



ANNUAL REPORT

AB VARIABLE PRODUCTS SERIES FUND, INC.

+ REAL ESTATE INVESTMENT 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. The Fund's portfolio holdings reports are available on the Commission's website at www.sec.gov. The Fund's portfolio holdings reports may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC 0330.

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REAL ESTATE INVESTMENT PORTFOLIO

AB Variable Products Series Fund

LETTER TO INVESTORS

February 14, 2019

The following is an update of AB Variable Products Series Fund—Real Estate Investment Portfolio (the “Portfolio”) for the annual reporting period ended December 31, 2018.

At a meeting of the Board of Directors of AB Variable Products Series Fund, Inc. held on November 6-8, 2018, the Board approved the liquidation and termination of the Portfolio (the “Liquidation”). The Portfolio expects to make liquidating distributions on or shortly after April 19, 2019 and will convert its assets to cash shortly before this date. The insurance company separate accounts through which owners of variable insurance contracts hold interests in the Portfolio will give such Contractholders notice of the Liquidation as well as information about allocating their variable insurance contract assets to other investment options available under their contracts.

INVESTMENT OBJECTIVE AND POLICIES

The Portfolio’s investment objective is total return from long-term growth of capital and income. Under normal circumstances, the Portfolio invests at least 80% of its net assets in the equity securities of real estate investment trusts (“REITs”), and other real estate industry companies, such as real estate operating companies. The Portfolio seeks to invest in real estate companies whose underlying portfolios are diversified geographically and by property type.

The Portfolio’s investment policies seek to emphasize investment in companies determined by the Adviser to be undervalued relative to their peers. The Portfolio may invest in short-term investment-grade debt securities and other fixed-income securities.

The Portfolio invests in equity securities that include common stock, shares of beneficial interests of REITs and securities with common stock characteristics, such as preferred stock or convertible securities (“real estate equity securities”). The Portfolio may invest in foreign securities and enter into forward commitments and standby commitment agreements.

Currencies can have a dramatic impact on equity returns, significantly adding to returns in some years and greatly diminishing them in others. Currency and equity positions are evaluated separately. The Adviser may seek to hedge the currency exposure resulting from securities positions when it finds the currency exposure unattractive. To hedge all or a portion of its currency risk, the Portfolio may, from time to time, invest in currency-related derivatives, including forward currency exchange contracts, futures contracts,

options on futures contracts, swaps and options. The Adviser may also seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives.

The Portfolio may enter into other derivatives transactions, such as options, futures contracts, forwards and swaps. The Portfolio may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, including on individual securities and stock indices, futures contracts (including futures contracts on individual securities and stock indices) or shares of exchange-traded funds (“ETFs”). These transactions may be used, for example, to earn extra income, to adjust exposure to individual securities or markets, or to protect all or a portion of the Portfolio’s portfolio from a decline in value, sometimes within certain ranges.

The Portfolio may, at times, invest in shares of ETFs in lieu of making direct investments in equity securities. ETFs may provide more efficient and economical exposure to the type of companies and geographic locations in which the Portfolio seeks to invest than direct investments.

INVESTMENT RESULTS

The table on page 5 shows the Portfolio’s performance compared to its primary benchmark, the Financial Times Stock Exchange National Association of Real Estate Investment Trusts (“FTSE NAREIT”) Equity REIT Index, in addition to the broad market as measured by the Standard & Poor’s (“S&P”) 500 Index, for the one-, five- and 10-year periods ended December 31, 2018.

For the annual period, all share classes of the Portfolio underperformed the primary benchmark. Stock selection detracted, relative to the benchmark, mainly within the diversified and industrial/office sectors, while selection in the specialty sector contributed. Sector selection contributed to returns, primarily from an underweight to the specialty sector and an overweight to the residential sector, which was partially offset by an underweight to health care.

The Portfolio did not utilize derivatives nor was the Portfolio’s performance affected by leverage during the annual period.

MARKET REVIEW AND INVESTMENT STRATEGY

The US real estate market fell during the annual period ended December 31, 2018, reflecting monetary tightening and expectations of slowing economic growth. The FTSE NAREIT Equity REIT Index finished the annual period down 4.04%. The S&P 500 Index also declined, falling 4.38% during the same period.

Most segments of the US property market were characterized by balanced fundamentals. Overall, demand growth remained healthy and supply growth normalized. Therefore, cash-flow growth was decelerating and nearing average levels. In the industrials sector, growth in e-commerce retailing supported ongoing demand growth, which resulted in high occupancy levels and strong rent growth. Fundamentals in the self-storage sector modestly weakened due to an increase of new supply in several cities. In the office sector, robust demand together with reasonable supply growth resulted in more leasing activity in most major cities, especially along the West Coast. Demand for

space at high-quality retail malls and shopping centers remained healthy, though the costs necessary for landlords to lease vacated space rose. In the residential sector, rent growth has improved from low levels as supply growth abated, especially in coastal markets.

The Portfolio's Senior Investment Management Team continues its search to find attractive opportunities across a range of sectors, focusing on attractively priced companies with improving fundamentals, together with the balance sheet strength to withstand periods of renewed volatility.

REAL ESTATE INVESTMENT PORTFOLIO

DISCLOSURES AND RISKS

AB Variable Products Series Fund

Benchmark Disclosure

The FTSE® NAREIT Equity REIT Index and the S&P 500® Index are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. The FTSE NAREIT Equity REIT Index (market-value weighted index based upon the last closing price of the month) represents the performance of tax-qualified REITs listed on the NYSE, AMEX and the NASDAQ. The S&P 500 Index includes 500 US stocks and is a common representation of the performance of the overall US stock market. 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 that affect large portions of the market.

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. The Portfolio may be subject to heightened interest-rate risk due to rising rates as the current period of historically low interest rates may be ending. Interest-rate risk is generally greater for fixed-income securities with longer maturities or durations.

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. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

Real Estate Risk: The Portfolio's investments in the real estate market 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.

Derivatives Risk: Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Portfolio, and may be subject to counterparty risk to a greater degree than more traditional investments.

Leverage Risk: To the extent the Portfolio uses leveraging techniques, its net asset value ("NAV") may be more volatile because leverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the Portfolio's investments.

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 less liquid due to adverse market, economic, political, regulatory or other factors.

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

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.

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

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

DISCLOSURES AND RISKS

(continued)

AB Variable Products Series Fund

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.

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.

REAL ESTATE INVESTMENT PORTFOLIO HISTORICAL PERFORMANCE

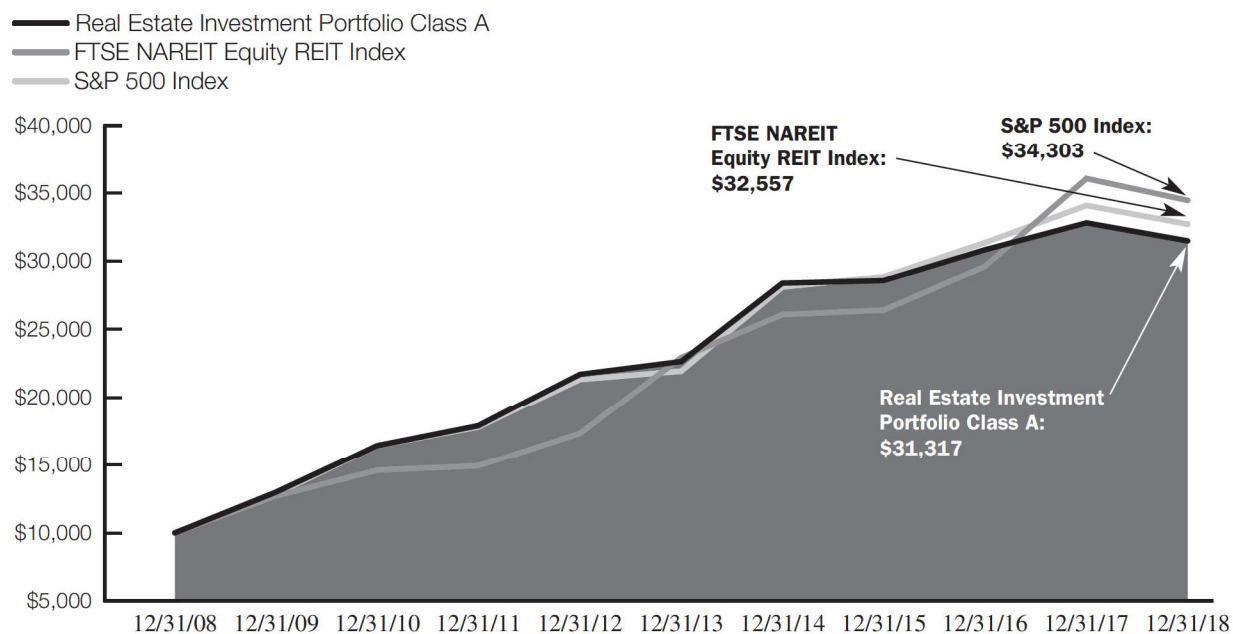
AB Variable Products Series Fund

THE PORTFOLIO VS. ITS BENCHMARKS PERIODS ENDED DECEMBER 31, 2018 (unaudited)	Net Asset Value Returns		
	1 Year	5 Years ¹	10 Years ¹
Real Estate Investment Portfolio Class A ²	-4.13%	6.82%	12.09%
Real Estate Investment Portfolio Class B ²	-4.45%	6.54%	11.82%
Primary Benchmark: FTSE NAREIT Equity REIT Index	-4.04%	8.32%	12.53%
S&P 500 Index	-4.38%	8.49%	13.12%

1 Average annual returns.
2 Includes the impact of proceeds received and credited to the Portfolio resulting from class-action settlements, which enhanced the performance of all share classes of the Portfolio for the annual period ended December 31, 2018, by 0.04%.

The Portfolio's current prospectus fee table shows the Portfolio's total annual operating expense ratios as 1.05% and 1.30% 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 12/31/2008 TO 12/31/2018 (unaudited)



This chart illustrates the total value of an assumed \$10,000 investment in Real Estate Investment Portfolio Class A shares (from 12/31/2008 to 12/31/2018) as compared to the performance of the Portfolio's benchmarks. The chart assumes the reinvestment of dividends and capital gains distributions.

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

REAL ESTATE INVESTMENT 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 classes' 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 July 1, 2018</u>	<u>Ending Account Value December 31, 2018</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Class A				
Actual	\$ 1,000	\$ 949.30	\$ 5.70	1.16%
Hypothetical (5% annual return before expenses)	\$ 1,000	\$ 1,019.36	\$ 5.90	1.16%
Class B				
Actual	\$ 1,000	\$ 947.30	\$ 6.92	1.41%
Hypothetical (5% annual return before expenses)	\$ 1,000	\$ 1,018.10	\$ 7.17	1.41%

* 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).

REAL ESTATE INVESTMENT PORTFOLIO

TEN LARGEST HOLDINGS¹

December 31, 2018 (unaudited)

AB Variable Products Series Fund

COMPANY	U.S. \$ VALUE	PERCENT OF NET ASSETS
Simon Property Group, Inc.	\$ 3,000,302	6.7%
American Tower Corp.	2,980,300	6.7
Prologis, Inc.	2,093,368	4.7
Equinix, Inc.	1,856,933	4.2
Crown Castle International Corp.	1,698,973	3.8
Digital Realty Trust, Inc.	1,451,744	3.2
Essex Property Trust, Inc.	1,427,122	3.2
HCP, Inc.	1,299,024	2.9
Alexandria Real Estate Equities, Inc.	1,249,202	2.8
Mid-America Apartment Communities, Inc.	1,182,852	2.6
	<u>\$ 18,239,820</u>	<u>40.8%</u>

INDUSTRY BREAKDOWN²

December 31, 2018 (unaudited)

INDUSTRY	U.S. \$ VALUE	PERCENT OF TOTAL INVESTMENTS
Specialized REITs	\$ 11,059,854	24.8%
Residential REITs	8,045,805	18.1
Retail REITs	7,040,510	15.8
Industrial REITs	4,502,693	10.1
Office REITs	4,334,913	9.7
Health Care REITs	3,653,874	8.2
Hotel & Resort REITs	2,082,443	4.7
Diversified REITs	1,950,269	4.4
Real Estate Operating Companies	714,974	1.6
IT Consulting & Other Services	401,325	0.9
Alternative Carriers	344,656	0.8
Short-Term Investments	384,131	0.9
Total Investments	<u>\$ 44,515,447</u>	<u>100.0%</u>

¹ Long-term investments.

² The Portfolio's industry breakdown is expressed as a percentage of total investments and may vary over time.

Please note: The industry classifications presented herein are based on the industry categorization methodology of the Adviser.

REAL ESTATE INVESTMENT PORTFOLIO

PORTFOLIO OF INVESTMENTS

December 31, 2018

AB Variable Products Series Fund

Company	Shares	U.S. \$ Value	Company	Shares	U.S. \$ Value
COMMON STOCKS—99.0%					
REAL ESTATE—97.3%					
DIVERSIFIED REITS—4.4%					
Armada Hoffer Properties, Inc.	51,170	\$ 719,450	Macerich Co. (The)	16,400	\$ 709,792
Empire State Realty Trust, Inc.—			National Retail Properties, Inc.	18,820	912,958
Class A	36,510	519,537	Regency Centers Corp.	18,630	1,093,208
VEREIT, Inc.	99,480	711,282	Simon Property Group, Inc.	17,860	3,000,302
		<u>1,950,269</u>			<u>7,040,510</u>
HEALTH CARE REITS—8.2%			SPECIALIZED REITS—24.8%		
HCP, Inc.	46,510	1,299,024	American Tower Corp.	18,840	2,980,300
Medical Properties Trust, Inc.	55,310	889,385	Crown Castle International Corp.	15,640	1,698,973
Omega Healthcare Investors, Inc.	19,820	696,673	CubeSmart	26,300	754,547
Sabra Health Care REIT, Inc.	46,650	768,792	Digital Realty Trust, Inc.	13,625	1,451,744
		<u>3,653,874</u>	EPR Properties	7,790	498,794
HOTEL & RESORT REITS—4.7%			Equinix, Inc.	5,267	1,856,933
Park Hotels & Resorts, Inc.	34,260	890,075	MGM Growth Properties LLC—		
Pebblebrook Hotel Trust	16,490	466,832	Class A	23,260	614,297
RLJ Lodging Trust	44,240	725,536	National Storage Affiliates Trust	27,842	736,699
		<u>2,082,443</u>	Public Storage	2,310	467,567
INDUSTRIAL REITS—10.1%					<u>11,059,854</u>
Duke Realty Corp.	38,000	984,200			<u>43,385,335</u>
Prologis, Inc.	35,650	2,093,368	SOFTWARE & SERVICES—0.9%		
Rexford Industrial Realty, Inc.	21,790	642,151	IT CONSULTING & OTHER SERVICES—0.9%		
STAG Industrial, Inc.	31,470	782,974	InterXion Holding NV ^(a)	7,410	401,325
		<u>4,502,693</u>	TELECOMMUNICATION SERVICES—0.8%		
OFFICE REITS—9.7%			ALTERNATIVE CARRIERS—0.8%		
Alexandria Real Estate Equities, Inc.	10,840	1,249,202	Zayo Group Holdings, Inc. ^(a)	15,090	344,656
Boston Properties, Inc.	9,550	1,074,852	Total Common Stocks		
Brandywine Realty Trust	31,560	406,177	(cost \$40,974,546)		<u>44,131,316</u>
City Office REIT, Inc.	21,200	217,300	SHORT-TERM INVESTMENTS—0.9%		
Highwoods Properties, Inc.	16,730	647,284	INVESTMENT COMPANIES—0.9%		
Kilroy Realty Corp.	11,770	740,098	AB Fixed Income Shares, Inc.—		
		<u>4,334,913</u>	Government Money Market Portfolio—Class AB, 2.31%^{(b)(c)(d)}		
REAL ESTATE OPERATING COMPANIES—1.6%			(cost \$384,131)	384,131	384,131
Essential Properties Realty Trust, Inc.	51,660	714,974	Total Investments—99.9%		
RESIDENTIAL REITS—18.0%			(cost \$41,358,677)		44,515,447
American Campus Communities, Inc.	22,990	951,556	Other assets less liabilities—0.1%		<u>44,279</u>
American Homes 4 Rent—Class A	45,450	902,183	Net Assets—100.0%		
Apartment Investment & Management Co.—Class A	16,790	736,745			<u>\$ 44,559,726</u>
Camden Property Trust	12,100	1,065,405			
Essex Property Trust, Inc.	5,820	1,427,122			
Independence Realty Trust, Inc.	74,290	681,982			
Mid-America Apartment Communities, Inc.	12,360	1,182,852			
Sun Communities, Inc.	10,795	1,097,960			
		<u>8,045,805</u>			
RETAIL REITS—15.8%					
Agree Realty Corp.	10,870	642,634			
Brixmor Property Group, Inc.	46,400	681,616			

- (a) Non-income producing security.
(b) Affiliated investments.
(c) The rate shown represents the 7-day yield as of period end.
(d) To obtain a copy of the fund's shareholder report, please go to the Securities and Exchange Commission's website at www.sec.gov, or call AB at (800) 227-4618.

Glossary:

REIT—Real Estate Investment Trust

See notes to financial statements.

REAL ESTATE INVESTMENT PORTFOLIO **STATEMENT OF ASSETS & LIABILITIES**

December 31, 2018

AB Variable Products Series Fund

ASSETS

Investments in securities, at value	
Unaffiliated issuers (cost \$40,974,546)	\$44,131,316
Affiliated issuers (cost \$384,131)	384,131
Cash	16,872
Foreign currencies, at value (cost \$8,329)	7,319
Unaffiliated dividends receivable	235,902
Receivable for capital stock sold	7,034
Affiliated dividends receivable	808
Total assets	<u>44,783,382</u>

LIABILITIES

Payable for capital stock redeemed	114,037
Audit and tax fee payable	43,825
Advisory fee payable	20,493
Administrative fee payable	17,636
Printing fee payable	11,302
Distribution fee payable	3,418
Transfer Agent fee payable	206
Accrued expenses	12,739
Total liabilities	<u>223,656</u>

NET ASSETS \$44,559,726

COMPOSITION OF NET ASSETS

Capital stock, at par	\$ 5,401
Additional paid-in capital	39,587,571
Distributable earnings	4,966,754
	<u><u>\$44,559,726</u></u>

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

Class	Net Assets	Shares Outstanding	Net Asset Value
A	\$ 28,312,523	3,440,001	\$ 8.23
B	\$ 16,247,203	1,961,164	\$ 8.28

See notes to financial statements.

REAL ESTATE INVESTMENT PORTFOLIO**STATEMENT OF OPERATIONS****Year Ended December 31, 2018****AB Variable Products Series Fund****INVESTMENT INCOME**

Dividends	
Unaffiliated issuers	\$ 1,429,448
Affiliated issuers	3,461
Interest	554
	<u>1,433,463</u>

EXPENSES

Advisory fee (see Note B)	266,442
Distribution fee—Class B	44,908
Transfer agency—Class A	2,719
Transfer agency—Class B	1,601
Administrative	69,147
Custodian	60,813
Audit and tax	57,221
Legal	33,573
Printing	26,321
Directors' fees	24,784
Miscellaneous	1,505
Total expenses	589,034
Less: expenses waived and reimbursed by the Adviser (see Notes B & E)	(240)
Net expenses	<u>588,794</u>
Net investment income	<u>844,669</u>

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

Net realized gain on investment transactions	871,768
Net change in unrealized appreciation/depreciation of:	
Investments	(3,791,877)
Foreign currency denominated assets and liabilities	(539)
Net loss on investment and foreign currency transactions	<u>(2,920,648)</u>

NET DECREASE IN NET ASSETS FROM OPERATIONS \$(2,075,979)

See notes to financial statements.

REAL ESTATE INVESTMENT PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

AB Variable Products Series Fund

	Year Ended December 31, 2018	Year Ended December 31, 2017
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	\$ 844,669	\$ 760,056
Net realized gain on investments	871,768	2,155,889
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	(3,792,416)	387,706
Net increase (decrease) in net assets from operations	(2,075,979)	3,303,651
Distributions to Shareholders*		
Class A	(1,810,383)	(2,382,678)
Class B	(1,040,949)	(1,265,858)
CAPITAL STOCK TRANSACTIONS		
Net decrease	(2,317,584)	(761,253)
Total decrease	(7,244,895)	(1,106,138)
NET ASSETS		
Beginning of period	51,804,621	52,910,759
End of period	<u>\$44,559,726</u>	<u>\$51,804,621</u>

* The prior year's amounts have been reclassified to conform with the current year's presentation. See Note J, Recent Accounting Pronouncements, in the Notes to Financial Statements for more information.

See notes to financial statements.

REAL ESTATE INVESTMENT PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

AB Variable Products Series Fund

NOTE A: Significant Accounting Policies

The AB Real Estate Investment Portfolio (the “Portfolio”) is a series of AB Variable Products Series Fund, Inc. (the “Fund”). The Portfolio’s investment objective is total return from long-term growth of capital and income. The Portfolio is diversified as defined under the Investment Company Act of 1940. The Fund was incorporated in the State of Maryland on November 17, 1987, as an open-end series investment company. The Fund offers fourteen 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 their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at “fair value” as determined in accordance with procedures established by and under the general supervision of the Fund’s Board of Directors (the “Board”).

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, AllianceBernstein L.P. (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. Such 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)

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.

The following table summarizes the valuation of the Portfolio's investments by the above fair value hierarchy levels as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments in Securities:				
Assets:				
Common Stocks(a)	\$44,131,316	\$ -0-	\$ -0-	\$44,131,316
Short-Term Investments	384,131	-0-	-0-	384,131
Total Investments in Securities	44,515,447	-0-	-0-	44,515,447
Other Financial Instruments(b)	-0-	-0-	-0-	-0-
Total(c)	\$44,515,447	\$ -0-	\$ -0-	\$44,515,447

(a) See Portfolio of Investments for sector classifications.

(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, options written and swaptions written which are valued at market value.

(c) There were no transfers between any levels during the reporting period.

The Portfolio recognizes all transfers between levels of the fair value hierarchy assuming the financial instruments were transferred at the beginning of the reporting period.

REAL ESTATE INVESTMENT PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

The Adviser established the Committee to oversee the pricing and valuation of all securities held in the Portfolio. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including pricing policies which set forth the mechanisms and processes to be employed on a daily basis to implement these policies and procedures. In particular, the pricing policies describe how to determine market quotations for securities and other instruments. The Committee's responsibilities include: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regular monitoring of the Adviser's pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

The Committee is also responsible for monitoring the implementation of the pricing policies by the Adviser's Pricing Group (the "Pricing Group") and any third party which performs certain pricing functions in accordance with the pricing policies. The Pricing Group is responsible for the oversight of the third party on a day-to-day basis. The Committee and the Pricing Group perform a series of activities to provide reasonable assurance of the accuracy of prices including: 1) periodic vendor due diligence meetings, review of methodologies, new developments and processes at vendors, 2) daily comparison of security valuation versus prior day for all securities that exceeded established thresholds, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by senior management and the Committee.

In addition, several processes outside of the pricing process are used to monitor valuation issues including: 1) performance and performance attribution reports are monitored for anomalous impacts based upon benchmark performance, and 2) portfolio managers review all portfolios for performance and analytics (which are generated using the Adviser's prices).

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. The Portfolio amortizes premiums and accretes discounts as adjustments to interest income.

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 .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 fee is accrued daily and paid monthly.

During 2017, AXA S.A. ("AXA"), a French holding company for the AXA Group, a worldwide leader in life, property and casualty and health insurance and asset management, announced its intention to pursue the sale of a minority stake in its subsidiary, AXA Equitable Holdings, Inc. ("AXA Equitable"), the holding company for a diversified financial services organization, through an initial public offering ("IPO"). AXA Equitable is the holding company for a diverse group of financial services companies, including AllianceBernstein L.P., the investment adviser to the Funds ("the Adviser"). During the second quarter of 2018, AXA Equitable completed the IPO, and, as a result, AXA held approximately 72.2% of the outstanding common stock of AXA Equitable as of September 30, 2018. Contemporaneously with the IPO, AXA sold \$862.5 million aggregate principal amount of its 7.25% mandatorily exchangeable notes (the "MxB Notes") due May 15, 2021 and exchangeable into up to 43,125,000 shares of common stock (or approximately 7% of the outstanding shares of common stock of AXA Equitable). AXA retains ownership (including voting rights) of such shares of common stock until the MxB Notes are exchanged, which may be on a date that is earlier than the maturity date at AXA's option upon the occurrence of certain events.

In March 2018, AXA announced its intention to sell its entire interest in AXA Equitable over time, subject to market conditions and other factors (the "Plan"). It is anticipated that one or more of the transactions contemplated by the Plan may ultimately result in the indirect transfer of a "controlling block" of voting securities of the Adviser (a "Change of Control Event") and therefore may be deemed an "assignment" causing a termination of each Portfolio's current investment advisory agreement. In order to ensure that the existing investment advisory services could continue uninterrupted, at meetings held in late July through early August 2018, the Boards of Directors/Trustees (each a "Board" and collectively, the "Boards") approved new investment advisory agreements with the Adviser, in connection with the Plan. The Boards also agreed to call and hold a joint meeting of shareholders on October 11, 2018 for shareholders of each Portfolio to (1) approve the new investment advisory agreement with the Adviser that would be effective after the first Change of Control Event and (2) approve any future advisory agreement approved by the Board and that has terms not materially different from the current agreement, in the event there are subsequent Change of Control Events arising from completion of the Plan that terminate the advisory agreement after the first Change of Control Event. Approval of a future advisory agreement means that shareholders may not have another opportunity to vote on a new agreement with the Adviser even upon a change of control, as long as no single person or group of persons acting together gains "control" (as defined in the 1940 Act) of AXA Equitable.

At the October 11, 2018 meeting, shareholders approved the new and future investment advisory agreements.

On November 20, 2018, AXA completed a public offering of 60,000,000 shares of AXA Equitable's common stock and simultaneously sold 30,000,000 of such shares to AXA Equitable pursuant to a separate agreement with it. As a result AXA currently owns approximately 59.2% of the shares of common stock of AXA Equitable.

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, 2018, the reimbursement for such services amounted to \$69,147.

REAL ESTATE INVESTMENT PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

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 \$1,200 for the year ended December 31, 2018.

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. Effective August 1, 2018, the Adviser has contractually agreed to waive .10% of the advisory fee of Government Money Market Portfolio until August 31, 2019. 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, 2018, such waiver amounted to \$157.

A summary of the Portfolio’s transactions in AB mutual funds for the year ended December 31, 2018 is as follows:

<u>Fund</u>	<u>Market Value 12/31/17 (000)</u>	<u>Purchases at Cost (000)</u>	<u>Sales Proceeds (000)</u>	<u>Market Value 12/31/18 (000)</u>	<u>Dividend Income (000)</u>
Government Money Market Portfolio	\$0	\$7,420	\$7,036	\$384	\$2
Government Money Market Portfolio*	0	3,750	3,750	0	1
Total				<u>\$384</u>	<u>\$3</u>

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

Brokerage commissions paid on investment transactions for the year ended December 31, 2018 amounted to \$26,384, of which \$0 and \$0, respectively, was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, affiliates of the Adviser.

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 year ended December 31, 2018 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Investment securities (excluding U.S. government securities)	\$27,866,185	\$31,215,172
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	\$41,400,757
Gross unrealized appreciation	\$ 5,357,817
Gross unrealized depreciation	(2,243,127)
Net unrealized appreciation	<u>\$ 3,114,690</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 Portfolio did not engage in derivatives transactions for the year ended December 31, 2018.

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. 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. It is the policy of the Portfolio to receive collateral consisting of cash in an amount exceeding the value of the securities loaned. 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 income or other distributions from the securities. 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. The lending agent has agreed to indemnify the Portfolio in the case of default of any securities borrower. 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. When the Portfolio lends securities, its investment performance will continue to reflect changes in the value of the securities loaned. At December 31, 2018, the Portfolio had no securities on loan. The cash collateral will be adjusted on the next business day to maintain the required collateral amount. The Portfolio earned net securities lending income of \$719 from Government Money Market Portfolio, inclusive of a rebate expense paid to the borrower, for the year ended December 31, 2018; this amount is reflected in the statement of operations. In connection with the cash collateral investment by the Portfolio in the 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. For the year ended December 31, 2018, such waiver amounted to \$83. 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.

REAL ESTATE INVESTMENT PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

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, 2018	Year Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Class A				
Shares sold	345,301	209,630	\$ 3,011,165	\$ 1,934,567
Shares issued in reinvestment of dividends and distributions	205,026	270,759	1,810,383	2,382,678
Shares redeemed	(719,541)	(701,136)	(6,248,644)	(6,508,769)
Net decrease	<u>(169,214)</u>	<u>(220,747)</u>	<u>\$(1,427,096)</u>	<u>\$(2,191,524)</u>
Class B				
Shares sold	254,492	347,042	\$ 2,205,695	\$ 3,209,095
Shares issued in reinvestment of dividends and distributions	117,093	142,873	1,040,950	1,265,858
Shares redeemed	(474,239)	(326,273)	(4,137,133)	(3,044,682)
Net increase (decrease)	<u>(102,654)</u>	<u>163,642</u>	<u>\$ (890,488)</u>	<u>\$ 1,430,271</u>

At December 31, 2018, certain shareholders of the Portfolio owned 62% 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

Interest Rate Risk and Credit Risk—Interest rate risk is the risk that changes in interest rates will affect the value of the Portfolio's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Portfolio's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

Real Estate Risk—The Portfolio's investments in the real estate market 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.

Derivatives Risk—The Portfolio may enter into derivative transactions such as forwards, options, futures and swaps. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Portfolio, and subject to counterparty risk to a greater degree than more traditional investments. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected on the statement of assets and liabilities.

Leverage Risk—When the Portfolio borrows money or otherwise leverages its investments, its performance may be volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of the Portfolio's investments. The Portfolio may create leverage through the use of reverse repurchase arrangements, forward currency exchange contracts, forward commitments, dollar rolls or futures or by borrowing money. The use of other types of derivative instruments by the Portfolio, such as options and swaps, may also result in a form of leverage. Leverage may result in higher returns to the Portfolio than if the Portfolio were not leveraged, but may also adversely affect returns, particularly if the market is declining.

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 less liquid due to adverse market, economic, political, regulatory or other factors.

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

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.

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, if necessary, subject to certain restrictions in connection with abnormal redemption activity. 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, 2018.

NOTE I: Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended December 31, 2018 and December 31, 2017 were as follows:

	2018	2017
Distributions paid from:		
Ordinary income	\$ 890,888	\$1,214,271
Net long-term capital gains	<u>1,960,444</u>	<u>2,434,265</u>
Total taxable distributions paid	<u>\$2,851,332</u>	<u>\$3,648,536</u>

As of December 31, 2018, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 922,456
Undistributed capital gains	930,618
Unrealized appreciation/(depreciation)	<u>3,113,680(a)</u>
Total accumulated earnings/(deficit)	<u>\$4,966,754</u>

(a) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales.

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, 2018, 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 August 2018, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement which removes, modifies and adds disclosures to Topic 820. The amendments in this ASU 2018-13 apply to all entities that are required, under existing U.S. GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The amendments in this ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. At this time, management is evaluating the implications of these changes on the financial statements.

In October 2018, the U.S. Securities and Exchange Commission adopted amendments to certain disclosure requirements included in Regulation S-X that had become “redundant, duplicative, overlapping, outdated or superseded, in light of the other Commission disclosure requirements, GAAP or changes in the information environment.” The compliance date for the amendments to Regulation S-X was November 5, 2018 (for reporting period end dates of September 30, 2018 or after). Management has adopted the amendments which simplified certain disclosure requirements on the financial statements.

REAL ESTATE INVESTMENT PORTFOLIO

NOTES TO FINANCIAL STATEMENTS

(continued)

AB Variable Products Series Fund

NOTE K: Subsequent Events

At a meeting of the Board of the Fund held on November 6-8, 2018, the Board approved the liquidation and termination of the Portfolio (the “Liquidation”). The Portfolio expects to make liquidating distributions on or shortly after April 19, 2019 and will convert its assets to cash shortly before this date. The insurance company separate accounts through which owners of variable insurance contracts hold interests in the Portfolio will give such contract holders notice of the Liquidation as well as information about allocating their variable insurance contract assets to other investment options available under their contracts.

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 other material events that would require disclosure in the Portfolio’s financial statements through this date.

REAL ESTATE INVESTMENT PORTFOLIO

FINANCIAL HIGHLIGHTS

AB Variable Products Series Fund

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

	CLASS A				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of period	<u>\$9.11</u>	<u>\$9.22</u>	<u>\$9.08</u>	<u>\$10.00</u>	<u>\$11.18</u>
<u>Income From Investment Operations</u>					
Net investment income (a)16(b)	.14(b)	.18(b)†	.18	.14
Net realized and unrealized gain (loss) on investment and foreign currency transactions	<u>(.50)</u>	<u>.44</u>	<u>.56</u>	<u>(.12)</u>	<u>2.39</u>
Net increase (decrease) in net asset value from operations	<u>(.34)</u>	<u>.58</u>	<u>.74</u>	<u>.06</u>	<u>2.53</u>
<u>Less: Dividends and Distributions</u>					
Dividends from net investment income	(.17)	(.17)	(.15)	(.15)	(.37)
Distributions from net realized gain on investment transactions	<u>(.37)</u>	<u>(.52)</u>	<u>(.45)</u>	<u>(.83)</u>	<u>(3.34)</u>
Total dividends and distributions	<u>(.54)</u>	<u>(.69)</u>	<u>(.60)</u>	<u>(.98)</u>	<u>(3.71)</u>
Net asset value, end of period	<u>\$8.23</u>	<u>\$9.11</u>	<u>\$9.22</u>	<u>\$9.08</u>	<u>\$10.00</u>
<u>Total Return</u>					
Total investment return based on net asset value (c)	(4.13)%*	6.53%	7.76%†	.80%	25.35%
<u>Ratios/Supplemental Data</u>					
Net assets, end of period (000's omitted)	\$28,313	\$32,883	\$35,294	\$35,970	\$38,003
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements	1.12%	1.05%	1.08%	1.07%	1.08%
Expenses, before waivers/reimbursements	1.12%	1.05%	1.08%	1.07%	1.08%
Net investment income	1.84%(b)	1.54%(b)	1.90%(b)†	1.91%	1.26%
Portfolio turnover rate	58%	59%	77%	67%	67%

See footnote summary on page 22.

REAL ESTATE INVESTMENT PORTFOLIO

FINANCIAL HIGHLIGHTS

(continued)

AB Variable Products Series Fund

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

	CLASS B				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of period	<u>\$9.17</u>	<u>\$9.27</u>	<u>\$9.14</u>	<u>\$10.05</u>	<u>\$11.22</u>
Income From Investment Operations					
Net investment income (a)14(b)	.12(b)	.15(b)†	.16	.11
Net realized and unrealized gain (loss) on investment and foreign currency transactions	<u>(.51)</u>	<u>.45</u>	<u>.56</u>	<u>(.11)</u>	<u>2.40</u>
Net increase (decrease) in net asset value from operations	<u>(.37)</u>	<u>.57</u>	<u>.71</u>	<u>.05</u>	<u>2.51</u>
Less: Dividends and Distributions					
Dividends from net investment income	(.15)	(.15)	(.13)	(.13)	(.34)
Distributions from net realized gain on investment transactions	<u>(.37)</u>	<u>(.52)</u>	<u>(.45)</u>	<u>(.83)</u>	<u>(3.34)</u>
Total dividends and distributions	<u>(.52)</u>	<u>(.67)</u>	<u>(.58)</u>	<u>(.96)</u>	<u>(3.68)</u>
Net asset value, end of period	<u>\$8.28</u>	<u>\$9.17</u>	<u>\$9.27</u>	<u>\$9.14</u>	<u>\$10.05</u>
Total Return					
Total investment return based on net asset value (c)	(4.45)%*	6.37%	7.38%†	.66%	24.96%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$16,247	\$18,921	\$17,617	\$13,888	\$13,301
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements	1.37%	1.30%	1.34%	1.33%	1.33%
Expenses, before waivers/reimbursements	1.37%	1.30%	1.34%	1.33%	1.33%
Net investment income	1.58%(b)	1.32%(b)	1.56%(b)†	1.67%	1.03%
Portfolio turnover rate	58%	59%	77%	67%	67%

(a) Based on average shares outstanding.

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

(c) 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.

† For the year ended December 31, 2016, the amount includes a refund for overbilling of prior years' custody out of pocket fees as follows:

<u>Net Investment Income Per Share</u>	<u>Net Investment Income Ratio</u>	<u>Total Return</u>
\$.002	.02%	.02%

* 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, 2018 by .04%.

To the Shareholders and the Board of Directors of AB Real Estate Investment Portfolio:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of AB Real Estate Investment Portfolio (the "Portfolio") (one of the portfolios constituting AB Variable Products Series Fund, Inc. (the "Fund")), including the portfolio of investments, as of December 31, 2018, 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 portfolios constituting AB Variable Products Series Fund, Inc.) at December 31, 2018, 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, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. 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, 2019

2018 TAX INFORMATION (unaudited)**AB Variable Products Series Fund**

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, 2018. For corporate shareholders, 1.79% of dividends paid qualify for the dividends received deduction.

REAL ESTATE INVESTMENT PORTFOLIO
RESULTS OF SHAREHOLDERS MEETING
(unaudited)

AB Variable Products Series Fund

A Special Meeting of Shareholders of the AB Variable Products Series Fund, Inc. (the “Fund”)—AB Real Estate Investment Portfolio (the “Portfolio”) was held on October 11, 2018. A description of each proposal and number of shares voted at the Meeting are as follows (the proposal number shown below corresponds to the proposal number in the Fund’s proxy statement):

1. To approve and vote upon the election of Directors for the Fund, each such Director to serve for a term of indefinite duration and until his or her successor is duly elected and qualifies.

Director:	Voted For	Withheld Authority
Michael J. Downey	185,583,716	7,289,141
William H. Foulk, Jr.*	185,019,810	7,853,047
Nancy P. Jacklin	185,893,313	6,979,544
Robert M. Keith	186,480,457	6,392,400
Carol C. McMullen	185,989,602	6,883,255
Garry L. Moody	186,334,076	6,538,781
Marshall C. Turner	185,518,803	7,354,054
Earl D. Weiner	185,570,565	7,302,293

2. To vote upon the approval of new advisory agreements for the Portfolio with AllianceBernstein L.P.

Voted For	Voted Against	Abstained
4,268,235	40,737	352,056

* Mr. Foulk retired on December 31, 2018.

REAL ESTATE INVESTMENT PORTFOLIO

AB Variable Products Series Fund

BOARD OF DIRECTORS

Marshall C. Turner, Jr.⁽¹⁾, *Chairman*

Michael J. Downey⁽¹⁾

Nancy P. Jacklin⁽¹⁾

Robert M. Keith, *President and
Chief Executive Officer*

Carol C. McMullen⁽¹⁾

Garry L. Moody⁽¹⁾

Earl D. Weiner⁽¹⁾

OFFICERS

Eric J. Franco⁽²⁾, *Vice President*

Ajit D. Ketkar⁽²⁾, *Vice President*

Emilie D. Wrapp, *Secretary*

Michael B. Reyes, *Senior Analyst*

Joseph J. Mantineo, *Treasurer and
Chief Financial Officer*

Phyllis J. Clarke, *Controller*

Vincent S. Noto, *Chief Compliance Officer*

CUSTODIAN AND ACCOUNTING AGENT

State Street Bank and Trust Company

State Street Corporation CCB/5

1 Iron Street

Boston, MA 02210

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP

5 Times Square

New York, NY 10036

DISTRIBUTOR

AllianceBernstein Investments, Inc.

1345 Avenue of the Americas

New York, NY 10105

LEGAL COUNSEL

Seward & Kissel LLP

One Battery Park Plaza

New York, NY 10004

TRANSFER AGENT

AllianceBernstein Investor Services, Inc.

P.O. Box 786003

San Antonio, TX 78278-6003

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 its senior management team. Messrs. Franco and Ketkar are the investment professionals with the most significant responsibility for the day-to-day management of the Portfolio's portfolio.

REAL ESTATE INVESTMENT PORTFOLIO

MANAGEMENT OF THE FUND

AB Variable Products Series Fund

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 is set forth below.

NAME, ADDRESS*, AGE, (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			
Robert M. Keith, # 1345 Avenue of the Americas New York, NY 10105 58 (2010)	Senior Vice President of AllianceBernstein L.P. (the "Adviser") and the head of AllianceBernstein Investments, Inc. ("ABI") since July 2008; Director of ABI and President of the AB Mutual Funds. Previously, he served as Executive Managing Director of ABI from December 2006 to June 2008. Prior to joining ABI in 2006, Executive Managing Director of Bernstein Global Wealth Management, and prior thereto, Senior Managing Director and Global Head of Client Service and Sales of the Adviser's institutional investment management business since 2004. Prior thereto, he was Managing Director and Head of North American Client Service and Sales in the Adviser's institutional investment management business, with which he had been associated since prior to 2004.	95	None
INDEPENDENT DIRECTORS			
Marshall C. Turner, Jr., ## <i>Chairman of the Board</i> 77 (2005)	Private Investor since prior to 2014. Former Chairman and CEO of Dupont Photomasks, Inc. (components of semi-conductor manufacturing). 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 boards of two education and science-related non-profit organizations. He has served as a director of one AB Fund since 1992, and director or trustee of multiple AB Funds since 2005. He has been Chairman of the AB Funds since January 2014, and the Chairman of the Independent Directors Committees of such AB Funds since February 2014.	95	Xilinx, Inc. (programmable logic semi-conductors) since 2007
DISINTERESTED DIRECTORS			
Michael J. Downey, ### 75 (2005)	Private Investor since prior to 2014. Formerly, managing partner of Lexington Capital, LLC (investment advisory firm) from December 1997 until December 2003. He served as a Director of Prospect Acquisition Corp. (financial services) from 2007 until 2009. 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 and is a director and Chairman of one other registered investment company.	95	The Asia Pacific Fund, Inc. (registered investment company) since prior to 2014

REAL ESTATE INVESTMENT PORTFOLIO MANAGEMENT OF THE FUND

(continued)

AB Variable Products Series Fund

NAME, ADDRESS*, AGE, (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
DISINTERESTED DIRECTORS			
(continued)			
Nancy P. Jacklin, ## 70 (2006)	Private Investor since prior to 2014. 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 has been Chair of the Governance and Nominating Committees of the AB Funds since August 2014.	95	None
Carol C. McMullen, ## 63 (2016)	Managing Director of Slalom Consulting (consulting) since 2014, private investor and member of the Partners Healthcare Investment Committee. Formerly, 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 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.	95	None

AB Variable Products Series Fund

NAME, ADDRESS*, AGE, (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
DISINTERESTED DIRECTORS (continued)			
Garry L. Moody, ## 66 (2008)	Independent Consultant. 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 is a member of the Trustee Advisory Board of BoardIQ, a biweekly publication focused on issues and news affecting directors of mutual funds. He has served as a director or trustee and as Chairman of the Audit Committees of the AB Funds since 2008.	95	None
Earl D. Weiner, ## 79 (2007)	Of Counsel, and Partner prior to January 2007, of the law firm Sullivan & Cromwell LLP and is a former member of the ABA Federal Regulation of Securities Committee Task Force to draft editions of the Fund Director's Guidebook. He also serves as a director or trustee of various non-profit organizations and has served as Chairman or Vice Chairman of a number of them. He has served as a director or trustee of the AB Funds since 2007 and served as Chairman of the Governance and Nominating Committees of the AB Funds from 2007 until August 2014.	95	None

* The address for the Fund's disinterested Directors 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.

*** 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. Keith 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.

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

REAL ESTATE INVESTMENT PORTFOLIO MANAGEMENT OF THE FUND

(continued)

AB Variable Products Series Fund

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
Robert M. Keith 58	President and Chief Executive Officer	See biography above.
Eric J. Franco 58	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2014.
Ajit D. Ketkar 47	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2014.
Emilie D. Wrapp 63	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI**, with which she has been associated since prior to 2014.
Michael B. Reyes 42	Senior Analyst	Vice President of the Adviser**, with which he has been associated since prior to 2014.
Joseph J. Mantineo 59	Treasurer and Chief Financial Officer	Senior Vice President of AllianceBernstein Investor Services, Inc. ("ABIS")**, with which he has been associated since prior to 2014.
Phyllis J. Clarke 58	Controller	Vice President of ABIS**, with which she has been associated since prior to 2014.
Vincent S. Noto 54	Chief Compliance Officer	Senior Vice President since 2015 and Mutual Fund Chief Compliance Officer of the Adviser** since 2014. Prior thereto, he was Vice President and Director of Mutual Fund Compliance of the Adviser** since 2012.

* 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.

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

As described in more detail in the Proxy Statement for AB Variable Products Series Fund, Inc. (the "Company") dated August 20, 2018, the Board of the Company, at a meeting held on July 31-August 2, 2018, approved a new advisory agreement with the Adviser (the "Proposed Agreement") in respect of each fund organized as a series of the Company (the "Funds"), including AB Real Estate Investment Portfolio (the "Fund"), in connection with the planned disposition by AXA S.A. of its remaining shares of AXA Equitable Holdings, Inc. (the indirect holder of a majority of the partnership interests in the Adviser and the indirect parent of AllianceBernstein Corporation, the general partner of the Adviser) in one or more transactions and the related potential for one or more "assignments" (within the meaning of section 2(a)(4) of the Investment Company Act) of the advisory agreement for the Company in respect of the Funds, including the Fund, resulting in the automatic termination of such advisory agreement.

At the same meeting, the Board also considered and approved an interim advisory agreement with the Adviser (the "Interim Advisory Agreement") for the Company in respect of the Funds, including the Fund, to be effective only in the event that stockholder approval of the Proposed Agreement had not been obtained as of the date of one or more transactions resulting in an "assignment" of the Adviser's advisory agreement, resulting in the automatic termination of such advisory agreement.

The shareholders of the Fund subsequently approved the Proposed Agreement at an annual meeting of shareholders called for the purpose of electing Directors and voting on the Proposed Agreement.

A discussion regarding the basis for the Board's approvals at a meeting held on July 31-August 2, 2018 is set forth below.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S PROPOSED NEW ADVISORY AGREEMENT AND INTERIM ADVISORY AGREEMENT IN THE CONTEXT OF POTENTIAL ASSIGNMENTS

At a meeting of the Board held on July 31-August 2, 2018, the Adviser presented its recommendation that the Board consider and approve the Proposed Agreement in respect of each Fund. Section 15(c) of the 1940 Act provides that, after an initial period, a Fund's Current Agreement will remain in effect only if the Board, including a majority of the Independent Directors, annually reviews and approves it. The Current Agreement in respect of each Fund had been approved by the Board within the one-year period prior to approval of the Proposed Agreement in respect of each Fund. In connection with their approval of the Proposed Agreement in respect of each Fund, the Board considered its conclusions in connection with its most recent approval of the Current Agreement, in particular in cases where the last approval of the Current Agreement in respect of a Fund was relatively recent, including the Board's general satisfaction with the nature and quality of services being provided and, as applicable, in the case of certain Funds, actions taken or to be taken in an effort to improve investment performance or reduce expense ratios. The Directors also reviewed updated information provided by the Adviser in respect of each Fund. Also in connection with their approval of the Proposed Agreement, the Board considered a representation made to them at that time by the Adviser that there were no additional developments not already disclosed to the Board since its most recent approval of the Current Agreement in respect of a Fund that would be a material consideration to the Board in connection with its consideration of the Proposed Agreement, except for matters disclosed to the Board by the Adviser. The Directors considered the fact that the Proposed Agreement would have corresponding terms and conditions identical to those of the Current Agreement with the exception of the effective date and initial term under the Proposed Agreement.

The Directors considered their knowledge of the nature and quality of the services provided by the Adviser to each Fund gained from their experience as directors or trustees of 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 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 each Fund.

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 management fees of the Funds they oversee. 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 Funds, and the overall arrangements between the Funds and the Adviser, as provided in the Proposed Agreement,

REAL ESTATE INVESTMENT PORTFOLIO MANAGEMENT OF THE FUND

(continued)

AB Variable Products Series Fund

including the management fees, were fair and reasonable in light of the services performed under the Current Agreement and to be performed under the Proposed Agreement, expenses incurred and to be 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 to be provided by the Adviser under the Proposed Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Funds. They also considered the information that had been provided to them by the Adviser concerning the anticipated implementation of the Plan and the Adviser's representation that it did not anticipate that such implementation would affect the management or structure of the Adviser, have a material adverse effect on the Adviser, or adversely affect the quality of the services provided to the Funds by the Adviser and its affiliates. The Directors noted that the Adviser from time to time reviews each 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 each Fund's portfolio management team and other senior personnel of the Adviser. The Directors also considered that the Proposed Agreement, similar to the Current Agreement, provides that the Funds will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Funds 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. The Directors noted that the Adviser did not request any reimbursements from certain Funds in the Fund's latest fiscal year reviewed. The Directors noted that the methodology to be used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Funds' former Senior Officer/Independent Compliance Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Funds' other service providers, also was considered. The Directors concluded that, overall, they were satisfied with the nature, extent and quality of services to be provided to the Funds under the Proposed Agreement.

Costs of Services to be Provided and Profitability

The Directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of each Fund to the Adviser for calendar years 2016 and 2017, as applicable, that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Funds' former Senior Officer/Independent Compliance Officer. 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 a Fund, including those relating to its subsidiaries that provide transfer agency, distribution and brokerage services to the Fund, as applicable. The Directors recognized that it is difficult to make comparisons of the profitability of the Proposed 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 each Fund before taxes and distribution expenses. The Directors noted that certain Funds were not profitable to the Adviser in one or more periods reviewed. The Directors concluded that the Adviser's level of profitability from its relationship with the other Funds was not unreasonable.

Fall-Out Benefits

The Directors considered the other benefits to the Adviser and its affiliates from their relationships with the Funds, including, but not limited to, as applicable, benefits relating to soft dollar arrangements (whereby investment advisers receive brokerage and research services from brokers that execute agency transactions for their clients) in the case of certain Funds; 12b-1 fees and sales charges received by the principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of the Class B shares of the Funds; brokerage commissions paid by certain Funds to brokers affiliated with the Adviser; and transfer agency fees paid by the Funds to a wholly owned subsidiary of the Adviser. The Directors recognized that the Adviser's profitability would be somewhat lower, and that a 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 Funds.

Investment Results

In addition to the information reviewed by the Directors in connection with the Board meeting at which the Proposed Agreement was approved, the Directors receive detailed performance information for the Funds at each regular Board meeting during the year.

The Board's consideration of the Proposed Agreement was informed by their most recent approval of the Current Agreement, and, in the case of certain Funds, their discussion with the Adviser of the reasons for those Funds' underperformance in certain periods. The Directors also reviewed updated performance information and, in some cases, discussed with the Adviser the reasons for changes in performance or continued underperformance. On the basis of this review, the Directors concluded that each Fund's investment performance was acceptable.

Management Fees and Other Expenses

The Directors considered the management fee rate payable by each Fund to the Adviser and information prepared by an independent service provider (the "15(c) provider") concerning management fee rates payable by other funds in the same category as the Fund. The Directors recognized that it is difficult to make comparisons of management fees because there are variations in the services that are included in the fees paid by other funds. The Directors compared each Fund's contractual management fee rate with a peer group median, and where applicable, took into account the impact on the management fee rate of the administrative expense reimbursement paid to the Adviser in the latest fiscal year.

The Directors also considered the Adviser's fee schedule for other clients pursuing a similar investment style to each Fund. For this purpose, they reviewed the relevant advisory fee information from the Adviser's Form ADV and in a report from the Funds' Senior Analyst and noted the differences between a Fund's fee schedule, on the one hand, and the Adviser's institutional fee schedule and the schedule of fees charged by the Adviser to any offshore funds and for services to any sub-advised funds pursuing a similar investment strategy as the Fund, on the other, as applicable. The Directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the Directors and that they had previously discussed with the Adviser its policies in respect of such arrangements. The Adviser also informed the Directors that, in the case of certain Funds, there were no institutional products managed by the Adviser that have a substantially similar investment style. The Directors also discussed these matters with their independent fee consultant.

The Adviser reviewed with the Directors the significantly greater scope of the services it provides to each Fund relative to institutional, offshore fund and sub-advised fund clients, as applicable. In this regard, the Adviser noted, among other things, that, compared to institutional and offshore or sub-advisory accounts, each Fund, as applicable, (i) demands considerably more portfolio management, research and trading resources due to significantly higher daily cash flows; (ii) has more tax and regulatory restrictions and compliance obligations; (iii) must prepare and file or distribute regulatory and other communications about fund operations; and (iv) must provide shareholder servicing to retail investors. The Adviser also reviewed the greater legal risks presented by the large and changing population of Fund stockholders who may assert claims against the Adviser in individual or class actions, and the greater entrepreneurial risk in offering new fund products, which require substantial investment to launch, may not succeed, and generally must be priced to compete with larger, more established funds resulting in lack of profitability to the Adviser until a new fund achieves scale. In light of the substantial differences in services rendered by the Adviser to institutional, offshore fund and sub-advised fund clients as compared to the Funds, and the different risk profile, the Directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

The Directors noted that certain of the Funds may invest in shares of exchange-traded funds ("ETFs"), subject to the restrictions and limitations of the 1940 Act as these may be varied as a result of exemptive orders issued by the SEC. The Directors also noted that ETFs pay advisory fees pursuant to their advisory contracts. The Directors concluded, based on the Adviser's explanation of how it uses ETFs when they are the most cost-effective way to obtain desired exposures, in some cases pending purchases of underlying securities, that each Fund's management fee would be for services that would be in addition to, rather than duplicative of, the services provided under the advisory contracts of the ETFs.

With respect to each Fund's management fee, the Directors considered the total expense ratios of the Fund in comparison to a peer group and peer universe selected by the 15(c) service provider. The Directors also considered the Adviser's expense caps for certain Funds. 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 a Fund by others.

The Board's consideration of the Proposed Agreement was informed by their most recent approval of the Current Agreement, and, in the case of certain Funds, their discussion with the Adviser of the reasons for those Funds' expense ratios in certain periods. The Directors also reviewed updated expense ratio information and, in some cases, discussed with the Adviser the reasons for the expense ratios of certain Funds. On the basis of this review, the Directors concluded that each Fund's expense ratio was acceptable.

REAL ESTATE INVESTMENT PORTFOLIO MANAGEMENT OF THE FUND

(continued)

AB Variable Products Series Fund

Economies of Scale

The Directors noted that the management fee schedules for certain Funds do not contain breakpoints and that they had discussed their strong preference for breakpoints in advisory contracts with the Adviser. The Directors took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the Funds, and 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 Board 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 each 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.

The Directors informed the Adviser that they would monitor the asset levels of the Funds without breakpoints and their profitability to the Adviser and anticipated revisiting the question of breakpoints in the future if circumstances warrant doing so.

Interim Advisory Agreement

In approving the Interim Advisory Agreement, the Board with the assistance of independent counsel, considered similar factors to those considered in approving the Proposed Agreement. The Interim Advisory Agreement approved by the Board is identical to the Proposed Agreement, as well as the Current Agreement, in all material respects except for its proposed effective and termination dates and provisions intended to comply with the requirements of the relevant SEC rule, such as provisions requiring escrow of advisory fees. Under the Interim Advisory Agreement, the Adviser would continue to manage a Fund pursuant to the Interim Advisory Agreement until a new advisory agreement was approved by stockholders or until the end of the 150-day period, whichever would occur earlier. All fees earned by the Adviser under the Interim Advisory Agreement would be held in escrow pending stockholder approval of the Proposed Agreement. Upon approval of a new advisory agreement by stockholders, the escrowed management fees would be paid to the Adviser, and the Interim Advisory Agreement would terminate.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE FUND'S CURRENT 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 Real Estate Investment Portfolio (the "Fund") at a meeting held on May 1-3, 2018 (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 materials from an outside consultant, who acted as their independent fee consultant, and comparative analytical data prepared by the Senior Analyst 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.

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 retained by the Company's former Independent Compliance Officer. 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 2016 and 2017 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Company's former Independent Compliance Officer. 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 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 concluded that the Adviser's level of profitability from its relationship with the Fund was not unreasonable.

Fall-Out Benefits

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Fund, 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 Adviser's profitability would be somewhat lower 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 analytical service that is not affiliated with the Adviser (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 February 28, 2018 and (in the case of comparisons with the broad-based securities market index) for the period from inception. Based on their review, and their discussion with the Adviser of the reasons for the Fund's underperformance in certain periods, the directors concluded that the Fund's investment performance was acceptable.

REAL ESTATE INVESTMENT PORTFOLIO MANAGEMENT OF THE FUND

(continued)

AB Variable Products Series Fund

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 took into account the impact on the advisory fee rate of the administrative expense reimbursement paid to the Adviser in the latest fiscal year.

The directors also considered the Adviser's fee schedule for other clients pursuing a similar investment style. For this purpose, they reviewed the relevant advisory fee information from the Adviser's Form ADV and the materials from the Fund's Senior Analyst and noted the differences between the Fund's fee schedule, on the one hand, and the Adviser's institutional fee schedule, on the other. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Fund relative to institutional clients. In this regard, the Adviser noted, among other things, that, compared to institutional accounts, the Fund (i) demands considerably more portfolio management, research and trading resources due to significantly higher daily cash flows; (ii) has more tax and regulatory restrictions; (iii) must prepare and distribute regulatory and other communications about fund operations; and (iv) must provide shareholder servicing to retail investors. The Adviser also reviewed the greater legal risks presented by the large and changing population of Fund shareholders who may assert claims against the Adviser in individual or class actions, and the greater entrepreneurial risk in offering new fund products, which require substantial investment to launch, may not succeed, and generally must be priced to compete with larger, more established funds resulting in lack of profitability to the Adviser until a new fund achieves scale. In light of the substantial differences in services rendered by the Adviser to institutional clients as compared to funds such as the Fund, and the different risk profile, the directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

The directors also considered the total expense ratio of the Class A shares of the Fund in comparison to a peer group and a peer universe selected by the 15(c) service provider. The Class A expense ratio of the Fund was based on the Fund's latest fiscal year. 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 the peer group median. After reviewing and discussing the Adviser's explanations of the reasons 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 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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