ 1,343,700	$ 1,339,921
CONTAINERS – 0.1%		
Berry Plastics Group, Inc., Term Loan E, 3.75%, 1/06/21	$ 763,876	$ 761,436
ELECTRONICS – 0.3%		
Avago Technologies Cayman Ltd., Term Loan B, 3.75%, 5/06/21	$ 1,691,913	$ 1,693,644
ENERGY – INDEPENDENT – 0.1%		
MEG Energy Corp., Term Loan, 3.75%, 3/31/20	$ 666,314	$ 651,679
ENTERTAINMENT – 0.2%		
Cedar Fair LP, Term Loan B, 3.25%, 3/06/20	$ 959,456	$ 961,555
GAMING & LODGING – 0.3%		
Hilton Worldwide Finance LLC, Term Loan B2, 3.5%, 10/25/20	$ 1,670,137	$ 1,668,514
MEDICAL & HEALTH TECHNOLOGY & SERVICES – 0.3%		
DaVita HealthCare Partners, Inc., Term Loan B, 3.5%, 6/24/21	$ 1,571,038	$ 1,569,401
PRINTING & PUBLISHING – 0.2%		
CBS Outdoor Americas Capital LLC, Term Loan B, 3%, 1/31/21	$ 1,319,425	$ 1,313,927
RETAILERS – 0.1%		
Rite Aid Corp., Second Lien Term Loan, 4.87%, 6/21/21	$ 428,335	$ 428,201
TRANSPORTATION – SERVICES – 0.4%		
Commercial Barge Line Co., First Lien Term Loan, 7.5%, 9/15/19	$ 2,196,788	$ 2,192,669
UTILITIES – ELECTRIC POWER – 0.4%		
Calpine Construction Finance Co., Term Loan B1, 3%, 5/03/20	$ 2,302,563	$ 2,259,869
Total Floating Rate Loans (Identified Cost, $21,268,412)		**$ 21,188,629**
COMMON STOCKS – 1.0%		
Automotive – 0.0%		
Accuride Corp. (a)	42,065	$ 161,950
Special Products & Services – 1.0%		
iShares iBoxx $ High Yield Corporate Bond ETF	60,000	$ 5,328,000
Total Common Stocks (Identified Cost, $6,005,482)		**$ 5,489,950**
MONEY MARKET FUNDS – 1.7%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	9,914,528	$ 9,914,528
Total Investments (Identified Cost, $576,722,848)		**$561,732,765**
OTHER ASSETS, LESS LIABILITIES – 0.8%		**4,353,168**
NET ASSETS – 100.0%		**$566,085,933**

(a) Non-income producing security.

(d) In default.

(g) The rate shown represents a weighted average coupon rate on settled positions at period end, unless otherwise indicated.

(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was $213,237,703, representing 37.7% of net assets.

(p) Payment-in-kind security for which interest income may be received in additional securities and/or cash. During the period, the following amount of interest income was received in additional securities and/or cash:

Payment-in-kind Securities	Cash	Additional Securities
Jo-Ann Stores Holdings, Inc., 9.75%, 10/15/19	$82,631	$—
Schaeffler Finance B.V., 6.875%, 8/15/18	52,594	—
Schaeffler Holding Finance B.V., 6.25%, 11/15/19	19,153	—
Total	$154,378	$—

(r) Remaining maturities of floating rate loans may be less than stated maturities shown as a result of contractual or optional prepayments by the borrower. Such prepayments cannot be predicted with certainty. These loans may be subject to restrictions on resale. Floating rate loans generally have rates of interest which are determined periodically by reference to a base lending rate plus a premium.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
American Media, Inc., 13.5%, 6/15/18	12/22/10	$196,557	$202,031
CWCapital Cobalt Ltd., CDO, "F", FRN, 1.535%, 4/26/50	4/12/06	1,077,897	11
Endo Finance LLC/Endo Finco, Inc., 6%, 7/15/23	6/24/15	610,000	623,725
SS&C Technologies Holdings, Inc., 5.875%, 7/15/23	6/29/15	505,000	510,050
Univar USA, Inc., 6.75%, 7/15/23	6/24/15	590,000	595,900
Total Restricted Securities			$1,931,717
% of Net assets			0.3%

The following abbreviations are used in this report and are defined:

CDO Collateralized Debt Obligation

ETF Exchange-Traded Fund

FRN Floating Rate Note. Interest rate resets periodically and the current rate may not be the rate reported at period end.

PLC Public Limited Company

REIT Real Estate Investment Trust

Abbreviations indicate amounts shown in currencies other than the U.S. dollar. All amounts are stated in U.S. dollars unless otherwise indicated. A list of abbreviations is shown below:

EUR Euro

Derivative Contracts at 6/30/15

Forward Foreign Currency Exchange Contracts at 6/30/15

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
Asset Derivatives							
BUY	EUR	JPMorgan Chase Bank N.A.	169,979	7/10/15	$ 184,220	$ 189,522	$ 5,302
Liability Derivatives							
SELL	EUR	Goldman Sachs International	1,276,000	7/10/15	$1,354,207	$1,422,706	$(68,499)

Futures Contracts at 6/30/15

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
Asset Derivatives					
Interest Rate Futures					
U.S. Treasury Note 10 yr (Short)	USD	56	$7,065,625	September - 2015	$52,012

At June 30, 2015, the fund had cash collateral of $75,600 to cover any commitments for certain derivative contracts. Cash collateral is comprised of "Restricted cash" in the Statement of Assets and Liabilities.

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15

Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $566,808,320)	$551,818,237	
Underlying affiliated funds, at cost and value	9,914,528	
Total investments, at value (identified cost, $576,722,848)	$561,732,765	
Cash	157,358	
Restricted cash	75,600	
Receivables for		
Forward foreign currency exchange contracts	5,302	
Daily variation margin on open futures contracts	1,750	
Investments sold	4,568,516	
Fund shares sold	5,931	
Interest	9,240,613	
Receivable from investment adviser	2,642	
Other assets	2,604	
Total assets		$575,793,081
Liabilities		
Payables for		
Forward foreign currency exchange contracts	$68,499	
Investments purchased	2,914,028	
Fund shares reacquired	6,629,233	
Payable to affiliates		
Shareholder servicing costs	106	
Distribution and/or service fees	1,122	
Payable for independent Trustees' compensation	27	
Accrued expenses and other liabilities	94,133	
Total liabilities		$9,707,148
Net assets		$566,085,933
Net assets consist of		
Paid-in capital	$578,119,900	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	(15,001,311)	
Accumulated net realized gain (loss) on investments and foreign currency	(51,191,969)	
Undistributed net investment income	54,159,313	
Net assets		$566,085,933
Shares of beneficial interest outstanding		90,516,950

	Net assets	Shares outstanding	Net asset value per share
Initial Class	$486,875,495	77,715,849	$6.26
Service Class	79,210,438	12,801,101	6.19

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Interest	$17,937,811	
Dividends	90,446	
Dividends from underlying affiliated funds	6,821	
Total investment income		$18,035,078
Expenses		
Management fee	$2,089,559	
Distribution and/or service fees	107,735	
Shareholder servicing costs	11,524	
Administrative services fee	51,933	
Independent Trustees' compensation	8,125	
Custodian fee	33,009	
Shareholder communications	36,785	
Audit and tax fees	37,460	
Legal fees	3,577	
Miscellaneous	16,368	
Total expenses		$2,396,075
Fees paid indirectly	(375)	
Reduction of expenses by investment adviser	(136,636)	
Net expenses		$2,259,064
Net investment income		$15,776,014
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$(3,325,217)	
Futures contracts	(125,617)	
Foreign currency	(4,261)	
Net realized gain (loss) on investments and foreign currency		$(3,455,095)
Change in unrealized appreciation (depreciation)		
Investments	$3,172,735	
Futures contracts	89,833	
Translation of assets and liabilities in foreign currencies	(62,918)	
Net unrealized gain (loss) on investments and foreign currency translation		$3,199,650
Net realized and unrealized gain (loss) on investments and foreign currency		$(255,445)
Change in net assets from operations		$15,520,569

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$15,776,014	$35,987,701
Net realized gain (loss) on investments and foreign currency	(3,455,095)	11,166,600
Net unrealized gain (loss) on investments and foreign currency translation	3,199,650	(27,294,937)
Change in net assets from operations	$15,520,569	$19,859,364
Distributions declared to shareholders		
From net investment income	$—	$(34,697,077)
Change in net assets from fund share transactions	$(47,795,652)	$(90,410,935)
Total change in net assets	$(32,275,083)	$(105,248,648)
Net assets		
At beginning of period	598,361,016	703,609,664
At end of period (including undistributed net investment income of $54,159,313 and $38,383,299, respectively)	$566,085,933	$598,361,016

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	**Six months ended 6/30/15 (unaudited)**	**Years ended 12/31**				
		2014	**2013**	**2012**	**2011**	**2010**
Net asset value, beginning of period	$6.11	$6.28	$6.05	$5.64	$5.96	$5.67
Income (loss) from investment operations						
Net investment income (d)	$0.16	$0.35	$0.36	$0.40	$0.41	$0.42
Net realized and unrealized gain (loss) on investments and foreign currency	(0.01)	(0.17)	0.02	0.42	(0.18)	0.42
Total from investment operations	$0.15	$0.18	$0.38	$0.82	$0.23	$0.84
Less distributions declared to shareholders						
From net investment income	$—	$(0.35)	$(0.15)	$(0.41)	$(0.55)	$(0.55)
Net asset value, end of period (x)	$6.26	$6.11	$6.28	$6.05	$5.64	$5.96
Total return (%) (k)(r)(s)(x)	2.45(n)	2.81	6.42	14.91	4.13	15.53
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.77(a)	0.77	0.76	0.81	0.86	0.88
Expenses after expense reductions (f)	0.72(a)	0.74	0.75	0.79	0.81	0.83
Net investment income	5.32(a)	5.44	5.79	6.65	6.97	7.42
Portfolio turnover	22(n)	43	52	48	57	62
Net assets at end of period (000 omitted)	$486,875	$514,089	$600,994	$368,899	$145,773	$122,666

Service Class	**Six months ended 6/30/15 (unaudited)**	**Years ended 12/31**				
		2014	**2013**	**2012**	**2011**	**2010**
Net asset value, beginning of period	$6.04	$6.21	$5.99	$5.59	$5.91	$5.63
Income (loss) from investment operations						
Net investment income (d)	$0.16	$0.33	$0.34	$0.38	$0.40	$0.41
Net realized and unrealized gain (loss) on investments and foreign currency	(0.01)	(0.16)	0.02	0.41	(0.19)	0.40
Total from investment operations	$0.15	$0.17	$0.36	$0.79	$0.21	$0.81
Less distributions declared to shareholders						
From net investment income	$—	$(0.34)	$(0.14)	$(0.39)	$(0.53)	$(0.53)
Net asset value, end of period (x)	$6.19	$6.04	$6.21	$5.99	$5.59	$5.91
Total return (%) (k)(r)(s)(x)	2.48(n)	2.53	6.10	14.54	3.86	15.17
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.02(a)	1.02	1.01	1.06	1.11	1.13
Expenses after expense reductions (f)	0.97(a)	0.99	1.00	1.04	1.06	1.08
Net investment income	5.07(a)	5.19	5.56	6.46	6.73	7.18
Portfolio turnover	22(n)	43	52	48	57	62
Net assets at end of period (000 omitted)	$79,210	$84,272	$102,616	$110,426	$83,400	$101,189

See Notes to Financial Statements

Financial Highlights – continued

(a) Annualized.
(d) Per share data is based on average shares outstanding.
(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.
(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.
(n) Not annualized.
(r) Certain expenses have been reduced without which performance would have been lower.
(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.
(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS High Yield Portfolio (the fund) is a diversified series of MFS Variable Insurance Trust II (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued. The fund invests in high-yield securities rated below investment grade. Investments in high-yield securities involve greater degrees of credit and market risk than investments in higher-rated securities and tend to be more sensitive to economic conditions. The fund invests in foreign securities. Investments in foreign securities are vulnerable to the effects of changes in the relative values of the local currency and the U.S. dollar and to the effects of changes in each country's legal, political, and economic environment.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

Investment Valuations – Debt instruments and floating rate loans, including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Futures contracts are generally valued at last posted settlement price as provided by a third-party pricing service on the market on which they are primarily traded. Futures contracts for which there were no trades that day for a particular position are generally valued at the closing bid quotation as provided by a third-party pricing service on the market on which such futures contracts are primarily traded. Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. Other financial instruments are derivative instruments not reflected in total investments, such as futures contracts and forward foreign currency exchange contracts. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Securities	$5,489,950	$—	$—	$5,489,950
U.S. Corporate Bonds	—	435,503,106	—	435,503,106
Commercial Mortgage-Backed Securities	—	305,976	—	305,976
Asset-Backed Securities (including CDOs)	—	465,816	—	465,816
Foreign Bonds	—	88,864,760	—	88,864,760
Floating Rate Loans	—	21,188,629	—	21,188,629
Mutual Funds	9,914,528	—	—	9,914,528
Total Investments	$15,404,478	$546,328,287	$—	$561,732,765
Other Financial Instruments				
Futures Contracts	$52,012	$—	$—	$52,012
Forward Foreign Currency Exchange Contracts	—	(63,197)	—	(63,197)

For further information regarding security characteristics, see the Portfolio of Investments.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Derivatives – The fund uses derivatives for different purposes, primarily to increase or decrease exposure to a particular market or segment of the market, or security, to increase or decrease interest rate or currency exposure, or as alternatives to direct investments. Derivatives are used for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the fund uses derivatives as an investment to increase market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost.

The derivative instruments used by the fund were futures contracts and forward foreign currency exchange contracts. The fund's period end derivatives, as presented in the Portfolio of Investments and the associated Derivative Contract tables, generally are indicative of the volume of its derivative activity during the period.

The following table presents, by major type of derivative contract, the fair value, on a gross basis, of the asset and liability components of derivatives held by the fund at June 30, 2015 as reported in the Statement of Assets and Liabilities:

		Fair Value (a)	
Risk	**Derivative Contracts**	**Asset Derivatives**	**Liability Derivatives**
Interest Rate	Interest Rate Futures	$52,012	$—
Foreign Exchange	Forward Foreign Currency Exchange	5,302	(68,499)
Total		$57,314	$(68,499)

(a) The value of futures contracts includes cumulative appreciation (depreciation) as reported in the fund's Portfolio of Investments. Only the current day variation margin for futures contracts is separately reported within the fund's Statement of Assets and Liabilities.

The following table presents, by major type of derivative contract, the realized gain (loss) on derivatives held by the fund for the six months ended June 30, 2015 as reported in the Statement of Operations:

Risk	Futures Contracts	Foreign Currency
Interest Rate	$(125,617)	$—
Foreign Exchange	—	(3,165)
Total	$(125,617)	$(3,165)

The following table presents, by major type of derivative contract, the change in unrealized appreciation (depreciation) on derivatives held by the fund for the six months ended June 30, 2015 as reported in the Statement of Operations:

Risk	Futures Contracts	Translation of Assets and Liabilities in Foreign Currencies
Interest Rate	$89,833	$—
Foreign Exchange	—	(63,461)
Total	$89,833	$(63,461)

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain, but not all, uncleared derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an ISDA Master Agreement on a bilateral basis. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a certain deterioration in the credit quality of the other party. Upon an event of default or a termination of the ISDA Master Agreement, the non-defaulting party has the right to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net amount payable by one party to the other. This right to close out and net payments across all transactions traded under the ISDA Master Agreement could result in a reduction of the fund's credit risk to such counterparty equal to any amounts payable by the fund under the applicable transactions, if any.

Collateral and margin requirements differ by type of derivative. Margin requirements are set by the clearing broker and the clearing house for cleared derivatives (e.g., futures contracts, cleared swaps, and exchange-traded options) while collateral terms are contract specific for uncleared derivatives (e.g., forward foreign currency exchange contracts, uncleared swap agreements, and uncleared options). For derivatives traded under an ISDA Master Agreement, which contains a collateral support annex, the collateral requirements are netted across all transactions traded under such agreement and one amount is posted from one party to the other to collateralize such obligations. Cash that has been segregated to cover the fund's collateral or margin obligations under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities as "Restricted cash" or "Deposits with brokers." Securities pledged as collateral or margin for the same purpose, if any, are noted in the Portfolio of Investments.

Futures Contracts – The fund entered into futures contracts which may be used to hedge against or obtain broad market exposure, interest rate exposure, currency exposure, or to manage duration. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the fund is required to deposit with the broker, either in cash or securities, an initial margin in an amount equal to a certain percentage of the notional amount of the contract. Subsequent payments (variation margin) are made or received by the fund each day, depending on the daily fluctuations in the value of the contract, and are recorded for financial statement purposes as unrealized gain or loss by the fund until the contract is closed or expires at which point the gain or loss on futures contracts is realized.

The fund bears the risk of interest rates, exchange rates or securities prices moving unexpectedly, in which case, the fund may not achieve the anticipated benefits of the futures contracts and may realize a loss. While futures contracts may present less counterparty risk to the fund since the contracts are exchange traded and the exchange's clearinghouse guarantees payments to the broker, there is still counterparty credit risk due to the insolvency of the broker. The fund's maximum risk of loss due to counterparty credit risk is equal to the margin posted by the fund to the broker plus any gains or minus any losses on the outstanding futures contracts.

Forward Foreign Currency Exchange Contracts – The fund entered into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. These contracts may be used to hedge the fund's currency risk or for non-hedging purposes. For hedging purposes, the fund may enter into contracts to deliver or receive foreign currency that the fund will receive from or use in its normal investment activities. The fund may also use contracts to hedge against declines in the value of foreign currency denominated securities due to unfavorable exchange rate movements. For non-hedging purposes, the fund may enter into contracts with the intent of changing the relative exposure of the fund's portfolio of securities to different currencies to take advantage of anticipated exchange rate changes.

Forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any unrealized gains or losses are recorded as a receivable or payable for forward foreign currency exchange contracts until the contract settlement date. On contract settlement date, any gain or loss on the contract is recorded as realized gains or losses on foreign currency.

Risks may arise upon entering into these contracts from unanticipated movements in the value of the contract and from the potential inability of counterparties to meet the terms of their contracts. Generally, the fund's maximum risk due to counterparty credit risk is the unrealized gain on the contract due to the use of Continuous Linked Settlement, an industry accepted settlement system. This risk is mitigated in cases where there is an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and, where applicable, by the posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement.

Loans and Other Direct Debt Instruments – The fund invests in loans and loan participations or other receivables. These investments may include standby financing commitments, including revolving credit facilities, which contractually obligate the fund to supply additional cash to the borrower on demand. The fund generally provides this financial support in order to preserve its existing investment or to obtain a more senior secured interest in the assets of the borrower. Loan participations involve a risk of insolvency of the lending bank or other financial intermediary.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. The fund earns certain fees in connection with its floating rate loan purchasing activities. These fees are in addition to interest payments earned and may include amendment fees, commitment fees, facility fees, consent fees, and prepayment fees. Commitment fees are recorded on an accrual basis as income in the accompanying financial statements. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date. Debt obligations may be placed on non-accrual status or set to accrue at a rate of interest less than the contractual coupon when the collection of all or a portion of interest has become doubtful. Interest income for those debt obligations may be further reduced by the write-off of the related interest receivables when deemed uncollectible.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. The amount of the credit, for the six months ended June 30, 2015, is shown as a reduction of total expenses in the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to amortization and accretion of debt securities.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$34,697,077

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$579,552,797
Gross appreciation	5,106,963
Gross depreciation	(22,926,995)
Net unrealized appreciation (depreciation)	$(17,820,032)
As of 12/31/14	
Undistributed ordinary income	38,419,572
Capital loss carryforwards	(44,524,644)
Other temporary differences	(36,595)
Net unrealized appreciation (depreciation)	(21,412,869)

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized for fund fiscal years beginning after December 31, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses ("post-enactment losses"). Previously, net capital losses were carried forward for eight years and treated as short-term losses ("pre-enactment losses"). As a transition rule, the Act requires that all post-enactment net capital losses be used before pre-enactment net capital losses.

As of December 31, 2014, the fund had capital loss carryforwards available to offset future realized gains. Such pre-enactment losses expire as follows:

12/31/15	$(2,561,952)
12/31/16	(30,768,220)
12/31/17	(11,194,472)
Total	$(44,524,644)

The availability of $10,086,800 of the capital loss carryforwards, which were acquired on August 16, 2013 in connection with the MFS High Income Series merger, may be limited in a given year.

The availability of $34,437,844 of the capital loss carryforwards for the fund may be limited in a given year due to a change in ownership of the fund on July 31, 2013.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income	
	Six months ended 6/30/15	Year ended 12/31/14
Initial Class	$—	$29,997,899
Service Class	—	4,699,178
Total	$—	$34,697,077

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.70%
Average daily net assets in excess of $1 billion	0.65%

MFS has agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $19,808, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.69% of the fund's average daily net assets.

The investment adviser has agreed in writing to pay a portion of the fund's total annual operating expenses, excluding interest, taxes, extraordinary expenses, brokerage and transaction costs, and investment-related expenses, such that total annual operating expenses do not exceed 0.72% of average daily net assets for the Initial Class shares and 0.97% of average daily net assets for the Service Class shares. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until April 30, 2017. For the six months ended June 30, 2015, this reduction amounted to $116,828, which is included in the reduction of total expenses in the Statement of Operations.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $11,343, which equated to 0.0038% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $181.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0174% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $760 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short-term obligations, aggregated $127,258,481 and $150,485,236, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold				
Initial Class	3,763,724	$23,313,222	2,991,264	$19,007,846
Service Class	2,429,076	14,976,931	2,757,244	16,995,501
	6,192,800	$38,290,153	5,748,508	$36,003,347
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	4,791,997	$29,997,899
Service Class	—	—	757,932	4,699,178
	—	$—	5,549,929	$34,697,077
Shares reacquired				
Initial Class	(10,219,471)	$(63,939,752)	(19,315,849)	$(123,140,577)
Service Class	(3,580,154)	(22,146,053)	(6,083,157)	(37,970,782)
	(13,799,625)	$(86,085,805)	(25,399,006)	$(161,111,359)
Net change				
Initial Class	(6,455,747)	$(40,626,530)	(11,532,588)	$(74,134,832)
Service Class	(1,151,078)	(7,169,122)	(2,567,981)	(16,276,103)
	(7,606,825)	$(47,795,652)	(14,100,569)	$(90,410,935)

The fund is one of several mutual funds in which certain MFS funds may invest. The MFS funds do not invest in the underlying funds for the purpose of exercising management or control. At the end of the period, the MFS Moderate Allocation Portfolio, the MFS Conservative Allocation Portfolio, and the MFS Growth Allocation Portfolio were the owners of record of approximately 18%, 7%, and 5%, respectively, of the value of outstanding voting shares of the fund.

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $982 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	**Beginning Shares/Par Amount**	**Acquisitions Shares/Par Amount**	**Dispositions Shares/Par Amount**	**Ending Shares/Par Amount**
MFS Institutional Money Market Portfolio	13,904,801	91,022,859	(95,013,132)	9,914,528

Underlying Affiliated Fund	**Realized Gain (Loss)**	**Capital Gain Distributions**	**Dividend Income**	**Ending Value**
MFS Institutional Money Market Portfolio	$—	$—	$6,821	$9,914,528

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products" section of *mfs.com*.

MFS®

SEMIANNUAL REPORT
June 30, 2015

MFS® INVESTORS TRUST SERIES

MFS® Variable Insurance Trust

VGI-SEM

MFS® INVESTORS TRUST SERIES

CONTENTS

The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

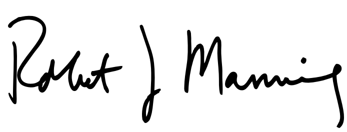
Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,



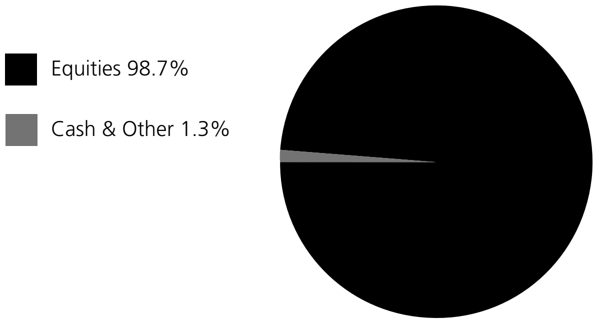
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure



Top ten holdings

JPMorgan Chase & Co.	3.3%
Visa, Inc., "A"	2.6%
Danaher Corp.	2.6%
Wells Fargo & Co.	2.0%
Walt Disney Co.	2.0%
Goldman Sachs Group, Inc.	2.0%
Johnson & Johnson	2.0%
American Express Co.	1.9%
EMC Corp.	1.9%
United Technologies Corp.	1.9%

Equity sectors

Financial Services	20.3%
Health Care	14.7%
Technology	9.4%
Industrial Goods & Services	9.1%
Consumer Staples	8.3%
Retailing	8.1%
Leisure	7.8%
Energy	5.4%
Special Products & Services	5.3%
Basic Materials	3.8%
Utilities & Communications	3.3%
Transportation	1.9%
Autos & Housing	1.3%

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders during the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.81%	$1,000.00	$1,016.44	$4.05
	Hypothetical (h)	0.81%	$1,000.00	$1,020.78	$4.06
Service Class	Actual	1.06%	$1,000.00	$1,015.27	$5.30
	Hypothetical (h)	1.06%	$1,000.00	$1,019.54	$5.31

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 98.4%		
Aerospace – 4.8%		
Honeywell International, Inc.	100,853	$ 10,283,981
Precision Castparts Corp.	34,051	6,805,773
United Technologies Corp.	104,914	11,638,110
		$ 28,727,864
Alcoholic Beverages – 1.8%		
Diageo PLC	147,989	$ 4,280,835
Pernod Ricard S.A.	56,250	6,496,786
		$ 10,777,621
Apparel Manufacturers – 2.5%		
LVMH Moet Hennessy Louis Vuitton S.A.	33,538	$ 5,875,811
NIKE, Inc., "B"	35,478	3,832,334
VF Corp.	77,788	5,424,935
		$ 15,133,080
Automotive – 0.2%		
Delphi Automotive PLC	14,387	$ 1,224,190
Broadcasting – 5.1%		
Time Warner, Inc.	124,096	$ 10,847,231
Twenty-First Century Fox, Inc.	237,960	7,744,408
Walt Disney Co.	106,703	12,179,080
		$ 30,770,719
Brokerage & Asset Managers – 2.6%		
BlackRock, Inc.	27,099	$ 9,375,712
NASDAQ OMX Group, Inc.	134,980	6,588,374
		$ 15,964,086
Business Services – 5.3%		
Accenture PLC, "A"	103,782	$ 10,044,022
Cognizant Technology Solutions Corp., "A" (a)	175,036	10,692,949
Fidelity National Information Services, Inc.	153,272	9,472,210
Gartner, Inc. (a)	18,694	1,603,571
		$ 31,812,752
Cable TV – 1.9%		
Comcast Corp., "A"	190,412	$ 11,451,378
Chemicals – 0.8%		
Monsanto Co.	44,873	$ 4,783,013
Computer Software – 0.8%		
Adobe Systems, Inc. (a)	30,768	$ 2,492,516
Citrix Systems, Inc. (a)	32,282	2,264,905
		$ 4,757,421
Computer Software – Systems – 3.9%		
Apple, Inc.	57,123	$ 7,164,652
EMC Corp.	442,678	11,682,272
Hewlett-Packard Co.	149,676	4,491,777
		$ 23,338,701

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Construction – 1.1%		
Sherwin-Williams Co.	23,471	$ 6,454,994
Consumer Products – 3.5%		
Colgate-Palmolive Co.	85,146	$ 5,569,400
Newell Rubbermaid, Inc.	223,687	9,195,773
Procter & Gamble Co.	82,423	6,448,776
		$ 21,213,949
Containers – 1.2%		
Crown Holdings, Inc. (a)	136,880	$ 7,242,321
Electrical Equipment – 3.8%		
Danaher Corp.	182,381	$ 15,609,990
W.W. Grainger, Inc.	30,205	7,148,013
		$ 22,758,003
Electronics – 1.9%		
Avago Technologies Ltd.	25,617	$ 3,405,268
Microchip Technology, Inc.	165,742	7,860,314
		$ 11,265,582
Energy – Independent – 2.8%		
EOG Resources, Inc.	107,942	$ 9,450,322
Noble Energy, Inc.	120,691	5,151,092
Occidental Petroleum Corp.	30,130	2,343,210
		$ 16,944,624
Engineering – Construction – 0.5%		
Fluor Corp.	61,621	$ 3,266,529
Food & Beverages – 3.0%		
Danone S.A.	104,068	$ 6,728,009
General Mills, Inc.	44,718	2,491,687
Mondelez International, Inc.	221,930	9,130,200
		$ 18,349,896
General Merchandise – 2.1%		
Kohl's Corp.	107,742	$ 6,745,727
Target Corp.	74,583	6,088,210
		$ 12,833,937
Insurance – 0.8%		
ACE Ltd.	45,031	$ 4,578,752
Internet – 2.9%		
Google, Inc., "A" (a)	18,052	$ 9,748,802
Google, Inc., "C" (a)	14,493	7,543,751
		$ 17,292,553
Major Banks – 10.7%		
Bank of America Corp.	650,981	$ 11,079,697
Goldman Sachs Group, Inc.	57,966	12,102,721
JPMorgan Chase & Co.	289,359	19,606,966
Morgan Stanley	145,761	5,654,069
State Street Corp.	47,266	3,639,482

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Major Banks – continued		
Wells Fargo & Co.	219,032	$ 12,318,360
		$ 64,401,295
Medical & Health Technology & Services – 1.2%		
McKesson Corp.	32,805	$ 7,374,892
Medical Equipment – 5.3%		
Abbott Laboratories	122,373	$ 6,006,067
Medtronic PLC	57,216	4,239,706
St. Jude Medical, Inc.	65,710	4,801,430
Stryker Corp.	59,257	5,663,191
Thermo Fisher Scientific, Inc.	86,607	11,238,124
		$ 31,948,518
Oil Services – 2.5%		
Cameron International Corp. (a)	83,204	$ 4,357,393
National Oilwell Varco, Inc.	62,655	3,024,983
Schlumberger Ltd.	92,270	7,952,751
		$ 15,335,127
Other Banks & Diversified Financials – 6.2%		
American Express Co.	150,988	$ 11,734,787
MasterCard, Inc., "A"	107,223	10,023,206
Visa, Inc., "A"	234,898	15,773,401
		$ 37,531,394
Pharmaceuticals – 8.2%		
Allergan PLC (a)	22,452	$ 6,813,284
Bristol-Myers Squibb Co.	104,766	6,971,130
Eli Lilly & Co.	89,501	7,472,438
Endo International PLC (a)	74,034	5,896,808
Johnson & Johnson	121,736	11,864,391
Valeant Pharmaceuticals International, Inc. (a)	47,495	10,551,014
		$ 49,569,065
Railroad & Shipping – 1.2%		
Canadian National Railway Co.	127,170	$ 7,344,068
Restaurants – 0.8%		
McDonald's Corp.	50,837	$ 4,833,074
Specialty Chemicals – 1.8%		
Praxair, Inc.	37,203	$ 4,447,619
W.R. Grace & Co. (a)	61,236	6,141,971
		$ 10,589,590

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Specialty Stores – 3.5%		
AutoZone, Inc. (a)	7,573	$ 5,050,434
Bed Bath & Beyond, Inc. (a)	86,869	5,992,224
L Brands, Inc.	43,699	3,746,315
Ross Stores, Inc.	130,646	6,350,702
		$ 21,139,675
Telecommunications – Wireless – 1.8%		
American Tower Corp., REIT	115,484	$ 10,773,502
Trucking – 0.6%		
United Parcel Service, Inc., "B"	39,360	$ 3,814,378
Utilities – Electric Power – 1.3%		
American Electric Power Co., Inc.	68,326	$ 3,619,228
CMS Energy Corp.	133,059	4,236,599
		$ 7,855,827
Total Common Stocks (Identified Cost, $393,783,326)		**$593,452,370**
CONVERTIBLE PREFERRED STOCKS – 0.3%		
Utilities – Electric Power – 0.3%		
Exelon Corp., 6.5% (Identified Cost, $1,672,245)	33,054	$ 1,499,329
MONEY MARKET FUNDS – 1.0%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	6,010,354	$ 6,010,354
Total Investments (Identified Cost, $401,465,925)		**$600,962,053**
OTHER ASSETS, LESS LIABILITIES – 0.3%		**1,933,276**
NET ASSETS – 100.0%		**$602,895,329**

(a) Non-income producing security.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

The following abbreviations are used in this report and are defined:

PLC Public Limited Company

REIT Real Estate Investment Trust

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15

Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $395,455,571)	$594,951,699	
Underlying affiliated funds, at cost and value	6,010,354	
Total investments, at value (identified cost, $401,465,925)	$600,962,053	
Foreign currency, at value (identified cost, $25)	25	
Receivables for		
Fund shares sold	1,834,618	
Interest and dividends	548,113	
Other assets	254,679	
Total assets		$603,599,488
Liabilities		
Payable to custodian	$26,893	
Payable for fund shares reacquired	536,078	
Payable to affiliates		
Investment adviser	21,527	
Shareholder servicing costs	654	
Distribution and/or service fees	3,841	
Payable for independent Trustees' compensation	16	
Accrued expenses and other liabilities	115,150	
Total liabilities		$704,159
Net assets		$602,895,329
Net assets consist of		
Paid-in capital	$313,795,222	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	199,496,098	
Accumulated net realized gain (loss) on investments and foreign currency	82,771,002	
Undistributed net investment income	6,833,007	
Net assets		$602,895,329
Shares of beneficial interest outstanding		19,597,468

	Net assets	**Shares outstanding**	**Net asset value per share**
Initial Class	$323,225,001	10,455,571	$30.91
Service Class	279,670,328	9,141,897	30.59

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Dividends	$4,894,669	
Interest	11,192	
Dividends from underlying affiliated funds	2,024	
Foreign taxes withheld	(44,595)	
Total investment income		$4,863,290
Expenses		
Management fee	$2,296,791	
Distribution and/or service fees	344,576	
Shareholder servicing costs	27,009	
Administrative services fee	53,150	
Independent Trustees' compensation	8,148	
Custodian fee	32,598	
Shareholder communications	42,348	
Audit and tax fees	26,425	
Legal fees	2,606	
Miscellaneous	9,557	
Total expenses		$2,843,208
Reduction of expenses by investment adviser	(20,325)	
Net expenses		$2,822,883
Net investment income		$2,040,407
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$21,469,464	
Foreign currency	(1,966)	
Net realized gain (loss) on investments and foreign currency		$21,467,498
Change in unrealized appreciation (depreciation)		
Investments	$(13,824,526)	
Translation of assets and liabilities in foreign currencies	(1,071)	
Net unrealized gain (loss) on investments and foreign currency translation		$(13,825,597)
Net realized and unrealized gain (loss) on investments and foreign currency		$7,641,901
Change in net assets from operations		$9,682,308

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$2,040,407	$4,793,724
Net realized gain (loss) on investments and foreign currency	21,467,498	62,248,482
Net unrealized gain (loss) on investments and foreign currency translation	(13,825,597)	(5,856,182)
Change in net assets from operations	$9,682,308	$61,186,024
Distributions declared to shareholders		
From net investment income	$—	$(5,376,758)
From net realized gain on investments	—	(47,877,196)
Total distributions declared to shareholders	$—	$(53,253,954)
Change in net assets from fund share transactions	$(46,503,433)	$(8,620,643)
Total change in net assets	$(36,821,125)	$(688,573)
Net assets		
At beginning of period	639,716,454	640,405,027
At end of period (including undistributed net investment income of $6,833,007 and $4,792,600, respectively)	$602,895,329	$639,716,454

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	**Six months ended 6/30/15 (unaudited)**	**Years ended 12/31**				
		2014	**2013**	**2012**	**2011**	**2010**
Net asset value, beginning of period	$30.41	$29.95	$22.93	$19.41	$20.04	$18.24
Income (loss) from investment operations						
Net investment income (d)	$0.12	$0.26	$0.24	$0.25	$0.17	$0.16
Net realized and unrealized gain (loss) on investments and foreign currency	0.38	2.92	7.07	3.46	(0.61)	1.86
Total from investment operations	$0.50	$3.18	$7.31	$3.71	$(0.44)	$2.02
Less distributions declared to shareholders						
From net investment income	$—	$(0.30)	$(0.29)	$(0.19)	$(0.19)	$(0.22)
From net realized gain on investments	—	(2.42)	—	—	—	—
Total distributions declared to shareholders	$—	$(2.72)	$(0.29)	$(0.19)	$(0.19)	$(0.22)
Net asset value, end of period (x)	$30.91	$30.41	$29.95	$22.93	$19.41	$20.04
Total return (%) (k)(r)(s)(x)	1.64(n)	11.01	32.05	19.18	(2.18)	11.10
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.82(a)	0.81	0.81	0.82	0.82	0.83
Expenses after expense reductions (f)	0.81(a)	0.81	0.81	0.82	0.82	0.83
Net investment income	0.78(a)	0.87	0.93	1.15	0.84	0.87
Portfolio turnover	8(n)	25	19	28	22	22
Net assets at end of period (000 omitted)	$323,225	$356,389	$405,682	$455,295	$486,500	$603,279

Service Class	**Six months ended 6/30/15 (unaudited)**	**Years ended 12/31**				
		2014	**2013**	**2012**	**2011**	**2010**
Net asset value, beginning of period	$30.13	$29.72	$22.78	$19.31	$19.95	$18.16
Income (loss) from investment operations						
Net investment income (d)	$0.08	$0.19	$0.18	$0.20	$0.12	$0.11
Net realized and unrealized gain (loss) on investments and foreign currency	0.38	2.88	7.02	3.43	(0.61)	1.86
Total from investment operations	$0.46	$3.07	$7.20	$3.63	$(0.49)	$1.97
Less distributions declared to shareholders						
From net investment income	$—	$(0.24)	$(0.26)	$(0.16)	$(0.15)	$(0.18)
From net realized gain on investments	—	(2.42)	—	—	—	—
Total distributions declared to shareholders	$—	$(2.66)	$(0.26)	$(0.16)	$(0.15)	$(0.18)
Net asset value, end of period (x)	$30.59	$30.13	$29.72	$22.78	$19.31	$19.95
Total return (%) (k)(r)(s)(x)	1.53(n)	10.71	31.74	18.83	(2.42)	10.88
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.07(a)	1.06	1.06	1.07	1.07	1.08
Expenses after expense reductions (f)	1.06(a)	1.06	1.06	1.07	1.07	1.08
Net investment income	0.53(a)	0.63	0.67	0.93	0.60	0.63
Portfolio turnover	8(n)	25	19	28	22	22
Net assets at end of period (000 omitted)	$279,670	$283,328	$234,723	$141,806	$78,392	$62,309

See Notes to Financial Statements

(a) Annualized.
(d) Per share data is based on average shares outstanding.
(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.
(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.
(n) Not annualized.
(r) Certain expenses have been reduced without which performance would have been lower.
(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.
(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS Investors Trust Series (the fund) is a diversified series of MFS Variable Insurance Trust (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities	$594,951,699	$—	$—	$594,951,699
Mutual Funds	6,010,354	—	—	6,010,354
Total Investments	$600,962,053	$—	$—	$600,962,053

For further information regarding security characteristics, see the Portfolio of Investments.

Of the level 1 investments presented above, equity investments amounting to $23,381,441 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued at fair value. The fund's policy is to recognize transfers between the levels as of the end of the period.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Security Loans – Under its Securities Lending Agency Agreement with the fund, State Street Bank and Trust Company ("State Street"), as lending agent, loans the securities of the fund to certain qualified institutions (the "Borrowers") approved by the fund. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. On loans collateralized by cash, the cash collateral is invested in a money market fund. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. In the event of Borrower default, State Street will for the benefit of the fund either purchase securities identical to those loaned or, when such purchase is commercially impracticable, pay the fund the market value of the loaned securities. In return, State Street assumes the fund's rights to the related collateral. If the collateral value is less than the cost to purchase identical securities, State Street is responsible for the shortfall, but only to the extent that such shortfall is not due to a decline in collateral value resulting from collateral reinvestment for which the fund bears the risk of loss. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is included in "Interest" income, in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income. At June 30, 2015, there were no securities on loan or collateral outstanding.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend payments received in additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. For the six months ended June 30, 2015, custody fees were not reduced.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$10,197,233
Long-term capital gains	43,056,721
Total distributions	$53,253,954

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$403,122,486
Gross appreciation	202,518,836
Gross depreciation	(4,679,269)
Net unrealized appreciation (depreciation)	$197,839,567
As of 12/31/14	
Undistributed ordinary income	10,174,203
Undistributed long-term capital gain	57,578,462
Other temporary differences	1,041
Net unrealized appreciation (depreciation)	211,664,093

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share

dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income		From net realized gain on investments	
	Six months ended 6/30/15	Year ended 12/31/14	Six months ended 6/30/15	Year ended 12/31/14
Initial Class	$—	$3,396,452	$—	$27,760,205
Service Class	—	1,980,306	—	20,116,991
Total	$—	$5,376,758	$—	$47,877,196

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.75%
Average daily net assets in excess of $1 billion	0.65%

The investment adviser has agreed in writing to reduce its management fee to 0.60% of the average daily net assets in excess of $2.5 billion. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until April 30, 2017. For the six months ended June 30, 2015, the fund's average daily net assets did not exceed $2.5 billion and therefore, the management fee was not reduced in accordance with this agreement. MFS has also agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $20,325 which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.74% of the fund's average daily net assets.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $26,330, which equated to 0.0086% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $679.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0174% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $807 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short-term obligations, aggregated $48,777,029 and $89,028,334, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold				
Initial Class	156,590	$4,821,603	216,623	$6,487,891
Service Class	1,055,334	32,164,857	3,399,102	100,586,085
	1,211,924	$36,986,460	3,615,725	$107,073,976
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	1,070,308	$31,156,657
Service Class	—	—	765,407	22,097,297
	—	$—	1,835,715	$53,253,954
Shares reacquired				
Initial Class	(1,418,834)	$(43,671,179)	(3,114,178)	$(93,629,876)
Service Class	(1,315,458)	(39,818,714)	(2,661,329)	(75,318,697)
	(2,734,292)	$(83,489,893)	(5,775,507)	$(168,948,573)
Net change				
Initial Class	(1,262,244)	$(38,849,576)	(1,827,247)	$(55,985,328)
Service Class	(260,124)	(7,653,857)	1,503,180	47,364,685
	(1,522,368)	$(46,503,433)	(324,067)	$(8,620,643)

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $1,035 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	9,693,997	40,871,393	(44,555,036)	6,010,354

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$2,024	$6,010,354

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT" in the "Products" section of *mfs.com*.

MFS®

SEMIANNUAL REPORT
June 30, 2015

MFS®

MFS® RESEARCH SERIES

MFS® Variable Insurance Trust

VFR-SEM

CONTENTS

The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

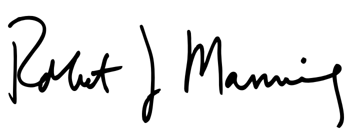
Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,



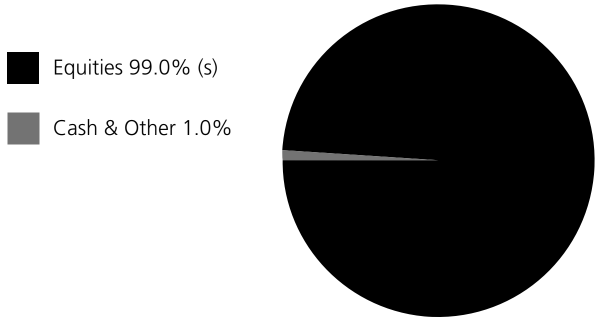
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure



Global equity sectors

Technology	18.4%
Financial Services	16.8%
Health Care	15.4%
Capital Goods	13.9%
Consumer Cyclicals	12.8%
Energy	10.4%
Consumer Staples	7.3%
Telecommunications/Cable Television (s)	4.0%

Top ten holdings

Apple, Inc.	3.4%
JPMorgan Chase & Co.	2.3%
Danaher Corp.	2.2%
Visa, Inc., "A"	2.2%
Wells Fargo & Co.	2.2%
Exxon Mobil Corp.	1.7%
Google, Inc., "A"	1.7%
Allergan PLC	1.7%
Eli Lilly & Co.	1.5%
Merck & Co., Inc.	1.4%

(s) Includes securities sold short.

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.80%	$1,000.00	$1,024.05	$4.01
	Hypothetical (h)	0.80%	$1,000.00	$1,020.83	$4.01
Service Class	Actual	1.05%	$1,000.00	$1,022.54	$5.27
	Hypothetical (h)	1.05%	$1,000.00	$1,019.59	$5.26

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 98.9%		
Aerospace – 3.3%		
Honeywell International, Inc.	66,935	$ 6,825,362
Northrop Grumman Corp.	33,689	5,344,086
Rockwell Collins, Inc.	33,261	3,071,653
United Technologies Corp.	65,277	7,241,178
		$ 22,482,279
Alcoholic Beverages – 0.7%		
Constellation Brands, Inc., "A"	41,465	$ 4,810,769
Apparel Manufacturers – 1.2%		
Global Brands Group Holding Ltd. (a)	4,674,000	$ 982,851
Hanesbrands, Inc.	115,985	3,864,620
PVH Corp.	28,435	3,275,712
		$ 8,123,183
Automotive – 0.9%		
Delphi Automotive PLC	39,526	$ 3,363,267
Harley-Davidson, Inc.	47,043	2,650,873
		$ 6,014,140
Biotechnology – 2.3%		
Alexion Pharmaceuticals, Inc. (a)	38,634	$ 6,983,868
Biogen, Inc. (a)	21,829	8,817,606
		$ 15,801,474
Broadcasting – 2.3%		
Nielsen Holdings B.V.	75,733	$ 3,390,566
Time Warner, Inc.	74,417	6,504,790
Twenty-First Century Fox, Inc.	190,977	6,215,346
		$ 16,110,702
Brokerage & Asset Managers – 2.4%		
BlackRock, Inc.	19,892	$ 6,882,234
Franklin Resources, Inc.	91,026	4,463,005
NASDAQ OMX Group, Inc.	105,563	5,152,530
		$ 16,497,769
Business Services – 3.1%		
Accenture PLC, "A"	52,343	$ 5,065,756
Equifax, Inc.	21,166	2,055,007
Fidelity National Information Services, Inc.	60,991	3,769,244
Fiserv, Inc. (a)	21,651	1,793,352
FleetCor Technologies, Inc. (a)	16,966	2,647,714
Gartner, Inc. (a)	38,452	3,298,413
Global Payments, Inc.	23,624	2,443,903
		$ 21,073,389
Cable TV – 1.9%		
Charter Communications, Inc., "A" (a)	27,464	$ 4,703,210
Comcast Corp., "Special A"	67,923	4,071,305
Time Warner Cable, Inc.	25,073	4,467,256
		$ 13,241,771
Chemicals – 1.7%		
E.I. du Pont de Nemours & Co.	58,639	$ 3,749,964

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Chemicals – continued		
LyondellBasell Industries N.V., "A"	12,950	$ 1,340,584
Monsanto Co.	29,663	3,161,779
PPG Industries, Inc.	29,279	3,358,887
		$ 11,611,214
Computer Software – 2.7%		
Adobe Systems, Inc. (a)	55,183	$ 4,470,375
Oracle Corp.	137,019	5,521,866
Qlik Technologies, Inc. (a)	74,717	2,612,106
Salesforce.com, Inc. (a)	84,765	5,902,187
		$ 18,506,534
Computer Software – Systems – 5.3%		
Apple, Inc. (s)	188,286	$ 23,615,772
EMC Corp.	220,125	5,809,099
Hewlett-Packard Co.	126,327	3,791,073
NCR Corp. (a)	43,735	1,316,424
Sabre Corp.	95,237	2,266,641
		$ 36,799,009
Construction – 0.8%		
Sherwin-Williams Co.	19,380	$ 5,329,888
Consumer Products – 2.0%		
Colgate-Palmolive Co.	79,078	$ 5,172,492
Estee Lauder Cos., Inc., "A"	24,279	2,104,018
Newell Rubbermaid, Inc.	111,207	4,571,720
Sensient Technologies Corp.	32,873	2,246,541
		$ 14,094,771
Consumer Services – 0.5%		
Priceline Group, Inc. (a)	3,063	$ 3,526,646
Containers – 0.7%		
Crown Holdings, Inc. (a)	92,678	$ 4,903,593
Electrical Equipment – 3.0%		
Danaher Corp.	181,437	$ 15,529,193
W.W. Grainger, Inc.	21,406	5,065,730
		$ 20,594,923
Electronics – 1.6%		
Avago Technologies Ltd.	37,677	$ 5,008,404
Mellanox Technologies Ltd. (a)	53,170	2,583,530
NXP Semiconductors N.V. (a)	33,814	3,320,535
		$ 10,912,469
Energy – Independent – 4.5%		
Anadarko Petroleum Corp.	63,136	$ 4,928,396
Cabot Oil & Gas Corp.	107,663	3,395,691
EOG Resources, Inc.	78,197	6,846,147
EQT Corp.	29,301	2,383,343
Memorial Resource Development Corp. (a)	183,412	3,479,326
Noble Energy, Inc.	55,058	2,349,875
Pioneer Natural Resources Co.	19,695	2,731,500

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Energy – Independent – continued		
Valero Energy Corp.	81,737	$ 5,116,736
		$ 31,231,014
Energy – Integrated – 1.7%		
Exxon Mobil Corp. (s)	139,134	$ 11,575,949
Food & Beverages – 3.0%		
Coca-Cola Co.	191,952	$ 7,530,277
General Mills, Inc.	70,396	3,922,465
Mead Johnson Nutrition Co., "A"	38,144	3,441,352
Mondelez International, Inc.	149,653	6,156,724
		$ 21,050,818
Food & Drug Stores – 1.4%		
CVS Health Corp.	60,095	$ 6,302,764
Walgreens Boots Alliance, Inc.	41,356	3,492,101
		$ 9,794,865
Gaming & Lodging – 0.2%		
Wynn Resorts Ltd.	11,887	$ 1,172,890
General Merchandise – 1.8%		
Dollar Tree, Inc. (a)	53,067	$ 4,191,762
Kohl's Corp.	60,639	3,796,608
Target Corp.	53,925	4,401,898
		$ 12,390,268
Health Maintenance Organizations – 1.3%		
UnitedHealth Group, Inc.	71,890	$ 8,770,580
Insurance – 2.0%		
American International Group, Inc.	131,630	$ 8,137,367
MetLife, Inc.	106,468	5,961,143
		$ 14,098,510
Internet – 4.6%		
Alibaba Group Holding Ltd., ADR (a)	32,182	$ 2,647,613
Facebook, Inc., "A " (a)	90,258	7,740,977
Google, Inc., "A" (a)	21,408	11,561,176
Google, Inc., "C" (a)	11,231	5,845,848
LinkedIn Corp., "A" (a)	18,813	3,887,330
		$ 31,682,944
Machinery & Tools – 1.3%		
Roper Technologies, Inc.	50,480	$ 8,705,781
Major Banks – 6.5%		
Goldman Sachs Group, Inc.	35,416	$ 7,394,507
JPMorgan Chase & Co. (s)	229,722	15,565,963
PNC Financial Services Group, Inc.	69,120	6,611,328
Wells Fargo & Co.	274,019	15,410,829
		$ 44,982,627
Medical & Health Technology & Services – 1.2%		
Henry Schein, Inc. (a)	17,940	$ 2,549,633
McKesson Corp.	26,009	5,847,083
		$ 8,396,716
Medical Equipment – 4.1%		
Abbott Laboratories	146,113	$ 7,171,226

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Medical Equipment – continued		
Medtronic PLC	104,824	$ 7,767,458
Stryker Corp.	67,846	6,484,042
Thermo Fisher Scientific, Inc.	53,811	6,982,515
		$ 28,405,241
Natural Gas – Distribution – 0.4%		
Sempra Energy	30,485	$ 3,016,186
Natural Gas – Pipeline – 0.5%		
Williams Cos., Inc.	65,943	$ 3,784,469
Network & Telecom – 1.1%		
Cisco Systems, Inc.	282,571	$ 7,759,400
Oil Services – 0.9%		
Halliburton Co.	49,944	$ 2,151,088
Schlumberger Ltd.	48,716	4,198,832
		$ 6,349,920
Other Banks & Diversified Financials – 5.3%		
American Express Co.	112,507	$ 8,744,044
Discover Financial Services	60,777	3,501,971
Fifth Third Bancorp	183,587	3,822,281
PrivateBancorp, Inc.	133,472	5,314,855
Visa, Inc., "A"	229,832	15,433,219
		$ 36,816,370
Pharmaceuticals – 6.6%		
Allergan PLC (a)	37,798	$ 11,470,181
Bristol-Myers Squibb Co.	111,773	7,437,375
Eli Lilly & Co.	120,111	10,028,067
Merck & Co., Inc.	165,559	9,425,274
Valeant Pharmaceuticals International, Inc. (a)	30,964	6,878,653
		$ 45,239,550
Railroad & Shipping – 1.5%		
Canadian Pacific Railway Ltd.	16,831	$ 2,696,831
Union Pacific Corp.	78,232	7,460,986
		$ 10,157,817
Real Estate – 0.5%		
Plum Creek Timber Co. Inc., REIT	87,916	$ 3,566,752
Restaurants – 1.4%		
Aramark	111,801	$ 3,462,477
YUM! Brands, Inc.	67,859	6,112,739
		$ 9,575,216
Specialty Chemicals – 0.9%		
Albemarle Corp.	51,438	$ 2,842,978
W.R. Grace & Co. (a)	35,208	3,531,362
		$ 6,374,340
Specialty Stores – 4.0%		
Amazon.com, Inc. (a)	13,257	$ 5,754,731
American Eagle Outfitters, Inc.	120,573	2,076,267
AutoZone, Inc. (a)	8,111	5,409,226
Burlington Stores, Inc. (a)	50,145	2,567,424

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Specialty Stores – continued		
Gap, Inc.	61,510	$ 2,347,837
Ross Stores, Inc.	68,338	3,321,910
Sally Beauty Holdings, Inc. (a)	75,962	2,398,880
Urban Outfitters, Inc. (a)	105,492	3,692,220
		$ 27,568,495
Telecommunications – Wireless – 1.0%		
American Tower Corp., REIT	54,708	$ 5,103,709
SBA Communications Corp. (a)	16,610	1,909,652
		$ 7,013,361
Telephone Services – 1.0%		
Verizon Communications, Inc.	147,333	$ 6,867,191
Tobacco – 1.5%		
Philip Morris International, Inc.	77,117	$ 6,182,470
Reynolds American, Inc.	56,381	4,209,405
		$ 10,391,875
Utilities – Electric Power – 2.3%		
American Electric Power Co., Inc.	67,418	$ 3,571,131
CMS Energy Corp.	142,683	4,543,027
NextEra Energy, Inc.	47,982	4,703,675
NRG Energy, Inc.	130,401	2,983,575
		$ 15,801,408
Total Common Stocks (Identified Cost, $521,756,779)		**$682,975,076**
CONVERTIBLE PREFERRED STOCKS – 0.3%		
Telephone Services – 0.3%		
Frontier Communications Corp., 11.13% (a) (Identified Cost, $1,678,610)	16,684	$ 1,666,732
MONEY MARKET FUNDS – 0.2%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	1,626,724	$ 1,626,724
Total Investments (Identified Cost, $525,062,113)		**$686,268,532**
SECURITIES SOLD SHORT – (0.2)%		
Telecommunications – Wireless – (0.2)%		
Crown Castle International Corp., REIT (Proceeds Received, $1,070,031)	(13,028)	$ (1,046,148)
OTHER ASSETS, LESS LIABILITIES – 0.8%		**5,243,699**
NET ASSETS – 100.0%		**$690,466,083**

(a) Non-income producing security.

(s) Security or a portion of the security was pledged to cover collateral requirements for securities sold short.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

At June 30, 2015, the fund had cash collateral of $4,259 and other liquid securities with an aggregate value of $1,959,778 to cover any commitments for securities sold short. Cash collateral is comprised of "Deposits with brokers" in the Statement of Assets and Liabilities.

The following abbreviations are used in this report and are defined:

ADR American Depositary Receipt
PLC Public Limited Company
REIT Real Estate Investment Trust

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15

Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $523,435,389)	$684,641,808	
Underlying affiliated funds, at cost and value	1,626,724	
Total investments, at value (identified cost, $525,062,113)	$686,268,532	
Deposits with brokers	4,259	
Receivables for		
Investments sold	7,161,578	
Fund shares sold	133,259	
Dividends	659,668	
Other assets	1,954	
Total assets		$694,229,250
Liabilities		
Payables for		
Securities sold short, at value (proceeds received, $1,070,031)	$1,046,148	
Investments purchased	1,750,179	
Fund shares reacquired	832,618	
Payable to affiliates		
Investment adviser	24,656	
Shareholder servicing costs	660	
Distribution and/or service fees	3,408	
Payable for independent Trustees' compensation	10	
Accrued expenses and other liabilities	105,488	
Total liabilities		$3,763,167
Net assets		$690,466,083
Net assets consist of		
Paid-in capital	$431,684,669	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	161,230,272	
Accumulated net realized gain (loss) on investments and foreign currency	90,824,787	
Undistributed net investment income	6,726,355	
Net assets		$690,466,083
Shares of beneficial interest outstanding		23,253,161

	Net assets	**Shares outstanding**	**Net asset value per share**
Initial Class	$443,615,830	14,883,100	$29.81
Service Class	246,850,253	8,370,061	29.49

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Dividends	$5,599,227	
Interest	17	
Dividends from underlying affiliated funds	2,070	
Foreign taxes withheld	(7,070)	
Total investment income		$5,594,244
Expenses		
Management fee	$2,670,316	
Distribution and/or service fees	317,823	
Shareholder servicing costs	23,150	
Administrative services fee	61,028	
Independent Trustees' compensation	8,271	
Custodian fee	38,679	
Shareholder communications	30,233	
Audit and tax fees	27,625	
Legal fees	3,225	
Dividend and interest expense on securities sold short	11,478	
Miscellaneous	11,716	
Total expenses		$3,203,544
Fees paid indirectly	(4)	
Reduction of expenses by investment adviser	(23,629)	
Net expenses		$3,179,911
Net investment income		$2,414,333
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$40,235,779	
Foreign currency	(37)	
Net realized gain (loss) on investments and foreign currency		$40,235,742
Change in unrealized appreciation (depreciation)		
Investments	$(25,329,140)	
Securities sold short	23,883	
Translation of assets and liabilities in foreign currencies	(31)	
Net unrealized gain (loss) on investments and foreign currency translation		$(25,305,288)
Net realized and unrealized gain (loss) on investments and foreign currency		$14,930,454
Change in net assets from operations		$17,344,787

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$2,414,333	$4,312,097
Net realized gain (loss) on investments and foreign currency	40,235,742	51,675,015
Net unrealized gain (loss) on investments and foreign currency translation	(25,305,288)	15,785,872
Change in net assets from operations	$17,344,787	$71,772,984
Distributions declared to shareholders		
From net investment income	$—	$(5,407,049)
From net realized gain on investments	—	(55,311,546)
Total distributions declared to shareholders	$—	$(60,718,595)
Change in net assets from fund share transactions	$(55,191,956)	$(58,652,020)
Total change in net assets	$(37,847,169)	$(47,597,631)
Net assets		
At beginning of period	728,313,252	775,910,883
At end of period (including undistributed net investment income of $6,726,355 and $4,312,022, respectively)	$690,466,083	$728,313,252

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$29.11	$28.74	$21.84	$18.78	$19.04	$16.57
Income (loss) from investment operations						
Net investment income (d)	$0.11	$0.19	$0.20	$0.22	$0.15	$0.15
Net realized and unrealized gain (loss) on investments and foreign currency	0.59	2.68	6.84	3.01	(0.24)	2.47
Total from investment operations	$0.70	$2.87	$7.04	$3.23	$(0.09)	$2.62
Less distributions declared to shareholders						
From net investment income	$—	$(0.25)	$(0.08)	$(0.17)	$(0.17)	$(0.15)
From net realized gain on investments	—	(2.25)	(0.06)	—	—	—
Total distributions declared to shareholders	$—	$(2.50)	$(0.14)	$(0.17)	$(0.17)	$(0.15)
Net asset value, end of period (x)	$29.81	$29.11	$28.74	$21.84	$18.78	$19.04
Total return (%) (k)(r)(s)(x)	2.40(n)	10.20	32.35	17.22	(0.45)	15.90
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.81(a)	0.80	0.81	0.88	0.88	0.89
Expenses after expense reductions (f)	0.80(a)	0.80	0.81	0.88	0.88	0.89
Net investment income	0.77(a)	0.67	0.80	1.06	0.79	0.86
Portfolio turnover	26(n)	34	43	83	70	71
Net assets at end of period (000 omitted)	$443,616	$468,286	$496,857	$460,834	$160,892	$182,895
Supplemental Ratios (%):						
Ratio of expenses to average net assets after expense reductions excluding short sale dividend and interest expense (f)	0.80(a)	N/A	0.80	0.87	0.86	0.89

See Notes to Financial Statements

Financial Highlights – continued

Service Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31 2014	2013	2012	2011	2010
Net asset value, beginning of period	$28.84	$28.49	$21.70	$18.67	$18.93	$16.48
Income (loss) from investment operations						
Net investment income (d)	$0.08	$0.12	$0.14	$0.18	$0.10	$0.10
Net realized and unrealized gain (loss) on investments and foreign currency	0.57	2.65	6.78	2.97	(0.24)	2.47
Total from investment operations	$0.65	$2.77	$6.92	$3.15	$(0.14)	$2.57
Less distributions declared to shareholders						
From net investment income	$—	$(0.17)	$(0.07)	$(0.12)	$(0.12)	$(0.12)
From net realized gain on investments	—	(2.25)	(0.06)	—	—	—
Total distributions declared to shareholders	$—	$(2.42)	$(0.13)	$(0.12)	$(0.12)	$(0.12)
Net asset value, end of period (x)	$29.49	$28.84	$28.49	$21.70	$18.67	$18.93
Total return (%) (k)(r)(s)(x)	2.25(n)	9.94	32.00	16.90	(0.69)	15.64
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.06(a)	1.05	1.06	1.11	1.13	1.14
Expenses after expense reductions (f)	1.05(a)	1.05	1.05	1.11	1.13	1.14
Net investment income	0.52(a)	0.42	0.56	0.82	0.55	0.61
Portfolio turnover	26(n)	34	43	83	70	71
Net assets at end of period (000 omitted)	$246,850	$260,028	$279,054	$266,040	$20,015	$19,825
Supplemental Ratios (%):						
Ratio of expenses to average net assets after expense reductions excluding short sale dividend and interest expense (f)	1.05(a)	N/A	1.05	1.11	1.11	1.14

(a) Annualized.

(d) Per share data is based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.

(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.

(n) Not annualized.

(r) Certain expenses have been reduced without which performance would have been lower.

(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower. Excluding the effect of the proceeds received from a non-recurring litigation settlement against Tyco International Ltd., the Initial Class and Service Class total returns for the year ended December 31, 2010 would have each been lower by approximately 0.60%.

(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS Research Series (the fund) is a diversified series of MFS Variable Insurance Trust (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Equity securities held short, for which there were no sales reported for that day, are generally valued at the last quoted daily ask quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities	$684,641,808	$—	$—	$684,641,808
Mutual Funds	1,626,724	—	—	1,626,724
Total Investments	$686,268,532	$—	$—	$686,268,532
Short Sales	$(1,046,148)	$—	$—	$(1,046,148)

For further information regarding security characteristics, see the Portfolio of Investments.

Of the level 1 investments presented above, equity investments amounting to $982,851 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued at fair value. The fund's policy is to recognize transfers between the levels as of the end of the period.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Short Sales – The fund entered into short sales whereby it sells a security it does not own in anticipation of a decline in the value of that security. The fund will realize a gain if the security price decreases and a loss if the security price increases between the date of the short sale and the date on which the fund replaces the borrowed security. Losses from short sales can exceed the proceeds of the security sold; and they can also exceed the potential loss from an ordinary buy and sell transaction. The amount of any premium, dividends, or interest the fund may be required to pay in connection with a short sale will be recognized as a fund expense. During the six months ended June 30, 2015, this expense amounted to $11,478. The fund segregates cash or marketable securities in an amount that, when combined with the amount of proceeds from the short sale deposited with the broker, at least equals the current market value of the security sold short.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. The amount of the credit, for the six months ended June 30, 2015, is shown as a reduction of total expenses in the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$33,841,423
Long-term capital gains	26,877,172
Total distributions	$60,718,595

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$525,772,318
Gross appreciation	167,267,155
Gross depreciation	(6,770,941)
Net unrealized appreciation (depreciation)	$160,496,214
As of 12/31/14	
Undistributed ordinary income	10,615,708
Undistributed long-term capital gain	45,067,125
Other temporary differences	(71,559)
Net unrealized appreciation (depreciation)	185,825,353

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share

dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income		From net realized gain on investments	
	Six months ended 6/30/15	Year ended 12/31/14	Six months ended 6/30/15	Year ended 12/31/14
Initial Class	$—	$3,892,093	$—	$35,317,366
Service Class	—	1,514,956	—	19,994,180
Total	$—	$5,407,049	$—	$55,311,546

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.75%
Average daily net assets in excess of $1 billion	0.65%

MFS has agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $23,629, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.74% of the fund's average daily net assets.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $22,431, which equated to 0.0063% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $719.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0171% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $928 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short sales and short-term obligations, aggregated $182,196,792 and $237,157,325, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	Amount	Shares	Amount
Shares sold				
Initial Class	168,338	$4,991,919	543,408	$15,577,721
Service Class	188,973	5,520,937	422,906	12,106,891
	357,311	$10,512,856	966,314	$27,684,612
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	1,381,587	$39,209,459
Service Class	—	—	764,362	21,509,136
	—	$—	2,145,949	$60,718,595
Shares reacquired				
Initial Class	(1,372,859)	$(41,092,320)	(3,124,409)	$(90,997,198)
Service Class	(836,110)	(24,612,492)	(1,964,146)	(56,058,029)
	(2,208,969)	$(65,704,812)	(5,088,555)	$(147,055,227)
Net change				
Initial Class	(1,204,521)	$(36,100,401)	(1,199,414)	$(36,210,018)
Service Class	(647,137)	(19,091,555)	(776,878)	(22,442,002)
	(1,851,658)	$(55,191,956)	(1,976,292)	$(58,652,020)

The fund is one of several mutual funds in which certain MFS funds may invest. The MFS funds do not invest in the underlying funds for the purpose of exercising management or control. At the end of the period, the MFS Moderate Allocation Portfolio, the MFS Growth Allocation Portfolio, and the MFS Conservative Allocation Portfolio were the owners of record of approximately 23%, 8%, and 6%, respectively, of the value of outstanding voting shares of the fund.

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $1,225 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	2,802,369	60,120,284	(61,295,929)	1,626,724

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$2,070	$1,626,724

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT" in the "Products" section of *mfs.com*.

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SEMIANNUAL REPORT
June 30, 2015

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MFS® UTILITIES SERIES

MFS® Variable Insurance Trust

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MFS® UTILITIES SERIES

CONTENTS

The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN

Dear Contract Owners:

The U.S. economy stumbled slightly in the first quarter of 2015, held back by a strong dollar, weak overseas demand and harsh winter weather that hurt domestic consumption. However, growth resumed in the second quarter.

Other major economies and regions have struggled, leading central banks to step up their efforts to stimulate economic growth. The European Central Bank's quantitative easing program has begun to make an impact. However, risks associated with a potential Greek debt default and potential eurozone exit have weighed on business and investor confidence.

Despite the People's Bank of China's targeted stimulative actions, China's economic growth rate has continued to decelerate to multidecade lows, and Chinese equity markets are beginning to show signs of strain.

The world's financial markets have become increasingly complex in recent years. Now, more than ever, it is important to understand companies on a global basis. At MFS®, we believe our integrated research platform, collaborative culture, active risk management process and long-term focus give us a research advantage.

As investors, we aim to add long-term value. We believe this approach will serve you well as you work with your financial advisor to reach your investment objectives.

Respectfully,

Robert J. Manning

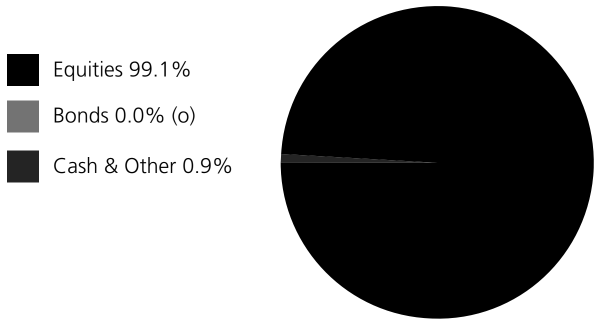
Robert J. Manning
Chairman
MFS Investment Management

August 14, 2015

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure (i)



Top ten holdings (i)

NextEra Energy, Inc.	3.5%
Exelon Corp.	3.2%
PPL Corp.	3.2%
Sempra Energy	2.8%
AES Corp.	2.6%
Public Service Enterprise Group, Inc.	2.5%
NRG Energy, Inc.	2.3%
American Electric Power Co., Inc.	2.3%
EDP Renovaveis S.A.	2.1%
Dynegy, Inc.	2.1%

Top five industries (i)

Utilities-Electric Power	49.8%
Natural Gas-Pipeline	15.3%
Telephone Services	10.0%
Natural Gas-Distribution	7.1%
Telecommunications-Wireless	6.8%

Issuer country weightings (i)(x)

United States	72.2%
Portugal	4.0%
Italy	3.6%
United Kingdom	2.8%
Canada	2.7%
Brazil	2.6%
Spain	2.2%
Denmark	1.3%
China	1.2%
Other Countries	7.4%

(i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.

(o) Less than 0.1%.

(x) Represents the portfolio's exposure to issuer countries as a percentage of a portfolio's net assets. For purposes of this presentation, United States includes Cash & Other.

Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.

Cash & Other can include cash, other assets less liabilities, offsets to derivative positions, and short-term securities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and the Notes to Financial Statements for additional information related to certain risks associated with assets included in "Other".

Percentages are based on net assets as of 6/30/15.

The portfolio is actively managed and current holdings may be different.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, January 1, 2015 through June 30, 2015

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; 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 the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2015 through June 30, 2015.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table 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 the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 1/01/15	Ending Account Value 6/30/15	Expenses Paid During Period (p) 1/01/15-6/30/15
Initial Class	Actual	0.78%	$1,000.00	$989.40	$3.85
	Hypothetical (h)	0.78%	$1,000.00	$1,020.93	$3.91
Service Class	Actual	1.03%	$1,000.00	$988.05	$5.08
	Hypothetical (h)	1.03%	$1,000.00	$1,019.69	$5.16

(h) 5% class return per year before expenses.

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 6/30/15 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 89.9%		
Cable TV – 6.6%		
Astro Malaysia Holdings Berhad	3,913,060	$ 3,194,335
Charter Communications, Inc., "A" (a)	119,405	20,448,106
Comcast Corp., "Special A"	639,313	38,320,421
Liberty Global PLC, "C" (a)	443,748	22,466,961
Time Warner Cable, Inc.	216,795	38,626,365
		$ 123,056,188
Energy – Independent – 3.2%		
Anadarko Petroleum Corp.	140,159	$ 10,940,812
Enable Midstream Partners LP	288,893	4,616,510
EQT Corp.	196,220	15,960,535
Memorial Resource Development Corp. (a)	106,203	2,014,671
Noble Energy, Inc.	301,765	12,879,330
Western Gas Equity Partners LP	204,881	12,292,860
		$ 58,704,718
Natural Gas – Distribution – 8.0%		
AGL Energy Ltd.	376,399	$ 4,515,887
China Resources Gas Group Ltd.	5,172,000	15,346,092
Engie	1,105,548	20,509,128
Gas Natural SDG S.A.	360,920	8,184,236
Infraestructura Energetica Nova, S.A. de C.V	725,294	3,591,976
NiSource, Inc.	619,923	28,262,290
NorthWestern Corp.	170,050	8,289,937
Sempra Energy	517,921	51,243,104
Snam Rete Gas S.p.A.	1,945,481	9,256,945
		$ 149,199,595
Natural Gas – Pipeline – 14.3%		
APA Group	944,635	$ 6,005,586
Columbia Pipeline Partners LP	291,078	7,335,166
Cone Midstream Partners LP	86,272	1,527,014
Enbridge, Inc.	693,538	32,433,591
Energy Transfer Equity LP	401,184	25,743,977
Energy Transfer Partners LP	522,963	27,298,669
Enterprise Products Partners LP	368,602	11,017,514
EQT GP Holdings LP (a)	90,750	3,084,592
JP Energy Partners LP	265,245	3,448,185
Kinder Morgan, Inc.	891,837	34,237,622
ONEOK Partners LP	104,752	3,561,568
Plains All American Pipeline LP	93,022	4,052,969
Plains GP Holdings LP	1,054,318	27,243,577
SemGroup Corp., "A"	163,831	13,021,288
Sunoco Logistics Partners LP	25,271	961,056
Tallgrass Energy GP LP (a)	243,738	7,836,177
Williams Cos., Inc.	656,342	37,667,467
Williams Partners LP	414,706	20,084,211
		$ 266,560,229
Telecommunications – Wireless – 5.6%		
Advanced Info Service PLC	133,600	$ 949,327
American Tower Corp., REIT	281,847	26,293,507

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Telecommunications – Wireless – continued		
Bharti Infratel Ltd.	320,804	$ 2,251,875
Bharti Tele-Ventures Ltd.	615,646	4,060,963
KDDI Corp.	373,800	9,022,390
MegaFon PJSC, GDR	235,103	3,267,932
Mobile TeleSystems OJSC, ADR	1,110,034	10,856,132
Philippine Long Distance Telephone Co.	76,565	4,771,516
SBA Communications Corp. (a)	201,215	23,133,689
Vodafone Group PLC	5,100,279	18,419,748
Wireless Infrastructure Italalian S.p.A. (a)	459,270	2,073,669
		$ 105,100,748
Telephone Services – 8.3%		
Altice S.A. (a)	109,186	$ 15,039,243
Bezeq – The Israel Telecommunication Corp. Ltd.	6,473,346	11,029,191
BT Group PLC	1,438,002	10,172,091
Cellnex Telecom S.A.U. (a)	585,465	9,904,805
Com Hem Holding AB	2,222,948	20,607,557
Frontier Communications Corp.	193,689	958,761
Hellenic Telecommunications Organization S.A.	1,366,809	11,481,196
PT XL Axiata Tbk (a)	23,990,000	6,630,651
Quebecor, Inc., "B"	436,425	10,908,878
TDC A.S.	3,245,028	23,794,965
Telus Corp.	206,397	7,110,699
Verizon Communications, Inc.	567,555	26,453,739
		$ 154,091,776
Utilities – Electric Power – 43.9%		
8point3 Energy Partners LP (a)	139,636	$ 2,600,022
Abengoa Yield PLC	724,108	22,679,063
AES Corp.	3,638,827	48,250,846
ALLETE, Inc.	259,162	12,022,525
Alliant Energy Corp.	65,570	3,784,700
Ameren Corp.	302,581	11,401,252
American Electric Power Co., Inc.	792,989	42,004,627
Calpine Corp. (a)	1,813,680	32,628,103
CenterPoint Energy, Inc.	239,428	4,556,315
China Longyuan Power Group	6,658,000	7,403,933
CMS Energy Corp.	419,458	13,355,543
Companhia Paranaense de Energia, ADR	227,038	2,497,418
CPFL Energia S.A.	1,726,052	10,686,855
Dominion Resources, Inc.	215,174	14,388,685
DTE Energy Co.	192,140	14,341,330
Dynegy, Inc. (a)	1,327,804	38,838,267
Edison International	149,060	8,284,755
EDP Renovaveis S.A.	5,577,163	39,482,381
ENEL Green Power International B.V.	1,958,329	3,827,224
Enel S.p.A.	7,248,749	32,842,260
Energias de Portugal S.A.	9,120,025	34,620,188
Energias do Brasil S.A.	3,476,982	12,871,912

Portfolio of Investments (unaudited) – continued

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Utilities – Electric Power – continued		
Equatorial Energia S.A.	526,971	$ 5,961,072
Exelon Corp.	1,921,592	60,376,421
Glow Energy PLC	14,900	37,608
Iberdrola S.A.	1,390,255	9,364,648
NextEra Energy Partners LP	162,996	6,457,902
NextEra Energy, Inc.	663,078	65,001,536
NRG Energy, Inc.	1,872,851	42,850,831
NRG Yield, Inc., "A"	211,790	4,657,262
NRG Yield, Inc., "C"	422,920	9,257,719
OGE Energy Corp.	1,095,841	31,308,177
PG&E Corp.	414,466	20,350,281
PPL Corp.	2,017,052	59,442,522
Public Service Enterprise Group, Inc.	1,206,840	47,404,675
Red Electrica de Espana	174,007	13,944,118
Talen Energy Corp. (a)	237,208	4,070,489
TerraForm Power, Inc.	206,537	7,844,275
Tractebel Energia S.A.	345,500	3,799,378
Xcel Energy, Inc.	357,263	11,496,723
		$ 816,993,841
Total Common Stocks (Identified Cost, $1,508,535,897)		**$1,673,707,095**
CONVERTIBLE PREFERRED STOCKS – 7.1%		
Telecommunications – Wireless – 1.2%		
American Tower Corp.	117,773	$ 11,777,300
T-Mobile U.S., Inc.	138,755	9,365,962
		$ 21,143,262
Telephone Services – 0.5%		
Frontier Communications Corp. (a)	96,267	$ 9,617,073
Utilities – Electric Power – 5.4%		
Dominion Resources, Inc., "A", 6.125%	208,842	$ 11,191,843
Dominion Resources, Inc., "B", 6%	242,457	13,051,460
Dominion Resources, Inc., 6.375%	239,737	11,195,718
Dynegy, Inc., 5.375%	177,140	17,607,716
Exelon Corp., 6.5%	606,479	27,509,887
CONVERTIBLE PREFERRED STOCKS – continued		
Utilities – Electric Power – continued		
NextEra Energy, Inc., 5.799%	86,458	$ 4,625,503
NextEra Energy, Inc., 5.889%	258,590	15,957,589
		$ 101,139,716
Total Convertible Preferred Stocks (Identified Cost, $129,577,267)		**$ 131,900,051**
PREFERRED STOCKS – 2.1%		
Energy – Independent – 0.4%		
Anadarko Petroleum Corp.	154,951	$ 7,811,080
Telephone Services – 1.2%		
Oi S.A. (a)	1,604,758	$ 3,019,470
Telecom Italia S.p.A.	19,027,728	19,420,551
		$ 22,440,021
Utilities – Electric Power – 0.5%		
Companhia Paranaense de Energia	810,500	$ 9,110,989
Total Preferred Stocks (Identified Cost, $47,496,845)		**$ 39,362,090**
BONDS – 0.0%		
Asset-Backed & Securitized – 0.0%		
Falcon Franchise Loan LLC, FRN, 6.62%, 1/05/23 (Identified Cost, $2,665) (i)(z)	$ 73,851	$ 7,858
MONEY MARKET FUNDS – 0.7%		
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	12,603,394	$ 12,603,394
Total Investments (Identified Cost, $1,698,216,068)		**$1,857,580,488**
OTHER ASSETS, LESS LIABILITIES – 0.2%		**3,873,639**
NET ASSETS – 100.0%		**$1,861,454,127**

(a) Non-income producing security.

(i) Interest only security for which the fund receives interest on notional principal (Par amount). Par amount shown is the notional principal and does not reflect the cost of the security.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
Falcon Franchise Loan LLC, FRN, 6.62%, 1/05/23	1/18/02	$2,665	$7,858
% of Net assets			0.0%

The following abbreviations are used in this report and are defined:

ADR American Depositary Receipt

FRN Floating Rate Note. Interest rate resets periodically and the current rate may not be the rate reported at period end.

GDR Global Depositary Receipt
PLC Public Limited Company
REIT Real Estate Investment Trust

Abbreviations indicate amounts shown in currencies other than the U.S. dollar. All amounts are stated in U.S. dollars unless otherwise indicated. A list of abbreviations is shown below:
EUR Euro
GBP British Pound

Derivative Contracts at 6/30/15

Forward Foreign Currency Exchange Contracts at 6/30/15

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
Asset Derivatives							
BUY	EUR	Credit Suisse Group	980,272	7/10/15	$ 1,090,501	$ 1,092,977	$ 2,476
BUY	EUR	Deutsche Bank AG	1,247,542	7/10/15	1,350,045	1,390,976	40,931
BUY	EUR	Goldman Sachs International	3,081,410	7/10/15	3,324,725	3,435,690	110,965
BUY	EUR	JPMorgan Chase Bank N.A.	1,861,677	7/10/15	2,024,307	2,075,721	51,414
BUY	EUR	Morgan Stanley Capital Services, Inc.	2,912,394	7/10/15	3,108,270	3,247,243	138,973
BUY	EUR	UBS AG	425,957	7/10/15	474,589	474,931	342
SELL	EUR	Credit Suisse Group	5,327,732	7/10/15	6,041,754	5,940,280	101,474
SELL	EUR	Deutsche Bank AG	53,955,119	7/10/15-9/17/15	60,822,979	60,216,092	606,887
SELL	EUR	Goldman Sachs International	1,089,618	7/10/15	1,238,177	1,214,895	23,282
BUY	GBP	Barclays Bank PLC	2,623,433	7/10/15	4,014,746	4,121,832	107,086
BUY	GBP	Citibank N.A.	829,651	7/10/15	1,252,034	1,303,514	51,480
BUY	GBP	Deutsche Bank AG	1,557,061	7/10/15	2,394,417	2,446,391	51,974
BUY	GBP	Goldman Sachs International	309,245	7/10/15	471,731	485,873	14,142
BUY	GBP	JPMorgan Chase Bank N.A.	920,962	7/10/15	1,411,772	1,446,979	35,207
BUY	GBP	Merrill Lynch International Bank	481,515	7/10/15	737,499	756,537	19,038
BUY	GBP	UBS AG	1,647,961	7/10/15	2,574,315	2,589,210	14,895
							$ 1,370,566
Liability Derivatives							
BUY	EUR	Barclays Bank PLC	1,282,968	7/10/15	$ 1,431,663	$ 1,430,476	$ (1,187)
BUY	EUR	Credit Suisse Group	14,386	7/10/15	16,129	16,040	(90)
BUY	EUR	Deutsche Bank AG	4,985,069	7/10/15	5,610,938	5,558,220	(52,718)
BUY	EUR	Goldman Sachs International	6,323,763	7/10/15	7,156,890	7,050,828	(106,062)
BUY	EUR	JPMorgan Chase Bank N.A.	4,506,310	7/10/15	5,100,941	5,024,417	(76,524)
BUY	EUR	Merrill Lynch International Bank	2,724,161	7/10/15	3,064,938	3,037,368	(27,570)
BUY	EUR	Morgan Stanley Capital Services, Inc.	758,233	7/10/15	850,638	845,409	(5,229)
SELL	EUR	Citibank N.A.	10,260,867	7/10/15	11,163,618	11,440,595	(276,977)
SELL	EUR	Deutsche Bank AG	39,628,218	7/10/15	43,012,234	44,184,415	(1,172,181)
SELL	EUR	Goldman Sachs International	16,998,714	7/10/15	18,490,861	18,953,116	(462,256)
SELL	EUR	JPMorgan Chase Bank N.A.	39,206,132	7/10/15	42,398,954	43,713,801	(1,314,847)
SELL	EUR	Merrill Lynch International Bank	5,611,511	7/10/15	6,105,256	6,256,686	(151,430)
SELL	EUR	Morgan Stanley Capital Services, Inc.	3,905,521	7/10/15	4,194,441	4,354,553	(160,112)
BUY	GBP	Barclays Bank PLC	1,227	7/10/15	1,932	1,929	(3)
SELL	GBP	Barclays Bank PLC	10,607,319	7/10/15	15,776,425	16,665,790	(889,365)
SELL	GBP	Goldman Sachs International	74,451	7/10/15	111,316	116,974	(5,658)
SELL	GBP	Merrill Lynch International Bank	10,607,319	7/10/15	15,776,796	16,665,790	(888,994)
							$(5,591,203)

At June 30, 2015, the fund had cash collateral of $4,470,000 to cover any commitments for certain derivative contracts. Cash collateral is comprised of "Restricted cash" in the Statement of Assets and Liabilities.

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 6/30/15

Assets		
Investments		
Non-affiliated issuers, at value (identified cost, $1,685,612,674)	$1,844,977,094	
Underlying affiliated funds, at cost and value	12,603,394	
Total investments, at value (identified cost, $1,698,216,068)	$1,857,580,488	
Restricted cash	4,470,000	
Receivables for		
Forward foreign currency exchange contracts	1,370,566	
Investments sold	1,208,351	
Fund shares sold	444,716	
Interest and dividends	4,790,839	
Other assets	5,407	
Total assets		$1,869,870,367
Liabilities		
Payables for		
Forward foreign currency exchange contracts	$5,591,203	
Fund shares reacquired	2,316,019	
Payable to affiliates		
Investment adviser	64,279	
Shareholder servicing costs	1,427	
Distribution and/or service fees	16,133	
Payable for independent Trustees' compensation	18	
Deferred country tax expense payable	74,242	
Accrued expenses and other liabilities	352,919	
Total liabilities		$8,416,240
Net assets		$1,861,454,127
Net assets consist of		
Paid-in capital	$1,434,716,815	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies (net of $74,242 deferred country tax)	154,995,783	
Accumulated net realized gain (loss) on investments and foreign currency	187,779,528	
Undistributed net investment income	83,962,001	
Net assets		$1,861,454,127
Shares of beneficial interest outstanding		55,938,633

	Net assets	**Shares outstanding**	**Net asset value per share**
Initial Class	$699,189,739	20,806,622	$33.60
Service Class	1,162,264,388	35,132,011	33.08

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Six months ended 6/30/15

Net investment income		
Income		
Dividends	$32,049,075	
Interest	197,337	
Dividends from underlying affiliated funds	24,626	
Foreign taxes withheld	(1,483,352)	
Total investment income		$30,787,686
Expenses		
Management fee	$7,096,813	
Distribution and/or service fees	1,527,532	
Shareholder servicing costs	43,075	
Administrative services fee	159,360	
Independent Trustees' compensation	21,351	
Custodian fee	185,811	
Shareholder communications	99,500	
Audit and tax fees	27,459	
Legal fees	7,821	
Miscellaneous	20,815	
Total expenses		$9,189,537
Fees paid indirectly	(109)	
Reduction of expenses by investment adviser	(64,926)	
Net expenses		$9,124,502
Net investment income		$21,663,184
Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments	$43,831,627	
Foreign currency	25,932,792	
Net realized gain (loss) on investments and foreign currency		$69,764,419
Change in unrealized appreciation (depreciation)		
Investments (net of $55,084 increase in deferred country tax)	$(100,212,590)	
Translation of assets and liabilities in foreign currencies	(11,716,126)	
Net unrealized gain (loss) on investments and foreign currency translation		$(111,928,716)
Net realized and unrealized gain (loss) on investments and foreign currency		$(42,164,297)
Change in net assets from operations		$(20,501,113)

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 6/30/15 (unaudited)	Year ended 12/31/14
Change in net assets		
From operations		
Net investment income	$21,663,184	$49,245,705
Net realized gain (loss) on investments and foreign currency	69,764,419	143,793,672
Net unrealized gain (loss) on investments and foreign currency translation	(111,928,716)	495,644
Change in net assets from operations	$(20,501,113)	$193,535,021
Distributions declared to shareholders		
From net investment income	$—	$(39,350,382)
From net realized gain on investments	—	(73,072,176)
Total distributions declared to shareholders	$—	$(112,422,558)
Change in net assets from fund share transactions	$(125,298,614)	$422,023,434
Total change in net assets	$(145,799,727)	$503,135,897
Net assets		
At beginning of period	2,007,253,854	1,504,117,957
At end of period (including undistributed net investment income of $83,962,001 and $62,298,817, respectively)	$1,861,454,127	$2,007,253,854

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$33.97	$31.88	$27.61	$26.08	$25.27	$22.92
Income (loss) from investment operations						
Net investment income (d)	$0.40	$0.99	$0.94	$0.84	$0.97	$0.79
Net realized and unrealized gain (loss) on investments and foreign currency	(0.77)	3.13	4.64	2.57	0.70	2.29
Total from investment operations	$(0.37)	$4.12	$5.58	$3.41	$1.67	$3.08
Less distributions declared to shareholders						
From net investment income	$—	$(0.74)	$(0.73)	$(1.88)	$(0.86)	$(0.73)
From net realized gain on investments	—	(1.29)	(0.58)	—	—	—
Total distributions declared to shareholders	$—	$(2.03)	$(1.31)	$(1.88)	$(0.86)	$(0.73)
Net asset value, end of period (x)	$33.60	$33.97	$31.88	$27.61	$26.08	$25.27
Total return (%) (k)(r)(s)(x)	(1.09)(n)	12.77	20.60	13.40	6.78	13.81
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	0.78(a)	0.79	0.80	0.82	0.80	0.81
Expenses after expense reductions (f)	0.78(a)	0.78	0.80	0.82	0.80	0.81
Net investment income	2.37(a)	2.87	3.07	3.11	3.71	3.47
Portfolio turnover	22(n)	53	50	51	53	56
Net assets at end of period (000 omitted)	$699,190	$754,927	$525,386	$476,685	$532,447	$541,653

Service Class	Six months ended 6/30/15 (unaudited)	Years ended 12/31				
		2014	2013	2012	2011	2010
Net asset value, beginning of period	$33.48	$31.47	$27.27	$25.73	$24.95	$22.65
Income (loss) from investment operations						
Net investment income (d)	$0.36	$0.92	$0.85	$0.71	$0.89	$0.73
Net realized and unrealized gain (loss) on investments and foreign currency	(0.76)	3.05	4.58	2.59	0.70	2.25
Total from investment operations	$(0.40)	$3.97	$5.43	$3.30	$1.59	$2.98
Less distributions declared to shareholders						
From net investment income	$—	$(0.67)	$(0.65)	$(1.76)	$(0.81)	$(0.68)
From net realized gain on investments	—	(1.29)	(0.58)	—	—	—
Total distributions declared to shareholders	$—	$(1.96)	$(1.23)	$(1.76)	$(0.81)	$(0.68)
Net asset value, end of period (x)	$33.08	$33.48	$31.47	$27.27	$25.73	$24.95
Total return (%) (k)(r)(s)(x)	(1.19)(n)	12.47	20.30	13.13	6.51	13.51
Ratios (%) (to average net assets) and Supplemental data:						
Expenses before expense reductions (f)	1.03(a)	1.04	1.05	1.07	1.05	1.06
Expenses after expense reductions (f)	1.03(a)	1.03	1.05	1.07	1.05	1.06
Net investment income	2.12(a)	2.71	2.82	2.66	3.45	3.23
Portfolio turnover	22(n)	53	50	51	53	56
Net assets at end of period (000 omitted)	$1,162,264	$1,252,327	$978,732	$837,196	$1,458,257	$1,335,305

See Notes to Financial Statements

Financial Highlights – continued

(a) Annualized.
(d) Per share data is based on average shares outstanding.
(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.
(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.
(n) Not annualized.
(r) Certain expenses have been reduced without which performance would have been lower.
(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.
(x) The net asset values and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) Business and Organization

MFS Utilities Series (the fund) is a diversified series of MFS Variable Insurance Trust (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued. The fund invests primarily in securities of issuers in the utility industry. Issuers in a single industry can react similarly to market, economic, political and regulatory conditions and developments. The fund invests in foreign securities. Investments in foreign securities are vulnerable to the effects of changes in the relative values of the local currency and the U.S. dollar and to the effects of changes in each country's legal, political, and economic environment.

In June 2014, FASB issued Accounting Standards Update 2014-11, Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 changes the accounting for repurchase-to-maturity transactions (i.e., repurchase agreements that settle at the same time as the maturity of the transferred financial asset) and enhances the required disclosures for repurchase agreements and other similar transactions. Although still evaluating the potential impacts of ASU 2014-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures which would first be effective for interim reporting periods beginning after March 15, 2015.

Balance Sheet Offsetting – The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the International Swaps and Derivatives Association (ISDA) Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Debt instruments and floating rate loans, including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. Other financial instruments are derivative instruments not reflected in total investments, such as forward foreign currency exchange contracts. The following is a summary of the levels used as of June 30, 2015 in valuing the fund's assets or liabilities:

Investments at Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Securities:				
United States	$1,328,009,566	$—	$—	$1,328,009,566
Portugal	74,102,569	—	—	74,102,569
Italy	67,420,648	—	—	67,420,648
United Kingdom	51,270,903	—	—	51,270,903
Canada	50,453,167	—	—	50,453,167
Brazil	47,947,094	—	—	47,947,094
Spain	41,397,807	—	—	41,397,807
Denmark	23,794,965	—	—	23,794,965
China	22,750,025	—	—	22,750,025
Other Countries	125,354,361	12,468,131	—	137,822,492
Commercial Mortgage-Backed Securities	—	7,858	—	7,858
Mutual Funds	12,603,394	—	—	12,603,394
Total Investments	$1,845,104,499	$12,475,989	$—	$1,857,580,488
Other Financial Instruments				
Forward Foreign Currency Exchange Contracts	$—	$(4,220,637)	$—	$(4,220,637)

For further information regarding security characteristics, see the Portfolio of Investments.

Of the level 2 investments presented above, equity investments amounting to $11,481,196 would have been considered level 1 investments at the beginning of the period. Of the level 1 investments presented above, equity investments amounting to $324,509,082 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued at fair value. The fund's policy is to recognize transfers between the levels as of the end of the period.

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Derivatives – The fund uses derivatives for different purposes, primarily to increase or decrease exposure to a particular market or segment of the market, or security, to increase or decrease interest rate or currency exposure, or as alternatives to direct investments. Derivatives are used for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the fund uses derivatives as an investment to increase market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost.

The derivative instruments used by the fund were forward foreign currency exchange contracts. The fund's period end derivatives, as presented in the Portfolio of Investments and the associated Derivative Contract tables, generally are indicative of the volume of its derivative activity during the period.

The following table presents, by major type of derivative contract, the fair value, on a gross basis, of the asset and liability components of derivatives held by the fund at June 30, 2015 as reported in the Statement of Assets and Liabilities:

		Fair Value	
Risk	**Derivative Contracts**	**Asset Derivatives**	**Liability Derivatives**
Foreign Exchange	Forward Foreign Currency Exchange	$1,370,566	$(5,591,203)

The following table presents, by major type of derivative contract, the realized gain (loss) on derivatives held by the fund for the six months ended June 30, 2015 as reported in the Statement of Operations:

Risk	**Foreign Currency**
Foreign Exchange	$25,998,335

The following table presents, by major type of derivative contract, the change in unrealized appreciation (depreciation) on derivatives held by the fund for the six months ended June 30, 2015 as reported in the Statement of Operations:

Risk	**Translation of Assets and Liabilities in Foreign Currencies**
Foreign Exchange	$(11,659,439)

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain, but not all, uncleared derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an ISDA Master Agreement on a bilateral basis. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a certain deterioration in the credit quality of the other party. Upon an event of default or a termination of the ISDA Master Agreement, the non-defaulting party has the right to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net amount payable by one party to the other. This right to close out and net payments across all transactions traded under the ISDA Master Agreement could result in a reduction of the fund's credit risk to such counterparty equal to any amounts payable by the fund under the applicable transactions, if any.

Collateral and margin requirements differ by type of derivative. Margin requirements are set by the clearing broker and the clearing house for cleared derivatives (e.g., futures contracts, cleared swaps, and exchange-traded options) while collateral terms are contract specific for uncleared derivatives (e.g., forward foreign currency exchange contracts, uncleared swap agreements, and uncleared options). For derivatives traded under an ISDA Master Agreement, which contains a collateral support annex, the collateral requirements are netted across all transactions traded under such agreement and one amount is posted from one party to the other to collateralize such obligations. Cash that has been segregated to cover the fund's collateral or margin obligations under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities as "Restricted cash" or "Deposits with brokers." Securities pledged as collateral or margin for the same purpose, if any, are noted in the Portfolio of Investments.

Forward Foreign Currency Exchange Contracts – The fund entered into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. These contracts may be used to hedge the fund's currency risk or for non-hedging purposes. For hedging purposes, the fund may enter into contracts to deliver or receive foreign currency that the fund will receive from or use in its normal investment activities. The fund may also use contracts to hedge against declines in the value of foreign currency denominated securities due to unfavorable exchange rate movements. For non-hedging purposes, the fund may enter into contracts with the intent of changing the relative exposure of the fund's portfolio of securities to different currencies to take advantage of anticipated exchange rate changes.

Forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any unrealized gains or losses are recorded as a receivable or payable for forward foreign currency exchange contracts until the contract settlement date. On contract settlement date, any gain or loss on the contract is recorded as realized gains or losses on foreign currency.

Risks may arise upon entering into these contracts from unanticipated movements in the value of the contract and from the potential inability of counterparties to meet the terms of their contracts. Generally, the fund's maximum risk due to counterparty credit risk is the unrealized gain on the contract due to the use of Continuous Linked Settlement, an industry accepted settlement system. This risk is mitigated in cases where there is an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and, where applicable, by the posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement.

Security Loans – Under its Securities Lending Agency Agreement with the fund, State Street Bank and Trust Company ("State Street"), as lending agent, loans the securities of the fund to certain qualified institutions (the "Borrowers") approved by the fund. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. On loans collateralized by cash, the cash collateral is invested in a money market fund. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. In the event of Borrower default, State Street will for the benefit of the fund either purchase securities identical to those loaned or, when such purchase is commercially impracticable, pay the fund the market value of the loaned securities. In return, State Street assumes the fund's rights to the related collateral. If the collateral value is less than the cost to purchase identical securities, State Street is responsible for the shortfall, but only to the extent that such shortfall is not due to a decline in collateral value resulting from collateral reinvestment for which the fund bears the risk of loss. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is included in "Interest" income, in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income. At June 30, 2015, there were no securities on loan or collateral outstanding.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced by a credit earned under an arrangement that measures the value of U.S. dollars deposited with the custodian by the fund. The amount of the credit, for the six months ended June 30, 2015, is shown as a reduction of total expenses in the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to amortization and accretion of debt securities, wash sale loss deferrals, derivative transactions and partnership adjustments.

The tax character of distributions declared to shareholders for the last fiscal year is as follows:

	12/31/14
Ordinary income (including any short-term capital gains)	$69,599,950
Long-term capital gains	42,822,608
Total distributions	$112,422,558

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 6/30/15	
Cost of investments	$1,707,735,395
Gross appreciation	251,581,506
Gross depreciation	(101,736,413)
Net unrealized appreciation (depreciation)	$149,845,093
As of 12/31/14	
Undistributed ordinary income	100,470,131
Undistributed long-term capital gain	98,328,222
Other temporary differences	(1,562,823)
Net unrealized appreciation (depreciation)	250,002,895

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income		From net realized gain on investments	
	Six months ended 6/30/15	Year ended 12/31/14	Six months ended 6/30/15	Year ended 12/31/14
Initial Class	$—	$15,974,531	$—	$28,015,023
Service Class	—	23,375,851	—	45,057,153
Total	$—	$39,350,382	$—	$73,072,176

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.75%
Average daily net assets in excess of $1 billion	0.70%

MFS has agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the six months ended June 30, 2015, this management fee reduction amounted to $64,926, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.72% of the fund's average daily net assets.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and

Notes to Financial Statements (unaudited) – continued

variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the six months ended June 30, 2015, the fee was $41,575, which equated to 0.0042% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended June 30, 2015, these costs amounted to $1,500.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the six months ended June 30, 2015 was equivalent to an annual effective rate of 0.0163% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the six months ended June 30, 2015, the fee paid by the fund under this agreement was $2,561 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

For the six months ended June 30, 2015, purchases and sales of investments, other than short-term obligations, aggregated $430,039,283 and $426,045,877, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Six months ended 6/30/15		Year ended 12/31/14	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold				
Initial Class	331,228	$11,340,894	1,464,376	$50,703,687
Service Class	2,385,359	80,360,631	5,940,410	201,152,012
	2,716,587	$91,701,525	7,404,786	$251,855,699
Shares issued in connection with acquisition of MFS Utilities Portfolio				
Initial Class			5,353,453	$189,030,408
Service Class			3,363,246	117,040,963
			8,716,699	$306,071,371
Shares issued to shareholders in reinvestment of distributions				
Initial Class	—	$—	1,262,979	$43,989,554
Service Class	—	—	1,991,648	68,433,004
	—	$—	3,254,627	$112,422,558
Shares reacquired				
Initial Class	(1,750,484)	$(60,128,781)	(2,336,474)	$(79,950,659)
Service Class	(4,657,832)	(156,871,358)	(4,994,588)	(168,375,535)
	(6,408,316)	$(217,000,139)	(7,331,062)	$(248,326,194)

	Six months ended 6/30/15 Shares	Six months ended 6/30/15 Amount	Year ended 12/31/14 Shares	Year ended 12/31/14 Amount
Net change				
Initial Class	(1,419,256)	$(48,787,887)	5,744,334	$203,772,990
Service Class	(2,272,473)	(76,510,727)	6,300,716	218,250,444
	(3,691,729)	$(125,298,614)	12,045,050	$422,023,434

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.25 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Overnight Federal Reserve funds rate or daily one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Overnight Federal Reserve funds rate plus an agreed upon spread. For the six months ended June 30, 2015, the fund's commitment fee and interest expense were $3,314 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	88,762,069	198,375,458	(274,534,133)	12,603,394

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$24,626	$12,603,394

(8) Acquisitions

At close of business on August 8, 2014, the fund with net assets of approximately $1,675,061,220, acquired all of the assets and liabilities of MFS Utilities Portfolio, a series of MFS Variable Insurance Trust II. The purpose of the transaction was to provide shareholders of MFS Utilities Portfolio the opportunity to participate in a larger combined portfolio with an identical investment objective and similar investment policies and strategies. The acquisition was accomplished by a tax-free exchange of approximately 8,716,699 shares of the fund (valued at approximately $306,071,371) for all of the assets and liabilities of MFS Utilities Portfolio. MFS Utilities Portfolio then distributed the shares of the fund that MFS Utilities Portfolio received from the fund to its shareholders. MFS Utilities Portfolio's investments on that date were valued at approximately $295,873,296 with a cost basis of approximately $242,380,563. For financial reporting purposes, assets received and shares issued by the fund were recorded at fair value; however, the cost basis of the investments received from MFS Utilities Portfolio were carried forward to align ongoing reporting of the fund's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov*, and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "Market Commentary" and "Announcements" sub sections in the "Market Outlooks" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT" in the "Products" section of *mfs.com*.

MFS®

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