SECTOR EQUITY

Sectors

AIM V.I. Technology Fund

Semiannual Report to Shareholders ▪ June 30, 2007

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 Web site, 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 202-942-8090 or 800-732-0330, or by electronic request at the following E-mail 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 AIM Web site, AIMinvestments.com. On the home page, scroll down and click on AIM Funds Proxy Policy. The information is also available on the SEC Web site, sec.gov.

Information regarding how the Fund voted proxies related to its portfolio securities during the 12 months ended June 30, 2007, is available at our Web site. Go to AIMinvestments.com, access the About Us tab, click on Required Notices and then click on Proxy Voting Activity. Next, select the Fund from the drop-down menu. The information is also available on the SEC Web site, sec.gov.

Unless otherwise noted, all data in this report are from A I M Management Group Inc.

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.

AIM® INVESTMENTS

Fund performance

Performance Summary

Fund vs. Indexes

Cumulative total returns, 12/31/06–6/30/07, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	6.78%
Series II Shares	6.69
S&P 500 Index[1] (Broad Market Index)	6.96
S&P Goldman Sachs Technology Index[2] (Style-Specific Index)	8.93
Lipper VUF Science & Technology Funds Category Average[1] (Peer Group Index)	10.97
Lipper Science & Technology Funds Index[1] (Former Peer Group Index)	10.34

Sources: [1]Lipper Inc.; [2]A I M Management Group Inc., IDC via FactSet Research Systems Inc.

The unmanaged **S&P 500® Index** is an index of common stocks frequently used as a general measure of U.S. stock market performance.

The **S&P Goldman Sachs Technology Index** (price-only) is a modified capitalization-weighted index composed of companies involved in the technology industry. The index is rebalanced semiannually.

The Fund has elected to use the **Lipper Variable Underlying Funds (VUF) Science & Technology Funds Category Average** as its peer group instead of the Lipper Science & Technology Funds Index. In 2006, Lipper began publishing VUF indexes, allowing the Fund to be compared with the Lipper VUF Science & Technology Funds Category Average. The unmanaged Lipper VUF Science & Technology Funds Category Average represents the average of all the variable insurance underlying science and technology funds tracked by Lipper Inc. Lipper Inc. is an independent mutual fund performance monitor.

The unmanaged **Lipper Science and Technology Funds Index** represents an average of the performance of the largest science and technology funds tracked by Lipper Inc.

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 an index of funds reflects fund expenses; performance of a market index does not.

Fund Performance

As of 6/30/07

Series I Shares	
Inception (5/20/97)	4.16%
10 Years	4.21
5 Years	8.15
1 Year	18.34
Series II Shares	
10 Years	3.94%
5 Years	7.86
1 Year	18.15

Series II shares' inception date is April 30, 2004. 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 20, 1997.

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

The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Series I and Series II shares was 1.12% and 1.37%, 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. Technology 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.

Per NASD requirements, the most recent month-end performance data at the Fund level, excluding variable product charges, is available on the 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 advisor.

Portfolio Composition

By sector, based on Net Assets
as of June 30, 2007

Information Technology	88.2%
Telecommunication Services	5.6
Industrials	2.3
Financials	1.0
Money Market Funds Plus Other Assets Less Liabilities	2.9

Schedule of Investments*

June 30, 2007
(Unaudited)

	Shares	Value
Domestic Common Stocks–79.95%		
Application Software–8.44%		
Adobe Systems Inc.[(a)]	128,299	$ 5,151,205
Amdocs Ltd.[(a)]	113,618	4,524,269
Autodesk, Inc.[(a)]	51,156	2,408,424
Intuit Inc.[(a)]	62,743	1,887,309
		13,971,207
Communications Equipment–8.28%		
Cisco Systems, Inc.[(a)]	183,689	5,115,739
CommScope, Inc.[(a)]	30,501	1,779,733
F5 Networks, Inc.[(a)]	46,809	3,772,806
Harris Corp.	34,584	1,886,557
OpNext, Inc.[(a)]	86,672	1,147,537
		13,702,372
Computer Hardware–7.58%		
Apple, Inc.[(a)]	53,607	6,542,198
Hewlett-Packard Co.	93,690	4,180,448
NCR Corp.[(a)]	34,555	1,815,520
		12,538,166
Computer Storage & Peripherals–5.46%		
EMC Corp.[(a)]	256,080	4,635,048
Network Appliance, Inc.[(a)]	91,269	2,665,055
Seagate Technology	79,550	1,731,803
		9,031,906
Data Processing & Outsourced Services–2.53%		
VeriFone Holdings, Inc.[(a)]	118,687	4,183,717
Electronic Equipment Manufacturers–2.22%		
Amphenol Corp.–Class A	59,070	2,105,846
Itron, Inc.[(a)]	20,132	1,569,088
		3,674,934
Home Entertainment Software–1.59%		
Activision, Inc.[(a)]	141,163	2,635,513
Internet Software & Services–8.52%		
Digital River, Inc.[(a)]	77,460	$ 3,505,065
eBay Inc.[(a)]	75,295	2,422,993
Google Inc. –Class A[(a)]	9,104	4,764,852
ValueClick, Inc.[(a)]	64,179	1,890,713
Yahoo! Inc.[(a)]	55,669	1,510,300
		14,093,923
IT Consulting & Other Services–5.01%		
Accenture Ltd. –Class A	138,298	5,931,601
Cognizant Technology Solutions Corp.–Class A[(a)]	31,510	2,366,086
		8,297,687
Other Diversified Financial Services–0.98%		
BlueStream Ventures L.P.[(a)(b)(c)(d)]	3,172,500	1,618,134
Semiconductor Equipment–3.27%		
FormFactor Inc.[(a)]	35,958	1,377,191
KLA-Tencor Corp.	43,149	2,371,038
MEMC Electronic Materials, Inc.[(a)]	27,345	1,671,326
		5,419,555
Semiconductors–17.01%		
Broadcom Corp. –Class A[(a)]	104,436	3,054,753
Integrated Device Technology, Inc.[(a)]	213,848	3,265,459
Intersil Corp. –Class A	135,151	4,251,850
Marvell Technology Group Ltd.[(a)]	146,898	2,675,013
National Semiconductor Corp.	135,726	3,836,974
Netlogic Microsystems Inc.[(a)(e)]	45,974	1,463,812
ON Semiconductor Corp.[(a)]	218,228	2,339,404
Texas Instruments Inc.	111,817	4,207,674
Xilinx, Inc.	114,226	3,057,830
		28,152,769
Systems Software–6.04%		
McAfee Inc.[(a)]	61,571	2,167,299
Microsoft Corp.	120,660	3,555,850

	Shares	Value
Systems Software–(continued)		
Oracle Corp.[a]	132,120	$ 2,604,085
Sybase, Inc.[a]	69,539	1,661,287
		9,988,521
Technology Distributors–1.07%		
Avnet, Inc.[a]	44,704	1,772,067
Wireless Telecommunication Services–1.95%		
American Tower Corp.–Class A[a]	76,640	3,218,880
Total Domestic Common Stocks (Cost $113,785,765)		132,299,351
Foreign Common Stocks & Other Equity Interests–17.13%		
Canada–2.33%		
Research In Motion Ltd. (Communications Equipment)[a]	19,287	3,857,207
Finland–1.74%		
Nokia Oyj–ADR (Communications Equipment)	102,216	2,873,292
Hong Kong–1.67%		
China Mobile Ltd. (Wireless Telecommunication Services)	51,121	2,755,422
Japan–1.41%		
Nintendo Co., Ltd. (Home Entertainment Software)[f]	6,400	2,336,941
Mexico–1.94%		
America Movil S.A.B. de C.V.–Series L–ADR (Wireless Telecommunication Services)	51,805	3,208,284
Sweden–1.16%		
Telefonaktiebolaget LM Ericsson–ADR (Communications Equipment)	48,206	1,922,937
Switzerland–2.65%		
STMicroelectronics N.V.–New York Shares (Semiconductors)	228,762	4,389,943
Taiwan–4.23%		
Hon Hai Precision Industry Co., Ltd. (Electronic Manufacturing Services)	306,041	$ 2,647,446
Siliconware Precision Industries Co.–ADR (Semiconductors)	178,769	1,966,459
Taiwan Semiconductor Manufacturing Co., Ltd.–ADR (Semiconductors)	213,785	2,379,431
		6,993,336
Total Foreign Common Stocks & Other Equity Interests (Cost $21,351,319)		28,337,362
Put Options Purchased–0.00%		
Canada–0.00%		
Research In Motion Ltd. (Communications Equipment) (Cost $89,854)[a]	19,200	3,360
Money Market Funds–2.85%		
Liquid Assets Portfolio–Institutional Class[g]	2,357,986	2,357,986
Premier Portfolio–Institutional Class[g]	2,357,986	2,357,986
Total Money Market Funds (Cost $4,715,972)		4,715,972
TOTAL INVESTMENTS (excluding investments purchased with cash collateral from securities on loan)–99.93% (Cost $139,942,910)		165,356,045
Investments Purchased with Cash Collateral from Securities on Loan		
Money Market Funds–0.46%		
Premier Portfolio–Institutional Class[g][h]	753,875	753,875
Total Money Market Funds (purchased with cash collateral from securities on loan) (Cost $753,875)		753,875
TOTAL INVESTMENTS–100.39% (Cost $140,696,785)		166,109,920
OTHER ASSETS LESS LIABILITIES–(0.39)%		(637,219)
NET ASSETS–100.00%		$165,472,701

Investment Abbreviations:

ADR – American Depositary Receipt

Notes to Schedule of Investments:

* 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 Morgan Stanley Capital International Inc. and Standard & Poor's.

(a) Non-income producing security.

(b) The Fund has a remaining commitment of $202,500 to purchase additional interests in BlueStream Ventures L.P., which is subject to the terms of the limited partnership agreement.

(c) Security fair valued in good faith in accordance with the procedures established by the Board of Trustees. The value of this security at June 30, 2007 represented 0.98% of the Fund's Net Assets. See Note 1A.

(d) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A transaction or a Regulation D transaction). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund has no rights to demand registration of these securities. The value of this security at June 30, 2007 represented 0.98% of the Fund's Net Assets. This security is considered to be illiquid. The Fund is limited to investing 15% in illiquid securities at time of purchase.

(e) All or a portion of this security was out on loan at June 30, 2007.

(f) In accordance with the procedures established by the Board of Trustees, the foreign security is fair valued using adjusted closing market prices. The value of this security at June 30, 2007 represented 1.41% of the Fund's Net Assets. See Note 1A.

(g) The money market fund and the Fund are affiliated by having the same investment advisor. See Note 3.

(h) 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 8.

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

Statement of Assets and Liabilities

June 30, 2007
(Unaudited)

Investments, at value (Cost $135,226,938)*	$ 160,640,073
Investments in affiliated money market funds (Cost $5,469,847)	5,469,847
Total investments (Cost $140,696,785)	166,109,920
Foreign currencies, at value (Cost $35,160)	35,680
Receivables for:	
Investments sold	209,322
Fund shares sold	69,544
Dividends	112,820
Investment for trustee deferred compensation and retirement plans	43,884
Other assets	1,734
Total assets	166,582,904
Liabilities:	
Payables for:	
Fund shares reacquired	154,029
Trustee deferred compensation and retirement plans	54,805
Collateral upon return of securities loaned	753,875
Accrued administrative services fees	109,638
Accrued distribution fees — Series II	91
Accrued trustees' and officer's fees and benefits	3,810
Accrued transfer agent fees	3,796
Accrued operating expenses	30,159
Total liabilities	1,110,203
Net assets applicable to shares outstanding	$ 165,472,701
Net assets consist of:	
Shares of beneficial interest	$ 619,650,049
Undistributed net investment income (loss)	(380,546)
Undistributed net realized gain (loss)	(479,209,173)
Unrealized appreciation	25,412,371
	$ 165,472,701
Net Assets:	
Series I	$ 165,323,695
Series II	$ 149,006
Shares outstanding, $0.001 par value per share, unlimited number of shares authorized:	
Series I	11,042,382
Series II	10,043
Series I:	
Net asset value per share	$ 14.97
Series II:	
Net asset value per share	$ 14.84

* At June 30, 2007, securities with an aggregate value of $768,108 were on loan to brokers.

Statement of Operations

For the six months ended June 30, 2007
(Unaudited)

Investment income:	
Dividends (net of foreign withholding taxes of $60,052)	$ 456,555
Dividends from affiliated money market funds (includes securities lending income of $15,518)	138,342
Total investment income	594,897
Expenses:	
Advisory fees	629,889
Administrative services fees	232,206
Custodian fees	10,124
Distribution fees — Series II	177
Transfer agent fees	11,557
Trustees' and officer's fees and benefits	9,762
Other	26,926
Total expenses	920,641
Less: Fees waived and expense offset arrangement	(4,993)
Net expenses	915,648
Net investment income (loss)	(320,751)
Realized and unrealized gain (loss) from:	
Net realized gain from:	
Investment securities (includes net gains from securities sold to affiliates of $58,581)	10,895,217
Foreign currencies	15,032
Option contracts written	32,351
	10,942,600
Change in net unrealized appreciation (depreciation) of:	
Investment securities	210,856
Foreign currencies	(6,898)
	203,958
Net realized and unrealized gain	11,146,558
Net increase in net assets resulting from operations	$10,825,807

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

Statement of Changes in Net Assets

For the six months ended June 30, 2007 and the year ended December 31, 2006
(Unaudited)

	June 30, 2007	December 31, 2006
Operations:		
Net investment income (loss)	$ (320,751)	$ (984,658)
Net realized gain	10,942,600	21,884,080
Change in net unrealized appreciation (depreciation)	203,958	(3,764,080)
Net increase in net assets resulting from operations	10,825,807	17,135,342
Share transactions–net:		
Series I	(18,813,786)	(34,499,934)
Series II	6,057	(22,638)
Net increase (decrease) in net assets resulting from share transactions	(18,807,729)	(34,522,572)
Net increase (decrease) in net assets	(7,981,922)	(17,387,230)
Net assets:		
Beginning of period	173,454,623	190,841,853
End of period (including undistributed net investment income (loss) of $(380,546) and $(59,795), respectively)	$165,472,701	$173,454,623

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

Notes to Financial Statements

June 30, 2007
(Unaudited)

NOTE 1—Significant Accounting Policies

AIM V.I. Technology 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 separate portfolios, (each constituting a ''Fund''). 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''). 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 assets, liabilities and operations of each portfolio are accounted for separately. Information presented in these financial statements pertains only to the Fund.

The Fund's investment objective is capital growth.

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 the 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 may 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, ADRs 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 and are valued at the last bid price in the case of equity securities and in the case of debt obligations, the mean between the last bid and asked prices.

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 its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

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 receive proceeds from litigation settlements involving Fund investments. 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 advisor.

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, AIM 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.

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.

H. Indemnifications — Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) 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 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. Risks Involved in Investing in the Fund — Single Sector/Non-Diversified — The Fund's investments are concentrated in a comparatively narrow segment of the economy. Consequently, the Fund may tend to be more volatile than other mutual funds, and the value of the Fund's investments may tend to rise and fall more rapidly.

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. Taxes are accrued based on the Fund's current interpretation of tax regulations and rates that exist in the foreign markets in which the Fund invests.

K. Foreign Currency Contracts — A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The Fund may enter into a foreign currency contract to attempt to minimize the risk to the Fund from adverse changes in the relationship between currencies. The Fund may also enter into a foreign currency contract 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. Fluctuations in the value of these contracts are recorded as unrealized appreciation (depreciation) until the contracts are closed. When these contracts are closed, realized gains (losses) are recorded. Realized and unrealized gains and losses on these contracts are included in the Statement of Operations. The Fund could be exposed to risk, which may be in excess of the amount reflected in the Statement of Assets and Liabilities, if counterparties to the contracts are unable to meet the terms of their contracts or if the value of the foreign currency changes unfavorably.

L. Covered Call Options Written — The Fund may write call options. A call option gives the purchaser of such option the right to buy, and the writer (the Fund) the obligation to sell, the underlying security at the stated exercise price during the option period. Written call options are recorded as a liability in the Statement of Assets and Liabilities. The amount of the liability is subsequently ''marked-to-market'' to reflect the current market value of the option written. If a written call option expires on the stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund realizes a gain (or a loss if the closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a written option is exercised, the Fund realizes a gain or a loss from the sale of the underlying security and the proceeds of the sale are increased by the premium originally received. Realized gains and losses on these contracts are included in the Statement of Operations. A risk in writing a call option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised.

M. Put Options Purchased — The Fund may purchase put options including options on securities indexes and/or futures contracts. By purchasing a put option, the Fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the Fund pays an option premium. The option's underlying instrument may be a security, securities index, or a futures contract. Put options may be used by the Fund to hedge securities it owns by locking in a minimum price at which the Fund can sell. If security prices fall, the put option could be exercised to offset all or a portion of the Fund's resulting losses. At the same time, because the maximum the Fund has at risk is the cost of the option, purchasing put options does not eliminate the potential for the Fund to profit from an increase in the value of the securities hedged. Realized and unrealized gains and losses on these contracts are included in the Statement of Operations. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.

N. 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. This practice does not apply to securities pledged as collateral for securities lending transactions.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with A I M Advisors, Inc. (''AIM''). Under the terms of the investment advisory agreement, the Fund pays an advisory fee to AIM based on the annual rate of 0.75% of the Fund's average daily net assets.

Effective July 1, 2007, the Trustees approved a reduced contractual advisory fee schedule for the Fund. Prior to July 1, 2007 AIM had contractually waived fees to the same reduced advisory fee schedule. Under the terms of the investment advisory agreement, the Fund will pay an advisory fee to AIM based on the following annual rates of the Fund's average daily net assets:

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

AIM has contractually agreed to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual operating expenses (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, 2009. In determining the advisor's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the net annual operating expenses to exceed the numbers reflected above: (i) interest; (ii) taxes; (iii) dividend expense on short sales; (iv) extraordinary items; (v) expenses related to a merger or reorganization, as approved by the Fund's Board of Trustees; and (vi) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Currently, in addition to the expense reimbursement arrangement with INVESCO PLC (''INVESCO'') (formerly ''AMVESCAP PLC'') described more fully below, the only expense offset arrangements from which the Fund may benefit are in the form of credits that the Fund receives from banks where the Fund or its transfer agent has deposit accounts in which it holds uninvested cash. These credits are used to pay certain expenses incurred by the Fund. AIM did not waive fees and/or reimburse expenses during the period under this expense limitation.

Further, effective July 1, 2007, AIM has contractually agreed through at least April 30, 2009 to waive 100% of the advisory fee AIM receives from the affiliated money market funds on investments by the Fund in such affiliated money market funds (excluding investments made in affiliated money market funds with cash collateral from securities loaned by the Fund). Prior to July 1, 2007, AIM had voluntarily agreed to waive 25% of the advisory fee AIM receives from the affiliated money market funds on investments by the Fund in such affiliated money market funds.

For the six months ended June 30, 2007, AIM waived advisory fees of $732.

At the request of the Trustees of the Trust, INVESCO 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 six months ended June 30, 2007, INVESCO did not reimburse any expenses.

The Trust has entered into a master administrative services agreement with AIM pursuant to which the Fund has agreed to pay AIM a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse AIM for administrative services fees paid to insurance companies that have agreed to provide services to the participants of separate accounts. These administrative services provided by the insurance companies may include, among other things: the printing of prospectuses, financial reports and proxy statements and the delivery of the same to existing participants; the maintenance of master accounts; the facilitation of purchases and redemptions requested by the participants; and the servicing of participants' accounts. Pursuant to such agreement, for the six months ended June 30, 2007, AIM was paid $24,795 for accounting and fund administrative services and reimbursed $207,411 for services provided by insurance companies.

The Trust has entered into a transfer agency and service agreement with AIM Investment Services, Inc. (''AIS'') pursuant to which the Fund has agreed to pay AIS a fee for providing transfer agency and shareholder services to the Fund and reimburse AIS for certain expenses incurred by AIS in the course of providing such services. For the six months ended June 30, 2007, 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 AIM Distributors, Inc. (''ADI'') 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 ADI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2007, 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 AIM, AIS and/or ADI.

NOTE 3—Investments in Affiliates

The Fund is permitted, pursuant to procedures approved by the Board of Trustees, to invest daily available cash balances and cash collateral from securities lending transactions in affiliated money market funds. The Fund and the money market funds below have the same investment advisor and therefore, are considered to be affiliated. The tables below show the transactions in and earnings from investments in affiliated money market funds for the six months ended June 30, 2007. During the period each investment maintained a $1.00 net asset value, as such there is no realized gain/(loss) and no change in unrealized appreciation/(depreciation).

Investments of Daily Available Cash Balances:

Fund	Value 12/31/06	Purchases at Cost	Proceeds from Sales	Value 06/30/07	Dividend Income
Liquid Assets Portfolio–Institutional Class	$1,538,853	$19,080,458	$(18,261,325)	$2,357,986	$ 61,567
Premier Portfolio–Institutional Class	1,538,853	19,080,458	(18,261,325)	2,357,986	61,257
Subtotal	$3,077,706	$38,160,916	$(36,522,650)	$4,715,972	$122,824

Investments of Cash Collateral from Securities Lending Transactions:

Fund	Value 12/31/06	Purchases at Cost	Proceeds from Sales	Value 06/30/07	Dividend Income*
Premier Portfolio–Institutional Class	$5,333,168	$58,150,008	$(62,729,301)	$ 753,875	$ 15,518
Total Investments in Affiliates	$8,410,874	$96,310,924	$(99,251,951)	$5,469,847	$138,342

* Net of compensation to counterparties.

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 advisor (or affiliated investment advisors), 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 six months ended June 30, 2007, the Fund engaged in securities sales of $1,351,803, which resulted in net realized gains of $58,581, and securities purchases of $85,577.

NOTE 5—Expense Offset Arrangement

The expense offset arrangement is comprised of custodian credits which result from periodic overnight cash balances at the custodian. For the six months ended June 30, 2007, the Fund received credits from this arrangement, which resulted in the reduction of the Fund's total expenses of $4,261.

NOTE 6—Trustees' and Officer's Fees and Benefits

''Trustees' and Officer's 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 Officer's 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 Officer's 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 six months ended June 30, 2007, the Fund paid legal fees of $2,535 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—Borrowings

Pursuant to an exemptive order from the Securities and Exchange Commission, the Fund may participate in an interfund lending facility that AIM has established for temporary borrowings by the AIM Funds. An interfund loan will be made under this facility only if the loan rate (an average of the rate available on bank loans and the rate available on investments in overnight repurchase agreements) is favorable to both the lending fund and the borrowing fund. A loan will be secured by collateral if the Fund's aggregate borrowings from all sources exceeds 10% of the Fund's total assets. To the extent that the loan is required to be secured by collateral, the collateral is marked to market daily to ensure that the market value is at least 102% of the outstanding principal value of the loan.

The Fund participates in an uncommitted unsecured revolving credit facility with State Street Bank and Trust Company (''SSB''). The Fund may borrow up to the lesser of (i) $125,000,000, or (ii) the limits set by its prospectus for borrowings. The Fund and other funds advised by AIM which are parties to the credit facility can borrow on a first come, first served basis. Principal on each loan outstanding shall bear interest at the bid rate quoted by SSB at the time of the request for the loan.

During the six months ended June 30, 2007, the Fund did not borrow or lend under the interfund lending facility or borrow under the uncommitted unsecured revolving credit facility.

Additionally, the Fund is permitted to temporarily carry a negative or overdrawn balance in its account with SSB, 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 AIM, not to exceed the contractually agreed upon rate.

NOTE 8—Portfolio Securities Loaned

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. Such collateral will be cash or debt securities issued or guaranteed by the U.S. Government or any of its agencies. Cash collateral received in connection with these loans is invested in short-term money market instruments or affiliated money market funds. 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. The Fund could also 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.

At June 30, 2007, securities with an aggregate value of $768,108 were on loan to brokers. The loans were secured by cash collateral of $753,875 received by the Fund and subsequently invested in an affiliated money market fund. For the six months ended June 30, 2007, the Fund received dividends on cash collateral investments of $15,518 for securities lending transactions, which are net of compensation to counterparties.

NOTE 9—Option Contracts Written

Call Option Contracts

	Number of Contracts	Premiums Received
Beginning of period	233	$ 32,351
Expired	(233)	(32,351)
End of period	—	$ —

NOTE 10—Tax Information

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end. Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. 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 had a capital loss carryforward as of December 31, 2006 which expires as follows:

Expiration	Capital Loss Carryforward*
December 31, 2007	$ 47,350,013
December 31, 2008	256,455,919
December 31, 2009	153,547,080
December 31, 2010	33,793,499
Total capital loss carryforward	$491,146,511

* 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 April 30, 2004, the date of the reorganization of AIM V.I. New Technology Fund and INVESCO VIF-Telecommunications Fund into the Fund, are realized on securities held in each fund as such date, the capital loss carryforward may be further limited for up to five years from the date of the reorganization.

NOTE 11—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2007 was $67,107,263 and $88,333,983, respectively. For interim reporting periods, the cost of investments for tax purposes includes reversals of certain tax items, such as wash sales, that have occurred since the prior fiscal year-end.

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

Aggregate unrealized appreciation of investment securities	$29,023,519
Aggregate unrealized (depreciation) of investment securities	(2,472,172)
Net unrealized appreciation of investment securities	$26,551,347

Cost of investments for tax purposes is $139,558,573.

NOTE 12—Share Information

Changes in Shares Outstanding

	Six months ended June 30, 2007[a]		Year ended December 31, 2006	
	Shares	Amount	Shares	Amount
Sold:				
Series I	890,692	$ 12,654,984	1,867,275	$ 24,826,913
Series II	726	9,983	870	10,943
Reacquired:				
Series I	(2,210,169)	(31,468,770)	(4,533,608)	(59,326,847)
Series II	(280)	(3,926)	(2,551)	(33,581)
	(1,319,031)	$(18,807,729)	(2,668,014)	$(34,522,572)

[a] There are four entities that are each record owners of more than 5% of the outstanding shares of the Fund and in the aggregate they own 68% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or advisor, 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, AIM and/or AIM affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, AIM and or AIM 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—New Accounting Standard

In June 2006, the Financial Accounting Standards Board (''FASB'') issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (''FIN 48''). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As required the Fund adopted FIN 48 provisions during the fiscal half year ending June 30, 2007. The adoption of these provisions has no impact on these financial statements.

NOTE 14—Financial Highlights

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

	Series I					
	Six months ended June 30, 2007	Year ended December 31, 2006	2005	2004	2003	2002
Net asset value, beginning of period	$ 14.02	$ 12.69	$ 12.42	$ 11.87	$ 8.17	$ 15.37
Income from investment operations:						
Net investment income (loss)	(0.03)	(0.08)	(0.07)	(0.04)[(a)]	(0.08)	(0.00)[(b)]
Net gains (losses) on securities (both realized and unrealized)	0.98	1.41	0.34	0.59	3.78	(7.20)
Total from investment operations	0.95	1.33	0.27	0.55	3.70	(7.20)
Net asset value, end of period	$ 14.97	$ 14.02	$ 12.69	$ 12.42	$ 11.87	$ 8.17
Total return[(c)]	6.78%	10.48%	2.17%	4.63%	45.29%	(46.84)%
Ratios/supplemental data:						
Net assets, end of period (000s omitted)	$165,324	$173,321	$190,700	$200,556	$171,546	$105,508
Ratio of expenses to average net assets	1.10%[(d)]	1.12%	1.12%	1.15%	1.10%	1.11%
Ratio of net investment income (loss) to average net assets	(0.38)%[(d)]	(0.54)%	(0.60)%	(0.39)%[(a)]	(0.85)%	(0.96)%
Portfolio turnover rate[(e)]	41%	116%	114%	137%	89%	92%

(a) Net investment income (loss) per share and the ratio of net investment income (loss) to average net assets include a special cash dividend received of $3.00 per share owned of Microsoft Corp. on December 2, 2004. Net investment income (loss) per share and the ratio of net investment income (loss) to average net assets excluding the special dividend are $(0.09) and (0.82)%, respectively.
(b) The net investment income (loss) per share was calculated after permanent book tax differences, such as net operating losses, which were reclassified from accumulated net investment income (loss) to paid in capital. Had net investment income (loss) per share been calculated using the current method, which is before reclassification of net operating losses, net investment income (loss) per share would have been $(0.12) for the year ended December 31, 2002, respectively.
(c) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Total returns are not annualized for periods less than one year and do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.
(d) Ratios are annualized and based on average daily net assets of $169,219,563.
(e) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year.

	Series II			
	Six months ended June 30, 2007	Year ended December 31, 2006	2005	April 30, 2004 (Date sales commenced) to December 31, 2004
Net asset value, beginning of period	$13.91	$12.62	$12.39	$11.09
Income from investment operations:				
Net investment income (loss)	(0.04)	(0.12)	(0.11)	(0.05)[(a)]
Net gains on securities (both realized and unrealized)	0.97	1.41	0.34	1.35
Total from investment operations	0.93	1.29	0.23	1.30
Net asset value, end of period	$14.84	$13.91	$12.62	$12.39
Total return[(b)]	6.69%	10.22%	1.86%	11.72%
Ratios/supplemental data:				
Net assets, end of period (000s omitted)	$ 149	$ 134	$ 142	$ 166
Ratio of expenses to average net assets	1.35%[(c)]	1.37%	1.37%	1.40%[(d)]
Ratio of net investment income (loss) to average net assets	(0.63)%[(c)]	(0.79)%	(0.85)%	(0.64)%[(a)(d)]
Portfolio turnover rate[(e)]	41%	116%	114%	137%

(a) Net investment income (loss) per share and the ratio of net investment income (loss) to average net assets include a special cash dividend received of $3.00 per share owned of Microsoft Corp. on December 2, 2004. Net investment income (loss) per share and the ratio of net investment income (loss) to average net assets excluding the special dividend are $(0.10) and (1.07)%, respectively.
(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Total returns are not annualized for periods less than one year and do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.
(c) Ratios are annualized and based on average daily net assets of $142,838.
(d) Annualized.
(e) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year.

NOTE 15—Legal Proceedings

Terms used in the Legal Proceedings Note are defined terms solely for the purpose of this note.

Pending Litigation and Regulatory Inquiries

On August 30, 2005, the West Virginia Office of the State Auditor — Securities Commission (''WVASC'') issued a Summary Order to Cease and Desist and Notice of Right to Hearing to A I M Advisors, Inc. (''AIM'') and AIM Distributors, Inc. (''ADI'') (Order No. 05-1318). The WVASC makes findings of fact that AIM and ADI entered into certain arrangements permitting market timing of the AIM Funds and failed to disclose these arrangements in the prospectuses for such Funds, and conclusions of law to the effect that AIM and ADI violated the West Virginia securities laws. The WVASC orders AIM and ADI to cease any further violations and seeks to impose monetary sanctions, including restitution to affected investors, disgorgement of fees, reimbursement of investigatory, administrative and legal costs and an ''administrative assessment,'' to be determined by the Commissioner. Initial research indicates that these damages could be limited or capped by statute. By agreement with the Commissioner of Securities, AIM's time to respond to that Order has been indefinitely suspended.

Civil lawsuits, including purported class action and shareholder derivative suits, have been filed against certain of the AIM Funds, INVESCO Funds Group, Inc. (''IFG'') (the former investment advisor to certain AIM Funds), AIM, ADI and/or related entities and individuals, depending on the lawsuit, alleging:

- that the defendants permitted improper market timing and related activity in the AIM Funds;
- that certain AIM Funds inadequately employed fair value pricing; and
- that the defendants improperly used the assets of the AIM Funds to pay brokers to aggressively promote the sale of the AIM Funds over other mutual funds and that the defendants concealed such payments from investors by disguising them as brokerage commissions.

These lawsuits allege as theories of recovery, depending on the lawsuit, violations of various provisions of the Federal and state securities laws and ERISA, negligence, breach of fiduciary duty and/or breach of contract. These lawsuits seek remedies that include, depending on the lawsuit, damages, restitution, injunctive relief, imposition of a constructive trust, removal of certain directors and/or employees, various corrective measures under ERISA, rescission of certain AIM Funds' advisory agreements and/or distribution plans and recovery of all fees paid, an accounting of all fund-related fees, commissions and soft dollar payments, restitution of all commissions and fees paid, and prospective relief in the form of reduced fees.

All lawsuits based on allegations of market timing, late trading and related issues have been transferred to the United States District Court for the District of Maryland (the ''MDL Court''). Pursuant to an Order of the MDL Court, plaintiffs in these lawsuits consolidated their claims for pre-trial purposes into three amended complaints against various AIM- and IFG-related parties: (i) a Consolidated Amended Class Action Complaint purportedly brought on behalf of shareholders of the AIM Funds; (ii) a Consolidated Amended Fund Derivative Complaint purportedly brought on behalf of the AIM Funds and fund registrants; and (iii) an Amended Class Action Complaint for Violations of the Employee Retirement Income Securities Act (''ERISA'') purportedly brought on behalf of participants in INVESCO PLC's 401(k) plan. Based on orders issued by the MDL Court, all claims asserted against the AIM Funds that have been transferred to the MDL Court have been dismissed, although certain Funds remain nominal defendants in the Consolidated Amended Fund Derivative Complaint. On September 15, 2006, the MDL Court granted the INVESCO defendants' motion to dismiss the Amended Class Action Complaint for Violations of ERISA and dismissed such Complaint. The plaintiff has commenced an appeal from that decision.

IFG, AIM, ADI and/or related entities and individuals have received inquiries from numerous regulators in the form of subpoenas or other oral or written requests for information and/or documents related to one or more of the following issues, among others, some of which concern one or more AIM Funds: market timing activity, late trading, fair value pricing, excessive or improper advisory and/or distribution fees, mutual fund sales practices, including revenue sharing and directed-brokerage arrangements, investments in securities of other registered investment companies, contractual plans, issues related to Section 529 college savings plans and procedures for locating lost security holders. IFG, AIM and ADI have advised the Fund that they are providing full cooperation with respect to these inquiries. Regulatory actions and/or additional civil lawsuits related to these or other issues may be filed against the AIM Funds, IFG, AIM and/or related entities and individuals in the future.

At the present time, management of AIM and the Fund are unable to estimate the impact, if any, that the outcome of the Pending Litigation and Regulatory Inquiries described above may have on AIM, ADI or the Fund.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2007, through June 30, 2007.

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

Actual expenses

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

Hypothetical example for comparison purposes

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

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

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

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Share Class	Beginning Account Value (1/1/07)	Ending Account Value (6/30/07)[1]	Expenses Paid During Period[2]	Ending Account Value (6/30/07)	Expenses Paid During Period[2]	Annualized Expense Ratio
Series I	$1,000.00	$1,067.80	$5.64	$1,019.34	$5.51	1.10%
Series II	1,000.00	1,066.90	6.92	1,018.10	6.76	1.35

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2007, through June 30, 2007, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

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

Approval of Investment Advisory Agreement

The Board of Trustees (the Board) of AIM Variable Insurance Funds is required under the Investment Company Act of 1940 to approve annually the renewal of the AIM V.I. Technology Fund (the Fund) investment advisory agreement with A I M Advisors, Inc. (AIM). During contract renewal meetings held on June 25-27, 2007, the Board as a whole and the disinterested or "independent" Trustees, voting separately, approved the continuance of the Fund's investment advisory agreement for another year, effective July 1, 2007. In doing so, the Board determined that the Fund's advisory agreement is in the best interests of the Fund and its shareholders and that the compensation to AIM under the Fund's advisory agreement is fair and reasonable.

The independent Trustees met separately during their evaluation of the Fund's investment advisory agreement with independent legal counsel from whom they received independent legal advice, and the independent Trustees also received assistance during their deliberations from the independent Senior Officer, a full-time officer of the AIM Funds who reports directly to the independent Trustees. The following discussion more fully describes the process employed by the Board to evaluate the performance of the AIM Funds (including the Fund) throughout the year and, more specifically, during the annual contract renewal meetings.

The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees which are responsible for overseeing the management of a number of the series portfolios of the AIM Funds. This Sub-Committee structure permits the Trustees to focus on the performance of the AIM Funds that have been assigned to them. The Sub-Committees meet throughout the year to review the performance of their assigned funds, and the Sub-Committees review monthly and quarterly comparative performance information and periodic asset flow data for their assigned funds. These materials are prepared under the direction and supervision of the independent Senior Officer. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned funds and other members of management and review with these individuals the performance, investment objective(s), policies, strategies and limitations of these funds.

In addition to their meetings throughout the year, the Sub-Committees meet at designated contract renewal meetings each year to conduct an in-depth review of the performance, fees and expenses of their assigned funds. During the contract renewal process, the Trustees receive comparative performance and fee data regarding all the AIM Funds prepared by an independent company, Lipper, Inc., under the direction and supervision of the independent Senior Officer who also prepares a separate analysis of this information for the Trustees. Each Sub-Committee then makes recommendations to the Investments Committee regarding the performance, fees and expenses of their assigned funds. The Investments Committee considers each Sub-Committee's recommendations and makes its own recommendations regarding the performance, fees and expenses of the AIM Funds to the full Board. Moreover, the Investments Committee considers each Sub-Committee's recommendations in making its annual recommendation to the Board whether to approve the continuance of each AIM Fund's investment advisory agreement and sub-advisory agreement, if applicable (advisory agreements), for another year.

The independent Trustees, as mentioned above, are assisted in their annual evaluation of the advisory agreements by the independent Senior Officer. One responsibility of the Senior Officer is to manage the process by which the AIM Funds' proposed management fees are negotiated during the annual contract renewal process to ensure that they are negotiated in a manner which is at arms' length and reasonable. Accordingly, the Senior Officer must either supervise a competitive bidding process or prepare an independent written evaluation. The Senior Officer has recommended that an independent written evaluation be provided and, upon the direction of the Board, has prepared an independent written evaluation.

During the annual contract renewal process, the Board considered the factors discussed below under the heading "Factors and Conclusions and Summary of Independent Written Fee Evaluation" in evaluating the fairness and reasonableness of the Fund's advisory agreement at the contract renewal meetings and at their meetings throughout the year as part of their ongoing oversight of the Fund. The Fund's advisory agreement was considered separately, although the Board also considered the common interests of all of the AIM Funds in their deliberations. The Board comprehensively considered all of the information provided to them and did not identify any particular factor that was controlling. Furthermore, each Trustee may have evaluated the information provided differently from one another and attributed different weight to the various factors. The Trustees recognized that the advisory arrangements and resulting advisory fees for the Fund and the other AIM Funds are the result of years of review and negotiation between the Trustees and AIM, that the Trustees may focus to a greater extent on certain aspects of these arrangements in some years than others, and that the Trustees' deliberations and conclusions in a particular year may be based in part on their deliberations and conclusions of these same arrangements throughout the year and in prior years.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

The discussion below serves as a summary of the Senior Officer's independent written evaluation, as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's advisory agreement. Unless otherwise stated, information set forth below is as of June 27, 2007 and does not reflect any changes that may have occurred since that date, including but not limited to changes to the Fund's performance, advisory fees, expense limitations and/or fee waivers.

A. Nature, Extent and Quality of Services Provided by AIM

The Board reviewed the advisory services provided to the Fund by AIM under the Fund's advisory agreement, the performance of AIM in providing these services, and the credentials and experience of the officers and employees of AIM who provide these services. The Board's review of the qualifications of AIM to provide these services included the Board's consideration of AIM's portfolio and product review process, various back office support functions provided by AIM, and AIM's equity and fixed income trading operations. The Board concluded that the nature, extent and quality of the advisory services provided to the Fund by AIM were appropriate and that AIM currently is providing satisfactory advisory services in accordance with the terms of the Fund's advisory agreement. In addition, based on their ongoing meetings throughout the year with the Fund's portfolio managers, the Board concluded that these individuals are competent and able to continue to carry out their responsibilities under the Fund's advisory agreement.

In determining whether to continue the Fund's advisory agreement, the Board considered the prior relationship between AIM and the Fund, as well as the Board's knowledge of AIM's operations, and concluded that it was beneficial to maintain the current relationship, in part, because of such knowledge. The Board also considered the steps that AIM and its affiliates have taken over the last several years to improve the quality and efficiency of the services they provide to the Funds in the areas of investment performance, product line diversification, distribution, fund operations, shareholder services and compliance. The Board concluded that the quality and efficiency of the services AIM and its affiliates provide to the AIM Funds in each of these areas have generally improved, and support the Board's approval of the continuance of the Fund's advisory agreement.

B. Fund Performance

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Fund's Lipper peer group that are not managed by AIM, and against the performance of all funds in the Lipper Variable Annuity Underlying Funds - Science & Technology Index. The Board also reviewed the methodology used by Lipper to identify the Fund's peers. The Board noted that the Fund's performance was above the median performance of its peers for the one year period, and below such performance for the three and five year periods. The Board noted that the Fund's performance was above the performance of the Index for the one year period, and below such Index for the three and five year periods. The Board noted that AIM made changes to the Fund's portfolio management team in 2007, which need more time to be evaluated before a conclusion can be reached that the changes have adequately addressed the Fund's underperformance. The Board also considered the steps AIM has taken over the last several years to improve the quality and efficiency of the services that AIM provides to

(continued)

the AIM Funds. The Board concluded that AIM continues to be responsive to the Board's focus on fund performance. Although the independent written evaluation of the Fund's Senior Officer (discussed below) only considered Fund performance through the most recent calendar year, the Board also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory Fees and Fee Waivers

The Board compared the Fund's contractual advisory fee rate to the contractual advisory fee rates of funds in the Fund's Lipper peer group that are not managed by AIM, at a common asset level and as of the end of the past calendar year. The Board noted that the Fund's advisory fee rate was below the median advisory fee rate of its peers. The Board also reviewed the methodology used by Lipper and noted that the contractual fee rates shown by Lipper include any applicable long-term contractual fee waivers. The Board also compared the Fund's contractual advisory fee rate to the contractual advisory fee rates of other clients of AIM and its affiliates with investment strategies comparable to those of the Fund, including one mutual fund advised by AIM, two Canadian funds advised by an AIM affiliate and sub-advised by AIM, and three offshore funds advised and sub-advised by AIM affiliates. The Board noted that the Fund's rate was: (i) above the rate for the mutual fund; (ii) above the sub-advisory fee rates for the two Canadian funds, although the advisory fee rates for such Canadian funds were above the Fund's; and (iii) below the advisory fee rates for two of the offshore funds and comparable to the advisory fee rate for the third such offshore fund.

The Board noted that AIM has contractually agreed to waive fees and/or limit expenses of the Fund through at least April 30, 2009 in an amount necessary to limit total annual operating expenses to a specified percentage of average daily net assets for each class of the Fund. The Board considered the contractual nature of this fee waiver and noted that it remains in effect until at least April 30, 2009. The Board reviewed the Fund's effective advisory fee rate, after taking account of this expense limitation, and considered the effect this expense limitation would have on the Fund's estimated total expenses. The Board concluded that the levels of fee waivers/expense limitations for the Fund were fair and reasonable.

The Board noted that AIM has not proposed any advisory fee waivers for the Fund. However, the Board also noted that AIM has recommended that the Board approve an amendment to the Fund's contractual advisory fee schedule that would implement the contractual advisory fee waiver that had been formerly committed to by AIM, which waiver provided for lower effective fee rates at all asset levels than the Fund's current contractual advisory fee schedule. The Board noted that AIM's recommendation was made in response to the recommendation of the independent Senior Officer that AIM consider whether the advisory fee waivers for certain equity AIM Funds, including the Fund, should be simplified. The Board concluded that it would be appropriate to approve the proposed amendment to the Fund's contractual advisory fee schedule and that it was not necessary at this time to discuss with AIM whether to implement any fee waivers for the Fund.

After taking account of the Fund's contractual advisory fee rate, as well as the comparative advisory fee information and the expense limitation discussed above, the Board concluded that the Fund's advisory fees were fair and reasonable.

D. Economies of Scale and Breakpoints

The Board considered the extent to which there are economies of scale in AIM's provision of advisory services to the Fund. The Board also considered whether the Fund benefits from such economies of scale through contractual breakpoints in the Fund's advisory fee schedule or through advisory fee waivers or expense limitations. The Board noted that the Fund's contractual advisory fee schedule currently does not include any breakpoints but that the amendment to the Fund's contractual advisory fee schedule discussed above provides for seven breakpoints. Based on this information, the Board concluded that the Fund's advisory fees will appropriately reflect economies of scale upon the Board's approval of the amendment to the Fund's contractual advisory fee schedule. The Board also noted that the Fund shares directly in economies of scale through lower fees charged by third party service providers based on the combined size of all of the AIM Funds and affiliates.

E. Profitability and Financial Resources of AIM

The Board reviewed information from AIM concerning the costs of the advisory and other services that AIM and its affiliates provide to the Fund and the profitability of AIM and its affiliates in providing these services. The Board also reviewed information concerning the financial condition of AIM and its affiliates. The Board also reviewed with AIM the methodology used to prepare the profitability information. The Board considered the overall profitability of AIM, as well as the profitability of AIM in connection with managing the Fund. The Board noted that AIM continues to operate at a net profit, although increased expenses in recent years have reduced the profitability of AIM and its affiliates. The Board concluded that the Fund's advisory fees were fair and reasonable, and that the level of profits realized by AIM and its affiliates from providing services to the Fund was not excessive in light of the nature, quality and extent of the services provided. The Board considered whether AIM is financially sound and has the resources necessary to perform its obligations under the Fund's advisory agreement, and concluded that AIM has the financial resources necessary to fulfill these obligations.

F. Independent Written Evaluation of the Fund's Senior Officer

The Board noted that, upon their direction, the Senior Officer of the Fund, who is independent of AIM and AIM's affiliates, had prepared an independent written evaluation to assist the Board in determining the reasonableness of the proposed management fees of the AIM Funds, including the Fund. The Board noted that they had relied upon the Senior Officer's written evaluation instead of a competitive bidding process. In determining whether to continue the Fund's advisory agreement, the Board considered the Senior Officer's written evaluation.

G. Collateral Benefits to AIM and its Affiliates

The Board considered various other benefits received by AIM and its affiliates resulting from AIM's relationship with the Fund, including the fees received by AIM and its affiliates for their provision of administrative, transfer agency and distribution services to the Fund. The Board considered the performance of AIM and its affiliates in providing these services and the organizational structure employed by AIM and its affiliates to provide these services. The Board also considered that these services are provided to the Fund pursuant to written contracts which are reviewed and approved on an annual basis by the Board. The Board concluded that AIM and its affiliates were providing these services in a satisfactory manner and in accordance with the terms of their contracts, and were qualified to continue to provide these services to the Fund.

The Board considered the benefits realized by AIM as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. Under these arrangements, portfolio brokerage commissions paid by the Fund and/or other funds advised by AIM are used to pay for research and execution services. The Board noted that soft dollar arrangements shift the payment obligation for the research and executions services from AIM to the funds and therefore may reduce AIM's expenses. The Board also noted that research obtained through soft dollar arrangements may be used by AIM in making investment decisions for the Fund and may therefore benefit Fund shareholders. The Board concluded that AIM's soft dollar arrangements were appropriate. The Board also concluded that, based on their review and representations made by AIM, these arrangements were consistent with regulatory requirements.

The Board considered the fact that the Fund's uninvested cash and cash collateral from any securities lending arrangements may be invested in money market funds advised by AIM pursuant to procedures approved by the Board. The Board noted that AIM will receive advisory fees from these affiliated money market funds attributable to such investments, although AIM has contractually agreed to waive the advisory fees payable by the Fund with respect to its investment of uninvested cash in these affiliated money market funds through at least April 30, 2009. The Board considered the contractual nature of this fee waiver and noted that it remains in effect until at least April 30, 2009. The Board concluded that the Fund's investment of uninvested cash and cash collateral from any securities lending arrangements in the affiliated money market funds is in the best interests of the Fund and its shareholders.