

Fidelity[®] Variable Insurance Products:

Strategic Income Portfolio

Annual Report
December 31, 2018



Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, and if your insurance carrier elects to participate, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your variable insurance product unless you specifically request paper copies from your financial professional or the administrator of your variable insurance product. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically, by contacting your financial professional or the administrator of your variable insurance product. If you own a Fidelity-administered variable insurance product, please visit [fidelity.com/mailpreferences](https://www.fidelity.com/mailpreferences) to make your election or call 1-800-343-3548.

You may elect to receive all future reports in paper free of charge. If you wish to continue receiving paper copies of your shareholder reports, you may contact your financial professional or the administrator of your variable insurance product. If you own a Fidelity-administered variable insurance product, please visit [fidelity.com/mailpreferences](https://www.fidelity.com/mailpreferences) to make your election or call 1-800-343-3548. Your election to receive reports in paper will apply to all funds available under your variable insurance product.

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To view a fund's proxy voting guidelines and proxy voting record for the 12-month period ended June 30, visit <http://www.fidelity.com/proxyvotingresults> or visit the Securities and Exchange Commission's (SEC) web site at <http://www.sec.gov>.

You may also call 1-877-208-0098 to request a free copy of the proxy voting guidelines.

Fidelity® Variable Insurance Products are separate account options which are purchased through a variable insurance contract.

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This report and the financial statements contained herein are submitted for the general information of the shareholders of the Fund. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.

A fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov>. A fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

For a complete list of a fund's portfolio holdings, view the most recent holdings listing, semiannual report, or annual report on Fidelity's web site at <http://www.fidelity.com>, <http://www.institutional.fidelity.com>, or <http://www.401k.com>, as applicable.

NOT FDIC INSURED •MAY LOSE VALUE •NO BANK GUARANTEE

Neither the Fund nor Fidelity Distributors Corporation is a bank.

Performance: The Bottom Line

Performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would have been lower.

Average annual total return reflects the change in the value of an investment, assuming reinvestment of distributions from dividend income and capital gains (the profits earned upon the sale of securities that have grown in value, if any) and assuming a constant rate of performance each year. During periods of reimbursement by Fidelity, a fund's total return will be greater than it would be had the reimbursement not occurred. Performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would have been lower. How a fund did yesterday is no guarantee of how it will do tomorrow.

Average Annual Total Returns

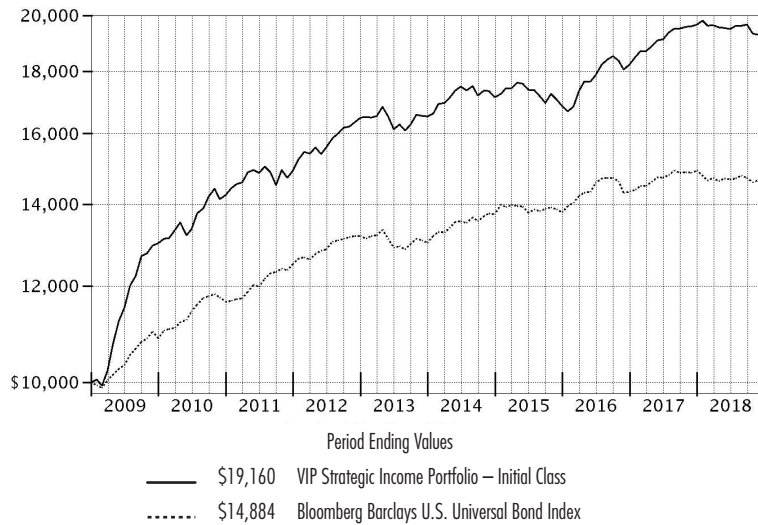
For the periods ended December 31, 2018

	Past 1 year	Past 5 years	Past 10 years
Initial Class	-2.57%	2.99%	6.72%
Service Class	-2.68%	2.89%	6.62%
Service Class 2	-2.82%	2.73%	6.46%
Investor Class	-2.62%	2.95%	6.69%

\$10,000 Over 10 Years

Let's say hypothetically that \$10,000 was invested in VIP Strategic Income Portfolio – Initial Class on December 31, 2008.

The chart shows how the value of your investment would have changed, and also shows how the Bloomberg Barclays U.S. Universal Bond Index performed over the same period.



Management's Discussion of Fund Performance

Market Recap: In 2018, the U.S. economy continued its robust expansion, even as volatile financial markets in the fourth quarter suggested investors were becoming nervous about the pace of that growth. Against this backdrop, the Fidelity Strategic Income Composite IndexSM returned -1.44%, with three of the five asset classes reflected in this index losing ground. Non-U.S. developed-market bonds struggled amid a variety of factors, including escalating trade tension, a surging U.S. dollar, tepid economic growth in Europe, global central bank tightening, concerns about Italy's budget stalemate with the EU, and weakness in China. For the year, the Bloomberg Barclays Global Aggregate Developed Markets GDP Weighted ex USD Index returned -3.08%. Several of these aforementioned factors, coupled with the generally "risk off" environment that spurred higher-quality bonds to outperform riskier credits, also weighed on emerging-market bonds, as the Bloomberg Barclays Emerging Markets Aggregate USD Bond Index returned -2.46%. Meanwhile, U.S. high-yield bonds, as measured by the ICE BofAML[®] U.S. High Yield Constrained Index, returned -2.27%, reflecting widening credit spreads. U.S. Treasuries gained modest ground, with the Bloomberg Barclays US Government Bond Index adding 0.88%. Of final note, following a turbulent December, floating-rate bank loans eked out a 0.60% gain in 2018, as measured by the S&P/LSTA[®] Leveraged Performing Loan Index.

Comments from Co-Lead Portfolio Manager Adam Kramer: For the year, the fund's share classes returned about -3%, lagging the -0.25% result of our primary benchmark, the Bloomberg Barclays U.S. Universal Bond Index, as well as the -1.44% return of the Fidelity Strategic Income Composite IndexSM. We see the Composite index, given its mix of investments, as a closer match for the fund. By far, the biggest negative came from subpar security selection in the fund's high-yield bond subportfolio. Security selection in the fund's emerging-markets debt subportfolio also detracted, though to a lesser extent. On the positive side, asset allocation was positive overall, including our decision to overweight floating-rate debt. These securities' high yields and limited duration added to their performance in a mostly rising interest-rate environment. Another source of added value was our small position in long-dated U.S. Treasury futures, which we added to the portfolio around midyear. This modest out-of-benchmark allocation contributed to relative performance, given that Treasuries outperformed the Composite index. Another positive performance factor was our underweighting in non-U.S. developed market debt, the worst-performing category in the fund's investment universe. In contrast, the only negative performance factor stemming from asset allocation was our slight underweighting in U.S. government bonds, which in total outperformed the index for the year.

The views expressed above reflect those of the portfolio manager(s) only through the end of the period as stated on the cover of this report and do not necessarily represent the views of Fidelity or any other person in the Fidelity organization. Any such views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund.

Notes to Shareholders: On December 1, 2018, Timothy Gill assumed co-management responsibilities for the emerging-markets debt subportfolio, joining Co-Manager Jonathan Kelly. On March 28, 2019, Ario Emami Nejad and Rosie McMellin will assume co-management responsibilities for the Developed Market Debt subportfolio, succeeding David Simmer.

Investment Summary (Unaudited)

The information in the following tables is based on the combined investments of the Fund and its pro-rata share of the investments of Fidelity's Fixed-Income Central Funds.

Top Five Holdings as of December 31, 2018

(by issuer, excluding cash equivalents)	% of fund's net assets
U.S. Treasury Obligations	16.1
Freddie Mac	2.4
Ginnie Mae guaranteed REMIC pass-thru certificates	2.3
Japan Government	2.3
Ally Financial, Inc.	1.8
	<u>24.9</u>

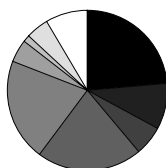
Top Five Market Sectors as of December 31, 2018

	% of fund's net assets
Financials	12.6
Energy	8.2
Communication Services	7.3
Consumer Discretionary	6.1
Information Technology	4.2

Quality Diversification (% of fund's net assets)

As of December 31, 2018

■ U.S. Government and U.S. Government Agency Obligations*	23.6%
■ AAA,AA,A	9.3%
■ BBB	6.0%
■ BB	21.3%
■ B	20.7%
■ CCC,CC,C	4.6%
■ Not Rated	1.4%
■ Equities	4.6%
□ Short-Term Investments and Net Other Assets	8.5%



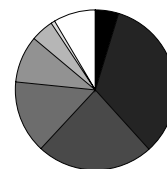
* Includes NCUA Guaranteed Notes

We have used ratings from Moody's Investors Service, Inc. Where Moody's® ratings are not available, we have used S&P® ratings. All ratings are as of the date indicated and do not reflect subsequent changes.

Asset Allocation (% of fund's net assets)

As of December 31, 2018*, **

■ Preferred Securities	4.7%
■ Corporate Bonds	33.6%
■ U.S. Government and U.S. Government Agency Obligations***	23.6%
■ Foreign Government & Government Agency Obligations	14.7%
■ Bank Loan Obligations	9.5%
■ Stocks	4.6%
■ Other Investments	0.8%
□ Short-Term Investments and Net Other Assets (Liabilities)	8.5%



* Foreign investments – 31.7%

** Futures and Swaps – 4.6%

*** Includes NCUA Guaranteed Notes

An unaudited holdings listing for the Fund, which presents direct holdings as well as the pro-rata share of any securities and other investments held indirectly through its investment in underlying non-money market Fidelity Central Funds, is available at fidelity.com and/or institutional.fidelity.com, as applicable.

Percentages in the above tables are adjusted for the effect of TBA Sale Commitments.

Schedule of Investments December 31, 2018

Showing Percentage of Net Assets

Corporate Bonds – 33.3%

	Principal Amount(a)	Value		Principal Amount(a)	Value
Convertible Bonds – 0.0%					
CONSUMER DISCRETIONARY – 0.0%					
Auto Components – 0.0%					
Exide Technologies 7% 4/30/25 pay-in-kind (b)	\$ 620,406	\$ 341,223			
Nonconvertible Bonds – 33.3%					
COMMUNICATION SERVICES – 5.5%					
Diversified Telecommunication Services – 1.6%					
AT&T, Inc. 3.15% 9/4/36	EUR 1,925,000	2,101,682	Cablevision SA 6.5% 6/15/21 (c)	\$ 200,000	\$ 192,750
Axtel S.A.B. de CV 6.375% 11/14/24 (c)	450,000	427,190	CCO Holdings LLC/CCO Holdings Capital Corp.:		
Citizens Communications Co.:			5% 2/1/28 (c)	2,685,000	2,470,200
7.875% 1/15/27	280,000	135,800	5.125% 2/15/23	1,565,000	1,525,875
9% 8/15/31	220,000	117,700	5.125% 5/1/23 (c)	720,000	700,200
Colombia Telecomunicaciones SA 5.375% 9/27/22 (c)	320,000	318,800	5.125% 5/1/27 (c)	3,500,000	3,259,900
Frontier Communications Corp. 8.5% 4/1/26 (c)	1,595,000	1,395,625	5.375% 5/1/25 (c)	720,000	690,300
GCI, Inc. 6.875% 4/15/25	560,000	543,200	5.5% 5/1/26 (c)	2,450,000	2,355,063
GTH Finance BV:			5.75% 9/1/23	500,000	497,500
6.25% 4/26/20 (c)	130,000	131,648	5.75% 1/15/24	555,000	549,450
7.25% 4/26/23 (c)	1,180,000	1,209,151	5.75% 2/15/26 (c)	1,030,000	1,009,400
Level 3 Financing, Inc.:			5.875% 5/1/27 (c)	855,000	829,350
5.125% 5/1/23	575,000	554,875	CSC Holdings LLC:		
5.375% 5/1/25	575,000	539,063	5.125% 12/15/21 (c)	1,490,000	1,460,200
Oztel Holdings SPC Ltd. 5.625% 10/24/23 (c)	295,000	281,460	5.375% 2/1/28 (c)	1,190,000	1,094,419
Sable International Finance Ltd. 6.875% 8/1/22 (c)	1,701,000	1,735,871	5.5% 5/15/26 (c)	2,555,000	2,408,088
SFR Group SA:			7.5% 4/1/28 (c)	725,000	723,188
7.375% 5/1/26 (c)	5,100,000	4,679,250	Globo Comunicacao e Participacoes SA:		
8.125% 2/1/27 (c)	370,000	348,725	4.843% 6/8/25 (c)	525,000	494,293
Sprint Capital Corp.:			4.875% 4/11/22 (c)	250,000	247,253
6.875% 11/15/28	1,497,000	1,414,665	5.125% 3/31/27 (c)	205,000	189,730
8.75% 3/15/32	1,906,000	2,010,830	iHeartCommunications, Inc. 11.25% 3/1/21 (c) (d)	630,000	403,200
Telefonica Celular del Paraguay SA 6.75% 12/13/22 (c)	600,000	605,100	Liberty Media Corp.:		
Telenet Finance Luxembourg Notes SARL 5.5% 3/1/28 (c)	1,400,000	1,267,000	8.25% 2/1/30	1,610,000	1,569,750
Turk Telekomunikasyon A/S 3.75% 6/19/19 (c)	305,000	300,673	8.5% 7/15/29	270,000	271,350
U.S. West Communications:			Nielsen Finance LLC/Nielsen Finance Co. 5% 4/15/22 (c)	295,000	281,725
6.875% 9/15/33	170,000	151,973	Quebecor Media, Inc. 5.75% 1/15/23	790,000	793,950
7.25% 9/15/25	35,000	36,050	Sirius XM Radio, Inc.:		
UPCB Finance IV Ltd. 5.375% 1/15/25 (c)	615,000	575,099	4.625% 5/15/23 (c)	260,000	248,950
Virgin Media Finance PLC 4.875% 2/15/22	565,000	557,938	5% 8/1/27 (c)	735,000	671,606
		21,439,368	5.375% 4/15/25 (c)	620,000	587,450
			5.375% 7/15/26 (c)	620,000	579,700
Entertainment – 0.5%			Tegna, Inc. 5.5% 9/15/24 (c)	110,000	106,563
Lions Gate Entertainment Corp. 5.875% 11/1/24 (c)	215,000	210,700	TV Azteca SA de CV 8.25% 8/9/24 (Reg. S)	1,900,000	1,824,019
Netflix, Inc.:			Videotron Ltd. 5.125% 4/15/27 (c)	615,000	581,175
4.375% 11/15/26	640,000	578,688	VTR Finance BV 6.875% 1/15/24 (c)	859,000	859,000
5.375% 2/1/21	230,000	232,875	Ziggo Bond Finance BV 6% 1/15/27 (c)	635,000	555,625
5.75% 3/1/24	527,000	534,246	Ziggo Secured Finance BV 5.5% 1/15/27 (c)	1,270,000	1,136,650
5.875% 2/15/25	1,395,000	1,407,206			33,117,910
5.875% 11/15/28 (c)	3,265,000	3,181,514	Wireless Telecommunication Services – 1.0%		
New Cotaï LLC/New Cotaï Capital Corp. 10.625% 5/1/19 pay-in-kind (b) (c)	1,992,665	1,095,966	America Movil S.A.B. de CV 6.45% 12/5/22	MXN 12,930,000	580,647
WMG Acquisition Corp. 5.625% 4/15/22 (c)	92,000	91,770	Comcel Trust 6.875% 2/6/24 (c)	855,000	870,595
		7,332,965	Digicel Group Ltd. 6.75% 3/1/23 (c)	350,000	276,938
Media – 2.4%			Intelsat Jackson Holdings SA 5.5% 8/1/23	1,395,000	1,213,650
Alice SA 7.625% 2/15/25 (c)	1,965,000	1,468,838	Millicom International Cellular SA 6% 3/15/25 (c)	360,000	355,687
Block Communications, Inc. 6.875% 2/15/25 (c)	480,000	481,200	MTN (Mauritius) Investments Ltd.:		
			5.373% 2/13/22 (c)	100,000	96,979
			6.5% 10/13/26 (c)	230,000	223,761
			MTS International Funding Ltd. 5% 5/30/23 (c)	240,000	233,592
			Sprint Communications, Inc. 6% 11/15/22	1,410,000	1,383,675
			Sprint Corp.:		
			7.125% 6/15/24	2,940,000	2,913,716
			7.625% 2/15/25	1,655,000	1,655,000
			7.625% 3/1/26	2,150,000	2,123,125
			7.875% 9/15/23	1,505,000	1,544,506

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
COMMUNICATION SERVICES – continued		
Wireless Telecommunication Services – continued		
TBG Global Pte. Ltd. 5.25% 2/10/22 (Reg. S)	\$ 400,000	\$ 391,346
		<u>13,863,217</u>
TOTAL COMMUNICATION SERVICES		<u>75,753,460</u>
CONSUMER DISCRETIONARY – 3.2%		
Auto Components – 0.3%		
Allison Transmission, Inc. 5% 10/1/24 (c)	635,000	609,600
Delphi Technologies PLC 5% 10/1/25 (c)	680,000	571,200
Exide Technologies 11% 4/30/22 pay-in-kind (b) (c)	607,440	485,952
Metalsa SA de CV 4.9% 4/24/23 (c)	1,640,000	1,559,902
Tenneco, Inc. 5% 7/15/26	450,000	346,163
		<u>3,572,817</u>
Automobiles – 0.2%		
Renault SA 2% 9/28/26 (Reg. S)	EUR 2,000,000	2,264,286
Distributors – 0.0%		
LKQ Corp. 4.75% 5/15/23	115,000	109,250
Hotels, Restaurants & Leisure – 2.1%		
1011778 BC Unlimited Liability Co./New Red Finance, Inc. 5% 10/15/25 (c)	3,296,000	3,032,320
Boyd Gaming Corp.:		
6% 8/15/26	325,000	303,875
6.375% 4/1/26	202,000	195,435
Cedar Fair LP/Canada's Wonderland Co. 5.375% 4/15/27	345,000	326,025
Choice Hotels International, Inc. 5.75% 7/1/22	145,000	147,900
Churchill Downs, Inc. 4.75% 1/15/28 (c)	465,000	420,686
Delta Merger Sub, Inc. 6% 9/15/26 (c)	400,000	378,000
Eldorado Resorts, Inc. 6% 4/1/25	1,125,000	1,085,220
FelCor Lodging LP 6% 6/1/25	565,000	577,713
GLP Capital LP/GLP Financing II, Inc.:		
5.25% 6/1/25	615,000	610,646
5.75% 6/1/28	485,000	489,850
Golden Nugget, Inc.:		
6.75% 10/15/24 (c)	1,200,000	1,131,000
8.75% 10/1/25 (c)	1,235,000	1,188,688
Hilton Domestic Operating Co., Inc. 5.125% 5/1/26 (c)	925,000	888,000
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp.:		
4.625% 4/1/25	925,000	876,438
4.875% 4/1/27	435,000	407,813
International Game Technology PLC 6.25% 1/15/27 (c)	830,000	796,800
Jacobs Entertainment, Inc. 7.875% 2/1/24 (c)	150,000	154,500
KFC Holding Co./Pizza Hut Holding LLC:		
4.75% 6/1/27 (c)	475,000	441,750
5% 6/1/24 (c)	475,000	458,375
5.25% 6/1/26 (c)	3,225,000	3,120,284
LHMC Finco SARL 7.875% 12/20/23 (c)	600,000	592,680
LTF Merger Sub, Inc. 8.5% 6/15/23 (c)	380,000	384,750
Marriott Ownership Resorts, Inc. 6.5% 9/15/26 (c)	460,000	443,900
MCE Finance Ltd. 4.875% 6/6/25 (c)	1,502,000	1,379,270
Merlin Entertainments PLC 5.75% 6/15/26 (c)	615,000	607,313

	Principal Amount(a)	Value
MGM Growth Properties Operating Partnership LP 5.625% 5/1/24	\$ 365,000	\$ 361,350
MGM Mirage, Inc.:		
4.625% 9/1/26	460,000	412,850
5.75% 6/15/25	1,265,000	1,203,774
Penn National Gaming, Inc. 5.625% 1/15/27 (c)	120,000	107,400
Silversea Cruises 7.25% 2/1/25 (c)	255,000	269,586
Six Flags Entertainment Corp.:		
4.875% 7/31/24 (c)	715,000	673,888
5.5% 4/15/27 (c)	380,000	358,150
Stars Group Holdings BV 7% 7/15/26 (c)	785,000	763,413
Station Casinos LLC 5% 10/1/25 (c)	620,000	561,100
Studio City Co. Ltd.:		
5.875% 11/30/19 (c)	420,000	423,150
7.25% 11/30/21 (c)	1,085,000	1,105,214
Viking Cruises Ltd. 5.875% 9/15/27 (c)	595,000	554,838
Voc Escrow Ltd. 5% 2/15/28 (c)	545,000	502,763
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp. 5.25% 5/15/27 (c)		
	480,000	422,400
Wynn Macau Ltd.:		
4.875% 10/1/24 (c)	725,000	645,250
5.5% 10/1/27 (c)	1,170,000	1,017,900
		<u>29,822,257</u>
Household Durables – 0.3%		
Lennar Corp. 4.75% 11/29/27	620,000	559,550
LGI Homes, Inc. 6.875% 7/15/26 (c)	605,000	542,988
Reynolds Group Issuer, Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA:		
5.125% 7/15/23 (c)	285,000	271,463
7% 7/15/24 (c)	360,000	342,900
Taylor Morrison Communities, Inc./Monarch Communities, Inc. 5.875% 4/15/23 (c)		
	435,000	419,775
Toll Brothers Finance Corp. 4.375% 4/15/23	281,000	263,438
TRI Pointe Homes, Inc.:		
4.375% 6/15/19	320,000	317,600
5.875% 6/15/24	780,000	696,150
William Lyon Homes, Inc.:		
5.875% 1/31/25	380,000	323,000
6% 9/1/23	375,000	337,500
		<u>4,074,364</u>
Internet & Direct Marketing Retail – 0.3%		
Netflix, Inc. 4.875% 4/15/28	1,465,000	1,336,520
Zayo Group LLC/Zayo Capital, Inc.:		
5.75% 1/15/27 (c)	1,605,000	1,432,463
6% 4/1/23	580,000	548,825
6.375% 5/15/25	120,000	111,600
		<u>3,429,408</u>
Specialty Retail – 0.0%		
Penske Automotive Group, Inc. 5.5% 5/15/26	460,000	427,800
Sonic Automotive, Inc. 6.125% 3/15/27	160,000	140,000
		<u>567,800</u>
TOTAL CONSUMER DISCRETIONARY		<u>43,840,182</u>

See accompanying notes which are an integral part of the financial statements.

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
CONSUMER STAPLES – 1.2%		
Beverages – 0.0%		
Central American Bottling Corp. 5.75% 1/31/27 (c)	\$ 105,000	\$ 102,769
Food & Staples Retailing – 0.1%		
ESAL GmbH 6.25% 2/5/23 (c)	1,770,000	1,752,318
Food Products – 1.0%		
B&G Foods, Inc. 4.625% 6/1/21	565,000	550,875
CF Industries Holdings, Inc.:		
4.95% 6/1/43	610,000	472,750
5.15% 3/15/34	615,000	516,600
5.375% 3/15/44	615,000	498,150
JBS Investments GmbH 7.25% 4/3/24 (c)	2,205,000	2,222,662
JBS Investments II GmbH 7% 1/15/26 (c)	760,000	744,800
JBS U.S.A. LLC/JBS U.S.A. Finance, Inc.:		
5.75% 6/15/25 (c)	1,030,000	983,650
5.875% 7/15/24 (c)	1,812,000	1,775,760
6.75% 2/15/28 (c)	925,000	901,875
Lamb Weston Holdings, Inc.:		
4.625% 11/1/24 (c)	425,000	413,313
4.875% 11/1/26 (c)	430,000	412,800
Pilgrim's Pride Corp. 5.75% 3/15/25 (c)	925,000	867,188
Post Holdings, Inc.:		
5% 8/15/26 (c)	2,440,000	2,220,400
5.5% 3/1/25 (c)	530,000	508,699
5.75% 3/1/27 (c)	405,000	379,688
		<u>13,469,210</u>
Personal Products – 0.1%		
First Quality Finance Co., Inc. 5% 7/1/25 (c)	490,000	438,550
Prestige Brands, Inc. 5.375% 12/15/21 (c)	725,000	708,688
		<u>1,147,238</u>
TOTAL CONSUMER STAPLES		<u>16,471,535</u>
ENERGY – 6.4%		
Energy Equipment & Services – 0.8%		
Borets Finance DAC 6.5% 4/7/22 (c)	635,000	622,008
Compressco Partners LP/Compressco Finance, Inc. 7.5% 4/1/25 (c)	615,000	571,950
EnSCO PLC:		
4.5% 10/1/24	665,000	432,250
5.2% 3/15/25	275,000	182,875
5.75% 10/1/44	600,000	335,328
7.75% 2/1/26	375,000	277,500
Exterran Energy Solutions LP 8.125% 5/1/25	575,000	552,000
Exterran Partners LP/EXLP Finance Corp. 6% 10/1/22	385,000	361,900
Forum Energy Technologies, Inc. 6.25% 10/1/21	715,000	629,200
Jonah Energy LLC 7.25% 10/15/25 (c)	725,000	464,000
Noble Holding International Ltd. 8.95% 4/1/45 (b)	120,000	91,200
SESI LLC 7.75% 9/15/24	365,000	290,175
Southern Gas Corridor CJSC 6.875% 3/24/26 (c)	535,000	577,821
Summit Midstream Holdings LLC 5.75% 4/15/25	440,000	404,800
The Oil and Gas Holding Co.:		
7.5% 10/25/27 (c)	515,000	507,275

	Principal Amount(a)	Value
7.625% 11/7/24 (c)	\$ 200,000	\$ 205,100
Transocean Guardian Ltd. 5.875% 1/15/24 (c)	860,000	823,450
Transocean Pontus Ltd. 6.125% 8/1/25 (c)	535,000	516,275
Transocean, Inc.:		
7.25% 11/1/25 (c)	590,000	514,775
7.5% 1/15/26 (c)	645,000	565,988
9% 7/15/23 (c)	1,330,000	1,323,350
Trinidad Drilling Ltd. 6.625% 2/15/25 (c)	250,000	252,125
Unit Corp. 6.625% 5/15/21	120,000	109,200
Weatherford International, Inc. 9.875% 3/1/25 (c)	250,000	151,875
		<u>10,762,420</u>
Oil, Gas & Consumable Fuels – 5.6%		
American Energy-Permian Basin LLC/AEPB Finance Corp. 13% 11/30/20 (c)	940,000	977,600
Antero Midstream Partners LP/Antero Midstream Finance Corp. 5.375% 9/15/24	245,000	228,463
Antero Resources Corp.:		
5.125% 12/1/22	45,000	42,300
5.625% 6/1/23 (Reg. S)	560,000	532,000
Antero Resources Finance Corp. 5.375% 11/1/21	295,000	284,675
Callon Petroleum Co. 6.125% 10/1/24	225,000	209,250
Carrizo Oil & Gas, Inc. 6.25% 4/15/23	380,000	351,500
Cheniere Corpus Christi Holdings LLC:		
5.125% 6/30/27	630,000	594,752
5.875% 3/31/25	790,000	786,050
7% 6/30/24	710,000	749,050
Cheniere Energy Partners LP 5.625% 10/1/26 (c)	590,000	551,650
Chesapeake Energy Corp. 8% 1/15/25	345,000	304,463
Citgo Holding, Inc. 10.75% 2/15/20 (c)	3,212,000	3,276,240
CNX Midstream Partners LP 6.5% 3/15/26 (c)	335,000	318,250
Comstock Escrow Corp. 9.75% 8/15/26 (c)	2,230,000	1,884,350
Consolidated Energy Finance SA:		
3 month U.S. LIBOR + 3.750% 6.5382%		
6/15/22 (b) (c) (e)	155,000	154,612
6.5% 5/15/26 (c)	615,000	588,863
6.875% 6/15/25 (c)	310,000	295,185
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp.:		
5.75% 4/1/25	465,000	431,288
6.25% 4/1/23	1,975,000	1,900,938
CVR Refining LLC/Coffeyville Finance, Inc. 6.5% 11/1/22	1,070,000	1,053,950
DCP Midstream LLC 5.85% 5/21/43 (b) (c)	885,000	708,000
Denbury Resources, Inc.:		
4.625% 7/15/23	705,000	414,188
5.5% 5/1/22	1,945,000	1,283,700
6.375% 8/15/21	1,050,000	763,875
7.5% 2/15/24 (c)	1,350,000	1,086,750
9% 5/15/21 (c)	2,250,000	2,103,750
9.25% 3/31/22 (c)	270,000	249,075
Diamondback Energy, Inc.:		
4.75% 11/1/24	540,000	521,100
5.375% 5/31/25	255,000	248,625
DTEK Finance PLC 10.75% 12/31/24 pay-in-kind (b)	1,465,000	1,345,749
Endeavor Energy Resources LP/EER Finance, Inc.:		
5.5% 1/30/26 (c)	265,000	271,625
5.75% 1/30/28 (c)	265,000	270,353

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value		Principal Amount(a)	Value
Nonconvertible Bonds – continued					
ENERGY – continued					
Oil, Gas & Consumable Fuels – continued					
Energy Transfer Equity LP 5.5% 6/1/27	\$ 860,000	\$ 838,500	PBF Logistics LP/PBF Logistics Finance, Inc. 6.875% 5/15/23	\$ 435,000	\$ 427,388
EnLink Midstream Partners LP:			PDC Energy, Inc. 6.125% 9/15/24	200,000	185,000
4.15% 6/1/25	465,000	419,395	Pemex Project Funding Master Trust:		
4.4% 4/1/24	460,000	433,466	6.625% 6/15/35	1,640,000	1,431,720
EP Energy LLC/Everest Acquisition Finance, Inc.:			8.625% 12/1/23 (b)	250,000	264,958
7.75% 5/15/26 (c)	2,990,000	2,646,150	Petrobras Energia SA 7.375% 7/21/23 (c)	315,000	282,933
8% 11/29/24 (c)	475,000	353,875	Petrobras Global Finance BV:		
Extraction Oil & Gas, Inc. 7.375% 5/15/24 (c)	365,000	301,125	5.999% 1/27/28	321,000	302,225
Frontier Energy Corp. 9.7% 6/25/23 (c)	485,000	478,331	6.125% 1/17/22	100,000	102,625
Genesis Energy LP/Genesis Energy Finance Corp. 6.25% 5/15/26	465,000	398,738	6.25% 3/17/24	620,000	628,990
Georgian Oil & Gas Corp. 6.75% 4/26/21 (c)	465,000	465,167	8.75% 5/23/26	2,855,000	3,201,883
Global Partners LP/GLP Finance Corp.:			Petrobras International Finance Co. Ltd. 6.875% 1/20/40	119,000	113,230
6.25% 7/15/22	130,000	122,850	Petroleos de Venezuela SA:		
7% 6/15/23	580,000	551,000	5.375% 4/12/27 (d)	480,000	69,552
Gran Tierra Energy International Holdings Ltd. 6.25% 2/15/25 (c)	225,000	208,969	6% 5/16/24 (c) (d)	385,000	56,788
Hess Infrastructure Partners LP 5.625% 2/15/26 (c)	795,000	769,163	6% 11/15/26 (c) (d)	930,000	137,175
Hilcorp Energy I LP/Hilcorp Finance Co.:			12.75% 2/17/22 (c) (d)	110,000	20,911
5% 12/1/24 (c)	510,000	451,350	Petroleos Mexicanos:		
5.75% 10/1/25 (c)	580,000	516,200	4.875% 1/18/24	220,000	205,040
6.25% 11/1/28 (c)	590,000	519,200	6.375% 1/23/45	815,000	656,075
Holly Energy Partners LP/Holly Finance Corp. 6% 8/1/24 (c)	390,000	382,200	6.5% 3/13/27	440,000	413,600
Indigo Natural Resources LLC 6.875% 2/15/26 (c)	710,000	610,600	6.5% 6/2/41	2,705,000	2,239,740
Indika Energy Capital II Pte. Ltd. 6.875% 4/10/22 (c)	880,000	881,609	6.625% (c) (f)	575,000	472,938
KazMunaiGaz Finance Sub BV 4.75% 4/24/25 (c)	225,000	222,750	6.75% 9/21/47	1,853,000	1,532,227
Kosmos Energy Ltd.:			PT Pertamina Persero 6.5% 5/27/41 (c)	175,000	183,345
7.875% 8/1/21 (c)	1,140,000	1,128,600	QEP Resources, Inc. 5.25% 5/1/23	610,000	539,850
7.875% 8/1/21 (c)	1,020,000	1,014,900	Range Resources Corp. 5% 3/15/23	960,000	844,800
Magnolia Oil & Gas Operating LLC 6% 8/1/26 (c)	300,000	289,500	Sabine Pass Liquefaction LLC 5% 3/15/27	480,000	481,842
Medco Strait Services Pte. Ltd. 8.5% 8/17/22 (c)	205,000	199,702	Sanchez Energy Corp.:		
Murphy Oil U.S.A., Inc. 5.625% 5/1/27	305,000	292,800	6.125% 1/15/23	1,675,000	301,500
Newfield Exploration Co.:			7.25% 2/15/23 (c)	1,185,000	965,775
5.375% 1/1/26	475,000	465,500	SemGroup Corp.:		
5.625% 7/1/24	75,000	75,938	6.375% 3/15/25	310,000	285,975
NGL Energy Partners LP/NGL Energy Finance Corp. 6.125% 3/1/25	625,000	537,500	7.25% 3/15/26	580,000	542,300
NGPL PipeCo LLC:			SM Energy Co.:		
4.375% 8/15/22 (c)	150,000	147,000	5.625% 6/1/25	280,000	243,600
4.875% 8/15/27 (c)	150,000	141,375	6.625% 1/15/27	465,000	413,850
Nine Energy Service, Inc. 8.75% 11/1/23 (c)	300,000	285,000	6.75% 9/15/26	250,000	223,750
Nostrum Oil & Gas Finance BV 8% 7/25/22 (c)	2,080,000	1,395,722	Southern Star Central Corp. 5.125% 7/15/22 (c)	320,000	307,200
Pan American Energy LLC 7.875% 5/7/21 (c)	815,000	816,019	Southwestern Energy Co.:		
Parsley Energy LLC/Parsley:			4.1% 3/15/22	820,000	746,200
5.25% 8/15/25 (c)	380,000	343,900	7.5% 4/1/26	470,000	444,150
5.625% 10/15/27 (c)	300,000	272,625	7.75% 10/1/27	420,000	399,000
6.25% 6/1/24 (c)	420,000	407,400	SRC Energy, Inc. 6.25% 12/1/25	380,000	315,400
PBF Holding Co. LLC/PBF Finance Corp.:			Sunoco LP/Sunoco Finance Corp.:		
7% 11/15/23	1,695,000	1,618,725	4.875% 1/15/23	465,000	453,375
7.25% 6/15/25	1,145,000	1,076,300	5.5% 2/15/26	595,000	563,763
			Targa Resources Partners LP/Targa Resources Partners Finance Corp.:		
			5% 1/15/28	620,000	561,100
			5.125% 2/1/25	320,000	300,000
			5.375% 2/1/27	320,000	300,000
			5.875% 4/15/26 (c)	925,000	899,563
			Teine Energy Ltd. 6.875% 9/30/22 (c)	590,000	572,300

See accompanying notes which are an integral part of the financial statements.

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
ENERGY – continued		
Oil, Gas & Consumable Fuels – continued		
Tennessee Gas Pipeline Co. 7.625% 4/1/37	\$ 50,000	\$ 59,141
Tesoro Logistics LP/Tesoro Logistics Finance Corp. 6.375% 5/1/24	245,000	252,963
Transportadora de Gas del Sur SA 6.75% 5/2/25 (c)	540,000	490,730
Tullow Oil PLC 7% 3/1/25 (c)	280,000	260,316
Ultra Resources, Inc. 11% 7/12/24 pay-in-kind	532,000	399,000
W&T Offshore, Inc. 9.75% 11/1/23 (c)	2,005,000	1,754,375
Whiting Petroleum Corp. 6.625% 1/15/26	425,000	364,438
WPX Energy, Inc.:		
5.25% 9/15/24	490,000	443,450
5.75% 6/1/26	465,000	420,825
6% 1/15/22	730,000	709,925
YPF SA:		
8.5% 3/23/21 (c)	245,000	241,938
8.75% 4/4/24 (c)	2,320,000	2,180,800
		<u>78,072,900</u>
TOTAL ENERGY		<u>88,835,320</u>

FINANCIALS – 7.8%

Banks – 2.3%

Access Bank PLC 9.25% 6/24/21 (b) (c)	545,000	540,913
Akbank TAS/Ak Finansal Kiralama A/S:		
4% 1/24/20 (c)	505,000	495,910
7.2% 3/16/27 (b) (c)	330,000	289,645
Banco de Bogota SA 6.25% 5/12/26 (c)	270,000	273,040
Banco de Reservas de La Republica Dominicana 7% 2/1/23 (c)	300,000	300,000
Banco Do Brasil SA:		
4.625% 1/15/25 (c)	170,000	161,288
4.875% 4/19/23 (c)	280,000	275,576
Banco Hipotecario SA 9.75% 11/30/20 (c)	1,805,000	1,764,388
Banco Macro SA 6.75% 11/4/26 (b) (c)	1,170,000	944,775
Banque Centrale de Tunisie 5.75% 1/30/25 (c)	250,000	209,710
Barclays PLC 2% 2/7/28 (Reg. S) (b)	EUR 2,850,000	3,019,047
BBVA Bancomer SA 7.25% 4/22/20 (c)	475,000	491,863
Biz Finance PLC 9.625% 4/27/22 (c)	1,010,000	987,982
BTA Bank JSC 5.5% 12/21/22 (c)	227,000	222,455
CaixaBank SA 2.75% 7/14/28 (Reg. S) (b)	EUR 1,700,000	1,910,810
CBOM Finance PLC 5.55% 2/14/23 (c)	300,000	280,742
CIT Group, Inc. 5% 8/15/22	341,000	336,311
Development Bank of Mongolia 7.25% 10/23/23 (c)	200,000	196,308
Export Credit Bank of Turkey 5.875% 4/24/19 (c)	210,000	209,303
Export-Import Bank of Korea 6.2% 8/7/21 (c)	INR 21,900,000	303,696
Fidelity Bank PLC 10.5% 10/16/22 (c)	510,000	510,714
HBOS PLC 4.5% 3/18/30 (b)	EUR 1,350,000	1,612,115
Intesa Sanpaolo SpA 3.928% 9/15/26 (Reg. S)	EUR 400,000	458,014
Itau Unibanco Holding SA:		
5.125% 5/13/23 (Reg. S)	530,000	531,860
5.5% 8/6/22 (c)	490,000	501,025
JSC BGEO Group 6% 7/26/23 (c)	800,000	776,128

	Principal Amount(a)	Value
Lloyds Banking Group PLC 0.625% 1/15/24 (b)	EUR 1,750,000	\$ 1,908,826
Oschadbank Via SSB #1 PLC 9.375% 3/10/23 (c)	\$ 200,000	196,841
SB Capital SA 5.5% 2/26/24 (b) (c)	435,000	435,000
T.C. Ziraat Bankasi A/S:		
4.25% 7/3/19 (c)	20,000	19,745
4.75% 4/29/21 (c)	115,000	108,398
Trade and Development Bank of Mongolia LLC 9.375% 5/19/20 (c)	580,000	603,792
Turkiye Garanti Bankasi A/S:		
4.75% 10/17/19 (c)	185,000	182,484
6.125% 5/24/27 (b) (c)	360,000	307,397
6.25% 4/20/21 (c)	250,000	247,705
Turkiye Is Bankasi A/S 5.5% 4/21/22 (c)	360,000	325,469
Turkiye Vakiflar Bankasi TAO:		
5.75% 1/30/23 (c)	935,000	820,694
6.875% 2/3/25 (Reg. S) (b)	350,000	296,111
UniCredit SpA:		
3 month EURIBOR + 2.750% 2.432% 5/3/25 (b) (e)	EUR 610,000	666,104
6.95% 10/31/22 (Reg. S)	EUR 4,300,000	5,513,725
Zenith Bank PLC:		
6.25% 4/22/19 (c)	1,705,000	1,700,512
7.375% 5/30/22 (c)	1,135,000	1,125,346
		<u>32,061,767</u>

Capital Markets – 0.2%

AssuredPartners, Inc. 7% 8/15/25 (c)	245,000	220,814
Balboa Merger Sub, Inc. 11.375% 12/1/21 (c)	1,260,000	1,319,850
CyrusOne LP/CyrusOne Finance Corp.:		
5% 3/15/24	165,000	161,700
5.375% 3/15/27	140,000	135,800
MSCI, Inc.:		
5.25% 11/15/24 (c)	345,000	343,275
5.75% 8/15/25 (c)	365,000	367,738
		<u>2,549,177</u>

Consumer Finance – 2.7%

Ally Financial, Inc.:		
4.125% 2/13/22	1,075,000	1,044,094
4.625% 3/30/25	1,915,000	1,855,156
5.125% 9/30/24	2,750,000	2,729,375
8% 11/1/31	823,000	911,473
8% 11/1/31	16,143,000	17,918,730
Credito Real S.A.B. de CV 7.5% 3/13/19 (c)	100,000	99,625
Navient Corp.:		
5.875% 10/25/24	2,745,000	2,292,075
6.5% 6/15/22	470,000	430,464
7.25% 9/25/23	285,000	261,488
SLM Corp.:		
5.5% 1/25/23	1,685,000	1,474,375
6.125% 3/25/24	830,000	711,725
7.25% 1/25/22	2,650,000	2,557,250
Springleaf Financial Corp.:		
6.875% 3/15/25	2,580,000	2,309,100
7.125% 3/15/26	3,405,000	2,998,784
		<u>37,593,714</u>

Diversified Financial Services – 1.4%

1MDB Global Investments Ltd. 4.4% 3/9/23	1,000,000	895,250
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See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
FINANCIALS – continued		
Diversified Financial Services – continued		
Cimpor Financial Operations BV 5.75% 7/17/24 (c)	\$ 890,000	\$ 738,700
Eagle Intermediate Global Holding BV 7.5% 5/1/25 (c)	235,000	219,843
Grinding Media, Inc./MC Grinding Media Canada, Inc. 7.375% 12/15/23 (c)	390,000	377,325
Icahn Enterprises LP/Icahn Enterprises Finance Corp.: 5.875% 2/1/22	3,370,000	3,302,600
6% 8/1/20	995,000	993,756
6.25% 2/1/22	1,050,000	1,036,875
6.375% 12/15/25	2,785,000	2,680,563
6.75% 2/1/24	535,000	529,650
i2 Cloud Services LLC/i2 Global Communications, Inc. 6% 7/15/25 (c)	410,000	400,775
James Hardie International Finance Ltd.: 4.75% 1/15/25 (c)	450,000	409,500
5% 1/15/28 (c)	455,000	389,025
PT Bukit Makmur Mandiri Utama 7.75% 2/13/22 (c)	700,000	697,456
Sistema International Funding SA 6.95% 5/17/19 (c)	840,000	843,494
Solera LLC/Solera Finance, Inc. 10.5% 3/1/24 (c)	1,590,000	1,693,350
Sparc Em Spc 0% 12/5/22 (c)	170,833	154,819
Starfruit Finco BV / Starfruit U.S. Holdco LLC 8% 10/1/26 (c)	1,185,000	1,096,125
TMK Capital SA: 6.75% 4/3/20 (c)	40,000	40,566
6.75% 4/3/20 (Reg. S)	200,000	202,832
Valvoline, Inc. 5.5% 7/15/24	230,000	224,825
Venator Finance SARL/Venator Capital Management Ltd. 5.75% 7/15/25 (c)	525,000	420,000
Wendel SA 2.75% 10/2/24 (Reg. S)	EUR 1,600,000	1,884,718
		<u>19,232,047</u>
Insurance – 0.9%		
Acisure LLC / Acisure Finance, Inc. 7% 11/15/25 (c)	910,000	775,775
Alliant Holdings Co-Issuer, Inc./Wayne Merger Sub LLC 8.25% 8/1/23 (c)	695,000	689,350
AmWINS Group, Inc. 7.75% 7/1/26 (c)	300,000	283,500
Assicurazioni Generali SpA 7.75% 12/12/42 (b)	EUR 3,200,000	4,262,168
Aviva PLC 6.125% 7/5/43 (b)	EUR 817,000	1,040,216
Centene Escrow Corp. 5.375% 6/1/26 (c)	1,545,000	1,502,513
Credit Agricole Assurances SA 2.625% 1/29/48 (b)	EUR 3,100,000	3,083,510
HUB International Ltd. 7% 5/1/26 (c)	595,000	539,963
USIS Merger Sub, Inc. 6.875% 5/1/25 (c)	615,000	565,160
		<u>12,742,155</u>
Mortgage Real Estate Investment Trusts – 0.0%		
Starwood Property Trust, Inc. 4.75% 3/15/25	595,000	535,500
Thriffs & Mortgage Finance – 0.3%		
Nationwide Building Society 2% 7/25/29 (Reg. S) (b)	EUR 3,571,000	3,788,500
		<u>108,502,860</u>
HEALTH CARE – 2.9%		
Health Care Equipment & Supplies – 0.1%		
Hill-Rom Holdings, Inc. 5.75% 9/1/23 (c)	290,000	290,000

	Principal Amount(a)	Value
Hologic, Inc.:		
4.375% 10/15/25 (c)	\$ 320,000	\$ 297,600
4.625% 2/1/28 (c)	215,000	193,500
Teleflex, Inc. 4.625% 11/15/27	255,000	235,393
		<u>1,016,493</u>
Health Care Providers & Services – 1.9%		
Community Health Systems, Inc.:		
6.875% 2/1/22	2,265,000	1,030,575
8.125% 6/30/24 (c)	2,377,000	1,735,210
8.625% 1/15/24 (c)	2,400,000	2,370,000
11% 6/30/23 (c) (g)	1,030,000	793,100
Encompass Health Corp.:		
5.125% 3/15/23	330,000	323,400
5.75% 11/1/24	1,135,000	1,123,650
Enterprise Merger Sub, Inc. 8.75% 10/15/26 (c)	1,775,000	1,535,375
HCA Holdings, Inc.:		
4.75% 5/1/23	630,000	620,550
5.25% 6/15/26	750,000	744,375
5.375% 2/1/25	1,010,000	984,750
5.375% 9/1/26	635,000	605,727
5.625% 9/1/28	775,000	736,405
5.875% 3/15/22	1,915,000	1,962,875
5.875% 5/1/23	1,925,000	1,949,063
5.875% 2/15/26	2,635,000	2,621,825
6.5% 2/15/20	2,410,000	2,470,250
MPH Acquisition Holdings LLC 7.125% 6/1/24 (c)	335,000	312,388
Polaris Intermediate Corp. 8.5% 12/1/22 pay-in-kind (b) (c)	1,105,000	1,007,893
Quintiles Transnational Corp. 4.875% 5/15/23 (c)	445,000	436,100
Sabra Health Care LP/Sabra Capital Corp. 5.375% 6/1/23	260,000	256,100
Tenet Healthcare Corp.:		
4.625% 7/15/24	305,000	283,650
5.125% 5/1/25	305,000	284,413
7.5% 1/1/22 (c)	365,000	370,475
Vizient, Inc. 10.375% 3/1/24 (c)	660,000	699,600
Wellcare Health Plans, Inc.:		
5.25% 4/1/25	475,000	457,188
5.375% 8/15/26 (c)	385,000	371,525
West Street Merger Sub, Inc. 6.375% 9/1/25 (c)	305,000	269,925
		<u>26,356,387</u>
Pharmaceuticals – 0.9%		
Catalent Pharma Solutions 4.875% 1/15/26 (c)	205,000	194,238
Inventiv Group Holdings, Inc. / Investment 7.5% 10/1/24 (c)	228,000	237,120
NVA Holdings, Inc. 6.875% 4/1/26 (c)	330,000	295,350
Teva Pharmaceutical Finance Co. BV:		
2.95% 12/18/22	250,000	221,090
3.65% 11/10/21	175,000	165,799
Teva Pharmaceutical Finance IV BV 3.65% 11/10/21	760,000	720,040
Teva Pharmaceutical Finance IV LLC 2.25% 3/18/20	310,000	301,674
Valeant Pharmaceuticals International, Inc.:		
5.5% 11/1/25 (c)	4,578,000	4,268,985
5.875% 5/15/23 (c)	2,165,000	2,002,625
6.5% 3/15/22 (c)	620,000	624,080
7% 3/15/24 (c)	925,000	934,250

See accompanying notes which are an integral part of the financial statements.

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
HEALTH CARE – continued		
Pharmaceuticals – continued		
Valeant Pharmaceuticals International, Inc.: – continued		
8.5% 1/31/27 (c)	\$ 620,000	\$ 601,400
9% 12/15/25 (c)	2,415,000	2,402,925
		<u>12,969,576</u>
TOTAL HEALTH CARE		<u>40,342,456</u>
INDUSTRIALS – 1.4%		
Aerospace & Defense – 0.4%		
BBA U.S. Holdings, Inc. 5.375% 5/1/26 (c)	225,000	213,185
BWX Technologies, Inc. 5.375% 7/15/26 (c)	430,000	413,746
DAE Funding LLC 4% 8/1/20 (c)	260,000	253,500
TransDigm UK Holdings PLC 6.875% 5/15/26 (c)	1,805,000	1,719,263
TransDigm, Inc.:		
6.375% 6/15/26	2,825,000	2,627,250
6.5% 5/15/25	835,000	797,425
		<u>6,024,369</u>
Air Freight & Logistics – 0.1%		
Rumo Luxembourg Sarl 7.375% 2/9/24 (c)	955,000	995,492
XPO Logistics, Inc. 6.125% 9/1/23 (c)	490,000	471,625
		<u>1,467,117</u>
Airlines – 0.1%		
Air Canada 2013-1 Pass Through Trust 5.375%		
11/15/22 (c)	113,937	115,167
Allegiant Travel Co. 5.5% 7/15/19	160,000	160,000
Azul Investments LLP 5.875% 10/26/24 (c)	300,000	280,128
Continental Airlines, Inc. pass-thru trust certificates 6.903%		
4/19/22	10,814	11,112
Delta Air Lines, Inc. pass-thru trust certificates 8.021%		
2/10/24	100,105	108,924
Hawaiian Airlines pass-thru certificates Series 2013-1 Class B,		
4.95% 7/15/23	201,937	201,412
Mexico City Airport Trust 5.5% 10/31/46 (c)	225,000	198,000
U.S. Airways pass-thru certificates:		
Series 2011-1 Class A, 7.125% 10/22/23	272,894	297,809
Series 2012-2 Class B, 6.75% 6/3/21	140,889	146,242
Series 2013-1 Class B, 5.375% 11/15/21	188,282	193,993
		<u>1,712,787</u>
Building Products – 0.0%		
USG Corp. 4.875% 6/1/27 (c)	160,000	161,200
Commercial Services & Supplies – 0.4%		
ADS Waste Holdings, Inc. 5.625% 11/15/24 (c)	565,000	552,288
CD&R Waterworks Merger Sub LLC 6.125% 8/15/25 (c)	240,000	213,000
Covanta Holding Corp.:		
5.875% 3/1/24	1,870,000	1,757,800
5.875% 7/1/25	165,000	151,800
6% 1/1/27	585,000	523,575
KAR Auction Services, Inc. 5.125% 6/1/25 (c)	525,000	473,813
Kissner Holdings LP/Kissner Milling Co. Ltd./BSC Holding,		
Inc./Kissner U.S.A. 8.375% 12/1/22 (c)	530,000	527,350
Ritchie Brothers Auctioneers, Inc. 5.375% 1/15/25 (c)	190,000	184,300

	Principal Amount(a)	Value
Tervita Escrow Corp. 7.625% 12/1/21 (c)	\$ 280,000	\$ 266,700
The Brink's Co. 4.625% 10/15/27 (c)	620,000	565,893
		<u>5,216,519</u>
Construction & Engineering – 0.1%		
AECOM 5.125% 3/15/27	625,000	534,375
Cementos Progreso Trust 7.125% 11/6/23 (c)	390,000	400,725
Odebrecht Finance Ltd.:		
4.375% 4/25/25 (c) (d)	1,530,000	200,813
5.25% 6/27/29 (c) (d)	580,000	78,880
7.125% 6/26/42 (c) (d)	1,406,000	196,840
		<u>1,411,633</u>
Electrical Equipment – 0.0%		
Sensata Technologies BV 5% 10/1/25 (c)	575,000	540,500
Industrial Conglomerates – 0.0%		
Türk Sise ve Cam Fabrikalari A/S 4.25% 5/9/20 (c)	110,000	106,565
Machinery – 0.0%		
Stevens Holding Co., Inc. 6.125% 10/1/26 (c)	155,000	152,675
Marine – 0.1%		
Navios Maritime Acquisition Corp./Navios Acquisition Finance		
U.S., Inc. 8.125% 11/15/21 (c)	150,000	112,500
Navios South American Logistics, Inc./Navios Logistics		
Finance U.S., Inc. 7.25% 5/1/22 (c)	490,000	443,450
		<u>555,950</u>
Professional Services – 0.0%		
IHS Markit Ltd.:		
4% 3/1/26 (c)	275,000	255,750
4.75% 2/15/25 (c)	225,000	221,344
		<u>477,094</u>
Road & Rail – 0.0%		
JSC Georgian Railway 7.75% 7/11/22 (c)	180,000	185,864
Trading Companies & Distributors – 0.1%		
Avantor, Inc. 6% 10/1/24 (c)	625,000	614,063
FLY Leasing Ltd. 5.25% 10/15/24	490,000	442,225
United Rentals North America, Inc. 5.5% 5/15/27	405,000	375,638
		<u>1,431,926</u>
Transportation Infrastructure – 0.1%		
Aeropuertos Argentina 2000 SA 6.875% 2/1/27 (c)	590,000	544,275
TOTAL INDUSTRIALS		<u>19,988,474</u>
INFORMATION TECHNOLOGY – 0.7%		
Communications Equipment – 0.2%		
Banglalink Digital Communications Ltd.:		
8.625% 5/6/19 (c)	1,835,000	1,844,359
8.625% 5/6/19 (Reg. S)	200,000	201,020
		<u>2,045,379</u>
Electronic Equipment & Components – 0.0%		
TTM Technologies, Inc. 5.625% 10/1/25 (c)	210,000	195,300
Internet Software & Services – 0.0%		
Camelot Finance SA 7.875% 10/15/24 (c)	280,000	270,200
IT Services – 0.1%		
CDW LLC/CDW Finance Corp.:		
5% 9/1/23	565,000	555,113
5% 9/1/25	335,000	320,763
GTT Communications, Inc. 7.875% 12/31/24 (c)	300,000	259,500
		<u>1,135,376</u>

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
INFORMATION TECHNOLOGY – continued		
Semiconductors & Semiconductor Equipment – 0.1%		
Qorvo, Inc. 5.5% 7/15/26 (c)	\$ 300,000	\$ 286,500
Sensata Technologies UK Financing Co. PLC 6.25% 2/15/26 (c)	585,000	587,925
Versum Materials, Inc. 5.5% 9/30/24 (c)	330,000	326,700
		<u>1,201,125</u>
Software – 0.3%		
Ascend Learning LLC 6.875% 8/1/25 (c)	210,000	201,075
CDK Global, Inc. 5.875% 6/15/26	225,000	225,911
Ensemble S Merger Sub, Inc. 9% 9/30/23 (c)	970,000	970,000
JDA Escrow LLC/JDA Bond Finance, Inc. 7.375% 10/15/24 (c)	225,000	226,688
Open Text Corp. 5.875% 6/1/26 (c)	465,000	455,700
Parametric Technology Corp. 6% 5/15/24	190,000	190,950
Symantec Corp. 5% 4/15/25 (c)	530,000	494,523
Uber Technologies, Inc.:		
7.5% 11/1/23 (c)	830,000	803,025
8% 11/1/26 (c)	1,180,000	1,138,700
		<u>4,706,572</u>
TOTAL INFORMATION TECHNOLOGY		<u>9,553,952</u>
MATERIALS – 2.5%		
Chemicals – 0.6%		
Braskem Finance Ltd. 5.375% 5/2/22 (c)	315,000	320,516
Hexion, Inc. 10.375% 2/1/22 (c)	235,000	187,413
LSB Industries, Inc. 9.625% 5/1/23 (c)	310,000	314,650
NOVA Chemicals Corp.:		
4.875% 6/1/24 (c)	770,000	694,925
5.25% 6/1/27 (c)	660,000	584,100
OCI NV 6.625% 4/15/23 (c)	270,000	265,275
OCP SA 5.625% 4/25/24 (c)	200,000	204,500
Petkim Petrokimya Holding A/S 5.875% 1/26/23 (c)	740,000	671,526
Platform Specialty Products Corp.:		
5.875% 12/1/25 (c)	945,000	883,575
6.5% 2/1/22 (c)	555,000	555,000
SABIC Capital II BV 4% 10/10/23 (c)	320,000	318,400
Sasol Financing U.S.A. LLC 5.875% 3/27/24	305,000	304,336
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp. 7.5% 6/15/25 (c)	495,000	469,013
The Chemours Co. LLC 5.375% 5/15/27	910,000	819,000
TPC Group, Inc. 8.75% 12/15/20 (c)	765,000	726,750
Tronox Finance PLC 5.75% 10/1/25 (c)	285,000	230,850
		<u>7,549,829</u>
Construction Materials – 0.2%		
CEMEX Finance LLC 6% 4/1/24 (c)	200,000	198,748
CEMEX S.A.B. de CV 7.75% 4/16/26 (c)	480,000	504,605
Holcim Finance Luxembourg SA 2.25% 5/26/28 (Reg. S)	EUR 1,372,000	1,535,921
Summit Materials LLC/Summit Materials Finance Corp. 5.125% 6/1/25 (c)	260,000	236,600
U.S. Concrete, Inc. 6.375% 6/1/24	300,000	276,000
Union Andina de Cementos SAA 5.875% 10/30/21 (c)	150,000	152,438
		<u>2,904,312</u>

Containers & Packaging – 0.1%

	Principal Amount(a)	Value
Crown Cork & Seal, Inc.:		
7.375% 12/15/26	\$ 1,210,000	\$ 1,288,650
7.5% 12/15/96	160,000	156,800
Flex Acquisition Co., Inc. 6.875% 1/15/25 (c)	280,000	249,200
Plastipak Holdings, Inc. 6.25% 10/15/25 (c)	180,000	159,300
		<u>1,853,950</u>

Metals & Mining – 1.6%

	Principal Amount(a)	Value
Alcoa Nederland Holding BV:		
6.125% 5/15/28 (c)	200,000	191,500
6.75% 9/30/24 (c)	430,000	436,450
7% 9/30/26 (c)	355,000	362,100
Aleris International, Inc. 6% 6/1/20 (c) (h)	1,759	1,759
Algoma Steel SCA 0% 12/31/23 (h)	102,200	102,200
ArcelorMittal SA 0.95% 1/17/23 (Reg. S)	EUR 1,775,000	1,967,940
Big River Steel LLC/BRS Finance Corp. 7.25% 9/1/25 (c)	475,000	471,438
Cleveland-Cliffs, Inc.:		
4.875% 1/15/24 (c)	620,000	576,600
5.75% 3/1/25	615,000	553,500
Commercial Metals Co. 5.75% 4/15/26 (c)	460,000	426,650
Constellium NV 5.875% 2/15/26 (c)	255,000	226,950
CSN Islands XI Corp. 6.875% 9/21/19 (c)	1,155,000	1,149,271
CSN Resources SA 6.5% 7/21/20 (c)	1,050,000	1,012,725
EVRAZ Group SA 8.25% 1/28/21 (Reg. S)	200,000	212,000
Ferrexpo Finance PLC:		
10.375% 4/7/19 (c)	129,000	129,671
10.375% 4/7/19 (c)	262,500	263,865
10.375% 4/7/19 (Reg. S)	75,000	75,390
10.375% 4/7/19 (Reg. S)	222,500	223,657
First Quantum Minerals Ltd.:		
6.5% 3/1/24 (c)	460,000	381,800
6.875% 3/1/26 (c)	1,165,000	934,913
7% 2/15/21 (c)	745,000	715,200
7.25% 5/15/22 (c)	615,000	570,413
7.25% 4/1/23 (c)	1,360,000	1,196,800
7.5% 4/1/25 (c)	955,000	787,875
FMG Resources (August 2006) Pty Ltd.:		
4.75% 5/15/22 (c)	405,000	384,750
5.125% 3/15/23 (c)	650,000	611,000
5.125% 5/15/24 (c)	495,000	455,400
Freeport-McMoRan, Inc. 5.45% 3/15/43	280,000	213,150
Gold Fields Orogen Holding BVI Ltd. 4.875% 10/7/20 (c)	640,000	632,832
JMC Steel Group, Inc. 9.875% 6/15/23 (c)	405,000	426,263
Joseph T Ryerson & Son, Inc. 11% 5/15/22 (c)	350,000	352,625
Metinvest BV 7.75% 4/23/23 (c)	1,980,000	1,801,618
Murray Energy Corp. 11.25% 4/15/21 (c)	660,000	411,675
Polyus Finance PLC 5.25% 2/7/23 (c)	825,000	800,291
POSCO 4% 8/1/23 (c)	270,000	272,355
Stillwater Mining Co. 6.125% 6/27/22 (c)	1,395,000	1,289,343
United States Steel Corp. 6.25% 3/15/26	615,000	538,125
Vedanta Resources PLC:		
6.375% 7/30/22 (c)	930,000	831,420
8.25% 6/7/21 (c)	580,000	574,490
VM Holding SA 5.375% 5/4/27 (c)	135,000	130,613
		<u>22,696,617</u>

See accompanying notes which are an integral part of the financial statements.

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
MATERIALS – continued		
Paper & Forest Products – 0.0%		
Boise Cascade Co. 5.625% 9/1/24 (c)	\$ 225,000	\$ 210,938
NewPage Corp.:		
3 month U.S. LIBOR + 6.250% 6.7159%		
5/1/12 (b) (d) (e) (h)	90,000	0
11.375% 12/31/2014 (d) (h)	317,581	0
		<u>210,938</u>
TOTAL MATERIALS		<u>35,215,646</u>
REAL ESTATE – 0.7%		
Equity Real Estate Investment Trusts (REITs) – 0.3%		
Crown Castle International Corp. 5.25% 1/15/23	1,530,000	1,588,789
Equinix, Inc. 5.375% 5/15/27	480,000	469,200
MPT Operating Partnership LP/MPT Finance Corp.:		
5% 10/15/27	1,295,000	1,184,116
5.25% 8/1/26	390,000	367,575
6.375% 3/1/24	195,000	199,875
		<u>3,809,555</u>
Real Estate Management & Development – 0.4%		
Deutsche Annington Finance BV 2.75% 3/22/38	EUR 700,000	768,791
Grand City Properties SA 1.375% 8/3/26 (Reg. S)	EUR 1,600,000	1,698,447
Howard Hughes Corp. 5.375% 3/15/25 (c)	665,000	625,100
Inversiones y Representaciones SA 11.5% 7/20/20 (Reg. S)	85,000	85,850
IRSA Propiedades Comerciales SA 8.75% 3/23/23 (c)	635,000	608,197
Mattamy Group Corp. 6.875% 12/15/23 (c)	470,000	438,863
Shimao Property Holdings Ltd. 4.75% 7/3/22	655,000	616,174
Taylor Morrison Communities, Inc./Monarch Communities, Inc.:		
5.25% 4/15/21 (c)	785,000	777,150
5.625% 3/1/24 (c)	65,000	61,750
		<u>5,680,322</u>
TOTAL REAL ESTATE		<u>9,489,877</u>
UTILITIES – 1.0%		
Electric Utilities – 0.2%		
Enel SpA 3.375% 11/24/81 (Reg. S) (b)	EUR 1,375,000	1,436,991
Eskom Holdings SOC Ltd. 5.75% 1/26/21 (Reg. S)	200,000	188,410
Israel Electric Corp. Ltd. 7.75% 12/15/27 (Reg. S)	250,000	296,285
Pampa Holding SA 7.5% 1/24/27 (c)	195,000	163,352
Visra Operations Co. LLC 5.5% 9/1/26 (c)	820,000	789,250
		<u>2,874,288</u>
Gas Utilities – 0.0%		
Southern Natural Gas Co.:		
7.35% 2/15/31	175,000	205,314
8% 3/1/32	335,000	427,044
		<u>632,358</u>
Independent Power and Renewable Electricity Producers – 0.8%		
Calpine Corp. 5.25% 6/1/26 (c)	955,000	871,438
Dynegy, Inc. 7.625% 11/1/24	3,573,000	3,769,515

	Principal Amount(a)	Value
NextEra Energy Partners LP:		
4.25% 9/15/24 (c)	\$ 415,000	\$ 383,875
4.5% 9/15/27 (c)	290,000	258,100
NRG Energy, Inc.:		
5.75% 1/15/28	1,740,000	1,670,400
6.625% 1/15/27	1,345,000	1,355,088
Pattern Energy Group, Inc. 5.875% 2/1/24 (c)	295,000	284,675
Talen Energy Supply LLC:		
6.5% 6/1/25	460,000	326,600
10.5% 1/15/26 (c)	435,000	369,750
TerraForm Power Operating LLC:		
4.25% 1/31/23 (c)	320,000	298,400
5% 1/31/28 (c)	320,000	281,600
6.625% 6/15/25 (b) (c)	418,000	422,180
The AES Corp. 4.5% 3/15/23	260,000	253,500
		<u>10,545,121</u>
Multi-Utilities – 0.0%		
RWE AG 5.75% 2/14/33 (Reg. S)	EUR 300,000	478,756
		<u>14,530,523</u>
TOTAL NONCONVERTIBLE BONDS		
		<u>462,524,285</u>
TOTAL CORPORATE BONDS		
(Cost \$491,744,361)		<u>462,865,508</u>

U.S. Government and Government Agency Obligations – 16.4%

U.S. Government Agency Obligations – 0.0%		
Tennessee Valley Authority:		
5.25% 9/15/39	126,000	158,376
5.375% 4/1/56	302,000	412,716
		<u>571,092</u>
TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS		
		<u>571,092</u>
U.S. Treasury Obligations – 16.1%		
U.S. Treasury Bills, yield at date of purchase 2.19% to 2.36%		
1/3/19 to 3/21/19 (i)	460,000	458,880
U.S. Treasury Bonds:		
stripped coupon 2/15/34	2,020,000	1,301,861
2.5% 2/15/46	3,344,000	3,024,653
2.75% 8/15/47	12,922,000	12,260,044
2.75% 11/15/47	2,450,000	2,322,363
2.875% 8/15/45	6,384,000	6,229,268
3% 11/15/44	582,000	582,166
3% 5/15/47	900,000	897,724
3% 2/15/48	1,992,000	1,984,804
3.375% 11/15/48	2,754,000	2,949,998
3.625% 2/15/44	9,514,000	10,557,278
4.25% 5/15/39	1,838,000	2,220,287
4.75% 2/15/37	6,752,000	8,613,944
6.25% 8/15/23 (i) (j)	2,249,000	2,612,301
7.875% 2/15/21	200,000	221,973
U.S. Treasury Notes:		
1.125% 9/30/21	9,774,000	9,426,020

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

U.S. Government and Government Agency Obligations – continued

	Principal Amount(a)	Value
U.S. Treasury Obligations – continued		
U.S. Treasury Notes: – continued		
1.375% 4/30/20	\$ 2,787,000	\$ 2,743,973
1.375% 8/31/23	500,000	475,280
1.5% 10/31/19	3,630,000	3,596,096
1.5% 7/15/20	1,668,000	1,641,724
1.625% 7/31/20	1,500,000	1,478,582
1.625% 8/31/22	4,833,000	4,688,079
1.625% 5/31/23	760,000	732,185
1.75% 12/31/20	2,634,000	2,595,895
1.75% 5/31/22	100,000	97,624
1.75% 6/30/22	3,913,000	3,818,229
1.875% 1/31/22	3,691,000	3,625,138
1.875% 3/31/22	14,114,000	13,849,075
1.875% 7/31/22	6,969,000	6,824,494
1.875% 10/31/22	3,546,000	3,466,877
2% 9/30/20	3,047,000	3,019,555
2% 1/15/21	2,831,000	2,801,886
2% 12/31/21	10,021,000	9,883,623
2% 10/31/22	3,100,000	3,045,118
2% 8/15/25	768,000	740,656
2% 11/15/26	5,745,000	5,487,941
2.125% 12/31/22	553,000	545,225
2.125% 7/31/24	13,264,000	12,975,737
2.125% 5/15/25	1,911,000	1,860,096
2.25% 2/29/20	1,000,000	995,955
2.25% 7/31/21	5,379,000	5,348,459
2.25% 12/31/24	8,414,000	8,267,649
2.25% 2/15/27	4,691,000	4,558,434
2.25% 8/15/27	746,000	722,508
2.375% 4/15/21	9,090,000	9,065,648
2.375% 5/15/27	211,000	206,737
2.625% 8/31/20	5,000,000	5,006,042
2.625% 6/30/23	1,393,000	1,400,228
2.625% 12/31/23	5,017,000	5,042,908
2.75% 9/30/20	9,640,000	9,674,789
2.75% 8/15/21	5,568,000	5,604,937
2.75% 6/30/25	6,174,000	6,238,023
2.75% 2/15/28	60,000	60,354
2.875% 11/30/25	5,592,000	5,694,877
TOTAL U.S. TREASURY OBLIGATIONS		223,544,200

Other Government Related – 0.3%

National Credit Union Administration Guaranteed Notes:

Series 2010-A1 Class A, 1 month U.S. LIBOR + 0.350% 2.7369% 12/7/20 (NCUA Guaranteed) (b) (e)	80,630	80,702
Series 2011-R1 Class 1A, 1 month U.S. LIBOR + 0.450% 2.8295% 1/8/20 (NCUA Guaranteed) (b) (e)	131,573	131,749

	Principal Amount(a)	Value
National Credit Union Administration Guaranteed Notes Master Trust 3.45% 6/12/21 (NCUA Guaranteed)	\$ 3,400,000	\$ 3,457,465
TOTAL OTHER GOVERNMENT RELATED		3,669,916
TOTAL U.S. GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Cost \$229,246,424)		227,785,208

U.S. Government Agency – Mortgage Securities – 2.3%

Fannie Mae – 1.8%

12 month U.S. LIBOR + 1.365% 4.115% 10/1/35 (b) (e)	784	808
12 month U.S. LIBOR + 1.495% 3.819% 1/1/35 (b) (e)	3,573	3,670
12 month U.S. LIBOR + 1.553% 4.276% 6/1/36 (b) (e)	767	798
12 month U.S. LIBOR + 1.565% 3.565% 3/1/37 (b) (e)	1,444	1,503
12 month U.S. LIBOR + 1.617% 4.117% 3/1/33 (b) (e)	2,675	2,780
12 month U.S. LIBOR + 1.643% 4.315% 9/1/36 (b) (e)	1,143	1,189
12 month U.S. LIBOR + 1.645% 4.355% 6/1/47 (b) (e)	2,734	2,872
12 month U.S. LIBOR + 1.725% 2.586% 6/1/42 (b) (e)	15,541	16,140
12 month U.S. LIBOR + 1.728% 4.138% 11/1/36 (b) (e)	1,207	1,262
12 month U.S. LIBOR + 1.745% 3.808% 7/1/35 (b) (e)	8,094	8,465
12 month U.S. LIBOR + 1.760% 3.822% 2/1/37 (b) (e)	10,925	11,483
12 month U.S. LIBOR + 1.800% 2.987% 1/1/42 (b) (e)	50,829	53,618
12 month U.S. LIBOR + 1.800% 4.547% 7/1/41 (b) (e)	13,211	13,924
12 month U.S. LIBOR + 1.818% 2.728% 2/1/42 (b) (e)	76,819	80,498
12 month U.S. LIBOR + 1.818% 4.546% 7/1/41 (b) (e)	8,654	8,949
12 month U.S. LIBOR + 1.818% 4.568% 9/1/41 (b) (e)	5,974	6,296
12 month U.S. LIBOR + 1.830% 4.662% 10/1/41 (b) (e)	5,987	6,316
12 month U.S. LIBOR + 1.851% 4.271% 5/1/36 (b) (e)	492	515
12 month U.S. LIBOR + 1.885% 3.972% 4/1/36 (b) (e)	7,814	8,242
12 month U.S. LIBOR + 2.176% 4.353% 8/1/35 (b) (e)	5,020	5,266
6 month U.S. LIBOR + 1.550% 4.05% 9/1/33 (b) (e)	10,811	11,014
6 month U.S. LIBOR + 1.550% 4.083% 11/1/35 (b) (e)	4,828	4,967
3% 10/1/46	198,930	194,323
3% 1/1/49 (k)	1,300,000	1,268,422
3% 1/1/49 (k)	800,000	780,567
3% 1/1/49 (k)	1,300,000	1,268,422
3% 1/1/49 (k)	590,000	575,668
3% 3/1/49 (k)	1,245,000	1,213,348
3% 3/1/49 (k)	1,245,000	1,213,347
3.5% 7/1/32 to 4/1/48	1,905,217	1,922,686
3.5% 1/1/34 (k)	575,000	582,126
3.5% 1/1/34 (k)	200,000	202,479
3.5% 1/1/34 (k)	225,000	227,788
3.5% 1/1/34 (k)	250,000	253,098
3.5% 1/1/34 (k)	325,000	329,028
3.5% 1/1/34 (k)	325,000	329,028
3.5% 1/1/49 (k)	2,650,000	2,648,986
3.5% 1/1/49 (k)	2,650,000	2,648,986
3.5% 2/1/49 (k)	3,550,000	3,546,285
4.5% 11/1/25 to 4/1/48	2,829,253	2,935,564
4.5% 1/1/49 (k)	150,000	155,281
4.5% 1/1/49 (k)	50,000	51,760
5.5% 12/1/39 to 5/1/44	2,125,085	2,284,469

See accompanying notes which are an integral part of the financial statements.

U.S. Government Agency – Mortgage Securities – continued

	Principal Amount(a)	Value
Fannie Mae – continued		
6% 1/1/34 to 6/1/36	\$ 246,516	\$ 274,120
6.5% 5/1/26 to 8/1/36	243,588	272,225
TOTAL FANNIE MAE		<u>25,428,581</u>

Freddie Mac – 0.4%

12 month U.S. LIBOR + 1.325% 3.075% 3/1/37 (b) (e)	935	964
12 month U.S. LIBOR + 1.325% 3.784% 1/1/36 (b) (e)	2,222	2,286
12 month U.S. LIBOR + 1.600% 4.35% 7/1/35 (b) (e)	1,747	1,814
12 month U.S. LIBOR + 1.665% 3.54% 7/1/36 (b) (e)	126,480	131,786
12 month U.S. LIBOR + 1.754% 4.5% 9/1/41 (b) (e)	81,858	85,869
12 month U.S. LIBOR + 1.793% 4.421% 4/1/37 (b) (e)	1,998	2,094
12 month U.S. LIBOR + 1.877% 4.202% 4/1/41 (b) (e)	6,266	6,592
12 month U.S. LIBOR + 1.880% 4.63% 9/1/41 (b) (e)	7,255	7,635
12 month U.S. LIBOR + 1.880% 4.711% 10/1/41 (b) (e)	58,501	60,303
12 month U.S. LIBOR + 1.883% 4.496% 10/1/42 (b) (e)	49,810	51,506
12 month U.S. LIBOR + 1.910% 4.358% 5/1/41 (b) (e)	12,860	13,289
12 month U.S. LIBOR + 1.910% 4.477% 5/1/41 (b) (e)	9,161	9,655
12 month U.S. LIBOR + 1.910% 4.583% 6/1/41 (b) (e)	12,094	12,494
12 month U.S. LIBOR + 1.910% 4.66% 6/1/41 (b) (e)	7,340	7,571
12 month U.S. LIBOR + 2.045% 4.778% 7/1/36 (b) (e)	3,158	3,333
6 month U.S. LIBOR + 1.445% 3.945% 3/1/35 (b) (e)	1,986	2,030
6 month U.S. LIBOR + 1.647% 4.152% 2/1/37 (b) (e)	2,027	2,092
6 month U.S. LIBOR + 1.685% 4.243% 1/1/37 (b) (e)	10,265	10,595
6 month U.S. LIBOR + 1.720% 4.22% 8/1/37 (b) (e)	2,809	2,908
6 month U.S. LIBOR + 1.746% 4.33% 5/1/37 (b) (e)	753	782
6 month U.S. LIBOR + 1.844% 4.352% 10/1/36 (b) (e)	7,971	8,270
6 month U.S. LIBOR + 1.913% 4.427% 10/1/35 (b) (e)	4,989	5,177
6 month U.S. LIBOR + 2.010% 4.51% 5/1/37 (b) (e)	2,850	2,976
6 month U.S. LIBOR + 2.010% 4.531% 5/1/37 (b) (e)	8,833	9,225
6 month U.S. LIBOR + 2.029% 4.621% 6/1/37 (b) (e)	1,614	1,686
6 month U.S. LIBOR + 2.040% 4.603% 6/1/37 (b) (e)	2,192	2,293
6 month U.S. LIBOR + 2.590% 5.09% 10/1/35 (b) (e)	1,010	1,060
U.S. TREASURY 1 YEAR INDEX + 2.035% 3.926% 6/1/33 (b) (e)	7,877	8,210
U.S. TREASURY 1 YEAR INDEX + 2.548% 4.639% 7/1/35 (b) (e)	4,544	4,805
3% 11/1/33	730,664	731,782
3.5% 7/1/32	397,810	403,702
3.5% 1/1/49 (k)	800,000	799,507
4% 9/1/42	3,080,748	3,169,205
4.5% 1/1/49 (k)	300,000	310,421
6% 1/1/24	44,025	45,991
6.5% 9/1/21 to 3/1/22	6,824	7,077
TOTAL FREDDIE MAC		<u>5,926,985</u>

Ginnie Mae – 0.1%

6% 6/15/36	208,574	233,868
4.422% 8/20/61 (b) (l)	16,706	16,746
4.572% 2/20/62 (b) (l)	63,822	64,360
4.661% 2/20/62 (b) (l)	60,546	60,765

	Principal Amount(a)	Value
4.737% 1/20/62 (b) (l)	\$ 235,237	\$ 236,137
5.47% 8/20/59 (b) (l)	397	424
TOTAL GINNIE MAE		<u>612,300</u>

TOTAL U.S. GOVERNMENT AGENCY – MORTGAGE SECURITIES

(Cost \$31,745,122)

31,967,866

Asset-Backed Securities – 0.8%

ALG Student Loan Trust Series 2017-1A Class A3, 3 month U.S. LIBOR + 0.090% 2.4289% 6/28/23 (b) (c) (e)	1,372,684	1,366,824
Goal Capital Funding Trust Series 2005-2 Class A3, 3 month U.S. LIBOR + 0.170% 2.8469% 5/28/30 (b) (e)	101,890	101,742
Higher Education Funding Series 2005-1 Class A5, 3 month U.S. LIBOR + 0.160% 2.8369% 2/25/32 (b) (e)	112,057	111,970
Navient Student Loan Trust:		
Series 2017-3A:		
Class A1, 1 month U.S. LIBOR + 0.300% 2.8063% 7/26/66 (b) (c) (e)	321,179	321,276
Class A2, 1 month U.S. LIBOR + 0.600% 3.1063% 7/26/66 (b) (c) (e)	980,000	981,259
Series 2018-1A Class A1, 1 month U.S. LIBOR + 0.190% 2.6963% 3/25/67 (b) (c) (e)	561,930	561,930
Northstar Education Finance, Inc., Delaware Series 2004-2 Class A4, 3 month U.S. LIBOR + 0.230% 2.7393% 7/28/21 (b) (e)	1,866,952	1,867,300
SLM Student Loan Trust Series 2007-8 Class A4, 3 month U.S. LIBOR + 0.470% 2.9599% 1/26/26 (b) (e)	5,202,565	5,218,845

TOTAL ASSET-BACKED SECURITIES

(Cost \$10,523,720)

10,531,146

Collateralized Mortgage Obligations – 3.3%

U.S. Government Agency – 3.3%

Fannie Mae:		
floater Series 2010-15 Class FJ, 1 month U.S. LIBOR + 0.930% 3.4363% 6/25/36 (b) (e)	213,091	216,401
planned amortization class:		
Series 2003-70 Class BJ, 5% 7/25/33	11,308	12,053
Series 2005-19 Class PA, 5.5% 7/25/34	30,086	30,463
Series 2005-64 Class PX, 5.5% 6/25/35	50,877	53,374
Series 2005-68 Class CZ, 5.5% 8/25/35	279,092	304,951
Series 2010-118 Class PB, 4.5% 10/25/40	191,474	200,688
Series 2012-149:		
Class DA, 1.75% 1/25/43	91,005	87,241
Class GA, 1.75% 6/25/42	92,931	88,893
sequential payer:		
Series 2003-117 Class MD, 5% 12/25/23	36,955	38,202
Series 2004-52 Class KZ, 5.5% 7/25/34	504,117	549,273
Series 2004-91 Class Z, 5% 12/25/34	182,597	194,720
Series 2005-117 Class JN, 4.5% 1/25/36	16,421	17,066
Series 2005-14 Class ZB, 5% 3/25/35	74,834	79,816
Series 2006-72 Class CY, 6% 8/25/26	31,095	32,908
Series 2009-59 Class HB, 5% 8/25/39	106,917	114,016
Series 2009-85 Class IB, 4.5% 8/25/24 (m)	3,134	53

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Collateralized Mortgage Obligations – continued

	Principal Amount(a)	Value		Principal Amount(a)	Value
U.S. Government Agency – continued					
Fannie Mae: – continued					
Series 2009-93 Class IC, 4.5% 9/25/24 (m)	\$ 3,693	\$ 50	Series 2010-H19 Class FG, 1 month U.S. LIBOR + 0.300%	\$ 445,267	\$ 444,109
Series 2010-139 Class NI, 4.5% 2/25/40 (m)	91,527	8,204	2.6136% 8/20/60 (b) (e) (I)		
Series 2010-39 Class FG, 1 month U.S. LIBOR + 0.920%			Series 2010-H27 Series FA, 1 month U.S. LIBOR + 0.380%	196,100	195,996
3.4263% 3/25/36 (b) (e)	131,481	134,358	2.6936% 12/20/60 (b) (e) (I)		
Series 2010-97 Class CI, 4.5% 8/25/25 (m)	15,502	467	Series 2011-H05 Class FA, 1 month U.S. LIBOR + 0.500%	258,582	259,157
Series 2011-67 Class AI, 4% 7/25/26 (m)	29,267	2,372	2.8136% 12/20/60 (b) (e) (I)		
Series 2012-27 Class EZ, 4.25% 3/25/42	395,053	413,460	Series 2011-H07 Class FA, 1 month U.S. LIBOR + 0.500%	455,937	456,756
Series 2016-26 Class CG, 3% 5/25/46	680,574	677,315	2.8136% 2/20/61 (b) (e) (I)		
Freddie Mac:					
floaters Series 2711 Class FC, 1 month U.S. LIBOR + 0.900%			Series 2011-H12 Class FA, 1 month U.S. LIBOR + 0.490%	648,603	649,665
3.3551% 2/15/33 (b) (e)	64,530	65,749	Series 2011-H13 Class FA, 1 month U.S. LIBOR + 0.500%	205,204	205,681
floaters planned amortization class Series 2770 Class FH, 1 month			2.8136% 4/20/61 (b) (e) (I)		
U.S. LIBOR + 0.400% 2.8551% 3/15/34 (b) (e)	88,823	89,079	Series 2011-H14:		
planned amortization class:			Class FB, 1 month U.S. LIBOR + 0.500% 2.8136%		
Series 2101 Class PD, 6% 11/15/28	1,311	1,415	5/20/61 (b) (e) (I)	257,525	258,214
Series 2996 Class MK, 5.5% 6/15/35	2,848	3,040	Class FC, 1 month U.S. LIBOR + 0.500% 2.8136%		
Series 3415 Class PC, 5% 12/15/37	30,222	32,133	5/20/61 (b) (e) (I)	234,100	234,665
Series 3840 Class VA, 4.5% 9/15/27	72,400	72,658	Series 2011-H17 Class FA, 1 month U.S. LIBOR + 0.530%		
Series 3857 Class ZP, 5% 5/15/41	186,869	212,350	2.8436% 6/20/61 (b) (e) (I)	289,933	290,756
Series 4135 Class AB, 1.75% 6/15/42	68,800	65,979	Series 2011-H21 Class FA, 1 month U.S. LIBOR + 0.600%		
sequential payer:					
Series 2004-2802 Class ZG, 5.5% 5/15/34	410,507	448,626	2.9136% 10/20/61 (b) (e) (I)	324,492	326,004
Series 2303 Class ZV, 6% 4/15/31	3,817	4,128	Series 2012-H01 Class FA, 1 month U.S. LIBOR + 0.700%		
Series 2877 Class ZD, 5% 10/15/34	225,053	240,144	3.0136% 11/20/61 (b) (e) (I)	286,562	288,645
Series 3745 Class KV, 4.5% 12/15/26	334,606	348,835	Series 2012-H03 Class FA, 1 month U.S. LIBOR + 0.700%		
Series 3843 Class PZ, 5% 4/15/41	164,283	184,450	3.0136% 1/20/62 (b) (e) (I)	187,577	188,863
Freddie Mac Multi-family Structured pass-thru certificates sequential					
payer:					
Series 4335 Class AL, 4.25% 3/15/40	243,680	249,592	Series 2012-H06 Class FA, 1 month U.S. LIBOR + 0.630%		
Series 4341 Class ML, 3.5% 11/15/31	373,975	380,738	2.9436% 1/20/62 (b) (e) (I)	272,893	274,409
Freddie Mac Seasoned Credit Risk Transfer Trust sequential payer:					
Series 2018-3 Class MA, 3.5% 8/25/57	4,456,885	4,483,020	Series 2012-H07 Class FA, 1 month U.S. LIBOR + 0.630%		
Series 2018-4 Class MA, 3.5% 11/25/57	2,934,407	2,922,351	2.9436% 3/20/62 (b) (e) (I)	160,449	161,129
Freddie Mac SLST sequential payer Series 2018-1:					
Class A1, 3.5% 6/25/28	598,797	596,299	Series 2012-H21 Class DF, 1 month U.S. LIBOR + 0.650%		
Class A2, 3.5% 6/25/28	150,000	147,540	2.9636% 5/20/61 (b) (e) (I)	19,094	19,139
Ginnie Mae guaranteed REMIC pass-thru certificates:					
floaters:					
Series 2007-59 Class FC, 1 month U.S. LIBOR + 0.500%			Series 2013-H19 Class FD, 1 month U.S. LIBOR + 0.600%		
2.9701% 7/20/37 (b) (e)	45,019	45,224	2.9136% 8/20/63 (b) (e) (I)	165,602	166,197
Series 2008-2 Class FD, 1 month U.S. LIBOR + 0.480%			Series 2014-H11 Class BA, 1 month U.S. LIBOR + 0.500%		
2.9501% 1/20/38 (b) (e)	11,401	11,452	2.8136% 6/20/64 (b) (e) (I)	1,374,802	1,378,237
Series 2008-73 Class FA, 1 month U.S. LIBOR + 0.860%			Series 2015-H13 Class FL, 1 month U.S. LIBOR + 0.280%		
3.3301% 8/20/38 (b) (e)	78,209	79,534	2.5936% 5/20/63 (b) (e) (I)	197,201	197,036
Series 2008-83 Class FB, 1 month U.S. LIBOR + 0.900%			Series 2015-H19 Class FA, 1 month U.S. LIBOR + 0.200%		
3.3701% 9/20/38 (b) (e)	64,915	66,351	2.5136% 4/20/63 (b) (e) (I)	200,370	200,097
Series 2009-108 Class CF, 1 month U.S. LIBOR + 0.600%			Series 2016-H20 Class FM, 1 month U.S. LIBOR + 0.400%		
3.0551% 11/16/39 (b) (e)	48,585	48,956	2.7136% 12/20/62 (b) (e) (I)	155,384	155,364
Series 2009-116 Class KF, 1 month U.S. LIBOR + 0.530%			Series 2017-161 Class DF, 1 month U.S. LIBOR + 0.250%		
2.9851% 12/16/39 (b) (e)	38,354	38,593	2.7201% 10/20/47 (b) (e)	432,790	429,108
Series 2010-H17 Class FA, 1 month U.S. LIBOR + 0.330%			Series 2018-65 Class DF, 1 month U.S. LIBOR + 0.300%		
2.6519% 7/20/60 (b) (e) (I)	349,289	348,609	2.7701% 5/20/48 (b) (e)	535,988	532,294
Series 2010-H18 Class AF, 1 month U.S. LIBOR + 0.300%			Series 2018-77 Class FA, 1 month U.S. LIBOR + 0.300%		
2.6136% 9/20/60 (b) (e) (I)	439,925	438,802	2.7701% 6/20/48 (b) (e)	608,270	604,030
planned amortization class:					
			Series 2010-31 Class BP, 5% 3/20/40	620,000	688,169
			Series 2011-136 Class WI, 4.5% 5/20/40 (m)	59,957	6,766
			Series 2017-134 Class BA, 2.5% 11/20/46	86,986	84,447
sequential payer:					
			Series 2011-69 Class GX, 4.5% 5/16/40	470,000	492,686
			Series 2013-H06 Class HA, 1.65% 1/20/63 (I)	135,338	133,619
			Series 2013-H26 Class HA, 3.5% 9/20/63 (I)	755,518	757,549
			Series 2014-H04 Class HA, 2.75% 2/20/64 (I)	1,645,985	1,635,084

See accompanying notes which are an integral part of the financial statements.

Collateralized Mortgage Obligations – continued

	Principal Amount(a)	Value
U.S. Government Agency – continued		
Ginnie Mae guaranteed REMIC pass-thru certificates: – continued		
sequential payer: – continued		
Series 2014-H12 Class KA, 2.75% 5/20/64 (l)	\$ 259,396	\$ 256,498
Series 2016-H02 Class FM, 1 month U.S. LIBOR + 0.500% 2.8136% 9/20/62 (b) (e) (l)	658,528	658,879
Series 2016-H04 Class FE, 1 month U.S. LIBOR + 0.650% 2.9636% 11/20/65 (b) (e) (l)	94,422	94,550
Series 2018-H12 Class HA, 3.25% 8/20/68 (l)	1,656,363	1,673,739
Series 2004-22 Class M1, 5.5% 4/20/34	51,435	62,728
Series 2010-169 Class Z, 4.5% 12/20/40	413,155	436,842
Series 2010-H15 Class TP, 5.15% 8/20/60 (l)	364,380	367,301
Series 2010-H16 Class BA, 3.55% 7/20/60 (l)	1,507,107	1,507,605
Series 2010-H17 Class XP, 5.2967% 7/20/60 (b) (l)	351,836	354,994
Series 2010-H18 Class PL, 5.01% 9/20/60 (b) (l)	341,461	343,702
Series 2010-H22 Class LA, 3.75% 10/20/60 (l)	374,122	374,742
Series 2010-H28 Class KA, 3.75% 12/20/60 (l)	808,329	810,211
Series 2012-64 Class KI, 3.5% 11/20/36 (m)	43,974	2,763
Series 2013-124:		
Class ES, 8.667% 1 month U.S. LIBOR 5.3732% 4/20/39 (b) (n)	184,806	187,803
Class ST, 8.800% 1 month U.S. LIBOR 5.5065% 8/20/39 (b) (n)	598,644	614,821
Series 2013-H01 Class FA, 1.65% 1/20/63 (l)	757,100	746,166
Series 2013-H07 Class JA, 1.75% 3/20/63 (l)	1,241,864	1,225,500
Series 2013-H08 Class MA, 3% 3/20/63 (l)	1,612,895	1,608,983
Series 2015-H17 Class HA, 2.5% 5/20/65 (l)	664,628	660,805
Series 2015-H21:		
Class HA, 2.5% 6/20/63 (l)	1,180,114	1,174,695
Class JA, 2.5% 6/20/65 (l)	141,819	140,974
Series 2015-H30 Class HA, 1.75% 9/20/62 (b) (l)	1,433,745	1,418,588
Series 2016-H13 Class FB, U.S. TREASURY 1 YEAR INDEX + 0.500% 3.16% 5/20/66 (b) (e) (l)	1,097,341	1,102,020
Series 2017-186 Class HK, 3% 11/16/45	750,832	741,565
Series 2017-H06 Class FA, U.S. TREASURY 1 YEAR INDEX + 0.350% 3.01% 8/20/66 (b) (e) (l)	1,261,611	1,263,923
Series 2090-118 Class XZ, 5% 12/20/39	822,595	902,568
TOTAL U.S. GOVERNMENT AGENCY		45,328,827

TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS

(Cost \$45,557,115)

45,328,827

Commercial Mortgage Securities – 2.3%

Fannie Mae Series 2017-T1 Class A, 2.898% 6/25/27	2,688,633	2,551,078
Freddie Mac:		
floaters Series KP04 Class AG1, 1 month U.S. LIBOR + 0.220% 2.5669% 7/25/20 (b) (e)	900,000	899,458
pass-thru certificates sequential payer Series K011 Class A2, 4.084% 11/25/20	256,847	260,391
sequential payer:		
Series 2017-SR01 Class A2, 2.75% 11/25/22	1,600,000	1,576,966
Series K006 Class A2, 4.251% 1/25/20	1,042,000	1,051,280
Series K069 Class A2, 3.187% 9/25/27	600,000	594,228
Series K071 Class A2, 3.286% 11/25/27	800,000	797,366

	Principal Amount(a)	Value
Series K072 Class A2, 3.444% 12/25/27	\$ 2,173,000	\$ 2,191,791
Series K073 Class A2, 3.35% 1/25/28	3,500,000	3,504,664
Series K080 Class A2, 3.926% 7/25/28	2,800,000	2,926,178
Series K155:		
Class A1, 3.75% 11/25/29	68,893	71,596
Class A2, 3.75% 11/25/32	1,100,000	1,135,442
Series K158 Class A2, 3.9% 12/25/30	800,000	829,433
Series K708 Class A2, 2.13% 1/25/19	526,502	525,362
Series K709 Class A2, 2.086% 3/25/19	773,227	771,228
Series K710 Class A2, 1.883% 5/25/19	842,551	839,493
Series K712 Class A2, 1.869% 11/25/19	1,251,422	1,240,911
Series K076 Class A2, 3.9% 6/25/51	900,000	938,938
Series K077 Class A2, 3.85% 5/25/28	1,612,000	1,675,596
Series K079 Class A2, 3.926% 6/25/28	1,631,000	1,704,271
Series K084 Class A2, 3.78% 10/25/28	700,000	722,759
Series K157 Class A2, 3.99% 5/25/33	1,320,000	1,392,764
Freddie Mac Multi-family floater Series 2017-KT01 Class A, 1 month U.S. LIBOR + 0.320% 2.8238% 2/25/20 (b) (e)		
	2,634,000	2,630,743
Freddie Mac Multi-family Structured pass-thru certificates Series K078 Class A2, 3.854% 6/25/28		
	1,000,000	1,039,812

TOTAL COMMERCIAL MORTGAGE SECURITIES

(Cost \$31,868,178)

31,871,748

Foreign Government and Government Agency Obligations – 14.7%

Arab Republic of Egypt:			
5.577% 2/21/23 (c)		585,000	554,381
5.875% 6/11/25		200,000	181,915
5.875% 6/11/25 (c)		135,000	122,792
6.125% 1/31/22 (c)		2,530,000	2,482,132
7.5% 1/31/27 (c)		215,000	204,822
7.903% 2/21/48 (c)		360,000	309,701
8.5% 1/31/47 (c)		685,000	617,393
Argentine Republic:			
5.625% 1/26/22		975,000	822,656
6.875% 4/22/21		4,370,000	3,948,339
7.5% 4/22/26		4,135,000	3,313,169
7.625% 4/22/46		965,000	699,143
Australian Commonwealth:			
2.25% 11/21/22	AUD	5,650,000	4,035,113
2.25% 5/21/28 (Reg. S)	AUD	2,775,000	1,942,226
2.75% 10/21/19	AUD	2,700,000	1,913,743
Azerbaijan Republic 4.75% 3/18/24 (c)		245,000	243,725
Bahamian Republic 6% 11/21/28 (c)		180,000	182,700
Barbados Government:			
7% 8/4/22 (c) (d)		330,000	181,088
7.25% 12/15/21 (c) (d)		35,000	19,206
Belarus Republic:			
6.875% 2/28/23 (c)		1,100,000	1,120,614
7.625% 6/29/27 (c)		345,000	352,836
Brazilian Federative Republic:			
5.625% 1/7/41		495,000	475,200
5.625% 2/21/47		300,000	283,053

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Foreign Government and Government Agency Obligations – continued

		Principal Amount(a)	Value
Brazilian Federative Republic: – continued			
8.25% 1/20/34	\$	1,640,000	\$ 2,009,000
10% 1/1/21	BRL	1,165,000	314,415
Buenos Aires Province:			
6.5% 2/15/23 (c)		115,000	92,575
9.95% 6/9/21 (c)		785,000	737,900
10.875% 1/26/21 (c)		1,250,000	1,231,250
10.875% 1/26/21 (Reg. S)		3,590,000	3,536,150
Buoni del Tesoro Poliennali:			
0.95% 3/1/23	EUR	3,350,000	3,740,356
2.5% 11/15/25	EUR	1,500,000	1,739,420
2.7% 3/1/47 (c)	EUR	1,300,000	1,321,221
2.8% 12/1/28	EUR	2,800,000	3,227,990
Cameroon Republic 9.5% 11/19/25 (c)		670,000	682,435
Canadian Government:			
1.25% 11/1/19	CAD	8,500,000	6,197,803
2% 9/1/23	CAD	1,250,000	920,122
2% 6/1/28	CAD	1,250,000	918,345
3.5% 12/1/45	CAD	1,500,000	1,389,247
City of Buenos Aires 8.95% 2/19/21 (c)		475,000	472,008
Colombian Republic:			
7.375% 9/18/37		155,000	187,473
10.375% 1/28/33		570,000	846,932
Danish Kingdom 1.75% 11/15/25	DKK	9,000,000	1,548,563
Democratic Socialist Republic of Sri Lanka:			
5.125% 4/11/19 (c)		195,000	193,050
5.75% 4/18/23 (c)		235,000	216,245
6% 1/14/19 (c)		775,000	771,125
6.2% 5/11/27 (c)		100,000	88,015
6.25% 10/4/20 (c)		100,000	97,005
6.25% 7/27/21 (c)		120,000	115,457
Dominican Republic:			
5.95% 1/25/27 (c)		255,000	254,044
6% 7/19/28 (c)		290,000	289,275
6.6% 1/28/24 (c)		25,000	26,063
6.85% 1/27/45 (c)		140,000	137,900
6.875% 1/29/26 (c)		460,000	482,425
7.45% 4/30/44 (c)		370,000	384,800
Ecuador Republic:			
8.875% 10/23/27 (c)		445,000	382,700
9.65% 12/13/26 (c)		400,000	364,000
El Salvador Republic:			
7.375% 12/1/19 (c)		1,205,000	1,209,519
7.75% 1/24/23 (c)		310,000	318,913
French Government 2% 5/25/48 (c)	EUR	450,000	559,987
Gabonese Republic 6.375% 12/12/24 (c)		460,000	412,832
Georgia Republic 6.875% 4/12/21 (c)		125,000	131,013
German Federal Republic 0% 6/12/20	EUR	14,985,308	17,333,058
Ghana Republic 8.627% 6/16/49 (c)		115,000	100,114
Hong Kong Government SAR 1.32% 12/23/19	HKD	2,700,000	343,415
Indonesian Republic:			
7.75% 1/17/38 (c)		690,000	886,348
8.5% 10/12/35 (Reg. S)		700,000	941,483
Irish Republic 2% 2/18/45 (Reg.S)	EUR	750,000	906,566

		Principal Amount(a)	Value
Islamic Republic of Pakistan:			
6.75% 12/3/19 (c)	\$	650,000	\$ 643,542
7.25% 4/15/19 (c)		1,595,000	1,591,332
8.25% 4/15/24 (c)		220,000	221,597
Israeli State (guaranteed by U.S. Government through Agency for International Development):			
5.5% 9/18/23		5,659,000	6,361,931
5.5% 12/4/23		1,628,000	1,831,378
Ivory Coast 5.75% 12/31/32		333,000	293,413
Japan Government:			
0.1% 6/20/28	JPY	100,000,000	922,303
0.4% 3/20/56	JPY	313,000,000	2,468,875
0.9% 6/20/22	JPY	2,960,000,000	27,977,682
Jordanian Kingdom 3% 6/30/25		1,179,000	1,178,764
Kingdom of Norway 3.75% 5/25/21	NOK	5,000,000	613,663
Kingdom of Saudi Arabia 3.625% 3/4/28 (c)		285,000	269,527
Lebanese Republic:			
5.45% 11/28/19		735,000	710,289
5.5% 4/23/19		955,000	944,738
5.8% 4/14/20		340,000	323,646
6% 5/20/19		1,515,000	1,501,365
6.15% 6/19/20		170,000	160,647
6.375% 3/9/20		425,000	409,046
Malaysian Government 3.955% 9/15/25	MYR	2,040,000	491,187
Ministry of Finance of the Russian Federation:			
5.25% 6/23/47 (c)		1,400,000	1,305,620
5.625% 4/4/42 (c)		400,000	408,918
7.6% 7/20/22	RUB	35,430,000	502,392
12.75% 6/24/28 (Reg. S)		965,000	1,525,358
Mongolian People's Republic 8.75% 3/9/24 (c)		545,000	582,686
Moroccan Kingdom 4.25% 12/11/22 (c)		800,000	802,000
New Zealand Government 6% 5/15/21	NZD	1,000,000	737,641
Panamanian Republic 9.375% 4/1/29		80,000	111,600
Peruvian Republic 4% 3/7/27 (g)		570,000	563,576
Plurinational State of Bolivia 5.95% 8/22/23 (c)		100,000	98,622
Portuguese Republic 2.25% 4/18/34 (c)	EUR	1,950,000	2,224,494
Province of Santa Fe 7% 3/23/23 (c)		1,230,000	1,040,900
Provincia de Cordoba:			
7.125% 6/10/21 (c)		1,940,000	1,707,200
7.45% 9/1/24 (c)		695,000	564,688
Republic of Angola 7% 8/17/19 (Issued by Northern Lights III BV for Republic of Angola) (Reg. S)		140,625	141,002
Republic of Armenia:			
6% 9/30/20 (c)		635,000	640,453
7.15% 3/26/25 (c)		90,000	94,345
Republic of Iraq:			
5.8% 1/15/28 (Reg. S)		2,300,000	2,056,706
6.752% 3/9/23 (c)		215,000	204,214
Republic of Kenya 6.875% 6/24/24 (c)		100,000	93,875
Republic of Nigeria:			
6.75% 1/28/21 (c)		90,000	90,946
7.625% 11/28/47 (c)		120,000	100,895
Republic of Serbia 7.25% 9/28/21 (c)		285,000	306,748
Republic of Singapore 3.25% 9/1/20	SGD	4,100,000	3,074,692
Romanian Republic 3.25% 4/29/24	RON	915,000	212,567

See accompanying notes which are an integral part of the financial statements.

Foreign Government and Government Agency Obligations – continued

		Principal Amount(a)	Value
Rwanda Republic 6.625% 5/2/23 (c)	\$	210,000	\$ 207,900
South African Republic 10.5% 12/21/26	ZAR	10,760,000	813,553
Spanish Kingdom:			
1.4% 7/30/28 (Reg. S) (c)	EUR	1,850,000	2,115,280
2.7% 10/31/48 (c)	EUR	1,550,000	1,807,561
State of Qatar:			
3.875% 4/23/23 (c)		530,000	536,005
4.5% 4/23/28 (c)		1,170,000	1,221,188
9.75% 6/15/30 (c)		375,000	569,170
Sultanate of Oman 6.75% 1/17/48 (c)		320,000	264,000
Sweden Kingdom 4.25% 3/12/19	SEK	21,700,000	2,471,067
Switzerland Confederation 3% 5/12/19	CHF	3,200,000	3,301,577
Turkish Republic:			
5.125% 3/25/22		175,000	170,274
5.625% 3/30/21		805,000	804,940
5.75% 5/11/47		140,000	113,924
6% 3/25/27		125,000	117,538
6.25% 9/26/22		3,745,000	3,766,489
6.75% 5/30/40		250,000	228,690
6.875% 3/17/36		530,000	496,170
7% 3/11/19		900,000	902,988
7% 6/5/20		420,000	428,083
7.25% 12/23/23		445,000	456,807
7.25% 3/5/38		205,000	198,207
7.375% 2/5/25		475,000	489,393
Türkiye İhracat Kredi Bankası A/S 5.375% 2/8/21 (c)		265,000	255,646
Ukraine Government:			
1.471% 9/29/21		1,600,000	1,546,514
7.75% 9/1/19 (c)		900,000	889,738
7.75% 9/1/20 (c)		1,955,000	1,883,236
7.75% 9/1/21 (c)		4,473,000	4,204,620
7.75% 9/1/22 (c)		2,586,000	2,369,707
9.75% 11/1/28 (c)		445,000	417,001
United Kingdom, Great Britain and Northern Ireland:			
1.75% 7/22/19 (Reg.S)	GBP	6,750,000	8,650,095
4.25% 12/7/27	GBP	3,650,000	5,866,463
United Kingdom, Great Britain and Northern Ireland			
Treasury GILT 2.5% 7/22/65 (Reg. S)	GBP	1,750,000	2,781,527
United Mexican States 6.5% 6/9/22	MXN	16,155,000	771,491
Uruguay Republic 7.875% 1/15/33 pay-in-kind		105,000	138,001
Venezuelan Republic:			
oil recovery warrants 4/15/20 (h) (a)		1,251	1,251
9.25% 9/15/27 (d)		2,200,000	511,500
11.95% 8/5/31 (Reg. S) (d)		840,000	197,400
12.75% 8/23/22 (d)		190,000	44,650
Vietnamese Socialist Republic:			
6 month U.S. LIBOR + 0.813% 3.375% 3/13/28 (b) (e) (h)		75,000	68,356
5.5% 3/12/28		2,064,000	2,055,302
TOTAL FOREIGN GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS			204,304,869
(Cost \$206,754,512)			

Supranational Obligations – 0.0%

	Principal Amount(a)	Value
European Bank for Reconstruction & Development 6% 5/4/20 (Reg. S)		
(Cost \$548,184)	INR 35,500,000	\$ 499,648

Common Stocks – 4.4%

	Shares	Value
COMMUNICATION SERVICES – 0.7%		
Entertainment – 0.1%		
Activision Blizzard, Inc.	7,700	358,589
Electronic Arts, Inc. (p)	7,200	568,152
Take-Two Interactive Software, Inc. (p)	6,600	679,404
		<u>1,606,145</u>
Interactive Media & Services – 0.3%		
Alphabet, Inc. Class A (p)	2,600	2,716,896
Facebook, Inc. Class A (p)	7,700	1,009,393
		<u>3,726,289</u>
Media – 0.1%		
Alice U.S.A., Inc. Class A	56,000	925,120
Comcast Corp. Class A	30,300	1,031,715
		<u>1,956,835</u>
Wireless Telecommunication Services – 0.2%		
T-Mobile U.S., Inc. (p)	34,700	2,207,267
		<u>9,496,536</u>
TOTAL COMMUNICATION SERVICES		
		<u>9,496,536</u>
CONSUMER DISCRETIONARY – 0.7%		
Auto Components – 0.0%		
Chassis Holdings, Inc. warrants 7/29/20 (h) (p)	1,921	9,855
Exide Technologies (h) (p)	2,115	2,115
Exide Technologies (h) (p)	7,052	4,936
UC Holdings, Inc. (h)	33,750	659,813
		<u>676,719</u>
Diversified Consumer Services – 0.0%		
Houghton Mifflin Harcourt Co. warrants 6/22/19 (p) (q)	2,218	43
Hotels, Restaurants & Leisure – 0.3%		
Boyd Gaming Corp.	50,200	1,043,156
Eldorado Resorts, Inc. (p)	7,600	275,196
MGM Mirage, Inc.	19,100	463,366
Penn National Gaming, Inc. (p)	27,600	519,708
Red Rock Resorts, Inc.	31,200	633,672
Royal Caribbean Cruises Ltd.	6,000	586,740
Scientific Games Corp. Class A (p)	10,700	191,316
Wyndham Hotels & Resorts, Inc.	6,300	285,831
Wynn Resorts Ltd.	182	18,002
		<u>4,016,987</u>
Household Durables – 0.0%		
Lennar Corp. Class B	349	10,934
Internet & Direct Marketing Retail – 0.3%		
Alibaba Group Holding Ltd. sponsored ADR (p)	22,300	3,056,661
Amazon.com, Inc. (p)	700	1,051,379
		<u>4,108,040</u>
Media – 0.0%		
Studio City International Holdings Ltd. ADR	11,100	185,592

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Common Stocks – continued

	Shares	Value
CONSUMER DISCRETIONARY – continued		
Textiles, Apparel & Luxury Goods – 0.1%		
adidas AG	5,102	\$ 1,066,240
TOTAL CONSUMER DISCRETIONARY		10,064,555
CONSUMER STAPLES – 0.2%		
Food & Staples Retailing – 0.0%		
Southeastern Grocers, Inc. (h) (p)	10,231	323,504
Food Products – 0.2%		
Darling International, Inc. (p)	71,600	1,377,584
JBS SA	288,600	863,026
Reddy Ice Holdings, Inc. (p)	5,683	2,842
		2,243,452
TOTAL CONSUMER STAPLES		2,566,956
ENERGY – 0.1%		
Energy Equipment & Services – 0.0%		
Forbes Energy Services Ltd. (p)	6,562	19,686
Oil, Gas & Consumable Fuels – 0.1%		
Chaparral Energy, Inc. Class A (p)	5,029	24,743
Diamondback Energy, Inc.	9,300	862,110
Goodrich Petroleum Corp. (p)	4,211	56,849
Harvest Oil & Gas Corp. (p)	13,350	240,033
Parsley Energy, Inc. Class A (p)	23,000	367,540
Ultra Petroleum Corp. warrants 7/14/25 (p)	10,710	0
VNR Finance Corp. (p)	4,091	5,932
VNR Finance Corp. (c) (p)	19,701	28,566
		1,585,773
TOTAL ENERGY		1,605,459
FINANCIALS – 0.2%		
Banks – 0.1%		
Bank of America Corp.	36,200	891,968
JPMorgan Chase & Co.	10,000	976,200
		1,868,168
Capital Markets – 0.0%		
Penson Worldwide, Inc. Class A (h) (p)	314,563	3
Consumer Finance – 0.0%		
OneMain Holdings, Inc. (p)	21,400	519,806
Mortgage Real Estate Investment Trusts – 0.1%		
Starwood Property Trust, Inc.	26,600	524,286
TOTAL FINANCIALS		2,912,263
HEALTH CARE – 0.3%		
Health Care Providers & Services – 0.1%		
Humana, Inc.	3,200	916,736
Rotech Healthcare, Inc. (h) (p)	6,069	9,710
UnitedHealth Group, Inc.	4,100	1,021,392
		1,947,838
Life Sciences Tools & Services – 0.1%		
IQVIA Holdings, Inc. (p)	11,500	1,335,955

	Shares	Value
Pharmaceuticals – 0.1%		
Jazz Pharmaceuticals PLC (p)	4,700	\$ 582,612
TOTAL HEALTH CARE		3,866,405
INDUSTRIALS – 0.5%		
Aerospace & Defense – 0.1%		
TransDigm Group, Inc. (p)	2,100	714,126
Airlines – 0.2%		
Air Canada (p)	106,500	2,025,154
Commercial Services & Supplies – 0.0%		
Novus Holdings Ltd.	3,285	925
Machinery – 0.0%		
Allison Transmission Holdings, Inc.	12,900	566,439
Marine – 0.0%		
U.S. Shipping Partners Corp. (h) (p)	644	0
U.S. Shipping Partners Corp. warrants 12/31/29 (h) (p)	6,028	0
		0
Trading Companies & Distributors – 0.2%		
HD Supply Holdings, Inc. (p)	37,300	1,399,496
Penhall Acquisition Co.:		
Class A (h) (p)	321	29,532
Class B (h) (p)	107	9,844
United Rentals, Inc. (p)	14,763	1,513,650
		2,952,522
Transportation Infrastructure – 0.0%		
Tricer Holdco SCA:		
Class A1 (h) (p) (q)	16,755	19
Class A2 (h) (p) (q)	16,755	19
Class A3 (h) (p) (q)	16,755	19
Class A4 (h) (p) (q)	16,755	19
Class A5 (h) (p) (q)	16,755	19
Class A6 (h) (p) (q)	16,755	19
Class A7 (h) (p) (q)	16,755	19
Class A8 (h) (p) (q)	16,755	19
Class A9 (h) (p) (q)	16,755	19
		171
TOTAL INDUSTRIALS		6,259,337
INFORMATION TECHNOLOGY – 1.3%		
Electronic Equipment & Components – 0.0%		
CDW Corp.	8,600	697,030
IT Services – 0.6%		
EPAM Systems, Inc. (p)	8,700	1,009,287
First Data Corp. Class A (p)	35,400	598,614
Global Payments, Inc.	14,600	1,505,698
MasterCard, Inc. Class A	8,900	1,678,985
PayPal Holdings, Inc. (p)	19,200	1,614,528
Visa, Inc. Class A	13,700	1,807,578
		8,214,690
Semiconductors & Semiconductor Equipment – 0.3%		
Microchip Technology, Inc. (r)	20,900	1,503,128
NVIDIA Corp.	9,700	1,294,950

See accompanying notes which are an integral part of the financial statements.

Common Stocks – continued

	Shares	Value
INFORMATION TECHNOLOGY – continued		
Semiconductors & Semiconductor Equipment – continued		
NXP Semiconductors NV	14,700	\$ 1,077,216
ON Semiconductor Corp. (p)	51,200	845,312
		<u>4,720,606</u>
Software – 0.4%		
Adobe, Inc. (p)	7,700	1,742,048
Microsoft Corp.	18,300	1,858,731
SS&C Technologies Holdings, Inc.	29,700	1,339,767
		<u>4,940,546</u>
TOTAL INFORMATION TECHNOLOGY		<u>18,572,872</u>
MATERIALS – 0.2%		
Chemicals – 0.2%		
DowDuPont, Inc.	17,300	925,204
The Chemours Co. LLC	30,200	852,244
Westlake Chemical Corp.	8,500	562,445
		<u>2,339,893</u>
Containers & Packaging – 0.0%		
Crown Holdings, Inc. (p)	14,300	594,451
Metals & Mining – 0.0%		
Aleris Corp. (h) (p)	2,037	0
Algoma Steel GP (h)	10,220	54,483
Algoma Steel SCA (h)	10,220	54,484
Elah Holdings, Inc. (p)	14	840
First Quantum Minerals Ltd.	32,700	264,436
		<u>374,243</u>
TOTAL MATERIALS		<u>3,308,587</u>
UTILITIES – 0.2%		
Electric Utilities – 0.1%		
Portland General Electric Co.	140	6,419
Vistra Energy Corp. (p)	85,300	1,952,517
		<u>1,958,936</u>
Independent Power and Renewable Electricity Producers – 0.1%		
NRG Energy, Inc.	18,800	744,480
TOTAL UTILITIES		<u>2,703,416</u>
TOTAL COMMON STOCKS		<u>61,356,386</u>
(Cost \$60,947,187)		

Preferred Stocks – 0.0%

	Shares	Value
Convertible Preferred Stocks – 0.0%		
CONSUMER STAPLES – 0.0%		
Food Products – 0.0%		
Reddy Ice Holdings, Inc. 7.00% pay-in-kind (h) (p)	2,286	\$ 19,820
Nonconvertible Preferred Stocks – 0.0%		
INDUSTRIALS – 0.0%		
Transportation Infrastructure – 0.0%		
Tricer Holdco SCA (h) (p) (q)	8,042,141	2,716
TOTAL PREFERRED STOCKS		<u>22,536</u>
(Cost \$303,071)		

Bank Loan Obligations – 1.6%

	Principal Amount(a)	
CONSUMER DISCRETIONARY – 0.0%		
Diversified Consumer Services – 0.0%		
KUEHG Corp. Tranche B 2LN, term loan 3 month U.S. LIBOR + 8.250% 11.053% 8/22/25 (a) (b) (e)	\$ 305,000	304,238
ENERGY – 0.6%		
Energy Equipment & Services – 0.0%		
BCP Raptor II LLC Tranche B, term loan 3 month U.S. LIBOR + 4.750% 7.1434% 11/3/25 (b) (e)	290,000	267,888
Forbes Energy Services LLC Tranche B, term loan 14% 4/13/21 (b) (h)	69,952	70,476
		<u>338,364</u>
Oil, Gas & Consumable Fuels – 0.6%		
BCP Raptor LLC Tranche B, term loan 3 month U.S. LIBOR + 4.250% 6.869% 6/22/24 (b) (e)	453,100	421,949
California Resources Corp.:		
Tranche 1LN, term loan 3 month U.S. LIBOR + 10.375% 12.8974% 12/31/21 (b) (e)	5,345,000	5,224,738
Tranche B, term loan 3 month U.S. LIBOR + 4.750% 7.2563% 12/31/22 (b) (e)	2,090,000	2,020,340
		<u>7,667,027</u>
TOTAL ENERGY		<u>8,005,391</u>
FINANCIALS – 0.1%		
Diversified Financial Services – 0.1%		
RegionalCare Hospital Partners Holdings, Inc. Tranche B, term loan 3 month U.S. LIBOR + 4.500% 7.129% 11/16/25 (b) (e)	1,495,000	1,414,644
Insurance – 0.0%		
HUB International Ltd. Tranche B, term loan 3 month U.S. LIBOR + 2.750% 5.2399% 4/25/25 (b) (e)	273,625	257,807
TOTAL FINANCIALS		<u>1,672,451</u>
HEALTH CARE – 0.0%		
Pharmaceuticals – 0.0%		
Valeant Pharmaceuticals International, Inc. Tranche B, term loan 3 month U.S. LIBOR + 3.000% 5.3789% 6/1/25 (b) (e)	115,500	110,078

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Bank Loan Obligations – continued

	Principal Amount(a)	Value
INDUSTRIALS – 0.0%		
Construction & Engineering – 0.0%		
Traverse Midstream Partners II Tranche B, term loan 3 month U.S. LIBOR + 4.000% 6.6% 9/27/24 (b) (e)	\$ 155,000	\$ 148,413
INFORMATION TECHNOLOGY – 0.7%		
Internet Software & Services – 0.1%		
McAfee LLC Tranche B, term loan:		
3 month U.S. LIBOR + 3.750% 6.2724% 9/29/24 (b) (e)	239,234	232,157
3 month U.S. LIBOR + 8.500% 11.0056% 9/29/25 (b) (e)	1,324,583	1,311,338
		<u>1,543,495</u>
IT Services – 0.1%		
Web.com Group, Inc.:		
2LN, term loan 3 month U.S. LIBOR + 7.750% 10.1704% 10/11/26 (b) (e)	526,667	520,083
Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.750% 6.1704% 10/11/25 (b) (e)	600,000	576,000
		<u>1,096,083</u>
Software – 0.5%		
Almonde, Inc.:		
Tranche 2LN, term loan 3 month U.S. LIBOR + 7.250% 10.053% 6/13/25 (b) (e)	1,744,344	1,601,063
Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.500% 6.303% 6/13/24 (b) (e)	721,780	670,743
Boxer Parent Co., Inc. Tranche B, term loan 3 month U.S. LIBOR + 4.250% 7.053% 10/2/25 (b) (e)	1,040,000	1,000,678
Digicert Holdings, Inc. Tranche B, term loan:		
3 month U.S. LIBOR + 4.000% 6.5224% 10/31/24 (b) (e)	872,314	851,963
3 month U.S. LIBOR + 8.000% 10.5224% 10/31/25 (b) (e)	676,000	653,469
Kronos, Inc. 2LN, term loan 3 month U.S. LIBOR + 8.250% 10.791% 11/1/24 (b) (e)	1,090,000	1,074,337
Landesk Group, Inc. term loan:		
3 month U.S. LIBOR + 4.250% 6.6% 1/20/24 (b) (e)	167,188	161,963
3 month U.S. LIBOR + 9.000% 11.35% 1/20/25 (b) (e)	535,000	508,250
Vertafore, Inc. Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.250% 6.053% 7/2/25 (b) (e)	180,000	170,606
		<u>6,693,072</u>
TOTAL INFORMATION TECHNOLOGY		<u>9,332,650</u>
MATERIALS – 0.2%		
Containers & Packaging – 0.1%		
Flex Acquisition Co., Inc. Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.250% 5.5992% 6/29/25 (b) (e)	857,850	810,239
Metals & Mining – 0.1%		
Murray Energy Corp. Tranche B 2LN, term loan 3 month U.S. LIBOR + 7.250% 9.7766% 10/17/22 (b) (e)	1,226,659	1,033,460
TOTAL MATERIALS		<u>1,843,699</u>
TOTAL BANK LOAN OBLIGATIONS (Cost \$22,457,549)		<u>21,416,920</u>

Fixed-Income Funds – 8.9%

	Shares	Value
Fidelity Floating Rate Central Fund (s)	1,231,195	\$ 121,211,148
iShares JPMorgan USD Emerging Markets Bond ETF	22,347	<u>2,322,077</u>

TOTAL FIXED-INCOME FUNDS

(Cost \$130,493,234) **123,533,225**

Preferred Securities – 4.7%

	Principal Amount(a)	
COMMUNICATION SERVICES – 0.0%		
Diversified Telecommunication Services – 0.0%		
Colombia Telecomunicaciones SA 8.5% (a) (b) (c) (f)	\$ 445,000	<u>466,959</u>
CONSUMER DISCRETIONARY – 0.2%		
Automobiles – 0.2%		
Volkswagen International Finance NV 4.625% (Reg. S) (b) (e) (f)	EUR 1,900,000	<u>2,087,205</u>
CONSUMER STAPLES – 0.1%		
Food Products – 0.1%		
Cosan Overseas Ltd. 8.25% (f)	1,685,000	<u>1,719,169</u>
ENERGY – 0.5%		
Oil, Gas & Consumable Fuels – 0.5%		
Andeavor Logistics LP 6.875% (b) (f)	1,550,000	1,412,605
DCP Midstream Partners LP 7.375% (b) (f)	775,000	692,419
Energy Transfer Partners LP:		
6.25% (b) (f)	3,540,000	3,046,107
6.625% (b) (f)	1,370,000	1,164,533
Summit Midstream Partners LP 9.5% (b) (f)	775,000	731,939
		<u>7,047,603</u>
FINANCIALS – 3.7%		
Banks – 3.0%		
Alfa Bond Issuance PLC 8% (Reg. S) (b) (f)	875,000	789,973
Banco Do Brasil SA 9% (b) (c) (f)	1,615,000	1,647,044
Banco Mercantil del Norte SA 7.625% (b) (c) (f)	495,000	487,841
Bank of America Corp.:		
5.125% (b) (f)	1,345,000	1,317,578
5.2% (b) (f)	3,067,000	2,966,797
5.875% (b) (f)	5,125,000	4,755,732
6.25% (b) (f)	1,410,000	1,421,806
Barclays PLC 7.75% (b) (f)	1,485,000	1,433,886
Citigroup, Inc.:		
5.8% (b) (f)	1,130,000	1,107,480
5.9% (b) (f)	1,455,000	1,388,485
5.95% (b) (f)	2,675,000	2,508,244
6.25% (b) (f)	920,000	902,803
6.3% (b) (f)	270,000	251,283
Credit Agricole SA 7.875% (b) (c) (f)	420,000	420,278
Huntington Bancshares, Inc. 5.7% (b) (f)	650,000	584,728
Itau Unibanco Holding SA 6.125% (b) (c) (f)	650,000	611,563
JPMorgan Chase & Co.:		
5% (b) (f)	1,615,000	1,598,850
5.3% (b) (f)	865,000	861,913
6% (b) (f)	6,524,000	6,539,956

See accompanying notes which are an integral part of the financial statements.

Preferred Securities – continued

	Principal Amount(a)	Value
FINANCIALS – continued		
Banks – continued		
JPMorgan Chase & Co.: – continued		
6.125% (b) (f)	\$ 850,000	\$ 852,636
6.75% (b) (f)	400,000	424,526
Royal Bank of Scotland Group PLC 8.625% (b) (f)	2,190,000	2,267,699
Tinkoff Credit Systems 9.25% (Reg. S) (b) (f)	605,000	597,963
Wells Fargo & Co.:		
5.875% (b) (f)	2,600,000	2,577,104
5.9% (b) (f)	3,065,000	2,928,624
		<u>41,244,792</u>
Capital Markets – 0.6%		
Credit Suisse Group AG 7.5% (b) (c) (f)	1,880,000	1,897,760
Goldman Sachs Group, Inc.:		
5% (b) (f)	2,731,000	2,322,189
5.375% (b) (f)	1,665,000	1,621,695
5.7% (b) (f)	1,701,000	1,672,573
		<u>7,514,217</u>
Insurance – 0.1%		
MAPFRE SA 4.375% 3/31/47 (Reg. S) (b)	EUR 1,600,000	1,931,449
		<u>50,690,458</u>
TOTAL FINANCIALS		
		<u>65,566,125</u>
INDUSTRIALS – 0.0%		
Construction & Engineering – 0.0%		
Odebrecht Finance Ltd.:		
7.5% (c) (f)	1,875,000	278,906
7.5% (Reg. S) (f)	100,000	14,875
		<u>293,781</u>
REAL ESTATE – 0.2%		
Equity Real Estate Investment Trusts (REITs) – 0.2%		
Unibail-Rodamco 2.125% (Reg. S) (b) (f)	EUR 3,000,000	3,260,950
		<u>3,260,950</u>
TOTAL PREFERRED SECURITIES		
(Cost \$70,268,804)		<u>65,566,125</u>

Money Market Funds – 7.9%

	Shares	Value
Fidelity Cash Central Fund, 2.42% (t)	108,511,568	108,533,270
Fidelity Securities Lending Cash Central Fund 2.41% (t) (u)	1,184,802	1,184,920
		<u>1,184,920</u>
TOTAL MONEY MARKET FUNDS		
(Cost \$109,709,637)		<u>109,718,190</u>

Purchased Swaptions – 0.0%

	Expiration Date	Notional Amount	Value
Put Options – 0.0%			
Option on an interest rate swap with Goldman Sachs Bank U.S.A. to pay semi-annually a fixed rate of 2.495% and receive quarterly a floating rate based on 3-month LIBOR, expiring October 2027	10/5/20	\$3,300,000	\$104,523
Option on an interest rate swap with JPMorgan Chase Bank NA to pay semi-annually a fixed rate of 2.5340% and receive quarterly a floating rate based on 3-month LIBOR, expiring December 2027	12/8/20	3,900,000	124,606
Option on an interest rate swap with JPMorgan Chase Bank NA to pay semi-annually a fixed rate of 2.5575% and receive quarterly a floating rate based on 3-month LIBOR, expiring October 2027	10/6/20	1,100,000	<u>32,452</u>
TOTAL PUT OPTIONS			<u>261,581</u>
Call Options – 0.0%			
Option on an interest rate swap with Goldman Sachs Bank U.S.A. to receive semi-annually a fixed rate of 2.495% and pay quarterly a floating rate based on 3-month LIBOR, expiring October 2027	10/5/20	3,300,000	68,928
Option on an interest rate swap with JPMorgan Chase Bank NA to receive semi-annually a fixed rate of 2.5340% and pay quarterly a floating rate based on 3-month LIBOR, expiring December 2027	12/8/20	3,900,000	89,078
Option on an interest rate swap with JPMorgan Chase Bank NA to receive semi-annually a fixed rate of 2.5575% and pay quarterly a floating rate based on 3-month LIBOR, expiring October 2027	10/6/20	1,100,000	<u>24,811</u>
TOTAL CALL OPTIONS			<u>182,817</u>
TOTAL PURCHASED SWAPPTIONS			<u>444,398</u>
(Cost \$531,730)			
TOTAL INVESTMENT IN SECURITIES – 100.6%			1,397,212,600
(Cost \$1,442,698,828)			
NET OTHER ASSETS (LIABILITIES) – (0.6)%			(7,698,041)
NET ASSETS – 100%			<u>\$1,389,514,559</u>

TBA Sale Commitments

	Principal Amount	Value
Fannie Mae		
3% 1/1/49	\$(1,500,000)	\$ (1,463,564)
3% 1/1/49	(1,245,000)	(1,214,758)
3% 1/1/49	(1,245,000)	(1,214,758)
3.5% 1/1/49	(800,000)	(799,694)
3.5% 1/1/49	(300,000)	(299,885)
3.5% 1/1/49	(100,000)	(99,962)
3.5% 1/1/49	(275,000)	(274,895)
3.5% 1/1/49	(275,000)	(274,895)
3.5% 1/1/49	(3,550,000)	(3,548,642)
4.5% 1/1/49	(300,000)	(310,562)
4.5% 1/1/49	(375,000)	(388,202)

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

TBA Sale Commitments – continued

	Principal Amount	Value
Fannie Mae – continued		
4.5% 1/1/49	\$ (375,000)	\$ (388,202)
4.5% 1/1/49	(250,000)	<u>(258,801)</u>
TOTAL TBA SALE COMMITMENTS		<u><u>\$(10,536,820)</u></u>
(Proceeds \$10,485,926)		

Futures Contracts

	Number of contracts	Expiration Date	Notional Amount	Value	Unrealized Appreciation/ (Depreciation)
Purchased					
Treasury Contracts					
CBOT 10-Year U.S. Treasury Note Contracts (United States)	271	March 2019	\$33,066,234	\$ 780,670	\$ 780,670
CBOT 2-Year U.S. Treasury Note Contracts (United States)	36	March 2019	7,643,250	51,693	51,693
CBOT 5-Year U.S. Treasury Note Contracts (United States)	102	March 2019	11,698,125	199,014	199,014
CBOT Long Term U.S. Treasury Bond Contracts (United States)	91	March 2019	13,286,000	601,257	601,257
CBOT Ultra Long Term U.S. Treasury Bond Contracts (United States)	15	March 2019	2,409,844	123,014	<u>123,014</u>
TOTAL PURCHASED					<u>1,755,648</u>
Sold					
Treasury Contracts					
CBOT Long Term U.S. Treasury Bond Contracts (United States)	2	March 2019	292,000	(14,144)	(14,144)
CBOT Ultra 10-Year U.S. Treasury Note Contracts (United States)	53	March 2019	6,894,141	(224,588)	<u>(224,588)</u>
TOTAL SOLD					<u>(238,732)</u>
TOTAL FUTURES CONTRACTS					<u><u>\$1,516,916</u></u>

The notional amount of futures purchased as a percentage of Net Assets is 4.9%

The notional amount of futures sold as a percentage of Net Assets is 0.5%

Swaps

Payment Received	Payment Frequency	Payment Paid	Payment Frequency	Clearinghouse / Counterparty ⁽¹⁾	Maturity Date	Notional Amount	Value	Upfront Premium Received/ (Paid) ⁽²⁾	Unrealized Appreciation/ (Depreciation)
Interest Rate Swaps									
2.75%	Semi - annual	3-month LIBOR ⁽³⁾	Quarterly	LCH	Mar. 2026	\$2,680,000	<u>\$28,088</u>	<u>\$0</u>	<u>\$28,088</u>

(1) Swaps with LCH Clearnet Group (LCH) are centrally cleared over-the-counter (OTC) swaps.

(2) Any premiums for centrally cleared over-the-counter (OTC) swaps are recorded periodically throughout the term of the swap to variation margin and included in unrealized appreciation (depreciation).

(3) Represents floating rate.

See accompanying notes which are an integral part of the financial statements.

Currency Abbreviations

AUD	—	Australian dollar
BRL	—	Brazilian real
CAD	—	Canadian dollar
CHF	—	Swiss franc
DKK	—	Danish krone
EUR	—	European Monetary Unit
GBP	—	British pound
HKD	—	Hong Kong dollar
INR	—	Indian rupee
JPY	—	Japanese yen
MXN	—	Mexican peso
MYR	—	Malaysian ringgit
NOK	—	Norwegian krone
NZD	—	New Zealand dollar
RON	—	Romanian leu
RUB	—	Russian ruble
SEK	—	Swedish krona
SGD	—	Singapore dollar
ZAR	—	South African rand

Security Type Abbreviations

ETF	—	Exchange-Traded Fund
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Legend

- (a) Amount is stated in United States dollars unless otherwise noted.
- (b) Coupon rates for floating and adjustable rate securities reflect the rates in effect at period end.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the end of the period, the value of these securities amounted to \$296,095,959 or 21.3% of net assets.
- (d) Non-income producing — Security is in default.
- (e) Coupon is indexed to a floating interest rate which may be multiplied by a specified factor and/or subject to caps or floors.
- (f) Security is perpetual in nature with no stated maturity date.
- (g) Security initially issued at one coupon which converts to a higher coupon at a specified date. The rate shown is the rate at period end.
- (h) Level 3 security
- (i) Security or a portion of the security was pledged to cover margin requirements for futures contracts. At period end, the value of securities pledged amounted to \$501,817.
- (j) Security or a portion of the security was pledged to cover margin requirements for centrally cleared OTC swaps. At period end, the value of securities pledged amounted to \$90,601.
- (k) Security or a portion of the security purchased on a delayed delivery or when-issued basis.
- (l) Represents an investment in an underlying pool of reverse mortgages which typically do not require regular principal and interest payments as repayment is deferred until a maturity event.
- (m) Security represents right to receive monthly interest payments on an underlying pool of mortgages or assets. Principal shown is the outstanding par amount of the pool as of the end of the period.

- (n) Coupon is inversely indexed to a floating interest rate multiplied by a specified factor. The price may be considerably more volatile than the price of a comparable fixed rate security.
- (o) Quantity represents share amount.
- (p) Non-income producing
- (q) Restricted securities — Investment in securities not registered under the Securities Act of 1933 (excluding 144A issues). At the end of the period, the value of restricted securities (excluding 144A issues) amounted to \$2,930 or 0.0% of net assets.
- (r) Security or a portion of the security is on loan at period end.
- (s) Affiliated fund that is generally available only to investment companies and other accounts managed by Fidelity Investments. A complete unaudited schedule of portfolio holdings for each Fidelity Central Fund is filed with the SEC for the first and third quarters of each fiscal year on Form N-Q and is available upon request or at the SEC's website at www.sec.gov. An unaudited holdings listing for the Fund, which presents direct holdings as well as the pro-rata share of securities and other investments held indirectly through its investment in underlying non-money market Fidelity Central Funds, is available at fidelity.com and/or institutional.fidelity.com, as applicable. In addition, each Fidelity Central Fund's financial statements, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, are available on the SEC's website or upon request.
- (t) Affiliated fund that is generally available only to investment companies and other accounts managed by Fidelity Investments. The rate quoted is the annualized seven-day yield of the fund at period end. A complete unaudited listing of the fund's holdings as of its most recent quarter end is available upon request. In addition, each Fidelity Central Fund's financial statements, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, are available on the SEC's website or upon request.
- (u) Investment made with cash collateral received from securities on loan.

Additional information on each restricted holding is as follows:

Security	Acquisition Date	Acquisition Cost
Houghton Mifflin Harcourt Co. warrants 6/22/19	6/22/12	\$ 4,281
Tricer Holdco SCA	10/16/09 — 12/30/17	\$ 286,754
Tricer Holdco SCA Class A1	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A2	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A3	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A4	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A5	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A6	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A7	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A8	10/16/09 — 10/29/09	\$ 45,666
Tricer Holdco SCA Class A9	10/16/09 — 10/29/09	\$ 45,706

See accompanying notes which are an integral part of the financial statements.

Schedule of Investments – continued

Affiliated Central Funds

Information regarding fiscal year to date income earned by the Fund from investments in Fidelity Central Funds is as follows:

Fund	Income earned
Fidelity Cash Central Fund	\$ 1,830,426
Fidelity Floating Rate Central Fund	7,154,516
Fidelity Securities Lending Cash Central Fund	2,979
Total	<u>\$ 8,987,921</u>

Amounts in the income column in the above table include any capital gain distributions from underlying funds, which are presented in the corresponding line-item in the Statement of Operations if applicable.

Fiscal year to date information regarding the Fund's investments in non-Money Market Central Funds, including the ownership percentage, is presented below.

Fund	Value, beginning of period	Purchases	Sales Proceeds	Realized Gain/Loss	Change in Unrealized appreciation (depreciation)	Value, end of period	% ownership, end of period
Fidelity Floating Rate Central Fund	\$107,568,078	\$36,008,100	\$16,695,882	\$ (132,996)	\$ (5,536,152)	\$121,211,148	6.1%
Total	<u>\$107,568,078</u>	<u>\$36,008,100</u>	<u>\$16,695,882</u>	<u>\$ (132,996)</u>	<u>\$ (5,536,152)</u>	<u>\$121,211,148</u>	

Investment Valuation

The following is a summary of the inputs used, as of December 31, 2018, involving the Fund's assets and liabilities carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used below, please refer to the Investment Valuation section in the accompanying Notes to Financial Statements.

Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
<u>Investments in Securities:</u>				
<u>Equities:</u>				
Communication Services	\$ 9,496,536	\$ 9,496,536	\$ —	\$ —
Consumer Discretionary	10,064,555	9,387,793	43	676,719
Consumer Staples	2,586,776	2,243,452	—	343,324
Energy	1,605,459	1,605,459	—	—
Financials	2,912,263	2,912,260	—	3
Health Care	3,866,405	3,856,695	—	9,710
Industrials	6,262,053	6,218,865	925	42,263
Information Technology	18,572,872	18,572,872	—	—
Materials	3,308,587	3,199,620	—	108,967
Utilities	2,703,416	2,703,416	—	—
Corporate Bonds	462,865,508	—	462,761,549	103,959
U.S. Government and Government Agency Obligations	227,785,208	—	227,785,208	—
U.S. Government Agency — Mortgage Securities	31,967,866	—	31,967,866	—
Asset-Backed Securities	10,531,146	—	10,531,146	—
Collateralized Mortgage Obligations	45,328,827	—	45,328,827	—
Commercial Mortgage Securities	31,871,748	—	31,871,748	—
Foreign Government and Government Agency Obligations	204,304,869	—	204,235,262	69,607
Supranational Obligations	499,648	—	499,648	—
Bank Loan Obligations	21,416,920	—	21,346,444	70,476
Fixed-Income Funds	123,533,225	123,533,225	—	—
Preferred Securities	65,566,125	—	65,566,125	—
Money Market Funds	109,718,190	109,718,190	—	—
Purchased Swaptions	444,398	—	444,398	—
Total Investments in Securities:	<u>\$1,397,212,600</u>	<u>\$293,448,383</u>	<u>\$1,102,339,189</u>	<u>\$1,425,028</u>
<u>Derivative Instruments:</u>				
<u>Assets</u>				
Futures Contracts	\$ 1,755,648	\$ 1,755,648	\$ —	\$ —

See accompanying notes which are an integral part of the financial statements.

Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
Swaps	\$ 28,088	\$ —	\$ 28,088	\$ —
Total Assets	\$ 1,783,736	\$ 1,755,648	\$ 28,088	\$ —
Liabilities				
Futures Contracts	\$ (238,732)	\$ (238,732)	\$ —	\$ —
Total Liabilities	\$ (238,732)	\$ (238,732)	\$ —	\$ —
Total Derivative Instruments:	\$ 1,545,004	\$ 1,516,916	\$ 28,088	\$ —
Other Financial Instruments:				
TBA Sale Commitments	\$ (10,536,820)	\$ —	\$ (10,536,820)	\$ —
Total Other Financial Instruments:	\$ (10,536,820)	\$ —	\$ (10,536,820)	\$ —

Value of Derivative Instruments

The following table is a summary of the Fund's value of derivative instruments by primary risk exposure as of December 31, 2018. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Primary Risk Exposure / Derivative Type	Value	
	Asset	Liability
Interest Rate Risk		
Futures Contracts (a)	\$1,755,648	\$ (238,732)
Purchased Swaptions (b)	444,398	0
Swaps (c)	28,088	0
Total Value of Derivatives	\$2,228,134	\$ (238,732)

(a) Reflects gross cumulative appreciation (depreciation) on futures contracts as presented in the Schedule of Investments. In the Statement of Assets and Liabilities, the period end daily variation margin is included in receivable or payable for daily variation margin on futures contracts, and the net cumulative appreciation (depreciation) is included in net unrealized appreciation (depreciation).

(b) Gross value is included in the Statement of Assets and Liabilities in the investments, at value line-item.

(c) For centrally cleared over-the-counter (OTC) swaps, reflects gross cumulative appreciation (depreciation) as presented in the Schedule of Investments. In the Statement of Assets and Liabilities, the period end daily variation margin for centrally cleared OTC swaps is included in receivable or payable for daily variation margin on centrally cleared OTC swaps, and the net cumulative appreciation (depreciation) for centrally cleared OTC swaps is included in net unrealized appreciation (depreciation).

Other Information

Distribution of investments by country or territory of incorporation, as a percentage of Total Net Assets, is as follows (Unaudited):

United States of America	68.3%
United Kingdom	3.4%
Canada	3.1%
Japan	2.3%
Argentina	1.9%
Luxembourg	1.8%
Italy	1.6%
Cayman Islands	1.5%
Netherlands	1.5%
Germany	1.5%
France	1.0%
Mexico	1.0%
Others (Individually Less Than 1%)	11.1%
	<u>100.0%</u>

The information in the above tables is based on the combined investments of the fund and its pro-rata share of the investments of Fidelity's Fixed-Income Central Funds

See accompanying notes which are an integral part of the financial statements.

Financial Statements

Statement of Assets and Liabilities

December 31, 2018

Assets

Investment in securities, at value (including securities loaned of \$1,165,248) — See accompanying schedule:

Unaffiliated issuers (cost \$1,204,859,560)	\$ 1,166,283,262	
Fidelity Central Funds (cost \$237,839,268)	<u>230,929,338</u>	
Total Investment in Securities (cost \$1,442,698,828)		\$ 1,397,212,600
Cash		395,189
Foreign currency held at value (cost \$16,886)		16,377
Receivable for investments sold		647,713
Receivable for TBA sale commitments		10,485,926
Receivable for fund shares sold		308,531
Dividends receivable		59,247
Interest receivable		12,152,932
Distributions receivable from Fidelity Central Funds		819,569
Receivable for daily variation margin on futures contracts		162,203
Receivable for daily variation margin on centrally cleared OTC swaps		2,505
Prepaid expenses		2,190
Other receivables		<u>15,272</u>
Total assets		<u>1,422,280,254</u>

Liabilities

Payable for investments purchased		
Regular delivery	\$ 1,245,142	
Delayed delivery	18,209,827	
TBA sale commitments, at value	10,536,820	
Payable for fund shares redeemed	589,141	
Accrued management fee	647,949	
Distribution and service plan fees payable	83,369	
Other affiliated payables	145,083	
Other payables and accrued expenses	123,337	
Collateral on securities loaned	<u>1,185,027</u>	
Total liabilities		<u>32,765,695</u>

Net Assets \$ 1,389,514,559

Net Assets consist of:

Paid in capital	\$ 1,435,083,483
Total distributable earnings (loss)	(45,568,924)

Net Assets \$ 1,389,514,559

Net Asset Value and Maximum Offering Price

Initial Class:
Net Asset Value, offering price and redemption price per share ($\$82,528,899 \div 7,677,164$ shares) \$ 10.75

Service Class:
Net Asset Value, offering price and redemption price per share ($\$1,745,178 \div 162,790$ shares) \$ 10.72

Service Class 2:
Net Asset Value, offering price and redemption price per share ($\$397,784,591 \div 37,361,351$ shares) \$ 10.65

Investor Class:
Net Asset Value, offering price and redemption price per share ($\$907,455,891 \div 84,708,466$ shares) \$ 10.71

See accompanying notes which are an integral part of the financial statements.

Statement of Operations

	Year ended December 31, 2018
Investment Income	
Dividends	\$ 4,180,985
Interest	51,388,559
Income from Fidelity Central Funds	<u>8,987,921</u>
Total income	<u>64,557,465</u>
Expenses	
Management fee	\$ 8,285,663
Transfer agent fees	1,356,765
Distribution and service plan fees	983,625
Accounting and security lending fees	506,215
Custodian fees and expenses	78,657
Independent trustees' fees and expenses	6,943
Registration fees	182
Audit	111,812
Legal	(99,964)
Miscellaneous	<u>11,198</u>
Total expenses before reductions	11,241,096
Expense reductions	<u>(27,780)</u>
Total expenses after reductions	<u>11,213,316</u>
Net investment income (loss)	<u>53,344,149</u>
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investment securities:	
Unaffiliated issuers	(2,341,635)
Fidelity Central Funds	(134,695)
Foreign currency transactions	(1,493,543)
Futures contracts	(111,594)
Swaps	(53,242)
Written options	<u>28,151</u>
Total net realized gain (loss)	(4,106,558)
Change in net unrealized appreciation (depreciation) on:	
Investment securities:	
Unaffiliated issuers	(84,668,370)
Fidelity Central Funds	(5,534,633)
Assets and liabilities in foreign currencies	(17,803)
Futures contracts	1,521,092
Swaps	30,297
Delayed delivery commitments	<u>(50,894)</u>
Total change in net unrealized appreciation (depreciation)	<u>(88,720,311)</u>
Net gain (loss)	<u>(92,826,869)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (39,482,720)</u>

See accompanying notes which are an integral part of the financial statements.

Financial Statements – continued

Statement of Changes in Net Assets

	Year ended December 31, 2018	Year ended December 31, 2017
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 53,344,149	\$ 48,290,503
Net realized gain (loss)	(4,106,558)	15,785,344
Change in net unrealized appreciation (depreciation)	(88,720,311)	40,260,354
Net increase (decrease) in net assets resulting from operations	<u>(39,482,720)</u>	<u>104,336,201</u>
Distributions to shareholders	(55,455,091)	–
Distributions to shareholders from net investment income	–	(47,218,735)
Distributions to shareholders from net realized gain	–	(7,817,967)
Total distributions	<u>(55,455,091)</u>	<u>(55,036,702)</u>
Share transactions – net increase (decrease)	(61,326,077)	198,447,298
Total increase (decrease) in net assets	<u>(156,263,888)</u>	<u>247,746,797</u>
Net Assets		
Beginning of period	1,545,778,447	1,298,031,650
End of period	<u>\$ 1,389,514,559</u>	<u>\$ 1,545,778,447</u>
Other Information		
Undistributed net investment income end of period		<u>\$ 4,228,368</u>

See accompanying notes which are an integral part of the financial statements.

Financial Highlights

VIP Strategic Income Portfolio Initial Class

Years ended December 31, Selected Per-Share Data	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 11.50	\$ 11.07	\$ 10.60	\$ 11.12	\$ 11.20
Income from Investment Operations					
Net investment income (loss) ^A	.418	.399	.429	.413	.413
Net realized and unrealized gain (loss)	(.716)	.462	.446	(.593)	(.010)
Total from investment operations	(.298)	.861	.875	(.180)	.403
Distributions from net investment income	(.444) ^B	(.371)	(.405)	(.306)	(.350)
Distributions from net realized gain	(.008) ^B	(.060)	—	—	(.133)
Tax return of capital	—	—	—	(.034)	—
Total distributions	(.452)	(.431)	(.405)	(.340)	(.483)
Net asset value, end of period	\$ 10.75	\$ 11.50	\$ 11.07	\$ 10.60	\$ 11.12
Total Return ^{C,D}	(2.57)%	7.79%	8.27%	(1.63)%	3.60%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.66%	.67%	.68%	.69%	.68%
Expenses net of fee waivers, if any	.66%	.67%	.68%	.69%	.68%
Expenses net of all reductions	.66%	.67%	.68%	.69%	.68%
Net investment income (loss)	3.66%	3.45%	3.84%	3.69%	3.56%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 82,529	\$ 96,952	\$ 91,630	\$ 91,714	\$ 107,847
Portfolio turnover rate ^G	118%	124%	81%	92%	119%

^A Calculated based on average shares outstanding during the period.

^B The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. Based on their most recent shareholder report date, the expenses of any underlying non-money market Fidelity Central Funds were less than .005%.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

Financial Highlights – continued

VIP Strategic Income Portfolio Service Class					
Years ended December 31, Selected Per–Share Data	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 11.47	\$ 11.05	\$ 10.59	\$ 11.11	\$ 11.19
Income from Investment Operations					
Net investment income (loss) ^A	.406	.389	.417	.401	.401
Net realized and unrealized gain (loss)	(.715)	.461	.444	(.592)	(.009)
Total from investment operations	(.309)	.850	.861	(.191)	.392
Distributions from net investment income	(.433) ^B	(.370)	(.401)	(.295)	(.339)
Distributions from net realized gain	(.008) ^B	(.060)	–	–	(.133)
Tax return of capital	–	–	–	(.034)	–
Total distributions	(.441)	(.430)	(.401)	(.329)	(.472)
Net asset value, end of period	\$ 10.72	\$ 11.47	\$ 11.05	\$ 10.59	\$ 11.11
Total Return ^{C,D}	(2.68)%	7.71%	8.14%	(1.73)%	3.51%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.76%	.77%	.78%	.79%	.78%
Expenses net of fee waivers, if any	.76%	.77%	.78%	.79%	.78%
Expenses net of all reductions	.76%	.77%	.78%	.79%	.78%
Net investment income (loss)	3.56%	3.35%	3.75%	3.59%	3.46%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 1,745	\$ 1,899	\$ 526	\$ 753	\$ 831
Portfolio turnover rate ^G	118%	124%	81%	92%	119%

^A Calculated based on average shares outstanding during the period.

^B The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. Based on their most recent shareholder report date, the expenses of any underlying non-money market Fidelity Central Funds were less than .005%.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

VIP Strategic Income Portfolio Service Class 2

Years ended December 31, Selected Per-Share Data	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 11.40	\$ 10.98	\$ 10.52	\$ 11.05	\$ 11.14
Income from Investment Operations					
Net investment income (loss) ^A	.385	.368	.398	.380	.380
Net realized and unrealized gain (loss)	(.709)	.459	.444	(.593)	(.005)
Total from investment operations	(.324)	.827	.842	(.213)	.375
Distributions from net investment income	(.418) ^B	(.347)	(.382)	(.283)	(.332)
Distributions from net realized gain	(.008) ^B	(.060)	—	—	(.133)
Tax return of capital	—	—	—	(.034)	—
Total distributions	(.426)	(.407)	(.382)	(.317)	(.465)
Net asset value, end of period	\$ 10.65	\$ 11.40	\$ 10.98	\$ 10.52	\$ 11.05
Total Return ^{C,D}	(2.82)%	7.54%	8.02%	(1.94)%	3.37%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.91%	.92%	.93%	.94%	.93%
Expenses net of fee waivers, if any	.91%	.92%	.93%	.94%	.93%
Expenses net of all reductions	.91%	.92%	.93%	.94%	.93%
Net investment income (loss)	3.41%	3.20%	3.59%	3.44%	3.31%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 397,785	\$ 374,227	\$ 260,789	\$ 185,925	\$ 137,892
Portfolio turnover rate ^G	118%	124%	81%	92%	119%

^A Calculated based on average shares outstanding during the period.

^B The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. Based on their most recent shareholder report date, the expenses of any underlying non-money market Fidelity Central Funds were less than .005%.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

Financial Highlights – continued

VIP Strategic Income Portfolio Investor Class

Years ended December 31, Selected Per-Share Data	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 11.46	\$ 11.03	\$ 10.57	\$ 11.09	\$ 11.17
Income from Investment Operations					
Net investment income (loss) ^A	.413	.394	.424	.408	.408
Net realized and unrealized gain (loss)	(.715)	.463	.438	(.591)	(.008)
Total from investment operations	(.302)	.857	.862	(.183)	.400
Distributions from net investment income	(.440) ^B	(.367)	(.402)	(.303)	(.347)
Distributions from net realized gain	(.008) ^B	(.060)	–	–	(.133)
Tax return of capital	–	–	–	(.034)	–
Total distributions	(.448)	(.427)	(.402)	(.337)	(.480)
Net asset value, end of period	\$ 10.71	\$ 11.46	\$ 11.03	\$ 10.57	\$ 11.09
Total Return ^{C,D}	(2.62)%	7.78%	8.17%	(1.66)%	3.58%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.70%	.71%	.72%	.72%	.71%
Expenses net of fee waivers, if any	.70%	.71%	.72%	.72%	.71%
Expenses net of all reductions	.70%	.71%	.72%	.72%	.71%
Net investment income (loss)	3.63%	3.41%	3.81%	3.65%	3.52%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 907,456	\$ 1,072,701	\$ 945,087	\$ 907,266	\$ 981,928
Portfolio turnover rate ^G	118%	124%	81%	92%	119%

^A Calculated based on average shares outstanding during the period.

^B The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. Based on their most recent shareholder report date, the expenses of any underlying non-money market Fidelity Central Funds were less than .005%.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

Notes to Financial Statements

For the period ended December 31, 2018

1. Organization.

VIP Strategic Income Portfolio (the Fund) is a fund of Variable Insurance Products Fund V (the Trust) and is authorized to issue an unlimited number of shares. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust. Shares of the Fund may only be purchased by insurance companies for the purpose of funding variable annuity or variable life insurance contracts. The Fund offers the following classes of shares: Initial Class shares, Service Class shares, Service Class 2 shares and Investor Class shares. All classes have equal rights and voting privileges, except for matters affecting a single class.

2. Investments in Fidelity Central Funds.

The Fund invests in Fidelity Central Funds, which are open-end investment companies generally available only to other investment companies and accounts managed by the investment adviser and its affiliates. The Fund's Schedule of Investments lists each of the Fidelity Central Funds held as of period end, if any, as an investment of the Fund, but does not include the underlying holdings of each Fidelity Central Fund. As an Investing Fund, the Fund indirectly bears its proportionate share of the expenses of the underlying Fidelity Central Funds.

Based on its investment objective, each Fidelity Central Fund may invest or participate in various investment vehicles or strategies that are similar to those of the Fund. These strategies are consistent with the investment objectives of the Fund and may involve certain economic risks which may cause a decline in value of each of the Fidelity Central Funds and thus a decline in the value of the Fund. The Money Market Central Funds seek preservation of capital and current income and are managed by Fidelity Investments Money Management, Inc. (FIMM), an affiliate of the investment adviser. Annualized expenses of the Money Market Central Funds as of their most recent shareholder report date are less than .005%. The following summarizes the Fund's investment in each non-money market Fidelity Central Fund.

Fidelity Central Fund	Investment Manager	Investment Objective	Investment Practices	Expense Ratio ^(a)
Fidelity Floating Rate Central Fund	FMR Co., Inc. (FMRC)	Seeks a high level of income by normally investing in floating rate loans and other floating rate securities.	Loans & Direct Debt Instruments Restricted Securities	Less than .005%

(a) Expenses expressed as a percentage of average net assets and are as of each underlying Central Fund's most recent annual or semi-annual shareholder report.

An unaudited holdings listing for the Fund, which presents direct holdings as well as the pro-rata share of any securities and other investments held indirectly through its investment in underlying non-money market Fidelity Central Funds, is available at institutional.fidelity.com. A complete unaudited list of holdings for each Fidelity Central Fund is available upon request or at the Securities and Exchange Commission (the SEC) website at www.sec.gov. In addition, the financial statements of the Fidelity Central Funds which contain the significant accounting policies (including investment valuation policies) of those funds, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, are available on the SEC website or upon request.

3. Significant Accounting Policies.

The Fund is an investment company and applies the accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services — Investments Companies. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Investment Valuation. Investments are valued as of 4:00 p.m. Eastern time on the last calendar day of the period. The Board of Trustees (the Board) has delegated the day to day responsibility for the valuation of the Fund's investments to the Fair Value Committee (the Committee) established by the Fund's investment adviser. In accordance with valuation policies and procedures approved by the Board, the Fund attempts to obtain prices from one or more third party pricing vendors or brokers to value its investments. When current market prices, quotations or currency exchange rates are not readily available or reliable, investments will be fair valued in good faith by the Committee, in accordance with procedures adopted by the Board. Factors used in determining fair value vary by investment type and may include market or investment specific events, changes in interest rates and credit quality. The frequency with which these procedures are used cannot be predicted and they may be utilized to a significant extent. The Committee oversees the Fund's valuation policies and procedures and reports to the Board on the Committee's activities and fair value determinations. The Board monitors the appropriateness of the procedures used in valuing the Fund's investments and ratifies the fair value determinations of the Committee.

The Fund categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown 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, etc.)

Level 3 — unobservable inputs (including the Fund's own assumptions based on the best information available)

Valuation techniques used to value the Fund's investments by major category are as follows:

Debt securities, including restricted securities, are valued based on evaluated prices received from third party pricing vendors or from brokers who make markets in such securities. Corporate bonds, bank loan obligations, foreign government and government agency obligations, preferred securities, supranational obligations and U.S. government and government agency obligations are valued by pricing vendors who utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type or by broker-supplied prices. Asset backed securities, collateralized mortgage obligations, commercial mortgage securities and U.S. government agency mortgage securities are valued by pricing vendors who utilize matrix pricing which considers prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type or by broker-supplied prices. Swaps are marked-to-market daily based on valuations from third party pricing vendors, registered derivatives clearing organizations (clearinghouses) or broker-supplied valuations. These pricing sources may utilize inputs such as interest rate

Notes to Financial Statements – continued

curves, credit spread curves, default possibilities and recovery rates. When independent prices are unavailable or unreliable, debt securities and swaps may be valued utilizing pricing methodologies which consider similar factors that would be used by third party pricing vendors. For foreign debt securities, when significant market or security specific events arise, valuations may be determined in good faith in accordance with procedures adopted by the Board. Debt securities and swaps are generally categorized as Level 2 in the hierarchy but may be Level 3 depending on the circumstances. The Fund invests a significant portion of its assets in below investment grade securities. The value of these securities can be more volatile due to changes in the credit quality of the issuer and is sensitive to changes in economic, market and regulatory conditions.

Equity securities, including restricted securities, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by a third party pricing vendor on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are generally categorized as Level 2 in the hierarchy. For foreign equity securities, when market or security specific events arise, comparisons to the valuation of American Depository Receipts (ADRs), futures contracts, Exchange-Traded Funds (ETFs) and certain indexes as well as quoted prices for similar securities may be used and would be categorized as Level 2 in the hierarchy. Utilizing these techniques may result in transfers between Level 1 and Level 2. For equity securities, including restricted securities, where observable inputs are limited, assumptions about market activity and risk are used and these securities may be categorized as Level 3 in the hierarchy.

ETFs are valued at their last sale price or official closing price as reported by a third party pricing vendor on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day but the exchange reports a closing bid level, ETFs are valued at the closing bid and would be categorized as Level 1 in the hierarchy. In the event there was no closing bid, ETFs may be valued by another method that the Board believes reflects fair value in accordance with the Board's fair value pricing policies and may be categorized as Level 2 in the hierarchy.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Options traded over-the-counter are valued using vendor or broker-supplied valuations and are categorized as Level 2 in the hierarchy. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value (NAV) each business day and are categorized as Level 1 in the hierarchy.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level as of December 31, 2018 is included at the end of the Fund's Schedule of Investments.

Foreign Currency. The Fund may use foreign currency contracts to facilitate transactions in foreign-denominated securities. Gains and losses from these transactions may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contracts' terms.

Foreign-denominated assets, including investment securities, and liabilities are translated into U.S. dollars at the exchange rates at period end. Purchases and sales of investment securities, income and dividends received and expenses denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The effects of exchange rate fluctuations on investments are included with the net realized and unrealized gain (loss) on investment securities. Other foreign currency transactions resulting in realized and unrealized gain (loss) are disclosed separately.

Investment Transactions and Income. For financial reporting purposes, the Fund's investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per share for processing shareholder transactions is calculated as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of identified cost and include proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Income and capital gain distributions from Fidelity Central Funds, if any, are recorded on the ex-dividend date. Certain distributions received by the Fund represent a return of capital or capital gain. The Fund determines the components of these distributions subsequent to the ex-dividend date, based upon receipt of tax filings or other correspondence relating to the underlying investment. These distributions are recorded as a reduction of cost of investments and/or as a realized gain. Interest income is accrued as earned and includes coupon interest and amortization of premium and accretion of discount on debt securities as applicable. Paid in Kind (PIK) income is recorded at the fair market value of the securities received. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured.

Class Allocations and Expenses. Investment income, realized and unrealized capital gains and losses, common expenses of the Fund, and certain fund-level expense reductions, if any, are allocated daily on a pro-rata basis to each class based on the relative net assets of each class to the total net assets of the Fund. Each class differs with respect to transfer agent and distribution and service plan fees incurred. Certain expense reductions may also differ by class. For the reporting period, the allocated portion of income and expenses to each class as a percent of its average net assets may vary due to the timing of recording these transactions in relation to fluctuating net assets of the classes. Expenses directly attributable to a fund are charged to that fund. Expenses attributable to more than one fund are allocated among the respective funds on the basis of relative net assets or other appropriate methods. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Income Tax Information and Distributions to Shareholders. Each year, the Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code, including distributing substantially all of its taxable income and realized gains. As a result, no provision for U.S. Federal income taxes is required. As of December 31, 2018, the Fund did not have any unrecognized tax benefits in the financial statements; nor is the Fund aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Fund files a U.S. federal tax return, in addition to state and local tax returns as required. The Fund's federal income tax returns are subject to examination by the Internal Revenue Service (IRS) for a period of three fiscal years after they are filed. State and local tax returns may be subject to examination for an additional fiscal year depending on the jurisdiction. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests.

Distributions are declared and recorded on the ex-dividend date. Income and capital gain distributions are declared separately for each class. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences resulted in distribution reclassifications.

Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Capital accounts are not adjusted for temporary book-tax differences which will reverse in a subsequent period.

Book-tax differences are primarily due to futures contracts, foreign currency transactions, swaps, market discount, partnerships, capital loss carryforwards and losses deferred due to wash sales and excise tax regulations.

As of period end, the cost and unrealized appreciation (depreciation) in securities, and derivatives if applicable, for federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 24,971,319
Gross unrealized depreciation	(67,041,106)
Net unrealized appreciation (depreciation)	<u>\$ (42,069,787)</u>
Tax Cost	<u>\$1,439,259,581</u>

The tax-based components of distributable earnings as of period end were as follows:

Capital loss carryforward	<u>\$ (2,332,373)</u>
Net unrealized appreciation (depreciation) on securities and other investments	<u>\$ (42,089,594)</u>

Capital loss carryforwards are only available to offset future capital gains of the Fund to the extent provided by regulations and may be limited. Under the Regulated Investment Company Modernization Act of 2010 (the Act), the Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period and such capital losses are required to be used prior to any losses that expire. The capital loss carryforward information presented below, including any applicable limitation, is estimated as of fiscal period end and is subject to adjustment.

No expiration

Short-term \$ (2,332,373)

The Fund intends to elect to defer to its next fiscal year \$1,146,955 of ordinary losses recognized during the period November 1, 2018 to December 31, 2018.

The tax character of distributions paid was as follows:

	December 31, 2018	December 31, 2017
Ordinary Income	<u>\$55,455,091</u>	<u>\$55,036,702</u>

Delayed Delivery Transactions and When-Issued Securities. During the period, the Fund transacted in securities on a delayed delivery or when-issued basis. Payment and delivery may take place after the customary settlement period for that security. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The securities purchased on a delayed delivery or when-issued basis are identified as such in the Fund's Schedule of Investments. The Fund may receive compensation for interest forgone in the purchase of a delayed delivery or when-issued security. With respect to purchase commitments, the Fund identifies securities as segregated in its records with a value at least equal to the amount of the commitment. Losses may arise due to changes in the value of the underlying securities or if the counterparty does not perform under the contract's terms, or if the issuer does not issue the securities due to political, economic, or other factors.

To-Be-Announced (TBA) Securities and Mortgage Dollar Rolls. During the period, the Fund transacted in TBA securities that involved buying or selling mortgage-backed securities (MBS) on a forward commitment basis. A TBA transaction typically does not designate the actual security to be delivered and only includes an approximate principal amount; however delivered securities must meet specified terms defined by industry guidelines, including issuer, rate and current principal amount outstanding on underlying mortgage pools. The Fund may enter into a TBA transaction with the intent to take possession of or deliver the underlying MBS, or the Fund may elect to extend the settlement by entering into either a mortgage or reverse mortgage dollar roll. Mortgage dollar rolls are transactions where a fund sells TBA securities and simultaneously agrees to repurchase MBS on a later date at a lower price and with the same counterparty. Reverse mortgage dollar rolls involve the purchase and simultaneous agreement to sell TBA securities on a later date at a lower price. Transactions in mortgage dollar rolls and reverse mortgage dollar rolls are accounted for as purchases and sales and may result in an increase to the Fund's portfolio turnover rate.

Purchases and sales of TBA securities involve risks similar to those discussed above for delayed delivery and when-issued securities. Also, if the counterparty in a mortgage dollar roll or a reverse mortgage dollar roll transaction files for bankruptcy or becomes insolvent, the Fund's right to repurchase or sell securities may be limited. Additionally, when a fund sells TBA securities without already owning or having the right to obtain the deliverable securities (an uncovered forward commitment to sell), it incurs a risk of loss because it could have to purchase the securities at a price that is higher than the price at which it sold them. A fund may be unable to purchase the deliverable securities if the corresponding market is illiquid.

TBA securities subject to a forward commitment to sell at period end are included at the end of the Fund's Schedule of Investments under the caption "TBA Sale Commitments." The proceeds and value of these commitments are reflected in the Fund's Statement of Assets and Liabilities as Receivable for TBA sale commitments and TBA sale commitments, at value, respectively.

Notes to Financial Statements – continued

Restricted Securities. The Fund may invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted securities is included at the end of the Fund's Schedule of Investments.

Loans and Other Direct Debt Instruments. The Fund invests in direct debt instruments which are interests in amounts owed to lenders by corporate or other borrowers. These instruments may be in the form of loans, trade claims or other receivables and may include standby financing commitments such as revolving credit facilities that obligate the Fund to supply additional cash to the borrower on demand. Loans may be acquired through assignment or participation. The Fund did not have any unfunded loan commitments, which are contractual obligations for future funding, at period end.

New Rule Issuance. During August 2018, the U.S. Securities and Exchange Commission issued Final Rule Release No. 33-10532, Disclosure Update and Simplification. This Final Rule includes amendments specific to registered investment companies that are intended to eliminate overlap in disclosure requirements between Regulation S-X and GAAP. In accordance with these amendments, certain line-items in the Fund's financial statements have been combined or removed for the current period as outlined in the table below.

Financial Statement	Current Line-Item Presentation	Prior Line-Item Presentation
Statement of Assets and Liabilities	Total distributable earnings (loss)	Undistributed/Distributions in excess of/Accumulated net investment income (loss) Accumulated/Undistributed net realized gain (loss) Net unrealized appreciation (depreciation)
Statement of Changes in Net Assets	N/A – removed	Undistributed/Distributions in excess of/Accumulated net investment income (loss) end of period
Statement of Changes in Net Assets	Distributions to shareholders	Distributions to shareholders from net investment income Distributions to shareholders from net realized gain
Distributions to Shareholders Note to Financial Statements	Distributions to shareholders	Distributions to shareholders from net investment income Distributions to shareholders from net realized gain

4. Derivative Instruments.

Risk Exposures and the Use of Derivative Instruments. The Fund's investment objective allows the Fund to enter into various types of derivative contracts, including futures contracts, options and swaps. Derivatives are investments whose value is primarily derived from underlying assets, indices or reference rates and may be transacted on an exchange or over-the-counter (OTC). Derivatives may involve a future commitment to buy or sell a specified asset based on specified terms, to exchange future cash flows at periodic intervals based on a notional principal amount, or for one party to make one or more payments upon the occurrence of specified events in exchange for periodic payments from the other party.

The Fund used derivatives to increase returns, to gain exposure to certain types of assets and to manage exposure to certain risks as defined below. The success of any strategy involving derivatives depends on analysis of numerous economic factors, and if the strategies for investment do not work as intended, the Fund may not achieve its objectives.

The Fund's use of derivatives increased or decreased its exposure to the following risks:

Interest Rate Risk Interest rate risk relates to the fluctuations in the value of interest-bearing securities due to changes in the prevailing levels of market interest rates.

The Fund is also exposed to additional risks from investing in derivatives, such as liquidity risk and counterparty credit risk. Liquidity risk is the risk that the Fund will be unable to close out the derivative in the open market in a timely manner. Counterparty credit risk is the risk that the counterparty will not be able to fulfill its obligation to the Fund. Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain OTC derivatives such as options, the Fund attempts to reduce its exposure to counterparty credit risk by entering into an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement with each of its counterparties. The ISDA Master Agreement gives the Fund the right to terminate all transactions traded under such agreement upon the deterioration in the credit quality of the counterparty beyond specified levels. The ISDA Master Agreement gives each party the right, upon an event of default by the other party or a termination of the agreement, to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net payable by one party to the other. To mitigate counterparty credit risk on bi-lateral OTC derivatives, the Fund receives collateral in the form of cash or securities once the Fund's net unrealized appreciation on outstanding derivative contracts under an ISDA Master Agreement exceeds certain applicable thresholds, subject to certain minimum transfer provisions. The collateral received is held in segregated accounts with the Fund's custodian bank in accordance with the collateral agreements entered into between the Fund, the counterparty and the Fund's custodian bank. The Fund could experience delays and costs in gaining access to the collateral even though it is held by the Fund's custodian bank. The Fund's maximum risk of loss from counterparty credit risk related to bi-lateral OTC derivatives is generally the aggregate unrealized appreciation and unpaid counterparty payments in excess of any collateral pledged by the counterparty to the Fund. For OTC written options with upfront premiums received, the Fund is obligated to perform and therefore does not have counterparty risk. For OTC written options with premiums to be received at a future date, the maximum risk of loss from counterparty credit risk is the amount of the premium in excess of any collateral pledged by the counterparty. The Fund may be required to pledge collateral for the benefit of the counterparties on bi-lateral OTC derivatives in an amount not less than each counterparty's unrealized appreciation on outstanding derivative contracts, subject to certain minimum transfer provisions, and any such pledged collateral is identified in the Schedule of Investments. Exchange-traded futures contracts are not covered by the ISDA Master Agreement; however counterparty credit risk related to exchange-traded futures contracts may be mitigated by the protection provided by the exchange on which they trade. Counterparty credit risk related to centrally cleared OTC swaps may be mitigated by the protection provided by the clearinghouse.

Investing in derivatives may involve greater risks than investing in the underlying assets directly and, to varying degrees, may involve risk of loss in excess of any initial investment and collateral received and amounts recognized in the Statement of Assets and Liabilities. In addition, there may be the risk that the change in value of the derivative contract does not correspond to the change in value of the underlying instrument.

Net Realized Gain (Loss) and Change in Net Unrealized Appreciation (Depreciation) on Derivatives. The table below, which reflects the impacts of derivatives on the financial performance of the Fund, summarizes the net realized gain (loss) and change in net unrealized appreciation (depreciation) for derivatives during the period as presented in the Statement of Operations.

Primary Risk Exposure / Derivative Type	Net Realized Gain (Loss)	Change in Net Unrealized Appreciation (Depreciation)
Interest Rate Risk		
Purchased Options	\$ 24,450	\$ (2,587)
Written Options	28,151	—
Futures Contracts	(111,594)	1,521,092
Swaps	(53,242)	30,297
Totals	<u>\$ (112,235)</u>	<u>\$1,548,802</u>

A summary of the value of derivatives by primary risk exposure as of period end, if any, is included at the end of the Schedule of Investments.

Futures Contracts. A futures contract is an agreement between two parties to buy or sell a specified underlying instrument for a fixed price at a specified future date. The Fund used futures contracts to manage its exposure to the bond market and fluctuations in interest rates.

Upon entering into a futures contract, a fund is required to deposit either cash or securities (initial margin) with a clearing broker in an amount equal to a certain percentage of the face value of the contract. Futures contracts are marked-to-market daily and subsequent daily payments (variation margin) are made or received by a fund depending on the daily fluctuations in the value of the futures contracts and are recorded as unrealized appreciation or (depreciation). This receivable and/or payable, if any, is included in daily variation margin on futures contracts in the Statement of Assets and Liabilities. Realized gain or (loss) is recorded upon the expiration or closing of a futures contract. The net realized gain (loss) and change in net unrealized appreciation (depreciation) on futures contracts during the period is presented in the Statement of Operations.

Any open futures contracts at period end are presented in the Schedule of Investments under the caption “Futures Contracts”. The notional amount at value reflects each contract’s exposure to the underlying instrument or index at period end and is representative of volume of activity during the period. Securities deposited to meet initial margin requirements are identified in the Schedule of Investments.

Options. Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial instrument at an agreed exercise or strike price between or on certain dates. Options obligate the seller (writer) to buy (put) or sell (call) an underlying instrument at the exercise or strike price or cash settle an underlying derivative instrument if the holder exercises the option on or before the expiration date. The Fund uses OTC options, such as swaptions, which are options where the underlying instrument is a swap, to manage its exposure to fluctuations in interest rates.

Upon entering into an options contract, a fund will pay or receive a premium. Premiums paid on purchased options are reflected as cost of investments and premiums received on written options are reflected as a liability on the Statement of Assets and Liabilities. Certain options may be purchased or written with premiums to be paid or received on a future date. Options are valued daily and any unrealized appreciation (depreciation) is reflected on the Statement of Assets and Liabilities. When an option is exercised, the cost or proceeds of the underlying instrument purchased or sold is adjusted by the amount of the premium. When an option is closed the Fund will realize a gain or loss depending on whether the proceeds or amount paid for the closing sale transaction is greater or less than the premium received or paid. When an option expires, gains and losses are realized to the extent of premiums received and paid, respectively. The net realized and unrealized gains (losses) on purchased options are included in the Statement of Operations in net realized gain (loss) and change in net unrealized appreciation (depreciation) on investment securities. The net realized gain (loss) and change in net unrealized appreciation (depreciation) on written options are presented in the Statement of Operations.

Any open options at period end are presented in the Schedule of Investments under the captions “Purchased Options,” “Purchased Swaptions,” “Written Options” and “Written Swaptions,” as applicable, and are representative of volume of activity during the period.

Writing puts and buying calls tend to increase exposure to the underlying instrument while buying puts and writing calls tend to decrease exposure to the underlying instrument. For purchased options, risk of loss is limited to the premium paid, and for written options, risk of loss is the change in value in excess of the premium received.

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on a notional principal amount. A centrally cleared OTC swap is a transaction executed between a fund and a dealer counterparty, then cleared by a futures commission merchant (FCM) through a clearinghouse. Once cleared, the clearinghouse serves as a central counterparty, with whom a fund exchanges cash flows for the life of the transaction, similar to transactions in futures contracts.

Centrally cleared OTC swaps require a fund to deposit either cash or securities (initial margin) with the FCM, at the instruction of and for the benefit of the clearinghouse. Securities deposited to meet initial margin requirements are identified in the Schedule of Investments. Centrally cleared OTC swaps are marked-to-market daily and subsequent payments (variation margin) are made or received depending on the daily fluctuations in the value of the swaps and are recorded as unrealized appreciation or (depreciation). These daily payments, if any, are included in receivable or payable for daily variation margin on centrally cleared OTC swaps in the Statement of Assets and Liabilities. Any premiums for centrally cleared OTC swaps are recorded periodically throughout the term of the swap to variation margin and included in unrealized appreciation (depreciation) in the Statement of Assets and Liabilities. Any premiums are recognized as realized gain (loss) upon termination or maturity of the swap.

Notes to Financial Statements – continued

Payments are exchanged at specified intervals, accrued daily commencing with the effective date of the contract and recorded as realized gain or (loss). Some swaps may be terminated prior to the effective date and realize a gain or loss upon termination. The net realized gain (loss) and change in net unrealized appreciation (depreciation) on swaps during the period is presented in the Statement of Operations.

Any open swaps at period end are included in the Schedule of Investments under the caption “Swaps” and are representative of volume of activity during the period.

Interest Rate Swaps. Interest rate swaps are agreements between counterparties to exchange cash flows, one based on a fixed rate, and the other on a floating rate. The Fund entered into interest rate swaps to manage its exposure to interest rate changes. Changes in interest rates can have an effect on both the value of bond holdings as well as the amount of interest income earned. In general, the value of bonds can fall when interest rates rise and can rise when interest rates fall.

5. Purchases and Sales of Investments.

Purchases and sales of securities (including the Fixed-Income Central Funds), other than short-term securities and U.S. government securities, aggregated \$1,073,278,694 and \$1,145,837,513, respectively.

6. Fees and Other Transactions with Affiliates.

Management Fee. Fidelity Management & Research Company (the investment adviser) and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee. The management fee is the sum of an individual fund fee rate that is based on an annual rate of .45% of the Fund’s average net assets and an annualized group fee rate that averaged .11% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by the investment adviser, including any mutual funds previously advised by the investment adviser that are currently advised by Fidelity SelectCo, LLC, an affiliate of the investment adviser. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the reporting period, the total annual management fee rate was .56% of the Fund’s average net assets.

Distribution and Service Plan Fees. In accordance with Rule 12b-1 of the 1940 Act, the Fund has adopted separate 12b-1 Plans for each Service Class of shares. Each Service Class pays Fidelity Distributors Corporation (FDC), an affiliate of the investment adviser, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class’ average net assets and .25% of Service Class 2’s average net assets.

For the period, total fees, all of which were re-allowed to insurance companies for the distribution of shares and providing shareholder support services, were as follows:

Service Class	\$ 1,778
Service Class 2	981,847
	<u>\$983,625</u>

Transfer Agent Fees. Fidelity Investments Institutional Operations Company, Inc. (FIIOC), an affiliate of the investment adviser, is the Fund’s transfer, dividend disbursing, and shareholder servicing agent. FIIOC receives an asset-based fee with respect to each class. Each class pays a fee for transfer agent services, typesetting and printing and mailing of shareholder reports, excluding mailing of proxy statements, equal to an annual rate of class-level average net assets. The annual rate for Investor Class is .10% and the annual rate for all other classes is .07%. For the period, transfer agent fees for each class were as follows:

Initial Class	\$ 61,722
Service Class	1,209
Service Class 2	267,063
Investor Class	1,026,771
	<u>\$1,356,765</u>

Accounting and Security Lending Fees. Fidelity Service Company, Inc. (FSC), an affiliate of the investment adviser, maintains the Fund’s accounting records. The accounting fee is based on the level of average net assets for each month. Under a separate contract, FSC administers the security lending program. The security lending fee is based on the number and duration of lending transactions. For the period, the fees were equivalent to an annual rate of .03%.

Brokerage Commissions. The Fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of the investment adviser. Brokerage commissions are included in net realized gain (loss) and change in net unrealized appreciation (depreciation) in the Statement of Operations. The commissions paid to these affiliated firms were \$1,509 for the period.

Interfund Trades. The Fund may purchase from or sell securities to other Fidelity Funds under procedures adopted by the Board. The procedures have been designed to ensure these interfund trades are executed in accordance with Rule 17a-7 of the 1940 Act. Interfund trades are included within the respective purchases and sales amounts shown in the Purchases and Sales of Investments note.

Other. During the period, the investment adviser reimbursed the Fund for certain losses in the amount of \$8,852.

7. Committed Line of Credit.

The Fund participates with other funds managed by the investment adviser or an affiliate in a \$4.25 billion credit facility (the “line of credit”) to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$4,140 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, the Fund did not borrow on this line of credit.

8. Security Lending.

The Fund lends portfolio securities through a lending agent from time to time in order to earn additional income. For equity securities, a lending agent is used and may loan securities to certain qualified borrowers, including Fidelity Capital Markets (FCM), a broker-dealer affiliated with the Fund. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. The Fund or borrower may terminate the loan at any time, and if the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund may apply collateral received from the borrower against the obligation. The Fund may experience delays and costs in recovering the securities loaned. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund's Statement of Assets and Liabilities. Security lending income represents the income earned on investing cash collateral, less rebates paid to borrowers and any lending agent fees associated with the loan, plus any premium payments received for lending certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Total security lending income during the period amounted to \$2,979. During the period, there were no securities loaned to FCM.

9. Expense Reductions.

Commissions paid to certain brokers with whom the investment adviser, or its affiliates, places trades on behalf of the Fund include an amount in addition to trade execution, which may be rebated back to the Fund to offset certain expenses. This amount totaled \$6,053 for the period. In addition, through arrangements with the Fund's custodian, credits realized as a result of certain uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$12,499.

In addition, during the period the investment adviser reimbursed and/or waived a portion of fund-level operating expenses in the amount of \$9,228.

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Distributions to shareholders		
Initial Class	\$ 3,356,613	\$ —
Service Class	69,600	—
Service Class 2	15,340,307	—
Investor Class	<u>36,688,571</u>	—
Total	<u>\$55,455,091</u>	<u>\$ —</u>
From net investment income		
Initial Class	\$ —	\$ 3,029,902
Service Class	—	59,576
Service Class 2	—	11,005,331
Investor Class	—	<u>33,123,926</u>
Total	<u>\$ —</u>	<u>\$47,218,735</u>
From net realized gain		
Initial Class	\$ —	\$ 490,011
Service Class	—	9,661
Service Class 2	—	1,902,939
Investor Class	—	<u>5,415,356</u>
Total	<u>\$ —</u>	<u>\$ 7,817,967</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Year ended December 31, 2018	Shares Year ended December 31, 2017	Dollars Year ended December 31, 2018	Dollars Year ended December 31, 2017
Initial Class				
Shares sold	592,997	1,069,761	\$ 6,794,755	\$ 12,377,067
Reinvestment of distributions	313,672	307,148	3,356,613	3,519,913

Notes to Financial Statements – continued

	Shares Year ended December 31, 2018	Shares Year ended December 31, 2017	Dollars Year ended December 31, 2018	Dollars Year ended December 31, 2017
Shares redeemed	(1,659,111)	(1,225,267)	(18,937,825)	(14,213,181)
Net increase (decrease)	<u>(752,442)</u>	<u>151,642</u>	<u>\$ (8,786,457)</u>	<u>\$ 1,683,799</u>
Service Class				
Shares sold	17,757	118,271	\$ 202,094	\$ 1,401,470
Reinvestment of distributions	5,053	6,058	53,967	69,237
Shares redeemed	(25,591)	(6,343)	(291,279)	(73,173)
Net increase (decrease)	<u>(2,781)</u>	<u>117,986</u>	<u>\$ (35,218)</u>	<u>\$ 1,397,534</u>
Service Class 2				
Shares sold	7,905,416	11,423,463	\$ 89,561,267	\$ 131,276,350
Reinvestment of distributions	1,447,286	1,136,291	15,340,307	12,908,270
Shares redeemed	(4,825,862)	(3,479,579)	(54,454,958)	(39,915,663)
Net increase (decrease)	<u>4,526,840</u>	<u>9,080,175</u>	<u>\$ 50,446,616</u>	<u>\$ 104,268,957</u>
Investor Class				
Shares sold	3,166,574	7,944,671	\$ 36,185,576	\$ 91,654,283
Reinvestment of distributions	3,438,162	3,374,718	36,688,571	38,539,282
Shares redeemed	(15,476,914)	(3,392,440)	(175,825,165)	(39,096,557)
Net increase (decrease)	<u>(8,872,178)</u>	<u>7,926,949</u>	<u>\$ (102,951,018)</u>	<u>\$ 91,097,008</u>

12. Other.

The Fund's organizational documents provide former and current trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

At the end of the period, the investment adviser or its affiliates were the owners of record of 70% of the total outstanding shares of the Fund.

13. Credit Risk.

The Fund's relatively large investment in countries with limited or developing capital markets may involve greater risks than investments in more developed markets and the prices of such investments may be volatile. The yields of emerging market debt obligations reflect, among other things, perceived credit risk. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of the Fund's investments and the income they generate, as well as the Fund's ability to repatriate such amounts.

14. Litigation.

The Fund and other entities managed by FMR or its affiliates were named as defendants in a lawsuit filed in the United States Bankruptcy Court for the Southern District of New York in 2009. The lawsuit was brought by creditors of Motors Liquidation Company (f/k/a General Motors), which went through Chapter 11 bankruptcy proceedings in 2009, and is captioned Official Committee of Unsecured Creditors of Motors Liquidation Company v. JPMorgan Chase Bank, N.A., et al., Adversary No. 09-00504 (REG). The plaintiffs are seeking an order that the Fund and other defendants return proceeds received in 2009 in full payment of the principal and interest on General Motors secured debt. The plaintiffs contend that the Fund and the other defendants were not secured creditors at the time of the 2009 payments and, thus, were not entitled to payment in full. In January 2015, the Court of Appeals ruled that JPMorgan, as administrative agent for all of the debtholders, released the security interest on certain collateral securing the debt prior to the 2009 payments. In September 2017, an opinion was issued in a trial intended to help determine the value of any remaining, unreleased collateral. In February 2019, the parties reached a preliminary settlement that remains subject to negotiation and final approval by the Bankruptcy Court. Given these contingencies, Management cannot determine at this time the amount of loss that may be realized, but expects the amount to be less than the \$1,208,199 received in 2009. The Fund is also incurring legal costs in defending the case.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Variable Insurance Products Fund V and Shareholders of VIP Strategic Income Portfolio:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of VIP Strategic Income Portfolio (one of the funds constituting Variable Insurance Products Fund V, referred to hereafter as the “Fund”) as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of 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 ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’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 of these financial statements 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.

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 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. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, agent banks and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 19, 2019

We have served as the auditor of one or more investment companies in the Fidelity group of funds since 1932.

Trustees and Officers

The Trustees, Members of the Advisory Board (if any), and officers of the trust and fund, as applicable, are listed below. The Board of Trustees governs the fund and is responsible for protecting the interests of shareholders. The Trustees are experienced executives who meet periodically throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, oversee management of the risks associated with such activities and contractual arrangements, and review the fund's performance. Each of the Trustees oversees 260 funds.

The Trustees hold office without limit in time except that (a) any Trustee may resign; (b) any Trustee may be removed by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal; (c) any Trustee who requests to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees; and (d) any Trustee may be removed at any special meeting of shareholders by a two-thirds vote of the outstanding voting securities of the trust. Each Trustee who is not an interested person (as defined in the 1940 Act) of the trust and the fund is referred to herein as an Independent Trustee. Each Independent Trustee shall retire not later than the last day of the calendar year in which his or her 75th birthday occurs. The Independent Trustees may waive this mandatory retirement age policy with respect to individual Trustees. Officers and Advisory Board Members hold office without limit in time, except that any officer or Advisory Board Member may resign or may be removed by a vote of a majority of the Trustees at any regular meeting or any special meeting of the Trustees. Except as indicated, each individual has held the office shown or other offices in the same company for the past five years.

The fund's Statement of Additional Information (SAI) includes more information about the Trustees. To request a free copy, call Fidelity at 1-877-208-0098.

Experience, Skills, Attributes, and Qualifications of the Trustees. The Governance and Nominating Committee has adopted a statement of policy that describes the experience, qualifications, attributes, and skills that are necessary and desirable for potential Independent Trustee candidates (Statement of Policy). The Board believes that each Trustee satisfied at the time he or she was initially elected or appointed a Trustee, and continues to satisfy, the standards contemplated by the Statement of Policy. The Governance and Nominating Committee also engages professional search firms to help identify potential Independent Trustee candidates who have the experience, qualifications, attributes, and skills consistent with the Statement of Policy. From time to time, additional criteria based on the composition and skills of the current Independent Trustees, as well as experience or skills that may be appropriate in light of future changes to board composition, business conditions, and regulatory or other developments, have also been considered by the professional search firms and the Governance and Nominating Committee. In addition, the Board takes into account the Trustees' commitment and participation in Board and committee meetings, as well as their leadership of standing and ad hoc committees throughout their tenure.

In determining that a particular Trustee was and continues to be qualified to serve as a Trustee, the Board has considered a variety of criteria, none of which, in isolation, was controlling. The Board believes that, collectively, the Trustees have balanced and diverse experience, qualifications, attributes, and skills, which allow the Board to operate effectively in governing the fund and protecting the interests of shareholders. Information about the specific experience, skills, attributes, and qualifications of each Trustee, which in each case led to the Board's conclusion that the Trustee should serve (or continue to serve) as a trustee of the fund, is provided below.

Board Structure and Oversight Function. Abigail P. Johnson is an interested person and currently serves as Chairman. The Trustees have determined that an interested Chairman is appropriate and benefits shareholders because an interested Chairman has a personal and professional stake in the quality and continuity of services provided to the fund. Independent Trustees exercise their informed business judgment to appoint an individual of their choosing to serve as Chairman, regardless of whether the Trustee happens to be independent or a member of management. The Independent Trustees have determined that they can act independently and effectively without having an Independent Trustee serve as Chairman and that a key structural component for assuring that they are in a position to do so is for the Independent Trustees to constitute a substantial majority for the Board. The Independent Trustees also regularly meet in executive session. Arthur E. Johnson serves as Chairman of the Independent Trustees and as such (i) acts as a liaison between the Independent Trustees and management with respect to matters important to the Independent Trustees and (ii) with management prepares agendas for Board meetings.

Fidelity® funds are overseen by different Boards of Trustees. The fund's Board oversees Fidelity's investment-grade bond, money market, asset allocation and certain equity funds, and other Boards oversee Fidelity's high income and other equity funds. The asset allocation funds may invest in Fidelity® funds that are overseen by such other Boards. The use of separate Boards, each with its own committee structure, allows the Trustees of each group of Fidelity® funds to focus on the unique issues of the funds they oversee, including common research, investment, and operational issues. On occasion, the separate Boards establish joint committees to address issues of overlapping consequences for the Fidelity® funds overseen by each Board.

The Trustees operate using a system of committees to facilitate the timely and efficient consideration of all matters of importance to the Trustees, the fund, and fund shareholders and to facilitate compliance with legal and regulatory requirements and oversight of the fund's activities and associated risks. The Board, acting through its committees, has charged FMR and its affiliates with (i) identifying events or circumstances the occurrence of which could have demonstrably adverse effects on the fund's business and/or reputation; (ii) implementing processes and controls to lessen the possibility that such events or circumstances occur or to mitigate the effects of such events or circumstances if they do occur; and (iii) creating and maintaining a system designed to evaluate continuously business and market conditions in order to facilitate the identification and implementation processes described in (i) and (ii) above. Because the day-to-day operations and activities of the fund are carried out by or through FMR, its affiliates, and other service providers, the fund's exposure to risks is mitigated but not eliminated by the processes overseen by the Trustees. While each of the Board's committees has responsibility for overseeing different aspects of the fund's activities, oversight is exercised primarily through the Operations and Audit Committees. In addition, an ad hoc Board committee of Independent Trustees has worked with FMR to enhance the Board's oversight of investment and financial risks, legal and regulatory risks, technology risks, and operational risks, including the development of additional risk reporting to the Board. Appropriate personnel, including but not limited to the fund's Chief Compliance Officer (CCO), FMR's internal auditor, the independent accountants, the fund's Treasurer and portfolio management personnel, make periodic reports to the Board's committees, as appropriate, including an annual review of Fidelity's risk management program for the Fidelity® funds. The responsibilities of each standing committee, including their oversight responsibilities, are described further under "Standing Committees of the Trustees."

Interested Trustees*:

Correspondence intended for a Trustee who is an interested person may be sent to Fidelity Investments, 245 Summer Street, Boston, Massachusetts 02210.

Name, Year of Birth; Principal Occupations and Other Relevant Experience+

Abigail P. Johnson (1961)

Year of Election or Appointment: 2009

Trustee

Chairman of the Board of Trustees

Ms. Johnson also serves as Trustee of other Fidelity® funds. Ms. Johnson serves as Chairman (2016-present), Chief Executive Officer (2014-present), and Director (2007-present) of FMR LLC (diversified financial services company), President of Fidelity Financial Services (2012-present) and President of Personal, Workplace and Institutional Services (2005-present). Ms. Johnson is Chairman and Director of FMR Co., Inc. (investment adviser firm, 2011-present) and Chairman and Director of FMR (investment adviser firm, 2011-present). Previously, Ms. Johnson served as Vice Chairman (2007-2016) and President (2013-2016) of FMR LLC, President and a Director of FMR (2001-2005), a Trustee of other investment companies advised by FMR, Fidelity Investments Money Management, Inc. (investment adviser firm), and FMR Co., Inc. (2001-2005), Senior Vice President of the Fidelity® funds (2001-2005), and managed a number of Fidelity® funds. Ms. Abigail P. Johnson and Mr. Arthur E. Johnson are not related.

Jennifer Toolin McAuliffe (1959)

Year of Election or Appointment: 2016

Trustee

Ms. McAuliffe also serves as Trustee of other Fidelity® funds. Ms. McAuliffe previously served as a Member of the Advisory Board of certain Fidelity® funds (2016) and as Co-Head of Fixed Income of Fidelity Investments Limited (now known as FIL Limited (FIL)) (diversified financial services company). Earlier roles at FIL included Director of Research for FIL's credit and quantitative teams in London, Hong Kong and Tokyo. Ms. McAuliffe also was the Director of Research for taxable and municipal bonds at Fidelity Investments Money Management, Inc. Ms. McAuliffe is also a director or trustee of several not-for-profit entities.

* Determined to be an "Interested Trustee" by virtue of, among other things, his or her affiliation with the trust or various entities under common control with FMR.

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

Independent Trustees:

Correspondence intended for an Independent Trustee may be sent to Fidelity Investments, P.O. Box 55235, Boston, Massachusetts 02205-5235.

Name, Year of Birth; Principal Occupations and Other Relevant Experience+

Elizabeth S. Acton (1951)

Year of Election or Appointment: 2013

Trustee

Ms. Acton also serves as Trustee of other Fidelity® funds. Prior to her retirement in April 2012, Ms. Acton was Executive Vice President, Finance (2011-2012), Executive Vice President, Chief Financial Officer (2002-2011), and Treasurer (2004-2005) of Comerica Incorporated (financial services). Prior to joining Comerica, Ms. Acton held a variety of positions at Ford Motor Company (1983-2002), including Vice President and Treasurer (2000-2002) and Executive Vice President and Chief Financial Officer of Ford Motor Credit Company (1998-2000). Ms. Acton currently serves as a member of the Board of Directors and Audit and Finance Committees of Beazer Homes USA, Inc. (homebuilding, 2012-present). Previously, Ms. Acton served as a Member of the Advisory Board of certain Fidelity® funds (2013-2016).

Ann E. Dunwoody (1953)

Year of Election or Appointment: 2018

Trustee

General Dunwoody also serves as Trustee of other Fidelity® funds. General Dunwoody (United States Army, Retired) was the first woman in U.S. military history to achieve the rank of four-star general and prior to her retirement in 2012 held a variety of positions within the U.S. Army, including Commanding General, U.S. Army Material Command (2008-2012). She is the President of First to Four LLC (leadership and mentoring services, 2012-present). She also serves as a member of the Board of Directors and Nominating and Corporate Governance Committee of L3 Technologies, Inc. (communication, electronic, sensor, and aerospace systems, 2013-present), Board of Directors and Nomination and Corporate Governance Committees of Kforce Inc. (professional staffing services, 2016-present) and Board of Directors of Automattic Inc. (software engineering, 2018-present). Previously, General Dunwoody served as a Member of the Advisory Board of certain Fidelity® funds (2018), a member of the Board of Directors and Audit and Sustainability and Corporate Responsibility Committees of Republic Services, Inc. (waste collection, disposal and recycling, 2013-2016). Ms. Dunwoody also serves on several boards for non-profit organizations, including as a member of the Board of Directors, Chair of the Nomination and Governance Committee and member of the Audit Committee of Logistics Management Institute (consulting non-profit, 2012-present), a member of the Board of Directors of the Army Historical Foundation (2015-present), a member of the Council of Trustees for the Association of the United States Army (advocacy non-profit, 2013-present) and a member of the Board of Trustees of Florida Institute of Technology (2015-present) and ThanksUSA (military family education non-profit, 2014-present).

Trustees and Officers – continued

John Engler (1948)

Year of Election or Appointment: 2014

Trustee

Mr. Engler also serves as Trustee of other Fidelity® funds. He serves on the board of directors for Universal Forest Products (manufacturer and distributor of wood and wood-alternative products, 2003-present) and K12 Inc. (technology-based education company, 2012-present). Previously, Mr. Engler served as interim president of Michigan State University (2018-2019), a Member of the Advisory Board of certain Fidelity® funds (2014-2016), president of the Business Roundtable (2011-2017), a trustee of The Munder Funds (2003-2014), president and CEO of the National Association of Manufacturers (2004-2011), member of the Board of Trustees of the Annie E. Casey Foundation (2004-2015), and as governor of Michigan (1991-2003). He is a past chairman of the National Governors Association.

Robert F. Gartland (1951)

Year of Election or Appointment: 2010

Trustee

Mr. Gartland also serves as Trustee of other Fidelity® funds. Mr. Gartland is Chairman and an investor in Gartland & Mellina Group Corp. (consulting, 2009-present). Previously, Mr. Gartland served as a partner and investor of Vietnam Partners LLC (investments and consulting, 2008-2011). Prior to his retirement, Mr. Gartland held a variety of positions at Morgan Stanley (financial services, 1979-2007), including Managing Director (1987-2007), and Chase Manhattan Bank (1975-1978).

Arthur E. Johnson (1947)

Year of Election or Appointment: 2008

Trustee

Chairman of the Independent Trustees

Mr. Johnson also serves as Trustee of other Fidelity® funds. Mr. Johnson serves as a member of the Board of Directors of Eaton Corporation plc (diversified power management, 2009-present) and Booz Allen Hamilton (management consulting, 2011-present). Prior to his retirement, Mr. Johnson served as Senior Vice President of Corporate Strategic Development of Lockheed Martin Corporation (defense contractor, 1999-2009). He previously served on the Board of Directors of IKON Office Solutions, Inc. (1999-2008), AGL Resources, Inc. (holding company, 2002-2016), and Delta Airlines (2005-2007). Mr. Arthur E. Johnson is not related to Ms. Abigail P. Johnson.

Michael E. Kenneally (1954)

Year of Election or Appointment: 2009

Trustee

Vice Chairman of the Independent Trustees

Mr. Kenneally also serves as Trustee of other Fidelity® funds. Prior to his retirement, Mr. Kenneally served as Chairman and Global Chief Executive Officer of Credit Suisse Asset Management. Before joining Credit Suisse, he was an Executive Vice President and Chief Investment Officer for Bank of America Corporation. Earlier roles at Bank of America included Director of Research, Senior Portfolio Manager and Research Analyst, and Mr. Kenneally was awarded the Chartered Financial Analyst (CFA) designation in 1991.

Marie L. Knowles (1946)

Year of Election or Appointment: 2001

Trustee

Ms. Knowles also serves as Trustee of other Fidelity® funds. Prior to Ms. Knowles' retirement in June 2000, she served as Executive Vice President and Chief Financial Officer of Atlantic Richfield Company (ARCO) (diversified energy, 1996-2000). From 1993 to 1996, she was a Senior Vice President of ARCO and President of ARCO Transportation Company (pipeline and tanker operations). Ms. Knowles currently serves as a Director and Chairman of the Audit Committee of McKesson Corporation (healthcare service, since 2002). Ms. Knowles is a member of the Board of the Santa Catalina Island Company (real estate, 2009-present). Ms. Knowles is a Member of the Investment Company Institute Board of Governors and a Member of the Governing Council of the Independent Directors Council (2014-present). She also serves as a member of the Advisory Board for the School of Engineering of the University of Southern California. Previously, Ms. Knowles served as a Director of Phelps Dodge Corporation (copper mining and manufacturing, 1994-2007), URS Corporation (engineering and construction, 2000-2003) and America West (airline, 1999-2002). Ms. Knowles previously served as Chairman (2015-2018) and Vice Chairman (2012-2015) of the Independent Trustees of certain Fidelity® funds.

Mark A. Murray (1954)

Year of Election or Appointment: 2016

Trustee

Mr. Murray also serves as Trustee of other Fidelity® funds. Mr. Murray is Vice Chairman (2013-present) of Meijer, Inc. (regional retail chain). Previously, Mr. Murray served as a Member of the Advisory Board of certain Fidelity® funds (2016) and as Co-Chief Executive Officer (2013-2016) and President (2006-2013) of Meijer, Inc. Mr. Murray serves as a member of the Board of Directors and Nuclear Review and Public Policy and Responsibility Committees of DTE Energy Company (diversified energy company, 2009-present). Mr. Murray also serves as a member of the Board of Directors of Spectrum Health (not-for-profit health system, 2015-present). Mr. Murray previously served as President of Grand Valley State University (2001-2006), Treasurer for the State of Michigan (1999-2001), Vice President of Finance and Administration for Michigan State University (1998-1999), and a member of the Board of Directors and Audit Committee and Chairman of the Nominating and Corporate Governance Committee of Universal Forest Products, Inc. (manufacturer and distributor of wood and wood-alternative products, 2004-2016). Mr. Murray is also a director or trustee of many community and professional organizations.

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

Advisory Board Members and Officers:

Correspondence intended for an officer may be sent to Fidelity Investments, 245 Summer Street, Boston, Massachusetts 02210. Officers appear below in alphabetical order.

Name, Year of Birth; Principal Occupation

Elizabeth Paige Baumann (1968)

Year of Election or Appointment: 2017
Anti-Money Laundering (AML) Officer

Ms. Baumann also serves as AML Officer of other funds. She is Chief AML Officer (2012-present) and Senior Vice President (2014-present) of FMR LLC (diversified financial services company) and is an employee of Fidelity Investments. Previously, Ms. Baumann served as AML Officer of the funds (2012-2016), and Vice President (2007-2014) and Deputy Anti-Money Laundering Officer (2007-2012) of FMR LLC.

Craig S. Brown (1977)

Year of Election or Appointment: 2019
Assistant Treasurer

Mr. Brown also serves as Assistant Treasurer of other funds. Mr. Brown is an employee of Fidelity Investments (2013-present).

John J. Burke III (1964)

Year of Election or Appointment: 2018
Chief Financial Officer

Mr. Burke also serves as Chief Financial Officer of other funds. Mr. Burke serves as Head of Investment Operations for Fidelity Fund and Investment Operations (2018-present) and is an employee of Fidelity Investments (1998-present). Previously Mr. Burke served as head of Asset Management Investment Operations (2012-2018).

William C. Coffey (1969)

Year of Election or Appointment: 2018
Secretary and Chief Legal Officer (CLO)

Mr. Coffey also serves as Secretary and CLO of other funds. Mr. Coffey serves as CLO, Secretary, and Senior Vice President of Fidelity Management & Research Company and FMR Co., Inc. (investment adviser firms, 2018-present); Secretary of Fidelity SelectCo, LLC and Fidelity Investments Money Management, Inc. (investment adviser firms, 2018-present); and CLO of Fidelity Management & Research (Hong Kong) Limited, FMR Investment Management (UK) Limited, and Fidelity Management & Research (Japan) Limited (investment adviser firms, 2018-present). He is Senior Vice President and Deputy General Counsel of FMR LLC (diversified financial services company, 2010-present), and is an employee of Fidelity Investments. Previously, Mr. Coffey served as Assistant Secretary of certain funds (2009-2018) and as Vice President and Associate General Counsel of FMR LLC (2005-2009).

Jonathan Davis (1968)

Year of Election or Appointment: 2010
Assistant Treasurer

Mr. Davis also serves as Assistant Treasurer of other funds. Mr. Davis serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments. Previously, Mr. Davis served as Vice President and Associate General Counsel of FMR LLC (diversified financial services company, 2003-2010).

Adrien E. Deberghes (1967)

Year of Election or Appointment: 2010
Assistant Treasurer

Mr. Deberghes also serves as an officer of other funds. He serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), Executive Vice President of Fidelity Investments Money Management, Inc. (FIMM) (investment adviser firm, 2016-present), and is an employee of Fidelity Investments (2008-present). Previously, Mr. Deberghes served as President and Treasurer of certain Fidelity® funds (2013-2018). Prior to joining Fidelity Investments, Mr. Deberghes was Senior Vice President of Mutual Fund Administration at State Street Corporation (2007-2008), Senior Director of Mutual Fund Administration at Investors Bank & Trust (2005-2007), and Director of Finance for Dunkin' Brands (2000-2005). Previously, Mr. Deberghes served in other fund officer roles.

Laura M. Del Prato (1964)

Year of Election or Appointment: 2018
President and Treasurer

Ms. Del Prato also serves as an officer of other funds. Ms. Del Prato is an employee of Fidelity Investments (2017-present). Prior to joining Fidelity Investments, Ms. Del Prato served as a Managing Director and Treasurer of the JPMorgan Mutual Funds (2014-2017). Prior to JPMorgan, Ms. Del Prato served as a partner at Cohen Fund Audit Services (accounting firm, 2012-2013) and KPMG LLP (accounting firm, 2004-2012).

Trustees and Officers – continued

Colm A. Hogan (1973)

Year of Election or Appointment: 2016

Assistant Treasurer

Mr. Hogan also serves as an officer of other funds. Mr. Hogan serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (2005-present). Previously, Mr. Hogan served as Assistant Treasurer of certain Fidelity® funds (2016-2018).

Chris Maher (1972)

Year of Election or Appointment: 2013

Assistant Treasurer

Mr. Maher serves as Assistant Treasurer of other funds. Mr. Maher is Vice President of Valuation Oversight, serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), and is an employee of Fidelity Investments. Previously, Mr. Maher served as Vice President of Asset Management Compliance (2013), Vice President of the Program Management Group of FMR (investment adviser firm, 2010-2013), and Vice President of Valuation Oversight (2008-2010).

John B. McGinty, Jr. (1962)

Year of Election or Appointment: 2016

Chief Compliance Officer

Mr. McGinty also serves as Chief Compliance Officer of other funds. Mr. McGinty is Senior Vice President of Asset Management Compliance for Fidelity Investments and is an employee of Fidelity Investments (2016-present). Mr. McGinty previously served as Vice President, Senior Attorney at Eaton Vance Management (investment management firm, 2015-2016), and prior to Eaton Vance as global CCO for all firm operations and registered investment companies at GMO LLC (investment management firm, 2009-2015). Before joining GMO LLC, Mr. McGinty served as Senior Vice President, Deputy General Counsel for Fidelity Investments (2007-2009).

Jason P. Pogorelec (1975)

Year of Election or Appointment: 2015

Assistant Secretary

Mr. Pogorelec also serves as Assistant Secretary of other funds. Mr. Pogorelec serves as Vice President, Associate General Counsel (2010-present) and is an employee of Fidelity Investments (2006-present).

Nancy D. Prior (1967)

Year of Election or Appointment: 2014

Vice President

Ms. Prior also serves as Vice President of other funds. Ms. Prior serves as President Fixed Income, High Income/Emerging Market Debt and Multi Asset Class Strategies of FIAM LLC (2018-present), President (2016-present) and Director (2014-present) of Fidelity Investments Money Management, Inc. (FIMM) (investment adviser firm), President, Fixed Income (2014-present), and is an employee of Fidelity Investments (2002-present). Previously, Ms. Prior served as Vice Chairman of FIAM LLC (investment adviser firm, 2014-2018), a Director of FMR Investment Management (UK) Limited (investment adviser firm, 2015-2018), President Multi-Asset Class Strategies of FMR's Global Asset Allocation Division (2017-2018), Vice President of Fidelity's Money Market Funds (2012-2014), President, Money Market and Short Duration Bond Group of Fidelity Management & Research (FMR) (investment adviser firm, 2013-2014), President, Money Market Group of FMR (2011-2013), Managing Director of Research (2009-2011), Senior Vice President and Deputy General Counsel (2007-2009), and Assistant Secretary of certain Fidelity® funds (2008-2009).

Stacie M. Smith (1974)

Year of Election or Appointment: 2013

Assistant Treasurer

Ms. Smith also serves as an officer of other funds. Ms. Smith serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), is an employee of Fidelity Investments (2009-present), and has served in other fund officer roles. Prior to joining Fidelity Investments, Ms. Smith served as Senior Audit Manager of Ernst & Young LLP (accounting firm, 1996-2009). Previously, Ms. Smith served as Assistant Treasurer (2013-2018) and Deputy Treasurer (2013-2016) of certain Fidelity® funds.

Marc L. Spector (1972)

Year of Election or Appointment: 2016

Deputy Treasurer

Mr. Spector also serves as an officer of other funds. Mr. Spector serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (2016-present). Prior to joining Fidelity Investments, Mr. Spector served as Director at the Siegfried Group (accounting firm, 2013-2016), and prior to Siegfried Group as audit senior manager at Deloitte & Touche (accounting firm, 2005-2013).

Jim Wegmann (1979)

Year of Election or Appointment: 2019

Assistant Treasurer

Mr. Wegmann also serves as Assistant Treasurer of other funds. Mr. Wegmann is an employee of Fidelity Investments (2011-present).

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with 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 (July 1, 2018 to December 31, 2018).

Actual Expenses

The first line of the accompanying table for each class of the Fund 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 \$1,000.00 (for example, an \$8,600 account value divided by \$1,000.00 = 8.6), then multiply the result by the number in the first line for a class of the Fund 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 any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund's annualized expense ratio used to calculate the expense estimate in the table below.

Hypothetical Example for Comparison Purposes

The second line of the accompanying table for each class of the Fund provides information about hypothetical account values and hypothetical expenses based on a Class' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Class' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund's annualized expense ratio used to calculate the expense estimate in the table below.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Annualized Expense Ratio ^A	Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During Period ^B July 1, 2018 to December 31, 2018
Initial Class	.67%			
Actual		\$1,000.00	\$983.20	\$3.35
Hypothetical ^C		\$1,000.00	\$1,021.83	\$3.41
Service Class	.77%			
Actual		\$1,000.00	\$982.10	\$3.85
Hypothetical ^C		\$1,000.00	\$1,021.32	\$3.92
Service Class 2	.91%			
Actual		\$1,000.00	\$981.60	\$4.55
Hypothetical ^C		\$1,000.00	\$1,020.62	\$4.63
Investor Class	.70%			
Actual		\$1,000.00	\$982.70	\$3.50
Hypothetical ^C		\$1,000.00	\$1,021.68	\$3.57

^A Annualized expense ratio reflects expenses net of applicable fee waivers.

^B Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). The fees and expenses of the underlying Fidelity Central Funds in which the Fund invests are not included in each Class' annualized expense ratio. In addition to the expenses noted above, the Fund also indirectly bears its proportional share of the expenses of the underlying Fidelity Central Funds. Annualized expenses of the underlying non-money market Fidelity Central Funds as of their most recent fiscal half year were .01%.

^C 5% return per year before expenses

Distributions (Unaudited)

A total of 8.97% of the dividends distributed during the fiscal year was derived from interest on U.S. Government securities which is generally exempt from state income tax.

Initial Class, Service Class, Service Class 2, and Investor Class designate 1% of the dividend distributed in December 2018, during the fiscal year as qualifying for the dividends—received deduction for corporate shareholders.

Board Approval of Investment Advisory Contracts and Management Fees

VIP Strategic Income Portfolio

Each year, the Board of Trustees, including the Independent Trustees (together, the Board), votes on the renewal of the management contract with Fidelity Management & Research Company (FMR) and the sub-advisory agreements (together, the Advisory Contracts) for the fund. FMR and the sub-advisers are referred to herein as the Investment Advisers. The Board, assisted by the advice of fund counsel and Independent Trustees' counsel, requests and considers a broad range of information relevant to the renewal of the Advisory Contracts throughout the year.

The Board meets regularly and, at each of its meetings, covers an extensive agenda of topics and materials and considers factors that are relevant to its annual consideration of the renewal of the fund's Advisory Contracts, including the services and support provided to the fund and its shareholders. The Board has established four standing committees (Committees) — Operations, Audit, Fair Valuation, and Governance and Nominating — each composed of and chaired by Independent Trustees with varying backgrounds, to which the Board has assigned specific subject matter responsibilities in order to enhance effective decision-making by the Board. The Operations Committee, of which all of the Independent Trustees are members, meets regularly throughout the year and considers, among other matters, information specifically related to the annual consideration of the renewal of the fund's Advisory Contracts. The Board, acting directly and through its Committees, requests and receives information concerning the annual consideration of the renewal of the fund's Advisory Contracts. The Board also meets as needed to review matters specifically related to the Board's annual consideration of the renewal of the Advisory Contracts. Members of the Board may also meet with trustees of other Fidelity funds through joint ad hoc committees to discuss certain matters relevant to all of the Fidelity funds.

At its September 2018 meeting, the Board unanimously determined to renew the fund's Advisory Contracts. In reaching its determination, the Board considered all factors it believed relevant, including (i) the nature, extent, and quality of the services to be provided to the fund and its shareholders (including the investment performance of the fund); (ii) the competitiveness of the fund's management fee and total expense ratio relative to peer funds; (iii) the total costs of the services to be provided by and the profits to be realized by Fidelity from its relationships with the fund; and (iv) the extent to which, if any, economies of scale exist and would be realized as the fund grows, and whether any economies of scale are appropriately shared with fund shareholders.

In considering whether to renew the Advisory Contracts for the fund, the Board reached a determination, with the assistance of fund counsel and Independent Trustees' counsel and through the exercise of its business judgment, that the renewal of the Advisory Contracts was in the best interests of the fund and its shareholders and that the compensation payable under the Advisory Contracts was fair and reasonable. The Board's decision to renew the Advisory Contracts was not based on any single factor, but rather was based on a comprehensive consideration of all the information provided to the Board at its meetings throughout the year. The Board, in reaching its determination to renew the Advisory Contracts, was aware that shareholders of the fund have a broad range of investment choices available to them, including a wide choice among funds offered by Fidelity's competitors, and that the fund's shareholders, who have the opportunity to review and weigh the disclosure provided by the fund in its prospectus and other public disclosures, have chosen to invest in this fund, which is part of the Fidelity family of funds.

Nature, Extent, and Quality of Services Provided. The Board considered Fidelity's staffing as it relates to the fund, including the backgrounds of investment personnel of Fidelity, and also considered the fund's investment objective, strategies, and related investment philosophy. The Independent Trustees also had discussions with senior management of Fidelity's investment operations and investment groups. The Board considered the structure of the investment personnel compensation program and whether this structure provides appropriate incentives to act in the best interests of the fund. Additionally, the Board considered the portfolio managers' investments, if any, in the funds that they manage.

Resources Dedicated to Investment Management and Support Services. The Board reviewed the general qualifications and capabilities of Fidelity's investment staff, including its size, education, experience, and resources, as well as Fidelity's approach to recruiting, managing, and compensating investment personnel. The Board noted that Fidelity has continued to increase the resources devoted to non-U.S. offices, including expansion of Fidelity's global investment organization. The Board also noted that Fidelity's analysts have extensive resources, tools and capabilities that allow them to conduct sophisticated quantitative and fundamental analysis, as well as credit analysis of issuers, counterparties and guarantors. Further, the Board considered that Fidelity's investment professionals have sufficient access to global information and data so as to provide competitive investment results over time, and that those professionals also have access to sophisticated tools that permit them to assess portfolio construction and risk and performance attribution characteristics continuously, as well as to transmit new information and research conclusions rapidly around the world. Additionally, in its deliberations, the Board considered Fidelity's trading, risk management, compliance, and technology and operations capabilities and resources, which are integral parts of the investment management process.

Shareholder and Administrative Services. The Board considered (i) the nature, extent, quality, and cost of advisory, administrative, and shareholder services performed by the Investment Advisers and their affiliates under the Advisory Contracts and under separate agreements covering transfer agency, pricing and bookkeeping, and securities lending services for the fund; (ii) the nature and extent of the supervision of third party service providers, principally custodians, subcustodians, and pricing vendors; and (iii) the resources devoted to, and the record of compliance with, the fund's compliance policies and procedures. The Board also reviewed the allocation of fund brokerage, including allocations to brokers affiliated with the Investment Advisers, the use of brokerage commissions to pay fund expenses, and the use of "soft" commission dollars to pay for research services.

The Board noted that the growth of fund assets over time across the complex allows Fidelity to reinvest in the development of services designed to enhance the value and convenience of the Fidelity funds as investment vehicles. These services include 24-hour access to account information and market information through telephone representatives and over the Internet, investor education materials and asset allocation tools, and the expanded availability of Fidelity Investor Centers.

Investment in a Large Fund Family. The Board considered the benefits to shareholders of investing in a Fidelity fund, including the benefits of investing in a fund that is part of a large family of funds offering a variety of investment disciplines and providing a large variety of mutual fund investor services. The Board noted that Fidelity had taken, or had made recommendations that resulted in the Fidelity funds taking, a number of actions over the previous year that benefited particular funds, including: (i) continuing to dedicate additional resources to Fidelity's investment research process, which includes meetings with management of issuers of securities in which the funds invest, and to the support of the senior management team that oversees asset management; (ii) continuing efforts to enhance Fidelity's global research capabilities; (iii) launching new funds and making other enhancements to meet client needs; (iv) launching new share classes of existing funds; (v) eliminating purchase minimums and broadening eligibility requirements for certain funds and share classes; (vi) reducing management fees and total expenses for certain growth equity funds and index funds; (vii) lowering expense caps for certain existing funds and classes, and converting certain voluntary expense caps to contractual caps, to reduce expenses borne by shareholders; (viii) eliminating short-term redemption fees for funds that had such fees; (ix) rationalizing product lines and gaining increased efficiencies from fund mergers and share class consolidations; (x) continuing to develop, acquire and implement systems and technology to improve services to the funds and shareholders, strengthen information security, and increase efficiency; and (xi) continuing to implement enhancements to further strengthen Fidelity's product line to increase investors' probability of success in achieving their investment goals, including retirement income goals.

Board Approval of Investment Advisory Contracts and Management Fees – continued

Investment Performance. The Board considered whether the fund has operated in accordance with its investment objective, as well as its record of compliance with its investment restrictions and its performance history. The Board noted that there was a portfolio management change for the fund in December 2017.

The Board took into account discussions that occur at Board meetings throughout the year with representatives of the Investment Advisers about fund investment performance. In this regard the Board noted that as part of regularly scheduled fund reviews and other reports to the Board on fund performance, the Board considers annualized return information for the fund for different time periods, measured against one or more appropriate securities market indices, including a customized blended index that reflects the respective weights of the fund’s asset classes (each a “benchmark index”) and a peer group of funds with similar objectives (“peer group”), if any. In its evaluation of fund investment performance at meetings throughout the year, the Board gave particular attention to information indicating underperformance of certain Fidelity funds for specific time periods and discussed with the Investment Advisers the reasons for such underperformance.

In addition to reviewing absolute and relative fund performance, the Independent Trustees periodically consider the appropriateness of fund performance metrics in evaluating the results achieved. In general, the Independent Trustees believe that fund performance should be evaluated based on gross performance (before fees and expenses but after transaction costs) compared to appropriate benchmark indices, over appropriate time periods that may include full market cycles, and on net performance (after fees and expenses) compared to peer groups, as applicable, over the same periods, taking into account relevant factors including the following: general market conditions; expectations for interest rate levels and credit conditions; issuer-specific information including credit quality; and fund cash flows and other factors. Depending on the circumstances, the Independent Trustees may be satisfied with a fund’s performance notwithstanding that it lags its benchmark index or peer group for certain periods.

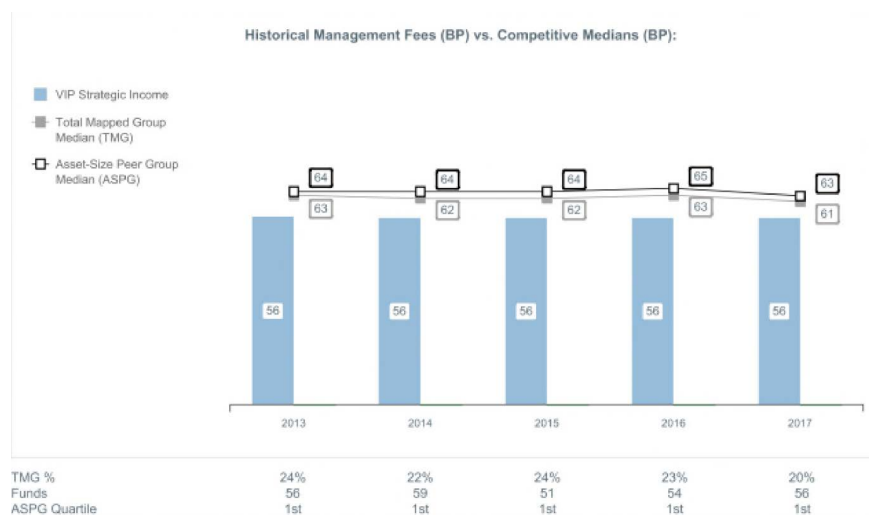
The Independent Trustees recognize that shareholders evaluate performance on a net basis over their own holding periods, for which one-, three-, and five-year periods are often used as a proxy. For this reason, the performance information reviewed by the Board also included net cumulative calendar year total return information for the fund and an appropriate benchmark index and peer group for the most recent one-, three-, and five-year periods.

Based on its review, the Board concluded that the nature, extent, and quality of services provided to the fund under the Advisory Contracts should continue to benefit the shareholders of the fund.

Competitiveness of Management Fee and Total Expense Ratio. The Board considered the fund’s management fee and total expense ratio compared to “mapped groups” of competitive funds and classes created for the purpose of facilitating the Trustees’ competitive analysis of management fees and total expenses. Fidelity creates “mapped groups” by combining similar Lipper investment objective categories that have comparable investment mandates. Combining Lipper investment objective categories aids the Board’s management fee and total expense ratio comparisons by broadening the competitive group used for comparison.

Management Fee. The Board considered two proprietary management fee comparisons for the 12-month periods shown in basis points (BP) in the chart below. The group of Lipper funds used by the Board for management fee comparisons is referred to below as the “Total Mapped Group.” The Total Mapped Group comparison focuses on a fund’s standing in terms of gross management fees before expense reimbursements or caps relative to the total universe of funds with comparable investment mandates, regardless of whether their management fee structures also are comparable. Funds with comparable investment mandates offer exposure to similar types of securities. Funds with comparable management fee structures have similar management fee contractual arrangements (e.g., flat rate charged for advisory services, all-inclusive fee rate, etc.). “TMG %” represents the percentage of funds in the Total Mapped Group that had management fees that were lower than the fund’s. For example, a hypothetical TMG % of 20% would mean that 80% of the funds in the Total Mapped Group had higher, and 20% had lower, management fees than the fund. The fund’s actual TMG %s and the number of funds in the Total Mapped Group are in the chart below. The “Asset-Size Peer Group” (ASPG) comparison focuses on a fund’s standing relative to a subset of non-Fidelity funds within the Total Mapped Group that are similar in size and management fee structure. For example, if a fund is in the first quartile of the ASPG, the fund’s management fee ranks in the least expensive or lowest 25% of funds in the ASPG. The ASPG represents at least 15% of the funds in the Total Mapped Group with comparable asset size and management fee structures, subject to a minimum of 50 funds (or all funds in the Total Mapped Group if fewer than 50). Additional information, such as the ASPG quartile in which the fund’s management fee rate ranked, is also included in the chart and was considered by the Board.

VIP Strategic Income Portfolio



The Board noted that the fund’s management fee rate ranked below the median of its Total Mapped Group and below the median of its ASPG for 2017.

The Board noted that it and the boards of other Fidelity funds formed an ad hoc Committee on Group Fee, which meets periodically, to conduct an in-depth review of the “group fee” component of the management fee of funds with such management fee structures. The Committee’s focus included the mechanics of the group fee, the competitive landscape of group fee structures, Fidelity funds with no group fee component and investment products not included in group fee assets. The Board also considered that, for funds subject to the group fee, FMR agreed to voluntarily waive fees over a specified period of time in amounts designed to account for assets converted from certain funds to certain collective investment trusts.

Based on its review, the Board concluded that the fund’s management fee is fair and reasonable in light of the services that the fund receives and the other factors considered.

Total Expense Ratio. In its review of each class’s total expense ratio, the Board considered the fund’s management fee rate as well as other fund or class expenses, as applicable, such as transfer agent fees, pricing and bookkeeping fees, fund-paid 12b-1 fees, and custodial, legal, and audit fees. The Board also noted that Fidelity may agree to waive fees and expenses from time to time, and the extent to which, if any, it has done so for the fund. As part of its review, the Board also considered the current and historical total expense ratios of each class of the fund compared to competitive fund median expenses. Each class of the fund is compared to those funds and classes in the Total Mapped Group (used by the Board for management fee comparisons) that have a similar sales load structure.

The Board noted that the total expense ratio of each of Initial Class, Investor Class, and Service Class ranked below the competitive median for 2017 and the total expense ratio of Service Class 2 ranked above the competitive median for 2017. The Board considered that, in general, various factors can affect total expense ratios. The Board noted that the total expense ratio of Service Class 2 was above the competitive median because of its 12b-1 fees and that excluding 12b-1 fees of both the class and competitor classes, the total expense ratio of Service Class 2 ranked below the median. The Board noted that the fund offers multiple classes, each of which has a different 12b-1 fee structure, and that the multiple structures are intended to offer a range of pricing options for the intermediary market. The Board also noted that the total expense ratios of the classes vary primarily by the level of their 12b-1 fees, although differences in transfer agent fees may also cause expenses to vary from class to class.

Fees Charged to Other Fidelity Clients. The Board also considered Fidelity fee structures and other information with respect to clients of Fidelity, such as other funds advised or subadvised by Fidelity, pension plan clients, and other institutional clients with similar mandates. The Board noted that a joint ad hoc committee created by it and the boards of other Fidelity funds periodically reviews and compares Fidelity’s institutional investment advisory business with its business of providing services to the Fidelity funds and also noted the most recent findings of the committee. The Board noted that the committee’s review included a consideration of the differences in services provided, fees charged, and costs incurred, as well as competition in the markets serving the different categories of clients.

Based on its review of total expense ratios and fees charged to other Fidelity clients, the Board concluded that the total expense ratio of each class of the fund was reasonable in light of the services that the fund and its shareholders receive and the other factors considered.

Costs of the Services and Profitability. The Board considered the revenues earned and the expenses incurred by Fidelity in conducting the business of developing, marketing, distributing, managing, administering and servicing the fund and servicing the fund’s shareholders. The Board also considered the level of Fidelity’s profits in respect of all the Fidelity funds.

On an annual basis, Fidelity presents to the Board information about the profitability of its relationships with the fund. Fidelity calculates profitability information for each fund, as well as aggregate profitability information for groups of Fidelity funds and all Fidelity funds, using a series of detailed revenue and cost allocation methodologies which originate with the books and records of Fidelity on which Fidelity’s audited financial statements are based. The Audit Committee of the Board reviews any significant changes from the prior year’s methodologies.

PricewaterhouseCoopers LLP (PwC), auditor to Fidelity and certain Fidelity funds, has been engaged annually by the Board as part of the Board’s assessment of Fidelity’s profitability analysis. PwC’s engagement includes the review and assessment of the methodologies used by Fidelity in determining the revenues and expenses attributable to Fidelity’s mutual fund business, and completion of agreed-upon procedures in respect of the mathematical accuracy of the fund profitability information and its conformity to established allocation methodologies. After considering PwC’s reports issued under the engagement and information provided by Fidelity, the Board concluded that while other allocation methods may also be reasonable, Fidelity’s profitability methodologies are reasonable in all material respects.

The Board also reviewed Fidelity’s non-fund businesses and potential indirect benefits such businesses may have received as a result of their association with Fidelity’s mutual fund business (i.e., fall-out benefits) as well as cases where Fidelity’s affiliates may benefit from the fund’s business. The Board noted that changes to fall-out benefits year-over-year reflect business developments at Fidelity’s various businesses.

The Board considered the costs of the services provided by and the profits realized by Fidelity in connection with the operation of the fund and was satisfied that the profitability was not excessive.

Economies of Scale. The Board considered whether there have been economies of scale in respect of the management of the Fidelity funds, whether the Fidelity funds (including the fund) have appropriately benefited from any such economies of scale, and whether there is potential for realization of any further economies of scale. The Board considered the extent to which the fund will benefit from economies of scale as assets grow through increased services to the fund, through waivers or reimbursements, or through fee or expense ratio reductions. The Board also noted that a committee (the Economies of Scale Committee) created by it and the boards of other Fidelity funds periodically analyzes whether Fidelity attains economies of scale in respect of the management and servicing of the Fidelity funds, whether the Fidelity funds have appropriately benefited from such economies of scale, and whether there is potential for realization of any further economies of scale.

The Board recognized that the fund’s management contract incorporates a “group fee” structure, which provides for lower group fee rates as total group assets increase, and for higher group fee rates as total group assets decrease (with “group assets” defined to include fund assets under FMR’s management plus the assets of sector funds previously under FMR’s management). FMR calculates the group fee rates based on a tiered asset “breakpoint” schedule that varies based on asset class. The Board considered that the group fee is designed to deliver the benefits of economies of scale to fund shareholders when total Fidelity fund assets increase, even if assets of any particular fund are unchanged or have declined, because some portion of Fidelity’s costs are attributable to services provided to all Fidelity funds, and all funds benefit if those costs can be allocated among more assets. The Board concluded that, given the group fee structure, fund shareholders will benefit from lower management fees as group assets increase at the fund complex level, regardless of whether Fidelity achieves any such economies of scale.

The Board concluded, taking into account the analysis of the Economies of Scale Committee, that economies of scale, if any, are being appropriately shared between fund shareholders and Fidelity.

Board Approval of Investment Advisory Contracts and Management Fees – continued

Additional Information Requested by the Board. In order to develop fully the factual basis for consideration of the Fidelity funds' advisory contracts, the Board requested and received additional information on certain topics, including: (i) Fidelity's fund profitability methodology, profitability trends for certain funds, the allocation of various costs to different funds, and the impact of certain factors on fund profitability results; (ii) portfolio manager changes that have occurred during the past year and the amount of the investment that each portfolio manager has made in the Fidelity fund(s) that he or she manages; (iii) Fidelity's compensation structure for portfolio managers, research analysts, and other key personnel, including its effects on fund profitability, the rationale for the compensation structure, and the extent to which current market conditions have affected retention and recruitment; (iv) the arrangements with and compensation paid to certain fund sub-advisers on behalf of the Fidelity funds and the treatment of such compensation within Fidelity's fund profitability methodology; (v) the terms of Fidelity's voluntary expense limitation agreements; (vi) the methodology with respect to competitive fund data and peer group classifications; (vii) Fidelity's transfer agent fee, expense, and service structures for different funds and classes relative to competitive trends, and the impact of the increased use of omnibus accounts; (viii) new developments in the retail and institutional marketplaces and the competitive positioning of the funds relative to other investment products and services; (ix) the impact of recent changes to the money market fund landscape, including the full implementation of money market fund reform and rising interest rates, on Fidelity's money market funds; (x) the funds' share class structures and distribution channels; and (xi) explanations regarding the relative total expense ratios of certain funds and classes, total expense competitive trends and methodologies for total expense competitive comparisons, and actions that might be taken by Fidelity to reduce total expense ratios for certain classes. In addition, the Board considered its discussions with Fidelity throughout the year regarding enhanced information security initiatives and the funds' fair valuation policies.

Based on its evaluation of all of the conclusions noted above, and after considering all factors it believed relevant, the Board concluded that the advisory fee arrangements are fair and reasonable, and that the fund's Advisory Contracts should be renewed.

