

AIM Variable Insurance Funds

Annual fund reports included in this booklet:

AIM V.I. Capital Appreciation Fund

AIM V.I. Core Equity Fund

AIM V.I. Diversified Income Fund

AIM V.I. Government Securities Fund

AIM V.I. International Growth Fund

Availability of funds may vary by product. Please refer to your Product Prospectus.



AIM V.I. Capital Appreciation Fund

Annual Report to Shareholders ■ December 31, 2009



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 800 410 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. 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 12 months ended June 30, 2009, is available at our website, invescoaim.com. Click the About Us tab at the top of the home page; click Legal Information; and then click Proxy Voting Search. 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 Aim Distributors, Inc. is the U.S. 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 Aim Distributors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2009, AIM V.I. Capital Appreciation Fund's Series I shares produced double-digit positive returns but underperformed the Fund's style-specific index, the Russell 1000 Growth Index. Much of the Fund's underperformance was due its defensive posture as well as stock selection across sectors. The Fund's Series I shares also underperformed the broad market, represented by the S&P 500 Index.

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

Fund vs. Indexes

Total returns, 12/31/08 to 12/31/09, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	21.08%
Series II Shares	20.72
S&P 500 Index▼ (Broad Market Index)	26.47
Russell 1000 Growth Index▼ (Style-Specific Index)	37.21
Lipper VUF Multi-Cap Growth Funds Category Average▼ (Peer Group)	40.72

▼Lipper Inc.

How we invest

We believe a growth investment strategy is an essential component of a diversified portfolio.

Our investment process seeks to identify companies that generate sustainable revenue, earnings and cash flow growth that is not fully reflected in investor expectations or equity valuations.

We begin with a quantitative model that ranks companies based on a set of growth, quality and valuation factors. This proprietary model provides an objective approach to identifying new investment opportunities.

Our stock selection process is based on a rigorous three-step process that includes fundamental, valuation and timeliness analysis. Importantly, we search for compelling growth companies in all areas of the market, including many sectors that are not traditionally identified as growth sectors.

Our fundamental analysis focuses on identifying industries and companies with

strong fundamental drivers of high-quality growth in revenues, earnings and cash flow. Our valuation analysis focuses on identifying attractively valued stocks based on their growth potential over a two- to three-year time horizon. Our timeliness analysis employs moving average analysis and other selected factors to identify the timeliness of a stock transaction.

We carefully construct the portfolio with a goal to minimize unnecessary risk. We seek to accomplish this goal by diversifying portfolio holdings across countries, sectors, industries and market capitalizations. Additionally, we avoid building concentrated position sizes and expect to hold numerous stocks in the portfolio. Our target holding period is two to three years for each stock.

We consider selling a stock when it no longer meets our investment criteria, based on:

- Deteriorating fundamental business prospects.
- Declining quantitative rank.

- Negative changes to the investment thesis.
- Finding a more attractive opportunity.

Market conditions and your Fund

The year was truly a tale of two markets. During the second half of 2008 and the first two months of 2009, equity markets declined steeply as severe problems in the credit markets, a rapidly deteriorating housing market, rising energy and food prices and a deteriorating outlook for corporate earnings led to a global recession. However, the U.S. economy began to show signs that the contraction was moderating, and equity markets rapidly reversed direction beginning in March 2009, rallying strongly through most of the remaining months of the year.

In this environment, indexes measuring the performance of large-, mid- and small-cap stocks all had positive returns, with mid-caps outperforming large- and small-cap stocks.¹ In terms of investment style, growth stocks generally outperformed value stocks.¹ Sectors with the highest returns in the broad market as represented by the S&P 500 Index included economically sensitive sectors such as information technology (IT), materials and consumer discretionary.¹

While the Fund underperformed the Russell 1000 Growth Index for the year as a whole, it held up much better during the first two months of 2009. During those two months, the Fund benefited from a very defensive posture, with significant overweights in less economically sensitive sectors such as consumer staples and health care, and sizable underweights in economically sensitive sectors such as consumer discretionary and IT. Additionally, the Fund had a larger than normal cash position because we used cash as a defensive tool.

However, the Fund began to underper-

Portfolio Composition

By sector

Information Technology	34.5%
Consumer Discretionary	15.2
Health Care	12.6
Industrials	11.9
Financials	6.8
Energy	6.5
Consumer Staples	4.8
Materials	2.4
Telecommunication Services	1.9
Utilities	0.4
Money Market Funds	
Plus Other Assets Less Liabilities	3.0

Top 10 Equity Holdings*

1. Google Inc.-Class A	2.8%
2. Apple Inc.	2.4
3. Gilead Sciences, Inc.	2.3
4. Research In Motion Ltd.	2.2
5. QUALCOMM Inc.	2.0
6. United Technologies Corp.	2.0
7. KDDI Corp.	1.9
8. Microsoft Corp.	1.8
9. International Business Machines Corp.	1.8
10. Check Point Software Technologies Ltd.	1.7

Total Net Assets	\$705.6 million
Total Number of Holdings*	124

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

*Excluding money market fund holdings.

form the Russell 1000 Growth Index when equity markets hit a bottom and began rallying in March. Fund underperformance was driven primarily by two factors. First, much of the Fund's underperformance was driven by its defensive posture within and across sectors as economically sensitive stocks outperformed following the March low. Second, the Fund underperformed its style-specific index because it did not own many of the lower-quality, highly levered companies that outperformed during the market rebound. Our investment approach specifically avoids companies with these traits because over the long term they tend to perform poorly.

Over the course of the year, the Fund underperformed its style-specific index by the widest margin in the IT sector, due to both stock selection and a significant underweight position. Within this sector, the Fund did not own many of the lower quality companies that performed strongly during the stock market rally. Despite underperforming in this sector, all five of the Fund's top contributors were IT holdings: **Microsoft, Google, Research in Motion, Cognizant Technology Solutions** and **Apple**.

Another area of weakness for the Fund during the year was the consumer staples sector. Within this sector, underperformance was driven by an overweight position and stock selection. Our overweight position detracted from Fund performance because many of these defensive stocks underperformed as investors rotated into economically sensitive stocks during the market rebound. Within this sector, consumer products maker **Procter & Gamble** and grocery store operator **Kroger** were two of the leading detractors from Fund performance. Both holdings were sold due to deteriorating fundamentals.

The Fund underperformed in several other sectors, largely driven by stock selection. Sectors in which the Fund had the greatest underperformance included financials, health care, telecommunication services, consumer discretionary and industrials. The Fund's larger than normal cash position also was a detractor from performance when equity markets improved.

The Fund outperformed the Russell 1000 Growth Index in two sectors: utilities and materials. Outperformance in the utilities sector was due to an underweight position. Outperformance in the materials sector was driven primarily by strong stock selection.

We began to reposition the portfolio in

May, moving into economically sensitive holdings that we believed would perform well in a more stable economic environment. This repositioning included a significant reduction in the defensive health care and consumer staples sectors, as well as a reduction in the Fund's cash position. We rotated into economically sensitive sectors including IT, consumer discretionary and energy.

As we've discussed, the stock market experienced heavy volatility during the year covered by this report. We would like to caution investors against making investment decisions based on short-term performance. As always, we recommend that you consult a financial adviser to discuss your individual financial program.

We thank you for your commitment to AIM V.I. Capital Appreciation Fund.

1 Lipper Inc.

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

See important Fund and index disclosures later in this report.



Robert Lloyd

Chartered Financial Analyst, senior portfolio manager, is lead manager of AIM V.I. Capital Appreciation Fund. He joined

Invesco Aim in 2000 and was named a portfolio manager in 2001. Mr. Lloyd earned a B.B.A. from the University of Notre Dame and an M.B.A. from the University of Chicago.



Ryan Amerman

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Capital Appreciation Fund. He joined Invesco

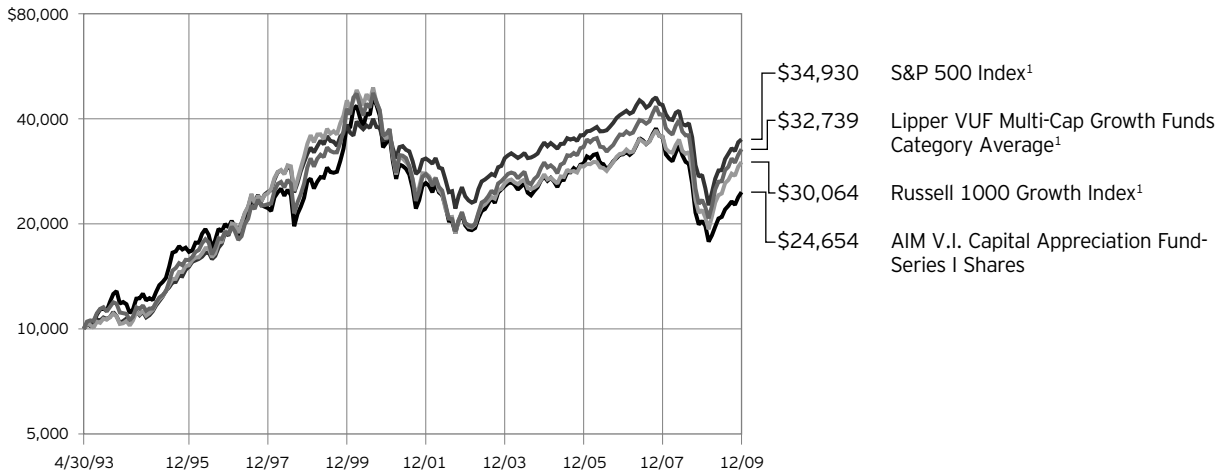
Aim in 1996. Mr. Amerman earned a B.B.A. from Stephen F. Austin State University and an M.B.A. with an emphasis in finance from the University of St. Thomas.

Assisted by the Large/Multi-Cap Growth Team

Your Fund's Long-Term Performance

Results of a \$10,000 Investment – Oldest Share Class since Inception

Index data from 4/30/93, Fund data from 5/5/93



1 Lipper Inc.

Past performance cannot guarantee comparable future results.

This chart, which is a logarithmic chart, presents the fluctuations in the value of the Fund and its indexes. We believe that a logarithmic chart is more effective than other types of charts in illustrating

changes in value during the early years shown in the chart. The vertical axis, the one that indicates the dollar value of an investment, is constructed with each segment representing a percent change in the value of the investment. In this chart, each segment represents a doubling, or

100% change, in the value of the investment. In other words, the space between \$5,000 and \$10,000 is the same size as the space between \$10,000 and \$20,000, and so on.

Average Annual Total Returns	
As of 12/31/09	
Series I Shares	
Inception (5/5/93)	5.57%
10 Years	-4.30
5 Years	-2.03
1 Year	21.08
Series II Shares	
10 Years	-4.54%
5 Years	-2.28
1 Year	20.72

Series II shares inception date is August 21, 2001. Returns since that date are historical. All other returns are the blended returns of the historical performance of Series II shares since their inception and the restated historical performance of Series I shares (for periods prior to inception of Series II shares) adjusted to reflect the Rule 12b-1 fees applicable to Series II shares. The inception date of Series I shares is May 5, 1993. 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 0.92% and 1.17%, 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.

AIM V.I. Capital Appreciation Fund, a series portfolio of AIM Variable Insurance Funds, is currently offered

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

The most recent month-end performance data at the Fund level, excluding variable product charges, is available on this Invesco Aim automated information line, 866 702 4402. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

AIM V.I. Capital Appreciation Fund's investment objective is growth of capital.

- Unless otherwise stated, information presented in this report is as of December 31, 2009, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

Since a large percentage of the Fund's assets may be invested in securities of a limited number of companies, each investment has a greater effect on the Fund's overall performance, and any change in the value of those securities could significantly affect the value of your investment in the Fund.

There is no guarantee that the investment techniques and risk analysis used by the Fund's portfolio managers will produce the desired results.

The prices of securities held by the Fund may decline in response to market risks.

Investing in a fund that invests in smaller companies involves risks not associated with investing in more established companies, such as business risk, stock price fluctuations and illiquidity.

About indexes used in this report

The **S&P 500® Index** is an unmanaged index considered representative of the U.S. 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 Multi-Cap Growth Funds Category Average** represents an average of all of the variable insurance underlying funds in the Lipper Multi-Cap Growth Funds category.

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

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

Other information

The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

Schedule of Investments^(a)

December 31, 2009

	Shares	Value
Common Stocks & Other Equity Interests—97.01%		
Aerospace & Defense—4.02%		
General Dynamics Corp.	49,368	\$ 3,365,417
Goodrich Corp.	57,235	3,677,349
Honeywell International Inc.	94,570	3,707,144
Rockwell Collins, Inc.	66,296	3,670,146
United Technologies Corp.	200,535	13,919,134
		28,339,190
Air Freight & Logistics—0.48%		
Expeditors International of Washington, Inc.	97,859	3,398,643
Airlines—0.76%		
Delta Air Lines, Inc. ^(b)	218,563	2,487,247
UAL Corp. ^{(b)(c)}	223,734	2,888,406
		5,375,653
Apparel Retail—1.75%		
Aeropostale, Inc. ^(b)	36,217	1,233,189
American Eagle Outfitters, Inc.	134,814	2,289,141
Gap, Inc. (The)	293,523	6,149,307
Men's Wearhouse, Inc. (The)	127,299	2,680,917
		12,352,554
Application Software—0.43%		
Adobe Systems Inc. ^(b)	82,563	3,036,667
Asset Management & Custody Banks—0.79%		
BlackRock, Inc.	11,367	2,639,417
T. Rowe Price Group Inc.	55,162	2,937,377
		5,576,794
Auto Parts & Equipment—1.54%		
Autoliv, Inc. (Sweden)	57,258	2,482,707
BorgWarner, Inc.	42,373	1,407,631
Gentex Corp.	98,344	1,755,441
Johnson Controls, Inc.	192,555	5,245,198
		10,890,977
Automobile Manufacturers—0.66%		
Toyota Motor Corp. (Japan)	110,600	4,648,451
Automotive Retail—0.37%		
AutoZone, Inc. ^(b)	16,571	2,619,378
Biotechnology—3.45%		
Amgen Inc. ^(b)	144,379	8,167,520
Gilead Sciences, Inc. ^(b)	373,187	16,151,533
		24,319,053

	Shares	Value
Communications Equipment—5.72%		
Cisco Systems, Inc. ^(b)	449,922	\$ 10,771,133
QUALCOMM Inc.	306,972	14,200,525
Research In Motion Ltd. (Canada) ^(b)	227,536	15,367,781
		40,339,439
Computer & Electronics Retail—0.31%		
Best Buy Co., Inc.	54,731	2,159,685
Computer Hardware—5.42%		
Apple Inc. ^(b)	78,664	16,587,091
Dell Inc. ^(b)	211,446	3,036,365
Hewlett-Packard Co.	118,673	6,112,846
International Business Machines Corp.	95,446	12,493,881
		38,230,183
Computer Storage & Peripherals—0.38%		
QLogic Corp. ^(b)	97,354	1,837,070
STEC Inc. ^{(b)(c)}	49,971	816,526
		2,653,596
Construction & Engineering—0.50%		
Fluor Corp.	78,245	3,524,155
Construction, Farm Machinery & Heavy Trucks—0.31%		
Komatsu Ltd. (Japan)	106,200	2,214,773
Consumer Finance—0.42%		
American Express Co.	72,672	2,944,669
Data Processing & Outsourced Services—2.24%		
Alliance Data Systems Corp. ^{(b)(c)}	56,548	3,652,435
MasterCard, Inc.—Class A	22,680	5,805,626
Visa Inc.—Class A	72,782	6,365,514
		15,823,575
Department Stores—2.46%		
J.C. Penney Co., Inc.	295,634	7,866,821
Kohl's Corp. ^(b)	176,017	9,492,597
		17,359,418
Diversified Metals & Mining—2.05%		
BHP Billiton Ltd. (Australia)	90,452	3,463,787
Freeport-McMoRan Copper & Gold Inc.	81,659	6,556,401
Rio Tinto PLC (United Kingdom)	82,443	4,445,233
		14,465,421
Education Services—0.52%		
Apollo Group, Inc.—Class A ^(b)	60,901	3,689,383

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

AIM V.I. Capital Appreciation Fund

	Shares	Value
Electrical Components & Equipment–1.09%		
Cooper Industries PLC (Ireland)	180,753	\$ 7,707,308
Electronic Components–0.85%		
Corning Inc.	310,336	5,992,588
Electronic Manufacturing Services–1.44%		
Flextronics International Ltd. (Singapore) ^(b)	799,264	5,842,620
Tyco Electronics Ltd. (Switzerland)	176,017	4,321,217
		10,163,837
Environmental & Facilities Services–0.60%		
Waste Management, Inc.	125,734	4,251,067
Footwear–0.59%		
NIKE, Inc.–Class B	62,938	4,158,314
Gas Utilities–0.39%		
EQT Corp.	62,933	2,764,017
General Merchandise Stores–1.22%		
Dollar Tree, Inc. ^(b)	178,940	8,642,802
Health Care Distributors–0.39%		
McKesson Corp.	44,209	2,763,063
Health Care Equipment–2.66%		
Baxter International Inc.	159,743	9,373,719
Medtronic, Inc.	141,119	6,206,414
Varian Medical Systems, Inc. ^(b)	68,359	3,202,619
		18,782,752
Health Care Services–2.34%		
Express Scripts, Inc. ^(b)	108,595	9,388,038
Laboratory Corp. of America Holdings ^(b)	34,403	2,574,720
Medco Health Solutions, Inc. ^(b)	70,687	4,517,606
		16,480,364
Home Improvement Retail–2.30%		
Home Depot, Inc. (The)	255,446	7,390,053
Lowe's Cos., Inc.	377,561	8,831,152
		16,221,205
Homefurnishing Retail–0.40%		
Bed Bath & Beyond Inc. ^(b)	72,693	2,808,131
Hotels, Resorts & Cruise Lines–0.97%		
Carnival Corp. ^{(b)(d)}	215,057	6,815,156
Household Products–0.53%		
Colgate-Palmolive Co.	45,324	3,723,367
Human Resource & Employment Services–0.32%		
Robert Half International, Inc.	85,445	2,283,945

	Shares	Value
Hypermarkets & Super Centers–1.97%		
Costco Wholesale Corp.	138,735	\$ 8,208,950
Wal-Mart Stores, Inc.	106,096	5,670,831
		13,879,781
Industrial Conglomerates–0.31%		
McDermott International, Inc. ^(b)	90,477	2,172,353
Industrial Machinery–1.48%		
Illinois Tool Works Inc.	54,128	2,597,603
Ingersoll-Rand PLC (Ireland)	177,559	6,345,958
Valmont Industries, Inc.	18,813	1,475,880
		10,419,441
Integrated Oil & Gas–2.27%		
Exxon Mobil Corp.	108,500	7,398,615
Occidental Petroleum Corp.	106,101	8,631,316
		16,029,931
Internet Retail–1.59%		
Amazon.com, Inc. ^(b)	56,623	7,616,926
Priceline.com Inc. ^(b)	16,422	3,588,207
		11,205,133
Internet Software & Services–3.12%		
Google Inc.–Class A ^(b)	32,060	19,876,559
VeriSign, Inc. ^(b)	88,296	2,140,295
		22,016,854
Investment Banking & Brokerage–2.27%		
Charles Schwab Corp. (The)	273,873	5,154,290
Goldman Sachs Group, Inc. (The)	43,338	7,317,188
Jefferies Group, Inc. ^(b)	148,423	3,522,078
		15,993,556
IT Consulting & Other Services–1.83%		
Amdocs Ltd. ^(b)	133,196	3,800,082
Cognizant Technology Solutions Corp.–Class A ^(b)	201,872	9,144,801
		12,944,883
Life Sciences Tools & Services–0.67%		
Thermo Fisher Scientific, Inc. ^(b)	99,137	4,727,844
Managed Health Care–0.85%		
UnitedHealth Group Inc.	195,815	5,968,441
Oil & Gas Drilling–0.47%		
Transocean Ltd. ^(b)	40,056	3,316,637
Oil & Gas Equipment & Services–2.13%		
Baker Hughes Inc.	64,479	2,610,110
Cameron International Corp. ^(b)	113,486	4,743,715
Halliburton Co.	87,086	2,620,418

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

	Shares	Value
Oil & Gas Equipment & Services--(continued)		
Schlumberger Ltd.	44,126	\$ 2,872,161
Weatherford International Ltd. ^(b)	122,794	2,199,240
		15,045,644
Oil & Gas Exploration & Production--1.58%		
Apache Corp.	40,493	4,177,663
Devon Energy Corp.	95,037	6,985,219
		11,162,882
Other Diversified Financial Services--0.89%		
JPMorgan Chase & Co.	151,199	6,300,462
Packaged Foods & Meats--0.72%		
General Mills, Inc.	36,166	2,560,914
Kellogg Co.	46,803	2,489,920
		5,050,834
Pharmaceuticals--2.30%		
Abbott Laboratories	131,467	7,097,904
Johnson & Johnson	85,347	5,497,200
Shire PLC (United Kingdom)	184,319	3,603,821
		16,198,925
Property & Casualty Insurance--0.84%		
ACE Ltd. (Switzerland) ^(b)	118,193	5,956,927
Railroads--1.22%		
Norfolk Southern Corp.	59,970	3,143,628
Union Pacific Corp.	85,307	5,451,117
		8,594,745
Restaurants--0.49%		
Krispy Kreme Doughnuts Inc.--Wts., expiring 03/02/12 ^(c)	1,194	71
McDonald's Corp.	55,563	3,469,354
		3,469,425
Semiconductor Equipment--2.17%		
Applied Materials, Inc.	175,743	2,449,858
ASML Holding N.V. (Netherlands)	296,814	10,081,761
KLA-Tencor Corp.	77,290	2,794,806
		15,326,425
Semiconductors--5.75%		
Altera Corp.	288,181	6,521,536
Intel Corp.	542,923	11,075,629
NVIDIA Corp. ^(b)	178,752	3,339,087
PMC-Sierra, Inc. ^(b)	175,563	1,520,376

	Shares	Value
Semiconductors--(continued)		
Taiwan Semiconductor Manufacturing Co. Ltd.--ADR (Taiwan)	715,545	\$ 8,185,835
Texas Instruments Inc.	151,561	3,949,680
Xilinx, Inc.	238,388	5,974,003
		40,566,146
Soft Drinks--1.60%		
PepsiCo, Inc.	186,067	11,312,874
Specialized Finance--1.59%		
CME Group Inc.	17,811	5,983,605
IntercontinentalExchange Inc. ^(b)	46,649	5,238,683
		11,222,288
Steel--0.40%		
United States Steel Corp.	50,951	2,808,419
Systems Software--5.11%		
Check Point Software Technologies Ltd. (Israel) ^(b)	356,066	12,063,516
McAfee Inc. ^(b)	275,955	11,195,494
Microsoft Corp.	420,250	12,813,423
		36,072,433
Trading Companies & Distributors--0.55%		
W.W. Grainger, Inc.	39,840	3,857,707
Trucking--0.23%		
Con-way Inc.	46,965	1,639,548
Wireless Telecommunication Services--1.94%		
KDDI Corp. (Japan)	2,593	13,678,286
Total Common Stocks & Other Equity Interests (Cost \$571,843,171)		684,458,397
Money Market Funds--2.93%		
Liquid Assets Portfolio--Institutional Class ^(f)	10,337,472	10,337,472
Premier Portfolio--Institutional Class ^(f)	10,337,472	10,337,472
Total Money Market Funds (Cost \$20,674,944)		20,674,944
TOTAL INVESTMENTS (excluding investments purchased with cash collateral from securities on loan)--99.94% (Cost \$592,518,115)		705,133,341
Investments Purchased with Cash Collateral from Securities on Loan		
Money Market Funds--0.79%		
Liquid Assets Portfolio--Institutional Class (Cost \$5,600,870) ^{(f)(g)}	5,600,870	5,600,870
TOTAL INVESTMENTS--100.73% (Cost \$598,118,985)		710,734,211
OTHER ASSETS LESS LIABILITIES--(0.73)%		(5,146,931)
NET ASSETS--100.00%		\$705,587,280

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

Investment Abbreviations:

ADR – American Depositary Receipt

Wts. – Warrants

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 December 31, 2009.
- (d) Each unit represents one common share and one trust share.
- (e) Non-income producing security acquired through a corporate action.
- (f) The money market fund and the Fund are affiliated by having the same investment adviser.
- (g) 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 11.

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

Statement of Assets and Liabilities

December 31, 2009

Assets:

Investments, at value (Cost \$571,843,171)*	\$ 684,458,397
Investments in affiliated money market funds, at value and cost	26,275,814
Total investments, at value (Cost \$598,118,985)	710,734,211
Receivables for:	
Investments sold	1,997,898
Fund shares sold	139,963
Dividends	422,071
Investment for trustee deferred compensation and retirement plans	121,472
Other assets	389
Total assets	713,416,004

Liabilities:

Payables for:	
Fund shares reacquired	861,309
Amount due custodian	521,132
Collateral upon return of securities loaned	5,600,870
Accrued fees to affiliates	530,411
Accrued other operating expenses	45,297
Trustee deferred compensation and retirement plans	269,705
Total liabilities	7,828,724
Net assets applicable to shares outstanding	\$ 705,587,280

Net assets consist of:

Shares of beneficial interest	\$1,019,339,851
Undistributed net investment income	4,136,629
Undistributed net realized gain (loss)	(430,504,426)
Unrealized appreciation	112,615,226
Total	\$ 705,587,280

Net Assets:

Series I	\$ 512,540,420
Series II	\$ 193,046,860

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

Series I	25,211,105
Series II	9,650,211

Series I:	
Net asset value per share	\$ 20.33

Series II:	
Net asset value per share	\$ 20.00

* At December 31, 2009, securities with an aggregate value of \$5,337,699 were on loan to brokers.

Statement of Operations

For the year ended December 31, 2009

Investment income:

Dividends (net of foreign withholding taxes of \$98,318)	\$ 10,959,149
Dividends from affiliated money market funds (includes securities lending income of \$17,917)	157,977
Total investment income	11,117,126

Expenses:

Advisory fees	4,026,479
Administrative services fees	1,667,726
Custodian fees	19,617
Distribution fees—Series II	435,691
Transfer agent fees	65,661
Trustees' and officers' fees and benefits	42,174
Other	68,440
Total expenses	6,325,788
Less: Fees waived and expense offset arrangement(s)	(38,338)
Net expenses	6,287,450
Net investment income	4,829,676

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities (includes net gains (losses) from securities sold to affiliates of \$(171,528))	(94,026,800)
Foreign currencies	(39,694)
Total	(94,066,494)
Change in net unrealized appreciation (depreciation) of:	
Investment securities	214,318,100
Foreign currencies	(23,348)
Total	214,294,752
Net realized and unrealized gain	120,228,258
Net increase in net assets resulting from operations	\$125,057,934

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

Statement of Changes in Net Assets

For the years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Net investment income	\$ 4,829,676	\$ 3,196,615
Net realized gain (loss)	(94,066,494)	(106,704,909)
Change in net unrealized appreciation (depreciation)	214,294,752	(443,131,750)
Net increase (decrease) in net assets resulting from operations	125,057,934	(546,640,044)
Distributions to shareholders from net investment income:		
Series I	(2,958,538)	—
Series II	(485,149)	—
Total distributions from net investment income	(3,443,687)	—
Share transactions-net:		
Series I	(68,162,037)	(183,737,135)
Series II	(16,738,294)	(36,720,561)
Net increase (decrease) in net assets resulting from share transactions	(84,900,331)	(220,457,696)
Net increase (decrease) in net assets	36,713,916	(767,097,740)
Net assets:		
Beginning of year	668,873,364	1,435,971,104
End of year (includes undistributed net investment income of \$4,136,629 and \$2,790,334, respectively)	\$705,587,280	\$ 668,873,364

Notes to Financial Statements

December 31, 2009

NOTE 1—Significant Accounting Policies

AIM V.I. Capital Appreciation Fund (the “Fund”) is a series portfolio of AIM 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-one 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 growth of capital.

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

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

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

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

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

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

maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) 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 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 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 economical 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 and Corporate Loans. The mean between the last bid and asked prices may be used to value debt obligations other than Corporate Loans.

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

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

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income 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 realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net 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 adviser.

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

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

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

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

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

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

G. Accounting Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, which is generally 45 days from the period-end date.

- 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 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 fails 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 affiliates on the Statement of Operations. The aggregate value of securities out on loan is shown as a footnote on the Statement of Assets and Liabilities, if any.
- 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 (i) sales of foreign currencies, (ii) currency gains or losses realized between the trade and settlement dates on securities transactions, and (iii) 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.
- K. Foreign Currency Contracts** — The Fund may enter into foreign currency contracts to manage or minimize currency or exchange rate risk. The Fund may also enter into foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of that security. A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The use of 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 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 Net Assets	Rate
First \$250 million	0.65%
Over \$250 million	0.60%

Through December 31, 2009, the Adviser has contractually agreed to waive advisory fees to the extent necessary so that the advisory fees payable by the Fund (based on the Fund's average daily net assets) do not exceed the annual rate of:

Average Net Assets	Rate
First \$250 million	0.695%
Next \$750 million	0.625%
Next \$1.5 billion	0.62%
Next \$2.5 billion	0.595%
Next \$2.5 billion	0.57%
Next \$2.5 billion	0.545%
Over \$10 billion	0.52%

Under the terms of a master sub-advisory agreement approved by shareholders of the Funds between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the "Affiliated Sub-Advisers") the Adviser, not the Funds, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to each Fund based on the percentage of assets allocated to such Sub-Adviser(s).

On December 31, 2009, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc. and the consolidated adviser firm was renamed Invesco Advisers, Inc.

The Adviser has contractually agreed 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 (excluding certain items discussed below) of Series I shares to 1.30% and Series II shares to 1.45% of average daily net assets, through at least April 30, 2011. 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 to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary items or non-routine items; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. The Board of Trustees or Invesco may terminate the fee waiver arrangement at any time. The Adviser did not waive fees and/or reimburse expenses during the period under this limitation.

Further, the Adviser has contractually agreed, through at least June 30, 2010, 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 year ended December 31, 2009, the Adviser waived advisory fees of \$37,855.

At the request of the Trustees of the Trust, Invesco Ltd. agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. For the year ended December 31, 2009, Invesco Ltd. did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the year ended December 31, 2009, Invesco was paid \$159,557 for accounting and fund administrative services and reimbursed \$1,508,169 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. ("IAIS") pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. For the year ended December 31, 2009, 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 Aim Distributors, Inc. ("IADI") 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 IADI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2009, 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 Invesco, IAIS and/or IADI.

NOTE 3—Additional Valuation Information

Generally Accepted Accounting Principles (“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 and others.

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

The following is a summary of the tiered valuation input levels, as of December 31, 2009. 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	\$672,201,920	\$38,532,291	\$—	\$710,734,211

NOTE 4—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other AIM Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the year ended December 31, 2009, the Fund engaged in securities purchases of \$2,988,284 and securities sales of \$1,237,331, which resulted in net realized gains (losses) of \$(171,528).

NOTE 5—Expense Offset Arrangement(s)

The expense offset arrangement is comprised of custodian credits which result from periodic overnight cash balances at the custodian. For the year ended December 31, 2009, the Fund received credits from this arrangement, which resulted in the reduction of the Fund’s total expenses of \$483.

NOTE 6—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 AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides 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.

During the year ended December 31, 2009, the Fund paid legal fees of \$4,332 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

NOTE 7—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) 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 8—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2009 and 2008:

	2009	2008
Ordinary income	\$3,443,687	\$—

Tax Components of Net Assets at Period-End:

	2009
Undistributed ordinary income	\$ 4,448,535
Net unrealized appreciation—investments	107,336,833
Temporary book/tax differences	(278,980)
Post-October deferrals	(32,926)
Capital loss carryforward	(425,226,033)
Shares of beneficial interest	1,019,339,851
Total net assets	\$ 705,587,280

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

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

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions. Under these limitation rules, the Fund is limited to utilizing \$425,226,034 of capital loss carryforward in the fiscal year ending December 31, 2010.

The Fund has a capital loss carryforward as of December 31, 2009 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2010	\$140,535,268
December 31, 2011	56,312,951
December 31, 2017	228,377,814
Total capital loss carryforward	\$425,226,033

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

NOTE 9—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the year ended December 31, 2009 was \$532,037,731 and \$580,161,471, 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	\$121,004,403
Aggregate unrealized (depreciation) of investment securities	(13,667,570)
Net unrealized appreciation of investment securities	\$107,336,833

Cost of investments for tax purposes is \$603,397,378.

NOTE 10—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of expired capital loss carryforward and foreign currency transactions, on December 31, 2009, undistributed net investment income was decreased by \$39,694, undistributed net realized gain (loss) was increased by \$8,302,172 and shares of beneficial interest decreased by \$8,262,478. This reclassification had no effect on the net assets of the Fund.

NOTE 11—Share Information

	Summary of Share Activity			
	Year ended December 31,			
	2009 ^(a)		2008	
	Shares	Amount	Shares	Amount
Sold:				
Series I	1,264,061	\$ 22,171,261	1,708,428	\$ 40,436,878
Series II	874,710	15,048,701	1,300,851	26,652,962
Issued as reinvestment of dividends:				
Series I	149,045	2,958,538	—	—
Series II	24,828	485,149	—	—
Reacquired:				
Series I	(5,328,522)	(93,291,836)	(9,585,390)	(224,174,013)
Series II	(1,893,167)	(32,272,144)	(2,724,387)	(63,373,523)
Net increase (decrease) in share activity	(4,909,045)	\$(84,900,331)	(9,300,498)	\$(220,457,696)

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 51% 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 Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 12—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)	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 ^(a)	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 ^(b)
Series I												
Year ended 12/31/09	\$16.89	\$ 0.14 ^(c)	\$ 3.42	\$ 3.56	\$(0.12)	\$20.33	21.08%	\$ 512,540	0.90% ^(d)	0.91% ^(d)	0.79% ^(d)	85%
Year ended 12/31/08	29.37	0.09 ^(c)	(12.57)	(12.48)	—	16.89	(42.49)	492,079	0.91	0.91	0.37	103
Year ended 12/31/07	26.22	0.01	3.14	3.15	—	29.37	12.01	1,086,677	0.88	0.88	0.03	71
Year ended 12/31/06	24.67	0.01	1.55	1.56	(0.01)	26.22	6.34	1,204,559	0.91	0.91	0.06	120
Year ended 12/31/05	22.69	0.03	1.97	2.00	(0.02)	24.67	8.79	822,899	0.89	0.89	0.11	97
Series II												
Year ended 12/31/09	16.61	0.09 ^(c)	3.35	3.44	(0.05)	20.00	20.72	193,047	1.15 ^(d)	1.16 ^(d)	0.54 ^(d)	85
Year ended 12/31/08	28.95	0.03 ^(c)	(12.37)	(12.34)	—	16.61	(42.63)	176,794	1.16	1.16	0.12	103
Year ended 12/31/07	25.91	(0.07)	3.11	3.04	—	28.95	11.73	349,294	1.13	1.13	(0.22)	71
Year ended 12/31/06	24.43	(0.05)	1.53	1.48	—	25.91	6.06	371,316	1.16	1.16	(0.19)	120
Year ended 12/31/05	22.50	(0.03)	1.96	1.93	—	24.43	8.58	339,190	1.14	1.14	(0.14)	97

(a) 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 do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.

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

(c) Calculated using average shares outstanding.

(d) Ratios are based on average daily net assets (000's omitted) of \$475,970 and \$174,277 for Series I and Series II shares, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds
and Shareholders of AIM V.I. Capital Appreciation Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AIM V.I. Capital Appreciation Fund, (one of the funds constituting AIM Variable Insurance Funds, hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

February 10, 2010
Houston, Texas

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009 through December 31, 2009.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

Class	Beginning Account Value (07/01/09)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (12/31/09) ¹	Expenses Paid During Period ²	Ending Account Value (12/31/09)	Expenses Paid During Period ²	
Series I	\$1,000.00	\$1,178.70	\$4.94	\$1,020.67	\$4.58	0.90%
Series II	1,000.00	1,177.40	6.31	1,019.41	5.85	1.15

1 The actual ending account value is based on the actual total return of the Fund for the period July 1, 2009 through December 31, 2009, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

2 Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year.

Tax Information

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

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

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Federal and State Income Tax

Corporate Dividends Received Deduction*	100.00%
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* The above percentage is based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Trustees and Officers

The address of each trustee and officer of AIM Variable Insurance Funds (the "Trust"), is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. Each trustee oversees 105 portfolios in the AIM Funds complex. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Interested Persons			
Martin L. Flanagan ¹ — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco Aim and a global investment management firm); Adviser to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The AIM Family of Funds®; Board of Governors, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman, Invesco Aim Advisors, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco Aim and a global investment management firm); Director, Invesco Ltd.; Chairman and Vice Chairman, Investment Company Institute	None
Philip A. Taylor ² — 1954 Trustee, President and Principal Executive Officer	2006	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Chief Executive Officer and President, Invesco Aim Advisors, Inc. and 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Aim Management Group, Inc. (financial services holding company); Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director, Invesco Aim Distributors, Inc. (registered broker dealer); Director and Chairman, Invesco Aim Investment Services, Inc. (registered transfer agent) and INVESCO Distributors, Inc. (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, AIM Trimark Corporate Class Inc. (corporate mutual fund company) and AIM Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltée (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); Trustee and Executive Vice President, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only); and Manager, Invesco PowerShares Capital Management LLC Formerly: Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Aim Advisors, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	None
Independent Trustees			
Bruce L. Crockett — 1944 Trustee and Chair	1993	Chairman, Crockett Technology Associates (technology consulting company)	ACE Limited (insurance company); Captaris, Inc. (unified messaging provider); and Investment Company Institute
Bob R. Baker — 1936 Trustee	2004	Retired	None
Frank S. Bayley — 1939 Trustee	2001	Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios)	None
James T. Bunch — 1942 Trustee	2004	Founder, Green, Manning & Bunch Ltd., (investment banking firm)	Board of Governors, Western Golf Association/Evans Scholars Foundation and Executive Committee, United States Golf Association
Albert R. Dowden — 1941 Trustee	2000	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company) Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations	Board of Nature's Sunshine Products, Inc.
Jack M. Fields — 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angeles Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company)	Administrative
Carl Frischling — 1937 Trustee	1993	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis — 1950 Trustee	1998	Retired	None
Lewis F. Pennock — 1942 Trustee	1993	Partner, law firm of Pennock & Cooper	None
Larry Soll — 1942 Trustee	2004	Retired	None
Raymond Stickel, Jr. — 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios)	None

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

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

Trustees and Officers – (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Other Officers			
Russell C. Burk — 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer of The AIM Family of Funds®	N/A
John M. Zerr — 1962 Senior Vice President, Chief Legal Officer and Secretary	2006	Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc., Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Senior Vice President and Secretary, Invesco Aim Distributors, Inc.; Director, Vice President and Secretary, Invesco Aim Investment Services, Inc. and INVESCO Distributors, Inc.; Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; and Manager, Invesco PowerShares Capital Management LLC Formerly: Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisers, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)	N/A
Lisa O. Brinkley — 1959 Vice President	2004	Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc.; and Vice President, The AIM Family of Funds® Formerly: Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisers, Inc. and The AIM Family of Funds®; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Aim Distributors, Inc.; Vice President, Invesco Aim Investment Services, Inc. and Fund Management Company	N/A
Kevin M. Carome — 1956 Vice President	2003	General Counsel, Secretary and Senior Managing Director, Invesco Ltd.; Director, Invesco Holding Company Limited and INVESCO Funds Group, Inc.; Director and Executive Vice President, IVZ, Inc., Invesco Group Services, Inc., Invesco North American Holdings, Inc. and Invesco Investments (Bermuda) Ltd.; Director and Secretary, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); and Vice President, The AIM Family of Funds® Formerly: Senior Managing Director and Secretary, Invesco North American Holdings, Inc.; Vice President and Secretary, IVZ, Inc. and Invesco Group Services, Inc.; Senior Managing Director and Secretary, Invesco Holding Company Limited; Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc. and Invesco Aim Advisers, Inc.; Senior Vice President, Invesco Aim Distributors, Inc.; Director, General Counsel and Vice President, Fund Management Company; Vice President, Invesco Aim Capital Management, Inc. and Invesco Aim Investment Services, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; Director and Vice President, INVESCO Distributors, Inc.; and Chief Executive Officer and President, INVESCO Funds Group, Inc.	N/A
Sheri Morris — 1964 Vice President, Treasurer and Principal Financial Officer	1999	Vice President, Treasurer and Principal Financial Officer, The AIM Family of Funds®; and Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.) Formerly: Vice President, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The AIM Family of Funds® and Assistant Vice President, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Karen Dunn Kelley — 1960 Vice President	1993	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Executive Vice President, Invesco Aim Distributors, Inc.; Senior Vice President, Invesco Aim Management Group, Inc.; and Director, Invesco Mortgage Capital Inc.; Vice President, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); and President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only) Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Aim Advisers, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Aim Advisers, Inc. and The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only)	N/A
Lance A. Rejssek — 1967 Anti-Money Laundering Compliance Officer	2005	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Invesco Aim Distributors, Inc., Invesco Aim Investment Services, Inc., and The AIM Family of Funds® Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Todd L. Spillane — 1958 Chief Compliance Officer	2006	Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The AIM Family of Funds®, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc. Formerly: Senior Vice President and Chief Compliance Officer, Invesco Aim Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc.; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	N/A

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

Office of the Fund

11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Investment Adviser

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

Distributor

Invesco Aim Distributors, Inc.
11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Auditors

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

Counsel to the Fund

Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103

Counsel to the Independent Trustees

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New York, NY 10036-2714

Transfer Agent

Invesco Aim Investment Services, Inc.
P.O. Box 4739
Houston, TX 77210-4739

Custodian

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



AIM V.I. Core Equity Fund

Annual Report to Shareholders ■ December 31, 2009



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 800 410 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. 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 12 months ended June 30, 2009, is available at our website, invescoaim.com. Click the About Us tab at the top of the home page; click Legal Information; and then click Proxy Voting Search. 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 Aim Distributors, Inc. is the U.S. 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 Aim Distributors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Management's Discussion of Fund Performance

Performance summary

For the 12 months ended December 31, 2009, AIM V.I. Core Equity Fund's results, excluding variable product issuer charges, compared favorably to the broad market as measured by the S&P 500 Index, and were generally in line with those of the Fund's style-specific benchmark, the Russell 1000 Index. The Fund's comparative results were driven by stock selection in the energy and health care sectors. Stock selection in the information technology (IT) sector was the largest detractor relative to the Russell 1000 Index. However, IT was the largest contributor to the Fund's absolute returns. Other contributors to the Fund's absolute returns were holdings in the health care, energy and industrials sectors.

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

Fund vs. Indexes

Total returns, 12/31/08 to 12/31/09, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	28.30%
Series II Shares	27.98
S&P 500 Index▼ (Broad Market Index)	26.47
Russell 1000 Index▼ (Style-Specific Index)	28.43
Lipper VUF Large-Cap Core Funds Index▼ (Peer Group Index)	29.06

▼Lipper Inc.

How we invest

We seek to manage your Fund as what we term a "conservative cornerstone" – a stable foundational component of a well-diversified portfolio of assets that may provide attractive upside participation during buoyant equity markets and downside protection during weak equity markets. As part of a well-diversified asset allocation strategy, the Fund is intended to complement more aggressive or cyclical investments.

We conduct thorough fundamental research of companies and their businesses to gain a deeper understanding of their prospects, growth potential and return on invested capital (ROIC) characteristics. The process we use to identify potential investments for the Fund includes three phases: financial analysis, business analysis and valuation analysis.

Financial analysis provides insights into historical returns on invested capital, a key indicator of business quality, and historical capital allocation, a key indicator of management quality. Business analysis, which evaluates the competitive landscape and any structural or cyclical business opportunities or threats, allows us to identify key revenue, profit and return drivers of the company. Both the financial and business analyses serve as a basis to construct valuation models. In our valuation analysis, we use three primary techniques, including discounted cash flow, traditional valuation multiples and net asset value.

We consider selling a stock when it exceeds our target price, we have not seen a demonstrable improvement in fundamentals or a more compelling investment opportunity exists.

Market conditions and your Fund

The year covered by this report was characterized by two dramatically different market environments. In early 2009, equity markets declined steeply as credit markets froze and risk premiums rose dramatically in response to the global recession. As central banks coordinated easing efforts and companies cut costs aggressively, access to liquidity improved and market valuations in both the credit and equity markets recovered from the March lows.

Major equity indexes generated positive returns for the year, and economically sensitive sectors such as the IT, consumer discretionary and materials sectors delivered the highest returns for the year, while traditionally defensive telecommunication services, consumer staples and utilities sectors had some of the lowest returns.¹

The primary contributor to the Fund's results was **American Express**, the world's largest issuer of credit-cards as measured by purchase volume. The stock had previously suffered due to investor fears about credit losses following the financial crisis. The sell-off provided us an opportunity to add to our position in the company, which reported stabilization in credit card delinquencies and charge-offs by the second half of the year. The company also repurchased the preferred shares it issued to the U.S. Treasury under the government's Troubled Asset Relief Program (TARP), which we considered a validation of the firm's stability.

Another large contributor was industrial conglomerate **Tyco International**, which operates in a variety of dissimilar industries such as security solutions, fire protection and fluid valves. The market downturn provided us an opportunity to build a larger position in the stock as it traded lower. As conditions improved later in the year, the company reported good operating results due to improving margins and solid retention rates, and the stock performed well amid improving economic sentiment.

While the Fund was underexposed to financials during the financial crisis, we took the opportunity to invest in what we viewed as higher quality banks. However, some of these names – including **Wells Fargo** and **BB&T** – continued to lag the market in 2009 and negatively affected results.

Portfolio Composition

By sector

Information Technology	21.7%
Health Care	16.9
Financials	12.3
Industrials	12.3
Consumer Staples	8.7
Energy	8.1
Consumer Discretionary	2.5
Telecommunication Services	2.2
Materials	1.2
Money Market Funds	
Plus Other Assets Less Liabilities	14.1

Total Net Assets	\$1.5 billion
Total Number of Holdings*	67

Top 10 Equity Holdings*

1. Progressive Corp. (The)	2.8%
2. American Express Co.	2.7
3. Microsoft Corp.	2.6
4. Symantec Corp.	2.4
5. Agilent Technologies, Inc.	2.4
6. Comcast Corp.-Class A	2.2
7. Nokia Corp.-ADR	2.0
8. Berkshire Hathaway Inc.-Class A	2.0
9. Motorola, Inc.	1.9
10. Automatic Data Processing, Inc.	1.8

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

*Excluding money market fund holdings.

Wells Fargo's late-2008 acquisition of distressed bank Wachovia boosted both its size and scale, but also added to its exposure to troubled loans. During the year, Wells Fargo reduced its dividend, and we believed the action was prudent to preserve capital. The company is experiencing healthy deposit growth and has been able to deploy capital at favorable price spreads. We believe it is well managed with a sound deposit base, a history of conservative underwriting standards and deep customer relationships. In our view, this business model is poised to gain market share in the revamped global financial system.

Generally, we believe BB&T is a well-capitalized survivor of the credit crisis, as evidenced by the fact that it passed the federal "stress test" and repaid funds advanced under the TARP program. While credit losses for BB&T rose in 2009 (and, we believe, will likely continue to rise), we attributed the poor performance of BB&T more to the industry-wide downdraft than to company-specific factors. Nonetheless, we eliminated our position in BB&T, as we perceived better relative opportunities elsewhere in the sector.

Another detractor from results was managed care provider **UnitedHealth Group**. The company faced heightened uncertainty due to the controversial health care reform package being considered by Congress. Though not yet enacted, the potential legislation was viewed as unfavorable to health care providers as it could fundamentally alter the competitive landscape for health insurance in the U.S. We eliminated this position during the year.

Our cash weighting fluctuated during the year as we took advantage of market turmoil to invest in high quality companies that we believed had been unduly punished. As many of these companies rallied sharply in the second half of 2009, we used the opportunity to take profits. Thus, the Fund's cash weighting was up to approximately 14% of total assets at the end of the year. Our cash holdings benefited the Fund during the market downturn, but muted returns during the rally.

Maintaining a conservative approach is an enduring part of our investment strategy. In the face of significant market volatility, we sought judicious long-term investments in high quality businesses that are not heavily dependent on external sources of financing. At the

end of the year, our largest sector weightings were in IT and health care. Our allocation to the consumer discretionary sector remained low, as we believed it will be difficult for many of these companies to recover to pre-crisis earnings levels in the near term.

We have recently endured one of the most challenging economic periods in recent history, and while the apparent end to the recession is encouraging, we believe that a long and perhaps uneven recovery lies ahead. Indeed, much of the recent economic improvement has been due to a reduced rate of deterioration, and a number of questions remain concerning employment, consumer spending, housing and the eventual removal of fiscal and monetary stimulus. For this reason, we believe that equity markets will remain trendless and volatility is likely to continue for the foreseeable future.

Regardless of market conditions, our goal remains the same: to serve as a conservative cornerstone for investors' portfolios, seeking to provide upside participation with downside protection, so that over a full market cycle the Fund may deliver favorable investment results with reduced risk.

1 Lipper Inc.

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

See important Fund and index disclosures later in this report.



Ronald Sloan

Chartered Financial Analyst, senior portfolio manager, is lead manager of AIM V.I. Core Equity Fund. Mr. Sloan has

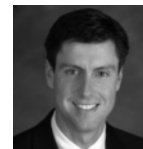
worked in the investment industry since 1971 and joined Invesco Aim in 1998. Mr. Sloan attended the University of Missouri, where he earned both a B.S. in business administration and an M.B.A.



Tyler Dann II

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Core Equity Fund. Mr. Dann joined Invesco Aim in

2004. He serves on the board of directors of the National Association of Petroleum Investment Analysts and is a member of the CFA Society of San Francisco. He earned an A.B. from Princeton University.



Brian Nelson

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Core Equity Fund. He began his investment career in 1988

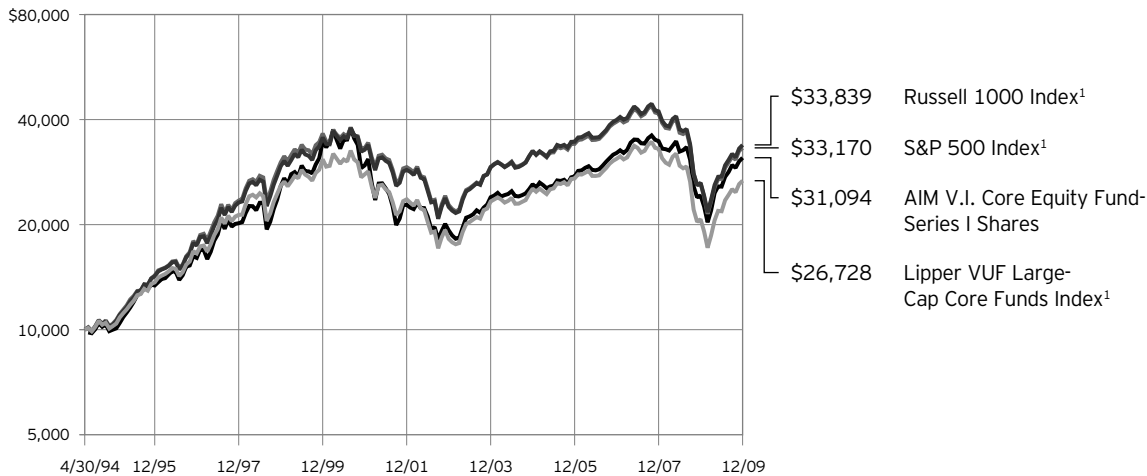
and joined Invesco Aim in 2004. He earned a B.A. from the University of California-Santa Barbara and is a member of the CFA Society of San Francisco.

Assisted by the Mid/Large Cap Core Team

Your Fund's Long-Term Performance

Results of a \$10,000 Investment – Oldest Share Class since Inception

Index data from 4/30/94, Fund data from 5/2/94



1 Lipper Inc.

Past performance cannot guarantee comparable future results.

This chart, which is a logarithmic chart, presents the fluctuations in the value of the Fund and its indexes. We believe that a logarithmic chart is more effective than other types of charts in illustrating

changes in value during the early years shown in the chart. The vertical axis, the one that indicates the dollar value of an investment, is constructed with each segment representing a percent change in the value of the investment. In this chart, each segment represents a doubling, or

100% change, in the value of the investment. In other words, the space between \$5,000 and \$10,000 is the same size as the space between \$10,000 and \$20,000, and so on.

Average Annual Total Returns

As of 12/31/09

Series I Shares

Inception (5/2/94)	7.51%
10 Years	-1.06
5 Years	3.56
1 Year	28.30

Series II Shares

10 Years	-1.30%
5 Years	3.31
1 Year	27.98

Series II shares' inception date is October 24, 2001. Returns since that date are historical. All other returns are the blended returns of the historical performance of the fund's Series II shares since their inception and the restated historical performance of Series I shares (for periods prior to inception of the Series II shares) adjusted to reflect the Rule 12b-1 fees applicable to the Series II shares. The inception date of Series I shares is May 2, 1994. 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 0.90% and 1.15%, 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 0.91% and 1.16%, 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.

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

The most recent month-end performance data at the Fund level, excluding variable product charges, is available on this Invesco Aim automated information line, 866 702 4402. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

¹ Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2010. See current prospectus for more information.

AIM V.I. Core Equity Fund's investment objective is growth of capital.

- Unless otherwise stated, information presented in this report is as of December 31, 2009, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

To the extent the Fund holds cash or cash equivalents rather than equity securities for risk management purposes, the Fund may not achieve its investment objective.

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

There is no guarantee that the investment techniques and risk analysis used by the Fund's portfolio managers will produce the desired results.

The prices of securities held by the Fund may decline in response to market risks.

About indexes used in this report

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

The **Russell 1000® Index** is an unmanaged index considered representative of large-cap stocks. The Russell 1000 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 Core Funds Index** is an unmanaged index considered representative of large-cap core variable insurance underlying funds tracked by Lipper.

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

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

Other information

The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

Schedule of Investments^(a)

December 31, 2009

	Shares	Value
Common Stocks & Other Equity Interests—85.83%		
Aerospace & Defense—3.51%		
Lockheed Martin Corp.	115,688	\$ 8,717,091
Northrop Grumman Corp.	369,857	20,656,513
United Technologies Corp.	331,399	23,002,405
		52,376,009
Air Freight & Logistics—0.93%		
United Parcel Service, Inc.—Class B	242,647	13,920,658
Asset Management & Custody Banks—1.41%		
Legg Mason, Inc.	696,330	21,001,313
Biotechnology—1.87%		
Amgen Inc. ^(b)	38,635	2,185,582
Genzyme Corp. ^(b)	315,091	15,442,610
Gilead Sciences, Inc. ^(b)	236,742	10,246,194
		27,874,386
Cable & Satellite—2.23%		
Comcast Corp.—Class A	1,973,196	33,268,085
Communications Equipment—5.49%		
Cisco Systems, Inc. ^(b)	979,082	23,439,223
Motorola, Inc. ^(b)	3,649,910	28,323,302
Nokia Corp.—ADR (Finland)	2,343,261	30,110,904
		81,873,429
Computer Hardware—1.14%		
Fujitsu Ltd. (Japan)	2,637,000	16,963,984
Computer Storage & Peripherals—1.15%		
EMC Corp. ^(b)	985,134	17,210,291
Consumer Finance—2.65%		
American Express Co.	975,361	39,521,628
Data Processing & Outsourced Services—1.79%		
Automatic Data Processing, Inc.	623,348	26,691,761
Diversified Banks—1.72%		
U.S. Bancorp	594,972	13,392,820
Wells Fargo & Co.	451,085	12,174,784
		25,567,604
Drug Retail—3.22%		
CVS Caremark Corp.	784,285	25,261,820
Walgreen Co.	618,259	22,702,470
		47,964,290

	Shares	Value
Education Services—0.33%		
Apollo Group, Inc.—Class A ^(b)	80,000	\$ 4,846,400
Electronic Equipment & Instruments—2.36%		
Agilent Technologies, Inc. ^(b)	1,131,790	35,164,715
Electronic Manufacturing Services—1.35%		
Tyco Electronics Ltd. (Switzerland)	818,818	20,101,982
Environmental & Facilities Services—1.42%		
Waste Management, Inc.	626,335	21,176,386
Food Retail—1.52%		
Kroger Co. (The)	1,105,770	22,701,458
Health Care Equipment—4.46%		
Baxter International Inc.	182,134	10,687,623
Boston Scientific Corp. ^(b)	1,701,227	15,311,043
Covidien PLC (Ireland)	467,079	22,368,413
Medtronic, Inc.	411,431	18,094,736
		66,461,815
Health Care Supplies—1.42%		
Alcon, Inc.	129,215	21,236,485
Hypermarkets & Super Centers—1.47%		
Wal-Mart Stores, Inc.	409,683	21,897,556
Industrial Conglomerates—4.40%		
3M Co.	322,422	26,654,627
Koninklijke (Royal) Philips Electronics N.V. (Netherlands)	659,562	19,526,586
Tyco International Ltd.	544,294	19,420,410
		65,601,623
Industrial Gases—1.20%		
Air Products & Common Chemicals, Inc.	220,271	17,855,167
Industrial Machinery—1.18%		
Danaher Corp.	234,045	17,600,184
Insurance Brokers—0.74%		
Marsh & McLennan Cos., Inc.	498,428	11,005,290
Integrated Telecommunication Services—0.76%		
AT&T Inc.	401,272	11,247,654
Life Sciences Tools & Services—1.40%		
Thermo Fisher Scientific, Inc. ^(b)	438,771	20,924,989
Managed Health Care—1.36%		
WellPoint Inc. ^(b)	347,600	20,261,604

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

AIM V.I. Core Equity Fund

	Shares	Value
Office Electronics–0.86%		
Xerox Corp.	1,518,840	\$ 12,849,386
Oil & Gas Equipment & Services–2.39%		
Baker Hughes Inc.	125,447	5,078,095
BJ Services Co.	1,086,843	20,215,280
Tenaris S.A.–ADR (Argentina)	241,927	10,318,186
		35,611,561
Oil & Gas Exploration & Production–4.45%		
Apache Corp.	182,018	18,778,797
Chesapeake Energy Corp.	326,931	8,460,974
EOG Resources, Inc.	200,833	19,541,051
XTO Energy, Inc.	421,858	19,629,053
		66,409,875
Oil & Gas Refining & Marketing–0.31%		
Valero Energy Corp.	275,000	4,606,250
Oil & Gas Storage & Transportation–0.94%		
Williams Cos., Inc. (The)	666,149	14,042,421
Packaged Foods & Meats–1.35%		
Cadbury PLC (United Kingdom)	1,567,619	20,180,860
Personal Products–1.01%		
Avon Products, Inc.	479,130	15,092,595
Pharmaceuticals–6.35%		
Allergan, Inc.	380,114	23,950,983
Johnson & Johnson	194,981	12,558,726
Pfizer Inc.	684,528	12,451,565
Roche Holding AG (Switzerland)	138,074	23,465,257
Teva Pharmaceutical Industries Ltd.–ADR (Israel)	395,596	22,224,583
		94,651,114
Property & Casualty Insurance–4.80%		
Berkshire Hathaway Inc.–Class A ^(b)	297	29,462,400
Progressive Corp. (The) ^(b)	2,339,655	42,090,394
		71,552,794

Investment Abbreviations:

ADR – American Depositary Receipt

Pfd. – Preferred

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.

	Shares	Value
Railroads–0.89%		
Union Pacific Corp.	207,130	\$ 13,235,607
Regional Banks–0.96%		
PNC Financial Services Group, Inc.	272,188	14,368,805
Semiconductors–2.54%		
Intel Corp.	942,791	19,232,936
Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan)	9,297,823	18,650,852
		37,883,788
Systems Software–5.01%		
Microsoft Corp.	1,270,621	38,741,234
Symantec Corp. ^(b)	2,012,299	36,000,029
		74,741,263
Wireless Telecommunication Services–1.49%		
Vodafone Group PLC (United Kingdom)	9,589,366	22,215,369
Total Common Stocks & Other Equity Interests (Cost \$1,182,702,819)		1,279,758,434
Preferred Stocks–0.11%		
Household Products–0.11%		
Henkel AG & Co. KGaA (Germany)–Pfd. (Cost \$1,785,965)	33,359	1,734,390
Money Market Funds–13.41%		
Liquid Assets Portfolio–Institutional Class ^(c)	99,964,153	99,964,153
Premier Portfolio–Institutional Class ^(c)	99,964,153	99,964,153
Total Money Market Funds (Cost \$199,928,306)		199,928,306
TOTAL INVESTMENTS–99.35% (Cost \$1,384,417,090)		1,481,421,130
OTHER ASSETS LESS LIABILITIES–0.65%		9,676,539
NET ASSETS–100.00%		\$1,491,097,669

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

AIM V.I. Core Equity Fund

Statement of Assets and Liabilities

December 31, 2009

Assets:

Investments, at value (Cost \$1,184,488,784)	\$1,281,492,824
Investments in affiliated money market funds, at value and cost	199,928,306
Total investments, at value (Cost \$1,384,417,090)	1,481,421,130
Foreign currencies, at value (Cost \$3,369,002)	3,441,962
Receivables for:	
Investments sold	3,263,453
Fund shares sold	3,737,380
Dividends	1,357,593
Foreign currency contracts outstanding	679,271
Investment for trustee deferred compensation and retirement plans	120,746
Other assets	191
Total assets	1,494,021,726

Liabilities:

Payables for:	
Fund shares reacquired	1,498,150
Amount due custodian	8,084
Accrued fees to affiliates	924,945
Accrued other operating expenses	96,859
Trustee deferred compensation and retirement plans	396,019
Total liabilities	2,924,057
Net assets applicable to shares outstanding	\$1,491,097,669

Net assets consist of:

Shares of beneficial interest	\$1,756,417,663
Undistributed net investment income	12,774,531
Undistributed net realized gain (loss)	(375,833,460)
Unrealized appreciation	97,738,935
	\$1,491,097,669

Net Assets:

Series I	\$1,456,822,232
Series II	\$ 34,275,437

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

Series I	58,465,826
Series II	1,385,135
Series I:	
Net asset value per share	\$ 24.92
Series II:	
Net asset value per share	\$ 24.75

Statement of Operations

For the year ended December 31, 2009

Investment income:

Dividends (net of foreign withholding taxes of \$820,196)	\$ 23,300,710
Dividends from affiliated money market funds (includes securities lending income of \$63,888)	840,834
Interest	858,994
Total investment income	25,000,538

Expenses:

Advisory fees	8,255,366
Administrative services fees	3,553,642
Custodian fees	126,845
Distribution fees—Series II	66,351
Transfer agent fees	77,300
Trustees' and officers' fees and benefits	65,963
Other	113,058
Total expenses	12,258,525
Less: Fees waived	(242,120)
Net expenses	12,016,405
Net investment income	12,984,133

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities (includes net gains (losses) from securities sold to affiliates of \$(92,309))	(114,458,507)
Foreign currencies	216,781
Foreign currency contracts	(4,620,057)
	(118,861,783)
Change in net unrealized appreciation of:	
Investment securities	442,389,822
Foreign currencies	40,807
Foreign currency contracts	3,449,722
	445,880,351
Net realized and unrealized gain	327,018,568
Net increase in net assets resulting from operations	\$ 340,002,701

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

Statement of Changes in Net Assets

For the years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Net investment income	\$ 12,984,133	\$ 23,768,262
Net realized gain (loss)	(118,861,783)	(18,360,869)
Change in net unrealized appreciation (depreciation)	445,880,351	(629,967,536)
Net increase (decrease) in net assets resulting from operations	340,002,701	(624,560,143)
Distributions to shareholders from net investment income:		
Series I	(23,923,292)	(37,970,942)
Series II	(459,176)	(580,118)
Total distributions from net investment income	(24,382,468)	(38,551,060)
Share transactions-net:		
Series I	(182,712,672)	(315,589,332)
Series II	4,143,838	(32,094)
Net increase (decrease) in net assets resulting from share transactions	(178,568,834)	(315,621,426)
Net increase (decrease) in net assets	137,051,399	(978,732,629)
Net assets:		
Beginning of year	1,354,046,270	2,332,778,899
End of year (includes undistributed net investment income of \$12,774,531 and \$23,956,084, respectively)	\$1,491,097,669	\$1,354,046,270

Notes to Financial Statements

December 31, 2009

NOTE 1—Significant Accounting Policies

AIM V.I. Core Equity Fund (the “Fund”) is a series portfolio of AIM 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-one 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 growth of capital.

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

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

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

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

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

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

maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) 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 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 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 economical 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 and Corporate Loans. The mean between the last bid and asked prices may be used to value debt obligations other than Corporate Loans.

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

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

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income 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 realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net 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 adviser.

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

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

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

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

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

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

G. Accounting Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, which is generally 45 days from the period-end date.

- 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 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 fails 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 affiliates on the Statement of Operations. The aggregate value of securities out on loan is shown as a footnote on the Statement of Assets and Liabilities, if any.
- 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 (i) sales of foreign currencies, (ii) currency gains or losses realized between the trade and settlement dates on securities transactions, and (iii) 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.
- K. Foreign Currency Contracts** — The Fund may enter into foreign currency contracts to manage or minimize currency or exchange rate risk. The Fund may also enter into foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of that security. A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The use of 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 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 Net Assets	Rate
First \$250 million	0.65%
Over \$250 million	0.60%

Under the terms of a master sub-advisory agreement approved by shareholders of the Funds between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the “Affiliated Sub-Advisers”) the Adviser, not the Funds, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to each Fund based on the percentage of assets allocated to such Sub-Adviser(s).

On December 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc. and the consolidated adviser firm was renamed Invesco Advisers, Inc.

The Adviser has contractually agreed 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 (excluding certain items discussed below) of Series I shares to 1.30% and Series II shares to 1.45% of average daily net assets, through at least April 30, 2011. 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 to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary items or non-routine items; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. The Board of Trustees or Invesco may terminate the fee waiver arrangement at any time. 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, 2010, 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 year ended December 31, 2009, the Adviser waived advisory fees of \$242,120.

At the request of the Trustees of the Trust, Invesco Ltd. agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. For the year ended December 31, 2009, Invesco Ltd. did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the year ended December 31, 2009, Invesco was paid \$321,664 for accounting and fund administrative services and reimbursed \$3,231,978 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. ("IAIS") pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. For the year ended December 31, 2009, 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 Aim Distributors, Inc. ("IADI") 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 IADI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2009, 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 Invesco, IAIS and/or IADI.

NOTE 3—Additional Valuation Information

Generally Accepted Accounting Principles ("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 and others.

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

The following is a summary of the tiered valuation input levels, as of December 31, 2009. 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	\$1,378,210,419	\$103,210,711	\$—	\$1,481,421,130
Other Investments*	679,271	—	—	679,271
Total Investments	\$1,378,889,690	\$103,210,711	\$—	\$1,482,100,401

* Other Investments include foreign currency contracts which are included at unrealized appreciation.

NOTE 4—Derivative Investments

Effective with the beginning of the Fund's fiscal year end, the Fund has implemented new required disclosures about derivative instruments and hedging activities in accordance with GAAP. GAAP has intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position and financial performance. The enhanced disclosure has no impact on the results of operations reported in the financial statements.

Value of Derivative Instruments at Period-End

The Table below summarizes the value of the Fund's derivative instruments, detailed by primary risk exposure, held as of December 31, 2009:

Risk Exposure/ Derivative Type	Value	
	Assets	Liabilities
Currency risk Foreign Currency Contracts ^(a)	\$679,271	\$—

^(a) Values are disclosed on the Statement of Assets and Liabilities under Foreign currency contracts outstanding.

Effect of Derivative Instruments for the year ended December 31, 2009

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

	Location of Gain (Loss) on Statement of Operations
	Foreign Currency Contracts*
Realized Gain (Loss) Currency risk	\$(4,620,057)
Change in Unrealized Appreciation Currency risk	3,449,722
Total	\$(1,170,335)

* The average value of foreign currency contracts outstanding during the period was \$24,462,380.

Open Foreign Currency Contracts

Settlement Date	Contract to		Value	Unrealized Appreciation
	Deliver	Receive		
3/04/10	GBP 13,150,000	USD 21,919,735	\$21,240,464	\$679,271

Currency Abbreviations:

GBP — British Pound Sterling

USD — U.S. Dollar

NOTE 5—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other AIM Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the year ended December 31, 2009, the Fund engaged in securities sales of \$1,083,654, which resulted in net realized gains (losses) of \$(92,309).

NOTE 6—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 AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides 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.

During the year ended December 31, 2009, the Fund paid legal fees of \$5,979 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

NOTE 7—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) 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 8—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2009 and 2008:

	2009	2008
Ordinary income	\$24,382,468	\$38,551,060

Tax Components of Net Assets at Period-End:

	2009
Undistributed ordinary income	\$ 13,178,405
Net unrealized appreciation — investments	89,321,892
Net unrealized appreciation — other investments	55,623
Temporary book/tax differences	(403,874)
Capital loss carryforward	(367,472,040)
Shares of beneficial interest	1,756,417,663
Total net assets	\$1,491,097,669

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

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

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions. Under these limitation rules, the Fund is limited to utilizing \$367,472,040 of capital loss carryforward in the fiscal year ending December 31, 2010.

The Fund has a capital loss carryforward as of December 31, 2009 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2010	\$157,184,467
December 31, 2011	21,217,854
December 31, 2017	189,069,719
Total capital loss carryforward	\$367,472,040

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code. To the extent that unrealized gains as of May 1, 2006, the date of the reorganization of AIM V.I. Core Stock Fund and AIM V.I. Premier Equity Fund, into the Fund are realized on securities held in each Fund at such date, the capital loss carryforward may be further limited for up to five years from the date of the reorganization.

NOTE 9—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the year ended December 31, 2009 was \$250,433,302 and \$500,393,245, 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	\$ 198,790,615
Aggregate unrealized (depreciation) of investment securities	(109,468,723)
Net unrealized appreciation of investment securities	\$ 89,321,892

Cost of investments for tax purposes is \$1,392,099,238.

NOTE 10—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of expired capital loss carryforward, on December 31, 2009, undistributed net investment income was increased by \$216,782, undistributed net realized gain (loss) was increased by \$33,051,034 and shares of beneficial interest decreased by \$33,267,816. This reclassification had no effect on the net assets of the Fund.

NOTE 11—Share Information

	Summary of Share Activity			
	Year ended December 31, 2009 ^(a)		Year ended December 31, 2008	
	Shares	Amount	Shares	Amount
Sold:				
Series I	3,599,291	\$ 75,638,826	4,038,365	\$ 99,125,887
Series II	497,105	10,793,298	303,531	7,308,692
Issued as reinvestment of dividends:				
Series I	975,664	23,923,292	1,942,248	37,970,942
Series II	18,850	459,176	29,872	580,118
Reacquired:				
Series I	(13,469,940)	(282,274,790)	(17,562,746)	(452,686,161)
Series II	(348,530)	(7,108,636)	(319,907)	(7,920,904)
Net increase (decrease) in share activity	(8,727,560)	\$(178,568,834)	(11,568,637)	\$(315,621,426)

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 55% 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 Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 12—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 (000s omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover ^(c)
Series I												
Year ended 12/31/09	\$19.75	\$0.19	\$ 5.39	\$ 5.58	\$(0.41)	\$24.92	28.30%	\$1,456,822	0.88% ^(d)	0.90% ^(d)	0.96% ^(d)	21%
Year ended 12/31/08	29.11	0.33	(9.11)	(8.78)	(0.58)	19.75	(30.14)	1,330,161	0.89	0.90	1.26	36
Year ended 12/31/07	27.22	0.42	1.80	2.22	(0.33)	29.11	8.12	2,298,007	0.87	0.88	1.44	45
Year ended 12/31/06	23.45	0.34	3.58	3.92	(0.15)	27.22	16.70	2,699,252	0.89	0.89	1.35	45
Year ended 12/31/05	22.60	0.24	0.96	1.20	(0.35)	23.45	5.31	1,246,529	0.89	0.89	1.08	52
Series II												
Year ended 12/31/09	19.62	0.14	5.34	5.48	(0.35)	24.75	27.98	34,275	1.13 ^(d)	1.15 ^(d)	0.71 ^(d)	21
Year ended 12/31/08	28.88	0.26	(9.02)	(8.76)	(0.50)	19.62	(30.32)	23,885	1.14	1.15	1.01	36
Year ended 12/31/07	27.02	0.34	1.80	2.14	(0.28)	28.88	7.88	34,772	1.12	1.13	1.19	45
Year ended 12/31/06	23.33	0.28	3.55	3.83	(0.14)	27.02	16.42	39,729	1.14	1.14	1.10	45
Year ended 12/31/05	22.48	0.18	0.96	1.14	(0.29)	23.33	5.08	3,858	1.14	1.14	0.83	52

(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 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 based on average daily net assets (000's omitted) of \$1,328,520 and \$26,540 for Series I and Series II shares, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds
and Shareholders of AIM V.I. Core Equity Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AIM V.I. Core Equity Fund, (one of the funds constituting AIM Variable Insurance Funds, hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

February 10, 2010
Houston, Texas

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009 through December 31, 2009.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

Class	Beginning Account Value (07/01/09)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (12/31/09) ¹	Expenses Paid During Period ²	Ending Account Value (12/31/09)	Expenses Paid During Period ²	
Series I	\$1,000.00	\$1,209.50	\$4.90	\$1,020.77	\$4.48	0.88%
Series II	1,000.00	1,208.40	6.29	1,019.51	5.75	1.13

¹ The actual ending account value is based on the actual total return of the Fund for the period July 1, 2009 through December 31, 2009, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

² Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year.

Tax Information

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

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

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Federal and State Income Tax

Corporate Dividends Received Deduction*	96.81%
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* The above percentage is based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Trustees and Officers

The address of each trustee and officer of AIM Variable Insurance Funds (the "Trust"), is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. Each trustee oversees 105 portfolios in the AIM Funds complex. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Interested Persons			
Martin L. Flanagan ¹ — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco Aim and a global investment management firm); Adviser to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The AIM Family of Funds®; Board of Governors, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman, Invesco Aim Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco Aim and a global investment management firm); Director, Invesco Ltd.; Chairman and Vice Chairman, Investment Company Institute	None
Philip A. Taylor ² — 1954 Trustee, President and Principal Executive Officer	2006	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc. and 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Aim Management Group, Inc. (financial services holding company); Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director, Invesco Aim Distributors, Inc. (registered broker dealer); Director and Chairman, Invesco Aim Investment Services, Inc. (registered transfer agent) and INVESCO Distributors, Inc. (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, AIM Trimark Corporate Class Inc. (corporate mutual fund company) and AIM Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltée (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); Trustee and Executive Vice President, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only); and Manager, Invesco PowerShares Capital Management LLC Formerly: Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	None
Independent Trustees			
Bruce L. Crockett — 1944 Trustee and Chair	1993	Chairman, Crockett Technology Associates (technology consulting company)	ACE Limited (insurance company); Captaris, Inc. (unified messaging provider); and Investment Company Institute
Bob R. Baker — 1936 Trustee	2004	Retired	None
Frank S. Bayley — 1939 Trustee	2001	Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios)	None
James T. Bunch — 1942 Trustee	2004	Founder, Green, Manning & Bunch Ltd., (investment banking firm)	Board of Governors, Western Golf Association/Evans Scholars Foundation and Executive Committee, United States Golf Association
Albert R. Dowden — 1941 Trustee	2000	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company) Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations	Board of Nature's Sunshine Products, Inc.
Jack M. Fields — 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company)	Administrastaff
Carl Frischling — 1937 Trustee	1993	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis — 1950 Trustee	1998	Retired	None
Lewis F. Pennock — 1942 Trustee	1993	Partner, law firm of Pennock & Cooper	None
Larry Soll — 1942 Trustee	2004	Retired	None
Raymond Stickel, Jr. — 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios)	None

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

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

Trustees and Officers – (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Other Officers			
Russell C. Burk — 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer of The AIM Family of Funds®	N/A
John M. Zerr — 1962 Senior Vice President, Chief Legal Officer and Secretary	2006	Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc., Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Senior Vice President and Secretary, Invesco Aim Distributors, Inc.; Director, Vice President and Secretary, Invesco Aim Investment Services, Inc. and INVESCO Distributors, Inc.; Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; and Manager, Invesco PowerShares Capital Management LLC Formerly: Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisors, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)	N/A
Lisa O. Brinkley — 1959 Vice President	2004	Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc.; and Vice President, The AIM Family of Funds® Formerly: Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and The AIM Family of Funds®; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Aim Distributors, Inc.; Vice President, Invesco Aim Investment Services, Inc. and Fund Management Company	N/A
Kevin M. Carome — 1956 Vice President	2003	General Counsel, Secretary and Senior Managing Director, Invesco Ltd.; Director, Invesco Holding Company Limited and INVESCO Funds Group, Inc.; Director and Executive Vice President, IVZ, Inc., Invesco Group Services, Inc., Invesco North American Holdings, Inc. and Invesco Investments (Bermuda) Ltd.; Director and Secretary, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); and Vice President, The AIM Family of Funds® Formerly: Senior Managing Director and Secretary, Invesco North American Holdings, Inc.; Vice President and Secretary, IVZ, Inc. and Invesco Group Services, Inc.; Senior Managing Director and Secretary, Invesco Holding Company Limited; Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc. and Invesco Aim Advisors, Inc.; Senior Vice President, Invesco Aim Distributors, Inc.; Director, General Counsel and Vice President, Fund Management Company; Vice President, Invesco Aim Capital Management, Inc. and Invesco Aim Investment Services, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; Director and Vice President, INVESCO Distributors, Inc.; and Chief Executive Officer and President, INVESCO Funds Group, Inc.	N/A
Sheri Morris — 1964 Vice President, Treasurer and Principal Financial Officer	1999	Vice President, Treasurer and Principal Financial Officer, The AIM Family of Funds®; and Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.) Formerly: Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The AIM Family of Funds® and Assistant Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Karen Dunn Kelley — 1960 Vice President	1993	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Executive Vice President, Invesco Aim Distributors, Inc.; Senior Vice President, Invesco Aim Management Group, Inc.; and Director, Invesco Mortgage Capital Inc.; Vice President, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); and President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only) Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Aim Advisors, Inc. and The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only)	N/A
Lance A. Rejsek — 1967 Anti-Money Laundering Compliance Officer	2005	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Invesco Aim Distributors, Inc., Invesco Aim Investment Services, Inc., and The AIM Family of Funds® Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Todd L. Spillane — 1958 Chief Compliance Officer	2006	Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The AIM Family of Funds®, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc. Formerly: Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc.; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	N/A

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

Office of the Fund

11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Investment Adviser

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

Distributor

Invesco Aim Distributors, Inc.
11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Auditors

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

Counsel to the Fund

Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103

Counsel to the Independent Trustees

Kramer, Levin, Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036-2714

Transfer Agent

Invesco Aim Investment Services, Inc.
P.O. Box 4739
Houston, TX 77210-4739

Custodian

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



AIM V.I. Diversified Income Fund

Annual Report to Shareholders ■ December 31, 2009



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 800 410 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. 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 12 months ended June 30, 2009, is available at our website, invescoaim.com. Click the About Us tab at the top of the home page; click Legal Information; and then click Proxy Voting Search. 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 Aim Distributors, Inc. is the U.S. 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 Aim Distributors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2009, Series I shares of AIM V.I. Diversified Income Fund, excluding variable product issuer charges, outperformed the Fund's broad market index, but underperformed its style-specific index. Our underweight exposure to corporate credit was the largest detractor from performance relative to our style-specific index, which is primarily investment-grade corporate credit in composition. Outperformance of the broad market index was due to our underweight positions in government bond sectors, which underperformed other credit sectors.

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

Fund vs. Indexes

Total returns, 12/31/08 to 12/31/09, excluding variable product issuer charges.

If variable product issuer charges were included, returns would be lower.

Series I Shares	11.08%
Series II Shares	10.89
Barclays Capital U.S. Aggregate Index▼ (Broad Market Index)	5.93
Barclays Capital U.S. Credit Index▼ (Style-Specific Index)	16.04
Lipper VUF Corporate Debt BBB-Rated Funds Index▼ (Peer Group Index)	15.37

▼Lipper Inc.

How we invest

We invest primarily in fixed-rate U.S. dollar-denominated corporate bonds. We may invest up to 40% of total assets in foreign securities. Up to 35% of the Fund's assets may be invested in lower quality, high yield debt securities; however, we have historically stayed closer to a 10% allocation to this asset class. The Fund may invest in derivative instruments such as futures contracts and swap agreements, including but not limited to credit default swaps, and engage in mortgage dollar roll transactions, a form of repurchase agreement activity in the to-be-announced (TBA) market for agency mortgage-backed securities (MBS).

Consistent with our investment philosophy and belief that markets are increasingly complex, we use a distributed approach to decision making where proven specialists closest to the information have authority to make decisions. Investment decisions are made continuously and shared instantly for timely

implementation in our portfolios. This is true for fundamental research decisions, macro decisions and security selection decisions, all made by specialists.

We record and measure the performance of every investment decision. In this way, we develop a detailed understanding of the quality and skill of our decision makers to enhance quality control.

We implement investment decisions made by specialists into portfolios. We believe that this separation of construction from decision making ensures objectivity in the investment process by removing behavioral biases linked to historic performance that may arise in portfolios where there is a sole decision maker also responsible for portfolio positioning. The primary role of the portfolio manager is the efficient implementation of investment decisions within portfolios. The portfolio managers work closely with sector specialists and traders to determine how best to express each investment decision at the security level.

Our risk management process combines the evaluation of expected portfolio risks, a strong commitment to oversight of portfolio construction and actual performance and risk oversight. There are four key components to the investment risk management process applied within Invesco Fixed Income, namely;

- Design: Portfolio Design Calculator/Alpha Source Oversight.
- Decisions: Decision Quality Analysis.
- Portfolio Construction: Portfolio Management Oversight.
- Invesco Fixed Income Oversight: Global Investment Policy Committee.

Each investment decision is assigned to an individual within the firm. Specialists are required to explain the rationale behind every investment decision thereby enabling the firm to distinguish skill from good fortune. Each security includes pricing review levels. The upper level is the objective that the security is expected to reach, whereas the lower level is the point at which the rationale for persisting with the position must be reevaluated by the specialist. Specialists receive alerts from our proprietary investment system when a security is approaching or has reached these levels. While specialists are not forced to sell when these levels are reached, the investment decision must be reevaluated. Pricing levels are monitored continuously by senior management, which is integral to the firm's risk management oversight.

In addition to the realignment of a security's valuation targets, sell decisions may also be based on:

- A conscious decision to alter the Fund's macro risk exposure (for example, duration, yield curve positioning, sector exposure).
- The need to limit or reduce exposure to a particular sector or issuer.
- Degradation of an issuer's credit quality.
- Presentation of a better relative value opportunity.

Portfolio Composition

By industry

U.S. Treasury Securities	10.2%
Other Diversified Financial Services	9.5
Investment Banking & Brokerage	5.8
Electric Utilities	4.1
Integrated Telecommunication Services	3.8
Diversified Banks	3.2
Other Industries, Each with Less Than 3% of Total Net Assets	56.0
Money Market Funds	
Plus Other Assets Less Liabilities	7.4

Top 10 Fixed Income Issuers*

1. U.S. Treasury Bonds	6.7%
2. U.S. Treasury Notes	3.5
3. Morgan Stanley	2.5
4. Citigroup Inc.	2.2
5. DirecTVHoldings LLC/DirecTV Financing Co. Inc.	2.2
6. General Electric Capital Corp.	1.6
7. DCP Midstream LLC	1.6
8. MetLife Inc.	1.6
9. Anadarko Petroleum Corp.	1.6
10. COX Communications Inc.	1.5

Total Net Assets	\$24.6 million
Total Number of Holdings*	261

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

*Excluding money market fund holdings.

Market conditions and your Fund

The global economic environment at the beginning of 2009 was characterized by the carryover of 2008's financial market turmoil, which contributed to one of the weakest economic periods on record.¹ Gross domestic product (GDP), the broadest measure of overall U.S. economic activity, reflected a shrinking economy during the first half of 2009 before turning positive during the second half of the year.¹

The U.S. Federal Reserve Board (the Fed) maintained a very accommodative monetary policy through the Fund's fiscal year, with the federal funds target rate unchanged in its range of zero to 0.25%.² The Fed also continued programs of quantitative easing by buying up U.S. Treasuries, agency MBS and agency debentures. In doing so, the Fed worked to stimulate economic recovery by keeping long-term interest rates low and making more money available to consumers and businesses.²

Beginning in early 2009, demand for credit sensitive bonds returned. Renewed concerns about future inflation and the ability of the market to absorb heavy government issuance pushed government bond yields higher (and prices lower) throughout 2009, especially for intermediate and longer maturity Treasuries.³ In fact, U.S. Treasury 10-year note and 30-year bond returns had their worst year of performance on record in 2009 following one of their best years on record.

With this market environment as a backdrop, sector allocation and security selection were dominant factors affecting Fund performance relative to the style-specific index.⁴

For the year, corporate credit outperformed government bonds, MBS and cash, and our underweight corporate credit was a detractor to performance relative to our corporate credit oriented style-specific index. Investment-grade credit, the largest sector exposure within the Fund, was maintained chiefly through the cash bond market, but also with credit derivatives carried over from 2008 that were sold during the first quarter. An overweight in the financials sector had a negative effect on Fund performance during the first quarter of 2009 when this sector was among the worst within the bond market.⁴

From the second quarter on, our overall credit allocation rallied strongly, outperforming the government bonds and structured securities positions held in the Fund. The Fund's structured securities exposure was mostly in agency

MBS passthroughs and TBAs. Although MBS returns were positive for the year, their performance lagged returns of the corporate credit and negatively influenced performance versus the style-specific index. The Fund maintained an investment-grade average credit quality, but benefited from tactical allocations to lower quality high yield bonds, as higher quality issues underperformed lower quality issues during the year. Allocations to emerging markets also proved beneficial as the emerging market bond sector was one of the top-performing areas of the bond market in 2009⁴.

Security selection was a contributor to Fund performance for the year. **Time Warner Cable's** positive contribution exemplified the performance of credits whose credit spread (the yield difference over comparable Treasuries that investors require for taking credit risk) tightened significantly over the year, pushing prices higher. Weaker performers within the portfolio included several financial sector securities, such as a **Citicorp Lease**, whose credit spreads did not fully participate in the credit recovery experienced by the broader market. We sold the holding.

Duration management had a negative impact on performance relative to our style-specific index during 2009. The portfolio was generally long duration (more price sensitive to interest rate movements than the benchmark) during the first half of the year as rates rose, putting downward pressure on bond prices. The Fund was generally shorter in duration (less price sensitive to interest rate movements than the benchmark) during the second half of the year, and did not fully benefit from the positive impact of falling rates on bond prices. We regularly use U.S. Treasury bond futures contracts as an efficient means for managing the Fund's duration.

While the yield curve fluctuated greatly over the year, the general steepening of the curve was a negative factor in Fund performance relative to the style-specific index. We positioned the portfolio for a flattening of the yield curve (long maturities falling more than short rates) during the second quarter of 2009, which negatively affected performance. In June, the portfolio returned to a neutral stance and remained there for the rest of the year.

Thank you for your investment in AIM V.I. Diversified Income Fund.

- 1 U.S. Bureau of Economic Analysis
- 2 Federal Reserve Board
- 3 Bloomberg L.P.
- 4 Barclays Capital

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

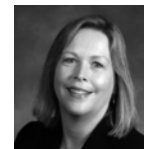
See important Fund and index disclosures later in this report.



Chuck Burge

Senior portfolio manager, is manager of AIM V.I. Diversified Income Fund. He joined Invesco Aim in 2002. Mr. Burge earned

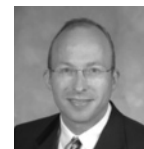
a B.S. in economics from Texas A&M University and an M.B.A. in finance and accounting from Rice University.



Cynthia Brien

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Diversified Income Fund. She joined Invesco

Aim in 1996. Ms. Brien earned a B.B.A. from The University of Texas at Austin. She is a director, and a past president, of the CFA Society of Houston.



Peter Ehret

Chartered Financial Analyst, senior portfolio manager, is manager of AIM V.I. Diversified Income Fund. Mr. Ehret joined

Invesco Aim in 2001. He graduated cum laude with a B.S. in economics from the University of Minnesota. He also earned an M.S. in real estate appraisal and investment analysis from the University of Wisconsin-Madison.



Darren Hughes

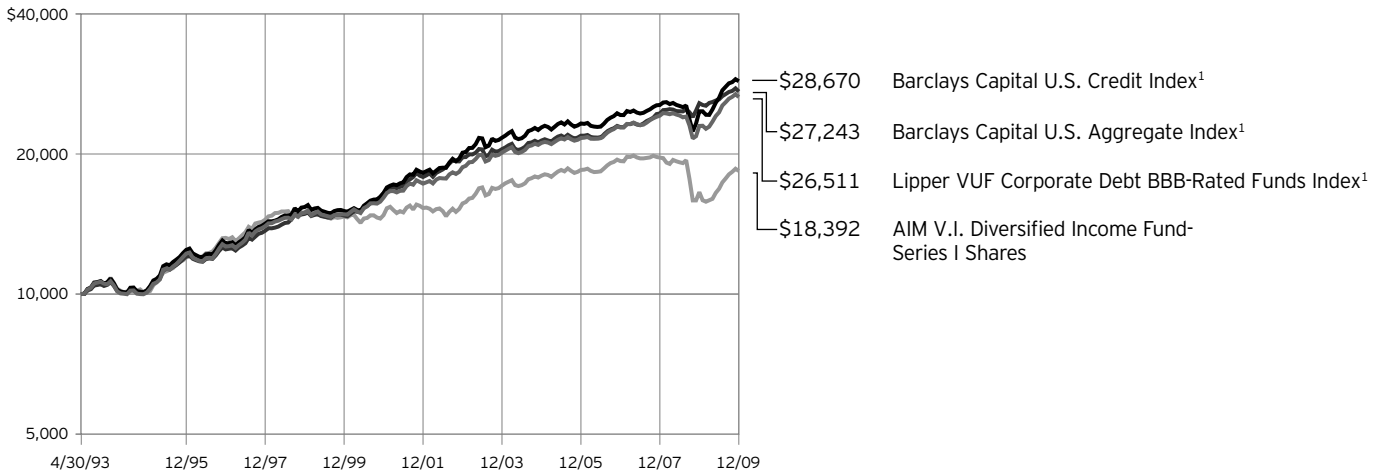
Chartered Financial Analyst, senior portfolio manager, is manager of AIM V.I. Diversified Income Fund. He joined Invesco

Aim in 1992. Mr. Hughes earned a B.B.A. in finance and economics from Baylor University.

Your Fund's Long-Term Performance

Results of a \$10,000 Investment - Oldest Share Class since Inception

Index data from 4/30/93, Fund data from 5/5/93



¹ Lipper Inc.

Past performance cannot guarantee comparable future results.

This chart, which is a logarithmic chart, presents the fluctuations in the value of the Fund and its indexes. We believe that a logarithmic chart is more effective than other types of charts in illustrating

changes in value during the early years shown in the chart. The vertical axis, the one that indicates the dollar value of an investment, is constructed with each segment representing a percent change in the value of the investment. In this chart, each segment represents a doubling, or

100% change, in the value of the investment. In other words, the space between \$5,000 and \$10,000 is the same size as the space between \$10,000 and \$20,000, and so on.

Average Annual Total Returns

As of 12/31/09

Series I Shares

Inception (5/5/93)	3.73%
10 Years	2.28
5 Years	0.47
1 Year	11.08

Series II Shares

10 Years	2.04%
5 Years	0.24
1 Year	10.89

Series II shares' inception date is March 14, 2002. Returns since that date are historical. All other returns are the blended returns of the historical performance of Series II shares since their inception and the restated historical performance of Series I shares (for periods prior to inception of Series II shares) adjusted to reflect the Rule 12b-1 fees applicable to Series II shares. The inception date of Series I shares is May 5, 1993. 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 0.75% and 1.00%, 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 1.31% and 1.56%, 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.

AIM V.I. Diversified Income Fund, a series portfolio of AIM Variable Insurance Funds, is currently offered

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

The most recent month-end performance data at the Fund level, excluding variable product charges, is available on the Invesco Aim automated information line, 866 702 4402. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

Had the adviser not waived fees and/or reimbursed expenses, performance would have been lower.

¹ Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least April 30, 2011. See current prospectus for more information.

AIM V.I. Diversified Income Fund's investment objective is to achieve a high level of current income.

- Unless otherwise stated, information presented in this report is as of December 31, 2009, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

The Fund may invest in debt securities, such as notes and bonds, which carry interest rate and credit risk.

Investing in developing countries can add additional risk, such as high rates of inflation or sharply devalued currencies against the U.S. dollar. Transaction costs are often higher, and there may be delays in settlement procedures.

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

The Fund may invest in lower quality debt securities, commonly known as "junk bonds." Compared to higher quality debt securities, junk bonds involve greater risk of default or price changes due to changes in credit quality of the issuer because they are generally unsecured and may be subordinated to other creditors' claims. Credit ratings on junk bonds do not necessarily reflect their actual market risk.

Leveraging entails risks such as magnifying changes in the value of the portfolio's securities.

There is no guarantee that the investment techniques and risk analysis used by the Fund's portfolio managers will produce the desired results.

The prices of securities held by the Fund may decline in response to market risks.

The Fund may use enhanced investment techniques such as derivatives. The principal risk of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are subject to

counterparty risk—the risk that the other party will not complete the transaction with the Fund.

The Fund may invest in mortgage- and asset-backed securities. These securities are subject to prepayment or call risk, which is the risk that payments from the borrower may be received earlier or later than expected due to changes in the rate at which the underlying loans are prepaid.

The Fund may engage in active and frequent trading of portfolio securities to achieve its investment objective. If a fund does trade in this way, it may incur increased costs, which can lower the actual return of the fund. Active trading may also increase short term gains and losses, which may affect taxes that must be paid.

About indexes used in this report

The **Barclays Capital U.S. Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered U.S. corporate and specified foreign debentures and secured notes.

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

The **Lipper VUF Corporate Debt BBB-Rated Funds Index** is an unmanaged index considered representative of corporate debt BBB-rated variable insurance underlying funds tracked by Lipper.

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

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

Other information

The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

Schedule of Investments^(a)

December 31, 2009

	Principal Amount	Value
Bonds & Notes—77.39%		
Advertising—0.14%		
Lamar Media Corp., Sr. Unsec. Gtd. Sub. Global Notes, 7.25%, 01/01/13	\$ 35,000	\$ 35,000
Aerospace & Defense—1.42%		
Alliant Techsystems Inc., Sr. Unsec. Gtd. Sub. Notes, 6.75%, 04/01/16	25,000	24,875
BAE Systems Holdings Inc., Sr. Unsec. Gtd. Notes, 4.95%, 06/01/14 ^(b)	65,000	66,840
6.38%, 06/01/19 ^(b)	90,000	95,830
BE Aerospace, Inc., Sr. Unsec. Unsub. Notes, 8.50%, 07/01/18	25,000	26,625
L-3 Communications Corp., Sr. Notes, 5.20%, 10/15/19 ^(b)	135,000	135,506
		349,676
Agricultural Products—0.65%		
Bunge Limited Finance Corp., Sr. Unsec. Gtd. Notes, 8.50%, 06/15/19	140,000	159,801
Airlines—2.23%		
American Airlines Pass Through Trust, —Series 2001-2, Class A-1, Sec. Global Pass Through Cdfs., 6.98%, 04/01/11	32,764	32,723
—Series 2009-1A, Sec. Pass Through Cdfs., 10.38%, 07/02/19	45,000	50,569
Continental Airlines Inc., Pass Through Cdfs., 9.00%, 07/08/16	210,000	225,356
Series A, Global Pass Through Cdfs., 7.25%, 11/10/19	55,000	56,478
Delta Air Lines, Inc., Sr. Sec. Notes, 9.50%, 09/15/14 ^(b)	10,000	10,450
—Series A, Pass Through Cdfs., 7.75%, 12/17/19	70,000	72,406
Series 2002-1, Class C, Sec. Pass Through Cdfs., 7.78%, 01/02/12	15,539	15,073
United Air Lines Inc., Gtd. Global Pass Through Cdfs., 9.75%, 01/15/17	30,000	31,069
Sr. Sec. Gtd. Global Pass Through Cdfs., 10.40%, 11/01/16	50,000	53,281
		547,405

	Principal Amount	Value
Alternative Carriers—0.32%		
Intelsat Intermediate Holding Co. Ltd. (Bermuda), Sr. Unsec. Gtd. Disc. Global Notes, 9.50%, 02/01/15 ^(c)	\$ 35,000	\$ 36,137
Level 3 Financing Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 9.25%, 11/01/14	45,000	43,200
		79,337
Aluminum—0.10%		
Novelis Inc. (Canada), Sr. Unsec. Gtd. Global Notes, 7.25%, 02/15/15	25,000	24,000
Apparel Retail—0.69%		
Collective Brands, Inc., Sr. Unsec. Gtd. Sub. Global Notes, 8.25%, 08/01/13	50,000	51,125
Limited Brands Inc., Sr. Notes, 8.50%, 06/15/19 ^(b)	50,000	54,125
TJX Companies, Inc. (The), Sr. Unsec. Notes, 6.95%, 04/15/19	55,000	63,822
		169,072
Asset Management & Custody Banks—0.31%		
Bank of New York Mellon Corp. (The), Sr. Unsec. Notes, 4.30%, 05/15/14	50,000	52,679
Graham Packaging Co. L.P./GPC Capital Corp. I, Sr. Gtd. Notes, 8.25%, 01/01/17 ^(b)	25,000	24,688
		77,367
Auto Parts & Equipment—0.17%		
Allison Transmission Inc., Sr. Unsec. Gtd. Notes, 11.00%, 11/01/15 ^(b)	25,000	26,437
Tenneco Inc., Sr. Unsec. Gtd. Global Notes, 8.13%, 11/15/15	15,000	15,225
		41,662
Automobile Manufacturers—0.20%		
Case New Holland Inc., Sr. Unsec. Gtd. Unsub. Notes, 7.75%, 09/01/13 ^(b)	25,000	25,562
Ford Motor Co., Sr. Unsec. Unsub. Global Notes, 7.45%, 07/16/31	25,000	22,375
		47,937
Automotive Retail—0.92%		
AutoZone Inc., Sr. Unsec. Notes, 5.75%, 01/15/15	210,000	225,648
Brewers—0.37%		
Anheuser-Busch InBev Worldwide Inc., Sr. Unsec. Gtd. Unsub. Notes, 4.13%, 01/15/15 ^(b)	90,000	91,297
Broadcasting—2.32%		
Belo Corp., Sr. Unsec. Unsub. Notes, 6.75%, 05/30/13	25,000	24,750
8.00%, 11/15/16	25,000	25,750
Clear Channel Worldwide Holdings Inc., Sr. Unsec. Gtd. Unsub. Notes, 9.25%, 12/15/17 ^(b)	25,000	25,875

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

AIM V.I. Diversified Income Fund

	Principal Amount	Value
Broadcasting--(continued)		
COX Communications Inc., Sr. Unsec. Bonds, 8.38%, 03/01/39 ^(b)	\$ 75,000	\$ 92,096
Sr. Unsec. Global Notes, 5.45%, 12/15/14	95,000	102,028
Sr. Unsec. Notes, 9.38%, 01/15/19 ^(b)	140,000	176,059
COX Enterprises Inc., Sr. Unsec. Notes, 7.88%, 09/15/10 ^(b)	120,000	124,850
		571,408

Building Products--0.46%

Building Materials Corp. of America, Sec. Gtd. Second Lien Global Notes, 7.75%, 08/01/14	50,000	49,750
Goodman Global Group Inc., Sr. Disc. Notes, 11.70%, 12/15/14 ^{(b)(d)}	20,000	11,400
Ply Gem Industries Inc., Sr. Sec. Gtd. First & Second Lien Global Notes, 11.75%, 06/15/13	35,000	35,175
USG Corp., Sr. Unsec. Gtd. Notes, 9.75%, 08/01/14 ^(b)	15,000	16,012
		112,337

Cable & Satellite--2.76%

Cablevision Systems Corp., Sr. Notes, 8.63%, 09/15/17 ^(b)	25,000	26,156
DirecTV Holdings LLC/DirecTV Financing Co. Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 7.63%, 05/15/16	350,000	383,250
Sr. Unsec. Gtd. Unsub. Notes, 4.75%, 10/01/14 ^(b)	160,000	163,111
Time Warner Cable Inc., Sr. Unsec. Gtd. Unsub. Notes, 5.00%, 02/01/20	60,000	58,584
XM Satellite Radio Inc., Sr. Sec. Notes, 11.25%, 06/15/13 ^(b)	45,000	48,262
		679,363

Casinos & Gaming--0.53%

MGM Mirage, Sr. Sec. Notes, 11.13%, 11/15/17 ^(b)	15,000	16,725
Sr. Unsec. Gtd. Unsub. Notes, 8.50%, 09/15/10	25,000	25,000
Pinnacle Entertainment, Inc., Sr. Notes, 8.63%, 08/01/17 ^(b)	30,000	30,600
Snoqualmie Entertainment Authority, Sr. Sec. Floating Rate Notes, 4.68%, 02/01/14 ^{(b)(e)}	15,000	7,950
Wynn Las Vegas Capital LLC/Corp., Sec. First Mortgage Notes, 7.88%, 11/01/17 ^(b)	50,000	50,875
		131,150

Communications Equipment--0.04%

Corning Inc., Sr. Unsec. Unsub. Notes, 6.63%, 05/15/19	10,000	10,788
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	Principal Amount	Value
Computer Hardware--0.65%		
Hewlett-Packard Co., Sr. Unsec. Global Notes, 4.75%, 06/02/14	\$ 55,000	\$ 58,849
International Business Machines Corp., Sr. Unsec. Unsub. Global Notes, 2.10%, 05/06/13	100,000	100,062
		158,911

Computer Storage & Peripherals--0.11%

Seagate Technology International, Sr. Sec. Gtd. Notes, 10.00%, 05/01/14 ^(b)	25,000	27,813
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Construction Materials--0.46%

Holcim U.S. Finance Sarl & Cie SCS (Switzerland), Gtd. Notes, 6.00%, 12/30/19 ^(b)	110,000	113,418
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Construction, Farm Machinery & Heavy Trucks--0.25%

CNH America LLC, Sr. Unsec. Gtd. Notes, 7.25%, 01/15/16	25,000	24,813
Navistar International Corp., Sr. Unsec. Gtd. Notes, 8.25%, 11/01/21	25,000	25,656
Titan International, Inc., Sr. Unsec. Gtd. Global Notes, 8.00%, 01/15/12	10,000	9,850
		60,319

Consumer Finance--0.27%

Ford Motor Credit Co. LLC, Sr. Unsec. Notes, 8.00%, 12/15/16	65,000	65,325
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Data Processing & Outsourced Services--0.20%

First Data Corp., Sr. Unsec. Gtd. Global Notes, 9.88%, 09/24/15	25,000	23,312
SunGard Data Systems Inc., Sr. Unsec. Gtd. Sub. Global Notes, 10.25%, 08/15/15	25,000	26,750
		50,062

Diversified Banks--3.19%

Barclays Bank PLC (United Kingdom), Sr. Unsec. Unsub. Global Notes, 6.75%, 05/22/19	155,000	174,655
ING Bank N.V. (Netherlands), Unsec. Sub. Bonds, 5.13%, 05/01/15 ^(b)	100,000	100,066
JPMorgan Chase Capital XXVII--Series AA, Jr. Unsec. Gtd. Sub. Notes, 7.00%, 11/01/39	160,000	163,291
Lloyds TSB Bank PLC (United Kingdom), Sr. Unsec. Unsub. Floating Rate Medium-Term Euro Notes, 3.78%, 04/17/14 ^(e)	81,000	84,592
Standard Chartered PLC (United Kingdom), Sr. Notes, 5.50%, 11/18/14 ^(b)	55,000	58,010
Wachovia Corp.--Series G, Sr. Unsec. Medium-Term Notes, 5.50%, 05/01/13	50,000	53,534
Wells Fargo & Co., Sr. Unsec. Unsub. Global Notes, 4.38%, 01/31/13	145,000	150,433
		784,581

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

	Principal Amount	Value
Diversified Capital Markets–0.42%		
UBS AG (Switzerland), Sr. Unsec. Medium-Term Notes, 5.75%, 04/25/18	\$ 100,000	\$ 102,400
Diversified Metals & Mining–0.29%		
Rio Tinto Finance USA Ltd. (United Kingdom), Sr. Unsec. Gtd. Global Notes, 8.95%, 05/01/14	60,000	71,955
Drug Retail–1.18%		
CVS Caremark Corp., Unsec. Notes, 6.60%, 03/15/19	190,000	208,007
Rite Aid Corp., Sr. Sec. Gtd. Notes, 10.38%, 07/15/16	50,000	53,750
Sr. Sec. Unsub. Global Notes, 9.75%, 06/12/16	25,000	27,344
		289,101
Electric Utilities–4.05%		
Carolina Power & Light Co., Sec. First Mortgage Bonds, 5.30%, 01/15/19	40,000	41,800
DCP Midstream LLC, Notes, 9.70%, 12/01/13 ^(b)	100,000	116,373
Sr. Unsec. Notes, 7.88%, 08/16/10	200,000	208,530
Sr. Unsec. Unsub. Notes, 9.75%, 03/15/19 ^(b)	55,000	67,280
Enel Finance International S.A. (Luxembourg), Sr. Unsec. Gtd. Notes, 3.88%, 10/07/14 ^(b)	100,000	101,333
Indiana Michigan Power Co.–Series I, Sr. Unsec. Unsub. Notes, 7.00%, 03/15/19	140,000	156,756
LSP Energy L.P./LSP Batesville Funding Corp.–Series D, Sr. Sec. Bonds, 8.16%, 07/15/25	25,000	16,875
Ohio Power Co.–Series 1, Sr. Unsec. Notes, 5.38%, 10/01/21	180,000	182,991
PPL Electric Utilities Corp., Sec. First Mortgage Bonds, 6.25%, 05/15/39	45,000	47,502
Virginia Electric & Power Co., Sr. Unsec. Unsub Notes, 5.00%, 06/30/19	55,000	55,690
		995,130
Electrical Components & Equipment–0.11%		
Belden Inc., Sr. Gtd. Sub. Notes, 9.25%, 06/15/19 ^(b)	25,000	26,500
Electronic Manufacturing Services–0.06%		
Jabil Circuit, Inc., Sr. Unsec. Notes, 7.75%, 07/15/16	15,000	15,863
Gold–1.47%		
Newmont Mining Corp., Sr. Unsec. Gtd. Notes, 5.13%, 10/01/19	145,000	145,993
6.25%, 10/01/39	215,000	216,468
		362,461
Health Care Equipment–0.36%		
Boston Scientific Corp., Sr. Unsec. Unsub. Notes, 6.00%, 01/15/20	85,000	87,346

	Principal Amount	Value
Health Care Facilities–0.43%		
HCA, Inc., Sec. Gtd. Global Notes, 9.25%, 11/15/16	\$ 25,000	\$ 27,062
Sr. Sec. Gtd. Notes, 7.88%, 02/15/20 ^(b)	50,000	52,375
Tenet Healthcare Corp., Sr. Unsec. Notes, 7.38%, 02/01/13	25,000	25,188
		104,625
Health Care Services–1.74%		
Express Scripts Inc., Sr. Unsec. Gtd. Global Notes, 5.25%, 06/15/12	45,000	47,939
6.25%, 06/15/14	125,000	137,190
7.25%, 06/15/19	40,000	45,779
Orlando Lutheran Towers Inc., Putable Bonds, 7.75%, 07/01/11	45,000	44,900
8.00%, 07/01/17	125,000	125,348
US Oncology Inc., Sr. Sec. Gtd. Global Notes, 9.13%, 08/15/17	25,000	26,375
		427,531
Hotels, Resorts & Cruise Lines–0.84%		
Hyatt Hotels Corp., Sr. Unsec. Unsub. Notes, 5.75%, 08/15/15 ^(b)	165,000	170,198
Starwood Hotels & Resorts Worldwide, Inc., Sr. Unsec. Unsub. Notes, 7.15%, 12/01/19	35,000	35,175
		205,373
Independent Power Producers & Energy Traders–0.43%		
AES Corp. (The), Sr. Unsec. Notes, 9.75%, 04/15/16 ^(b)	50,000	55,000
NRG Energy, Inc., Sr. Unsec. Gtd. Notes, 7.38%, 02/01/16	25,000	25,125
Sr. Unsec. Gtd. Unsub. Notes, 7.38%, 01/15/17	25,000	25,187
		105,312
Industrial Conglomerates–1.01%		
Hutchison Whampoa International Ltd. (Cayman Islands), Gtd. Notes, 5.75%, 09/11/19 ^(b)	100,000	99,033
Sr. Unsec. Gtd. Notes, 7.63%, 04/09/19 ^(b)	130,000	149,617
		248,650

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

	Principal Amount	Value
Insurance Brokers–0.81%		
Marsh & McLennan Cos. Inc., Sr. Unsec. Notes, 5.15%, 09/15/10	\$ 75,000	\$ 76,733
9.25%, 04/15/19	100,000	123,037
		199,770
Integrated Oil & Gas–1.25%		
Lukoil International Finance B.V. (Netherlands), Sr. Unsec. Gtd. Unsub. Notes, 6.38%, 11/05/14 ^(b)	300,000	306,348
Integrated Telecommunication Services–3.83%		
AT&T Inc., Sr. Unsec. Unsub. Global Notes, 6.55%, 02/15/39	70,000	74,261
British Telecommunications PLC (United Kingdom), Sr. Unsec. Unsub. Global Notes, 9.13%, 12/15/10	250,000	267,912
Cellco Partnership/ Verizon Wireless Capital LLC, Sr. Unsec. Unsub. Global Notes, 7.38%, 11/15/13	140,000	161,183
Qwest Communications International Inc., Sr. Unsec. Gtd. Notes, 8.00%, 10/01/15 ^(b)	25,000	25,875
Telefonica Europe B.V. (Netherlands), Unsec. Gtd. Unsub. Global Notes, 7.75%, 09/15/10	200,000	209,482
Telemar Norte Leste S.A. (Brazil), Sr. Unsec. Notes, 9.50%, 04/23/19 ^(b)	125,000	148,673
Wind Acquisition Finance S.A. (Luxembourg), Sr. Sec. Gtd. Sub. Notes, 11.75%, 07/15/17 ^(b)	50,000	55,000
		942,386
Investment Banking & Brokerage–5.81%		
E*Trade Financial Corp., Sr. Unsec. Unsub. Global Notes, 7.38%, 09/15/13	10,000	9,450
Goldman Sachs Group Inc. (The), Sr. Medium-Term Notes, 6.00%, 05/01/14	50,000	54,885
Unsec. Sub. Global Notes, 6.75%, 10/01/37	140,000	144,690
Jefferies Group Inc., Sr. Unsec. Notes, 6.45%, 06/08/27	375,000	316,994
Macquarie Group Ltd. (Australia), Sr. Unsec. Notes, 7.30%, 08/01/14 ^(b)	110,000	120,968
Morgan Stanley, Sr. Unsec. Medium-Term Global Notes, 6.00%, 05/13/14	315,000	338,768
–Series F, Sr. Unsec. Medium-Term Global Notes, 5.95%, 12/28/17	130,000	135,738
5.63%, 09/23/19	130,000	131,463
Schwab Capital Trust I, Jr. Unsec. Gtd. Sub. Variable Rate Notes, 7.50%, 11/15/37 ^(e)	50,000	46,923
TD Ameritrade Holding Corp., Sr. Unsec. Gtd. Unsub. Notes, 4.15%, 12/01/14	15,000	14,848
5.60%, 12/01/19	115,000	114,707
		1,429,434

	Principal Amount	Value
Leisure Facilities–0.14%		
Universal City Development Partners Ltd., Sr. Notes, 8.88%, 11/15/15 ^(b)	\$ 25,000	\$ 24,625
Sr. Sub. Notes, 10.88%, 11/15/16 ^(b)	10,000	10,250
		34,875
Life & Health Insurance–2.54%		
MetLife Inc., Sr. Unsec. Global Notes, 7.72%, 02/15/19	180,000	211,447
Sr. Unsec. Unsub. Notes, 6.75%, 06/01/16	155,000	174,793
Prudential Financial Inc., Jr. Unsec. Sub. Variable Rate Global Notes, 8.88%, 06/15/38 ^(e)	130,000	137,745
–Series D, Sr. Unsec. Unsub. Medium-Term Notes, 7.38%, 06/15/19	90,000	101,763
		625,748
Mortgage Backed Securities–0.74%		
U.S. Bank N.A., Sr. Unsec. Unsub. Medium-Term Global Notes, 5.92%, 05/25/12	172,231	182,951
Movies & Entertainment–0.46%		
Cinemark USA Inc., Sr. Gtd. Notes, 8.63%, 06/15/19 ^(b)	25,000	26,063
Time Warner Cable Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 6.75%, 07/01/18	55,000	60,830
Tunica-Biloxi Gaming Authority, Sr. Unsec. Notes, 9.00%, 11/15/15 ^(b)	30,000	27,150
		114,043
Multi-Line Insurance–1.22%		
American Financial Group Inc., Sr. Unsec. Unsub. Notes, 9.88%, 06/15/19	180,000	201,805
Liberty Mutual Group Inc., Sr. Unsec. Notes, 5.75%, 03/15/14 ^(b)	100,000	98,560
		300,365
Multi-Utilities–0.25%		
Pacific Gas & Electric Co., Sr. Unsec. Unsub. Notes, 5.40%, 01/15/40	65,000	62,654
Office REITs–0.58%		
Boston Properties L.P., Sr. Unsec. Unsub. Notes, 5.88%, 10/15/19	140,000	141,357
Oil & Gas Equipment & Services–0.04%		
Bristow Group, Inc., Sr. Unsec. Gtd. Global Notes, 7.50%, 09/15/17	10,000	10,000
Oil & Gas Exploration & Production–2.83%		
Anadarko Petroleum Corp., Sr. Unsec. Notes, 7.63%, 03/15/14	100,000	114,939
Sr. Unsec. Unsub. Global Notes, 5.75%, 06/15/14	250,000	270,916

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

	Principal Amount	Value
Oil & Gas Exploration & Production—(continued)		
Cimarex Energy Co., Sr. Unsec. Gtd. Notes, 7.13%, 05/01/17	\$ 50,000	\$ 50,687
Concho Resources Inc., Sr. Unsec. Gtd. Notes, 8.63%, 10/01/17	25,000	26,312
Continental Resources Inc., Sr. Unsec. Unsub. Notes, 8.25%, 10/01/19 ^(b)	15,000	15,806
Encore Acquisition Co., Sr. Gtd. Sub. Notes, 9.50%, 05/01/16	10,000	10,563
McMoRan Exploration Co., Sr. Unsec. Gtd. Notes, 11.88%, 11/15/14	25,000	25,719
Petrobras International Finance Co. (Cayman Islands), Sr. Unsec. Gtd. Unsub. Global Notes, 5.75%, 01/20/20	40,000	40,606
6.88%, 01/20/40	45,000	46,033
Pioneer Natural Resources Co., Sr. Unsec. Notes, 7.50%, 01/15/20	25,000	25,188
Plains Exploration & Production Co., Sr. Unsec. Gtd. Unsub. Notes, 8.63%, 10/15/19	15,000	15,469
Range Resources Corp., Sr. Unsec. Gtd. Sub. Notes, 7.50%, 10/01/17	25,000	25,875
Southwestern Energy Co., Sr. Gtd. Global Notes, 7.50%, 02/01/18	25,000	26,687
		694,800
Oil & Gas Refining & Marketing—0.75%		
Petronas Capital Ltd. (Malaysia), Unsec. Gtd. Unsub. Notes, 5.25%, 08/12/19 ^(b)	100,000	100,124
Tesoro Corp., Sr. Unsec. Gtd. Unsub. Global Bonds, 6.50%, 06/01/17	15,000	14,025
United Refining Co.—Series 2, Sr. Unsec. Gtd. Global Notes, 10.50%, 08/15/12	75,000	71,063
		185,212
Oil & Gas Storage & Transportation—1.97%		
Enterprise Products Operating LLC, Sr. Unsec. Gtd. Unsub. Global Notes, 6.13%, 10/15/39	125,000	121,295
Plains All American Pipeline L.P./ PAA Finance Corp., Sr. Unsec. Gtd. Unsub. Notes, 5.75%, 01/15/20	135,000	136,190
Spectra Energy Capital LLC, Sr. Unsec. Gtd. Notes, 5.65%, 03/01/20	155,000	157,564
Williams Cos., Inc., Sr. Unsec. Global Notes, 8.75%, 01/15/20	40,000	47,903
Williams Partners L.P./Williams Partners Finance Corp., Sr. Unsec. Global Notes, 7.25%, 02/01/17	20,000	20,400
		483,352
Other Diversified Financial Services—9.52%		
Bank of America Corp., Sr. Unsec. Unsub. Global Notes, 6.50%, 08/01/16	130,000	140,458
Bear Stearns Cos. LLC (The), Sr. Unsec. Unsub. Floating Rate Notes, 0.68%, 07/19/10 ^(e)	260,000	260,600
Cantor Fitzgerald L.P., Bonds, 7.88%, 10/15/19 ^(b)	315,000	317,022
CDP Financial Inc. (Canada), Sr. Unsec. Gtd. Notes, 3.00%, 11/25/14 ^(b)	275,000	269,577

	Principal Amount	Value
Other Diversified Financial Services—(continued)		
Citigroup Inc., Sr. Unsec. Notes, 6.38%, 08/12/14	\$ 505,000	\$ 529,202
Countrywide Financial Corp., Sr. Unsec. Gtd. Unsub. Medium-Term Global Notes, 5.80%, 06/07/12	40,000	42,531
General Electric Capital Corp.—Series A, Sr. Unsec. Unsub. Medium-Term Global Notes, 6.88%, 01/10/39	380,000	393,557
JPMorgan Chase & Co., Sr. Unsec. Unsub. Global Notes, 4.75%, 05/01/13	15,000	15,854
6.30%, 04/23/19	145,000	160,968
Merrill Lynch & Co. Inc.—Series C, Sr. Unsec. Medium- Term Global Notes, 5.45%, 02/05/13	200,000	210,801
Twin Reefs Pass-Through Trust, Floating Rate Pass Through Cfs., 1.39% (Acquired 12/07/04-04/03/06; Cost \$130,332) ^{(b)(e)(f)(g)}	130,000	423
		2,340,993
Packaged Foods & Meats—0.15%		
Del Monte Corp., Sr. Sub. Notes, 7.50%, 10/15/19 ^(b)	10,000	10,325
Dole Food Co. Inc., Sr. Sec. Notes, 8.00%, 10/01/16 ^(b)	25,000	25,687
		36,012
Paper Packaging—0.06%		
Cascades Inc. (Canada), Sr. Gtd. Notes, 7.88%, 01/15/20 ^(b)	10,000	10,175
Sealed Air Corp., Sr. Notes, 7.88%, 06/15/17 ^(b)	5,000	5,342
		15,517
Paper Products—0.96%		
Georgia-Pacific LLC, Deb., 7.70%, 06/15/15	25,000	26,375
International Paper Co., Sr. Unsec. Unsub. Global Bonds, 7.50%, 08/15/21	110,000	123,314
Mercer International Inc., Sr. Unsec. Global Notes, 9.25%, 02/15/13	105,000	86,363
		236,052
Personal Products—0.38%		
Mead Johnson Nutrition Co., Sr. Unsec. Gtd. Unsub. Notes, 3.50%, 11/01/14 ^(b)	95,000	94,493
Pharmaceuticals—0.31%		
Valeant Pharmaceuticals International, Sr. Unsec. Gtd. Notes, 8.38%, 06/15/16 ^(b)	25,000	25,875
Watson Pharmaceuticals Inc., Sr. Unsec. Global Notes, 5.00%, 08/15/14	50,000	51,260
		77,135
Property & Casualty Insurance—0.66%		
CNA Financial Corp., Sr. Unsec. Unsub. Notes, 7.35%, 11/15/19	160,000	161,434

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

	Principal Amount	Value
Publishing–0.20%		
Nielsen Finance LLC/Co., Sr. Unsec. Gtd. Sub. Disc. Global Notes, 12.50%, 08/01/16 ^(c)	\$ 25,000	\$ 22,937
Reed Elsevier Capital Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 6.75%, 08/01/11	25,000	26,791
		49,728
Regional Banks–0.25%		
PNC Capital Trust C, Jr. Unsec. Gtd. Sub. Floating Rate Trust Pfd. Capital Securities Bonds, 0.83%, 06/01/28 ^(e)	100,000	61,293
Research & Consulting Services–1.45%		
Erac USA Finance Co., Sr. Unsec. Gtd. Notes, 7.00%, 10/15/37 ^(b)	70,000	68,461
Unsec. Gtd. Notes, 5.80%, 10/15/12 ^(b)	275,000	288,077
		356,538
Restaurants–1.31%		
Yum! Brands Inc., Sr. Unsec. Notes, 5.30%, 09/15/19	320,000	322,781
Semiconductors–0.33%		
Viasystems Inc., Sr. Unsec. Gtd. Global Notes, 10.50%, 01/15/11	80,000	80,000
Soft Drinks–0.50%		
Coca-Cola Amatil Ltd. (Australia), Sr. Gtd. Notes, 3.25%, 11/02/14 ^(b)	125,000	123,833
Sovereign Debt–1.85%		
Brazilian Government International Bond (Brazil), Sr. Unsec. Unsub. Global Notes, 5.88%, 01/15/19	120,000	127,950
United Mexican States (Mexico), Sr. Unsec. Global Notes, 5.88%, 02/17/14	300,000	326,812
		454,762
Specialized Finance–0.25%		
National Rural Utilities Cooperative Finance Corp., Sr. Sec. Notes, 2.63%, 09/16/12	60,000	60,710
Specialty Chemicals–0.06%		
Huntsman International LLC, Sr. Unsec. Gtd. Sub. Global Notes, 7.88%, 11/15/14	15,000	14,888
Specialty Properties–0.56%		
Healthcare Realty Trust Inc., Sr. Unsec. Notes, 6.50%, 01/17/17	140,000	137,239

	Principal Amount	Value
Specialty Stores–0.89%		
Sally Holdings LLC/Sally Capital Inc., Sr. Unsec. Gtd. Global Notes, 9.25%, 11/15/14	\$ 25,000	\$ 26,156
Staples Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 9.75%, 01/15/14	25,000	30,547
Sr. Unsec. Gtd. Unsub. Notes, 7.75%, 04/01/11	150,000	161,240
		217,943
Steel–0.82%		
ArcelorMittal (Luxembourg), Sr. Unsec. Unsub. Global Notes, 9.00%, 02/15/15	55,000	64,144
7.00%, 10/15/39	130,000	137,802
		201,946
Textiles–0.21%		
Invista, Sr. Unsec. Unsub. Notes, 9.25%, 05/01/12 ^(b)	50,000	51,000
Tires & Rubber–0.30%		
Cooper Tire & Rubber Co., Sr. Unsec. Unsub. Notes, 7.63%, 03/15/27	25,000	21,750
Goodyear Tire & Rubber Co. (The), Sr. Unsec. Gtd. Unsub. Global Notes, 9.00%, 07/01/15	50,000	52,250
		74,000
Trading Companies & Distributors–0.10%		
United Rentals North America, Inc., Sr. Unsec. Gtd. Global Notes, 6.50%, 02/15/12	25,000	25,063
Trucking–0.10%		
Hertz Corp. (The), Sr. Unsec. Gtd. Global Notes, 8.88%, 01/01/14	25,000	25,688
Wireless Telecommunication Services–1.80%		
American Tower Corp., Sr. Unsec. Notes, 4.63%, 04/01/15 ^(b)	90,000	90,961
Clearwire Communications LLC/Clearwire Finance Inc., Sr. Sec. Gtd. Notes, 12.00%, 12/01/15 ^(b)	5,000	5,125
12.00%, 12/01/15 ^(b)	35,000	35,875
SBA Telecommunications Inc., Sr. Gtd. Notes, 8.00%, 08/15/16 ^(b)	10,000	10,500
8.25%, 08/15/19 ^(b)	25,000	26,469
Sprint Capital Corp., Sr. Unsec. Gtd. Unsub. Global Notes, 6.88%, 11/15/28	50,000	42,000
Sprint Nextel Corp., Sr. Unsec. Unsub. Notes, 8.38%, 08/15/17	10,000	10,225
Vodafone Group PLC (United Kingdom), Sr. Unsec. Unsub. Global Notes, 7.75%, 02/15/10	220,000	221,646
		442,801
Total Bonds & Notes (Cost \$18,180,349)		19,031,068

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

	Principal Amount	Value
U.S. Treasury Securities—10.19%		
U.S. Treasury Notes—3.47%		
1.50%, 12/31/13	\$ 875,000	\$ 852,168
U.S. Treasury Bonds—6.72%		
5.38%, 02/15/31 ^(b)	1,095,000	1,211,173
3.50%, 02/15/39	65,000	53,300
4.25%, 05/15/39	100,000	93,891
4.50%, 08/15/39	300,000	293,531
		1,651,895
Total U.S. Treasury Securities (Cost \$2,582,074)		2,504,063

Asset-Backed Securities—2.04%		
Countrywide Asset-Backed Cdfs.—Series 2007-4, Class A1B, Pass Through Cdfs., 5.81%, 09/25/37		
	95,015	93,779
Credit Suisse Mortgage Capital Cdfs.—Series 2009-2R, Class 1A11, Floating Rate Pass Through Cdfs., 3.10%, 09/26/34 ^{(b)(e)}		
	152,630	146,098
TIAA Seasoned Commercial Mortgage Trust— Series 2007-C4, Class A2, Variable Rate Pass Through Cdfs., 5.79%, 08/15/39 ^(e)		
	45,000	46,731
Wells Fargo Mortgage Backed Securities Trust— Series 2004-Z, Class 2A1, Floating Rate Pass Through Cdfs., 2.97%, 12/25/34 ^(e)		
	229,941	216,105
Total Asset-Backed Securities (Cost \$476,191)		502,713

U.S. Government Sponsored Mortgage-Backed Securities—1.97%

Federal Home Loan Mortgage Corp. (FHLMC)—0.94%		
Pass Through Cdfs.,		
6.50%, 05/01/16 to 08/01/32	13,055	14,093
6.00%, 05/01/17 to 12/01/31	68,889	73,859
5.50%, 09/01/17	48,979	52,146
7.00%, 08/01/21	80,909	89,955
		230,053

Federal National Mortgage Association (FNMA)—0.88%

Pass Through Cdfs.,		
7.00%, 02/01/16 to 09/01/32	27,797	30,666
6.50%, 05/01/16 to 10/01/35	21,377	23,253
5.00%, 11/01/18	47,412	49,959
7.50%, 04/01/29 to 10/01/29	93,282	105,246
8.00%, 04/01/32	6,057	6,944
		216,068

	Principal Amount	Value
Government National Mortgage Association (GNMA)—0.15%		
Pass Through Cdfs.,		
7.50%, 06/15/23	\$ 11,914	\$ 13,415
8.50%, 11/15/24	6,277	7,242
7.00%, 07/15/31 to 08/15/31	3,251	3,621
6.50%, 11/15/31 to 03/15/32	6,351	6,856
6.00%, 11/15/32	6,075	6,491
		37,625
Total U.S. Government Sponsored Mortgage- Backed Securities (Cost \$450,897)		483,746

U.S. Government Sponsored Agency Securities—0.79%

Student Loan Marketing Association—0.79%		
—Series-BED4, Sr. Unsec. Unsub. Floating Rate Medium-Term Notes, 0.56%, 03/15/10 (Cost \$199,176) ^(e)		
	200,000	194,686

Municipal Obligations—0.22%

Florida (State of) Development Finance Corp. (Palm Bay Academy Inc.); Series 2006 B, Taxable RB, 7.50%, 05/15/17 (Cost \$64,523)		
	65,000	53,698

	Shares	
Common Stocks & Other Equity Interests—0.02%		
Broadcasting—0.02%		
Adelphia Communications Corp., ⁽ⁱ⁾	—	1,800
Adelphia Recovery Trust—Series ACC-1 ⁽ⁱ⁾	87,412	2,797
Total Common Stocks & Other Equity Interests (Cost \$22,181)		4,597

Money Market Funds—6.43%

Liquid Assets Portfolio—Institutional Class ⁽ⁱ⁾	791,064	791,064
Premier Portfolio—Institutional Class ⁽ⁱ⁾	791,064	791,064
Total Money Market Funds (Cost \$1,582,128)		1,582,128
TOTAL INVESTMENTS—99.05% (Cost \$23,557,519)		24,356,699
OTHER ASSETS LESS LIABILITIES—0.95%		233,167
NET ASSETS—100.00%		\$24,589,866

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

Investment Abbreviations:

Ctfs. – Certificates
Deb. – Debentures
Disc. – Discounted
Gtd. – Guaranteed
Jr. – Junior
Pfd. – Preferred
RB – Revenue Bonds
REIT – Real Estate Investment Trust
Sec. – Secured
Sr. – Senior
Sub. – Subordinated
Unsec. – Unsecured
Unsub. – Unsubordinated

Notes to Schedule of Investments:

- (a) Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
- (b) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended. The 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 December 31, 2009 was \$5,022,482, which represented 20.43% of the Fund's Net Assets.
- (c) Step coupon bond issued at discount. The interest rate represents the coupon rate at which the bond will accrue at a specified future date.
- (d) Security traded on a discount basis. The interest rate shown represents the discount rate at the time of purchase by the Fund.
- (e) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on December 31, 2009.
- (f) Perpetual bond with no specified maturity date.
- (g) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The value of this security at December 31, 2009 represented less than 0.01% of the Fund's Net Assets.
- (h) 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.
- (i) Non-income producing security acquired as part of the Adelphia Communications bankruptcy reorganization.
- (j) The money market fund and the Fund are affiliated by having the same investment adviser.

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

Statement of Assets and Liabilities

December 31, 2009

Assets:

Investments, at value (Cost \$21,975,391)	\$ 22,774,571
Investments in affiliated money market funds, at value and cost	1,582,128
Total investments, at value (Cost \$23,557,519)	24,356,699
Receivables for:	
Fund shares sold	2,540
Dividends and interest	332,124
Investment for trustee deferred compensation and retirement plans	35,155
Other assets	369
Total assets	24,726,887

Liabilities:

Payables for:	
Fund shares reacquired	25,694
Amount due custodian	6,106
Variation margin	7,445
Accrued fees to affiliates	14,581
Accrued other operating expenses	40,483
Trustee deferred compensation and retirement plans	42,712
Total liabilities	137,021
Net assets applicable to shares outstanding	\$ 24,589,866

Net assets consist of:

Shares of beneficial interest	\$ 39,447,510
Undistributed net investment income	1,356,293
Undistributed net realized gain (loss)	(16,970,317)
Unrealized appreciation	756,380
	\$ 24,589,866

Net Assets:

Series I	\$ 24,299,345
Series II	\$ 290,521

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

Series I	4,129,498
Series II	49,676
Series I:	
Net asset value per share	\$ 5.88
Series II:	
Net asset value per share	\$ 5.85

Statement of Operations

For the year ended December 31, 2009

Investment income:

Interest	\$ 1,523,745
Dividends	53,617
Dividends from affiliated money market funds	4,855
Total investment income	1,582,217

Expenses:

Advisory fees	142,633
Administrative services fees	90,870
Custodian fees	14,743
Distribution fees — Series II	845
Transfer agent fees	8,562
Trustees' and officers' fees and benefits	20,359
Professional services fees	51,589
Other	24,107
Total expenses	353,708
Less: Fees waived and expenses reimbursed	(175,934)
Net expenses	177,774
Net investment income	1,404,443

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities	(6,999,487)
Futures contracts	(75,702)
Swap agreements	22,514
	(7,052,675)
Change in net unrealized appreciation (depreciation) of:	
Investment securities	8,391,038
Futures contracts	(310,449)
Swap agreements	26,769
	8,107,358
Net realized and unrealized gain	1,054,683
Net increase in net assets resulting from operations	\$ 2,459,126

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

Statement of Changes in Net Assets

For the years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Net investment income	\$ 1,404,443	\$ 2,195,663
Net realized gain (loss)	(7,052,675)	(2,233,230)
Change in net unrealized appreciation (depreciation)	8,107,358	(5,040,130)
Net increase (decrease) in net assets resulting from operations	2,459,126	(5,077,697)
Distributions to shareholders from net investment income:		
Series I	(2,398,080)	(2,560,300)
Series II	(27,960)	(44,345)
Total distributions from net investment income	(2,426,040)	(2,604,645)
Share transactions-net:		
Series I	201,049	(6,708,387)
Series II	(122,516)	(73,155)
Net increase (decrease) in net assets resulting from share transactions	78,533	(6,781,542)
Net increase (decrease) in net assets	111,619	(14,463,884)
Net assets:		
Beginning of year	24,478,247	38,942,131
End of year (includes undistributed net investment income of \$1,356,293 and \$2,373,638, respectively)	\$24,589,866	\$ 24,478,247

Notes to Financial Statements

December 31, 2009

NOTE 1—Significant Accounting Policies

AIM V.I. Diversified Income Fund (the “Fund”) is a series portfolio of AIM 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-one 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 achieve a high level of current income.

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

The 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 bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

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

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

Swap agreements are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service are valued based on a model which may include end of day net present values, spreads, ratings, industry, and company performance.

Foreign securities (including foreign exchange contracts) 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 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 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 economical 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 and Corporate Loans. The mean between the last bid and asked prices may be used to value debt obligations other than Corporate Loans.

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

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

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Paydown gains and losses on mortgage and asset-backed securities are recorded as adjustments to interest income. Dividend income 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 realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net 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 adviser.

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

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

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

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

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

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

- G. Accounting Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, which is generally 45 days from the period-end date.
- 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 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. Lower-Rated Securities** — The Fund may invest in lower-quality debt securities, i.e., "junk bonds". Investments in lower-rated securities or unrated securities of comparable quality tend to be more sensitive to economic conditions than higher rated securities. Junk bonds involve a greater risk of default by the issuer because such securities are generally unsecured and are often subordinated to other creditors' claims.
- J. Dollar Roll and Forward Commitment Transactions** — The Fund may engage in dollar roll and forward commitment transactions with respect to mortgage-backed securities issued by GNMA, FNMA and FHLMC. These transactions are often conducted on a *to be announced* ("TBA") basis. In a TBA mortgage-backed transaction, the seller does not specify the particular securities to be delivered. Rather, a Fund agrees to accept any security that meets specified terms, such as an agreed upon issuer, coupon rate and terms of the underlying mortgages. TBA mortgage-backed transactions generally settle once a month on a specific date.

In a dollar roll transaction, the Fund sells a mortgage-backed security held in the Fund to a financial institution such as a bank or broker-dealer, and simultaneously agrees to purchase a substantially similar security (same type, coupon and maturity) from the institution at an agreed upon price and future date. The mortgage-backed securities to be purchased will bear the same coupon as those sold, but generally will be collateralized by different pools of mortgages with different prepayment histories. Based on the typical structure of dollar roll transactions by the Fund, the dollar roll transactions are accounted for as financing transactions in which the Fund receives compensation as either a "fee" or a "drop". "Fee" income which is agreed upon amongst the parties at the commencement of the dollar roll and the "drop" which is the difference between the selling price and the repurchase price of the mortgage-backed securities are amortized to income. During the period between the sale and purchase settlement dates, the Fund will not be entitled to receive interest and principal payments on securities purchased and not yet settled. Proceeds of the sale may be invested in short-term instruments, and the income from these investments, together with any additional fee income received on the sale, could generate income for the Fund exceeding the yield on the security sold. Dollar roll transactions are considered borrowings under the 1940 Act.

Forward commitment transactions involve commitments by the Fund to acquire or sell TBA mortgage-backed securities from/to a financial institution, such as a bank or broker-dealer at a specified future date and amount. The TBA mortgage-backed security is marked to market until settlement and the unrealized appreciation or depreciation is recorded in the statement of operations.

At the time the Fund enters into the dollar roll or forward commitment transaction, mortgage-backed securities or other liquid assets held by the Fund having a dollar value equal to the purchase price or in an amount sufficient to honor the forward commitment will be segregated.

Dollar roll transactions involve the risk that the market 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. In the event that the buyer of securities in a dollar roll transaction files for bankruptcy or becomes insolvent, the Fund's use of the proceeds from the sale of the securities may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to purchase the securities. The return earned by the Fund with the proceeds of the dollar roll transaction may not exceed the return on the securities sold.

Forward commitment transactions involve the risk that a counter-party 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. Settlement dates of forward commitment transactions may be a month or more after entering into these transactions and as a result the market values of the securities may vary from the purchase or sale prices. Therefore, forward commitment transactions may increase the Fund's overall interest rate exposure.

- 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 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. Swap Agreements — The Fund may enter into various swap transactions, including interest rate, total return, index, currency exchange rate and credit default swap contracts (“CDS”) for investment purposes or to manage interest rate, currency or credit risk.

Interest rate, total return, index, and currency exchange rate 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.

A CDS is an agreement between two parties (“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.

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.

Changes in the value of 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. 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 posting of collateral by the counterparty to cover the Fund’s exposure to the counterparty. 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.

M. Collateral — To the extent the Fund has pledged 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 Net Assets	Rate
First \$250 million	0.60%
Over \$250 million	0.55%

Under the terms of a master sub-advisory agreement approved by shareholders of the Funds between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the “Affiliated Sub-Advisers”) the Adviser, not the Funds, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to each Fund based on the percentage of assets allocated to such Sub-Adviser(s).

On December 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc. and the consolidated adviser firm was renamed Invesco Advisers, Inc.

The Adviser has contractually agreed 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 reimbursed] (excluding certain items discussed below) of Series I shares to 0.75% and Series II shares to 1.00% of average daily net assets, through at least April 30, 2011. 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 reimbursed] to exceed

the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary items or non-routine items; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. The Board of Trustees or Invesco may terminate the fee waiver arrangement at any time.

Further, the Adviser has contractually agreed, through at least June 30, 2010, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the year ended December 31, 2009, the Adviser waived advisory fees of \$142,633 and reimbursed Fund expenses of \$33,301.

At the request of the Trustees of the Trust, Invesco Ltd. agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. For the year ended December 31, 2009, Invesco Ltd. did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the year ended December 31, 2009, Invesco was paid \$50,000 for accounting and fund administrative services and reimbursed \$40,870 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. ("IAIS") pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. For the year ended December 31, 2009, 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 Aim Distributors, Inc. ("IADI") 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 IADI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2009, 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 Invesco, IAIS and/or IADI.

NOTE 3—Additional Valuation Information

Generally Accepted Accounting Principles ("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 and others.

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

The following is a summary of the tiered valuation input levels, as of December 31, 2009. 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	\$1,584,925	\$	\$1,800	\$ 1,586,725
U.S. Treasury Securities	—	2,504,063	—	2,504,063
U.S. Government Sponsored Securities	—	678,432	—	678,432
Corporate Debt Securities	—	19,031,068	—	19,031,068
Asset Backed Securities	—	502,713	—	502,713
Municipal Obligations	—	53,698	—	53,698
	\$1,584,925	\$22,769,974	\$1,800	24,356,699
Other Investments*	(42,800)	—	—	(42,800)
Total Investments	\$1,542,125	\$22,769,974	\$1,800	\$24,313,899

* Other Investments include futures, which are included at unrealized appreciation (depreciation).

NOTE 4—Derivative Investments

Effective with the beginning of the Fund's fiscal year, the Fund has implemented new required disclosures about derivative instruments and hedging activities in accordance with GAAP. GAAP has intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position and financial performance. The enhanced disclosure has no impact on the results of operations reported in the financial statements.

Value of Derivative Instruments at Period-End

The Table below summarizes the value of the Fund's derivative instruments, detailed by primary risk exposure, held as of December 31, 2009:

Risk Exposure/ Derivative Type	Value	
	Assets	Liabilities
Interest rate risk		
Futures contracts ^(a)	\$41,914	\$(84,714)

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

Effect of Derivative Instruments for the year ended December 31, 2009

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

	Location of Gain (Loss) on Statement of Operations	
	Futures*	Swap Agreements*
Realized Gain (Loss)		
Credit risk	\$ —	\$22,514
Interest rate risk	(75,702)	—
Change in Unrealized Appreciation (Depreciation)		
Credit risk	—	26,769
Interest rate risk	(310,449)	—
Total	\$(386,151)	\$49,283

* The average value of futures and swap agreements outstanding during the period was \$5,808,406, and \$575,000, respectively.

Open Futures Contracts

Contract	Number of Contracts	Month/Commitment	Value	Unrealized Appreciation (Depreciation)
U.S. Treasury 2 Year Notes	12	March-2010/Long	\$ 2,595,188	\$(11,651)
U.S. Treasury 5 Year Notes	19	March-2010/Long	2,173,273	(31,858)
U.S. Treasury 30 Year Bonds	8	March-2010/Long	923,000	(41,205)
Subtotal			\$ 5,691,461	\$(84,714)
U.S. Treasury 10 Year Notes	11	March-2010/Short	(1,269,984)	41,914
Total			\$ 4,421,477	\$(42,800)

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 AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides 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.

During the year ended December 31, 2009, the Fund paid legal fees of \$2,820 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

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 The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) 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—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2009 and 2008:

	2009	2008
Ordinary income	\$2,426,040	\$2,604,645

Tax Components of Net Assets at Period-End:

	2009
Undistributed ordinary income	\$ 1,401,698
Net unrealized appreciation — investments	799,180
Temporary book/tax differences	(45,405)
Post-October deferrals	(13,750)
Capital loss carryforward	(16,999,367)
Shares of beneficial interest	39,447,510
Total net assets	\$ 24,589,866

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

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund has a capital loss carryforward as of December 31, 2009 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2010	\$ 6,879,052
December 31, 2014	341,884
December 31, 2015	221,396
December 31, 2016	2,197,944
December 31, 2017	7,359,091
Total capital loss carryforward	\$16,999,367

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

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 year ended December 31, 2009 was \$41,196,846 and \$44,640,939, 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	\$1,176,130
Aggregate unrealized (depreciation) of investment securities	(376,950)
Net unrealized appreciation of investment securities	\$ 799,180

Investments have the same cost for tax and financial statement purposes.

NOTE 9—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of expired capital loss carryforward, on December 31, 2009, undistributed net investment income was increased by \$4,252, undistributed net realized gain (loss) was increased by \$6,100,816 and shares of beneficial interest decreased by \$6,105,068. This reclassification had no effect on the net assets of the Fund.

NOTE 10—Share Information

	Summary of Share Activity			
	Years ended December 31,			
	2009 ^(a)		2008	
	Shares	Amount	Shares	Amount
Sold:				
Series I	503,808	\$ 3,031,480	263,402	\$ 1,949,370
Series II	961	5,848	5,542	36,732
Issued as reinvestment of dividends:				
Series I	406,455	2,398,080	450,757	2,560,300
Series II	4,771	27,960	7,863	44,345
Reacquired:				
Series I	(882,462)	(5,228,511)	(1,527,553)	(11,218,057)
Series II	(26,192)	(156,324)	(21,536)	(154,232)
Net increase (decrease) in share activity	7,341	\$ 78,533	(821,525)	\$ (6,781,542)

^(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 78% 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 Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 11—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 (000s omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover ^(c)
Series I												
Year ended 12/31/09	\$5.87	\$0.35	\$ 0.29	\$ 0.64	\$(0.63)	\$5.88	10.89%	\$24,299	0.74% ^(d)	1.48% ^(d)	5.91% ^(d)	200%
Year ended 12/31/08	7.80	0.50	(1.74)	(1.24)	(0.69)	5.87	(15.59)	24,070	0.75	1.31	6.83	35
Year ended 12/31/07	8.28	0.51	(0.37)	0.14	(0.62)	7.80	1.72	38,336	0.75	1.17	6.04	67
Year ended 12/31/06	8.43	0.46	(0.08)	0.38	(0.53)	8.28	4.48	46,743	0.75	1.10	5.47	78
Year ended 12/31/05	8.74	0.40	(0.15)	0.25	(0.56)	8.43	2.90	55,065	0.89	1.08	4.54	92
Series II												
Year ended 12/31/09	5.83	0.34	0.29	0.63	(0.61)	5.85	10.70	291	0.99 ^(d)	1.73 ^(d)	5.66 ^(d)	200
Year ended 12/31/08	7.74	0.48	(1.72)	(1.24)	(0.67)	5.83	(15.78)	409	1.00	1.56	6.58	35
Year ended 12/31/07	8.21	0.48	(0.36)	0.12	(0.59)	7.74	1.51	606	1.00	1.42	5.79	67
Year ended 12/31/06	8.36	0.44	(0.09)	0.35	(0.50)	8.21	4.17	713	1.00	1.35	5.22	78
Year ended 12/31/05	8.67	0.38	(0.15)	0.23	(0.54)	8.36	2.67	902	1.14	1.33	4.29	92

^(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 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 based on average daily net assets (000's omitted) of \$23,434 and \$338 for Series I and Series II shares, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds
and Shareholders of AIM V.I. Diversified Income Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AIM V.I. Diversified Income Fund (one of the funds constituting AIM Variable Insurance Funds, hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

February 10, 2010
Houston, Texas

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009 through December 31, 2009.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

Class	Beginning Account Value (07/01/09)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (12/31/09) ¹	Expenses Paid During Period ²	Ending Account Value (12/31/09)	Expenses Paid During Period ²	
Series I	\$1,000.00	\$1,092.10	\$3.90	\$1,021.48	\$3.77	0.74%
Series II	1,000.00	1,092.00	5.22	1,020.21	5.04	0.99

¹ The actual ending account value is based on the actual total return of the Fund for the period July 1, 2009 through December 31, 2009, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

² Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year.

Tax Information

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

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

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Federal and State Income Tax

Corporate Dividends Received Deduction*	2.98%
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U.S. Treasury Obligations*	2.64%
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* The above percentages are based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Trustees and Officers

The address of each trustee and officer of AIM Variable Insurance Funds (the "Trust"), is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. Each trustee oversees 105 portfolios in the AIM Funds complex. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Interested Persons			
Martin L. Flanagan ¹ — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco Aim and a global investment management firm); Adviser to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The AIM Family of Funds®; Board of Governors, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman, Invesco Aim Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco Aim and a global investment management firm); Director, Invesco Ltd.; Chairman and Vice Chairman, Investment Company Institute	None
Philip A. Taylor ² — 1954 Trustee, President and Principal Executive Officer	2006	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc. and 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Aim Management Group, Inc. (financial services holding company); Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director, Invesco Aim Distributors, Inc. (registered broker dealer); Director and Chairman, Invesco Aim Investment Services, Inc. (registered transfer agent) and INVESCO Distributors, Inc. (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, AIM Trimark Corporate Class Inc. (corporate mutual fund company) and AIM Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltée (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); Trustee and Executive Vice President, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only); and Manager, Invesco PowerShares Capital Management LLC Formerly: Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	None
Independent Trustees			
Bruce L. Crockett — 1944 Trustee and Chair	1993	Chairman, Crockett Technology Associates (technology consulting company)	ACE Limited (insurance company); Captaris, Inc. (unified messaging provider); and Investment Company Institute
Bob R. Baker — 1936 Trustee	2004	Retired	None
Frank S. Bayley — 1939 Trustee	2001	Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios)	None
James T. Bunch — 1942 Trustee	2004	Founder, Green, Manning & Bunch Ltd., (investment banking firm)	Board of Governors, Western Golf Association/Evans Scholars Foundation and Executive Committee, United States Golf Association
Albert R. Dowden — 1941 Trustee	2000	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company) Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations	Board of Nature's Sunshine Products, Inc.
Jack M. Fields — 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company)	Administrastaff
Carl Frischling — 1937 Trustee	1993	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis — 1950 Trustee	1998	Retired	None
Lewis F. Pennock — 1942 Trustee	1993	Partner, law firm of Pennock & Cooper	None
Larry Soll — 1942 Trustee	2004	Retired	None
Raymond Stickel, Jr. — 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios)	None

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

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

Trustees and Officers – (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Other Officers			
Russell C. Burk — 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer of The AIM Family of Funds®	N/A
John M. Zerr — 1962 Senior Vice President, Chief Legal Officer and Secretary	2006	Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc., Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Senior Vice President and Secretary, Invesco Aim Distributors, Inc.; Director, Vice President and Secretary, Invesco Aim Investment Services, Inc. and INVESCO Distributors, Inc.; Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; and Manager, Invesco PowerShares Capital Management LLC Formerly: Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisors, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)	N/A
Lisa O. Brinkley — 1959 Vice President	2004	Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc.; and Vice President, The AIM Family of Funds® Formerly: Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and The AIM Family of Funds®; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Aim Distributors, Inc.; Vice President, Invesco Aim Investment Services, Inc. and Fund Management Company	N/A
Kevin M. Carome — 1956 Vice President	2003	General Counsel, Secretary and Senior Managing Director, Invesco Ltd.; Director, Invesco Holding Company Limited and INVESCO Funds Group, Inc.; Director and Executive Vice President, IVZ, Inc., Invesco Group Services, Inc., Invesco North American Holdings, Inc. and Invesco Investments (Bermuda) Ltd.; Director and Secretary, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); and Vice President, The AIM Family of Funds® Formerly: Senior Managing Director and Secretary, Invesco North American Holdings, Inc.; Vice President and Secretary, IVZ, Inc. and Invesco Group Services, Inc.; Senior Managing Director and Secretary, Invesco Holding Company Limited; Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc. and Invesco Aim Advisors, Inc.; Senior Vice President, Invesco Aim Distributors, Inc.; Director, General Counsel and Vice President, Fund Management Company; Vice President, Invesco Aim Capital Management, Inc. and Invesco Aim Investment Services, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; Director and Vice President, INVESCO Distributors, Inc.; and Chief Executive Officer and President, INVESCO Funds Group, Inc.	N/A
Sheri Morris — 1964 Vice President, Treasurer and Principal Financial Officer	1999	Vice President, Treasurer and Principal Financial Officer, The AIM Family of Funds®; and Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.) Formerly: Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The AIM Family of Funds® and Assistant Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Karen Dunn Kelley — 1960 Vice President	1993	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Executive Vice President, Invesco Aim Distributors, Inc.; Senior Vice President, Invesco Aim Management Group, Inc.; and Director, Invesco Mortgage Capital Inc.; Vice President, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); and President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only) Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Aim Advisors, Inc. and The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only)	N/A
Lance A. Rejsek — 1967 Anti-Money Laundering Compliance Officer	2005	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Invesco Aim Distributors, Inc., Invesco Aim Investment Services, Inc., and The AIM Family of Funds® Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Todd L. Spillane — 1958 Chief Compliance Officer	2006	Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The AIM Family of Funds®, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc. Formerly: Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc.; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	N/A

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

Office of the Fund

11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Investment Adviser

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

Distributor

Invesco Aim Distributors, Inc.
11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Auditors

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

Counsel to the Fund

Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103

Counsel to the Independent Trustees

Kramer, Levin, Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036-2714

Transfer Agent

Invesco Aim Investment Services, Inc.
P.O. Box 4739
Houston, TX 77210-4739

Custodian

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



AIM V.I. Government Securities Fund

Annual Report to Shareholders ■ December 31, 2009



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 800 410 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. 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 12 months ended June 30, 2009, is available at our website, invescoaim.com. Click the About Us tab at the top of the home page; click Legal Information; and then click Proxy Voting Search. 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 Aim Distributors, Inc. is the U.S. 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 Aim Distributors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2009, Series I shares of AIM V.I. Government Securities Fund, excluding variable product issuer charges, outperformed the Fund's style-specific benchmark and underperformed the Fund's broad market index. Our investments in agency mortgage-backed securities (MBS) was a major contributor to performance relative to our style-specific index. The Fund's underperformance of its broad market index can be attributed to the Fund's inability to invest in corporate credit securities and commercial MBS.

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

Fund vs. Indexes

Total returns, 12/31/08 to 12/31/09, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	-0.01%
Series II Shares	-0.26
Barclays Capital U.S. Aggregate Index [▼] (Broad Market Index)	5.93
Barclays Capital U.S. Government Index [▼] (Style-Specific Index)	-2.20
Lipper VUF General U.S. Government Funds Index [▼] (Peer Group Index)	6.34

[▼]Lipper Inc.

How we invest

We invest primarily in debt securities issued, guaranteed or backed by the U.S. government or its agencies and instrumentalities. These securities include: U.S. Treasury notes and bonds, U.S. agency debentures and agency mortgage-backed securities (MBS). We may also invest in derivative instruments such as Treasury futures and options on Treasury futures to manage Fund duration.

Consistent with our investment philosophy and belief that markets are increasingly complex, we use a distributed approach to decision making where specialists closest to the information have authority to make decisions. Investment decisions are made continuously and shared instantly for timely implementation in our portfolios. This is true for fundamental research decisions, macro decisions and security selection decisions, all made by specialists.

We record and measure the performance of every investment decision. In this way, we develop a detailed understanding of

the quality and skill of our decision makers to enhance quality control.

Portfolio managers implement investment decisions made by specialists into portfolios. We believe that this separation of construction from decision making ensures objectivity in the investment process by removing behavioral biases linked to historic performance that may arise in portfolios where there is a sole decision maker also responsible for portfolio positioning. The primary role of the portfolio manager is the efficient implementation of investment decisions within portfolios. The portfolio managers work closely with sector specialists and traders to determine how best to express each investment decision at the security level.

Our risk management process combines the evaluation of expected portfolio risks, a strong commitment to oversight of portfolio construction and actual performance and risk oversight. There are four key components to the investment risk management process applied within Invesco Fixed Income, namely:

- Design: Portfolio Design Calculator/Alpha Source Oversight.
- Decisions: Decision Quality Analysis.
- Portfolio Construction: Portfolio Management Oversight.
- Invesco Fixed Income Oversight: Global Investment Policy Committee.

Each investment decision is assigned to an individual within the firm. Specialists are required to explain the rationale behind every investment decision thereby helping the firm to distinguish skill from good fortune.

Each investment decision includes pricing review levels. The upper level is the price the security is expected to reach, whereas the lower level is the point at which the rationale for persisting with the position must be reevaluated by the specialist. Specialists receive alerts from our proprietary investment system when the security is approaching or has reached these levels. While specialists are not forced to sell when these levels are reached, the investment decision must be reevaluated. Pricing levels are monitored continuously by senior management, which is integral to the firm's risk management oversight.

In addition to the realignment of a security's valuation targets, sell decisions may also be based on:

- A conscious decision to alter the Fund's macro risk exposure (for example, duration, yield curve positioning, sector exposure).
- The need to limit or reduce exposure to a particular sector or issuer.
- Degradation of an issuer's credit quality.
- Presentation of a better relative value opportunity.

Market conditions and your Fund

The global economic environment at the beginning of 2009 was characterized by the carryover of 2008's financial market turmoil, which contributed to one of the weakest economic periods on record.¹

Portfolio Composition

By security type

U.S. Government-Sponsored Mortgage-Backed Securities	77.4%
U.S. Government Sponsored Agency Securities	19.5
U.S. Treasury Securities	1.9
Foreign Sovereign Debt	0.3
Money Market Funds Plus Other Assets Less Liabilities	0.9

Top 10 Fixed Income Issuers*

1. Freddie Mac REMICs	29.3%
2. Federal Home Loan Bank	12.7
3. Ginnie Mae REMICs	11.3
4. Federal National Mortgage Association	10.5
5. Federal Agricultural Mortgage Corp.	8.9
6. Federal Home Loan Mortgage Corp.	8.4
7. Fannie Mae REMICs	8.3
8. Government National Mortgage Association	4.0
9. Federal Farm Credit Bank	2.4
10. U.S. Treasury Securities	1.9

Total Net Assets	\$1.2 billion
Total Number of Holdings*	826

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

*Excluding money market fund holdings.

Gross domestic product, the broadest measure of overall U.S. economic activity, reflected a shrinking economy during the first half of 2009 before turning positive during the second half of the year.¹

The U.S. Federal Reserve Board (the Fed) maintained a very accommodative monetary policy through the Fund's fiscal year, with the federal funds target rate unchanged in its range of zero to 0.25%.² The Fed also continued programs of quantitative easing by buying up Treasuries, agency MBS and agency debentures. In doing so, the Fed worked to stimulate economic recovery by keeping long-term interest rates low and making more money available to consumers and businesses.³

Government bond yields started 2009 at historically low levels, following sharp declines in the latter part of 2008 when investors drove prices up (and yields down) as they sought the safety and liquidity of U.S. government securities. Beginning in early 2009, demand for credit sensitive bonds returned, and along with renewed concerns about future inflation and the ability of the market to absorb heavy government issuance, government bond yields were pushed higher (and prices lower) throughout 2009, especially for intermediate and longer maturity Treasuries.³ In fact, U.S. Treasury 10-year and 30-year security returns had their worst year of performance on record in 2009 following one of their best years on record.⁴

Allocation decisions among the various government sub-sectors had a favorable impact on portfolio performance versus the Fund's style-specific index. The Fund maintained a heavy allocation to agency MBS, particularly in the form of collateralized mortgage obligations structures that exhibited short and very stable durations. The Fund also benefited from tactical exposure to agency pass-through MBS in a market environment that saw mortgage yield spreads tighten versus Treasuries as investors' risk appetite increased and the Fed embarked on a program to purchase \$1.25 trillion of agency pass-through MBS. Our exposure to the U.S. Treasury market was accomplished through U.S. Treasury futures, which we believe is a more efficient way to employ the Fund's cash than buying actual bonds. Treasury Inflation Protected securities (TIPs) were used during the year to capitalize on concerns about inflation that permeated the market due to the Fed's extremely accommodative monetary policy. The use of TIPs was a positive factor for performance during 2009.

The Fund was generally longer in duration than its benchmark during the first half of the year and generally shorter in duration than its benchmark during the second half of the year. Duration is a measure of a bond's price sensitivity to interest rate changes. Generally, bonds with shorter durations tend to be less sensitive to these changes. Overall, duration had a negative impact on performance during 2009.

The Fund was positioned for a flattening of the yield curve (bonds with longer maturities falling more than those with shorter rates) during the second quarter of 2009. While the yield curve fluctuated greatly over the period,⁴ the general steepening of the curve was a negative factor in Fund performance relative to the style-specific index.

We thank you for your investment in AIM V.I. Government Securities Fund.

- 1 U.S. Bureau of Economic Analysis
- 2 Federal Reserve Board
- 3 Bloomberg L. P.
- 4 Barclays Capital

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

See important Fund and index disclosures later in this report.



Clint Dudley

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Government Securities Fund. He joined Invesco

Aim in 1996. Mr. Dudley earned a B.B.A. and an M.B.A. from Baylor University. He is a member of the CFA Institute.



Brian Schneider

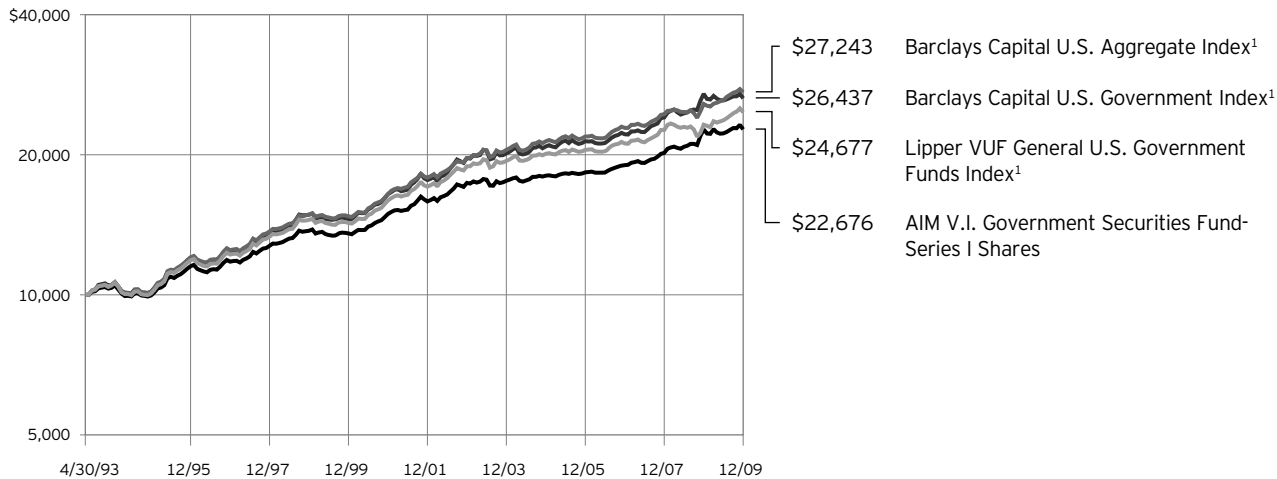
Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. Government Securities Fund. He joined Invesco

in 1987. Mr. Schneider earned a B.A. in economics and an M.B.A. from Bellermine College. He is a member of the CFA Institute.

Your Fund's Long-Term Performance

Results of a \$10,000 Investment – Oldest Share Class since Inception

Index data from 4/30/93, Fund data from 5/5/93



1 Lipper Inc.

Past performance cannot guarantee comparable future results.

This chart, which is a logarithmic chart, presents the fluctuations in the value of the Fund and its indexes. We believe that a logarithmic chart is more effective than other types of charts in illustrating

changes in value during the early years shown in the chart. The vertical axis, the one that indicates the dollar value of an investment, is constructed with each segment representing a percent change in the value of the investment. In this chart, each segment represents a doubling, or

100% change, in the value of the investment. In other words, the space between \$5,000 and \$10,000 is the same size as the space between \$10,000 and \$20,000, and so on.

Average Annual Total Returns	
As of 12/31/09	
Series I Shares	
Inception (5/5/93)	5.04%
10 Years	5.28
5 Years	4.68
1 Year	-0.01
Series II Shares	
10 Years	5.02%
5 Years	4.42
1 Year	-0.26

Series II shares' inception date is September 19, 2001. Returns since that date are historical. All other returns are the blended returns of the historical performance of Series II shares since their inception and the restated historical performance of Series I shares (for periods prior to inception of Series II shares) adjusted to reflect the Rule 12b-1 fees applicable to Series II shares. The inception date of Series I shares is May 5, 1993. 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 0.74% and 0.99%, respectively.^{1,2} 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 0.77% and 1.02%, 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.

AIM V.I. Government Securities Fund, a series portfolio of AIM Variable Insurance Funds, is currently offered through insurance companies issuing

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

The most recent month-end performance data at the Fund level, excluding variable product charges, is available on the Invesco Aim automated information line, 866 702 4402. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

- 1 Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least April 30, 2011. See current prospectus for more information.
- 2 Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2010. See current prospectus for more information.

AIM V.I. Government Securities Fund's investment objective is a high level of current income consistent with reasonable concern for safety of principal.

- Unless otherwise stated, information presented in this report is as of December 31, 2009, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

The Fund may use enhanced investment techniques such as derivatives. The principal risk of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are subject to counterparty risk—the risk that the other party will not complete the transaction with the Fund.

Dollar-roll transactions involve the risk that the market value of securities to be purchased by the Fund may decline below the price at which the Fund is obligated to repurchase them, or that the other party may default on its obligation such that the Fund is delayed or prevented from completing the transaction.

High-coupon, U.S. government agency mortgage-backed securities provide a higher coupon than current prevailing market interest rates, and the Fund may purchase such securities at a premium. If these securities experience a faster-than-expected principal prepayment rate, both the market value and income from such securities will decrease.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Since a large percentage of the Fund's assets may be invested in securities of a limited number of companies, each investment has a greater effect on the Fund's overall performance, and any change in the value of those securities could significantly affect the value of your investment in the Fund.

Leveraging entails risks such as magnifying changes in the value of the portfolio's securities.

There is no guarantee that the investment techniques and risk analysis used by the Fund's portfolio managers will produce the desired results.

The prices of securities held by the Fund may decline in response to market risks.

Reinvestment risk is the risk that a bond's cash flows will be reinvested at an interest rate below that of the original bond.

Reverse repurchase agreements and dollar-roll transactions involve the risk that the market value of securities to be purchased by the Fund may decline below the price at which the Fund is obligated to repurchase them, or that the other party may default on its obligation such that the Fund is delayed or prevented from completing the transaction.

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 U.S. government. The U.S. government may choose not to provide financial support to U.S.-government-sponsored agencies or instrumentalities if it is not legally obligated to do so. In this case, if the issuer defaulted, the fund holding securities of such an issuer might not be able to recover its investment from the U.S. government.

About indexes used in this report

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

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

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

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

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

Other information

The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

Schedule of Investments

December 31, 2009

	Principal Amount	Value
U.S. Government Sponsored Mortgage-Backed Securities—77.44%		
Collateralized Mortgage Obligations—58.92%		
Fannie Mae Grantor Trust, 5.34%, 04/25/12	\$ 4,500,000	\$ 4,801,113
Fannie Mae REMICs,		
4.50%, 01/25/12 to 07/25/28	14,448,940	14,657,376
5.00%, 12/25/15 to 03/25/25	11,192,669	11,444,946
4.00%, 09/25/16	6,629,977	6,798,951
5.50%, 04/25/24 to 03/25/28	12,324,907	12,597,312
6.00%, 05/25/26 to 10/25/33	48,410,511	49,596,532
4.57%, 06/25/30	3,264,865	3,298,789
4.25%, 06/25/33	1,724,203	1,761,391
Fannie Mae Whole Loans, 5.50%, 07/25/34	2,346,205	2,331,658
Federal Home Loan Bank, 4.75%, 10/25/10	35,475,061	36,517,141
5.27%, 12/28/12	19,567,779	20,785,159
5.46%, 11/27/15	52,514,796	55,537,947
Freddie Mac REMICs,		
6.75%, 06/15/11	228,421	233,296
5.25%, 08/15/11 to 08/15/32	18,925,048	19,849,868
5.38%, 08/15/11 to 09/15/11	5,760,242	5,971,830
4.50%, 12/15/15 to 04/15/30	18,415,512	18,888,855
7.50%, 01/15/16	1,110,665	1,132,316
5.00%, 04/15/16 to 09/15/27	40,309,000	41,254,629
6.00%, 09/15/16 to 09/15/29	88,529,481	90,610,566
3.50%, 10/15/16 to 05/15/22	4,642,983	4,757,980
4.00%, 11/15/16 to 02/15/30	7,861,218	8,015,705
5.75%, 12/15/18	17,743,941	18,135,985
5.50%, 07/15/22 to 10/15/28	123,316,701	126,022,220
4.75%, 05/15/23 to 04/15/31	18,981,637	19,450,603
Ginnie Mae REMICs,		
3.13%, 04/16/16	4,701,151	4,760,451
5.86%, 10/16/23	46,084	46,247
2.17%, 02/16/24	22,906,708	23,028,210
5.00%, 09/16/27 to 02/20/29	9,066,854	9,329,672
4.21%, 01/16/28	9,089,444	9,338,694
4.75%, 12/20/29	9,579,930	9,677,981
5.50%, 04/16/31	8,140,899	8,527,592
4.50%, 11/20/34 to 08/20/35	25,506,070	26,376,791
4.00%, 03/20/36	44,580,516	45,910,750
		711,448,556

	Principal Amount	Value
Federal Home Loan Mortgage Corp. (FHLMC)—5.44%		
Pass Through Cfs.,		
6.00%, 08/01/10 to 02/01/34	\$ 5,346,838	\$ 5,725,868
7.00%, 11/01/10 to 12/01/37	18,846,472	20,941,688
6.50%, 10/01/12 to 12/01/35	8,809,442	9,536,294
8.00%, 07/01/15 to 09/01/36	16,769,438	19,197,346
7.50%, 03/01/16 to 08/01/36	6,811,046	7,535,827
10.50%, 08/01/19	6,112	6,858
8.50%, 09/01/20 to 08/01/31	1,255,643	1,442,914
10.00%, 03/01/21	87,138	97,876
9.00%, 06/01/21 to 06/01/22	716,866	798,410
7.05%, 05/20/27	374,614	413,915
		65,696,996

	Principal Amount	Value
Federal National Mortgage Association (FNMA)—9.07%		
Pass Through Cfs.,		
6.50%, 10/01/10 to 11/01/37	10,958,668	11,842,326
7.00%, 12/01/10 to 06/01/36	31,267,422	34,145,354
7.50%, 08/01/11 to 07/01/37	20,172,022	22,680,060
8.00%, 06/01/12 to 11/01/37	18,735,484	21,122,700
8.50%, 06/01/12 to 08/01/37	7,999,831	9,084,677
10.00%, 09/01/13	17,785	19,014
6.00%, 09/01/17 to 03/01/37	5,749,470	6,134,450
5.00%, 11/01/17 to 12/01/33	1,613,166	1,693,130
5.50%, 03/01/21	669	710
6.75%, 07/01/24	1,350,850	1,497,267
6.95%, 10/01/25 to 09/01/26	200,457	222,851
STRIPS,		
6.74%, 10/09/19 ^(a)	1,000,000	556,811
7.37%, 10/09/19 ^(a)	800,000	445,449
		109,444,799

	Principal Amount	Value
Government National Mortgage Association (GNMA)—4.01%		
Pass Through Cfs.,		
6.50%, 02/20/12 to 01/15/37	16,870,245	18,273,272
8.00%, 07/15/12 to 01/15/37	4,953,286	5,685,376
6.75%, 08/15/13	47,851	51,002
7.50%, 10/15/14 to 10/15/35	8,318,556	9,377,007
11.00%, 10/15/15	2,152	2,410
9.50%, 09/15/16	2,861	3,185
9.00%, 10/20/16 to 12/20/16	103,077	114,393
7.00%, 04/15/17 to 01/15/37	6,712,445	7,440,894
10.50%, 09/15/17 to 11/15/19	3,803	4,086
8.50%, 12/15/17 to 01/15/37	1,051,131	1,151,868
10.00%, 06/15/19	42,112	46,329
6.00%, 09/15/20 to 08/15/33	3,722,799	3,986,704

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

	Principal Amount	Value
Government National Mortgage Association (GNMA)–(continued)		
6.95%, 08/20/25 to 08/20/27	\$ 1,108,851	\$ 1,226,061
6.25%, 06/15/27	187,312	200,891
6.38%, 10/20/27 to 09/20/28	793,103	857,540
		48,421,018
Total U.S. Government Sponsored Mortgage-Backed Securities (Cost \$917,718,892)		935,011,369
U.S. Government Sponsored Agency Securities–19.46%		
Federal Agricultural Mortgage Corp.–8.87%		
Bonds, 2.11%, 03/15/12	70,000,000	70,697,879
Medium-Term Notes, 5.60%, 01/19/17	11,000,000	11,059,676
Unsec. Medium-Term Notes, 2.20%, 11/09/11	25,000,000	25,291,803
		107,049,358
Federal Farm Credit Bank (FFCB)–2.44%		
Bonds,		
3.00%, 09/22/14	12,500,000	12,616,464
5.59%, 10/04/21	10,075,000	10,703,275
5.75%, 01/18/22	2,775,000	2,936,425
Medium-Term Notes,		
5.75%, 12/07/28	3,100,000	3,245,485
		29,501,649
Federal Home Loan Bank (FHLB)–3.31%		
Unsec. Bonds,		
5.45%, 04/15/11	9,919,651	10,386,465
4.72%, 09/20/12	1,501,459	1,585,727
Unsec. Global Bonds,		
1.75%, 08/22/12	5,000,000	5,011,087
Unsec. Global Notes,		
1.63%, 11/21/12	13,000,000	12,933,803
Series 1, Unsec. Bonds,		
5.77%, 03/23/18	9,367,616	10,035,233
		39,952,315
Federal Home Loan Mortgage Corp. (FHLMC)–2.93%		
Unsec. Global Notes, 2.13%, 09/21/12	35,000,000	35,378,373

	Principal Amount	Value
Federal National Mortgage Association (FNMA)–1.45%		
Sr. Unsec. Global Bonds, 6.63%, 11/15/30 ^(b)	\$ 700,000	\$ 845,435
Unsec. Global Notes, 1.00%, 11/23/11	16,750,000	16,703,291
		17,548,726
Tennessee Valley Authority–0.46%		
Series A, Bonds, 6.79%, 05/23/12	5,000,000	5,608,860
Total U.S. Government Sponsored Agency Securities (Cost \$232,206,293)		235,039,281
U.S. Treasury Securities–1.89%		
U.S. Treasury Bonds–0.31%		
7.63%, 02/15/25 ^(b)	550,000	743,703
6.88%, 08/15/25 ^(b)	500,000	635,000
4.25%, 05/15/39 ^(b)	2,500,000	2,347,265
		3,725,968
U.S. Treasury Notes–1.58%		
1.13%, 06/30/11 ^(b)	8,400,000	8,433,469
1.00%, 09/30/11	5,000,000	4,998,047
3.13%, 05/15/19 ^(b)	6,000,000	5,686,875
		19,118,391
Total U.S. Treasury Securities (Cost \$22,692,665)		22,844,359
Foreign Sovereign Bonds–0.32%		
Sovereign Debt–0.32%		
Israel Government Agency for International Development (AID) Bond (Israel), Gtd. Global Bonds, 5.13%, 11/01/24 (Cost \$3,831,394)	3,800,000	3,876,692
		Shares
Money Market Funds–0.78%		
Government & Agency Portfolio–Institutional Class (Cost \$9,381,806) ^(c)	9,381,806	9,381,806
TOTAL INVESTMENTS–99.89% (Cost \$1,185,831,050)		1,206,153,507
OTHER ASSETS LESS LIABILITIES–0.11%		1,275,204
NET ASSETS–100.00%		\$1,207,428,711

Investment Abbreviations:

- Ctfs. – Certificates
Gtd. – Guaranteed
REMIC – Real Estate Mortgage Investment Conduits
Sr. – Senior
STRIPS – Separately Traded Registered Interest and Principal Security
Unsec. – Unsecured

Notes to Schedule of Investments:

- (a) Security traded on a discount basis. The interest rate shown represents the discount rate at the time of purchase by the Fund.
(b) All or a portion of the value was pledged as collateral to cover margin requirements for open futures contracts. See Note 1M and Note 5.
(c) The money market fund and the Fund are affiliated by having the same investment adviser.

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

AIM V.I. Government Securities Fund

Statement of Assets and Liabilities

December 31, 2009

Assets:

Investments, at value (Cost \$1,176,449,244)	\$1,196,771,701
Investments in affiliated money market funds, at value and cost	9,381,806
Total investments, at value (Cost \$1,185,831,050)	1,206,153,507
Receivables for:	
Fund shares sold	68,376
Dividends and interest	5,473,937
Fund expenses absorbed	29,348
Principal paydowns	15,883
Investment for trustee deferred compensation and retirement plans	43,188
Other assets	381
Total assets	1,211,784,620

Liabilities:

Payables for:	
Fund shares reacquired	655,404
Amount due custodian	1,065,033
Variation margin	1,676,221
Accrued fees to affiliates	785,027
Accrued other operating expenses	47,028
Trustee deferred compensation and retirement plans	127,196
Total liabilities	4,355,909
Net assets applicable to shares outstanding	\$1,207,428,711

Net assets consist of:

Shares of beneficial interest	\$1,199,917,431
Undistributed net investment income	55,633,788
Undistributed net realized gain (loss)	(54,349,760)
Unrealized appreciation	6,227,252
	\$1,207,428,711

Net Assets:

Series I	\$1,192,966,614
Series II	\$ 14,462,097

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

Series I	99,810,236
Series II	1,216,913
Series I:	
Net asset value per share	\$ 11.95
Series II:	
Net asset value per share	\$ 11.88

Statement of Operations

For the year ended December 31, 2009

Investment income:

Interest	\$ 56,459,726
Dividends from affiliated money market funds	127,142
Total investment income	56,586,868

Expenses:

Advisory fees	6,185,958
Administrative services fees	3,632,550
Custodian fees	90,822
Distribution fees — Series II	43,690
Transfer agent fees	17,504
Trustees' and officers' fees and benefits	63,168
Other	164,728
Total expenses	10,198,420
Less: Fees waived and expense offset arrangement(s)	(356,858)
Net expenses	9,841,562
Net investment income	46,745,306

Realized and unrealized gain (loss) from:

Net realized gain from:	
Investment securities	442,896
Futures contracts	5,953,880
	6,396,776
Change in net unrealized appreciation (depreciation) of:	
Investment securities	7,472,864
Futures contracts	(65,670,002)
	(58,197,138)
Net realized and unrealized gain (loss)	(51,800,362)
Net increase (decrease) in net assets resulting from operations	\$ (5,055,056)

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

Statement of Changes in Net Assets

For the years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Net investment income	\$ 46,745,306	\$ 54,372,123
Net realized gain	6,396,776	53,200,708
Change in net unrealized appreciation (depreciation)	(58,197,138)	58,547,019
Net increase (decrease) in net assets resulting from operations	(5,055,056)	166,119,850
Distributions to shareholders from net investment income:		
Series I	(60,184,129)	(56,114,206)
Series II	(678,455)	(694,714)
Total distributions from net investment income	(60,862,584)	(56,808,920)
Distributions to shareholders from net realized gains:		
Series I	(43,257,923)	—
Series II	(522,035)	—
Total distributions from net realized gains	(43,779,958)	—
Share transactions-net:		
Series I	(290,464,747)	314,015,739
Series II	(4,570,136)	79,644
Net increase (decrease) in net assets resulting from share transactions	(295,034,883)	314,095,383
Net increase (decrease) in net assets	(404,732,481)	423,406,313
Net assets:		
Beginning of year	1,612,161,192	1,188,754,879
End of year (includes undistributed net investment income of \$55,633,788 and \$60,726,416, respectively)	\$1,207,428,711	\$1,612,161,192

Notes to Financial Statements

December 31, 2009

NOTE 1—Significant Accounting Policies

AIM V.I. Government Securities Fund (the “Fund”) is a series portfolio of AIM 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-one 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 a high level of current income consistent with reasonable concern for safety of principal.

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 bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by

independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and ask prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and ask prices. For purposes of determining net asset value per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange (“NYSE”).

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

Foreign securities (including foreign exchange contracts) 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 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 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 economical 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 and Corporate Loans. The mean between the last bid and asked prices may be used to value debt obligations other than Corporate Loans.

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

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

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income 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 realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net 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 adviser.

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

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

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

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

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

- F. Expenses** — Fees provided for under the Rule 12b-1 plan of a particular class of the Fund and which are directly attributable to that class are charged to the operations of such class. All other expenses are allocated among the classes based on relative net assets.
- G. Accounting Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, which is generally 45 days from the period-end date.
- 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 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. Other Risks** — The Funds 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 underlying fund holding securities of such issuer might not be able to recover its investment from the U.S. Government. Many securities purchased by the Fund are not guaranteed by the U.S. Government.
- J. Dollar Roll and Forward Commitment Transactions** — The Fund may engage in dollar roll and forward commitment transactions with respect to mortgage-backed securities issued by GNMA, FNMA and FHLMC. These transactions are often conducted on a *to be announced* ("TBA") basis. In a TBA mortgage-backed transaction, the seller does not specify the particular securities to be delivered. Rather, a Fund agrees to accept any security that meets specified terms, such as an agreed upon issuer, coupon rate and terms of the underlying mortgages. TBA mortgage-backed transactions generally settle once a month on a specific date.

In a dollar roll transaction, the Fund sells a mortgage-backed security held in the Fund to a financial institution such as a bank or broker-dealer, and simultaneously agrees to purchase a substantially similar security (same type, coupon and maturity) from the institution at an agreed upon price and future date. The mortgage-backed securities to be purchased will bear the same coupon as those sold, but generally will be collateralized by different pools of mortgages with different prepayment histories. Based on the typical structure of dollar roll transactions by the Fund, the dollar roll transactions are accounted for as financing transactions in which the Fund receives compensation as either a "fee" or a "drop". "Fee" income which is agreed upon amongst the parties at the commencement of the dollar roll and the "drop" which is the difference between the selling price and the repurchase price of the mortgage-backed securities are amortized to income. During the period between the sale and purchase settlement dates, the Fund will not be entitled to receive interest and principal payments on securities purchased and not yet settled. Proceeds of the sale may be invested in short-term instruments, and the income from these investments, together with any additional fee income received on the sale, could generate income for the Fund exceeding the yield on the security sold. Dollar roll transactions are considered borrowings under the 1940 Act.

Forward commitment transactions involve commitments by the Fund to acquire or sell TBA mortgage-backed securities from/to a financial institution, such as a bank or broker-dealer at a specified future date and amount. The TBA mortgage-backed security is marked to market until settlement and the unrealized appreciation or depreciation is recorded in the statement of operations.

At the time the Fund enters into the dollar roll or forward commitment transaction, mortgage-backed securities or other liquid assets held by the Fund having a dollar value equal to the purchase price or in an amount sufficient to honor the forward commitment will be segregated.

Dollar roll transactions involve the risk that the market 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. In the event that the buyer of securities in a dollar roll transaction files for bankruptcy or becomes insolvent, the Fund's use of the proceeds from the sale of the securities may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to purchase the securities. The return earned by the Fund with the proceeds of the dollar roll transaction may not exceed the return on the securities sold.

Forward commitment transactions involve the risk that a counter-party 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. Settlement dates of forward commitment transactions may be a month or more after entering into these transactions and as a result the market values of the securities may vary from the purchase or sale prices. Therefore, forward commitment transactions may increase the Fund's overall interest rate exposure.

- K. Foreign Currency Translations** — Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at 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 (i) sales of foreign currencies, (ii) currency gains or losses realized between the trade and settlement dates on securities transactions, and (iii) 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.

- L. Foreign Currency Contracts** — The Fund may enter into foreign currency contracts to manage or minimize currency or exchange rate risk. The Fund may also enter into foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of that security. A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The use of 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 foreign currency contracts include failure of the counterparty to meet the terms of the contract and the value of the foreign currency changing unfavorably. These risks may be in excess of the amounts reflected in the Statement of Assets and Liabilities.
- M. 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 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.
- N. Collateral** — To the extent the Fund has pledged 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 Net Assets	Rate
First \$250 million	0.50%
Over \$250 million	0.45%

Under the terms of a master sub-advisory agreement approved by shareholders of the Funds between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the “Affiliated Sub-Advisers”) the Adviser, not the Funds, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to each Fund based on the percentage of assets allocated to such Sub-Adviser(s).

On December 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc. and the consolidated adviser firm was renamed Invesco Advisers, Inc.

The Adviser has contractually agreed 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 (excluding certain items discussed below) of Series I shares to 0.73% and Series II shares to 0.98% of average daily net assets, through at least April 30, 2011. 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 to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary items or non-routine items; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. The Board of Trustees or Invesco may terminate the fee waiver arrangement at any time.

For the year ended December 31, 2009, the Adviser waived advisory fees of \$356,698.

At the request of the Trustees of the Trust, Invesco Ltd. agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. For the year ended December 31, 2009, Invesco Ltd. did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants’ accounts. Pursuant to such agreement, for the year ended December 31, 2009, Invesco was paid \$319,782 for accounting and fund administrative services and reimbursed \$3,312,768 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. (“IAIS”) pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. For the year ended December 31, 2009, 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 Aim Distributors, Inc. (“IADI”) 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 IADI compensation at the annual rate of 0.25% of the Fund’s average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2009, 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 Invesco, IAIS and/or IADI.

NOTE 3—Additional Valuation Information

Generally Accepted Accounting Principles (“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 and others.

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

The following is a summary of the tiered valuation input levels, as of December 31, 2009. 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	\$ 9,381,806	\$ —	\$—	\$ 9,381,806
Collateralized debt securities	—	733,455,980	—	733,455,980
Foreign Government Debt Securities	—	3,876,692	—	3,876,692
U.S. Treasury Securities	—	22,844,359	—	22,844,359
U.S. Government Sponsored Securities	—	436,594,670	—	436,594,670
	9,381,806	1,196,771,701	—	1,206,153,507
Other Investments*	(14,095,205)	—	—	(14,095,205)
Total Investments	(4,713,399)	1,196,771,701	—	1,192,058,302

* Other Investments include futures, which are included at unrealized appreciation (depreciation).

NOTE 4—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other AIM Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the year ended December 31, 2009, the Fund engaged in securities purchases of \$28,538,550.

NOTE 5—Derivative Investments

Effective with the beginning of the Fund's fiscal year, the Fund has implemented new required disclosures about derivative instruments and hedging activities in accordance with GAAP. GAAP has intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position and financial performance. The enhanced disclosure has no impact on the results of operations reported in the financial statements.

Value of Derivative Instruments at Period-End

The table below summarizes the value of the Fund's derivative instruments, detailed by primary risk exposure, held as of December 31, 2009:

Risk Exposure/ Derivative Type	Value	
	Assets	Liabilities
Interest rate risk		
Futures contracts ^(a)	\$38,188	\$(14,133,393)

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

Effect of Derivative Instruments for the year ended December 31, 2009

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

	Location of Gain (Loss) on Statement of Operations
	Futures*
Realized Gain	
Interest rate risk	\$ 5,953,880
Change in Unrealized Appreciation (Depreciation)	
Interest rate risk	\$(65,670,002)
Total	\$(59,716,122)

* The average value of futures outstanding during the period was \$711,961,588.

Open Futures Contracts

Contract	Number of Contracts	Month/ Commitment	Value	Unrealized Appreciation (Depreciation)
U.S. Treasury 2 Year Notes	199	March-2010/Long	\$ 43,036,860	\$ (193,209)
U.S. Treasury 5 Year Notes	2208	March-2010/Long	252,557,251	(3,487,881)
U.S. Treasury 10 Year Notes	331	March-2010/Long	38,214,984	(988,540)
U.S. Treasury 30 Year Bonds	1830	March-2010/Long	211,136,250	(9,425,575)
Total			\$544,945,345	\$(14,095,205)

NOTE 6—Expense Offset Arrangement(s)

The expense offset arrangement is comprised of custodian credits which result from periodic overnight cash balances at the custodian. For the year ended December 31, 2009, the Fund received credits from this arrangement, which resulted in the reduction of the Fund's total expenses of \$160.

NOTE 7—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 AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides 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.

During the year ended December 31, 2009, the Fund paid legal fees of \$6,273 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

NOTE 8—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 The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) 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 9—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2009 and 2008:

	2009	2008
Ordinary income	\$ 60,878,384	\$56,608,920
Long-term capital gain	43,764,158	—
Total distributions	\$104,642,542	\$56,608,920

Tax Components of Net Assets at Period-End:

	2009
Undistributed ordinary income	\$ 55,764,293
Net unrealized appreciation — investments	20,191,168
Temporary book/tax differences	(130,504)
Post-October deferrals	(11,863,630)
Capital loss carryforward	(56,450,047)
Shares of beneficial interest	1,199,917,431
Total net assets	\$1,207,428,711

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

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

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund has a capital loss carryforward as of December 31, 2009 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2017	\$56,450,047

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

NOTE 10—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the year ended December 31, 2009 was \$649,895,603 and \$846,261,621, respectively. During the same period, purchases and sales of U.S. Treasury obligations were \$66,930,580 and \$51,800,878, 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	\$21,128,513
Aggregate unrealized (depreciation) of investment securities	(937,345)
Net unrealized appreciation of investment securities	\$20,191,168

Cost of investments for tax purposes is \$1,185,962,339.

NOTE 11—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of paydowns, on December 31, 2009, undistributed net investment income was increased by \$9,024,650, undistributed net realized gain (loss) was decreased by \$9,024,650. This reclassification had no effect on the net assets of the Fund.

NOTE 12—Share Information

	Summary of Share Activity			
	Year ended December 31,			
	2009 ^(a)		2008	
	Shares	Amount	Shares	Amount
Sold:				
Series I	13,378,824	\$ 173,338,232	42,340,755	\$ 529,835,003
Series II	368,564	4,730,767	722,852	8,979,278
Issued as reinvestment of dividends:				
Series I	8,534,823	103,442,051	4,387,350	56,114,206
Series II	99,626	1,200,490	54,659	694,714
Reacquired:				
Series I	(44,095,427)	(567,245,030)	(21,773,179)	(271,933,470)
Series II	(821,161)	(10,501,393)	(772,520)	(9,594,348)
Net increase (decrease) in share activity	(22,534,751)	\$(295,034,883)	24,959,917	\$ 314,095,383

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 94% 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 Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 13—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 (000s omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover ^(c)
Series I														
Year ended 12/31/09	\$13.05	\$0.45	\$(0.43)	\$ 0.02	\$(0.65)	\$(0.47)	\$(1.12)	\$11.95	(0.01)%	\$1,192,967	0.73% ^(d)	0.75% ^(d)	3.47% ^(d)	55%
Year ended 12/31/08	12.06	0.50	0.96	1.46	(0.47)	—	(0.47)	13.05	12.22	1,591,799	0.73	0.76	3.96	109
Year ended 12/31/07	11.80	0.59	0.16	0.75	(0.49)	—	(0.49)	12.06	6.43	1,169,985	0.73	0.76	4.93	106
Year ended 12/31/06	11.87	0.55	(0.13)	0.42	(0.49)	—	(0.49)	11.80	3.55	907,403	0.71	0.77	4.62	89
Year ended 12/31/05	12.07	0.45	(0.25)	0.20	(0.40)	—	(0.40)	11.87	1.66	812,824	0.85	0.88	3.68	174
Series II														
Year ended 12/31/09	12.97	0.41	(0.43)	(0.02)	(0.60)	(0.47)	(1.07)	11.88	(0.26)	14,462	0.98 ^(d)	1.00 ^(d)	3.22 ^(d)	55
Year ended 12/31/08	11.99	0.46	0.97	1.43	(0.45)	—	(0.45)	12.97	11.98	20,362	0.98	1.01	3.71	109
Year ended 12/31/07	11.74	0.56	0.15	0.71	(0.46)	—	(0.46)	11.99	6.11	18,770	0.98	1.01	4.68	106
Year ended 12/31/06	11.81	0.52	(0.13)	0.39	(0.46)	—	(0.46)	11.74	3.28	16,218	0.96	1.02	4.37	89
Year ended 12/31/05	12.01	0.41	(0.24)	0.17	(0.37)	—	(0.37)	11.81	1.41	18,863	1.10	1.13	3.43	174

(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 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 based on average daily net assets (000's omitted) of \$1,329,404 and \$17,476 for Series I and Series II shares, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds
and Shareholders of AIM V.I. Government Securities Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AIM V.I. Government Securities Fund (one of the funds constituting AIM Variable Insurance Funds, hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for the each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

February 10, 2010
Houston, Texas

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009, through December 31, 2009.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

Class	Beginning Account Value (07/01/09)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (12/31/09) ¹	Expenses Paid During Period ²	Ending Account Value (12/31/09)	Expenses Paid During Period ²	
Series I	\$1,000.00	\$1,019.40	\$3.72	\$1,021.53	\$3.72	0.73%
Series II	1,000.00	1,017.80	4.98	1,020.27	4.99	0.98

¹ The actual ending account value is based on the actual total return of the Fund for the period July 1, 2009 through December 31, 2009, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

² Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year.

Tax Information

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

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

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Federal and State Income Tax

Long-Term Capital Gain Dividends	\$43,764,157
Corporate Dividends Received Deduction*	0%
U.S. Treasury Obligations*	1.51%

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

Trustees and Officers

The address of each trustee and officer of AIM Variable Insurance Funds (the "Trust"), is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. Each trustee oversees 105 portfolios in the AIM Funds complex. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Interested Persons			
Martin L. Flanagan ¹ — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco Aim and a global investment management firm); Adviser to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The AIM Family of Funds®; Board of Governors, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman, Invesco Aim Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco Aim and a global investment management firm); Director, Invesco Ltd.; Chairman and Vice Chairman, Investment Company Institute	None
Philip A. Taylor ² — 1954 Trustee, President and Principal Executive Officer	2006	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc. and 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Aim Management Group, Inc. (financial services holding company); Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director, Invesco Aim Distributors, Inc. (registered broker dealer); Director and Chairman, Invesco Aim Investment Services, Inc. (registered transfer agent) and INVESCO Distributors, Inc. (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, AIM Trimark Corporate Class Inc. (corporate mutual fund company) and AIM Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltée (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); Trustee and Executive Vice President, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only); and Manager, Invesco PowerShares Capital Management LLC Formerly: Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	None
Independent Trustees			
Bruce L. Crockett — 1944 Trustee and Chair	1993	Chairman, Crockett Technology Associates (technology consulting company)	ACE Limited (insurance company); Captaris, Inc. (unified messaging provider); and Investment Company Institute
Bob R. Baker — 1936 Trustee	2004	Retired	None
Frank S. Bayley — 1939 Trustee	2001	Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios)	None
James T. Bunch — 1942 Trustee	2004	Founder, Green, Manning & Bunch Ltd., (investment banking firm)	Board of Governors, Western Golf Association/Evans Scholars Foundation and Executive Committee, United States Golf Association
Albert R. Dowden — 1941 Trustee	2000	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company) Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations	Board of Nature's Sunshine Products, Inc.
Jack M. Fields — 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company)	Administrastaff
Carl Frischling — 1937 Trustee	1993	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis — 1950 Trustee	1998	Retired	None
Lewis F. Pennock — 1942 Trustee	1993	Partner, law firm of Pennock & Cooper	None
Larry Soll — 1942 Trustee	2004	Retired	None
Raymond Stickel, Jr. — 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios)	None

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

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

Trustees and Officers – (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Other Officers			
Russell C. Burk — 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer of The AIM Family of Funds®	N/A
John M. Zerr — 1962 Senior Vice President, Chief Legal Officer and Secretary	2006	Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc., Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Senior Vice President and Secretary, Invesco Aim Distributors, Inc.; Director, Vice President and Secretary, Invesco Aim Investment Services, Inc. and INVESCO Distributors, Inc.; Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; and Manager, Invesco PowerShares Capital Management LLC Formerly: Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisors, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)	N/A
Lisa O. Brinkley — 1959 Vice President	2004	Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc.; and Vice President, The AIM Family of Funds® Formerly: Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and The AIM Family of Funds®; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Aim Distributors, Inc.; Vice President, Invesco Aim Investment Services, Inc. and Fund Management Company	N/A
Kevin M. Carome — 1956 Vice President	2003	General Counsel, Secretary and Senior Managing Director, Invesco Ltd.; Director, Invesco Holding Company Limited and INVESCO Funds Group, Inc.; Director and Executive Vice President, IVZ, Inc., Invesco Group Services, Inc., Invesco North American Holdings, Inc. and Invesco Investments (Bermuda) Ltd.; Director and Secretary, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); and Vice President, The AIM Family of Funds® Formerly: Senior Managing Director and Secretary, Invesco North American Holdings, Inc.; Vice President and Secretary, IVZ, Inc. and Invesco Group Services, Inc.; Senior Managing Director and Secretary, Invesco Holding Company Limited; Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc. and Invesco Aim Advisors, Inc.; Senior Vice President, Invesco Aim Distributors, Inc.; Director, General Counsel and Vice President, Fund Management Company; Vice President, Invesco Aim Capital Management, Inc. and Invesco Aim Investment Services, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; Director and Vice President, INVESCO Distributors, Inc.; and Chief Executive Officer and President, INVESCO Funds Group, Inc.	N/A
Sheri Morris — 1964 Vice President, Treasurer and Principal Financial Officer	1999	Vice President, Treasurer and Principal Financial Officer, The AIM Family of Funds®; and Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.) Formerly: Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The AIM Family of Funds® and Assistant Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Karen Dunn Kelley — 1960 Vice President	1993	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Executive Vice President, Invesco Aim Distributors, Inc.; Senior Vice President, Invesco Aim Management Group, Inc.; and Director, Invesco Mortgage Capital Inc.; Vice President, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); and President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only) Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Aim Advisors, Inc. and The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only)	N/A
Lance A. Rejsek — 1967 Anti-Money Laundering Compliance Officer	2005	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Invesco Aim Distributors, Inc., Invesco Aim Investment Services, Inc., and The AIM Family of Funds® Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Todd L. Spillane — 1958 Chief Compliance Officer	2006	Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The AIM Family of Funds®, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc. Formerly: Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc.; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	N/A

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

Office of the Fund

11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Investment Adviser

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

Distributor

Invesco Aim Distributors, Inc.
11 Greenway Plaza, Suite 100
Houston, TX 77046-1173

Auditors

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

Counsel to the Fund

Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103

Counsel to the Independent Trustees

Kramer, Levin, Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036-2714

Transfer Agent

Invesco Aim Investment Services, Inc.
P.O. Box 4739
Houston, TX 77210-4739

Custodian

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



AIM V.I. International Growth Fund

Annual Report to Shareholders ■ December 31, 2009



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 800 410 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. 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 12 months ended June 30, 2009, is available at our website, invescoaim.com. Click the About Us tab at the top of the home page; click Legal Information; and then click Proxy Voting Search. 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 Aim Distributors, Inc. is the U.S. 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 Aim Distributors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2009, shares of AIM V.I. International Growth Fund, excluding variable product issuer charges, delivered double-digit gains, outperforming both its style-specific index, the MSCI EAFE Growth Index, and its broad market index, the MSCI EAFE Index.

Versus the MSCI EAFE Growth Index, stock selection in the health care, information technology (IT) and financials sectors was the key driver of outperformance while the Fund's underweight position in the materials sector was the largest detractor. The Fund's higher-than-average cash exposure detracted from relative results versus both the MSCI EAFE Index and the MSCI EAFE Growth Index.

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

Fund vs. Indexes

Total returns, 12/31/08 to 12/31/09, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	35.24%
Series II Shares	34.91
MSCI EAFE Index▼ (Broad Market Index)	31.78
MSCI EAFE Growth Index▼ (Style-Specific Index)	29.36
Lipper VUF International Growth Funds Index▼ (Peer Group Index)	35.75

▼Lipper Inc.

How we invest

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

While research responsibilities within the portfolio management team are focused by geographic region, we select investments for the Fund by using a bottom-up investment approach, which means that we construct the Fund primarily on a stock-by-stock basis. We focus on the strengths of individual companies rather than sectors, countries or market-cap trends.

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

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

Market conditions and your Fund

The year was truly a tale of two markets. During the first few months of the fiscal year, global equity markets experienced declines as severe problems in credit markets, a rapidly deteriorating housing market, rising energy and food prices and a deteriorating outlook for corporate earnings led to a global economic recession. Global equity markets began to recover some of the losses beginning in early March as unprecedented, synchronized action by global policy

makers improved the outlook for economic recovery. The vast majority of developed countries finished the reporting period in positive territory, in some cases with double-digit results, while emerging markets like China posted even larger gains.

AIM V.I. International Growth Fund followed this trend with weaker results early in 2009. However, a disciplined implementation of the Fund's quality growth investment strategy produced positive results for the rest of the fiscal year. Overall, for the reporting period, the Fund delivered strong double-digit gains, outperforming its style-specific index, the MSCI EAFE Growth Index.¹

On an absolute basis, all sector weightings posted double-digit returns for the reporting period. Outperformance versus the MSCI EAFE Growth Index came from the health care, IT and financials sectors. In each sector, favorable stock selection was a key driver of outperformance.

In the health care sector, particular strength was seen in the health care equipment and pharmaceutical industries. Top performers included the global leader in generic pharmaceuticals, **Teva Pharmaceutical Industries** and Switzerland-based developer, distributor and provider of hearing instruments, **Sonova Holding**.

In the IT sector, Fund outperformance was seen in the information technology services and electronic equipment segments of the market. Triple-digit gains were seen in Fund holdings **Infosys Technologies** and **Nidec**. In each of these instances, the index had limited to no exposure in these holdings, demonstrating the benefits of the Fund's actively managed, non-benchmark focused investment process.

In contrast, the Fund's higher-than-average cash position was the largest

Portfolio Composition

By sector

Health Care	17.9%
Consumer Staples	14.4
Industrials	11.7
Consumer Discretionary	10.8
Energy	9.1
Information Technology	8.2
Telecommunication Services	7.4
Financials	6.5
Materials	4.2
Utilities	1.4
Money Market Funds Plus Other Assets Less Liabilities	8.4

Top 10 Equity Holdings*

1. Teva Pharmaceutical Industries Ltd.-ADR	2.8%
2. Roche Holding AG	2.7
3. Imperial Tobacco Group PLC	2.3
4. Reckitt Benckiser Group PLC	2.3
5. Nestle S.A.	2.3
6. Bayer AG	2.2
7. Shire PLC	2.1
8. Anheuser-Busch InBev N.V.	2.0
9. Infosys Technologies Ltd.	1.9
10. BHP Billiton Ltd.	1.9

Total Net Assets \$2.1 billion

Total Number of Holdings* 81

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

*Excluding money market fund holdings.

detractor from relative Fund performance over the reporting period as equities rallied sharply. The Fund's cash exposure was not a strategic decision, but a result of our stock selection process. In addition, despite delivering double-digit gains in the materials sector, the Fund's underweight exposure prevented the Fund from fully participating in this sector's strength.

In broad geographic terms, all regions in which the Fund invested delivered double-digit absolute gains over the reporting period. Versus the MSCI EAFE Growth Index, portfolio holdings in Asia outperformed versus the Asian component of the benchmark. Our holdings in Europe modestly lagged the benchmark component over the fiscal year. Exposure in emerging markets also helped as these markets saw significant gains over the reporting period as the index does not provide exposure to emerging markets.

Activity in the portfolio increased toward the latter part of the fiscal year bringing down our cash position to approximately 8% at the end of the reporting period. Stock selection in the portfolio is driven by the underlying fundamentals of a company rather than any top down macroeconomic views. That being said, the Fund's exposures in the energy, industrials and health care sectors increased over the reporting period due to a combination of new purchases and appreciation. Liquidations in the consumer discretionary and IT sectors led to a reduction in Fund exposure to these segments of the market.

After world stock markets bottomed in early March, most developed countries delivered strong returns through the end of the fiscal year. Gains in emerging markets were even more impressive with several markets generating triple-digit returns.

We believe prudent securities selection and evaluation should play a substantial role in long-term investment plans. We welcome any new investors who have joined the Fund during the reporting period, and say thank you to all of you for your continued investment in AIM V.I. International Growth Fund.

1 Lipper Inc.

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

See important Fund and index disclosures later in this report.



Clas Olsson

Senior portfolio manager and head of Invesco Aim's International Investment Unit, is lead manager of AIM V.I. International

Growth Fund with respect to the Fund's investments in Europe and Canada. He joined Invesco Aim in 1994. Mr. Olsson earned a B.B.A. from The University of Texas at Austin.



Barrett Sides

Senior portfolio manager, is lead manager of AIM V.I. International Growth Fund with respect to the Fund's investments in the Asia

Pacific region and Latin America. He joined Invesco Aim in 1990. Mr. Sides earned a B.S. in economics from Bucknell University and an M.B.A. in international business from the University of St. Thomas.



Shuxin Cao

Chartered Financial Analyst, senior portfolio manager, is manager of AIM V.I. International Growth Fund. Mr. Cao

joined Invesco Aim in 1997. He graduated from Tianjin Foreign Language Institute with a B.A. in English and also earned an M.B.A. from Texas A&M University. He is a Certified Public Accountant.



Matthew Dennis

Chartered Financial Analyst, portfolio manager, is manager of AIM V.I. International Growth Fund. Mr. Dennis joined

Invesco Aim in 2000. He earned a B.A. in economics from The University of Texas at Austin and an M.S. in finance from Texas A&M University.



Jason Holzer

Chartered Financial Analyst, senior portfolio manager, is manager of AIM V.I. International Growth Fund. Mr. Holzer

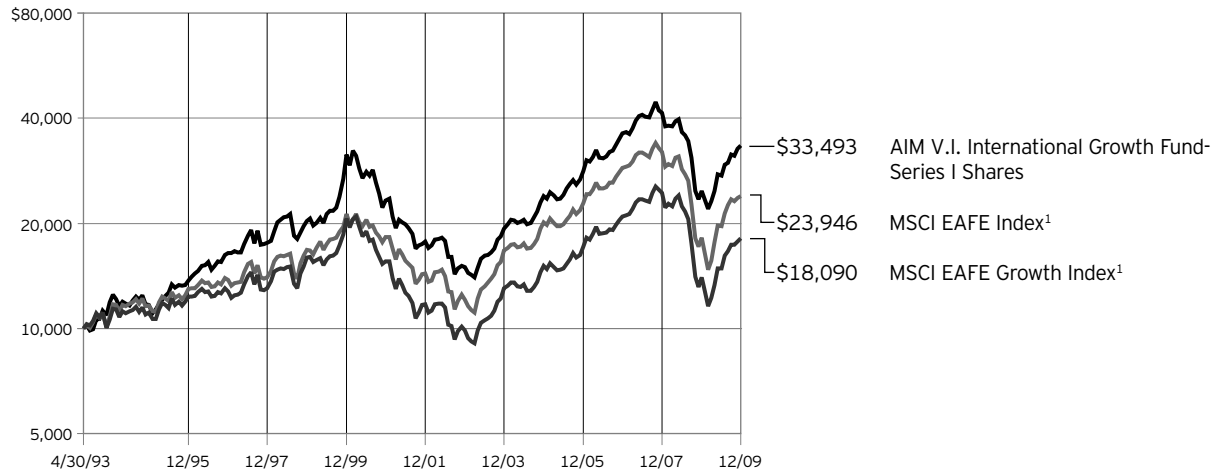
joined Invesco Aim in 1996. He earned a B.A. in quantitative economics and an M.S. in engineering economic systems from Stanford University.

Assisted by the Asia Pacific/Latin America Team and the Europe/Canada Team

Your Fund's Long-Term Performance

Results of a \$10,000 Investment - Oldest Share Class since Inception

Index data from 4/30/93, Fund data from 5/5/93



¹ Lipper Inc.

Past performance cannot guarantee comparable future results.

This chart, which is a logarithmic chart, presents the fluctuations in the value of the Fund and its indexes. We believe that a logarithmic chart is more effective than other types of charts in illustrating

changes in value during the early years shown in the chart. The vertical axis, the one that indicates the dollar value of an investment, is constructed with each segment representing a percent change in the value of the investment. In this chart, each segment represents a

doubling, or 100% change, in the value of the investment. In other words, the space between \$5,000 and \$10,000 is the same size as the space between \$10,000 and \$20,000, and so on.

Average Annual Total Returns	
As of 12/31/09	
Series I Shares	
Inception (5/5/93)	7.53%
10 Years	0.61
5 Years	6.94
1 Year	35.24
Series II Shares	
10 Years	0.35%
5 Years	6.68
1 Year	34.91

Series II shares' inception date is September 19, 2001. Returns since that date are historical. All other returns are the blended returns of the historical performance of Series II shares since their inception and the restated historical performance of Series I shares (for periods prior to inception of Series II shares) adjusted to reflect the Rule 12b-1 fees applicable to Series II shares. The inception date of Series I shares is May 5, 1993. 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 1.07% and 1.32%, 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 1.08% and 1.33%, 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.

AIM V.I. International Growth Fund, a series portfolio of AIM Variable Insurance Funds, is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent

the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

The most recent month-end performance data at the Fund level, excluding variable product charges, is available on the Invesco Aim automated information line, 866 702 4402. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

¹ Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2010. See current prospectus for more information.

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

- Unless otherwise stated, information presented in this report is as of December 31, 2009, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

Investing in developing countries can add additional risk, such as high rates of inflation or sharply devalued currencies against the U.S. dollar. Transaction costs are often higher, and there may be delays in settlement procedures.

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

There is no guarantee that the investment techniques and risk analysis used by the Fund's portfolio managers will produce the desired results.

The prices of securities held by the Fund may decline in response to market risks.

About indexes used in this report

The MSCI EAFE® Index is an unmanaged index considered representative of stocks of Europe, Australasia and the Far East.

The MSCI EAFE® Growth Index is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East.

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

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

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

Other information

The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

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

Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

Schedule of Investments

December 31, 2009

	Shares	Value
Common Stocks & Other Equity Interests—90.69%		
Australia—5.78%		
BHP Billiton Ltd.	1,030,798	\$ 39,473,589
Cochlear Ltd.	435,780	26,909,323
CSL Ltd.	639,352	18,600,278
QBE Insurance Group Ltd.	972,148	22,189,068
Woolworths Ltd.	470,307	11,780,455
		118,952,713
Belgium—1.95%		
Anheuser-Busch InBev N.V.	778,524	40,166,892
Canada—5.45%		
Bombardier Inc.—Class B	3,293,938	15,011,620
Canadian National Railway Co.	285,447	15,520,951
Canadian Natural Resources Ltd.	250,563	18,039,201
Genovus Energy Inc.	233,973	5,892,455
EnCana Corp.	233,973	7,579,830
Fairfax Financial Holdings Ltd.	22,549	8,796,052
Suncor Energy, Inc.	584,647	20,642,453
Talisman Energy Inc.	1,105,337	20,570,279
		112,052,841
Denmark—2.08%		
Novo Nordisk A.S.—Class B	503,696	32,170,702
Vestas Wind Systems A.S. ^(a)	173,277	10,567,059
		42,737,761
Finland—0.40%		
Nokia Corp.	642,408	8,235,884
France—4.49%		
Axa S.A.	753,796	17,803,145
BNP Paribas	367,583	28,967,747
Danone S.A.	221,356	13,462,038
Total S.A.	502,441	32,153,293
		92,386,223
Germany—6.87%		
Adidas AG	333,899	18,003,183
Bayer AG	554,507	44,258,599
Deutsche Boerse AG	101,255	8,407,457
Fresenius Medical Care AG & Co. KGaA	259,957	13,747,337
Merck KGaA	224,131	20,907,552
Puma AG Rudolf Dassler Sport	82,207	27,188,897
SAP AG	187,604	8,836,079
		141,349,104

	Shares	Value
Hong Kong—2.43%		
Esprit Holdings Ltd.	2,042,336	\$ 13,441,017
Hutchison Whampoa Ltd.	3,680,000	25,165,375
Li & Fung Ltd.	2,766,000	11,382,903
		49,989,295
India—2.56%		
Bharat Heavy Electricals Ltd.	254,163	13,071,960
Infosys Technologies Ltd.	710,797	39,565,724
		52,637,684
Ireland—0.59%		
CRH PLC	445,964	12,063,654
Israel—2.82%		
Teva Pharmaceutical Industries Ltd.—ADR	1,032,565	58,009,502
Italy—2.85%		
Eni S.p.A.	1,115,337	28,356,738
Finmeccanica S.p.A.	1,905,778	30,352,477
		58,709,215
Japan—6.16%		
Denso Corp.	457,600	13,718,788
Fanuc Ltd.	199,000	18,510,041
Hoya Corp.	782,700	20,756,660
Keyence Corp.	84,400	17,404,865
Komatsu Ltd.	515,100	10,742,273
Nidec Corp.	332,500	30,583,270
Toyota Motor Corp.	355,400	14,937,247
		126,653,144
Mexico—2.89%		
America Movil S.A.B de C.V.—Series L—ADR	790,084	37,118,146
Grupo Televisa S.A.—ADR	1,076,039	22,338,570
		59,456,716
Netherlands—4.14%		
Koninklijke (Royal) KPN N.V.	1,498,730	25,403,601
Koninklijke Ahold N.V.	1,773,571	23,511,468
TNT N.V.	858,076	26,228,895
Unilever N.V.	305,569	9,952,011
		85,095,975
Norway—0.52%		
Petroleum Geo-Services A.S.A. ^(a)	949,963	10,776,457
Philippines—1.45%		
Philippine Long Distance Telephone Co.	526,210	29,867,212

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

AIM V.I. International Growth Fund

	Shares	Value
Singapore–3.77%		
Keppel Corp. Ltd.	4,514,000	\$ 26,254,417
Singapore Technologies Engineering Ltd.	7,931,000	18,222,866
United Overseas Bank Ltd.	2,385,000	33,176,717
		77,654,000
South Korea–0.88%		
Hyundai Mobis	123,885	18,077,681
Spain–1.19%		
Telefonica S.A.	882,347	24,558,843
Switzerland–8.80%		
Nestle S.A.	968,702	47,015,440
Novartis AG	190,376	10,361,792
Roche Holding AG	329,786	56,046,128
Sonova Holding AG	275,396	33,267,634
Syngenta AG	122,803	34,377,278
		181,068,272
Taiwan–2.11%		
MediaTek Inc.	926,000	16,080,876
Taiwan Semiconductor Manufacturing Co. Ltd.–ADR	2,384,019	27,273,177
		43,354,053
Turkey–0.70%		
Akbank T.A.S.	2,269,387	14,334,896
United Kingdom–19.81%		
BAE Systems PLC	2,902,247	16,732,137
BG Group PLC	1,316,006	23,576,586
British American Tobacco PLC	671,844	21,804,120
Capita Group PLC	1,219,247	14,712,472

Investment Abbreviations:

ADR – American Depositary Receipt
Pfd. – Preferred

Notes to Schedule of Investments:

(a) Non-income producing security.

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

	Shares	Value
United Kingdom–(continued)		
Compass Group PLC	4,232,648	\$ 30,243,215
Imperial Tobacco Group PLC	1,531,767	48,294,078
Informa PLC	3,271,592	16,743,064
International Power PLC	5,818,340	28,800,070
Reckitt Benckiser Group PLC	885,264	48,006,773
Reed Elsevier PLC	2,302,201	18,913,033
Shire PLC	2,241,615	43,828,253
Smith & Nephew PLC	986,173	10,130,361
Tesco PLC	4,828,104	33,186,850
Vodafone Group PLC	15,073,982	34,921,398
WPP PLC	1,801,871	17,602,377
		407,494,787
Total Common Stocks & Other Equity Interests (Cost \$1,554,428,890)		1,865,682,804
Preferred Stocks–0.93%		
Brazil–0.93%		
Petroleo Brasileiro S.A.–ADR–Pfd. (Cost \$11,489,198)	450,078	19,078,806
Money Market Funds–8.50%		
Liquid Assets Portfolio–Institutional Class ^(b)	87,398,565	87,398,565
Premier Portfolio–Institutional Class ^(b)	87,398,565	87,398,565
Total Money Market Funds (Cost \$174,797,130)		174,797,130
TOTAL INVESTMENTS–100.12% (Cost \$1,740,715,218)		2,059,558,740
OTHER ASSETS LESS LIABILITIES–(0.12)%		(2,161,637)
NET ASSETS–100.00%		\$2,057,397,103

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

AIM V.I. International Growth Fund

Statement of Assets and Liabilities

December 31, 2009

Assets:

Investments, at value (Cost \$1,565,918,088)	\$1,884,761,610
Investments in affiliated money market funds, at value and cost	174,797,130
Total investments, at value (Cost \$1,740,715,218)	2,059,558,740
Cash	874,768
Foreign currencies, at value (Cost \$6,356,367)	6,613,907
Receivables for:	
Fund shares sold	545,133
Dividends	1,933,791
Investment for trustee deferred compensation and retirement plans	44,330
Other assets	190
Total assets	2,069,570,859

Liabilities:

Payables for:	
Investments purchased	6,959,557
Fund shares reacquired	1,581,660
Accrued fees to affiliates	2,142,456
Accrued other operating expenses	1,369,537
Trustee deferred compensation and retirement plans	120,546
Total liabilities	12,173,756
Net assets applicable to shares outstanding	\$2,057,397,103

Net assets consist of:

Shares of beneficial interest	\$2,000,694,850
Undistributed net investment income	20,893,939
Undistributed net realized gain (loss)	(283,340,650)
Unrealized appreciation	319,148,964
	\$2,057,397,103

Net Assets:

Series I	\$ 556,882,625
Series II	\$1,500,514,478

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

Series I	21,412,061
Series II	58,534,932
Series I:	
Net asset value per share	\$ 26.01
Series II:	
Net asset value per share	\$ 25.63

Statement of Operations

For the year ended December 31, 2009

Investment income:

Dividends (net of foreign withholding taxes of \$3,420,137)	\$ 38,240,850
Dividends from affiliated money market funds	827,353
Interest	15,771
Total investment income	39,083,974

Expenses:

Advisory fees	11,124,431
Administrative services fees	4,230,684
Custodian fees	672,743
Distribution fees — Series II	2,741,343
Transfer agent fees	63,627
Trustees' and officers' fees and benefits	63,590
Other	122,258
Total expenses	19,018,676
Less: Fees waived	(244,017)
Net expenses	18,774,659
Net investment income	20,309,315

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities (includes net gains (losses) from securities sold to affiliates of \$(16,406))	(148,905,454)
Foreign currencies	1,165,597
	(147,739,857)
Change in net unrealized appreciation of:	
Investment securities (net of foreign taxes on holdings of \$(1,149,532))	629,209,623
Foreign currencies	1,135,173
	630,344,796
Net realized and unrealized gain	482,604,939
Net increase in net assets resulting from operations	\$ 502,914,254

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

Statement of Changes in Net Assets

For the years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Net investment income	\$ 20,309,315	\$ 26,345,327
Net realized gain (loss)	(147,739,857)	(132,063,478)
Change in net unrealized appreciation (depreciation)	630,344,796	(627,616,561)
Net increase (decrease) in net assets resulting from operations	502,914,254	(733,334,712)
Distributions to shareholders from net investment income:		
Series I	(7,359,852)	(3,478,321)
Series II	(17,849,719)	(5,065,468)
Total distributions from net investment income	(25,209,571)	(8,543,789)
Distributions to shareholders from net realized gains:		
Series I	—	(8,411,008)
Series II	—	(14,727,306)
Total distributions from net realized gains	—	(23,138,314)
Share transactions—net:		
Series I	(27,076,452)	(13,325,486)
Series II	366,967,140	480,159,184
Net increase in net assets resulting from share transactions	339,890,688	466,833,698
Net increase (decrease) in net assets	817,595,371	(298,183,117)
Net assets:		
Beginning of year	1,239,801,732	1,537,984,849
End of year (includes undistributed net investment income of \$20,893,939 and \$24,613,828, respectively)	\$2,057,397,103	\$1,239,801,732

Notes to Financial Statements

December 31, 2009

NOTE 1—Significant Accounting Policies

AIM V.I. International Growth Fund (the “Fund”) is a series portfolio of AIM 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-one separate portfolios, (each constituting a “Fund”). The assets, liabilities and operations of each portfolio are accounted for separately. Information presented in these financial statements pertains only to the Fund. Matters affecting each Fund or class will be voted on exclusively by the shareholders of such Fund or class. Current Securities and Exchange Commission (“SEC”) guidance, however, requires participating insurance companies offering separate accounts to vote shares proportionally in accordance with the instructions of the contract owners whose investments are funded by shares of each Fund or class.

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

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

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

A. Security Valuations

— Securities, including restricted securities, are valued according to the following policy.

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

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

Debt obligations (including convertible bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) 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 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 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 economical 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 and Corporate Loans. The mean between the last bid and asked prices may be used to value debt obligations other than Corporate Loans.

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

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

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income 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 realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net 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 adviser.

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

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

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

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

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

- F. Expenses** — Fees provided for under the Rule 12b-1 plan of a particular class of the Fund and which are directly attributable to that class are charged to the operations of such class. All other expenses are allocated among the classes based on relative net assets.
- G. Accounting Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, which is generally 45 days from the period-end date.
- 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 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 (i) sales of foreign currencies, (ii) currency gains or losses realized between the trade and settlement dates on securities transactions, and (iii) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

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

- J. Foreign Currency Contracts** — The Fund may enter into foreign currency contracts to manage or minimize currency or exchange rate risk. The Fund may also enter into foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to "lock in" the U.S. dollar price of that security. A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The use of 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 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 Net Assets	Rate
First \$250 million	0.75%
Over \$250 million	0.70%

Under the terms of a master sub-advisory agreement approved by shareholders of the Funds between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Global Asset Management (N.A.), Inc., Invesco Hong Kong Limited, Invesco Institutional (N.A.), Inc., Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the "Affiliated Sub-Advisers") the Adviser, not the Funds, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to each Fund based on the percentage of assets allocated to such Sub-Adviser(s).

On December 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc. and the consolidated adviser firm was renamed Invesco Advisers, Inc.

The Adviser has contractually agreed 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 (excluding certain items discussed below) of Series I shares to 1.30% and Series II shares to 1.45% of average daily net assets, through at least April 30, 2011. 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 to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items; and (5) expenses that the Fund has incurred but did not actually pay because of

an expense offset arrangement. The Board of Trustees or Invesco may terminate the fee waiver arrangement at any time. 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, 2010, 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 year ended December 31, 2009, the Adviser waived advisory fees of \$244,017.

At the request of the Trustees of the Trust, Invesco Ltd. agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. For the year ended December 31, 2009, Invesco Ltd. did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the year ended December 31, 2009, Invesco was paid \$364,275 for accounting and fund administrative services and reimbursed \$3,866,409 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. ("IAIS") pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. For the year ended December 31, 2009, 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 Aim Distributors, Inc. ("IADI") 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 IADI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2009, 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 Invesco, IAIS and/or IADI.

NOTE 3—Additional Valuation Information

Generally Accepted Accounting Principles ("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 and others.

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

The following is a summary of the tiered valuation input levels, as of December 31, 2009. 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
Australia	\$ —	\$ 118,952,713	\$—	\$ 118,952,713
Belgium	—	40,166,892	—	40,166,892
Brazil	19,078,806	—	—	19,078,806
Canada	112,052,841	—	—	112,052,841
Denmark	42,737,761	—	—	42,737,761
Finland	—	8,235,884	—	8,235,884
France	—	92,386,223	—	92,386,223
Germany	43,062,346	98,286,758	—	141,349,104
Hong Kong	—	49,989,295	—	49,989,295
India	—	52,637,684	—	52,637,684

	Level 1	Level 2	Level 3	Total
Ireland	—	12,063,654	—	12,063,654
Israel	58,009,502	—	—	58,009,502
Italy	—	58,709,215	—	58,709,215
Japan	17,404,865	109,248,279	—	126,653,144
Mexico	59,456,716	—	—	59,456,716
Netherlands	58,867,080	26,228,895	—	85,095,975
Norway	—	10,776,457	—	10,776,457
Philippines	29,867,212	—	—	29,867,212
Singapore	—	77,654,000	—	77,654,000
South Korea	—	18,077,681	—	18,077,681
Spain	24,558,843	—	—	24,558,843
Switzerland	—	181,068,272	—	181,068,272
Taiwan	27,273,177	16,080,876	—	43,354,053
Turkey	14,334,896	—	—	14,334,896
United Kingdom	91,835,026	315,659,761	—	407,494,787
United States	174,797,130	—	—	174,797,130
Total Investments	\$773,336,201	\$1,286,222,539	\$—	\$2,059,558,740

NOTE 4—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other AIM Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the year ended December 31, 2009, the Fund engaged in securities sales of \$57,614, which resulted in net realized gains (losses) of \$(16,406).

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 AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides 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.

During the year ended December 31, 2009, the Fund paid legal fees of \$6,073 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

NOTE 6—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) 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 7—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2009 and 2008:

	2009	2008
Ordinary income	\$25,209,571	\$10,198,789
Long-term capital gain	—	21,483,314
Total distributions	\$25,209,571	\$31,682,103

Tax Components of Net Assets at Period-End:

	2009
Undistributed ordinary income	\$ 21,017,881
Net unrealized appreciation — investments	271,370,891
Net unrealized appreciation — other investments	305,442
Temporary book/tax differences	(123,942)
Post-October deferrals	(4,745,883)
Capital loss carryforward	(231,122,136)
Shares of beneficial interest	2,000,694,850
Total net assets	\$2,057,397,103

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

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

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund has a capital loss carryforward as of December 31, 2009 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2016	\$ 87,932,439
December 31, 2017	143,189,697
Total capital loss carryforward	\$231,122,136

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

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 year ended December 31, 2009 was \$725,625,357 and \$379,844,151, 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	\$302,885,608
Aggregate unrealized (depreciation) of investment securities	(31,514,717)
Net unrealized appreciation of investment securities	\$271,370,891

Cost of investments for tax purposes is \$1,788,187,849.

NOTE 9—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of foreign currency transactions, on December 31, 2009, undistributed net investment income was increased by \$1,180,367 and undistributed net realized gain (loss) was decreased by \$1,180,367. This reclassification had no effect on the net assets of the Fund.

NOTE 10—Share Information

	Summary of Share Activity			
	Year ended December 31,			
	2009 ^(a)		2008	
	Shares	Amount	Shares	Amount
Sold:				
Series I	3,456,056	\$ 76,132,583	5,416,504	\$ 152,657,919
Series II	21,080,766	443,187,963	22,885,713	587,146,644
Issued as reinvestment of dividends:				
Series I	284,164	7,359,852	647,214	11,889,329
Series II	698,893	17,849,719	1,091,714	19,792,774
Reacquired:				
Series I	(5,238,473)	(110,568,887)	(6,729,062)	(177,872,734)
Series II	(4,496,473)	(94,070,542)	(5,147,388)	(126,780,234)
Net increase in share activity	15,784,933	\$ 339,890,688	18,164,695	\$ 466,833,698

^(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 62% 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 Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 11—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 (000s omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover ^(c)
Series I														
Year ended 12/31/09	\$19.49	\$0.32	\$ 6.55	\$ 6.87	\$(0.35)	\$ —	\$(0.35)	\$26.01	35.24%	\$ 556,883	1.02% ^(d)	1.04% ^(d)	1.47% ^(d)	27%
Year ended 12/31/08	33.63	0.54	(14.16)	(13.62)	(0.15)	(0.37)	(0.52)	19.49	(40.38)	446,437	1.05	1.06	1.96	44
Year ended 12/31/07	29.44	0.34	3.98	4.32	(0.13)	—	(0.13)	33.63	14.68	792,779	1.06	1.07	1.06	20
Year ended 12/31/06	23.17	0.23	6.32	6.55	(0.28)	—	(0.28)	29.44	28.28	563,460	1.10	1.10	0.90	34
Year ended 12/31/05	19.77	0.23	3.31	3.54	(0.14)	—	(0.14)	23.17	17.93	444,608	1.11	1.11	1.11	36
Series II														
Year ended 12/31/09	19.23	0.27	6.44	6.71	(0.31)	—	(0.31)	25.63	34.91	1,500,514	1.27 ^(d)	1.29 ^(d)	1.22 ^(d)	27
Year ended 12/31/08	33.24	0.45	(13.96)	(13.51)	(0.13)	(0.37)	(0.50)	19.23	(40.55)	793,365	1.30	1.31	1.71	44
Year ended 12/31/07	29.16	0.26	3.94	4.20	(0.12)	—	(0.12)	33.24	14.41	745,206	1.31	1.32	0.81	20
Year ended 12/31/06	23.00	0.17	6.25	6.42	(0.26)	—	(0.26)	29.16	27.92	163,657	1.35	1.35	0.65	34
Year ended 12/31/05	19.65	0.18	3.30	3.48	(0.13)	—	(0.13)	23.00	17.70	54,658	1.36	1.36	0.86	36

^(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 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 based on average daily net assets (000's omitted) of \$474,810 and \$1,096,537 for Series I and Series II shares, respectively.

NOTE 12— Subsequent Event

A significant shareholder of the Fund has notified Invesco of their intent to redeem their investment in the Fund. It is anticipated that the redemption in kind will occur in May 2010 and will result in a significant redemption of Series II Fund shares. The market value of the accounts anticipated to be redeemed were 49% of the Fund's net assets at December 31, 2009.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AIM V.I. International Growth Fund, (one of the funds constituting AIM Variable Insurance Funds, hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

February 10, 2010
Houston, Texas

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009 through December 31, 2009.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

Class	Beginning Account Value (07/01/09)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio
		Ending Account Value (12/31/09) ¹	Expenses Paid During Period ²	Ending Account Value (12/31/09)	Expenses Paid During Period ²	
Series I	\$1,000.00	\$1,220.30	\$5.65	\$1,020.11	\$5.14	1.01%
Series II	1,000.00	1,218.60	7.05	1,018.85	6.41	1.26

¹ The actual ending account value is based on the actual total return of the Fund for the period July 1, 2009 through December 31, 2009, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

² Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year.

Tax Information

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

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

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Federal and State Income Tax

Corporate Dividends Received Deduction*	0%
Foreign Taxes	\$0.0431 per share
Foreign Source Income	\$0.5743 per share

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

Trustees and Officers

The address of each trustee and officer of AIM Variable Insurance Funds (the "Trust"), is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. Each trustee oversees 105 portfolios in the AIM Funds complex. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Interested Persons			
Martin L. Flanagan ¹ — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco Aim and a global investment management firm); Adviser to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The AIM Family of Funds®; Board of Governors, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman, Invesco Aim Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco Aim and a global investment management firm); Director, Invesco Ltd.; Chairman and Vice Chairman, Investment Company Institute	None
Philip A. Taylor ² — 1954 Trustee, President and Principal Executive Officer	2006	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc. and 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Aim Management Group, Inc. (financial services holding company); Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director, Invesco Aim Distributors, Inc. (registered broker dealer); Director and Chairman, Invesco Aim Investment Services, Inc. (registered transfer agent) and INVESCO Distributors, Inc. (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, AIM Trimark Corporate Class Inc. (corporate mutual fund company) and AIM Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltée (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); Trustee and Executive Vice President, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only); and Manager, Invesco PowerShares Capital Management LLC Formerly: Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Aim Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltée; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	None
Independent Trustees			
Bruce L. Crockett — 1944 Trustee and Chair	1993	Chairman, Crockett Technology Associates (technology consulting company)	ACE Limited (insurance company); Captaris, Inc. (unified messaging provider); and Investment Company Institute
Bob R. Baker — 1936 Trustee	2004	Retired	None
Frank S. Bayley — 1939 Trustee	2001	Retired Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios)	None
James T. Bunch — 1942 Trustee	2004	Founder, Green, Manning & Bunch Ltd., (investment banking firm)	Board of Governors, Western Golf Association/Evans Scholars Foundation and Executive Committee, United States Golf Association
Albert R. Dowden — 1941 Trustee	2000	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company) Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations	Board of Nature's Sunshine Products, Inc.
Jack M. Fields — 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company)	Administrastaff
Carl Frischling — 1937 Trustee	1993	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis — 1950 Trustee	1998	Retired	None
Lewis F. Pennock — 1942 Trustee	1993	Partner, law firm of Pennock & Cooper	None
Larry Soll — 1942 Trustee	2004	Retired	None
Raymond Stickel, Jr. — 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios)	None

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

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

Trustees and Officers – (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Other Directorship(s) Held by Trustee
Other Officers			
Russell C. Burk — 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer of The AIM Family of Funds®	N/A
John M. Zerr — 1962 Senior Vice President, Chief Legal Officer and Secretary	2006	Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc., Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Director, Senior Vice President and Secretary, Invesco Aim Distributors, Inc.; Director, Vice President and Secretary, Invesco Aim Investment Services, Inc. and INVESCO Distributors, Inc.; Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; and Manager, Invesco PowerShares Capital Management LLC Formerly: Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisors, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)	N/A
Lisa O. Brinkley — 1959 Vice President	2004	Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc.; and Vice President, The AIM Family of Funds® Formerly: Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and The AIM Family of Funds®; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Aim Distributors, Inc.; Vice President, Invesco Aim Investment Services, Inc. and Fund Management Company	N/A
Kevin M. Carome — 1956 Vice President	2003	General Counsel, Secretary and Senior Managing Director, Invesco Ltd.; Director, Invesco Holding Company Limited and INVESCO Funds Group, Inc.; Director and Executive Vice President, IVZ, Inc., Invesco Group Services, Inc., Invesco North American Holdings, Inc. and Invesco Investments (Bermuda) Ltd.; Director and Secretary, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); and Vice President, The AIM Family of Funds® Formerly: Senior Managing Director and Secretary, Invesco North American Holdings, Inc.; Vice President and Secretary, IVZ, Inc. and Invesco Group Services, Inc.; Senior Managing Director and Secretary, Invesco Holding Company Limited; Director, Senior Vice President, Secretary and General Counsel, Invesco Aim Management Group, Inc. and Invesco Aim Advisors, Inc.; Senior Vice President, Invesco Aim Distributors, Inc.; Director, General Counsel and Vice President, Fund Management Company; Vice President, Invesco Aim Capital Management, Inc. and Invesco Aim Investment Services, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The AIM Family of Funds®; Director and Vice President, INVESCO Distributors, Inc.; and Chief Executive Officer and President, INVESCO Funds Group, Inc.	N/A
Sheri Morris — 1964 Vice President, Treasurer and Principal Financial Officer	1999	Vice President, Treasurer and Principal Financial Officer, The AIM Family of Funds®; and Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.) Formerly: Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The AIM Family of Funds® and Assistant Vice President, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Karen Dunn Kelley — 1960 Vice President	1993	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Executive Vice President, Invesco Aim Distributors, Inc.; Senior Vice President, Invesco Aim Management Group, Inc.; and Director, Invesco Mortgage Capital Inc.; Vice President, The AIM Family of Funds® (other than AIM Treasurer's Series Trust and Short-Term Investments Trust); and President and Principal Executive Officer, The AIM Family of Funds® (AIM Treasurer's Series Trust and Short-Term Investments Trust only) Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Aim Advisors, Inc. and The AIM Family of Funds® (AIM Treasurer's Series Trust, Short-Term Investments Trust and Tax-Free Investments Trust only)	N/A
Lance A. Rejsek — 1967 Anti-Money Laundering Compliance Officer	2005	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Invesco Aim Distributors, Inc., Invesco Aim Investment Services, Inc., and The AIM Family of Funds® Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A
Todd L. Spillane — 1958 Chief Compliance Officer	2006	Senior Vice President, Invesco Aim Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The AIM Family of Funds®, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Distributors, Inc. and Invesco Aim Investment Services, Inc. Formerly: Senior Vice President and Chief Compliance Officer, Invesco Aim Advisors, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc.; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	N/A

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

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Distributor

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Custodian

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