ANNUAL REPORT

AB VARIABLE PRODUCTS SERIES FUND, INC.

+AB BALANCED HEDGED ALLOCATION PORTFOLIO

Investment Products Offered

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AB's website at www.abfunds.com or go to the Securities and Exchange Commission's (the "Commission") website at www.sec.gov, or call AB at (800) 227 4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund's Form N-PORT reports are available on the Commission's website at www.sec.gov.

LETTER TO INVESTORS

February 14, 2024

The following is an update of AB Variable Products Series Fund—Balanced Hedged Allocation Portfolio (the “Portfolio”) for the annual reporting period ended December 31, 2023.

INVESTMENT OBJECTIVE AND POLICIES

The Portfolio’s investment objective is to maximize total return consistent with the Adviser’s determination of reasonable risk.

The Portfolio invests in a balanced portfolio of equity and fixed-income securities (the “Balanced Component”) that is designed as a solution for investors who seek exposure to equity returns but also want the risk diversification offered by fixed-income securities and the broad diversification of their equity risk across styles, capitalization ranges and geographic regions. The Portfolio also utilizes a risk management portfolio intended to enhance the risk-adjusted return of the Portfolio (the “Risk Management Component”). A portfolio’s return is enhanced on a risk-adjusted basis when the portfolio achieves lower volatility with similar returns, or higher returns at similar volatility, compared to its benchmark. Both Components are actively managed by the Adviser as an integrated whole.

With respect to the Balanced Component, the Portfolio typically invests in shares of exchange-traded funds (“ETFs”), most or all of which are passively managed; in exchange-traded derivatives; and directly in securities. ETFs may provide more efficient and economical exposure to the types of companies and geographic locations in which the Portfolio seeks to invest than direct investments. Through its investments, the Portfolio gains exposure to various domestic and foreign markets, regions and countries, including emerging markets. The Portfolio normally invests at least 25% of its assets in equity investments, primarily consisting of but not limited to ETFs. The Portfolio normally invests at least 25% of its assets in US fixed-income investments, primarily consisting of but not limited to US bond ETFs and US government securities, including Treasury inflation-protected securities. The Portfolio’s fixed-income exposure consists primarily of investment-grade debt and may from time to time include lower-rated debt (“junk bonds”). The Portfolio may also seek exposure to real assets by investing in real estate-related ETFs. The Portfolio uses derivatives to gain access to or adjust its equity and fixed-income exposures.

With respect to the Risk Management Component, the Adviser seeks to enhance the risk-adjusted return of the Portfolio, attempting to enhance market exposure in rising markets and reduce risk in downturns. The Adviser employs a variety of risk management techniques in its strategy, primarily using derivative instruments. The Adviser attempts to stabilize current returns of the Portfolio by using techniques designed to limit the downside exposure of the Portfolio during periods of market declines, to add market exposure to the Portfolio during periods of normal or rising markets, and to reduce the volatility of the Portfolio. The Adviser uses risk management techniques designed to protect the Portfolio’s ability to generate future income. These techniques may use strategies including options (involving the purchase and/or writing of various combinations of call and/or put index options, and also may include options on individual securities) and futures contracts (including futures contracts on stock indices and US Treasuries).

Derivatives may provide more efficient and economical exposure to market segments than direct investments, and may also be a more efficient way to alter the Portfolio’s exposures than making direct investments. The derivative instruments may include “long” and “short” positions in futures, options and swap contracts. The Portfolio may, for example, use credit default, interest rate and total return swaps to establish exposure to the fixed-income markets or particular fixed-income securities and, as noted below, may use currency derivatives to hedge or add foreign currency exposure. The Risk Management Component may also include “long” and “short” positions in US government securities and cash instruments.

The Adviser may employ currency hedging strategies in the Portfolio, including the use of currency-related derivatives, to seek to reduce currency risk in the Portfolio, but it is not required to do so.

The Adviser considers a variety of factors in determining whether to sell a security, including changes in market conditions and changes in prospects for the security.

INVESTMENT RESULTS

The table on page 5 shows the Portfolio’s performance compared with its primary benchmark, the Morgan Stanley Capital International All Country World Index (“MSCI ACWI”) (net), and the Bloomberg US Aggregate Bond Index, for the one-, five- and 10-year periods ended December 31, 2023.

For the annual period, all share classes of the Portfolio underperformed the primary benchmark and outperformed the Bloomberg US Aggregate Bond Index. The Portfolio’s more diversified approach, which balances exposures to equities, bonds and risk-management techniques is expected to underperform the all-equity primary benchmark during normal and rising markets. During the 12-month period, equities and fixed-income assets contributed to absolute performance, while the risk-management techniques detracted.

During the 12-month period, the Portfolio used derivatives for hedging and investment purposes in the form of futures, which added to absolute performance, while purchased options detracted.

MARKET REVIEW AND INVESTMENT STRATEGY

US, international and emerging-market stocks rose during the 12-month period ended December 31, 2023. Early in the period, aggressive central bank tightening—led by the US Federal Reserve—pressured global equity markets. Bouts of volatility continued as central banks reduced and then began to pause rate hikes but reiterated hawkish higher-for-longer rhetoric that weighed on sentiment. Later in the period, stronger-than-expected third-quarter economic growth triggered a rapid rise in bond yields—especially the 10-year US Treasury note, which briefly crossed the 5% threshold for the first time in 16 years. Headwinds from higher Treasury yields, conflict in the Middle East and mixed third-quarter earnings weighed on investor sentiment globally and briefly sent all major indices into correction territory in October. Equity markets rallied sharply during November and December, as optimism rose that the US Federal Reserve would begin to cut interest rates in 2024—both earlier and more than previously anticipated. Although US mega-cap technology stocks drove returns through much of the year, the rally broadened considerably during the fourth quarter as soft-landing expectations in the US continued to be underpinned by cooling inflation and moderating economic growth. Within large-cap markets, both growth- and value-oriented stocks rose, but growth significantly outperformed value, led by the technology sector and artificial intelligence optimism. Large-cap stocks outperformed small-cap stocks, although both rose in absolute terms.

Fixed-income government bond market yields were extremely volatile in all major developed markets, and developed-market government bond returns started to diverge based on individual country growth and inflation expectations and central bank decisions. Most central banks raised interest rates substantially to combat inflation, then paused further interest-rate hikes later in the period, and are now likely to begin to reduce short-term rates in 2024. Government bond returns in aggregate were strong as treasury yields fell significantly beginning in mid-October. Overall, developed-market investment-grade corporate bonds materially outperformed government bonds, including in the US and eurozone. High-yield corporate bonds advanced and significantly outperformed government bonds—especially in the eurozone and US. Emerging-market hard-currency sovereign bonds outperformed developed-market treasuries. Emerging-market hard-currency corporate bonds had strong relative positive returns. Among sovereigns and corporates, emerging-market high yield outperformed investment grade during the period. Local-currency sovereign bonds led emerging-market returns as the US dollar was mixed against all currencies over the year.

The Portfolio’s Senior Investment Management Team seeks enhanced risk-adjusted returns by utilizing a blend of US, international and emerging-market equities as well as diversifiers in the form of fixed-income, real estate investment trusts (“REITs”) and Treasury inflation-protected securities. The Portfolio also features a US Treasury futures overlay to benefit from potentially low correlation between Treasuries and equities. The blended equity and fixed-income exposures, combined with the US Treasury overlay and dynamic equity allocation (including equity index options) offer the potential to achieve higher risk-adjusted returns.

Benchmark Disclosure

All indices are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. The MSCI ACWI (net, free float-adjusted, market capitalization weighted) represents the equity market performance of developed and emerging markets. The Bloomberg US Aggregate Bond Index represents the performance of securities within the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities. The Bloomberg Global Aggregate Bond Index (USD hedged) represents the performance of the global investment-grade developed fixed-income markets, hedged to the US dollar. MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI. Net returns reflect the reinvestment of dividends after deduction of non-US withholding tax. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Portfolio.

A Word About Risk

Market Risk: The value of the Portfolio's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, including public health crises (including the occurrence of a contagious disease or illness) and regional and global conflicts, that affect large portions of the market. It includes the risk that a particular style of investing may underperform the market generally.

Allocation Risk: The allocation of investments among the different investment styles, such as growth or value, equity or debt securities, or US or non-US securities may have a more significant effect on the Portfolio's net asset value ("NAV") when one of these investment strategies is performing more poorly than others.

ETF Risk: ETFs are investment companies and are subject to market and selection risk. When the Portfolio invests in an ETF, the Portfolio bears its share of the ETF's expenses and runs the risk that the ETF may not achieve its investment objective.

Foreign (Non-US) Risk: Investments in securities of non-US issuers may involve more risk than those of US issuers. These securities may fluctuate more widely in price and may be more difficult to trade due to adverse market, economic, political, regulatory or other factors.

Emerging-Market Risk: Investments in emerging-market countries may have more risk because the markets are less developed and less liquid, and because these investments may be subject to increased economic, political, regulatory or other uncertainties.

Currency Risk: Fluctuations in currency exchange rates may negatively affect the value of the Portfolio's investments or reduce the Portfolio's returns.

Interest-Rate Risk: Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of existing investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest-rate risk is generally greater for fixed-income securities with longer maturities or durations. The Portfolio may be subject to greater risk of rising interest rates than would normally be the case due to the recent end of a period of historically low rates and the effects of potential central bank monetary policy, and government fiscal policy, initiatives and resulting market reactions to those initiatives.

Credit Risk: An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security and accrued interest. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

Below Investment-Grade Security Risk: Investments in fixed-income securities with lower ratings ("junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest-rate sensitivity and negative perceptions of the junk bond market generally, and may be more difficult to trade than other types of securities.

(Disclosures, Risks and Note About Historical Performance continued on next page)

Capitalization Risk: Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small- and mid-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

Derivatives Risk: Derivatives may be difficult to price or unwind and leveraged so that small changes may produce disproportionate losses for the Portfolio. A short position in a derivative instrument involves the risk of a theoretically unlimited increase in the value of the underlying asset, which could cause the Portfolio to suffer a potentially unlimited loss. Derivatives, especially over-the-counter derivatives, are also subject to counterparty risk, which is the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable or unwilling to honor its contractual obligations to the Portfolio.

Real Assets Risk: The Portfolio's investments in securities linked to real assets involve significant risks, including financial, operating, and competitive risks. Investments in securities linked to real assets expose the Portfolio to adverse macroeconomic conditions, such as a rise in interest rates or a downturn in the economy in which the asset is located. Changes in inflation rates or in the market's inflation expectations may adversely affect the market value of inflation-sensitive equities. The Portfolio's investments in real estate securities have many of the same risks as direct ownership of real estate, including the risk that the value of real estate could decline due to a variety of factors that affect the real estate market generally. Investments in REITs may have additional risks. REITs are dependent on the capability of their managers, may have limited diversification, and could be significantly affected by changes in tax laws. Some REITs may utilize leverage, which increases investment risk and may potentially increase the Portfolio's losses.

Management Risk: The Portfolio is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Portfolio, but there is no guarantee that its techniques will produce the intended results. Some of these techniques may incorporate, or rely upon, quantitative models, but there is no guarantee that these models will generate accurate forecasts, reduce risk or otherwise perform as expected.

These risks are fully discussed in the Variable Products prospectus. As with all investments, you may lose money by investing in the Portfolio.

An Important Note About Historical Performance
The investment return and principal value of an investment in the Portfolio will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Performance shown in this report represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. Please contact your financial advisor or insurance agent representative at your financial institution to obtain portfolio performance information current to the most recent month-end.

Effective May 1, 2022, the Portfolio made certain changes to its principal strategies, including the modification of the strategies to invest in ETFs, most or all of which are passively managed; reduce allocations to international securities; add the Risk Management Component; and eliminate the targets for allocation of investments in natural resource equity securities and inflation-sensitive equity securities. In light of these changes, the performance shown for periods prior to May 1, 2022, is based on the Portfolio's prior principal strategies and may not be representative of the Portfolio's performance under its current principal strategies.

Investors should consider the investment objectives, risks, charges and expenses of the Portfolio carefully before investing. For additional copies of the Portfolio's prospectus or summary prospectus, which contains this and other information, call your financial advisor or (800) 227 4618. Please read the prospectus and/or summary prospectus carefully before investing.

All fees and expenses related to the operation of the Portfolio have been deducted, but no adjustment has been made for insurance company separate account or annuity contract charges, which would reduce total return to a contract owner. Performance assumes reinvestment of distributions and does not account for taxes.

There are additional fees and expenses associated with all Variable Products. These fees can include mortality and expense risk charges, administrative charges, and other charges that can significantly reduce investment returns. Those fees and expenses are not reflected in this annual report. You should consult your Variable Products prospectus for a description of those fees and expenses and speak to your insurance agent or financial representative if you have any questions. You should read the prospectus before investing or sending money.

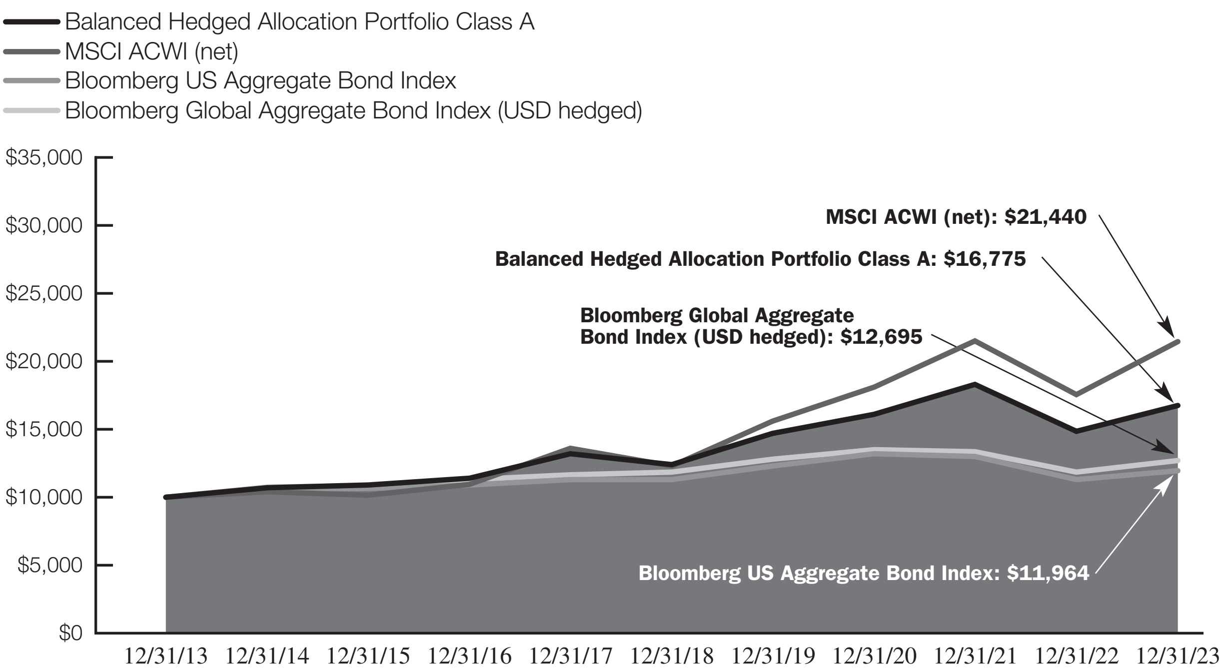
THE PORTFOLIO VS. ITS BENCHMARKS PERIODS ENDED DECEMBER 31, 2023 (unaudited)	Net Asset Value Returns		
	1 Year	5 Years[1]	10 Years[1]
Balanced Hedged Allocation Portfolio Class A	13.04%	6.20%	5.31%
Balanced Hedged Allocation Portfolio Class B	12.66%	5.92%	5.04%
Primary Benchmark: MSCI ACWI (net)	22.20%	11.72%	7.93%
Bloomberg US Aggregate Bond Index[2]	5.53%	1.10%	1.81%
Bloomberg Global Aggregate Bond Index (USD hedged)	7.15%	1.40%	2.41%

1 Average annual returns.

2 Effective May 1, 2022, the secondary index used for comparison with the Portfolio's performance has changed from the Bloomberg Global Aggregate Bond Index (USD hedged) to the Bloomberg US Aggregate Bond Index to show how the Portfolio's performance compares with the returns of an index of securities similar to those in which the Portfolio invests.

The Portfolio's current prospectus fee table shows the Portfolio's total annual operating expense ratios as 0.73% and 0.98% for Class A and Class B shares, respectively. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.

GROWTH OF A $10,000 INVESTMENT
12/31/2013 TO 12/31/2023 (unaudited)



This chart illustrates the total value of an assumed $10,000 investment in Balanced Hedged Allocation Portfolio Class A shares (from 12/31/2013 to 12/31/2023) as compared with the performance of the Portfolio's current and previous benchmarks. The chart assumes the reinvestment of dividends and capital gains distributions.

See Disclosures, Risks and Note About Historical Performance on pages 3-4.

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Portfolio expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses
The table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The estimate of expenses does not include fees or other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

Hypothetical Example for Comparison Purposes
The table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Portfolio'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 Portfolio and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. The estimate of expenses does not include fees or other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the second line of each class' table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value July 1, 2023	Ending Account Value December 31, 2023	Expenses Paid During Period*	Annualized Expense Ratio*	Total Expenses Paid During Period+	Total Annualized Expense Ratio+
Class A						
Actual	$ 1,000	$ 1,050.40	$ 3.62	0.70%	$ 3.88	0.75%
Hypothetical**	$ 1,000	$ 1,021.68	$ 3.57	0.70%	$ 3.82	0.75%
Class B						
Actual	$ 1,000	$ 1,049.30	$ 4.91	0.95%	$ 5.17	1.00%
Hypothetical**	$ 1,000	$ 1,020.42	$ 4.84	0.95%	$ 5.09	1.00%

* Expenses are equal to each classes' annualized expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

** Assumes 5% annual return before expenses.

\+ In connection with the Portfolio's investments in affiliated/unaffiliated underlying portfolios, the Portfolio incurs no direct expenses, but bears proportionate shares of the fees and expenses (i.e., operating, administrative and investment advisory fees) of the affiliated/unaffiliated underlying portfolios. The Adviser has contractually agreed to waive its fees from the Portfolio in an amount equal to the Portfolio's pro rata share of certain acquired fund fees and expenses of the affiliated underlying portfolios. The Portfolio's total expenses are equal to the classes' annualized expense ratio plus the Portfolio's pro rata share of the weighted average expense ratio of the affiliated/unaffiliated underlying portfolios in which it invests, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

BALANCED HEDGED ALLOCATION PORTFOLIO
TEN LARGEST HOLDINGS[1]
December 31, 2023 (unaudited)

SECURITY	U.S. $ VALUE	PERCENT OF NET ASSETS
iShares Core S&P 500 ETF	$ 52,146,210	30.2%
iShares Core U.S. Aggregate Bond ETF	26,251,625	15.2
Vanguard Total Bond Market ETF	26,198,510	15.2
iShares Core MSCI EAFE ETF	20,886,915	12.1
iShares Core MSCI Emerging Markets ETF	11,208,528	6.5
S&P 500 Index	7,128,280	4.1
Vanguard Mid-Cap ETF	5,816,000	3.4
U.S. Treasury Inflation Index	4,766,149	2.8
Vanguard Real Estate ETF	4,329,640	2.5
Vanguard Small-Cap ETF	4,159,935	2.4
	$ 162,891,792	94.4%

SECURITY TYPE BREAKDOWN[2]
December 31, 2023 (unaudited)

SECURITY TYPE	U.S. $ VALUE	PERCENT OF TOTAL INVESTMENTS
Investment Companies	$ 150,997,363	87.1%
Inflation-Linked Securities	4,766,149	2.7
Purchased Options—Calls	3,955,465	2.3
Purchased Options—Puts	3,172,815	1.8
Corporates—Investment Grade	195,495	0.1
Short-Term Investments	10,352,282	6.0
Total Investments	$ 173,439,569	100.0%

1 Long-term investments.

2 The Portfolio's security type breakdown is expressed as a percentage of total investments (excluding security lending collateral) and may vary over time. The Portfolio also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details).

Company		Shares	U.S. $ Value
INVESTMENT COMPANIES–87.4%			
FUNDS AND INVESTMENT TRUSTS–87.4%*			
iShares Core MSCI EAFE ETF		296,900	$ 20,886,915
iShares Core MSCI Emerging Markets ETF		221,600	11,208,528
iShares Core S&P 500 ETF		109,177	52,146,210
iShares Core U.S. Aggregate Bond ETF		264,500	26,251,625
Vanguard Mid-Cap ETF(a)		25,000	5,816,000
Vanguard Real Estate ETF(a)		49,000	4,329,640
Vanguard Small-Cap ETF(a)		19,500	4,159,935
Vanguard Total Bond Market ETF		356,200	26,198,510
Total Investment Companies (cost $146,127,521)			150,997,363
		Principal Amount (000)	
INFLATION-LINKED SECURITIES–2.7%			
UNITED STATES–2.7%			
U.S. Treasury Inflation Index 0.125%, 01/15/2032(b) (cost $5,436,229)	U.S.$	5,409	4,766,149
		Notional Amount	
PURCHASED OPTIONS–CALLS–2.3%			
OPTIONS ON EQUITY INDICES–2.3%			
S&P 500 Index Expiration: Dec 2025; Contracts: 19; Exercise Price: USD 4,700.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	8,930,000	1,230,725
S&P 500 Index Expiration: Dec 2025; Contracts: 18; Exercise Price: USD 4,500.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	8,100,000	$ 1,403,820
S&P 500 Index Expiration: Dec 2025; Contracts: 9; Exercise Price: USD 4,800.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	4,320,000	526,275
S&P 500 Index Expiration: Dec 2025; Contracts: 7; Exercise Price: USD 4,900.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	3,430,000	366,905
S&P 500 Index Expiration: Dec 2025; Contracts: 6; Exercise Price: USD 4,600.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	2,760,000	427,740
Total Purchased Options–Calls (premiums paid $2,944,751)			3,955,465
PURCHASED OPTIONS–PUTS–1.8%			
OPTIONS ON EQUITY INDICES–1.8%			
S&P 500 Index Expiration: Dec 2025; Contracts: 42; Exercise Price: USD 4,600.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	19,320,000	1,194,270
S&P 500 Index Expiration: Dec 2025; Contracts: 19; Exercise Price: USD 4,700.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	8,930,000	591,280

Company		Notional Amount	U.S. $ Value
S&P 500 Index Expiration: Dec 2025; Contracts: 18; Exercise Price: USD 4,500.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	8,100,000	$ 466,740
S&P 500 Index Expiration: Dec 2025; Contracts: 15; Exercise Price: USD 4,400.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	6,600,000	354,225
S&P 500 Index Expiration: Dec 2025; Contracts: 9; Exercise Price: USD 4,800.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	4,320,000	306,180
S&P 500 Index Expiration: Dec 2025; Contracts: 7; Exercise Price: USD 4,900.00; Counterparty: Morgan Stanley & Co., Inc.(c)	USD	3,430,000	260,120
Total Purchased Options–Puts (premiums paid $4,074,243)			3,172,815
		Principal Amount (000)	
CORPORATES–INVESTMENT GRADE–0.1%			
INDUSTRIAL–0.1%			
SERVICES–0.1%			
Chicago Parking Meters LLC(d) (cost $200,000)	U.S.$	200	195,495
		Shares	
COMMON STOCKS–0.0%			
ENERGY–0.0%			
OIL, GAS & CONSUMABLE FUELS–0.0%			
Gazprom PJSC(c)(d)(e)		31,460	–0–
LUKOIL PJSC(d)(e)(f)		790	–0–
			–0–

Company	Shares	U.S. $ Value
MATERIALS–0.0%		
METALS & MINING–0.0%		
MMC Norilsk Nickel PJSC (ADR)(c)(d)(e)	2,540	$ –0–
Total Common Stocks (cost $272,696)		–0–
SHORT-TERM INVESTMENTS–6.0%		
INVESTMENT COMPANIES–6.0%		
AB Fixed Income Shares, Inc.–Government Money Market Portfolio–Class AB, 5.27%(g)(h)* (cost $10,352,282)	10,352,282	10,352,282
TOTAL INVESTMENTS BEFORE SECURITY LENDING COLLATERAL FOR SECURITIES LOANED–100.3% (cost $169,407,722)		173,439,569
INVESTMENTS OF CASH COLLATERAL FOR SECURITIES LOANED–3.6%		
INVESTMENT COMPANIES–3.6%		
AB Fixed Income Shares, Inc.–Government Money Market Portfolio–Class AB, 5.27%(g)(h)* (cost $6,202,225)	6,202,225	6,202,225
TOTAL INVESTMENTS–103.9% (cost $175,609,947)		179,641,794
Other assets less liabilities–(3.9)%		(6,800,909)
NET ASSETS–100.0%		$ 172,840,885

FUTURES (see Note D)

Description	Number of Contracts	Expiration Month	Current Notional	Value and Unrealized Appreciation (Depreciation)
Purchased Contracts				
E-Mini Russell 2000 Futures	10	March 2024	$ 1,023,850	$ 79,067
MSCI EAFE Futures	45	March 2024	5,067,900	199,345
MSCI Emerging Markets Futures	52	March 2024	2,687,620	124,373
S&P 500 E-Mini Futures	56	March 2024	13,496,000	502,209
S&P Mid 400 E-Mini Futures	4	March 2024	1,123,800	63,942
U.S. Long Bond (CBT) Futures	50	March 2024	6,246,875	501,869
U.S. T-Note 10 Yr (CBT) Futures	516	March 2024	58,251,563	1,901,820
				$ 3,372,625

* To obtain a copy of the fund's shareholder report, please go to the Securities and Exchange Commission's website at www.sec.gov. Additionally, shareholder reports for AB funds can be obtained by calling AB at (800) 227-4618.

(a) Represents entire or partial securities out on loan. See Note E for securities lending information.

(b) Position, or a portion thereof, has been segregated to collateralize margin requirements for open futures contracts.

(c) Non-income producing security.

(d) Fair valued by the Adviser.

(e) Security in which significant unobservable inputs (Level 3) were used in determining fair value.

(f) Restricted and illiquid security.

Restricted & Illiquid Securities	Acquisition Date	Cost	Market Value	Percentage of Net Assets
LUKOIL PJSC	06/29/2018	$ 61,154	$ –0–	0.00%

(g) Affiliated investments.

(h) The rate shown represents the 7-day yield as of period end.

Currency Abbreviations:

USD—United States Dollar

Glossary:

ADR—American Depositary Receipt
CBT—Chicago Board of Trade
EAFE—Europe, Australia, and Far East
ETF—Exchange Traded Fund
MSCI—Morgan Stanley Capital International
PJSC—Public Joint Stock Company

See notes to financial statements.

ASSETS	
Investments in securities, at value	
Unaffiliated issuers (cost $159,055,440)	$163,087,287(a)
Affiliated issuers (cost $16,554,507—including investment of cash collateral for securities loaned of $6,202,225)	16,554,507
Cash	2,476
Foreign currencies, at value (cost $6,778)	6,923
Affiliated dividends receivable	40,660
Unaffiliated interest and dividends receivable	17,852
Receivable due from Adviser	1,478
Receivable for capital stock sold	103
Total assets	179,711,286
LIABILITIES	
Payable for collateral received on securities loaned	6,202,225
Payable for capital stock redeemed	144,521
Advisory fee payable	64,886
Payable for variation margin on futures	64,679
Distribution fee payable	32,719
Administrative fee payable	24,090
Foreign capital gains tax payable	5,943
Transfer Agent fee payable	150
Accrued expenses	331,188
Total liabilities	6,870,401
NET ASSETS	$172,840,885
COMPOSITION OF NET ASSETS	
Capital stock, at par	$ 19,993
Additional paid-in capital	167,328,453
Distributable earnings	5,492,439
NET ASSETS	$172,840,885

Net Asset Value Per Share—1 billion shares of capital stock authorized, $.001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 15,842,959	1,804,782	$ 8.78
B	$ 156,997,926	18,188,029	$ 8.63

(a) Includes securities on loan with a value of $24,942,897 (see Note E).

See notes to financial statements.

INVESTMENT INCOME	
Dividends	
Unaffiliated issuers (net of foreign taxes withheld of $8,301)	$ 3,864,791
Affiliated issuers	429,579
Interest	185,150
Securities lending income	37,429
	4,516,949
EXPENSES	
Advisory fee (see Note B)	779,924
Distribution fee—Class B	393,840
Transfer agency—Class A	490
Transfer agency—Class B	4,892
Custody and accounting	129,746
Administrative	96,512
Audit and tax	86,643
Printing	39,667
Legal	37,518
Directors' fees	18,989
Miscellaneous	17,400
Total expenses	1,605,621
Less: expenses waived and reimbursed by the Adviser (see Notes B & E)	(12,811)
Net expenses	1,592,810
Net investment income	2,924,139
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS	
Net realized loss on:	
Investment transactions(a)	(4,552,830)
Futures	(1,497,512)
Foreign currency transactions	(116)
Net change in unrealized appreciation (depreciation) of:	
Investments	19,261,607
Futures	4,567,585
Foreign currency denominated assets and liabilities	2,270
Net gain on investment and foreign currency transactions	17,781,004
NET INCREASE IN NET ASSETS FROM OPERATIONS	$20,705,143

(a) Net of foreign realized capital gains taxes of $7,857.

See notes to financial statements.

BALANCED HEDGED ALLOCATION PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31, 2023	Year Ended December 31, 2022
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	$ 2,924,139	$ 2,576,399
Net realized gain (loss) on investment and foreign currency transactions	(6,050,458)	10,294,648
Net change in unrealized appreciation (depreciation) of investments and foreign currency denominated assets and liabilities	23,831,462	(58,310,497)
Contributions from Affiliates (see Note B)	–0–	2,636
Net increase (decrease) in net assets from operations	20,705,143	(45,436,814)
Distributions to Shareholders		
Class A	(978,634)	(2,419,129)
Class B	(9,515,346)	(24,164,652)
CAPITAL STOCK TRANSACTIONS		
Net increase (decrease)	(14,760,704)	3,638,903
Total decrease	(4,549,541)	(68,381,692)
NET ASSETS		
Beginning of period	177,390,426	245,772,118
End of period	$172,840,885	$177,390,426

See notes to financial statements.

NOTE A: Significant Accounting Policies

The AB Balanced Hedged Allocation Portfolio (the "Portfolio") (formerly known as AB Balanced Wealth Strategy Portfolio) is a series of AB Variable Products Series Fund, Inc. (the "Fund"). The Portfolio's investment objective is to maximize total return consistent with the determination of AllianceBernstein L.P. (the "Adviser") of reasonable risk. The Portfolio is diversified as defined under the Investment Company Act of 1940 (the "1940 Act"). The Fund was incorporated in the State of Maryland as an open-end series investment company. The Fund offers 10 separately managed pools of assets which have differing investment objectives and policies. The Portfolio offers Class A and Class B shares. Both classes of shares have identical voting, dividend, liquidating and other rights, except that Class B shares bear a distribution expense and have exclusive voting rights with respect to the Class B distribution plan.

The Portfolio offers and sells its shares only to separate accounts of certain life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Sales are made without a sales charge at the Portfolio's net asset value per share.

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The Portfolio is an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. The following is a summary of significant accounting policies followed by the Portfolio.

1. Security Valuation

Portfolio securities are valued at market value determined on the basis of market quotations or, if market quotations are not readily available or are unreliable, at "fair value" as determined in accordance with procedures approved by and under the oversight of the Fund's Board of Directors (the "Board"). Pursuant to these procedures, the Adviser serves as the Portfolio's valuation designee pursuant to Rule 2a-5 of the 1940 Act. In this capacity, the Adviser is responsible, among other things, for making all fair value determinations relating to the Portfolio's portfolio investments, subject to the Board's oversight.

In general, the market values of securities which are readily available and deemed reliable are determined as follows: securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter ("OTC") market put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, the Adviser will have discretion to determine the best valuation (e.g., last trade price in the case of listed options); open futures are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. Government securities and any other debt instruments having 60 days or less remaining until maturity are generally valued at market by an independent pricing vendor, if a market price is available. If a market price is not available, the securities are valued at amortized cost. This methodology is commonly used for short term securities that have an original maturity of 60 days or less, as well as short term securities that had an original term to maturity that exceeded 60 days. In instances when amortized cost is utilized, the Valuation Committee (the "Committee") must reasonably conclude that the utilization of amortized cost is approximately the same as the fair value of the security. Factors the Committee will consider include, but are not limited to, an impairment of the creditworthiness of the issuer or material changes in interest rates. Fixed-income securities, including mortgage-backed and asset-backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker-dealers. In cases where broker-dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Open-end mutual funds are valued at the closing net asset value per share, while exchange traded funds are valued at the closing market price per share.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value as deemed appropriate by the Adviser. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Portfolio may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Portfolio values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities. To account for this, the Portfolio generally values many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability (including those valued based on their market values as described in Note A.1 above). Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Portfolio. Unobservable inputs reflect the Portfolio's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

The fair value of debt instruments, such as bonds, and over-the-counter derivatives is generally based on market price quotations, recently executed market transactions (where observable) or industry recognized modeling techniques and are generally classified as Level 2. Pricing vendor inputs to Level 2 valuations may include quoted prices for similar investments in active markets, interest rate curves, coupon rates, currency rates, yield curves, option adjusted spreads, default rates, credit spreads and other unique security features in order to estimate the relevant cash flows which are then discounted to calculate fair values. If these inputs are unobservable and significant to the fair value, these investments will be classified as Level 3.

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

Options are valued using market-based inputs to models, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency, where such inputs and models are available. Alternatively, the values may be obtained through unobservable management determined inputs and/or management's proprietary models. Where models are used, the selection of a particular model to value an option depends upon the contractual terms of, and specific risks inherent in, the option as well as the availability of pricing information in the market. Valuation models require a variety of inputs, including contractual terms, market prices, measures of volatility and correlations of such inputs. Exchange traded options generally will be classified as Level 2. For options that do not trade on an exchange but trade in liquid markets, inputs can generally be verified and model selection does not involve significant management judgment. Options are classified within Level 2 on the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Otherwise such instruments are classified as Level 3.

Other fixed income investments, including non-U.S. government and corporate debt, are generally valued using quoted market prices, if available, which are typically impacted by current interest rates, maturity dates and any perceived credit risk of the issuer. Additionally, in the absence of quoted market prices, these inputs are used by pricing vendors to derive a valuation based upon industry or proprietary models which incorporate issuer specific data with relevant yield/spread comparisons with more widely quoted bonds with similar key characteristics. Those investments for which there are observable inputs are classified as Level 2. Where the inputs are not observable, the investments are classified as Level 3.

The following table summarizes the valuation of the Portfolio's investments by the above fair value hierarchy levels as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments in Securities:				
Assets:				
Investment Companies	$150,997,363	$ –0–	$ –0–	$150,997,363
Inflation-Linked Securities	–0–	4,766,149	–0–	4,766,149
Purchased Options—Calls	–0–	3,955,465	–0–	3,955,465
Purchased Options—Puts	–0–	3,172,815	–0–	3,172,815
Corporates—Investment Grade	–0–	195,495	–0–	195,495
Common Stocks	–0–	–0–	0(a)	–0–
Short-Term Investments	10,352,282	–0–	–0–	10,352,282
Investments of Cash Collateral for Securities Loaned in Affiliated Money Market Fund	6,202,225	–0–	–0–	6,202,225
Total Investments in Securities	167,551,870	12,089,924	0(a)	179,641,794
Other Financial Instruments(b):				
Assets:				
Futures	3,372,625	–0–	–0–	3,372,625(c)
Total	**$170,924,495**	**$12,089,924**	**$ 0(a)**	**$183,014,419**

(a) The Portfolio held securities with zero market value at period end.

(b) Other financial instruments include reverse repurchase agreements and derivative instruments, such as futures, forwards and swaps. Derivative instruments are valued at the unrealized appreciation (depreciation) on the instrument. Other financial instruments may also include swaps with upfront premiums, written options and written swaptions which are valued at market value.

(c) Only variation margin receivable (payable) at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation (depreciation) on futures and centrally cleared swaps as reported in the portfolio of investments. Where applicable, centrally cleared swaps with upfront premiums are presented here at market value.

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Portfolio's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation of foreign currency denominated assets and liabilities.

4. Taxes

It is the Portfolio's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Portfolio may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Portfolio's tax positions taken or expected to be taken on federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Portfolio's financial statements.

5. Investment Income and Investment Transactions
Dividend income is recorded on the ex-dividend date or as soon as the Portfolio is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. Non-cash dividends, if any, are recorded on the ex-dividend date at the fair value of the securities received. The Portfolio amortizes premiums and accretes discounts as adjustments to interest income. The Portfolio accounts for distributions received from REIT investments or from regulated investment companies as dividend income, realized gain, or return of capital based on information provided by the REIT or the investment company.

6. Class Allocations
All income earned and expenses incurred by the Portfolio are borne on a pro-rata basis by each outstanding class of shares, based on the proportionate interest in the Portfolio represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Expenses of the Fund are charged proportionately to each portfolio or based on other appropriate methods. Realized and unrealized gains and losses are allocated among the various share classes based on respective net assets.

7. Dividends and Distributions
Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

NOTE B: Advisory Fee and Other Transactions with Affiliates
Under the terms of the investment advisory agreement, the Portfolio pays the Adviser an advisory fee at an annual rate of .45% of the first $2.5 billion, .425% of the next $2.5 billion and .40% in excess of $5 billion, of the Portfolio's average daily net assets. The fee is accrued daily and paid monthly. Prior to May 2, 2022, the Portfolio paid the Adviser an advisory fee at an annual rate of .55% of the first $2.5 billion, .45% of the next $2.5 billion and .40% in excess of $5 billion, of the Portfolio's average daily net assets. The Adviser has agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating expenses on an annual basis (the "Expense Caps") to .75% and 1.00% of daily average net assets for Class A and Class B shares, respectively. For the year ended December 31, 2023, there was no such reimbursement. This fee waiver and/or expense reimbursement agreement extends through May 1, 2024 and then may be extended by the Adviser for additional one-year terms.

Pursuant to the investment advisory agreement, the Portfolio may reimburse the Adviser for certain legal and accounting services provided to the Portfolio by the Adviser. For the year ended December 31, 2023, the reimbursement for such services amounted to $96,512.

The Portfolio compensates AllianceBernstein Investor Services, Inc. ("ABIS"), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Portfolio. Such compensation retained by ABIS amounted to $1,800 for the year ended December 31, 2023.

The Portfolio may invest in AB Government Money Market Portfolio (the "Government Money Market Portfolio") which has a contractual annual advisory fee rate of .20% of the portfolio's average daily net assets and bears its own expenses. The Adviser had contractually agreed to waive .10% of the advisory fee of Government Money Market Portfolio (resulting in a net advisory fee of .10%) until August 31, 2023. Effective September 1, 2023, the Adviser has contractually agreed to waive .05% of the advisory fee of Government Money Market Portfolio (resulting in a net advisory fee of .15%) until August 31, 2024. In connection with the investment by the Portfolio in Government Money Market Portfolio, the Adviser has contractually agreed to waive its advisory fee from the Portfolio in an amount equal to the Portfolio's pro rata share of the effective advisory fee of Government Money Market Portfolio, as borne indirectly by the Portfolio as an acquired fund fee and expense. For the year ended December 31, 2023, such waiver amounted to $9,983.

A summary of the Portfolio's transactions in AB mutual funds for the year ended December 31, 2023 is as follows:

Portfolio	Market Value 12/31/22 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value 12/31/23 (000)	Dividend Income (000)
Government Money Market Portfolio	$7,692	$ 51,889	$ 49,228	$10,353	$430
Government Money Market Portfolio*	1,978	308,531	304,307	6,202	12
Total				$16,555	$442

* Investments of cash collateral for securities lending transactions (see Note E).

During the year ended December 31, 2022, the Adviser reimbursed the Portfolio $2,636 for trading losses incurred due to a trade entry error.

NOTE C: Distribution Plan

The Portfolio has adopted a Distribution Plan (the "Plan") for Class B shares pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, the Portfolio pays distribution and servicing fees to AllianceBernstein Investments, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, at an annual rate of up to .50% of the Portfolio's average daily net assets attributable to Class B shares. The fees are accrued daily and paid monthly. The Board currently limits payments under the Plan to .25% of the Portfolio's average daily net assets attributable to Class B shares. The Plan provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities.

The Portfolio is not obligated under the Plan to pay any distribution and servicing fees in excess of the amounts set forth above. The purpose of the payments to the Distributor under the Plan is to compensate the Distributor for its distribution services with respect to the sale of the Portfolio's Class B shares. Since the Distributor's compensation is not directly tied to its expenses, the amount of compensation received by it under the Plan during any year may be more or less than its actual expenses. For this reason, the Plan is characterized by the staff of the Securities and Exchange Commission as being of the "compensation" variety.

In the event that the Plan is terminated or not continued, no distribution or servicing fees (other than current amounts accrued but not yet paid) would be owed by the Portfolio to the Distributor.

The Plan also provides that the Adviser may use its own resources to finance the distribution of the Portfolio's shares.

NOTE D: Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended December 31, 2023 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$7,018,994	$28,938,893
U.S. government securities	–0–	–0–

The cost of investments for federal income tax purposes, gross unrealized appreciation and unrealized depreciation are as follows:

Cost	$175,609,947
Gross unrealized appreciation	$ 12,737,265
Gross unrealized depreciation	(8,705,418)
Net unrealized appreciation	$ 4,031,847

1. Derivative Financial Instruments

The Portfolio may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

The principal types of derivatives utilized by the Portfolio, as well as the methods in which they may be used are:

- **Futures**
  The Portfolio may buy or sell futures for investment purposes or for the purpose of hedging its portfolio against adverse effects of potential movements in the market. The Portfolio bears the market risk that arises from changes in

the value of these instruments and the imperfect correlation between movements in the price of the futures and movements in the price of the assets, reference rates or indices which they are designed to track. Among other things, the Portfolio may purchase or sell futures for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under “Currency Transactions”.

At the time the Portfolio enters into futures, the Portfolio deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Such amount is shown as cash collateral due from broker on the statement of assets and liabilities. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Portfolio as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures is generally less than privately negotiated futures, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, has robust risk mitigation standards, including the requirement to provide initial and variation margin. When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Use of long futures subjects the Portfolio to risk of loss in excess of the amounts shown on the statement of assets and liabilities, up to the notional value of the futures. Use of short futures subjects the Portfolio to unlimited risk of loss. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of futures can vary from the previous day’s settlement price, which could effectively prevent liquidation of unfavorable positions.

During the year ended December 31, 2023, the Portfolio held futures for hedging and non-hedging purposes.

- **Option Transactions**

For hedging and investment purposes, the Portfolio may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. Among other things, the Portfolio may use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under “Currency Transactions” and may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, for hedging and investment purposes.

The risk associated with purchasing an option is that the Portfolio pays a premium whether or not the option is exercised. Additionally, the Portfolio bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract. If a put or call purchased option by the Portfolio were permitted to expire without being sold or exercised, its premium would represent a loss to the Portfolio. Put and call purchased options are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Portfolio writes an option, the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to the current market value of the written option. The Portfolio’s maximum payment for written put options equates to the number of shares multiplied by the strike price. In certain circumstances maximum payout amounts may be partially offset by recovery values of the respective referenced assets and upfront premium received upon entering into the contract. Premiums received from written options which expire unexercised are recorded by the Portfolio on the expiration date as realized gains from written options. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Portfolio has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Portfolio. In writing an option, the Portfolio bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of the written option by the Portfolio could result in the Portfolio selling or buying a security or currency at a price different from the current market value.

During the year ended December 31, 2023, the Portfolio held purchased options for hedging and non-hedging purposes.

During the year ended December 31, 2023, the Portfolio had entered into the following derivatives:

	Asset Derivatives		Liability Derivatives	
Derivative Type	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Receivable for variation margin on futures	$ 2,403,689*		
Equity contracts	Receivable for variation margin on futures	968,936*		
Equity contracts	Investments in securities, at value	7,128,280		
Total		$10,500,905		

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation (depreciation) on futures and centrally cleared swaps as reported in the portfolio of investments.

Derivative Type	Location of Gain or (Loss) on Derivatives Within Statement of Operations	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Interest rate contracts	Net realized gain (loss) on futures; Net change in unrealized appreciation (depreciation) of futures	$(3,923,823)	$2,869,782
Equity contracts	Net realized gain (loss) on futures; Net change in unrealized appreciation (depreciation) of futures	2,426,311	1,697,803
Equity contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation (depreciation) of investments	(4,498,171)	926,466
Total		$(5,995,683)	$5,494,051

The following table represents the average monthly volume of the Portfolio's derivative transactions during the year ended December 31, 2023:

Futures:	
Average notional amount of buy contracts	$92,668,322
Average notional amount of sale contracts	$11,027,693(a)
Purchased Options:	
Average notional amount	$72,151,538

(a) Positions were open for one month during the year.

2. Currency Transactions

The Portfolio may invest in non-U.S. Dollar-denominated securities on a currency hedged or unhedged basis. The Portfolio may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Portfolio may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Portfolio and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Portfolio may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

NOTE E: Securities Lending

The Portfolio may enter into securities lending transactions. Under the Portfolio's securities lending program, all loans of securities will be collateralized continually by cash collateral and/or non-cash collateral. Non-cash collateral will include only securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. If the Portfolio cannot sell or repledge any non-cash collateral, such collateral will not be reflected in the portfolio of investments. If a loan is collateralized by cash, the Portfolio will be compensated for the loan from a portion of the net return from the income earned on cash collateral after a rebate is paid to the borrower (in some cases, this rebate may be a "negative rebate" or fee paid by the borrower to the Portfolio in connection with the loan), and payments are made for fees of the securities lending agent and for certain other administrative expenses. If the Portfolio receives non-cash collateral, the Portfolio will receive a fee from the borrower generally equal to a negotiated percentage of the market value of the loaned securities. The Portfolio will have the right to call a loan and obtain the securities loaned at any time on notice to the borrower within the normal and customary settlement time for the securities. While the securities are on loan, the borrower is obligated to pay the Portfolio amounts equal to any dividend income or other distributions from the securities; however, these distributions will not be afforded the same preferential tax treatment as qualified dividends. The Portfolio will not be able to exercise voting rights with respect to any securities during the existence of a loan, but will have the right to regain ownership of loaned securities in order to exercise voting or other ownership rights. Collateral received and securities loaned are marked to market daily to ensure that the securities loaned are secured by collateral. The lending agent currently invests the cash collateral received in Government Money Market Portfolio, an eligible money market vehicle, in accordance with the investment restrictions of the Portfolio, and as approved by the Board. The collateral received on securities loaned is recorded as an asset as well as a corresponding liability in the statement of assets and liabilities. The collateral will be adjusted the next business day to maintain the required collateral amount. The amounts of securities lending income from the borrowers and Government Money Market Portfolio are reflected in the statement of operations. When the Portfolio earns net securities lending income from Government Money Market Portfolio, the income is inclusive of a rebate expense paid to the borrower. In connection with the cash collateral investment by the Portfolio in Government Money Market Portfolio, the Adviser has agreed to waive a portion of the Portfolio's share of the advisory fees of Government Money Market Portfolio, as borne indirectly by the Portfolio as an acquired fund fee and expense. When the Portfolio lends securities, its investment performance will continue to reflect changes in the value of the securities loaned. A principal risk of lending portfolio securities is that the borrower may fail to return the loaned securities upon termination of the loan and that the collateral will not be sufficient to replace the loaned securities. The lending agent has agreed to indemnify the Portfolio in the case of default of any securities borrower.

A summary of the Portfolio's transactions surrounding securities lending for the year ended December 31, 2023 is as follows:

				Government Money Market Portfolio	
Market Value of Securities on Loan*	Cash Collateral*	Market Value of Non-Cash Collateral*	Income from Borrowers	Income Earned	Advisory Fee Waived
$24,942,897	$6,202,225	$19,388,944	$25,581	$11,848	$2,828

* As of December 31, 2023.

NOTE F: Capital Stock

Each class consists of 500,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	SHARES		AMOUNT	
	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Class A				
Shares sold	15,409	124,450	$ 134,466	$ 1,307,388
Shares issued in reinvestment of dividends and distributions	117,766	264,675	978,634	2,419,127
Shares redeemed	(289,545)	(289,813)	(2,475,377)	(2,886,339)
Net increase (decrease)	(156,370)	99,312	$ (1,362,277)	$ 840,176
Class B				
Shares sold	503,184	888,386	$ 4,219,796	$ 8,974,615
Shares issued on reinvestment of dividends and distributions	1,163,245	2,684,961	9,515,346	24,164,652
Shares redeemed	(3,256,453)	(3,131,166)	(27,133,569)	(30,340,540)
Net increase (decrease)	(1,590,024)	442,181	$(13,398,427)	$ 2,798,727

At December 31, 2023, certain shareholders of the Portfolio owned 69% in aggregate of the Portfolio's outstanding shares. Significant transactions by such shareholders, if any, may impact the Portfolio's performance.

NOTE G: Risks Involved in Investing in the Portfolio

Market Risk—The value of the Portfolio's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, including public health crises (including the occurrence of a contagious disease or illness) and regional and global conflicts, that affect large portions of the market. It includes the risk that a particular style of investing may underperform the market generally.

Allocation Risk—The allocation of investments among the different investment styles, such as growth or value, equity or debt securities, or U.S. or non-U.S. securities may have a more significant effect on the Portfolio's net asset value, or NAV, when one of these investment strategies is performing more poorly than others.

ETF Risk—ETFs are investment companies and are subject to market and selection risk. When the Portfolio invests in an ETF, the Portfolio bears its share of the ETF's expenses and runs the risk that the ETF may not achieve its investment objective.

Foreign (Non-U.S.) Risk—Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be more difficult to trade due to adverse market, economic, political, regulatory or other factors.

Emerging-Market Risk—Investments in emerging market countries may have more risk because the markets are less developed and less liquid, and because these investments may be subject to increased economic, political, regulatory or other uncertainties.

Currency Risk—Fluctuations in currency exchange rates may negatively affect the value of the Portfolio's investments or reduce the Portfolio's returns.

Interest-Rate Risk—Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of existing investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest-rate risk is generally greater for fixed-income securities with longer maturities or durations. The Portfolio may be subject to a greater risk of rising interest rates than would normally be the case due to the recent end of a period of historically low rates and the effects of potential central bank monetary policy, and government fiscal policy, initiatives and resulting market reactions to those initiatives.

Credit Risk—An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security and accrued interest. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

Below Investment-Grade Securities Risk—Investments in fixed-income securities with lower ratings ("junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity and negative perceptions of the junk bond market generally, and may be more difficult to trade than other types of securities.

Capitalization Risk—Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small- and mid-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

Derivatives Risk—Derivatives may be difficult to price or unwind and leveraged so that small changes may produce disproportionate losses for the Portfolio. A short position in a derivative instrument involves the risk of a theoretically unlimited increase in the value of the underlying asset, which could cause the Portfolio to suffer a potentially unlimited loss. Derivatives, especially over-the-counter derivatives, are also subject to counterparty risk, which is the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable or unwilling to honor its contractual obligations to the Portfolio.

Real Assets Risk—The Portfolio's investments in securities linked to real assets involve significant risks, including financial, operating, and competitive risks. Investments in securities linked to real assets expose the Portfolio to adverse macroeconomic conditions, such as a rise in interest rates or a downturn in the economy in which the asset is located. Changes in inflation rates or in the market's inflation expectations may adversely affect the market value of inflation-sensitive equities. The Portfolio's investments in real estate securities have many of the same risks as direct ownership of real estate, including the risk that the value of real estate could decline due to a variety of factors that affect the real estate market generally. Investments in real estate investment trusts, or REITs, may have additional risks. REITs are dependent on the capability of their managers, may have limited diversification, and could be significantly affected by changes in tax laws. Some REITs may utilize leverage, which increases investment risk and may potentially increase the Portfolio's losses.

LIBOR Replacement Risk—The Portfolio may be exposed to debt securities, derivatives or other financial instruments that recently transitioned from the London Interbank Offered Rate, or "LIBOR," as a "benchmark" or "reference rate" for various interest rate calculations. LIBOR's administrator, ICE Benchmark Administration, ceased publishing most LIBOR settings (including some U.S. LIBOR settings) by the end of 2021 and the remaining (and most widely used) U.S. Dollar LIBOR settings after June 30, 2023. The United Kingdom Financial Conduct Authority, which regulates LIBOR, will permit the use of synthetic U.S. Dollar LIBOR rates for non-U.S. contracts through September 30, 2024, but any such rates would be considered non-representative of the underlying market. Since 2018 the Federal Reserve Bank of New York has published the Secured Overnight Financing Rate (referred to as SOFR), which is intended to replace U.S. Dollar LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities in the repurchase agreement (repo) market. There is no assurance that the composition or characteristics of SOFR or any such alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that the market for SOFR-linked financial instruments will have the same volume or liquidity as did the market for LIBOR-linked financial instruments prior to LIBOR's discontinuance or unavailability. Neither the long-term effects of the LIBOR transition process nor its ultimate success can yet be known.

Indemnification Risk—In the ordinary course of business, the Portfolio enters into contracts that contain a variety of indemnifications. The Portfolio's maximum exposure under these arrangements is unknown. However, the Portfolio has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Portfolio has not accrued any liability in connection with these indemnification provisions.

Management Risk—The Portfolio is subject to management risk because it is an actively-managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Portfolio, but there is no guarantee that its techniques will produce the intended results. Some of these techniques may incorporate, or rely upon, quantitative models, but there is no guarantee that these models will generate accurate forecasts, reduce risk or otherwise perform as expected.

NOTE H: Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Portfolio, participate in a $325 million revolving credit facility (the "Facility") intended to provide short-term financing related to redemptions and other short term liquidity requirements, subject to certain restrictions. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Portfolio did not utilize the Facility during the year ended December 31, 2023.

NOTE I: Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended December 31, 2023 and December 31, 2022 were as follows:

	2023	2022
Distributions paid from:		
Ordinary income	$ 1,598,559	$ 8,298,483
Net long-term capital gains	8,895,421	18,285,298
Total taxable distributions paid	$10,493,980	$26,583,781

As of December 31, 2023, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	$ 4,667,559
Undistributed capital gains	1,628,849
Other losses	(4,831,773)(a)
Unrealized appreciation (depreciation)	4,033,747(b)
Total accumulated earnings (deficit)	$ 5,498,382

(a) As of December 31, 2023, the cumulative deferred loss on straddles was $4,831,773.

(b) The differences between book-basis and tax-basis unrealized appreciation (depreciation) are attributable primarily to the recognition for tax purposes of unrealized gains/losses on certain derivative instruments.

For tax purposes, net realized capital losses may be carried over to offset future capital gains, if any. Funds are permitted to carry forward capital losses for an indefinite period, and such losses will retain their character as either short-term or long-term capital losses. As of December 31, 2023, the Portfolio did not have any capital loss carryforwards.

During the current fiscal year, there were no permanent differences that resulted in adjustments to distributable earnings or additional paid-in capital.

NOTE J: Recent Accounting Pronouncements

In December 2022, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2022-06, "Reference Rate Reform (Topic 848)—Deferral of the Sunset Date of Topic 848". ASU 2022-06 is an amendment to ASU 2020-04, which provided optional guidance to ease the potential accounting burden due to the discontinuation of the LIBOR and other interbank-offered based reference rates and which was effective as of March 12, 2020 through December 31, 2022. ASU 2022-06 extends the effective period through December 31, 2024. Management is currently evaluating the impact, if any, of applying ASU 2022-06.

NOTE K: Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Portfolio's financial statements through this date.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	CLASS A				
	Year Ended December 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of period	$8.28	$11.75	$10.61	$10.24	$10.10
Income From Investment Operations					
Net investment income(a)(b)	.16	.15	.16	.13	.19
Net realized and unrealized gain (loss) on investment and foreign currency transactions	.89	(2.25)	1.29	.78	1.58
Contributions from Affiliates	–0–	.00(c)	.00(c)	–0–	–0–
Net increase (decrease) in net asset value from operations	1.05	(2.10)	1.45	.91	1.77
Less: Dividends and Distributions					
Dividends from net investment income	(.10)	(.35)	(.06)	(.24)	(.29)
Distributions from net realized gain on investment transactions	(.45)	(1.02)	(.25)	(.30)	(1.34)
Total dividends and distributions	(.55)	(1.37)	(.31)	(.54)	(1.63)
Net asset value, end of period	$8.78	$8.28	$11.75	$10.61	$10.24
Total Return					
Total investment return based on net asset value(d)*	13.04%	(18.99)%	13.73%	9.41%	18.53%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$15,843	$16,241	$21,879	$21,252	$24,347
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements(e)(f)‡	.69%	.63%	.56%	.55%	.55%
Expenses, before waivers/ reimbursements(e)(f)‡	.70%	.71%	.75%	.77%	.75%
Net investment income(b)	1.92%	1.50%	1.43%	1.38%	1.81%
Portfolio turnover rate	4%	135%**	63%**	66%**	63%**
‡ Expense ratios exclude the estimated acquired fund fees of the affiliated/unaffiliated underlying portfolios	.04%	.09%	.20%	.22%	.22%

See footnote summary on page 27.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	CLASS B				
	Year Ended December 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of period	$8.15	$11.58	$10.47	$10.10	$9.98
Income From Investment Operations					
Net investment income(a)(b)	.14	.12	.13	.11	.16
Net realized and unrealized gain (loss) on investment and foreign currency transactions	.87	(2.22)	1.26	.78	1.56
Contributions from Affiliates	–0–	.00(c)	.00(c)	–0–	–0–
Net increase (decrease) in net asset value from operations	1.01	(2.10)	1.39	.89	1.72
Less: Dividends and Distributions					
Dividends from net investment income	(.08)	(.31)	(.03)	(.22)	(.26)
Distributions from net realized gain on investment transactions	(.45)	(1.02)	(.25)	(.30)	(1.34)
Total dividends and distributions	(.53)	(1.33)	(.28)	(.52)	(1.60)
Net asset value, end of period	$8.63	$8.15	$11.58	$10.47	$10.10
Total Return					
Total investment return based on net asset value(d)*	12.66%	(19.17)%	13.36%	9.25%	18.20%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$156,998	$161,149	$223,893	$222,427	$231,071
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements(e)(f)‡	.94%	.88%	.81%	.80%	.80%
Expenses, before waivers/reimbursements(e)(f)‡	.95%	.96%	1.00%	1.02%	1.00%
Net investment income(b)	1.66%	1.24%	1.20%	1.14%	1.57%
Portfolio turnover rate	4%	135%**	63%**	66%**	63%**
‡ Expense ratios exclude the estimated acquired fund fees of the affiliated/unaffiliated underlying Portfolios	.04%	.09%	.20%	.22%	.22%

See footnote summary on page 27.

(a) Based on average shares outstanding.

(b) Net of expenses waived/reimbursed by the Adviser.

(c) Amount is less than $.005.

(d) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Total return does not reflect (i) insurance company's separate account related expense charges and (ii) the deductions of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares. Total investment return calculated for a period of less than one year is not annualized.

(e) In connection with the Portfolio's investments in affiliated underlying portfolios, the Portfolio incurs no direct expenses, but bears proportionate shares of the fees and expenses (i.e., operating, administrative and investment advisory fees) of the affiliated underlying portfolios. The Adviser has contractually agreed to waive its fees from the Portfolio in an amount equal to the Portfolio's pro rata share of certain acquired fund fees and expenses, and for the years ended December 31, 2023, December 31, 2022, December 31, 2021, December 31, 2020 and December 31, 2019, such waiver amounted to .01%, .08%, .19%, .20% and .20%, respectively.

(f) The expense ratios presented below exclude interest/bank overdraft expense:

	Year Ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
Class A					
Net of waivers/reimbursements	.69%	.63%	.56%	.55%	.54%
Before waivers/reimbursements	.70%	.71%	.75%	.77%	.75%
Class B					
Net of waivers/reimbursements	.94%	.88%	.81%	.80%	.79%
Before waivers/reimbursements	.95%	.96%	1.00%	1.02%	1.00%

* Includes the impact of proceeds received and credited to the Portfolio resulting from class action settlements, which enhanced the Portfolio's performance for the year ended December 31, 2022 by .02%.

** The Portfolio accounts for dollar roll transactions as purchases and sales.

See notes to financial statements.

To the Shareholders and the Board of Directors of AB Balanced Hedged Allocation Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of AB Balanced Hedged Allocation Portfolio (the "Portfolio") (one of the series constituting AB Variable Products Series Fund, Inc. (the "Fund")), including the portfolio of investments, as of December 31, 2023, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio (one of the series constituting AB Variable Products Series Fund, Inc.) at December 31, 2023, 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 its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Portfolio's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2023, by correspondence with the custodian, brokers and others; when replies were not received from brokers or others, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more of the AB investment companies since 1968.

New York, New York
February 14, 2024

For Federal income tax purposes, the following information is furnished with respect to the distributions paid by the Portfolio during the taxable year ended December 31, 2023. For corporate shareholders, 3.63% of dividends paid qualify for the dividends received deduction. The Portfolio designates $8,895,421 of dividends paid as long-term capital gain dividends.

BOARD OF DIRECTORS

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Jeanette W. Loeb[1]
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Toll-Free (800) 221-5672

(1) Member of the Audit Committee, the Governance and Nominating Committee, and the Independent Directors Committee.

(2) The day-to-day management of, and investment decisions for, the Portfolio's portfolio are made by the Adviser's Multi-Asset Solutions Team. Messrs. Eggidi, Loewy and Greenbaum are the investment professionals with the most significant responsibility for the day-to-day management of the Portfolio's portfolio.

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors and Advisory Board member is set forth below.

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED)**	PRINCIPAL OCCUPATION(S), DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
INTERESTED DIRECTOR			
Onur Erzan,# 1345 Avenue of the Americas New York, NY 10105 48 (2021)	Senior Vice President of the Adviser**, Head of Global Client Group and Head of Private Wealth. He oversees AB's entire private wealth management business and third-party institutional and retail franchise, where he is responsible for all client services, sales and marketing, as well as product strategy, management and development worldwide. Director, President and Chief Executive Officer of the AB Mutual Funds as of April 1, 2021. He is also a member of the Equitable Holdings Management Committee. Prior to joining the firm in January 2021, he spent 19 years with McKinsey (management consulting firm), most recently as a senior partner and co-leader of its Wealth & Asset Management practice. In addition, he co-led McKinsey's Banking & Securities Solutions (a portfolio of data, analytics, and digital assets and capabilities) globally.	82	None
INDEPENDENT DIRECTORS			
Garry L. Moody## *Chairman of the Board* 71 (2008)	Private Investor since prior to 2019. Formerly, Partner, Deloitte & Touche LLP (1995-2008) where he held a number of senior positions, including Vice Chairman, and U.S. and Global Investment Management Practice Managing Partner; President, Fidelity Accounting and Custody Services Company (1993-1995), where he was responsible for accounting, pricing, custody and reporting for the Fidelity mutual funds; and Partner, Ernst & Young LLP (1975-1993), where he served as the National Director of Mutual Fund Tax Services and Managing Partner of its Chicago Office Tax department. He served as a member of the Investment Company Institute's Board of Governors and the Independent Directors Council's Governing Council from October 2019 through September 2023, where he also served as Chairman of the Governance Committee from October 2021 through September 2023. He is Chairman of the AB Funds and Chairman of the Independent Directors Committees since January 2023; he has served as a director or trustee since 2008, and served as Chairman of the Audit Committee of such funds from 2008 to February 2023.	82	None
Jorge A. Bermudez,## 72 (2020)	Private Investor since prior to 2019. Formerly, Chief Risk Officer of Citigroup, Inc., a global financial services company, from November 2007 to March 2008, Chief Executive Officer of Citigroup's Commercial Business Group in North America and Citibank Texas from 2005 to 2007, and a variety of other executive and leadership roles at various businesses within Citigroup prior to then; Chairman (2017–2018) of the Texas A&M Foundation Board of Trustees (Trustee 2014–2021) and Chairman of the Smart Grid Center Board at Texas A&M University since 2012; director of, among others, Citibank N.A. from 2005 to 2008, the Federal Reserve Bank of Dallas, Houston Branch from 2009 to 2011, the Federal Reserve Bank of Dallas from 2011 to 2017, and the Electric Reliability Council of Texas from 2010 to 2016; and Chair of the Audit Committee of the Board of Directors of Moody's Corporation since December 2022. He has served as director or trustee of the AB Funds since January 2020.	82	Moody's Corporation since April 2011

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED)**	PRINCIPAL OCCUPATION(S), DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
INDEPENDENT DIRECTORS (continued)			
Michael J. Downey,## 80 (2005)	Private Investor since prior to 2019. Formerly, Chairman of The Asia Pacific Fund, Inc. (registered investment company) from 2002 until January 2019. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management, director of the Prudential mutual funds, and member of the Executive Committee of Prudential Securities, Inc. He has served as a director or trustee of the AB Funds since 2005.	82	None
Nancy P. Jacklin,## 75 (2006)	Private Investor since prior to 2019. Professorial Lecturer at the Johns Hopkins School of Advanced International Studies (2008–2015). U.S. Executive Director of the International Monetary Fund (which is responsible for ensuring the stability of the international monetary system), (December 2002–May 2006); Partner, Clifford Chance (1992–2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985–1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982–1985); and Attorney Advisor, U.S. Department of the Treasury (1973–1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations. She has served as a director or trustee of the AB Funds since 2006 and served as Chair of the Governance and Nominating Committees of the AB Funds from 2014 to August 2023.	82	None
Jeanette W. Loeb,## 71 (2020)	Private Investor since prior to 2019. Director of New York City Center since 2005. Formerly, Chief Executive Officer of PetCareRx (e-commerce pet pharmacy) from 2002 to 2011 and 2015 to April 2023. She was a director of MidCap Financial Investment Corporation (business development company) from August 2011 to July 2023 and a director of AB Multi-Manager Alternative Fund (fund of hedge funds) from 2012 to 2018. Formerly, affiliated with Goldman Sachs Group, Inc. (financial services) from 1977 to 1994, including as a partner thereof from 1986 to 1994. She has served as director or trustee of the AB Funds since April 2020 and serves as Chair of the Governance and Nominating Committees of the AB Funds since August 2023.	82	None

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED)**	PRINCIPAL OCCUPATION(S), DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
INDEPENDENT DIRECTORS (continued)			
Carol C . McMullen,## 68 (2016)	Private Investor and a member of the Advisory Board of Butcher Box (since 2018) and serves as Advisory Board Chair as of June 2023. Formerly, Managing Director of Slalom Consulting (consulting) from 2014 until July 2023; member, Mass General Brigham (formerly, Partners Healthcare) Investment Committee (2010-2019); Director of Norfolk & Dedham Group (mutual property and casualty insurance) from 2011 until November 2016; Director of Partners Community Physicians Organization (healthcare) from 2014 until December 2016; and Managing Director of The Crossland Group (consulting) from 2012 until 2013. She has held a number of senior positions in the asset and wealth management industries, including at Eastern Bank (where her roles included President of Eastern Wealth Management), Thomson Financial (Global Head of Sales for Investment Management), and Putnam Investments (where her roles included Chief Investment Officer, Core and Growth and Head of Global Investment Research). She has served on a number of private company and non-profit boards, and as a director or trustee of the AB Funds since June 2016, and serves as Chair of the Audit Committees of such funds since February 2023.	82	None
Marshall C. Turner, Jr.## 82 (2005)	Private Investor since prior to 2019. He was a Director of Xilinx, Inc. (programmable logic semi-conductors and adaptable, intelligent computing) from 2007 through August 2020, and is a former director of 33 other companies and organizations. Former Chairman and CEO of Dupont Photomasks, Inc. (semi-conductor manufacturing equipment) from 2003 through 2006. He has extensive operating leadership and venture capital investing experience, including five interim or full-time CEO roles, and prior service as general partner of institutional venture capital partnerships. He also has extensive non-profit board leadership experience, and currently serves on the board of the George Lucas Educational Foundation. He has served as a director of one AB Fund since 1992, and director or trustee of all AB Funds since 2005. He has served as both Chairman of the AB Funds and Chairman of the Independent Directors Committees from 2014 through December 2022.	82	None
ADVISORY BOARD MEMBER			
Emilie D. Wrapp,# 68 (2024)	Former Senior Vice President, Counsel, Assistant Secretary & Senior Mutual Fund Legal Advisor of the Adviser (January 2023–June 2023). Prior thereto, Senior Vice President, Assistant Secretary, Counsel, and Head of Mutual Fund & Retail Legal of the Adviser; Assistant General Counsel and Assistant Secretary of ABI since prior to 2019 until June 2023.	82	None

* *The address for each of the Company's Directors and Advisory Board member is c/o AllianceBernstein L.P., Attention: Legal and Compliance Department—Mutual Fund Legal, 1345 Avenue of the Americas, New York, NY 10105.*

** *There is no stated term of office for the Fund's Directors or Advisory Board member.*

*** *The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes and skills relevant to each Director's qualifications to serve as a Director, which led to the conclusion that each Director should serve as a Director for the Fund.*

[#] *Mr. Erzan is an "interested person" of the Fund, as defined in the "1940 Act", due to his position as a Senior Vice President of the Adviser. Ms. Wrapp is an "interested person" of the Fund, as defined in the 1940 Act, due to her former role with the Adviser.*

[##] *Member of the Audit Committee, the Governance and Nominating Committee, and the Independent Directors Committee.*

Officer Information

Certain information concerning the Portfolio's Officers is listed below.

NAME, ADDRESS* AND AGE	PRINCIPAL POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Onur Erzan 48	President and Chief Executive Officer	See biography above.
Rohith Eggidi 36	Vice President	Vice President of the Adviser** since 2020. Prior thereto, he was associated in a substantially similar capacity to his current position as an Associate Portfolio Manager since prior to 2019 at AnchorPath Financial, LLC, an investment management firm specializing in risk management solutions which was acquired by the Adviser in 2020.
Daniel J. Loewy 49	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2019. He is also Chief Investment Officer and Head of Multi-Asset and Hedge Fund Solutions; and Chief Investment Officer for Dynamic Asset Allocation.
Marshall Greenbaum 55	Vice President	Senior Vice President of the Adviser** since 2020. Prior thereto, principal (and founder) of AnchorPath Financial, LLC, an investment management firm specializing in risk management solutions which was acquired by the Adviser in 2020.
Nancy E. Hay 51	Secretary	Senior Vice President and Counsel of the Adviser,** with which she has been associated since prior to 2019 and Assistant Secretary of ABI**.
Michael B. Reyes 47	Senior Vice President	Vice President of the Adviser**, with which he has been associated since prior to 2019.
Stephen M. Woetzel 52	Treasurer and Chief Financial Officer	Senior Vice President of ABIS**, with which he has been associated since prior to 2019.
Phyllis J. Clarke 63	Controller	Vice President of the ABIS**, with which she has been associated since prior to 2019.
Jennifer Friedland 49	Chief Compliance Officer	Vice President of the Adviser** since 2020 and Mutual Fund Chief Compliance Officer (of all Funds since January 2023 and of the ETF Funds since 2022). Before joining the Adviser in 2020, she was Chief Compliance Officer at WestEnd Advisors, LLC from 2013 until 2019.

* *The address for each of the Portfolio's Officers is 1345 Avenue of the Americas, New York, NY 10105.*

** *The Adviser, ABI, and ABIS are affiliates of the Fund.*

The Fund's Statement of Additional Information ("SAI") has additional information about the Fund's Directors and Officers and is available without charge upon request. Contact your financial representative or the Adviser at (800) 227-4618, or visit www.abfunds.com, for a free prospectus or SAI.

OPERATION AND EFFECTIVENESS OF THE PORTFOLIO'S LIQUIDITY RISK MANAGEMENT PROGRAM:

In October 2016, the Securities and Exchange Commission ("SEC") adopted the open-end fund liquidity rule (the "Liquidity Rule"). In June 2018 the SEC adopted a requirement that funds disclose information about the operation and effectiveness of their Liquidity Risk Management Program ("LRMP") in their reports to shareholders.

One of the requirements of the Liquidity Rule is for the Portfolio to designate an Administrator of the Portfolio's Liquidity Risk Management Program. The Administrator of the Portfolio's LRMP is AllianceBernstein L.P., the Portfolio's investment adviser (the "Adviser"). The Adviser has delegated the responsibility to its Liquidity Risk Management Committee (the "Committee").

Another requirement of the Liquidity Rule is for the Portfolio's Board of Directors/Trustees (the "Fund Board") to receive an annual written report from the Administrator of the LRMP, which addresses the operation of the Portfolio's LRMP and assesses its adequacy and effectiveness. The Adviser provided the Fund Board with such annual report during the first quarter of 2024, which covered the period January 1, 2023 through December 31, 2023 (the "Program Reporting Period").

The LRMP's principal objectives include supporting the Portfolio's compliance with limits on investments in illiquid assets and mitigating the risk that the Portfolio will be unable to meet its redemption obligations in a timely manner.

Pursuant to the LRMP, the Portfolio classifies the liquidity of its portfolio investments into one of the four categories defined by the SEC: Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid. These classifications are reported to the SEC on Form N-PORT.

During the Program Reporting Period, the Committee reviewed whether the Portfolio's strategy is appropriate for an open-end structure, incorporating any holdings of less liquid and illiquid assets. If the Portfolio participated in derivative transactions, the exposure from such transactions were considered in the LRMP.

The Committee also performed an analysis to determine whether the Portfolio is required to maintain a Highly Liquid Investment Minimum ("HLIM"). The Committee also incorporated the following information when determining the Portfolio's reasonably anticipated trading size for purposes of liquidity monitoring: historical net redemption activity, a Portfolio's concentration in an issuer, shareholder concentration, investment performance, total net assets, and distribution channels.

The Adviser informed the Fund Board that the Committee believes the Portfolio's LRMP is adequately designed, has been implemented as intended, and has operated effectively since its inception. No material exceptions have been noted since the implementation of the LRMP. During the Program Reporting Period, liquidity in all markets was challenged due to rising rates and economic uncertainty. However, markets also remained orderly during the Program Reporting Period. There were no liquidity events that impacted the Portfolio or its ability to timely meet redemptions during the Program Reporting Period.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S ADVISORY AGREEMENT

The disinterested directors (the "directors") of AB Variable Products Series Fund, Inc. (the "Company") unanimously approved the continuance of the Company's Advisory Agreement with the Adviser in respect of AB Balanced Hedged Allocation Portfolio (formerly AB Balanced Wealth Strategy Portfolio) (the "Fund") at meetings held in-person on August 1-2, 2023 and October 31-November 2, 2023 (the "Meetings").

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed additional materials, including comparative analytical data prepared by the Senior Vice President of the Fund. The directors also discussed the proposed continuance in private sessions with counsel.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Fund gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AB Funds. The directors noted that they have four regular meetings each year, at each of which they review extensive materials and information from the Adviser, including information on the investment performance of the Fund and the money market fund advised by the Adviser in which the Fund invests a portion of its assets.

The directors also considered all factors they believed relevant, including the specific matters discussed below. During the course of their deliberations, the directors evaluated, among other things, the reasonableness of the advisory fee. The directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Fund and the overall arrangements between the Fund and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Fund. The directors noted that the Adviser from time to time reviews the Fund's investment strategies and from time to time proposes changes intended to improve the Fund's relative or absolute performance for the directors' consideration. They also noted the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Fund will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Fund by employees of the Adviser or its affiliates. Requests for these reimbursements are made on a quarterly basis and subject to approval by the directors. Reimbursements, to the extent requested and paid, result in a higher rate of total compensation from the Fund to the Adviser than the fee rate stated in the Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant at the request of the directors. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, also was considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Fund under the Advisory Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of the Fund to the Adviser for calendar years 2021 and 2022 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant at the request of the directors. The directors noted the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and understood that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Fund, including those relating to its subsidiaries that provide transfer agency, distribution and brokerage services to the Fund. The directors recognized that it is difficult to make comparisons of the profitability of the Advisory Agreement with the profitability of fund advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Fund before taxes and distribution expenses. The directors noted that the Fund was not profitable to the Adviser in the periods reviewed.

Fall-Out Benefits

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Fund and the money market fund advised by the Adviser in which the Fund invests, including, but not limited to, benefits relating to soft dollar arrangements (whereby investment advisers receive brokerage and research services from brokers that execute agency transactions for their clients); 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of the Fund's Class B shares; brokerage commissions paid by the Fund to brokers affiliated with the Adviser; and transfer agency fees paid by the Fund to a wholly owned subsidiary of the Adviser. The directors recognized that the Fund's unprofitability to the Adviser would be exacerbated without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Fund.

Investment Results

In addition to the information reviewed by the directors in connection with the Meetings, the directors receive detailed performance information for the Fund at each regular Board meeting during the year.

At the Meetings, the directors reviewed performance information prepared by an independent service provider (the "15(c) service provider"), showing the performance of the Class A shares of the Fund against a group of similar funds ("peer group") and a larger group of similar funds ("peer universe"), each selected by the 15(c) service provider, and information prepared by the Adviser showing performance of the Class A shares against a broad-based securities market index, in each case for the 1-, 3-, 5- and 10-year periods ended May 31, 2023 and July 31, 2023 and (in the case of comparisons with the broad-based securities market index) for the period from inception. Based on their review, the directors concluded that the Fund's investment performance was acceptable.

Advisory Fees and Other Expenses

The directors considered the advisory fee rate payable by the Fund to the Adviser and information prepared by the 15(c) service provider concerning advisory fee rates payable by other funds in the same category as the Fund. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds. The directors compared the Fund's contractual effective advisory fee rate with a peer group median and noted that it was lower than the median. They also noted that the Adviser's total rate of compensation, taking into account the impact of the administrative expense reimbursement paid to the Adviser in the latest fiscal year, was lower than the median.

The directors considered the schedule of fees charged by the Adviser for services to any sub-advised funds utilizing investment strategies similar to those of the Fund.

In connection with their review of the Fund's advisory fee, the directors also considered the total expense ratio of the Class B shares of the Fund in comparison to the medians for a peer group and a peer universe selected by the 15(c) service provider. The Class B expense ratio of the Fund was based on the Fund's latest fiscal year and reflected the impact of the Adviser's expense cap for the Fund. The directors noted that it was likely that the expense ratios of some of the other funds in the Fund's category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases might be voluntary or temporary. The directors view expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Fund by others. The directors noted that the Fund's expense ratio was above a median. After reviewing and discussing the Adviser's explanation for this, the directors concluded that the Fund's expense ratio was acceptable.

Economies of Scale

The directors noted that the advisory fee schedule for the Fund contains breakpoints that reduce the fee rates on assets above specified levels. The directors took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the AB Funds, and presentations from time to time by the Adviser concerning certain of its views on economies of scale. The directors also had requested and received from the Adviser certain updates on economies of scale in advance of the Meetings. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for setting breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Fund, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Fund's shareholders would benefit from a sharing of economies of scale in the event the Fund's net assets exceed a breakpoint in the future.

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