



SEMI-ANNUAL REPORT

AB VARIABLE PRODUCTS SERIES FUND, INC.

+ BALANCED HEDGED ALLOCATION PORTFOLIO

Investment Products Offered

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

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AB family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the Adviser of the funds.

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.

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BALANCED HEDGED ALLOCATION PORTFOLIO

EXPENSE EXAMPLE (unaudited)

AB Variable Products Series Fund

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.

	<u>Beginning Account Value January 1, 2023</u>	<u>Ending Account Value June 30, 2023</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>	<u>Total Expenses Paid During Period+</u>	<u>Total Annualized Expense Ratio+</u>
Class A						
Actual	\$ 1,000	\$ 1,076.10	\$ 3.50	0.68%	\$ 3.91	0.76%
Hypothetical**	\$ 1,000	\$ 1,021.42	\$ 3.41	0.68%	\$ 3.81	0.76%
Class B						
Actual	\$ 1,000	\$ 1,073.60	\$ 4.78	0.93%	\$ 5.19	1.01%
Hypothetical**	\$ 1,000	\$ 1,020.18	\$ 4.66	0.93%	\$ 5.06	1.01%

* Expenses are equal to each classes’ annualized expense ratios, multiplied by the average account value over the period, multiplied by 181/365 (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 181/365 (to reflect the one-half year period).

BALANCED HEDGED ALLOCATION PORTFOLIO

TEN LARGEST HOLDINGS¹

June 30, 2023 (unaudited)

AB Variable Products Series Fund

SECURITY	U.S. \$ VALUE	PERCENT OF NET ASSETS
iShares Core S&P 500 ETF	\$ 54,656,080	30.8%
Vanguard Total Bond Market ETF	27,745,773	15.6
iShares Core U.S. Aggregate Bond ETF	27,710,055	15.6
iShares Core MSCI EAFE ETF	21,141,000	11.9
iShares Core MSCI Emerging Markets ETF	11,770,452	6.6
Vanguard Mid-Cap ETF	5,900,288	3.3
S&P 500 Index	4,971,770	2.8
U.S. Treasury Inflation Index	4,690,551	2.6
Vanguard Small-Cap ETF	4,176,690	2.4
Vanguard Real Estate ETF	4,094,440	2.3
	\$ 166,857,099	93.9%

SECURITY TYPE BREAKDOWN²

June 30, 2023 (unaudited)

SECURITY TYPE	U.S. \$ VALUE	PERCENT OF TOTAL INVESTMENTS
Investment Companies	\$ 157,194,778	88.6%
Inflation-Linked Securities	4,690,551	2.7
Purchased Options—Calls	2,582,770	1.5
Purchased Options—Puts	2,389,000	1.3
Corporates—Investment Grade	192,224	0.1
Short-Term Investments	10,274,585	5.8
Total Investments	\$ 177,323,908	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).

BALANCED HEDGED ALLOCATION PORTFOLIO

PORTFOLIO OF INVESTMENTS

June 30, 2023 (unaudited)

AB Variable Products Series Fund

Company	Shares	U.S. \$ Value	Notional Amount	U.S. \$ Value
INVESTMENT COMPANIES—88.6%				
FUNDS AND INVESTMENT TRUSTS—88.6%(a)				
iShares Core MSCI EAFE ETF	313,200	\$ 21,141,000		
iShares Core MSCI Emerging Markets ETF	238,800	11,770,452		
iShares Core S&P 500 ETF	122,627	54,656,080		
iShares Core U.S. Aggregate Bond ETF	282,900	27,710,055		
Vanguard Mid-Cap ETF(b)	26,800	5,900,288		
Vanguard Real Estate ETF(b)	49,000	4,094,440		
Vanguard Small-Cap ETF(b)	21,000	4,176,690		
Vanguard Total Bond Market ETF	381,700	27,745,773		
Total Investment Companies (cost \$158,287,597) ...		157,194,778		
	Principal Amount (000)			
INFLATION-LINKED SECURITIES—2.6%				
UNITED STATES—2.6%				
U.S. Treasury Inflation Index 0.125%, 01/15/2032(c) (cost \$5,362,485)	U.S.\$ 5,334	4,690,551		
	Notional Amount			
PURCHASED OPTIONS—CALLS—1.5%				
OPTIONS ON EQUITY INDICES—1.5%				
S&P 500 Index Expiration: Dec 2024; Contracts: 15; Exercise Price: USD 4,200.00; Counterparty: Morgan Stanley & Co., Inc.(d)	USD 6,300,000	1,003,650		
PURCHASED OPTIONS—PUTS—1.4%				
OPTIONS ON EQUITY INDICES—1.4%				
S&P 500 Index Expiration: Dec 2024; Contracts: 50; Exercise Price: USD 4,200.00; Counterparty: Morgan Stanley & Co., Inc.(d)	USD 21,000,000	950,750		
S&P 500 Index Expiration: Dec 2024; Contracts: 35; Exercise Price: USD 4,100.00; Counterparty: Morgan Stanley & Co., Inc.(d)	USD 14,350,000	601,125		
S&P 500 Index Expiration: Dec 2024; Contracts: 27; Exercise Price: USD 4,000.00; Counterparty: Morgan Stanley & Co., Inc.(d)	USD 10,800,000	409,725		

BALANCED HEDGED ALLOCATION PORTFOLIO

PORTFOLIO OF INVESTMENTS

(continued)

AB Variable Products Series Fund

	Notional Amount	U.S. \$ Value	Shares	U.S. \$ Value
S&P 500 Index				
Expiration: Dec 2024;				
Contracts: 20;				
Exercise Price:				
USD 4,300.00;				
Counterparty:				
Morgan Stanley &				
Co., Inc.(d)	USD	8,600,000		\$ 427,400
Total Purchased				
Options-Puts				
(premiums paid				
\$7,009,410)				2,389,000
	Principal Amount (000)			
CORPORATES-				
INVESTMENT				
GRADE-0.1%				
INDUSTRIAL-0.1%				
SERVICES-0.1%				
Chicago Parking				
Meters LLC				
4.93%, 12/30/2025(e)				
(cost \$200,000)	U.S.\$	200		192,224
	Shares			
COMMON				
STOCKS-0.0%				
ENERGY-0.0%				
OIL, GAS &				
CONSUMABLE				
FUELS-0.0%				
Gazprom PJSC(e)(f)		31,460		-0-
LUKOIL PJSC(e)(f)		790		-0-
				-0-
MATERIALS-0.0%				
METALS &				
MINING-0.0%				
MMC Norilsk Nickel				
PJSC (ADR)(d)(e)(f) ..		2,540		-0-
Total Common Stocks				
(cost \$272,623)				-0-
SHORT-TERM				
INVESTMENTS-5.8%				
INVESTMENT				
COMPANIES-5.8%				
AB Fixed Income Shares,				
Inc.-Government				
Money Market				
Portfolio-Class AB,				
5.02%(a)(g)(h)				
(cost \$10,274,585)			10,274,585	\$ 10,274,585
Total Investments Before				
Security Lending				
Collateral for				
Securities				
Loaned-100.0%				
(cost \$183,362,235) ...				177,323,908
INVESTMENTS OF				
CASH COLLATERAL				
FOR SECURITIES				
LOANED-1.6%				
INVESTMENT				
COMPANIES-1.6%				
AB Fixed Income Shares,				
Inc.-Government				
Money Market				
Portfolio-Class AB,				
5.02%(a)(g)(h)				
(cost \$2,937,000)			2,937,000	2,937,000
TOTAL				
INVESTMENTS-101.6%				
(cost \$186,299,235) ...				180,260,908
Other assets less				
liabilities-(1.6)%				(2,900,201)
NET ASSETS-100.0% ..				<u>\$ 177,360,707</u>

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	September 2023	\$ 951,850	\$ 960
MSCI EAFE Futures	41	September 2023	4,418,775	30,660
MSCI Emerging Markets Futures	37	September 2023	1,846,115	(18,579)
S&P 500 E-Mini Futures	82	September 2023	18,401,825	598,653
S&P Mid 400 E-Mini Futures	4	September 2023	1,057,640	24,825
U.S. Long Bond (CBT) Futures	50	September 2023	6,345,313	5,252
U.S. T-Note 10 Yr (CBT) Futures	536	September 2023	60,174,375	(1,171,802)
				<u>\$ (530,031)</u>

(a) 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.

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

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

(d) Non-income producing security.

(e) Fair valued by the Adviser.

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

(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.

BALANCED HEDGED ALLOCATION PORTFOLIO

STATEMENT OF ASSETS & LIABILITIES

June 30, 2023 (unaudited)

AB Variable Products Series Fund

ASSETS

Investments in securities, at value	
Unaffiliated issuers (cost \$173,087,650)	\$167,049,323(a)
Affiliated issuers (cost \$13,211,585—including investment of cash collateral for securities loaned of \$2,937,000)	13,211,585
Foreign currencies, at value (cost \$6,722)	6,793
Receivable for variation margin on futures	403,424
Unaffiliated dividends and interest receivable	64,937
Affiliated dividends receivable	47,541
Receivable for capital stock sold	14,457
Receivable for investment securities sold	5
Total assets	<u>180,798,065</u>

LIABILITIES

Payable for collateral received on securities loaned	2,937,000
Payable for capital stock redeemed	130,802
Advisory fee payable	68,975
Distribution fee payable	35,397
Administrative fee payable	22,483
Foreign capital gains tax payable	8,989
Directors' fees payable	310
Transfer Agent fee payable	150
Accrued expenses	<u>233,252</u>
Total liabilities	<u>3,437,358</u>

NET ASSETS \$177,360,707

COMPOSITION OF NET ASSETS

Capital stock, at par	\$ 20,232
Additional paid-in capital	169,232,565
Distributable earnings	<u>8,107,910</u>

NET ASSETS \$177,360,707

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

Class	Net Assets	Shares Outstanding	Net Asset Value
A	\$ 16,079,018	1,805,169	\$ 8.91
B	\$ 161,281,689	18,426,781	\$ 8.75

(a) Includes securities on loan with a value of \$11,094,531 (see Note E).

See notes to financial statements.

BALANCED HEDGED ALLOCATION PORTFOLIO

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2023 (unaudited)

AB Variable Products Series Fund

INVESTMENT INCOME

Dividends	
Unaffiliated issuers (net of foreign taxes withheld of \$8,301)	\$ 1,711,426
Affiliated issuers	214,857
Interest	104,133
Securities lending income	15,494
	<u>2,045,910</u>

EXPENSES

Advisory fee (see Note B)	404,999
Distribution fee—Class B	204,662
Transfer agency—Class A	254
Transfer agency—Class B	2,555
Custody and accounting	66,506
Administrative	47,950
Audit and tax	44,554
Printing	19,400
Legal	17,555
Directors' fees	9,883
Miscellaneous	7,026
	<u>825,344</u>
Total expenses	825,344
Less: expenses waived and reimbursed by the Adviser (see Notes B & E)	(5,394)
	<u>819,950</u>
Net expenses	819,950
Net investment income	<u>1,225,960</u>

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS

Net realized gain (loss) on:	
Investment transactions(a)	(24,871)
Futures	1,767,221
Foreign currency transactions	(117)
Net change in unrealized appreciation (depreciation) of:	
Investments	9,191,433
Futures	664,929
Foreign currency denominated assets and liabilities	2,079
	<u>11,600,674</u>
Net gain on investment and foreign currency transactions	<u>11,600,674</u>

NET INCREASE IN NET ASSETS FROM OPERATIONS \$12,826,634

(a) Net of foreign realized capital gains taxes of \$4,811.

See notes to financial statements.

BALANCED HEDGED ALLOCATION PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

AB Variable Products Series Fund

	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31, 2022
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	\$ 1,225,960	\$ 2,576,399
Net realized gain on investment and foreign currency transactions	1,742,233	10,294,648
Net change in unrealized appreciation (depreciation) of investments and foreign currency denominated assets and liabilities	9,858,441	(58,310,497)
Contributions from Affiliates (see Note B)	<u>-0-</u>	<u>2,636</u>
Net increase (decrease) in net assets from operations	12,826,634	(45,436,814)
Distributions to Shareholders		
Class A	-0-	(2,419,129)
Class B	-0-	(24,164,652)
CAPITAL STOCK TRANSACTIONS		
Net increase (decrease)	<u>(12,856,353)</u>	<u>3,638,903</u>
Total decrease	(29,719)	(68,381,692)
NET ASSETS		
Beginning of period	<u>177,390,426</u>	<u>245,772,118</u>
End of period	<u>\$177,360,707</u>	<u>\$177,390,426</u>

See notes to financial statements.

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (unaudited)

AB Variable Products Series Fund

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 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

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

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.

AB Variable Products Series Fund

Valuations of mortgage-backed or other asset-backed securities, by pricing vendors, are based on both proprietary and industry recognized models and discounted cash flow techniques. Significant inputs to the valuation of these instruments are value of the collateral, the rates and timing of delinquencies, the rates and timing of prepayments, and default and loss expectations, which are driven in part by housing prices for residential mortgages. Significant inputs are determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles, including relevant indices. Mortgage and asset-backed securities for which management has collected current observable data through pricing services are generally categorized within Level 2. Those investments for which current observable data has not been provided 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 June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities:				
Assets:				
Investment Companies	\$157,194,778	\$ -0-	\$ -0-	\$157,194,778
Inflation-Linked Securities	-0-	4,690,551	-0-	4,690,551
Purchased Options—Calls	-0-	2,582,770	-0-	2,582,770
Purchased Options—Puts	-0-	2,389,000	-0-	2,389,000
Corporates—Investment Grade	-0-	192,224	-0-	192,224
Common Stocks	-0-	-0-	0(a)	-0-
Short-Term Investments	10,274,585	-0-	-0-	10,274,585
Investments of Cash Collateral for Securities				
Loaned in Affiliated Money Market Fund	2,937,000	-0-	-0-	2,937,000
Total Investments in Securities	170,406,363	9,854,545	0(a)	180,260,908
Other Financial Instruments(b):				
Assets:				
Futures	660,350	-0-	-0-	660,350(c)
Liabilities:				
Futures	(1,190,381)	-0-	-0-	(1,190,381)(c)
Total	<u>\$169,876,332</u>	<u>\$9,854,545</u>	<u>\$ 0(a)</u>	<u>\$179,730,877</u>

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

(b) Other financial instruments are derivative instruments, such as futures, forwards and swaps, which 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.

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

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 six months ended June 30, 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.

AB Variable Products Series Fund

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 six months ended June 30, 2023, the reimbursement for such services amounted to \$47,950.

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 \$900 for the six months ended June 30, 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 has 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. 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 six months ended June 30, 2023, such waiver amounted to \$4,628.

A summary of the Portfolio’s transactions in AB mutual funds for the six months ended June 30, 2023 is as follows:

<u>Portfolio</u>	<u>Market Value</u> <u>12/31/22</u> <u>(000)</u>	<u>Purchases</u> <u>at Cost</u> <u>(000)</u>	<u>Sales</u> <u>Proceeds</u> <u>(000)</u>	<u>Market Value</u> <u>6/30/23</u> <u>(000)</u>	<u>Dividend</u> <u>Income</u> <u>(000)</u>
Government Money Market Portfolio	\$7,692	\$25,166	\$22,583	\$10,275	\$215
Government Money Market Portfolio*	1,978	71,467	70,508	2,937	8
Total				<u>\$13,212</u>	<u>\$223</u>

* 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 Investment Company Act of 1940. 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 six months ended June 30, 2023 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Investment securities (excluding U.S. government securities)	\$—	\$12,330,227
U.S. government securities	—	—

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

The cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes. Accordingly, gross unrealized appreciation and unrealized depreciation are as follows:

Gross unrealized appreciation	\$ 5,304,946
Gross unrealized depreciation	(11,873,304)
Net unrealized depreciation	<u>\$ (6,568,358)</u>

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 six months ended June 30, 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.

AB Variable Products Series Fund

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 six months ended June 30, 2023, the Portfolio held purchased options for hedging and non-hedging purposes.

During the six months ended June 30, 2023, the Portfolio had entered into the following derivatives:

Derivative Type	Asset Derivatives		Liability Derivatives	
	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	\$ 5,252*	Payable for variation margin on futures	\$1,171,802*
Equity contracts	Receivable for variation margin on futures	655,098*	Payable for variation margin on futures	18,579*
Equity contracts	Investments in securities, at value	4,971,770		
Total		<u>\$5,632,120</u>		<u>\$1,190,381</u>

* 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	\$ (908)	\$ (700,457)
Equity contracts	Net realized gain (loss) on futures; Net change in unrealized appreciation (depreciation) of futures	1,768,129	1,365,386
Equity contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation (depreciation) of investments	—0—	(3,175,995)
Total		<u>\$1,767,221</u>	<u>\$(2,511,066)</u>

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

The following table represents the average monthly volume of the Portfolio's derivative transactions during the six months ended June 30, 2023:

Futures:

Average notional amount of buy contracts	\$94,279,891
Average notional amount of sale contracts	\$11,027,693(a)

Purchased Options:

Average notional amount	\$70,150,000
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(a) Positions were open for one month during the period.

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. 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.

AB Variable Products Series Fund

A summary of the Portfolio's transactions surrounding securities lending for the six months ended June 30, 2023 is as follows:

<u>Market Value of Securities on Loan*</u>	<u>Cash Collateral*</u>	<u>Market Value of Non-Cash Collateral*</u>	<u>Income from Borrowers</u>	<u>Government Money Market Portfolio</u>	
				<u>Income Earned</u>	<u>Advisory Fee Waived</u>
\$11,094,531	\$2,937,000	\$8,396,834	\$7,990	\$7,504	\$766

* As of June 30, 2023.

NOTE F: Capital Stock

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

	<u>SHARES</u>		<u>AMOUNT</u>	
	<u>Six Months Ended June 30, 2023 (unaudited)</u>	<u>Year Ended December 31, 2022</u>	<u>Six Months Ended June 30, 2023 (unaudited)</u>	<u>Year Ended December 31, 2022</u>
Class A				
Shares sold	10,046	124,450	\$ 88,311	\$ 1,307,388
Shares issued in reinvestment of dividends and distributions	—0—	264,675	—0—	2,419,127
Shares redeemed	(166,029)	(289,813)	(1,433,872)	(2,886,339)
Net increase (decrease)	<u>(155,983)</u>	<u>99,312</u>	<u>\$ (1,345,561)</u>	<u>\$ 840,176</u>
Class B				
Shares sold	290,863	888,386	\$ 2,504,184	\$ 8,974,615
Shares issued on reinvestment of dividends and distributions	—0—	2,684,961	—0—	24,164,652
Shares redeemed	(1,642,135)	(3,131,166)	(14,014,976)	(30,340,540)
Net increase (decrease)	<u>(1,351,272)</u>	<u>442,181</u>	<u>\$ (11,510,792)</u>	<u>\$ 2,798,727</u>

At June 30, 2023, certain shareholders of the Portfolio owned 68% 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.

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

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 effect 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 macro-economic 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 Transition and Associated Risk—The Portfolio may be exposed to debt securities, derivatives or other financial instruments that utilize the London Interbank Offered Rate, or "LIBOR," as a "benchmark" or "reference rate" for various interest rate calculations. In 2017, the United Kingdom Financial Conduct Authority ("FCA"), which regulates LIBOR, announced a desire to phase out the use of LIBOR by the end of 2021. As announced by the FCA and LIBOR's administrator, ICE Benchmark Administration, most LIBOR settings (which reflect LIBOR rates quoted in different currencies over various time periods) have not been published since the end of 2021, but the most widely used U.S. Dollar LIBOR settings are expected to continue to be published until June 30, 2023. However, banks were strongly encouraged to cease entering into agreements with counterparties referencing LIBOR by the end of 2021. It is possible that a subset of LIBOR settings will be published after these dates on a "synthetic" basis, but any such publications 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 and has been used increasingly on a voluntary basis in new instruments and transactions. In addition, on March 15, 2022, the Adjustable Interest Rate Act was signed into law. This law provides a statutory fallback mechanism to replace LIBOR with a

benchmark rate that is selected by the Federal Reserve Board and based on SOFR for certain contracts that reference LIBOR without adequate fallback provisions. On December 16, 2022, the Federal Reserve Board adopted regulations implementing the law by identifying benchmark rates based on SOFR that will replace LIBOR in different categories of financial contracts after June 30, 2023. The regulations include provisions that (i) provide a safe harbor for selection or use of a replacement benchmark rate selected by the Federal Reserve Board; (ii) clarify who may choose the replacement benchmark rate selected by the Federal Reserve Board; and (iii) ensure that contracts adopting a replacement benchmark rate selected by the Federal Reserve Board will not be interrupted or terminated following the replacement of LIBOR.

The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may adversely affect the Portfolio's performance and/or NAV. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, potentially adversely affecting the Portfolio's performance. Furthermore, the risks associated with the expected discontinuation of LIBOR and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. Neither the effect 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 six months ended June 30, 2023.

NOTE I: Distributions to Shareholders

The tax character of distributions to be paid for the year ending December 31, 2023 will be determined at the end of the current fiscal year. The tax character of distributions paid during the fiscal years ended December 31, 2022 and December 31, 2021 were as follows:

	2022	2021
Distributions paid from:		
Ordinary income	\$ 8,298,483	\$2,456,552
Net long-term capital gains	18,285,298	3,780,596
Total taxable distributions paid	<u>\$26,583,781</u>	<u>\$6,237,148</u>

BALANCED HEDGED ALLOCATION PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

As of December 31, 2022, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 1,625,224
Undistributed capital gains	8,899,982
Unrealized appreciation (depreciation)	(15,230,130)(a)
Total accumulated earnings (deficit)	<u>\$ (4,704,924)</u>

(a) 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, 2022, the Portfolio did not have any capital loss carryforwards.

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.

BALANCED HEDGED ALLOCATION PORTFOLIO

FINANCIAL HIGHLIGHTS

AB Variable Products Series Fund

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

	CLASS A					
	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Net asset value, beginning of period	\$8.28	\$11.75	\$10.61	\$10.24	\$10.10	\$11.86
<u>Income From Investment Operations</u>						
Net investment income(a)(b) .....	.07	.15	.16	.13	.19	.23
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	.56	(2.25)	1.29	.78	1.58	(.87)
Contributions from Affiliates	—0—	.00(c)	.00(c)	—0—	—0—	.00(c)
Net increase (decrease) in net asset value from operations .....	.63	(2.10)	1.45	.91	1.77	(.64)
<u>Less: Dividends and Distributions</u>						
Dividends from net investment income	—0—	(.35)	(.06)	(.24)	(.29)	(.23)
Distributions from net realized gain on investment transactions	—0—	(1.02)	(.25)	(.30)	(1.34)	(.89)
Total dividends and distributions	—0—	(1.37)	(.31)	(.54)	(1.63)	(1.12)
Net asset value, end of period	\$8.91	\$8.28	\$11.75	\$10.61	\$10.24	\$10.10
<u>Total Return</u>						
Total investment return based on net asset value(d)*	7.61%	(18.99)%	13.73%	9.41%	18.53%	(6.17)%
<u>Ratios/Supplemental Data</u>						
Net assets, end of period (000's omitted)	\$16,079	\$16,241	\$21,879	\$21,252	\$24,347	\$23,967
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements(e)(f)‡ .....	.68%^	.63%	.56%	.55%	.55%	.66%
Expenses, before waivers/ reimbursements(e)(f)‡ .....	.69%^	.71%	.75%	.77%	.75%	.75%
Net investment income(b)	1.58%^	1.50%	1.43%	1.38%	1.81%	2.05%
Portfolio turnover rate	0%	135%**	63%**	66%**	63%**	150%**
‡ Expense ratios exclude the estimated acquired fund fees of the affiliated/unaffiliated underlying portfolios						
	.08%^	.09%	.20%	.22%	.22%	.11%

See footnote summary on page 23.

BALANCED HEDGED ALLOCATION PORTFOLIO

FINANCIAL HIGHLIGHTS

(continued)

AB Variable Products Series Fund

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

	CLASS B					
	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Net asset value, beginning of period	\$8.15	\$11.58	\$10.47	\$10.10	\$9.98	\$11.73
Income From Investment Operations						
Net investment income(a)(b) .....	.06	.12	.13	.11	.16	.20
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	.54	(2.22)	1.26	.78	1.56	(.86)
Contributions from Affiliates	—0—	.00(c)	.00(c)	—0—	—0—	.00(c)
Net increase (decrease) in net asset value from operations .....	.60	(2.10)	1.39	.89	1.72	(.66)
Less: Dividends and Distributions						
Dividends from net investment income	—0—	(.31)	(.03)	(.22)	(.26)	(.20)
Distributions from net realized gain on investment transactions	—0—	(1.02)	(.25)	(.30)	(1.34)	(.89)
Total dividends and distributions	—0—	(1.33)	(.28)	(.52)	(1.60)	(1.09)
Net asset value, end of period	\$8.75	\$8.15	\$11.58	\$10.47	\$10.10	\$9.98
Total Return						
Total investment return based on net asset value(d)*	7.36%	(19.17)%	13.36%	9.25%	18.20%	(6.41)%
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)....	\$161,282	\$161,149	\$223,893	\$222,427	\$231,071	\$220,274
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements(e)(f)‡ .....	.93%^	.88%	.81%	.80%	.80%	.91%
Expenses, before waivers/ reimbursements(e)(f)‡ .....	.94%^	.96%	1.00%	1.02%	1.00%	1.00%
Net investment income(b)	1.34%^	1.24%	1.20%	1.14%	1.57%	1.79%
Portfolio turnover rate	0%	135%**	63%**	66%**	63%**	150%**
‡ Expense ratios exclude the estimated acquired fund fees of the affiliated/unaffiliated underlying portfolios .....	.08%^	.09%	.20%	.22%	.22%	.11%

See footnote summary on page 23.

- (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 six months ended June 30, 2023 and the years ended December 31, 2022, December 31, 2021, December 31, 2020, December 31, 2019 and December 31, 2018, such waiver amounted to .01% (annualized), .08%, .19%, .20%, .20% and .09%, respectively.
- (f) The expense ratios presented below exclude interest/bank overdraft expense:

	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Class A						
Net of waivers/reimbursements .....	.68%^	.63%	.56%	.55%	.54%	.66%
Before waivers/reimbursements .....	.69%^	.71%	.75%	.77%	.75%	.75%
Class B						
Net of waivers/reimbursements .....	.93%^	.88%	.81%	.80%	.79%	.91%
Before waivers/reimbursements .....	.94%^	.96%	1.00%	1.02%	1.00%	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.

^ Annualized.

See notes to financial statements.

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 (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 2023, which covered the period January 1, 2022 through December 31, 2022 (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.

BALANCED HEDGED ALLOCATION PORTFOLIO

CONTINUANCE DISCLOSURE

AB Variable Products Series Fund

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 a meeting held in-person on August 2-3, 2022 (the “Meeting”).

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 for 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 2020 and 2021 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

BALANCED HEDGED ALLOCATION PORTFOLIO

CONTINUANCE DISCLOSURE

(continued)

AB Variable Products Series Fund

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 Meeting, the directors receive detailed performance information for the Fund at each regular Board meeting during the year.

At the Meeting, the directors reviewed performance information prepared by an independent service provider (the "15(c) service provider"), showing the performance of the Class B 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 B Shares against a broad-based securities market index, in each case for the 1-, 3-, 5- and 10-year periods ended May 31, 2022 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 pro forma contractual effective advisory fee rate (reflecting a reduction in the advisory fee rate effective May 2022 with a peer group median. Taking into account the administrative expense reimbursement paid to the Adviser in the latest fiscal year, the directors noted that the Adviser's pro forma total rate of compensation was equal to the peer group 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 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. The information provided included a pro forma expense ratio to reflect changes to the Fund's expenses effective May 2022. The Adviser had agreed to cap the Fund's expenses, but the directors noted that the Fund's pro forma expense ratio was currently below the level of the Adviser's cap. 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 pro forma expense ratio was above the expense group median. After reviewing and discussing the Adviser's explanation for this, the directors concluded that the Fund's pro forma 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 Meeting. 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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