

Fidelity® Variable Insurance Products:

Strategic Income Portfolio

Annual Report
December 31, 2017



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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

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

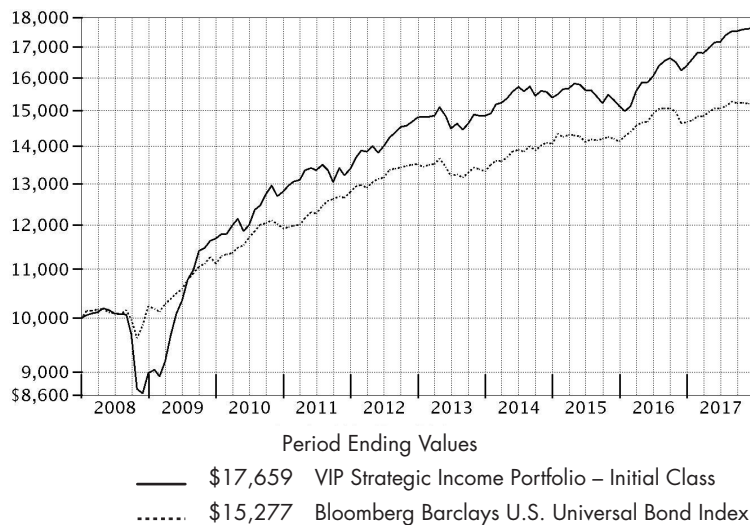
For the periods ended December 31, 2017

	Past 1 year	Past 5 years	Past 10 years
Initial Class	7.79%	3.59%	5.85%
Service Class	7.71%	3.49%	5.74%
Service Class 2	7.54%	3.33%	5.58%
Investor Class	7.78%	3.55%	5.81%

\$10,000 Over 10 Years

Let's say hypothetically that \$10,000 was invested in VIP Strategic Income Portfolio – Initial Class on December 31, 2007.

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: For the 12 months ending December 31, 2017, the Fidelity Strategic Income Composite IndexSM gained 6.72%, with all five asset classes represented in this index turning in positive results. Riskier assets benefited from investors' growing optimism about the global economic backdrop. Emerging-markets debt gained 8.17%, as measured by the Bloomberg Barclays[®] Emerging Markets Aggregate USD Bond Index. High-yield bonds were close behind, benefiting from steadily narrowing credit spreads. For the year, The BofA Merrill LynchSM US High Yield Constrained Index gained 7.48%. Meanwhile, the Bloomberg Barclays[®] US Government Bond Index returned 2.30%. The yield curve flattened in 2017, as yields on short-term U.S. government bonds rose along with the U.S. Federal Reserve's three increases to the federal funds rate, while long-term yields dropped. Higher short-term rates helped performance of senior floating-rate debt, which gained 4.32% this year, as measured by the S&P[®]/LSTA Leveraged Performing Loan Index. Non-U.S. developed-markets bonds significantly outperformed their U.S. counterparts, as the Bloomberg Barclays Global Aggregate Developed Markets GDP Weighted ex USD Index gained 11.53%, due in large part to a strengthening euro relative to the dollar.

Comments from Co-Portfolio Manager Adam Kramer: For the year, the fund's share classes gained roughly 8%, outpacing our primary benchmark, the Bloomberg Barclays US Universal Bond Index, and the Fidelity Strategic Income Composite IndexSM, which returned 4.09% and 6.72%, respectively. We see the Composite index, given its mix of investments, as a closer match for the fund. Effective security selection was the primary driver of the outperformance, especially in the fund's high-yield subportfolio. Although this subportfolio consists primarily of high-yield bonds, manager Mark Notkin also has the flexibility to own stocks – even as we limit the fund's overall equity exposure to 5%. Mark's equity allocation was close to that limit this period, and in light of stocks' extremely strong performance in 2017, such positioning turned out to be very helpful. Another positive was security selection in the emerging-markets debt subportfolio. Elsewhere, the fund's positioning in the U.S. government bond category added modest value – security selection in this subportfolio was favorable, while a relative underweighting here also added value. In a strong period of performance, we're happy that very little stood out on the downside. A small overweighting in floating-rate debt slightly hampered results, though positive security selection in the category more than offset the negative impact.

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.

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, 2017

(by issuer, excluding cash equivalents)	% of fund's net assets
U.S. Treasury Obligations	17.3
German Federal Republic	3.4
Japan Government	2.7
Ginnie Mae guaranteed REMIC pass-thru certificates	2.7
Ally Financial, Inc.	1.9
	<u>28.0</u>

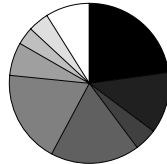
Top Five Market Sectors as of December 31, 2017

	% of fund's net assets
Financials	9.9
Consumer Discretionary	8.7
Energy	7.2
Information Technology	4.8
Materials	4.0

Quality Diversification (% of fund's net assets)

As of December 31, 2017

■ U.S. Government and U.S. Government Agency Obligations*	22.8%
■ AAA,AA,A	12.4%
■ BBB	4.6%
■ BB	18.0%
■ B	18.8%
■ CCC,CC,C	6.7%
■ Not Rated	3.6%
■ Equities	4.2%
□ Short-Term Investments and Net Other Assets	8.9%



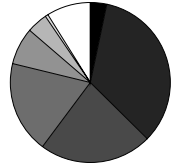
* Includes NCUA Guaranteed Notes

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, 2017*,**

■ Preferred Securities	3.3%
■ Corporate Bonds	34.1%
■ U.S. Government and U.S. Government Agency Obligations***	22.8%
■ Foreign Government & Government Agency Obligations	18.6%
■ Bank Loan Obligations	7.5%
■ Stocks	4.2%
■ Other Investments	0.6%
□ Short-Term Investments and Net Other Assets (Liabilities)	8.9%



* Foreign investments – 33.6%

** Futures and Swaps – 1.7%

*** 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.

Investments December 31, 2017

Showing Percentage of Net Assets

Corporate Bonds – 33.9%

	Principal Amount(a)	Value
Convertible Bonds – 0.3%		
CONSUMER DISCRETIONARY – 0.3%		
Auto Components – 0.0%		
Exide Technologies 7% 4/30/25 pay-in-kind (b)	\$ 579,157	\$ 356,182
Media – 0.3%		
DISH Network Corp. 3.375% 8/15/26	3,820,000	4,156,638
TOTAL CONSUMER DISCRETIONARY		<u>4,512,820</u>
Nonconvertible Bonds – 33.6%		
CONSUMER DISCRETIONARY – 5.4%		
Auto Components – 0.4%		
Allison Transmission, Inc. 5% 10/1/24 (c)	635,000	654,844
Delphi Technologies PLC 5% 10/1/25 (c)	680,000	688,500
Exide Technologies 11% 4/30/22 pay-in-kind (b)(c)(d)	567,053	510,348
Metalsa SA de CV 4.9% 4/24/23 (c)	1,590,000	1,597,950
Tenedora Nematik SA de CV 5.5% 2/28/23 (c)	1,175,000	1,207,313
Tenneco, Inc. 5% 7/15/26	450,000	461,250
Tupy Overseas SA 6.625% 7/17/24 (c)	400,000	424,000
		<u>5,544,205</u>
Automobiles – 0.1%		
Tesla, Inc. 5.3% 8/15/25 (c)	1,535,000	1,465,925
Distributors – 0.0%		
American Builders & Contractors Supply Co., Inc. 5.625% 4/15/21 (c)	64,000	65,120
American Tire Distributors, Inc. 10.25% 3/1/22 (c)	280,000	288,400
LKQ Corp. 4.75% 5/15/23	115,000	117,588
		<u>471,108</u>
Diversified Consumer Services – 0.1%		
Ascend Learning LLC 6.875% 8/1/25 (c)	210,000	216,825
Laureate Education, Inc. 8.25% 5/1/25 (c)	1,710,000	1,812,600
		<u>2,029,425</u>
Hotels, Restaurants & Leisure – 1.5%		
1011778 BC Unlimited Liability Co./New Red Finance, Inc. 5% 10/15/25 (c)	2,085,000	2,100,638
24 Hour Holdings III LLC 8% 6/1/22 (c)	220,000	215,050
Carlson Travel, Inc. 6.75% 12/15/23 (c)	145,000	131,225
Cedar Fair LP / Canada's Wonderland Co. 5.375% 4/15/27 (c)	345,000	362,250
Choice Hotels International, Inc. 5.75% 7/1/22	145,000	158,775

	Principal Amount(a)	Value
Churchill Downs, Inc. 4.75% 1/15/28 (c)	\$ 465,000	\$ 461,954
Eldorado Resorts, Inc. 6% 4/1/25	630,000	658,350
FelCor Lodging LP 6% 6/1/25	565,000	596,075
Golden Nugget, Inc.:		
6.75% 10/15/24 (c)	1,135,000	1,154,863
8.75% 10/1/25 (c)	1,235,000	1,296,750
Hilton Worldwide Finance LLC/ Hilton Worldwide Finance Corp.:		
4.625% 4/1/25	925,000	950,438
4.875% 4/1/27	435,000	455,119
Jacobs Entertainment, Inc. 7.875% 2/1/24 (c)	150,000	160,500
KFC Holding Co./Pizza Hut Holding LLC:		
4.75% 6/1/27 (c)	475,000	485,688
5% 6/1/24 (c)	475,000	489,844
5.25% 6/1/26 (c)	3,225,000	3,394,313
LTF Merger Sub, Inc. 8.5% 6/15/23 (c)	380,000	402,325
MCE Finance Ltd. 4.875% 6/6/25 (c)	240,000	242,631
MGM Growth Properties Operating Partnership LP 5.625% 5/1/24	365,000	388,725
Penn National Gaming, Inc. 5.625% 1/15/27 (c)	120,000	124,500
Scientific Games Corp.:		
5% 10/15/25 (c)	180,000	180,450
10% 12/1/22	1,276,000	1,400,410
Silversea Cruises 7.25% 2/1/25 (c)	255,000	274,763
Six Flags Entertainment Corp.:		
4.875% 7/31/24 (c)	715,000	725,725
5.5% 4/15/27 (c)	380,000	393,300
Station Casinos LLC 5% 10/1/25 (c)	620,000	623,100
Studio City Co. Ltd.:		
5.875% 11/30/19 (c)	420,000	438,900
7.25% 11/30/21 (c)	1,085,000	1,144,675
Viking Cruises Ltd. 5.875% 9/15/27 (c)	595,000	605,413
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp. 5.25% 5/15/27 (c)	1,410,000	1,429,388
Wynn Macau Ltd.:		
4.875% 10/1/24 (c)	455,000	457,275
5.5% 10/1/27 (c)	465,000	470,231
		<u>22,373,643</u>
Household Durables – 0.5%		
Brookfield Residential Properties, Inc./Brookfield Residential U.S. Corp. 6.125% 7/1/22 (c)	335,000	350,075
Brookfield Residential Properties, Inc. 6.5% 12/15/20 (c)	740,000	754,800

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

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
CONSUMER DISCRETIONARY – continued		
Household Durables – continued		
Lennar Corp. 4.75% 11/29/27 (c)	\$ 620,000	\$ 638,476
Reynolds Group Issuer, Inc./ Reynolds Group Issuer LLC/ Reynolds Group Issuer (Luxembourg) SA: 5.125% 7/15/23 (c)	285,000	294,975
5.75% 10/15/20	2,476,070	2,513,211
7% 7/15/24 (c)	360,000	385,200
Springs Industries, Inc. 6.25% 6/1/21	160,000	163,200
Taylor Morrison Communities, Inc./Monarch Communities, Inc. 5.875% 4/15/23 (c)	435,000	459,469
Toll Brothers Finance Corp. 4.375% 4/15/23	1,106,000	1,147,475
TRI Pointe Homes, Inc.: 4.375% 6/15/19	320,000	326,400
5.875% 6/15/24	780,000	832,650
William Lyon Homes, Inc. 5.875% 1/31/25	380,000	388,075
		<u>8,254,006</u>
Internet & Direct Marketing Retail – 0.4%		
Nefflix, Inc.: 4.375% 11/15/26	640,000	625,600
4.875% 4/15/28 (c)	1,240,000	1,215,200
5.375% 2/1/21 (c)	420,000	443,625
5.75% 3/1/24	612,000	651,015
5.875% 2/15/25	1,395,000	1,482,188
Zayo Group LLC/Zayo Capital, Inc.: 5.75% 1/15/27 (c)	1,450,000	1,479,000
6% 4/1/23	580,000	604,099
		<u>6,500,727</u>
Leisure Products – 0.0%		
Mattel, Inc. 6.75% 12/31/25 (c)	540,000	547,263
Media – 2.2%		
Altice U.S. Finance SA 5.5% 5/15/26 (c)	615,000	626,531
AMC Networks, Inc. 4.75% 8/1/25	615,000	609,619
Block Communications, Inc. 6.875% 2/15/25 (c)	480,000	502,800
Cablevision SA 6.5% 6/15/21 (c)	430,000	456,742
CBS Outdoor Americas Capital LLC/CBS Outdoor Americas Capital Corp. 5.625% 2/15/24	870,000	920,025
CBS Radio, Inc. 7.25% 11/1/24 (c)	420,000	442,838
CCO Holdings LLC/CCO Holdings Capital Corp.: 5% 2/1/28 (c)	1,530,000	1,487,925

	Principal Amount(a)	Value
5.125% 2/15/23	\$ 1,565,000	\$ 1,600,213
5.125% 5/1/23 (c)	720,000	734,400
5.125% 5/1/27 (c)	2,570,000	2,531,450
5.375% 5/1/25 (c)	720,000	741,830
5.5% 5/1/26 (c)	2,450,000	2,511,250
5.75% 9/1/23	500,000	515,000
5.75% 1/15/24	555,000	570,263
5.75% 2/15/26 (c)	1,030,000	1,069,913
Cequel Communications Holdings I LLC/Cequel Capital Corp. 5.125% 12/15/21 (c)	1,490,000	1,493,725
Clear Channel Communications, Inc.: 9% 3/1/21	245,000	175,175
11.25% 3/1/21	1,875,000	1,335,938
14% 2/1/21 pay-in-kind (b)	595,197	46,128
Globo Comunicacao e Participacoes SA: 4.843% 6/8/25 (c)	590,000	604,750
4.875% 4/11/22 (c)	250,000	258,750
5.125% 3/31/27 (c)	205,000	208,331
Grupo Televisa SA de CV 6.625% 3/18/25	60,000	70,959
iHeartCommunications, Inc.: 10.625% 3/15/23	1,630,000	1,149,150
11.25% 3/1/21 (c)	630,000	434,700
Liberty Media Corp.: 8.25% 2/1/30	1,610,000	1,746,850
8.5% 7/15/29	270,000	297,675
Lions Gate Entertainment Corp. 5.875% 11/1/24 (c)	215,000	227,094
Myriad International Holding BV 5.5% 7/21/25 (c)	375,000	408,363
New Cotai LLC/New Cotai Capital Corp. 10.625% 5/1/19 pay-in-kind (b)(c)	1,796,696	1,729,320
Nielsen Finance LLC/Nielsen Finance Co. 5% 4/15/22 (c)	295,000	303,481
Quebecor Media, Inc. 5.75% 1/15/23	790,000	837,400
Sirius XM Radio, Inc.: 4.625% 5/15/23 (c)	260,000	265,525
5% 8/1/27 (c)	615,000	616,538
5.375% 4/15/25 (c)	620,000	645,575
5.375% 7/15/26 (c)	620,000	642,475
SKY PLC 2.5% 9/15/26 (Reg. S) EUR	150,000	197,839
Tegna, Inc. 5.5% 9/15/24 (c)	410,000	429,988
TV Azteca SA de CV 8.25% 8/9/24 (Reg. S)	1,250,000	1,328,125
Videotron Ltd. 5.125% 4/15/27 (c)	615,000	642,675
VTR Finance BV 6.875% 1/15/24 (c)	930,000	981,150
Wave Holdco LLC/Wave Holdco Corp. 8.25% 7/15/19 pay-in-kind (b)(c)	131,043	131,109
WVG Acquisition Corp. 5.625% 4/15/22 (c)	103,000	106,090

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
CONSUMER DISCRETIONARY – continued		
Media – continued		
Ziggo Bond Finance BV 6% 1/15/27 (c)	\$ 635,000	\$ 619,125
Ziggo Secured Finance BV 5.5% 1/15/27 (c)	1,270,000	1,260,475
		<u>34,515,277</u>
Specialty Retail – 0.1%		
Penske Automotive Group, Inc. 5.5% 5/15/26	460,000	466,762
Sonic Automotive, Inc.: 5% 5/15/23	85,000	82,025
6.125% 3/15/27	310,000	307,675
		<u>856,462</u>
Textiles, Apparel & Luxury Goods – 0.1%		
Hanesbrands, Inc.: 4.625% 5/15/24 (c)	310,000	316,200
4.875% 5/15/26 (c)	310,000	317,750
Tecpetrol SA 4.875% 12/12/22 (c)	260,000	259,870
		<u>893,820</u>
TOTAL CONSUMER DISCRETIONARY		<u>83,451,861</u>
CONSUMER STAPLES – 1.4%		
Beverages – 0.0%		
Central American Bottling Corp. 5.75% 1/31/27 (c)	160,000	168,248
Food & Staples Retailing – 0.3%		
BHLO LLC/BI-LO Finance Corp.: 9.25% 2/15/19 (c)	1,160,000	1,104,900
9.375% 9/15/18 pay-in-kind (b)(c)	827,031	264,650
ESAL GmbH 6.25% 2/5/23 (c)	1,705,000	1,619,750
FAGE International SA/FAGE U.S.A. Dairy Industry, Inc. 5.625% 8/15/26 (c)	660,000	636,900
Hearthside Group Holdings LLC/ Hearthside Finance, Inc. 6.5% 5/1/22 (c)	155,000	158,100
Minerva Luxembourg SA 6.5% 9/20/26 (c)	550,000	565,125
		<u>4,349,425</u>
Food Products – 0.9%		
B&G Foods, Inc. 4.625% 6/1/21	565,000	573,475
CF Industries Holdings, Inc.: 4.95% 6/1/43	610,000	576,450
5.15% 3/15/34	615,000	627,300
5.375% 3/15/44	615,000	607,313
JBS Investments GmbH 7.25% 4/3/24 (c)	2,205,000	2,166,413
JBS U.S.A. LLC/JBS U.S.A. Finance, Inc.: 5.75% 6/15/25 (c)	1,030,000	991,375
5.875% 7/15/24 (c)	1,812,000	1,750,845

	Principal Amount(a)	Value
7.25% 6/1/21 (c)	\$ 350,000	\$ 355,688
8.25% 2/1/20 (c)	330,000	330,990
Lamb Weston Holdings, Inc.: 4.625% 11/1/24 (c)	425,000	437,750
4.875% 11/1/26 (c)	430,000	449,350
Pilgrim's Pride Corp.: 5.75% 3/15/25 (c)	925,000	956,219
5.875% 9/30/27 (c)	360,000	370,800
Post Holdings, Inc.: 5% 8/15/26 (c)	2,440,000	2,400,350
5.5% 3/1/25 (c)	530,000	548,550
5.75% 3/1/27 (c)	405,000	412,088
TreeHouse Foods, Inc. 4.875% 3/15/22	200,000	202,250
		<u>13,757,206</u>
Household Products – 0.1%		
Edgewell Personal Care Co. 5.5% 6/15/25 (c)	375,000	390,581
Kronos Acquisition Holdings, Inc. 9% 8/15/23 (c)	95,000	88,825
Spectrum Brands Holdings, Inc. 5.75% 7/15/25	600,000	631,500
		<u>1,110,906</u>
Personal Products – 0.1%		
First Quality Finance Co., Inc. 5% 7/1/25 (c)	490,000	499,800
Prestige Brands, Inc. 5.375% 12/15/21 (c)	725,000	737,688
Revlon Consumer Products Corp. 5.75% 2/15/21	1,504,000	1,135,520
		<u>2,373,008</u>
TOTAL CONSUMER STAPLES		<u>21,758,793</u>
ENERGY – 5.8%		
Energy Equipment & Services – 0.5%		
Borets Finance DAC 6.5% 4/7/22 (c)	475,000	505,153
EnSCO PLC: 4.5% 10/1/24	665,000	558,600
5.2% 3/15/25	420,000	357,000
5.75% 10/1/44	600,000	411,000
Exterran Energy Solutions LP 8.125% 5/1/25 (c)	575,000	618,125
Exterran Partners LP/EXLP Finance Corp. 6% 10/1/22	385,000	385,000
Forum Energy Technologies, Inc. 6.25% 10/1/21	715,000	716,788
Hornbeck Offshore Services, Inc. 5.875% 4/1/20	415,000	277,013
Jonah Energy LLC 7.25% 10/15/25 (c)	625,000	629,688
Noble Holding International Ltd.: 4.625% 3/1/21	63,000	58,905
6.2% 8/1/40	235,000	160,388
7.7% 4/1/25 (b)	520,000	435,500
8.7% 4/1/45 (b)	120,000	95,100

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

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
ENERGY – continued		
Energy Equipment & Services – continued		
SESI LLC 7.75% 9/15/24 (c)	\$ 365,000	\$ 387,813
Southern Gas Corridor CJSC 6.875% 3/24/26 (c)	895,000	1,016,944
Summit Midstream Holdings LLC 5.75% 4/15/25	440,000	443,692
The Oil and Gas Holding Co. 7.5% 10/25/27 (c)	315,000	322,554
Trinidad Drilling Ltd. 6.625% 2/15/25 (c)	250,000	237,500
Unit Corp. 6.625% 5/15/21	120,000	120,900
		<u>7,737,663</u>
Oil, Gas & Consumable Fuels – 5.3%		
Abu Dhabi Crude Oil Pipeline 4.6% 11/2/47 (c)	200,000	205,706
Access Midstream Partners LP/ACMP Finance Corp. 4.875% 3/15/24	315,000	329,175
Afren PLC:		
6.625% 12/9/20 (c)(d)(e)	282,992	96
10.25% 4/8/19 (Reg. S) (d)(e)	780,669	687
American Energy-Permian Basin LLC/AEPB Finance Corp. 13% 11/30/20 (c)	940,000	1,081,000
Antero Midstream Partners LP/Antero Midstream Finance Corp. 5.375% 9/15/24	245,000	252,350
Antero Resources Corp.:		
5.125% 12/1/22	45,000	45,900
5.625% 6/1/23 (Reg. S)	560,000	582,400
Antero Resources Finance Corp. 5.375% 11/1/21	295,000	302,375
Callon Petroleum Co. 6.125% 10/1/24	225,000	231,750
Carrizo Oil & Gas, Inc. 6.25% 4/15/23	380,000	394,250
Cheniere Corpus Christi Holdings LLC:		
5.125% 6/30/27	630,000	651,672
5.875% 3/31/25	790,000	856,163
7% 6/30/24	710,000	808,069
Chesapeake Energy Corp.:		
8% 12/15/22 (c)	1,222,000	1,318,233
8% 1/15/25 (c)	345,000	348,450
Citgo Holding, Inc. 10.75% 2/15/20 (c)	2,882,000	3,090,945
Concho Resources, Inc. 4.375% 1/15/25	630,000	655,200
Consolidated Energy Finance SA:		
3 month U.S. LIBOR + 3.750% 5.3385% 6/15/22 (b)(c)(f)	155,000	154,423
6.875% 6/15/25 (c)	310,000	328,600
Continental Resources, Inc. 4.375% 1/15/28 (c)	775,000	765,080

	Principal Amount(a)	Value
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp.:		
5.75% 4/1/25	\$ 465,000	\$ 480,113
6.25% 4/1/23	1,975,000	2,052,420
CVR Refining LLC/Coffeyville Finance, Inc. 6.5% 11/1/22	1,070,000	1,102,100
Denbury Resources, Inc.:		
4.625% 7/15/23	595,000	380,800
5.5% 5/1/22	975,000	666,656
6.375% 8/15/21	830,000	626,650
9% 5/15/21 (c)	1,540,000	1,572,725
Diamondback Energy, Inc.:		
4.75% 11/1/24	540,000	542,025
5.375% 5/31/25	255,000	262,331
Dolphin Energy Ltd. 5.5% 12/15/21 (c)	200,000	216,927
Endeavor Energy Resources LP/EER Finance, Inc.:		
5.5% 1/30/26 (c)	265,000	269,638
5.75% 1/30/28 (c)	265,000	272,155
Energy Transfer Equity LP 5.5% 6/1/27	860,000	877,200
EnLink Midstream Partners LP:		
4.15% 6/1/25	465,000	469,744
4.4% 4/1/24	460,000	475,042
EP Energy LLC/Everest Acquisition Finance, Inc. 8% 11/29/24 (c)	350,000	361,375
EV Energy Partners LP/EV Energy Finance Corp. 8% 4/15/19	482,500	246,075
Extraction Oil & Gas, Inc. 7.375% 5/15/24 (c)	365,000	389,638
Genesis Energy LP/Genesis Energy Finance Corp. 6.25% 5/15/26	465,000	463,256
Georgian Oil & Gas Corp. 6.75% 4/26/21 (c)	535,000	570,742
Global Partners LP/GLP Finance Corp.:		
6.25% 7/15/22	130,000	133,575
7% 6/15/23	580,000	595,950
Hess Infrastructure Partners LP 5.625% 2/15/26 (c)	795,000	820,838
Hilcorp Energy I LP/Hilcorp Finance Co.:		
5% 12/1/24 (c)	510,000	504,900
5.75% 10/1/25 (c)	580,000	593,050
Holly Energy Partners LP/Holly Finance Corp. 6% 8/1/24 (c)	390,000	406,575
Indika Energy Capital II Pte. Ltd. 6.875% 4/10/22 (c)	730,000	766,691
Jupiter Resources, Inc. 8.5% 10/1/22 (c)	360,000	223,200
KazMunaiGaz Finance Sub BV 4.875% 5/7/25 (c)	250,000	259,948
Kosmos Energy Ltd.:		
7.875% 8/1/21 (c)	775,000	792,438

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
ENERGY – continued		
Oil, Gas & Consumable Fuels – continued		
Kosmos Energy Ltd.: – continued		
7.875% 8/1/21 (c)	\$ 415,000	\$ 424,338
Murphy Oil U.S.A., Inc. 5.625% 5/1/27	305,000	320,311
Newfield Exploration Co.:		
5.375% 1/1/26	475,000	502,313
5.625% 7/1/24	75,000	80,625
NGL Energy Partners LP/NGL Energy Finance Corp. 6.125% 3/1/25	625,000	609,375
NGPL PipeCo LLC:		
4.375% 8/15/22 (c)	150,000	152,531
4.875% 8/15/27 (c)	150,000	155,625
Nostrum Oil & Gas Finance BV:		
6.375% 2/14/19 (c)	1,915,000	1,919,006
8% 7/25/22 (c)	1,600,000	1,658,845
Pacific Exploration and Production Corp.:		
10% 11/2/21 pay-in-kind (b)	461,000	524,388
10% 11/2/21 pay-in-kind (b)(c)	325,000	369,688
Pan American Energy LLC 7.875% 5/7/21 (c)	1,040,000	1,121,141
Parsley Energy LLC/Parsley:		
5.25% 8/15/25 (c)	380,000	380,950
5.625% 10/15/27 (c)	300,000	306,750
6.25% 6/1/24 (c)	420,000	442,050
PBF Holding Co. LLC/PBF Finance Corp.:		
7% 11/15/23	1,695,000	1,762,800
7.25% 6/15/25	615,000	645,750
PBF Logistics LP/PBF Logistics Finance, Inc. 6.875% 5/15/23	435,000	448,050
PDC Energy, Inc. 6.125% 9/15/24	200,000	207,000
Pemex Project Funding Master Trust:		
6.625% 6/15/35	1,635,000	1,746,736
8.625% 12/1/23 (b)	250,000	299,390
Petrobras Energia SA 7.375% 7/21/23 (c)	560,000	610,400
Petrobras Global Finance BV:		
5.999% 1/27/28 (c)	451,000	452,128
6.125% 1/17/22	2,825,000	2,998,031
6.25% 3/17/24	570,000	604,770
8.75% 5/23/26	2,000,000	2,390,000
Petrobras International Finance Co. Ltd. 6.875% 1/20/40	440,000	444,400
Petroleos de Venezuela SA:		
5.375% 4/12/27	480,000	111,600
5.5% 4/12/37	535,000	127,063
6% 5/16/24 (c)(e)	1,080,000	243,356

	Principal Amount(a)	Value
6% 11/15/26 (c)(e)	\$ 930,000	\$ 203,670
9.75% 5/17/35 (c)(e)	1,420,000	381,270
12.75% 2/17/22 (c)	110,000	30,514
Petroleos Mexicanos:		
4.625% 9/21/23	265,000	272,619
4.875% 1/24/22	305,000	317,886
4.875% 1/18/24	395,000	409,200
5.5% 1/21/21	350,000	371,350
6.375% 2/4/21	285,000	309,795
6.375% 1/23/45	815,000	819,360
6.5% 6/2/41	2,405,000	2,473,543
6.625% (c)(g)	880,000	892,408
6.75% 9/21/47	1,443,000	1,506,276
6.875% 8/4/26	185,000	209,744
PT Pertamina Persero 6.5% 5/27/41 (c)	175,000	210,438
QEP Resources, Inc. 5.25% 5/1/23	610,000	617,235
Range Resources Corp. 5% 3/15/23	960,000	955,200
RSP Permian, Inc.:		
5.25% 1/15/25	220,000	225,500
6.625% 10/1/22	230,000	241,213
Sabine Pass Liquefaction LLC:		
5% 3/15/27	955,000	1,024,521
5.875% 6/30/26	925,000	1,038,961
SemGroup Corp.:		
6.375% 3/15/25 (c)	310,000	305,350
7.25% 3/15/26 (c)	580,000	593,050
SM Energy Co.:		
5.625% 6/1/25	280,000	271,600
6.75% 9/15/26	250,000	257,500
Southern Star Central Corp. 5.125% 7/15/22 (c)	320,000	332,000
Southwestern Energy Co.:		
4.1% 3/15/22	910,000	896,350
7.5% 4/1/26	470,000	499,375
7.75% 10/1/27	420,000	448,350
Src Energy, Inc. 6.25% 12/1/25 (c)	380,000	388,550
Sunoco LP/Sunoco Finance Corp.:		
6.25% 4/15/21	875,000	909,563
6.375% 4/1/23	405,000	426,769
Targa Resources Partners LP/Targa Resources Partners Finance Corp.:		
5% 1/15/28 (c)	620,000	618,450
5.125% 2/1/25	320,000	327,600
5.375% 2/1/27	320,000	328,400
Teekay Corp. 8.5% 1/15/20	880,000	895,400
Teine Energy Ltd. 6.875% 9/30/22 (c)	590,000	609,175
Tennessee Gas Pipeline Co. 7.625% 4/1/37	50,000	64,475

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		
Tesoro Logistics LP/Tesoro Logistics Finance Corp. 6.375% 5/1/24	\$ 245,000	\$ 265,825
Transportadora de Gas del Sur SA 9.625% 5/14/20 (c)	1,203,395	1,290,725
Tullow Oil PLC 6% 11/1/20 (c)	285,000	287,508
Ultra Resources, Inc.: 6.875% 4/15/22 (c)	460,000	461,150
7.125% 4/15/25 (c)	305,000	304,238
Whiting Petroleum Corp. 6.625% 1/15/26 (c)	425,000	433,500
WPX Energy, Inc.: 5.25% 9/15/24	490,000	488,310
6% 1/15/22	1,005,000	1,050,225
YPF SA: 7% 12/15/47 (c)	745,000	738,295
8.5% 3/23/21 (c)	995,000	1,125,345
8.75% 4/4/24 (c)	1,835,000	2,107,498
Zhaikmunai International BV 7.125% 11/13/19 (c)	200,000	202,621
		<u>81,294,611</u>
TOTAL ENERGY		<u>89,032,274</u>
FINANCIALS – 6.2%		
Banks – 1.6%		
Access Bank PLC 10.5% 10/19/21 (c)	210,000	235,670
Akbank TAS/Ak Finansal Kiralama A/S 7.2% 3/16/27 (b)(c)	250,000	262,388
Banco de Bogota SA 6.25% 5/12/26 (c)	270,000	291,141
Banco de Reservas de La Republica Dominicana 7% 2/1/23 (c)	600,000	632,529
Banco Do Brasil SA 4.625% 1/15/25 (c)	280,000	276,732
Banco Hipotecario SA 9.75% 11/30/20 (c)	1,895,000	2,156,946
Banco Macro SA 6.75% 11/4/26 (b)(c)	715,000	738,030
Banco Nacional de Desenvolvimento Economico e Social: 4% 4/14/19 (c)	200,000	202,536
6.369% 6/16/18 (c)	275,000	279,557
Banque Centrale de Tunisie 5.75% 1/30/25 (c)	260,000	259,171
Barclays PLC 2% 2/7/28 (Reg. S) (b)	EUR 1,850,000	2,210,027
BBVA Bancomer SA 7.25% 4/22/20 (c)	375,000	405,469

	Principal Amount(a)	Value
BTA Bank JSC 5.5% 12/21/22 (c)	\$ 392,000	\$ 391,804
CBOM Finance PLC 7.5% 10/5/27 (b)(c)	1,405,000	1,296,070
CIT Group, Inc.: 5% 8/15/22	696,000	737,760
5.375% 5/15/20	69,000	72,881
Export-Import Bank of Korea 6.2% 8/7/21 (c)	INR 21,400,000	328,240
Fidelity Bank PLC: 6.875% 5/9/18 (c)	50,000	50,000
10.5% 10/16/22 (c)	510,000	521,475
Itau Unibanco Holding SA: 5.125% 5/13/23 (Reg. S)	680,000	695,980
5.5% 8/6/22 (c)	490,000	507,885
JSC BGEO Group 6% 7/26/23 (c)	760,000	789,392
Kazkommertsbank Jsc Mtn Bank Ent 8.5% 5/11/18 (c)	915,000	931,013
SB Capital SA 5.5% 2/26/24 (b)(c)	435,000	441,656
Trade and Development Bank of Mongolia LLC 9.375% 5/19/20 (c)	670,000	733,655
Turkiye Garanti Bankasi A/S 6.125% 5/24/27 (b)(c)	370,000	369,270
Turkiye Halk Bankasi A/S 3.875% 2/5/20 (c)	340,000	324,782
Turkiye Is Bankasi A/S: 5.5% 4/21/19 (c)	200,000	203,747
5.5% 4/21/22 (c)	500,000	504,621
Turkiye Vakiflar Bankasi TAO 6.875% 2/3/25 (Reg. S) (b)	1,000,000	1,008,750
UniCredit SpA 6.95% 10/31/22 (Reg. S)	EUR 2,350,000	3,466,869
Zenith Bank PLC: 6.25% 4/22/19 (c)	1,555,000	1,591,543
7.375% 5/30/22 (c)	1,135,000	<u>1,180,854</u>
		<u>24,098,443</u>
Capital Markets – 0.2%		
Adient Global Holdings Ltd. 4.875% 8/15/26 (c)	630,000	647,325
AssuredPartners, Inc. 7% 8/15/25 (c)	245,000	243,775
BCD Acquisition, Inc. 9.625% 9/15/23 (c)	945,000	1,039,500
Morgan Stanley 1.75% 3/11/24	EUR 575,000	724,060
MSCI, Inc.: 5.25% 11/15/24 (c)	345,000	363,544
5.75% 8/15/25 (c)	365,000	<u>391,919</u>
		<u>3,410,123</u>
Consumer Finance – 2.4%		
Ally Financial, Inc.: 4.125% 2/13/22	1,160,000	1,185,868
4.625% 3/30/25	1,915,000	2,010,750
5.125% 9/30/24	2,750,000	2,973,438
8% 11/1/31	823,000	1,067,843

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
FINANCIALS – continued		
Consumer Finance – continued		
Ally Financial, Inc.: – continued		
8% 11/1/31	\$ 16,143,000	\$ 20,985,900
Credito Real S.A.B. de CV 7.5%		
3/13/19 (c)	430,000	440,213
Navient Corp.:		
5.875% 10/25/24	2,745,000	2,724,413
6.5% 6/15/22	470,000	493,397
7.25% 9/25/23	285,000	303,525
SLM Corp.:		
5.5% 1/25/23	1,685,000	1,680,788
6.125% 3/25/24	830,000	840,375
7.25% 1/25/22	2,650,000	2,838,813
		<u>37,545,323</u>
Diversified Financial Services – 1.2%		
Cimpor Financial Operations BV		
5.75% 7/17/24 (c)	705,000	683,850
Grinding Media, Inc./MC		
Grinding Media Canada, Inc.		
7.375% 12/15/23 (c)	390,000	418,743
Icahn Enterprises LP/Icahn		
Enterprises Finance Corp.:		
5.875% 2/1/22	3,370,000	3,412,125
6% 8/1/20	995,000	1,023,283
6.25% 2/1/22 (c)	620,000	633,950
6.25% 2/1/22	430,000	439,675
6.375% 12/15/25 (c)	935,000	935,094
6.75% 2/1/24	535,000	549,713
Inception Merger Sub, Inc./		
Rackspace Hosting, Inc.		
8.625% 11/15/24 (c)	510,000	544,425
j2 Cloud Services LLC/j2 Global		
Communications, Inc. 6%		
7/15/25 (c)	410,000	431,525
James Hardie International		
Finance Ltd.:		
4.75% 1/15/25 (c)	450,000	453,375
5% 1/15/28 (c)	455,000	458,413
PT Bukit Makmur Mandiri Utama		
7.75% 2/13/22 (c)	610,000	654,250
Radiate Holdco LLC/Radiate		
Financial Service Ltd. 6.625%		
2/15/25 (c)	560,000	529,200
RegionalCare Hospital Partners		
Holdings, Inc. 8.25%		
5/1/23 (c)	695,000	733,225
Sistema International Funding SA		
6.95% 5/17/19 (c)	1,005,000	993,443
Solera LLC/Solera Finance, Inc.		
10.5% 3/1/24 (c)	1,590,000	1,788,718
Sparc Em Spc 0% 12/5/22 (c)	200,000	183,500
TMK Capital SA 6.75% 4/3/20		
(Reg. S)	200,000	210,489
Valvoline, Inc. 5.5% 7/15/24	230,000	244,375

	Principal Amount(a)	Value
Venator Finance SARL/Venator		
Capital Management Ltd.		
5.75% 7/15/25 (c)	\$ 525,000	\$ 553,875
Vertiv Inter Holding Corp. 12%		
2/15/22 pay-in-kind (b)(c)	915,000	983,625
Wendel SA 2.75% 10/2/24		
(Reg. S)	EUR 800,000	1,055,304
		<u>17,914,175</u>
Insurance – 0.3%		
Acisure LLC 7% 11/15/25 (c)	910,000	877,022
Alliant Holdings Co.-Issuer, Inc./		
Wayne Merger Sub LLC 8.25%		
8/1/23 (c)	1,440,000	1,512,000
Hockey Merger Sub 2, Inc.		
7.875% 10/1/21 (c)	1,135,000	1,181,819
USIS Merger Sub, Inc. 6.875%		
5/1/25 (c)	615,000	621,150
		<u>4,191,991</u>
Mortgage Real Estate Investment Trusts – 0.0%		
Starwood Property Trust, Inc.		
4.75% 3/15/25 (c)	595,000	590,538
Thriffs & Mortgage Finance – 0.5%		
Nationwide Building Society 2%		
7/25/29 (Reg. S) (b)	EUR 2,500,000	3,036,340
Prime Securities Services		
Borrower LLC/Prime Finance,		
Inc. 9.25% 5/15/23 (c)	4,850,000	5,383,500
		<u>8,419,840</u>
TOTAL FINANCIALS		
		<u>96,170,433</u>
HEALTH CARE – 2.5%		
Biotechnology – 0.0%		
AMAG Pharmaceuticals, Inc.		
7.875% 9/1/23 (c)	305,000	296,994
Health Care Equipment & Supplies – 0.1%		
Hill-Rom Holdings, Inc. 5.75%		
9/1/23 (c)	290,000	303,413
Hologic, Inc. 5.25%		
7/15/22 (c)	630,000	652,050
Teleflex, Inc. 4.625% 11/15/27	255,000	257,180
		<u>1,212,643</u>
Health Care Providers & Services – 1.8%		
Community Health Systems, Inc.:		
6.25% 3/31/23	1,365,000	1,228,500
6.875% 2/1/22	3,775,000	2,170,625
7.125% 7/15/20	595,000	444,763
HCA Holdings, Inc.:		
4.75% 5/1/23	630,000	648,900
5.25% 6/15/26	750,000	795,000
5.375% 2/1/25	1,155,000	1,195,425
5.875% 3/15/22	1,915,000	2,049,050
5.875% 5/1/23	2,145,000	2,289,788
5.875% 2/15/26	2,995,000	3,167,213
6.5% 2/15/20	2,410,000	2,554,600
7.5% 2/15/22	1,175,000	1,321,875
HealthSouth Corp.:		
5.125% 3/15/23	330,000	337,425

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		
Health Care Providers & Services – continued		
HealthSouth Corp.: – continued		
5.75% 11/1/24	\$ 1,135,000	\$ 1,161,956
MPH Acquisition Holdings LLC		
7.125% 6/1/24 (c)	335,000	356,775
Polaris Intermediate Corp. 8.5%		
12/1/22 pay-in-kind (b)(c)	2,105,000	2,183,938
Quintiles Transnational Corp.		
4.875% 5/15/23 (c)	445,000	458,350
Sabra Health Care LP/Sabra Capital Corp. 5.375% 6/1/23	260,000	265,200
Tenet Healthcare Corp.:		
4.625% 7/15/24 (c)	305,000	297,375
6.875% 11/15/31	1,205,000	988,100
7.5% 1/1/22 (c)	365,000	383,250
Tennessee Merger Sub, Inc.		
6.375% 2/1/25 (c)	925,000	825,563
THC Escrow Corp. III 5.125% 5/1/25 (c)	305,000	297,375
Vizient, Inc. 10.375% 3/1/24 (c)	660,000	740,850
Wellcare Health Plans, Inc. 5.25% 4/1/25	475,000	501,125
West Street Merger Sub, Inc. 6.375% 9/1/25 (c)	305,000	305,763
		<u>26,968,784</u>
Pharmaceuticals – 0.6%		
Catalent Pharma Solutions		
4.875% 1/15/26 (c)	205,000	205,769
Inventiv Group Holdings, Inc. / Investment 7.5% 10/1/24 (c)	228,000	246,240
Valeant Pharmaceuticals International, Inc.:		
5.5% 11/1/25 (c)	2,605,000	2,650,588
5.875% 5/15/23 (c)	2,165,000	2,008,038
6.5% 3/15/22 (c)	620,000	651,000
6.75% 8/15/21 (c)	265,000	266,988
7% 3/15/24 (c)	925,000	989,750
9% 12/15/25 (c)	2,415,000	2,516,913
		<u>9,535,286</u>
TOTAL HEALTH CARE		<u>38,013,707</u>
INDUSTRIALS – 2.0%		
Aerospace & Defense – 0.3%		
DAE Funding LLC:		
4% 8/1/20 (c)	355,000	358,550
4.5% 8/1/22 (c)	440,000	432,300
5% 8/1/24 (c)	605,000	597,438
Huntington Ingalls Industries, Inc.		
5% 11/15/25 (c)	550,000	588,500
KLX, Inc. 5.875% 12/1/22 (c)	1,455,000	1,523,676
TransDigm, Inc. 6.375% 6/15/26	590,000	595,900
		<u>4,096,364</u>

	Principal Amount(a)	Value
Air Freight & Logistics – 0.1%		
Rumo Luxembourg Sarl 7.375% 2/9/24 (c)	\$ 995,000	\$ 1,070,720
XPO Logistics, Inc. 6.125% 9/1/23 (c)	490,000	518,175
		<u>1,588,895</u>
Airlines – 0.1%		
Air Canada 2013-1 Pass Through 5.375% 11/15/22 (c)	128,149	134,147
Allegiant Travel Co. 5.5% 7/15/19	160,000	164,200
Azul Investments LLP 5.875% 10/26/24 (c)	325,000	322,156
Continental Airlines, Inc. pass-thru trust certificates 6.903% 4/19/22	16,573	17,495
Delta Air Lines, Inc. pass-thru trust certificates 8.021% 2/10/24	118,724	133,172
Hawaiian Airlines pass-thru certificates Series 2013-1 Class B, 4.95% 7/15/23	215,545	222,281
U.S. Airways pass-thru certificates:		
Series 2011-1 Class A, 7.125% 10/22/23	306,117	351,355
Series 2012-2 Class B, 6.75% 6/3/21	150,649	162,991
Series 2013-1 Class B, 5.375% 11/15/21	199,809	210,445
		<u>1,718,242</u>
Building Products – 0.1%		
Jeld-Wen, Inc.:		
4.625% 12/15/25 (c)	265,000	266,988
4.875% 12/15/27 (c)	265,000	267,650
Shea Homes Ltd. Partnership/ Corp.:		
5.875% 4/1/23 (c)	185,000	191,938
6.125% 4/1/25 (c)	185,000	192,400
USG Corp. 4.875% 6/1/27 (c)	160,000	165,848
		<u>1,084,824</u>
Commercial Services & Supplies – 0.6%		
ADS Waste Holdings, Inc. 5.625% 11/15/24 (c)	565,000	577,713
APX Group, Inc.:		
7.625% 9/1/23	860,000	905,150
7.875% 12/1/22	1,450,000	1,553,313
8.75% 12/1/20	986,000	1,005,720
CD&R Waterworks Merger Sub LLC 6.125% 8/15/25 (c)	240,000	243,600
Covanta Holding Corp.:		
5.875% 3/1/24	1,870,000	1,898,050
5.875% 7/1/25	165,000	165,825
Harland Clarke Holdings Corp. 8.375% 8/15/22 (c)	1,035,000	1,074,796
KAR Auction Services, Inc. 5.125% 6/1/25 (c)	525,000	538,125

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
INDUSTRIALS – continued		
Commercial Services & Supplies – continued		
Kissner Holdings LP/Kissner Milling Co. Ltd./BSC Holding, Inc./Kissner U.S.A. 8.375% 12/1/22 (c)	\$ 530,000	\$ 535,300
Ritchie Brothers Auctioneers, Inc. 5.375% 1/15/25 (c)	190,000	196,175
The Brink's Co. 4.625% 10/15/27 (c)	620,000	607,600
		<u>9,301,367</u>
Construction & Engineering – 0.2%		
AECOM 5.125% 3/15/27	625,000	636,656
Blueline Rental Finance Corp./Blueline Rental LLC 9.25% 3/15/24 (c)	1,160,000	1,238,300
Cementos Progreso Trust 7.125% 11/6/23 (c)	440,000	466,400
Odebrecht Finance Ltd.: 4.375% 4/25/25 (c)	1,530,000	451,350
5.25% 6/27/29 (c)	580,000	168,200
7.125% 6/26/42 (c)	815,000	257,744
		<u>3,218,650</u>
Electrical Equipment – 0.0%		
Sensata Technologies BV 5% 10/1/25 (c)	575,000	608,063
Industrial Conglomerates – 0.0%		
Alfa SA de CV 5.25% 3/25/24 (c)	200,000	211,500
Machinery – 0.1%		
Xerium Technologies, Inc. 9.5% 8/15/21	940,000	951,750
Marine – 0.0%		
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S., Inc. 8.125% 11/15/21 (c)	150,000	127,125
Navios South American Logistics, Inc./Navios Logistics Finance U.S., Inc. 7.25% 5/1/22 (c)	490,000	469,175
		<u>596,300</u>
Professional Services – 0.1%		
IHS Markit Ltd.: 4% 3/1/26 (c)	275,000	274,656
4.75% 2/15/25 (c)	485,000	511,675
		<u>786,331</u>
Road & Rail – 0.0%		
JSC Georgian Railway 7.75% 7/11/22 (c)	200,000	223,540
Lima Metro Line 2 Finance Ltd. 5.875% 7/5/34 (c)	250,000	270,125
		<u>493,665</u>
Trading Companies & Distributors – 0.3%		
Aircastle Ltd.: 5% 4/1/23	345,000	363,544
5.5% 2/15/22	555,000	594,544

	Principal Amount(a)	Value
Ashtead Capital, Inc. 5.625% 10/1/24 (c)	\$ 550,000	\$ 583,000
Avantor, Inc. 6% 10/1/24 (c)	625,000	622,656
Brenntag Finance BV 1.125% 9/27/25 (Reg. S)	EUR 1,600,000	1,905,736
FLY Leasing Ltd. 5.25% 10/15/24	490,000	490,000
United Rentals North America, Inc. 5.5% 5/15/27	405,000	426,263
		<u>4,985,743</u>
Transportation Infrastructure – 0.1%		
Aeropuertos Argentina 2000 SA 6.875% 2/1/27 (c)	710,000	767,673
Global Ports Finance PLC 6.872% 1/25/22 (c)	490,000	526,519
		<u>1,294,192</u>
TOTAL INDUSTRIALS		
		<u>30,935,886</u>
INFORMATION TECHNOLOGY – 1.6%		
Communications Equipment – 0.2%		
Banglalink Digital Communications Ltd.: 8.625% 5/6/19 (c)	1,375,000	1,426,563
8.625% 5/6/19 (Reg. S)	200,000	207,500
Brocade Communications Systems, Inc. 4.625% 1/15/23	350,000	357,875
Commscope Technologies LLC 5% 3/15/27 (c)	665,000	665,000
		<u>2,656,938</u>
Electronic Equipment & Components – 0.1%		
Conduent Finance, Inc./Xerox Business Service LLC 10.5% 12/15/24 (c)	1,425,000	1,664,115
TTM Technologies, Inc. 5.625% 10/1/25 (c)	210,000	215,250
		<u>1,879,365</u>
Internet Software & Services – 0.1%		
Balboa Merger Sub, Inc. 11.375% 12/1/21 (c)	1,260,000	1,372,619
Camelot Finance SA 7.875% 10/15/24 (c)	280,000	298,900
CyrusOne LP/CyrusOne Finance Corp.: 5% 3/15/24 (c)	165,000	171,188
5.375% 3/15/27 (c)	140,000	147,000
GTT Communications, Inc. 7.875% 12/31/24 (c)	300,000	316,500
		<u>2,306,207</u>
IT Services – 0.1%		
CDW LLC/CDW Finance Corp.: 5% 9/1/23	565,000	584,069
5% 9/1/25	335,000	346,725
Ceridian HCM Holding, Inc. 11% 3/15/21 (c)	250,000	261,250

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

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
INFORMATION TECHNOLOGY – continued		
IT Services – continued		
Everi Payments, Inc. 10% 1/15/22	\$ 575,000	\$ 618,125
Gartner, Inc. 5.125% 4/1/25 (c)	305,000	318,725
		<u>2,128,894</u>

Semiconductors & Semiconductor Equipment – 0.7%		
Microsemi Corp. 9.125% 4/15/23 (c)	123,000	138,375
NXP BV/NXP Funding LLC: 4.125% 6/1/21 (c)	465,000	474,300
4.625% 6/15/22 (c)	900,000	941,625
4.625% 6/1/23 (c)	1,865,000	1,950,790
5.75% 3/15/23 (c)	2,415,000	2,493,488
Qorvo, Inc.: 6.75% 12/1/23	440,000	473,000
7% 12/1/25	2,856,000	3,188,010
Sensata Technologies UK Financing Co. PLC 6.25% 2/15/26 (c)	585,000	636,188
Versum Materials, Inc. 5.5% 9/30/24 (c)	330,000	353,100
		<u>10,648,876</u>

Software – 0.4%		
Ensemble S Merger Sub, Inc. 9% 9/30/23 (c)	970,000	1,025,775
Greeneden U.S. Holdings II LLC 10% 11/30/24 (c)	335,000	365,988
JDA Escrow LLC/JDA Bond Finance, Inc. 7.375% 10/15/24 (c)	225,000	235,688
Open Text Corp. 5.875% 6/1/26 (c)	465,000	501,038
Parametric Technology Corp. 6% 5/15/24	190,000	201,400
SS&C Technologies Holdings, Inc. 5.875% 7/15/23	455,000	480,025
Symantec Corp. 5% 4/15/25 (c)	530,000	551,200
Veritas U.S., Inc./Veritas Bermuda Ltd.: 7.5% 2/1/23 (c)	745,000	780,388
10.5% 2/1/24 (c)	1,575,000	1,638,000
		<u>5,779,502</u>

TOTAL INFORMATION TECHNOLOGY 25,399,782

MATERIALS – 3.1%

Chemicals – 0.9%		
Braskem Finance Ltd.: 5.375% 5/2/22 (c)	550,000	581,625
5.75% 4/15/21 (c)	400,000	424,000
6.45% 2/3/24	400,000	448,004
Hexion, Inc. 10.375% 2/1/22 (c)	235,000	218,697

	Principal Amount(a)	Value
Kraton Polymers LLC/Kraton Polymers Capital Corp. 10.5% 4/15/23 (c)	\$ 390,000	\$ 440,700
Momentive Performance Materials, Inc.: 3.88% 10/24/21	5,080,000	5,308,600
4.69% 4/24/22	1,515,000	1,590,750
10% 10/15/20 (d)(e)	1,515,000	0
MPM Escrow LLC/MPM Finance Escrow Corp. 8.875% 10/15/20 (d)(e)	3,580,000	0
NOVA Chemicals Corp.: 4.875% 6/1/24 (c)	770,000	768,075
5.25% 6/1/27 (c)	660,000	658,350
Nufarm Australia Ltd. 6.375% 10/15/19 (c)	210,000	213,675
OCP SA 5.625% 4/25/24 (c)	200,000	214,236
Platform Specialty Products Corp.: 5.875% 12/1/25 (c)	945,000	937,913
6.5% 2/1/22 (c)	555,000	573,731
SunCoke Energy Partners LP/ SunCoke Energy Partners Finance Corp. 7.5% 6/15/25 (c)	495,000	517,275
The Chemours Co. LLC 5.375% 5/15/27	255,000	263,925
TPC Group, Inc. 8.75% 12/15/20 (c)	765,000	765,000
Tronox Finance PLC 5.75% 10/1/25 (c)	285,000	292,838
		<u>14,217,394</u>

Construction Materials – 0.1%

CEMEX Finance LLC 6% 4/1/24 (c)	400,000	421,000
CEMEX S.A.B. de CV 7.75% 4/16/26 (c)	265,000	300,113
Prince Mineral Holding Corp. 11.5% 12/15/19 (b)(c)	175,000	180,250
Summit Materials LLC/Summit Materials Finance Corp. 5.125% 6/1/25 (c)	260,000	265,200
U.S. Concrete, Inc. 6.375% 6/1/24	300,000	321,750
Union Andina de Cementos SAA 5.875% 10/30/21 (c)	300,000	309,750
		<u>1,798,063</u>

Containers & Packaging – 0.4%

Ardagh Packaging Finance PLC/ Ardagh MP Holdings U.S.A., Inc.: 4.625% 5/15/23 (c)	615,000	627,485
6% 6/30/21 (c)	350,000	359,188
6% 2/15/25 (c)	1,040,000	1,094,600
7.25% 5/15/24 (c)	1,100,000	1,197,625
Crown Cork & Seal, Inc.: 7.375% 12/15/26	1,210,000	1,409,650
7.5% 12/15/96	160,000	161,200

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
MATERIALS – continued		
Containers & Packaging – continued		
Flex Acquisition Co., Inc. 6.875% 1/15/25 (c)	\$ 280,000	\$ 289,968
Plastipak Holdings, Inc. 6.25% 10/15/25 (c)	180,000	184,050
Sealed Air Corp. 5.25% 4/1/23 (c)	270,000	287,550
		<u>5,611,316</u>
Metals & Mining – 1.7%		
Alcoa Nederland Holding BV: 6.75% 9/30/24 (c)	430,000	468,700
7% 9/30/26 (c)	355,000	398,488
Aleris International, Inc. 6% 6/1/20 (c)(d)	1,759	1,759
ArcelorMittal SA 0.95% 1/17/23 (Reg. S) EUR	1,875,000	2,232,805
Big River Steel LLC/BRS Finance Corp. 7.25% 9/1/25 (c)	475,000	502,313
Cliffs Natural Resources, Inc.: 4.875% 1/15/24 (c)	620,000	618,450
5.75% 3/1/25 (c)	615,000	585,019
Compania Minera Ares SAC 7.75% 1/23/21 (c)	800,000	832,000
Constellium NV 5.875% 2/15/26 (c)	255,000	259,781
EVRAZ Group SA: 5.375% 3/20/23 (c)	815,000	847,600
8.25% 1/28/21 (Reg. S)	600,000	675,750
Ferrexpo Finance PLC 10.375% 4/7/19 (c)	258,000	269,441
First Quantum Minerals Ltd.: 7% 2/15/21 (c)	745,000	772,938
7.25% 5/15/22 (c)	615,000	644,705
7.25% 4/1/23 (c)	1,300,000	1,400,750
7.5% 4/1/25 (c)	760,000	824,600
FMG Resources (August 2006) Pty Ltd.: 4.75% 5/15/22 (c)	405,000	410,063
5.125% 5/15/24 (c)	495,000	501,188
Freeport-McMoRan, Inc.: 3.55% 3/1/22	310,000	306,513
3.875% 3/15/23	930,000	925,350
5.4% 11/14/34	300,000	305,250
5.45% 3/15/43	1,945,000	1,942,569
6.75% 2/1/22	900,000	931,500
Gold Fields Orogen Holding BVI Ltd. 4.875% 10/7/20 (c)	200,000	204,000
GTL Trade Finance, Inc. 5.893% 4/29/24 (c)	300,000	321,750
JMC Steel Group, Inc. 9.875% 6/15/23 (c)	405,000	455,625
Joseph T Ryerson & Son, Inc. 11% 5/15/22 (c)	350,000	391,563
Lundin Mining Corp. 7.875% 11/1/22 (c)	30,000	32,100

	Principal Amount(a)	Value
Metalloinvest Finance Designated Activity Co. 4.85% 5/2/24 (c)	\$ 225,000	\$ 229,995
Metinvest BV 9.3725% 12/31/21 pay-in-kind (b)	1,641,843	1,714,150
Murray Energy Corp. 11.25% 4/15/21 (c)	660,000	336,600
Polyus Finance PLC 5.25% 2/7/23 (c)	200,000	209,694
Southern Copper Corp. 7.5% 7/27/35	380,000	516,431
Stillwater Mining Co.: 6.125% 6/27/22 (c)	915,000	928,579
7.125% 6/27/25 (c)	460,000	472,880
United States Steel Corp. 8.375% 7/1/21 (c)	1,053,000	1,143,032
Vale Overseas Ltd.: 4.375% 1/11/22	405,000	418,770
6.875% 11/21/36	270,000	330,750
Vedanta Resources PLC: 6.375% 7/30/22 (c)	815,000	850,697
8.25% 6/7/21 (c)	495,000	546,975
VM Holding SA 5.375% 5/4/27 (c)	480,000	508,800
		<u>26,269,923</u>
Paper & Forest Products – 0.0%		
Boise Cascade Co. 5.625% 9/1/24 (c)	225,000	237,375
NewPage Corp.: 3 month U.S. LIBOR + 6.250% 0% 5/1/12 (d)(e)(f)	90,000	0
11.375% 12/31/2014 (d)(e)	317,581	0
		<u>237,375</u>
TOTAL MATERIALS		<u>48,134,071</u>
REAL ESTATE – 0.6%		
Equity Real Estate Investment Trusts (REITs) – 0.2%		
Crown Castle International Corp. 5.25% 1/15/23	1,530,000	1,675,267
Equinix, Inc. 5.375% 5/15/27	480,000	513,600
MPT Operating Partnership LP/ MPT Finance Corp.: 5% 10/15/27	680,000	692,750
5.25% 8/1/26	220,000	227,700
		<u>3,109,317</u>
Real Estate Management & Development – 0.4%		
CBRE Group, Inc. 5% 3/15/23	1,075,000	1,105,445
Grand City Properties SA 1.375% 8/3/26 (Reg. S) EUR	1,600,000	1,909,455
Howard Hughes Corp. 5.375% 3/15/25 (c)	665,000	681,625
Inversiones y Representaciones SA 11.5% 7/20/20 (Reg. S)	85,000	97,325
IRSA Propiedades Comerciales SA 8.75% 3/23/23 (c)	360,000	405,169

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

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
REAL ESTATE – continued		
Real Estate Management & Development – continued		
Mattamy Group Corp. 6.875% 12/15/23 (c)	\$ 470,000	\$ 497,025
Taylor Morrison Communities, Inc./Monarch Communities, Inc. 5.25% 4/15/21 (c)	785,000	800,700
		<u>5,496,744</u>
TOTAL REAL ESTATE		<u>8,606,061</u>
TELECOMMUNICATION SERVICES – 3.4%		
Diversified Telecommunication Services – 1.4%		
Alice Financing SA:		
6.625% 2/15/23 (c)	1,080,000	1,130,868
7.5% 5/15/26 (c)	1,170,000	1,246,050
Axtel S.A.B. de CV 6.375% 11/14/24 (c)	555,000	571,650
C&W Senior Financing Designated Activity Co. 6.875% 9/15/27 (c)	295,000	309,013
Citizens Communications Co.:		
7.875% 1/15/27	280,000	175,700
9% 8/15/31	220,000	146,850
GCI, Inc. 6.875% 4/15/25	560,000	596,400
GTH Finance BV:		
6.25% 4/26/20 (c)	275,000	289,163
7.25% 4/26/23 (c)	1,555,000	1,747,820
Level 3 Financing, Inc.:		
5.125% 5/1/23	575,000	576,438
5.375% 5/1/25	575,000	574,281
Lynx II Corp. 6.375% 4/15/23 (c)	200,000	206,250
Sable International Finance Ltd. 6.875% 8/1/22 (c)	2,630,000	2,784,513
SFR Group SA:		
6.25% 5/15/24 (c)	3,245,000	3,253,113
7.375% 5/1/26 (c)	2,405,000	2,468,131
Sprint Capital Corp.:		
6.875% 11/15/28	562,000	565,513
8.75% 3/15/32	456,000	517,560
Telefonica Celular del Paraguay SA 6.75% 12/13/22 (c)	600,000	615,306
Telenet Finance Luxembourg Notes SARL 5.5% 3/1/28 (c)	1,200,000	1,197,000
U.S. West Communications:		
6.875% 9/15/33	170,000	162,973
7.25% 9/15/25	35,000	37,568
7.25% 10/15/35	70,000	67,043
UPCB Finance IV Ltd. 5.375% 1/15/25 (c)	615,000	619,244

	Principal Amount(a)	Value
Verizon Communications, Inc. 2.875% 1/15/38	EUR 800,000	\$ 972,046
Virgin Media Finance PLC 4.875% 2/15/22	\$ 565,000	548,050
		<u>21,378,543</u>
Wireless Telecommunication Services – 2.0%		
America Movil S.A.B. de CV 6.45% 12/5/22	MXN 11,000,000	516,666
Comcel Trust 6.875% 2/6/24 (c)	250,000	258,603
Digicel Group Ltd.:		
6.75% 3/1/23 (c)	385,000	378,517
7.125% 4/1/22 (c)	1,775,000	1,643,668
8.25% 9/30/20 (c)	890,000	875,573
Intelsat Jackson Holdings SA:		
5.5% 8/1/23	2,040,000	1,667,700
7.25% 10/15/20	3,485,000	3,275,900
7.5% 4/1/21	585,000	532,350
9.75% 7/15/25 (c)	775,000	745,938
Millicom International Cellular SA 6% 3/15/25 (c)	1,145,000	1,216,563
MTN (Mauritius) Investments Ltd. 6.5% 10/13/26 (c)	400,000	431,750
Sprint Communications, Inc. 6% 11/15/22	1,410,000	1,410,000
Sprint Corp.:		
7.125% 6/15/24	2,940,000	2,991,450
7.625% 2/15/25	1,655,000	1,733,613
7.875% 9/15/23	1,505,000	1,602,825
T-Mobile U.S.A., Inc.:		
6% 4/15/24	920,000	975,200
6.375% 3/1/25	6,800,000	7,276,000
6.5% 1/15/24	2,548,000	2,700,880
Telesat Canada/Telesat LLC 8.875% 11/15/24 (c)	500,000	560,000
		<u>30,793,196</u>
TOTAL TELECOMMUNICATION SERVICES		<u>52,171,739</u>
UTILITIES – 1.6%		
Electric Utilities – 0.1%		
InterGen NV 7% 6/30/23 (c)	200,000	193,500
Israel Electric Corp. Ltd. 7.75% 12/15/27 (Reg. S)	250,000	320,560
Pampa Holding SA 7.5% 1/24/27 (c)	720,000	788,501
		<u>1,302,561</u>
Gas Utilities – 0.0%		
Southern Natural Gas Co.:		
7.35% 2/15/31	175,000	223,492
8% 3/1/32	335,000	454,018
		<u>677,510</u>
Independent Power and Renewable Electricity Producers – 1.5%		
Calpine Corp. 5.25% 6/1/26 (c)	620,000	607,606

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

Investments – continued

Corporate Bonds – continued

	Principal Amount(a)	Value
Nonconvertible Bonds – continued		
UTILITIES – continued		
Independent Power and Renewable Electricity Producers – continued		
Dynergy, Inc.:		
7.375% 11/1/22	\$ 1,910,000	\$ 2,015,050
7.625% 11/1/24	3,665,000	3,930,713
8% 1/15/25 (c)	1,100,000	1,190,750
8.125% 1/30/26 (c)	1,225,000	1,338,313
Energy Future Intermediate Holding Co. LLC/Energy Future Intermediate Holding Finance, Inc.:		
11% 10/1/21 (e)	2,670,672	3,832,415
12.25% 3/1/22 (b)(c)(e)	4,149,619	6,359,291
Listrindo Capital BV 4.95% 9/14/26 (c)	315,000	318,150
NextEra Energy Partners LP:		
4.25% 9/15/24 (c)	415,000	422,263
4.5% 9/15/27 (c)	290,000	288,550
NRG Energy, Inc. 5.75% 1/15/28 (c)		
	695,000	701,950
Pattern Energy Group, Inc. 5.875% 2/1/24 (c)		
	295,000	309,750
Talen Energy Supply LLC:		
6.5% 6/1/25	460,000	371,450
10.5% 1/15/26 (c)	435,000	430,563
TerraForm Power Operating LLC:		
4.25% 1/31/23 (c)	320,000	317,600
5% 1/31/28 (c)	320,000	316,800
6.625% 6/15/25 (b)(c)	418,000	455,620
		<u>23,206,834</u>
TOTAL UTILITIES		<u>25,186,905</u>
TOTAL NONCONVERTIBLE BONDS		<u>518,861,512</u>
TOTAL CORPORATE BONDS		
(Cost \$500,742,888)		<u>523,374,332</u>

U.S. Government and Government Agency Obligations – 17.6%

U.S. Government Agency Obligations – 0.0%

Tennessee Valley Authority:		
5.25% 9/15/39	126,000	170,749
5.375% 4/1/56	302,000	428,295
TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS		<u>599,044</u>

U.S. Treasury Obligations – 17.3%

U.S. Treasury Bonds:		
stripped coupon 2/15/34	2,020,000	1,315,138
2.5% 2/15/46	3,344,000	3,178,550
2.75% 8/15/47	4,267,000	4,267,538

	Principal Amount(a)	Value
2.75% 11/15/47	\$ 1,950,000	\$ 1,951,004
2.875% 8/15/45	6,384,000	6,539,903
3% 11/15/44	582,000	610,644
3% 11/15/45	100,000	104,905
3% 2/15/47	9,303,000	9,773,007
3% 5/15/47	900,000	945,188
3.625% 2/15/44	9,514,000	11,109,133
4.25% 5/15/39	3,488,000	4,404,802
4.75% 2/15/37	8,287,000	11,031,905
5.25% 2/15/29 (h)	2,206,000	2,808,443
6.125% 8/15/29	2,023,000	2,774,986
6.25% 8/15/23 (i)	2,249,000	2,723,632
7.875% 2/15/21	200,000	235,578
U.S. Treasury Notes:		
0.75% 7/15/19	1,522,000	1,496,257
0.875% 6/15/19	2,301,000	2,268,660
1.125% 9/30/21	9,774,000	9,430,143
1.25% 6/30/19	3,000,000	2,973,175
1.375% 7/31/19	7,243,800	7,188,588
1.375% 8/31/23	500,000	476,568
1.5% 10/31/19	4,630,000	4,597,613
1.5% 4/15/20	4,362,000	4,320,921
1.5% 7/15/20	6,388,000	6,318,936
1.5% 8/15/26	2,627,000	2,443,416
1.625% 7/31/20	1,500,000	1,488,298
1.625% 8/31/22	9,782,000	9,539,027
1.75% 12/31/20	2,634,000	2,615,491
1.75% 5/31/22	2,500,000	2,456,217
1.75% 6/30/22	5,948,000	5,839,841
1.875% 12/15/20	12,277,100	12,240,663
1.875% 1/31/22	3,691,000	3,652,404
1.875% 3/31/22	18,354,000	18,145,363
1.875% 7/31/22	1,972,000	1,945,062
2% 9/30/20	16,685,000	16,706,229
2% 12/31/21	13,124,000	13,056,565
2% 10/31/22	4,900,000	4,856,687
2% 8/15/25	4,088,000	3,984,272
2% 11/15/26	8,596,000	8,316,519
2.125% 6/30/21	1,500,000	1,502,826
2.125% 12/31/22	591,000	588,459
2.125% 7/31/24	13,464,000	13,301,015
2.125% 11/30/24	4,306,000	4,248,448
2.125% 5/15/25	2,911,000	2,865,805
2.25% 7/31/21	10,479,000	10,539,276
2.25% 10/31/24	4,468,000	4,446,337
2.25% 12/31/24	10,244,000	10,186,277
2.25% 2/15/27	3,800,000	3,748,998
2.25% 8/15/27	2,954,000	2,911,540
2.25% 11/15/27	2,100,000	2,069,718
2.375% 5/15/27	1,276,000	1,271,971
TOTAL U.S. TREASURY OBLIGATIONS		<u>267,811,941</u>

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

U.S. Government and Government Agency Obligations – continued

	Principal Amount(a)	Value
Other Government Related – 0.3%		
National Credit Union Administration Guaranteed Notes:		
Series 2010-A1 Class A, 1 month U.S. LIBOR + 0.350% 1.7569% 12/7/20 (NCUA Guaranteed) (b)(f)	\$ 88,317	\$ 88,378
Series 2011-R1 Class 1A, 1 month U.S. LIBOR + 0.450% 1.6921% 1/8/20 (NCUA Guaranteed) (b)(f)	198,215	198,629
National Credit Union Administration Guaranteed Notes Master Trust 3.45% 6/12/21 (NCUA Guaranteed)	3,400,000	3,521,276
TOTAL OTHER GOVERNMENT RELATED		<u>3,808,283</u>
TOTAL U.S. GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Cost \$272,011,732)		<u>272,219,268</u>

U.S. Government Agency – Mortgage Securities – 0.3%

Fannie Mae – 0.2%

12 month U.S. LIBOR + 1.365% 3.115% 10/1/35 (b)(f)	817	834
12 month U.S. LIBOR + 1.415% 3.165% 11/1/33 (b)(f)	708	731
12 month U.S. LIBOR + 1.495% 3.19% 1/1/35 (b)(f)	5,444	5,574
12 month U.S. LIBOR + 1.553% 3.322% 6/1/36 (b)(f)	1,151	1,183
12 month U.S. LIBOR + 1.565% 3.315% 3/1/37 (b)(f)	1,496	1,561
12 month U.S. LIBOR + 1.617% 3.313% 3/1/33 (b)(f)	3,482	3,621
12 month U.S. LIBOR + 1.643% 3.315% 9/1/36 (b)(f)	1,860	1,937
12 month U.S. LIBOR + 1.645% 3.31% 6/1/47 (b)(f)	3,406	3,579
12 month U.S. LIBOR + 1.725% 2.592% 6/1/42 (b)(f)	22,242	22,972
12 month U.S. LIBOR + 1.728% 3.418% 11/1/36 (b)(f)	1,663	1,730
12 month U.S. LIBOR + 1.745% 3.398% 7/1/35 (b)(f)	10,310	10,732
12 month U.S. LIBOR + 1.760% 3.376% 2/1/37 (b)(f)	15,571	16,071
12 month U.S. LIBOR + 1.800% 2.75% 1/1/42 (b)(f)	85,541	88,954
12 month U.S. LIBOR + 1.800% 3.562% 7/1/41 (b)(f)	19,851	20,951
12 month U.S. LIBOR + 1.805% 3.029% 10/1/41 (b)(f)	6,213	6,483
12 month U.S. LIBOR + 1.815% 3.565% 11/1/40 (b)(f)	6,781	7,091

	Principal Amount(a)	Value
12 month U.S. LIBOR + 1.818% 2.689% 2/1/42 (b)(f)	\$ 133,754	\$ 138,949
12 month U.S. LIBOR + 1.818% 3.015% 9/1/41 (b)(f)	15,652	16,468
12 month U.S. LIBOR + 1.818% 3.257% 7/1/41 (b)(f)	16,640	17,394
12 month U.S. LIBOR + 1.830% 3.36% 10/1/41 (b)(f)	12,863	13,297
12 month U.S. LIBOR + 1.851% 3.574% 5/1/36 (b)(f)	865	894
12 month U.S. LIBOR + 1.885% 3.637% 4/1/36 (b)(f)	8,203	8,666
12 month U.S. LIBOR + 2.176% 3.768% 8/1/35 (b)(f)	12,773	13,499
6 month U.S. LIBOR + 1.550% 2.968% 11/1/35 (b)(f)	10,136	10,443
6 month U.S. LIBOR + 1.550% 3.017% 9/1/33 (b)(f)	14,334	14,753
U.S. TREASURY 1 YEAR INDEX + 1.965% 2.84% 2/1/36 (b)(f)	600	626
4% 5/1/29	1,195,143	1,250,524
4.5% 11/1/25 to 6/1/41	732,033	780,749
5.5% 10/1/20 to 4/1/21	31,723	32,452
6% 1/1/34 to 6/1/36	304,120	343,961
6.5% 5/1/26 to 8/1/36	297,250	337,569
TOTAL FANNIE MAE		<u>3,174,248</u>
Freddie Mac – 0.0%		
12 month U.S. LIBOR + 1.325% 2.95% 3/1/37 (b)(f)	970	995
12 month U.S. LIBOR + 1.325% 2.953% 1/1/36 (b)(f)	3,030	3,118
12 month U.S. LIBOR + 1.600% 3.35% 7/1/35 (b)(f)	5,851	6,089
12 month U.S. LIBOR + 1.665% 3.29% 7/1/36 (b)(f)	131,465	137,395
12 month U.S. LIBOR + 1.754% 3.071% 9/1/41 (b)(f)	118,541	121,976
12 month U.S. LIBOR + 1.793% 3.32% 4/1/37 (b)(f)	2,072	2,174
12 month U.S. LIBOR + 1.874% 3.627% 10/1/42 (b)(f)	74,089	77,312
12 month U.S. LIBOR + 1.877% 3.212% 4/1/41 (b)(f)	11,310	11,834
12 month U.S. LIBOR + 1.880% 3.045% 10/1/41 (b)(f)	92,128	95,591
12 month U.S. LIBOR + 1.880% 3.22% 9/1/41 (b)(f)	15,031	15,693
12 month U.S. LIBOR + 1.910% 3.277% 6/1/41 (b)(f)	14,674	15,351
12 month U.S. LIBOR + 1.910% 3.411% 5/1/41 (b)(f)	11,805	12,369
12 month U.S. LIBOR + 1.910% 3.588% 5/1/41 (b)(f)	16,510	17,305
12 month U.S. LIBOR + 1.910% 3.685% 6/1/41 (b)(f)	14,922	15,640
12 month U.S. LIBOR + 2.045% 3.811% 7/1/36 (b)(f)	3,269	3,459

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

Investments – continued

U.S. Government Agency – Mortgage Securities – continued

	Principal Amount(a)	Value
Freddie Mac – continued		
6 month U.S. LIBOR + 1.445% 2.945% 3/1/35 (b)(f)	\$ 2,513	\$ 2,566
6 month U.S. LIBOR + 1.647% 3.043% 2/1/37 (b)(f)	2,102	2,175
6 month U.S. LIBOR + 1.675% 3.175% 6/1/37 (b)(f)	1,630	1,687
6 month U.S. LIBOR + 1.685% 3.127% 1/1/37 (b)(f)	12,184	12,605
6 month U.S. LIBOR + 1.720% 3.095% 8/1/37 (b)(f)	2,910	3,020
6 month U.S. LIBOR + 1.746% 3.092% 5/1/37 (b)(f)	1,494	1,541
6 month U.S. LIBOR + 1.932% 3.32% 10/1/36 (b)(f)	9,714	9,965
6 month U.S. LIBOR + 1.976% 3.411% 10/1/35 (b)(f)	6,556	6,832
6 month U.S. LIBOR + 2.010% 3.494% 5/1/37 (b)(f)	16,842	17,355
6 month U.S. LIBOR + 2.010% 3.51% 5/1/37 (b)(f)	9,788	10,250
6 month U.S. LIBOR + 2.040% 3.415% 6/1/37 (b)(f)	4,063	4,193
6 month U.S. LIBOR + 2.066% 3.474% 6/1/37 (b)(f)	2,217	2,325
6 month U.S. LIBOR + 2.755% 4.205% 10/1/35 (b)(f)	1,517	1,611
U.S. TREASURY 1 YEAR INDEX + 2.035% 2.904% 6/1/33 (b)(f)	9,126	9,484
U.S. TREASURY 1 YEAR INDEX + 2.548% 3.548% 7/1/35 (b)(f)	4,985	5,280
6% 1/1/24	64,027	68,165
6.5% 5/1/18 to 3/1/22	10,589	11,180
TOTAL FREDDIE MAC		<u>706,535</u>
Ginnie Mae – 0.1%		
6% 6/15/36	245,736	286,993
4.313% 8/20/61 (b)(i)	114,211	115,538
4.642% 2/20/62 (b)(i)	137,879	140,910
4.676% 2/20/62 (b)(i)	168,703	171,894
4.69% 1/20/62 (b)(i)	754,189	767,878
5.47% 8/20/59 (b)(i)	1,140	1,183
TOTAL GINNIE MAE		<u>1,484,396</u>
TOTAL U.S. GOVERNMENT AGENCY – MORTGAGE SECURITIES		
(Cost \$5,349,966)		<u>5,365,179</u>

Asset-Backed Securities – 0.5%

	Principal Amount(a)	Value
ALG Student Loan Trust Series 2017-1A Class A3, 3 month U.S. LIBOR + 0.090% 1.4039% 6/28/23 (b)(c)(f)	\$ 1,871,842	\$ 1,860,758
GCO Education Loan Funding Trust Series 2006-1 Class A8L, 3 month U.S. LIBOR + 0.130% 1.5921% 5/25/25 (b)(f)	875,357	874,385
Goal Capital Funding Trust Series 2005-2 Class A3, 3 month U.S. LIBOR + 0.170% 1.6321% 5/28/30 (b)(f)	298,226	297,869
Illinois Student Assistance Commission Student Loan Rev. Series 2010-1 Class A2, 3 month U.S. LIBOR + 1.050% 2.3644% 4/25/22 (b)(f)	94,466	94,665
Navient Student Loan Trust Series 2017-3A:		
Class A1, 1 month U.S. LIBOR + 0.300% 1.8521% 7/26/66 (b)(c)(f)	722,835	723,273
Class A2, 1 month U.S. LIBOR + 0.600% 2.1521% 7/26/66 (b)(c)(f)	980,000	986,354
Northstar Education Finance, Inc., Delaware Series 2004-2 Class A4, 3 month U.S. LIBOR + 0.230% 1.608% 7/28/21 (b)(f)	2,585,429	<u>2,583,254</u>
TOTAL ASSET-BACKED SECURITIES		<u>7,420,558</u>
(Cost \$7,413,437)		

Collateralized Mortgage Obligations – 3.1%

	Principal Amount(a)	Value
U.S. Government Agency – 3.1%		
Fannie Mae:		
floater Series 2010-15 Class FJ, 1 month U.S. LIBOR + 0.930% 2.4821% 6/25/36 (b)(f)	256,542	260,737
planned amortization class:		
Series 2003-70 Class BJ, 5% 7/25/33	13,633	14,783
Series 2005-19 Class PA, 5.5% 7/25/34	56,404	58,222
Series 2005-27 Class NE, 5.5% 5/25/34	4,347	4,346
Series 2005-64 Class PX, 5.5% 6/25/35	70,232	74,936
Series 2005-68 Class CZ, 5.5% 8/25/35	324,947	359,727
Series 2010-118 Class PB, 4.5% 10/25/40	237,631	249,065
sequential payer:		
Series 2003-117 Class MD, 5% 12/25/23	51,432	54,061
Series 2004-52 Class KZ, 5.5% 7/25/34	612,359	674,542
Series 2004-91 Class Z, 5% 12/25/34	223,751	242,300
Series 2005-117 Class JN, 4.5% 1/25/36	22,899	24,077
Series 2005-14 Class ZB, 5% 3/25/35	90,327	98,020

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		
Fannie Mae: – continued		
sequential payer: – continued		
Series 2006-72 Class CY, 6% 8/25/26	\$ 40,979	\$ 43,987
Series 2009-59 Class HB, 5% 8/25/39	133,919	145,296
Series 201-75 Class AL, 3.5% 8/25/26	929,000	958,202
Series 2010-97 Class CX, 4.5% 9/25/25	550,000	579,659
Series 2011-80: Class HE, 3.5% 8/25/26	326,000	338,236
Class KB, 3.5% 8/25/26	507,000	523,872
Series 2009-85 Class IB, 4.5% 8/25/24 (k)	7,486	285
Series 2009-93 Class IC, 4.5% 9/25/24 (k)	10,817	391
Series 2010-139 Class NI, 4.5% 2/25/40 (k)	122,949	13,281
Series 2010-39 Class FG, 1 month U.S. LIBOR + 0.920% 2.4721% 3/25/36 (b)(f)	159,420	163,092
Series 2010-97 Class CI, 4.5% 8/25/25 (k)	29,730	1,563
Series 2011-67 Class AI, 4% 7/25/26 (k)	38,204	3,557
Series 2012-27 Class EZ, 4.25% 3/25/42	425,224	452,059
Series 2016-26 Class CG, 3% 5/25/46	811,571	820,612
Freddie Mac:		
floater:		
Series 2630 Class FL, 1 month U.S. LIBOR + 0.500% 1.7503% 6/15/18 (b)(f)	35	35
Series 2711 Class FC, 1 month U.S. LIBOR + 0.900% 2.1503% 2/15/33 (b)(f)	82,260	83,845
floater planned amortization class		
Series 2770 Class FH, 1 month U.S. LIBOR + 0.400% 1.6503% 3/15/34 (b)(f)	106,481	107,066
planned amortization class:		
Series 2101 Class PD, 6% 11/15/28	1,873	1,998
Series 2996 Class MK, 5.5% 6/15/35	3,810	4,116
Series 3415 Class PC, 5% 12/15/37	36,359	39,107
Series 3840 Class VA, 4.5% 9/15/27	217,529	221,019
Series 3857 Class ZP, 5% 5/15/41	177,774	207,664
sequential payer:		
Series 2004-2802 Class ZG, 5.5% 5/15/34	492,582	544,737
Series 2303 Class ZV, 6% 4/15/31	4,433	4,869
Series 2877 Class ZD, 5% 10/15/34	272,002	294,806

	Principal Amount(a)	Value
Series 3745 Class KV, 4.5% 12/15/26	\$ 368,659	\$ 390,882
Series 3806 Class L, 3.5% 2/15/26	453,000	470,641
Series 3862 Class MB, 3.5% 5/15/26	540,000	557,707
Series 3843 Class PZ, 5% 4/15/41	156,287	180,087
Freddie Mac Multi-family Structured pass-thru certificates sequential payer:		
Series 4335 Class AL, 4.25% 3/15/40	322,230	334,188
Series 4341 Class ML, 3.5% 11/15/31	450,096	464,373
Ginnie Mae guaranteed REMIC pass-thru certificates:		
floater:		
Series 2007-59 Class FC, 1 month U.S. LIBOR + 0.500% 2.0011% 7/20/37 (b)(f)	55,627	55,935
Series 2008-2 Class FD, 1 month U.S. LIBOR + 0.480% 1.9811% 1/20/38 (b)(f)	13,703	13,778
Series 2008-73 Class FA, 1 month U.S. LIBOR + 0.860% 2.3611% 8/20/38 (b)(f)	89,850	91,365
Series 2008-83 Class FB, 1 month U.S. LIBOR + 0.900% 2.4011% 9/20/38 (b)(f)	77,220	78,928
Series 2009-108 Class CF, 1 month U.S. LIBOR + 0.600% 2.0908% 11/16/39 (b)(f)	63,626	64,141
Series 2009-116 Class KF, 1 month U.S. LIBOR + 0.530% 2.0208% 12/16/39 (b)(f)	46,353	46,687
Series 2010-H17 Class FA, 1 month U.S. LIBOR + 0.330% 1.6676% 7/20/60 (b)(f)(i)	389,193	387,180
Series 2010-H18 Class AF, 1 month U.S. LIBOR + 0.300% 1.5433% 9/20/60 (b)(f)(i)	467,160	464,411
Series 2010-H19 Class FG, 1 month U.S. LIBOR + 0.300% 1.5433% 8/20/60 (b)(f)(i)	501,890	498,927
Series 2010-H27 Series FA, 1 month U.S. LIBOR + 0.380% 1.6233% 12/20/60 (b)(f)(i)	216,441	215,645
Series 2011-H05 Class FA, 1 month U.S. LIBOR + 0.500% 1.7433% 12/20/60 (b)(f)(i)	289,981	289,990
Series 2011-H07 Class FA, 1 month U.S. LIBOR + 0.500% 1.7433% 2/20/61 (b)(f)(i)	512,708	512,673
Series 2011-H12 Class FA, 1 month U.S. LIBOR + 0.490% 1.7333% 2/20/61 (b)(f)(i)	726,078	725,867
Series 2011-H13 Class FA, 1 month U.S. LIBOR + 0.500% 1.7433% 4/20/61 (b)(f)(i)	235,877	235,889

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

Investments – continued

Collateralized Mortgage Obligations – continued

	Principal Amount(a)	Value		Principal Amount(a)	Value
U.S. Government Agency – continued					
Ginnie Mae guaranteed REMIC pass-thru certificates: – continued					
floater: – continued					
Series 2011-H14:					
Class FB, 1 month U.S. LIBOR + 0.500% 1.7433% 5/20/61 (b)(f)(i)	\$ 287,719	\$ 287,756			
Class FC, 1 month U.S. LIBOR + 0.500% 1.7433% 5/20/61 (b)(f)(i)	259,448	259,467			
Series 2011-H17 Class FA, 1 month U.S. LIBOR + 0.530% 1.7733% 6/20/61 (b)(f)(i)	330,220	330,486			
Series 2011-H21 Class FA, 1 month U.S. LIBOR + 0.600% 1.8433% 10/20/61 (b)(f)(i)	375,284	376,324			
Series 2012-H01 Class FA, 1 month U.S. LIBOR + 0.700% 1.9433% 11/20/61 (b)(f)(i)	324,870	326,760			
Series 2012-H03 Class FA, 1 month U.S. LIBOR + 0.700% 1.9433% 1/20/62 (b)(f)(i)	213,834	215,049			
Series 2012-H06 Class FA, 1 month U.S. LIBOR + 0.630% 1.8733% 1/20/62 (b)(f)(i)	310,178	311,344			
Series 2012-H07 Class FA, 1 month U.S. LIBOR + 0.630% 1.8733% 3/20/62 (b)(f)(i)	190,242	190,929			
Series 2012-H21 Class DF, 1 month U.S. LIBOR + 0.650% 1.8933% 5/20/61 (b)(f)(i)	162,041	162,311			
Series 2013-H19 Class FD, 1 month U.S. LIBOR + 0.600% 1.8433% 8/20/63 (b)(f)(i)	171,822	172,238			
Series 2014-H11 Class BA, 1 month U.S. LIBOR + 0.500% 1.7433% 6/20/64 (b)(f)(i)	1,518,778	1,518,941			
Series 2015-H13 Class FL, 1 month U.S. LIBOR + 0.280% 1.5233% 5/20/63 (b)(f)(i)	584,134	583,894			
Series 2015-H19 Class FA, 1 month U.S. LIBOR + 0.200% 1.4433% 4/20/63 (b)(f)(i)	627,104	626,445			
Series 2016-H20 Class FM, 1 month U.S. LIBOR + 0.400% 1.6433% 12/20/62 (b)(f)(i)	621,957	622,243			
planned amortization class:					
Series 2010-31 Class BP, 5% 3/20/40	620,000	690,554			
Series 2011-136 Class WI, 4.5% 5/20/40 (k)	81,366	9,624			
sequential payer:					
Series 2011-69 Class GX, 4.5% 5/16/40	470,000	502,091			
Series 2013-H06 Class HA, 1.65% 1/20/63 (j)	226,870	225,055			
Series 2013-H26 Class HA, 3.5% 9/20/63 (j)	990,988	1,007,125			
			Series 2014-H04 Class HA, 2.75% 2/20/64 (j)	\$ 2,209,141	\$ 2,220,738
			Series 2014-H12 Class KA, 2.75% 5/20/64 (j)	286,356	286,280
			Series 2016-H02 Class FM, 1 month U.S. LIBOR + 0.500% 1.7433% 9/20/62 (b)(f)(i)	975,066	977,076
			Series 2016-H04 Class FE, 1 month U.S. LIBOR + 0.650% 1.8933% 11/20/65 (b)(f)(i)	218,620	219,249
			Series 2004-22 Class M1, 5.5% 4/20/34	48,689	61,192
			Series 2010-169 Class Z, 4.5% 12/20/40	395,008	425,474
			Series 2010-H15 Class TP, 5.15% 8/20/60 (j)	669,371	686,794
			Series 2010-H16 Class BA, 3.55% 7/20/60 (j)	3,583,133	3,618,153
			Series 2010-H17 Class XP, 5.2951% 7/20/60 (b)(j)	699,699	720,594
			Series 2010-H18 Class PL, 5.01% 9/20/60 (b)(j)	658,907	674,132
			Series 2010-H22 Class LA, 3.75% 10/20/60 (j)	690,862	699,668
			Series 2010-H28 Class KA, 3.75% 12/20/60 (j)	1,326,858	1,346,390
			Series 2012-64 Class KI, 3.5% 11/20/36 (k)	61,306	4,312
			Series 2013-124:		
			Class ES, 8.667%- 1 month U.S. LIBOR 6.6652% 4/20/39 (b)(l)	324,130	335,881
			Class ST, 8.800%- 1 month U.S. LIBOR 6.7985% 8/20/39 (b)(l)	850,409	892,867
			Series 2013-H01 Class FA, 1.65% 1/20/63 (j)	1,005,491	994,902
			Series 2013-H07 Class JA, 1.75% 3/20/63 (j)	1,618,129	1,603,030
			Series 2015-H17 Class HA, 2.5% 5/20/65 (j)	1,029,396	1,030,924
			Series 2015-H21:		
			Class HA, 2.5% 6/20/63 (j)	2,091,889	2,094,852
			Class JA, 2.5% 6/20/65 (j)	254,842	255,218
			Series 2015-H30 Class HA, 1.75% 9/20/62 (b)(j)	2,249,504	2,233,285
			Series 2016-H13 Class FB, U.S. TREASURY 1 YEAR INDEX + 0.500% 1.65% 5/20/66 (b)(f)(j)	1,256,196	1,263,626
			Series 2017-H06 Class FA, U.S. TREASURY 1 YEAR INDEX + 0.350% 1.78% 8/20/66 (b)(f)(j)	1,445,393	1,449,436
			Series 2090-118 Class XZ, 5% 12/20/39	782,557	875,330
			TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS		
			(Cost \$47,500,670)		
					47,135,503

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

Commercial Mortgage Securities – 1.8%

	Principal Amount(a)	Value
Fannie Mae Series 2017-T1 Class A, 2.898% 6/25/27	\$ 3,199,315	\$ 3,178,094
FHLMC Multi-Family Structured Pass-Through Certificates sequential payer Series K071 Class A2, 3.289% 11/25/50	800,000	826,419
Freddie Mac floater:		
Series KP04 Class AG1, 1 month U.S. LIBOR + 0.220% 1.5668% 7/25/20 (b)(f)	900,000	900,000
Series KP04, Class AG2, 1 month U.S. LIBOR + 0.200% 1.5468% 10/25/19 (b)(f)	1,800,000	1,802,282
pass-thru certificates sequential payer Series K011 Class A2, 4.084% 11/25/20	260,000	271,485
sequential payer:		
Series 2017-SR01 Class A2, 2.75% 11/25/22	1,600,000	1,611,842
Series K006 Class A2, 4.251% 1/25/20	1,042,000	1,079,327
Series K034 Class A1, 2.669% 2/25/23	795,478	798,646
Series K708 Class A2, 2.13% 1/25/19	1,979,569	1,980,719
Series K709 Class A2, 2.086% 3/25/19	1,080,000	1,080,099
Series K710 Class A2, 1.883% 5/25/19	919,000	917,072
Series K713 Class A2, 2.313% 3/25/20	280,000	280,192
Series K717 Class A2, 2.991% 9/25/21	2,612,000	2,659,481
Series K729 Class A1, 2.9184% 11/25/49	2,111,000	2,151,550
Series 2017-K727 Class A1, 2.632% 10/25/23	1,008,596	1,013,712
Series K504 Class A2, 2.566% 9/25/20	158,000	159,063
Series K704 Class A2, 2.412% 8/25/18	366,723	366,868
Series K706 Class A2, 2.323% 10/25/18	716,011	716,955
Series K724 Class A1, 2.776% 3/25/23	951,758	963,689
Series K726 Class A1, 2.596% 8/25/23	380,997	382,344
Series K728 Class A1, 2.824% 10/25/23	1,997,604	2,022,020
Freddie Mac Multi-family floater Series 2017-KT01 Class A, 1 month U.S. LIBOR + 0.320% 1.5579% 2/25/20 (b)(f)	2,634,000	2,640,472
TOTAL COMMERCIAL MORTGAGE SECURITIES (Cost \$27,919,695)		27,802,331

Foreign Government and Government Agency Obligations – 18.6%

	Principal Amount(a)	Value
Arab Republic of Egypt:		
5.875% 6/11/25	\$ 400,000	\$ 403,774
5.875% 6/11/25 (c)	200,000	201,887
6.125% 1/31/22 (c)	1,380,000	1,443,549
7.5% 1/31/27 (c)	215,000	237,639
8.5% 1/31/47 (c)	1,100,000	1,262,910
Argentine Republic:		
5.625% 1/26/22	1,875,000	1,978,125
6.875% 4/22/21	4,590,000	4,998,510
7.125% 6/28/2117 (c)	490,000	504,945
7.5% 4/22/26	1,380,000	1,562,367
Australian Commonwealth:		
3% 3/21/47	AUD 1,450,000	1,055,631
5.5% 1/21/18	AUD 11,350,000	8,876,631
Bahamian Republic 6% 11/21/28 (c)	280,000	291,200
Bahrain Kingdom 6.75% 9/20/29 (c)	280,000	275,866
Barbados Government:		
7% 8/4/22 (c)	300,000	253,386
7.25% 12/15/21 (c)	35,000	31,500
Belarus Republic:		
6.875% 2/28/23 (c)	695,000	747,528
7.625% 6/29/27 (c)	345,000	384,675
8.95% 1/26/18	2,070,000	2,073,933
Brazilian Federative Republic:		
5.625% 1/7/41	740,000	755,910
7.125% 1/20/37	1,635,000	1,970,175
8.25% 1/20/34	1,675,000	2,194,250
10% 1/1/21	BRL 2,685,000	833,709
Buenos Aires Province:		
6.5% 2/15/23 (c)	490,000	526,407
9.95% 6/9/21 (c)	935,000	1,083,067
10.875% 1/26/21 (c)	325,000	369,688
10.875% 1/26/21 (Reg. S)	1,830,000	2,081,625
Buoni del Tesoro Poliennali:		
1.35% 4/15/22	EUR 4,800,000	5,932,865
2.2% 6/1/27	EUR 3,450,000	4,228,937
2.7% 3/1/47 (c)	EUR 2,500,000	2,732,688
Cameroon Republic 9.5% 11/19/25 (c)	440,000	528,000
Canadian Government:		
0.5% 11/1/18	CAD 7,575,000	5,980,393
1% 9/1/22	CAD 7,650,000	5,850,333
3.5% 12/1/45	CAD 1,175,000	1,168,363
City of Buenos Aires 8.95% 2/19/21 (c)	200,000	221,500
Colombian Republic:		
7.375% 9/18/37	365,000	493,115
10.375% 1/28/33	670,000	1,053,575
Costa Rican Republic 7% 4/4/44 (c)	235,000	242,591

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

Investments – continued

Foreign Government and Government Agency Obligations – continued

		Principal Amount(a)	Value
Croatia Republic:			
5.5% 4/4/23 (c)	\$	175,000	\$ 192,938
6% 1/26/24 (c)		200,000	228,016
Danish Kingdom 1.75%			
11/15/25	DKK	13,600,000	2,454,694
Democratic Socialist Republic of Sri Lanka:			
6.2% 5/11/27 (c)		200,000	211,164
6.25% 10/4/20 (c)		120,000	126,406
6.25% 7/27/21 (c)		210,000	223,435
Dominican Republic:			
5.95% 1/25/27 (c)		470,000	507,600
6.6% 1/28/24 (c)		200,000	224,250
6.85% 1/27/45 (c)		290,000	325,743
6.875% 1/29/26 (c)		460,000	525,118
7.45% 4/30/44 (c)		450,000	536,625
Ecuador Republic:			
8.875% 10/23/27 (c)		645,000	709,500
9.65% 12/13/26 (c)		400,000	459,000
El Salvador Republic			
7.375% 12/1/19 (c)		210,000	222,075
French Government:			
yield at date of purchase -0.698% to -0.687%			
1/24/18	EUR	7,350,000	8,822,901
2.25% 5/25/24	EUR	1,550,000	2,111,766
4% 4/25/18	EUR	11,950,000	14,537,193
German Federal Republic:			
0% 3/15/19	EUR	20,675,000	25,017,237
0.25% 2/15/27	EUR	17,850,000	21,202,121
2.5% 8/15/46	EUR	3,525,000	5,548,982
Hong Kong Government SAR 1.32% 12/23/19	HKD	2,700,000	345,504
Indonesian Republic:			
7.75% 1/17/38 (c)		720,000	1,029,675
8.375% 3/15/24	IDR	12,813,000,000	1,049,982
8.5% 10/12/35 (Reg. S)		800,000	1,198,775
Islamic Republic of Pakistan:			
6.75% 12/3/19 (c)		425,000	440,073
7.25% 4/15/19 (c)		930,000	962,744
8.25% 4/15/24 (c)		350,000	385,905
Israeli State (guaranteed by U.S. Government through Agency for International Development):			
5.5% 9/18/23		4,140,000	4,816,722
5.5% 12/4/23		1,628,000	1,903,302
Japan Government:			
0.1% 12/20/20	JPY	636,650,000	5,687,049
0.4% 3/20/56	JPY	778,000,000	5,694,746
0.9% 6/20/22	JPY	3,178,600,000	29,478,041
Jordanian Kingdom:			
3% 6/30/25		1,179,000	1,213,346
7.375% 10/10/47 (c)		355,000	369,862
Kingdom of Norway 3.75% 5/25/21	NOK	7,200,000	960,134

		Principal Amount(a)	Value
Lebanese Republic:			
5.15% 6/12/18	\$	1,500,000	\$ 1,495,965
5.15% 11/12/18		1,048,000	1,043,410
5.45% 11/28/19		650,000	644,865
6% 5/20/19		975,000	976,985
6.375% 3/9/20		150,000	149,878
Malaysian Government			
4.181% 7/15/24	MYR	1,750,000	438,008
Mongolian People's Republic			
8.75% 3/9/24 (c)		710,000	817,615
New Zealand Government			
6% 5/15/21	NZD	1,000,000	799,368
Panamanian Republic			
9.375% 4/1/29		140,000	212,100
Peruvian Republic:			
4% 3/7/27 (d)(m)		570,000	560,556
6.35% 8/12/28 (c)	PEN	1,755,000	592,391
8.2% 8/12/26 (Reg. S)	PEN	960,000	364,681
Province of Santa Fe 7% 3/23/23 (c)		990,000	1,070,566
Provincia de Cordoba:			
7.125% 6/10/21 (c)		1,505,000	1,625,340
7.45% 9/1/24 (c)		695,000	760,073
Republic of Angola 7% 8/17/19 (Issued by Northern Lights III BV for Republic of Angola) (Reg. S)		218,750	225,040
Republic of Armenia:			
6% 9/30/20 (c)		505,000	535,896
7.15% 3/26/25 (c)		400,000	455,832
Republic of Iraq:			
5.8% 1/15/28 (Reg. S)		2,000,000	1,929,080
6.752% 3/9/23 (c)		450,000	460,161
Republic of Nigeria:			
6.5% 11/28/27 (c)		275,000	286,557
6.75% 1/28/21 (c)		90,000	95,625
7.625% 11/28/47 (c)		390,000	418,263
Republic of Serbia:			
6.75% 11/1/24 (c)		404,545	411,325
7.25% 9/28/21 (c)		255,000	291,535
Republic of Singapore			
3.25% 9/1/20	SGD	5,350,000	4,162,956
Russian Federation:			
5.25% 6/23/47 (c)		800,000	837,040
5.625% 4/4/42 (c)		400,000	448,000
5.875% 9/16/43 (c)		280,000	324,744
7.5% 2/27/19	RUB	13,000,000	227,988
12.75% 6/24/28 (Reg. S)		1,995,000	3,461,325
Rwanda Republic 6.625% 5/2/23 (c)		400,000	418,588
Saudi Arabia Kingdom of 3.625% 3/4/28 (c)		285,000	282,435
South African Republic			
5.875% 9/16/25		200,000	217,682
Spanish Kingdom 2.9% 10/31/46(Reg. S) (c)	EUR	1,450,000	1,763,137

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

Foreign Government and Government Agency Obligations – continued

		Principal Amount(a)	Value
State of Qatar 9.75% 6/15/30 (c)	\$	200,000	\$ 310,600
Sweden Kingdom 4.25% 3/12/19	SEK	25,700,000	3,322,506
Switzerland Confederation 3% 1/8/18	CHF	4,550,000	4,671,168
Turkish Republic:			
5.125% 3/25/22		585,000	606,353
5.625% 3/30/21		615,000	647,348
6% 3/25/27		350,000	372,651
6.25% 9/26/22		2,660,000	2,886,637
6.75% 5/30/40		220,000	242,081
6.875% 3/17/36		480,000	534,962
7% 6/5/20		230,000	248,129
7.25% 3/5/38		370,000	429,677
7.375% 2/5/25		540,000	621,832
8% 2/14/34		250,000	308,180
11.875% 1/15/30		130,000	204,382
Turkiye Ihracat Kredi Bankasi A/S 5.375% 2/8/21 (c)		265,000	271,000
Ukraine Government:			
1.471% 9/29/21		1,600,000	1,556,960
7.75% 9/1/19 (c)		415,000	435,750
7.75% 9/1/20 (c)		1,085,000	1,148,926
7.75% 9/1/21 (c)		4,813,000	5,123,150
7.75% 9/1/22 (c)		3,671,000	3,903,117
United Kingdom, Great Britain and Northern Ireland:			
0.5% 7/22/22	GBP	3,250,000	4,344,445
1.25% 7/22/27	GBP	5,000,000	6,768,099
1.75% 7/22/19 (Reg.S)	GBP	6,200,000	8,540,952
United Kingdom, Great Britain and Northern Ireland Treasury Indexed-Linked GILT 2.5% 7/22/65 (Reg. S)	GBP	2,250,000	3,972,617
United Mexican States 6.5% 6/10/21	MXN	2,530,000	124,277
Uruguay Republic 7.875% 1/15/33 pay-in-kind		215,000	307,987
Venezuelan Republic: oil recovery warrants 4/15/20 (d)(n)		1,251	3,128
9.25% 9/15/27		1,550,000	333,250
11.95% 8/5/31 (Reg. S)		840,000	168,000
12.75% 8/23/22		190,000	40,850
Vietnamese Socialist Republic: 6 month U.S. LIBOR + 0.813% 2.25% 3/13/28 (b)(d)(f)		75,000	66,533

	Principal Amount(a)	Value
4% 3/12/28 (d)(m)	\$ 2,150,000	\$ 2,140,196
4.8% 11/19/24 (c)	200,000	213,311

TOTAL FOREIGN GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Cost \$280,998,125)

288,227,935

Supranational Obligations – 0.0%

European Bank for Reconstruction & Development 6% 5/4/20 (Reg. S) (Cost \$542,027)	INR	34,800,000	545,893
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Common Stocks – 4.2%

	Shares	
CONSUMER DISCRETIONARY – 1.0%		
Auto Components – 0.3%		
Aptiv PLC	9,500	805,885
Chassix Holdings, Inc. (d)(o)	33,750	904,163
Chassix Holdings, Inc. warrants 7/29/20 (d)(o)	1,921	22,994
Delphi Technologies PLC (o)	3,166	166,120
Exide Technologies (d)(o)	2,115	0
Exide Technologies (d)(o)	7,052	4,936
Lear Corp.	6,800	1,201,288
Tenneco, Inc.	14,900	872,246
		<u>3,977,632</u>
Diversified Consumer Services – 0.0%		
Houghton Mifflin Harcourt Co. warrants 6/22/19 (o)(p)	2,218	341
Hotels, Restaurants & Leisure – 0.3%		
Boyd Gaming Corp.	27,300	956,865
Extended Stay America, Inc. unit	32,600	619,400
Melco Crown Entertainment Ltd. sponsored ADR	31,900	926,376
MGM Mirage, Inc.	18,400	614,376
Royal Caribbean Cruises Ltd.	6,000	715,680
Wynn Resorts Ltd.	4,200	708,078
		<u>4,540,775</u>
Household Durables – 0.1%		
CalAtlantic Group, Inc.	19,740	1,113,139
Newell Brands, Inc.	10,516	324,944
Toll Brothers, Inc.	15,700	753,914
		<u>2,191,997</u>
Media – 0.3%		
Naspers Ltd. Class N	9,500	2,649,788
Sinclair Broadcast Group, Inc. Class A	40,300	1,525,355
		<u>4,175,143</u>
TOTAL CONSUMER DISCRETIONARY		<u>14,885,888</u>

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

Investments – continued

Common Stocks – continued

	Shares	Value
CONSUMER STAPLES – 0.1%		
Food Products – 0.1%		
JBS SA	281,400	\$ 832,213
Reddy Ice Holdings, Inc. (o)	5,683	2,273
		<u>834,486</u>
ENERGY – 0.1%		
Energy Equipment & Services – 0.0%		
Forbes Energy Services Ltd.	6,562	<u>64,964</u>
Oil, Gas & Consumable Fuels – 0.1%		
Chaparral Energy, Inc.:		
Class A	4,142	98,124
Class B	887	21,013
Crestwood Equity Partners LP	7,975	205,755
Goodrich Petroleum Corp. (o)	4,211	45,942
Pacific Exploration and Production Corp. (o)	24,876	783,683
VNR Finance Corp.	4,091	76,502
VNR Finance Corp. (c)	19,701	368,409
		<u>1,599,428</u>
TOTAL ENERGY		<u>1,664,392</u>
FINANCIALS – 0.0%		
Capital Markets – 0.0%		
Penson Worldwide, Inc. Class A (d)(o)	314,563	<u>3</u>
Consumer Finance – 0.0%		
OneMain Holdings, Inc. (o)	27,700	<u>719,923</u>
TOTAL FINANCIALS		<u>719,926</u>
HEALTH CARE – 0.1%		
Health Care Providers & Services – 0.0%		
HCA Holdings, Inc. (o)	7,300	641,232
Rotech Healthcare, Inc. (d)(o)	6,069	9,710
		<u>650,942</u>
Pharmaceuticals – 0.1%		
Allergan PLC	2,200	359,876
Jazz Pharmaceuticals PLC (o)	4,700	632,855
		<u>992,731</u>
TOTAL HEALTH CARE		<u>1,643,673</u>
INDUSTRIALS – 0.6%		
Airlines – 0.2%		
Air Canada (o)	106,500	2,192,697
Delta Air Lines, Inc.	10,800	604,800
		<u>2,797,497</u>
Commercial Services & Supplies – 0.0%		
Novus Holdings Ltd.	3,285	1,567
WP Rocket Holdings, Inc. (d)(o)(p)	747,076	7
		<u>1,574</u>
Machinery – 0.0%		
Allison Transmission Holdings, Inc.	13,200	<u>568,524</u>

	Shares	Value
Marine – 0.0%		
U.S. Shipping Partners Corp. (d)(o)	644	\$ 0
U.S. Shipping Partners Corp. warrants 12/31/29 (d)(o)	6,028	<u>0</u>
		<u>0</u>
Trading Companies & Distributors – 0.4%		
AerCap Holdings NV (o)	14,800	778,628
Air Lease Corp. Class A	15,600	750,204
HD Supply Holdings, Inc. (o)	37,300	1,493,119
Penhall Acquisition Co.:		
Class A (d)(o)	321	25,112
Class B (d)(o)	107	8,371
United Rentals, Inc. (o)	14,763	<u>2,537,907</u>
		<u>5,593,341</u>
Transportation Infrastructure – 0.0%		
Tricer Holdco SCA (d)(p)	16,755	<u>80,592</u>
TOTAL INDUSTRIALS		<u>9,041,528</u>
INFORMATION TECHNOLOGY – 1.8%		
Electronic Equipment & Components – 0.1%		
CDW Corp.	13,500	<u>938,115</u>
Internet Software & Services – 0.5%		
Alibaba Group Holding Ltd. sponsored ADR (o)	22,300	3,845,189
Alphabet, Inc. Class A (o)	2,600	2,738,840
Facebook, Inc. Class A (o)	10,800	1,905,768
		<u>8,489,797</u>
IT Services – 0.4%		
First Data Corp. Class A (o)	56,300	940,773
Global Payments, Inc.	9,100	912,184
MasterCard, Inc. Class A	8,900	1,347,104
PayPal Holdings, Inc. (o)	19,200	1,413,504
Visa, Inc. Class A	8,800	1,003,376
		<u>5,616,941</u>
Semiconductors & Semiconductor Equipment – 0.6%		
Broadcom Ltd.	12,000	3,082,800
Cypress Semiconductor Corp.	309	4,709
MagnaChip Semiconductor Corp. (o)	2,669	26,557
Micron Technology, Inc. (o)	18,000	740,160
Microsemi Corp. (o)	24,400	1,260,260
ON Semiconductor Corp. (o)	65,900	1,379,946
Qorvo, Inc. (o)	9,095	605,727
Semtech Corp. (o)	10,900	372,780
Skyworks Solutions, Inc.	23,700	2,250,315
		<u>9,723,254</u>
Software – 0.2%		
Adobe Systems, Inc. (o)	7,700	1,349,348
Electronic Arts, Inc. (o)	10,000	1,050,600
Nuance Communications, Inc. (o)	45,500	743,925
Take-Two Interactive Software, Inc. (o)	6,600	724,548
		<u>3,868,421</u>
TOTAL INFORMATION TECHNOLOGY		<u>28,636,528</u>

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

Common Stocks – continued

	Shares	Value
MATERIALS – 0.4%		
Chemicals – 0.3%		
DowDuPont, Inc.	11,000	\$ 783,420
LyondellBasell Industries NV Class A	17,800	1,963,696
The Chemours Co. LLC	22,900	1,146,374
		<u>3,893,490</u>
Containers & Packaging – 0.0%		
Graphic Packaging Holding Co.	37,900	<u>585,555</u>
Metals & Mining – 0.1%		
Aleris Corp. (d)(o)	2,037	11,662
Freeport-McMoRan, Inc. (o)	50,800	963,168
		<u>974,830</u>
TOTAL MATERIALS		<u>5,453,875</u>
TELECOMMUNICATION SERVICES – 0.1%		
Wireless Telecommunication Services – 0.1%		
T-Mobile U.S., Inc. (o)	34,700	<u>2,203,797</u>
UTILITIES – 0.0%		
Electric Utilities – 0.0%		
Portland General Electric Co.	140	<u>6,381</u>
TOTAL COMMON STOCKS (Cost \$50,089,623)		<u>65,090,474</u>

Preferred Stocks – 0.0%

Convertible Preferred Stocks – 0.0%

CONSUMER STAPLES – 0.0%

Food Products – 0.0%

Reddy Ice Holdings, Inc. 7.00% pay-in-kind (d)(o)	2,286	<u>19,454</u>
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Nonconvertible Preferred Stocks – 0.0%

INDUSTRIALS – 0.0%

Transportation Infrastructure – 0.0%

Tricer Holdco SCA (d)(p)	7,446,900	<u>74,469</u>
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TOTAL PREFERRED STOCKS

(Cost \$281,847)

93,923

Bank Loan Obligations – 1.4%

	Principal Amount(a)	Value
CONSUMER DISCRETIONARY – 0.1%		
Diversified Consumer Services – 0.1%		
KUEHG Corp.:		
Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.750% 5.4434% 8/13/22 (b)(f)	\$ 645,233	646,039
Tranche B, term loan 3 month U.S. LIBOR + 8.250% 9.5828% 8/22/25 (b)(f)	305,000	306,525
		<u>952,564</u>

	Principal Amount(a)	Value
CONSUMER STAPLES – 0.0%		
Personal Products – 0.0%		
Revlon Consumer Products Corp. Tranche B, term loan 3 month U.S. LIBOR + 3.500% 9/7/23 (f)(q)	\$ 60,000	\$ <u>44,419</u>
ENERGY – 0.7%		
Energy Equipment & Services – 0.1%		
Forbes Energy Services LLC Tranche B, term loan 12% 4/13/21 (b)(d)	64,608	65,092
Seadrill Operating LP Tranche B, term loan 3 month U.S. LIBOR + 3.000% 4.6934% 2/21/21 (b)(f)	1,656,257	<u>1,333,287</u>
		<u>1,398,379</u>
Oil, Gas & Consumable Fuels – 0.6%		
Alon U.S.A. Partners LP term loan 3 month U.S. LIBOR + 8.000% 9.569% 11/26/18 (b)(f)	319,307	320,105
Bcp Raptor LLC Tranche B, term loan 3 month U.S. LIBOR + 4.250% 5.7288% 6/22/24 (b)(f)	457,700	459,133
California Resources Corp.:		
Tranche 1LN, term loan 3 month U.S. LIBOR + 10.375% 11.8761% 12/31/21 (b)(f)	4,240,000	4,648,100
Tranche B, term loan 3 month U.S. LIBOR + 4.750% 6.2408% 11/17/22 (b)(f)	1,470,000	1,462,650
Chesapeake Energy Corp. Tranche 1LN, term loan 3 month U.S. LIBOR + 7.500% 8.954% 8/23/21 (b)(f)	2,030,000	2,157,890
Vanguard Natural Gas LLC Tranche B, term loan 3 month U.S. LIBOR + 7.500% 8.9% 5/1/21 (b)(f)	49,399	<u>48,318</u>
		<u>9,096,196</u>
TOTAL ENERGY		<u>10,494,575</u>
FINANCIALS – 0.0%		
Consumer Finance – 0.0%		
Sears Roebuck Acceptance Corp. Tranche B, term loan 3 month U.S. LIBOR + 7.500% 8.8918% 7/20/20 (b)(f)	464,231	<u>465,684</u>
Diversified Financial Services – 0.0%		
Bcp Renaissance Parent LLC Tranche B, term loan 3 month U.S. LIBOR + 4.000% 5.3801% 10/31/24 (b)(f)	150,000	<u>151,725</u>
TOTAL FINANCIALS		<u>617,409</u>

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

Investments – continued

Bank Loan Obligations – continued

	Principal Amount(a)	Value
INDUSTRIALS – 0.0%		
Commercial Services & Supplies – 0.0%		
Harland Clarke Holdings Corp. Tranche B 7LN, term loan 3 month U.S. LIBOR + 4.750% 6.4434% 11/3/23 (b)(f)	\$ 188,289	\$ 188,916
Optiv Security, Inc. Tranche 2LN, term loan 3 month U.S. LIBOR + 7.250% 8.625% 2/1/25 (b)(f)	20,000	17,850
		<u>206,766</u>
Construction & Engineering – 0.0%		
Traverse Midstream Partners II Tranche B, term loan 3 month U.S. LIBOR + 4.000% 5.33% 9/27/24 (b)(f)	155,000	157,015
TOTAL INDUSTRIALS		<u>363,781</u>
INFORMATION TECHNOLOGY – 0.4%		
Internet Software & Services – 0.1%		
Mcafee LLC Tranche B, term loan: 3 month U.S. LIBOR + 4.500% 6.069% 9/29/24 (b)(f)	244,388	243,427
3 month U.S. LIBOR + 8.500% 10.069% 9/29/25 (b)(f)	1,295,000	1,295,816
		<u>1,539,243</u>
Software – 0.3%		
Almonde, Inc.:		
Tranche 2LN, term loan 3 month U.S. LIBOR + 7.250% 8.7288% 6/13/25 (b)(f)	1,269,344	1,269,661
Tranche B 1LN, term loan 3 month U.S. LIBOR + 3.500% 4.9788% 6/13/24 (b)(f)	289,275	289,978
Digicert Holdings, Inc. Tranche B, term loan:		
3 month U.S. LIBOR + 4.750% 6.1301% 10/31/24 (b)(f)	200,000	202,416
3 month U.S. LIBOR + 8.000% 9.3801% 10/31/25 (b)(f)	250,000	251,095
Kronos, Inc. term loan 3 month U.S. LIBOR + 8.250% 9.6268% 11/1/24 (b)(f)	1,090,000	1,129,785
Landesk Group, Inc. term loan:		
3 month U.S. LIBOR + 4.250% 5.82% 1/20/24 (b)(f)	168,795	160,197
3 month U.S. LIBOR + 9.000% 10.57% 1/20/25 (b)(f)	535,000	509,588
		<u>3,812,720</u>
TOTAL INFORMATION TECHNOLOGY		<u>5,351,963</u>
MATERIALS – 0.1%		
Metals & Mining – 0.1%		
Essar Steel Algoma, Inc. Tranche B, term loan 3 month U.S. LIBOR + 6.500% 0% 8/16/19 (e)(f)	267,300	245,916
Murray Energy Corp. Tranche B 2LN, term loan 3 month U.S. LIBOR + 7.250% 8.9434% 4/16/20 (b)(f)	1,239,467	1,087,632
		<u>1,333,548</u>

TELECOMMUNICATION SERVICES – 0.0%

Wireless Telecommunication Services – 0.0%

	Principal Amount(a)	Value
Intelsat Jackson Holdings SA:		
Tranche B-4, term loan 3 month U.S. LIBOR + 4.500% 1/14/24 (f)(q)	\$ 205,000	\$ 207,263
Tranche B-5, term loan 6.625% 1/14/24	210,000	211,926
		<u>419,189</u>

UTILITIES – 0.1%

Independent Power and Renewable Electricity Producers – 0.1%

	Principal Amount(a)	Value
Energy Future Holdings Corp. Tranche B, term loan 3 month U.S. LIBOR + 3.000% 4.3552% 6/30/18 (b)(f)		
	1,845,000	1,848,948

TOTAL BANK LOAN OBLIGATIONS

(Cost \$20,958,392)

21,426,396

Fixed-Income Funds – 7.0%

	Shares	Value
Fidelity Floating Rate Central Fund (r)		
	1,044,756	107,568,078
		(Cost \$108,950,409)

Preferred Securities – 3.3%

	Principal Amount(a)	Value
CONSUMER STAPLES – 0.1%		
Food Products – 0.1%		
Cosan Overseas Ltd. 8.25% (g)	\$ 1,585,000	1,642,739
ENERGY – 0.2%		
Oil, Gas & Consumable Fuels – 0.2%		
Andeavor Logistics LP 6.875% (b)(g)	1,550,000	1,580,433
DCP Midstream Partners LP 7.375% (b)(g)	775,000	775,404
Summit Midstream Partners LP 9.5% (b)(g)	775,000	788,126
Sunoco Logistics Partners LP:		
6.25% (b)(g)	235,000	230,104
6.625% (b)(g)	130,000	127,347
		<u>3,501,414</u>
FINANCIALS – 2.9%		
Banks – 2.4%		
Alfa Bond Issuance PLC 8% (Reg. S) (b)(g)	675,000	722,808
Banco Do Brasil SA 9% (b)(c)(g)	745,000	802,523
Banco Mercantil del Norte SA 7.625% (b)(c)(g)	700,000	779,119
Bank of America Corp.:		
5.125% (b)(g)	1,345,000	1,368,688
5.2% (b)(g)	3,067,000	3,131,188
6.25% (b)(g)	1,410,000	1,586,846

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

Preferred Securities – continued

	Principal Amount(a)	Value
FINANCIALS – continued		
Banks – continued		
Barclays Bank PLC 7.625% 11/21/22	\$ 895,000	\$ 1,021,317
Citigroup, Inc.:		
5.8% (b)(g)	1,130,000	1,179,472
5.9% (b)(g)	1,455,000	1,582,000
5.95% (b)(g)	2,675,000	2,912,570
6.25% (b)(g)	920,000	1,036,479
6.3% (b)(g)	270,000	291,446
Itau Unibanco Holding SA 6.125% (b)(c)(g)	680,000	682,074
JPMorgan Chase & Co.:		
5% (b)(g)	1,615,000	1,683,444
5.3% (b)(g)	865,000	904,817
6% (b)(g)	6,524,000	7,176,372
6.125% (b)(g)	850,000	939,761
6.75% (b)(g)	400,000	464,226
Royal Bank of Scotland Group PLC 8.625% (b)(g)	2,190,000	2,467,537
Wells Fargo & Co.:		
5.875% (b)(g)	2,600,000	2,886,764
5.9% (b)(g)	3,065,000	3,287,076
		<u>36,906,527</u>
Capital Markets – 0.3%		
Goldman Sachs Group, Inc.:		
5% (b)(g)	1,545,000	1,533,301
5.375% (b)(g)	1,665,000	1,727,805
5.7% (b)(g)	1,701,000	1,767,829
		<u>5,028,935</u>
Diversified Financial Services – 0.1%		
Magnesita Finance Ltd. 8.625% (c)(g)	555,000	569,919
Insurance – 0.1%		
Allianz SE:		
3.375% (Reg. S) (b)(g)	EUR 400,000	536,913
4.75% (Reg. S) (b)(g)	EUR 600,000	861,490
		<u>1,398,403</u>
TOTAL FINANCIALS		<u>43,903,784</u>
INDUSTRIALS – 0.1%		
Construction & Engineering – 0.1%		
Odebrecht Finance Ltd.:		
7.5% (c)(g)	2,710,000	885,493
7.5% (Reg. S) (g)	100,000	32,675
		<u>918,168</u>
MATERIALS – 0.0%		
Metals & Mining – 0.0%		
CSN Islands XII Corp. 7% (Reg. S) (g)	570,000	458,138

	Principal Amount(a)	Value
TELECOMMUNICATION SERVICES – 0.0%		
Diversified Telecommunication Services – 0.0%		
Colombia Telecomunicaciones SA 8.5% (b)(c)(g)	\$ 270,000	\$ 296,146
TOTAL PREFERRED SECURITIES		
(Cost \$49,436,962)		<u>50,720,389</u>

Money Market Funds – 8.4%

	Shares	Value
Fidelity Cash Central Fund, 1.36% (s) (Cost \$130,592,864)	130,573,783	<u>130,599,898</u>

Purchased Swaptions – 0.1%

	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	93,021
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	11,700,000	329,686
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	29,023
TOTAL PUT OPTIONS			<u>451,730</u>

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

Investments – continued

Purchased Swaptions – continued

	Expiration Date	Notional Amount	Value
Call Options – 0.1%			
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	\$ 92,380
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	11,700,000	348,774
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	33,021
TOTAL CALL OPTIONS			<u>474,175</u>
TOTAL PURCHASED SWAPTIONS (Cost \$1,010,650)			<u>925,905</u>
TOTAL INVESTMENT IN SECURITIES – 100.2% (Cost \$1,503,799,287)			1,548,516,062
NET OTHER ASSETS (LIABILITIES) – (0.2)%			(2,737,615)
NET ASSETS – 100%			<u><u>\$1,545,778,447</u></u>

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

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)	8	March 2018	\$ 992,375	\$ (5,507)	\$ (5,507)
CBOT 2-Year U.S. Treasury Note Contracts (United States)	85	March 2018	18,199,297	(25,931)	(25,931)
CBOT Ultra Long Term U.S. Treasury Bond Contracts (United States)	18	March 2018	3,017,813	27,262	<u>27,262</u>
TOTAL FUTURES CONTRACTS					<u>\$ (4,176)</u>

The notional amount of futures purchased as a percentage of Net Assets is 1.4%

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									
1.75%	Semi - annual	3-month LIBOR ⁽³⁾	Quarterly	CME	Mar. 2020	\$4,550,000	<u>\$(2,209)</u>	<u>\$0</u>	<u>\$(2,209)</u>

(1) Swaps with CME Group (CME) 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.

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
IDR	–	Indonesian rupiah
INR	–	Indian rupee
JPY	–	Japanese yen
MXN	–	Mexican peso
MYR	–	Malaysian ringgit
NOK	–	Norwegian krone
NZD	–	New Zealand dollar
PEN	–	Peruvian new sol
RUB	–	Russian ruble
SEK	–	Swedish krona
SGD	–	Singapore dollar

- (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 \$324,979,331 or 21.0% of net assets.
- (d) Level 3 security
- (e) Non-income producing – Security is in default.
- (f) Coupon is indexed to a floating interest rate which may be multiplied by a specified factor and/or subject to caps or floors.
- (g) Security is perpetual in nature with no stated maturity date.
- (h) 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 \$39,466.
- (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 \$123,526.
- (j) 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.
- (k) 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.
- (l) 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.

Legend

(a) Amount is stated in United States dollars unless otherwise noted.

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

Investments – continued

(m) 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.

(n) Quantity represents share amount.

(o) Non-income producing

(p) 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 \$155,409 or 0.0% of net assets.

(q) The coupon rate will be determined upon settlement of the loan after period end.

(r) 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.

(s) 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.

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	12/19/16	\$ 411,036
Tricer Holdco SCA	12/19/16	\$ 265,530
WP Rocket Holdings, Inc.	2/4/14 – 2/2/15	\$ 54,213

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	\$ 797,049
Fidelity Floating Rate Central Fund	4,841,268
Fidelity Securities Lending Cash Central Fund	199
Total	<u>\$ 5,638,516</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.

Additional information regarding the Fund's fiscal year to date purchases and sales, including the ownership percentage, of the non Money Market Central Funds is as follows:

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	<u>\$92,457,585</u>	<u>\$29,851,803</u>	<u>\$14,248,870</u>	<u>\$948,876</u>	<u>\$(1,441,316)</u>	<u>\$107,568,078</u>	5.8%
Total	<u>\$92,457,585</u>	<u>\$29,851,803</u>	<u>\$14,248,870</u>	<u>\$948,876</u>	<u>\$(1,441,316)</u>	<u>\$107,568,078</u>	

Investment Valuation

The following is a summary of the inputs used, as of December 31, 2017, 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
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 14,885,888	\$ 13,953,454	\$ 341	\$ 932,093
Consumer Staples	853,940	834,486	—	19,454
Energy	1,664,392	1,664,392	—	—
Financials	719,926	719,923	—	3
Health Care	1,643,673	1,633,963	—	9,710
Industrials	9,115,997	8,927,446	—	188,551
Information Technology	28,636,528	28,636,528	—	—
Materials	5,453,875	5,442,213	—	11,662

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
Telecommunication Services	\$ 2,203,797	\$ 2,203,797	\$ —	\$ —
Utilities	6,381	6,381	—	—
Corporate Bonds	523,374,332	—	522,861,442	512,890
U.S. Government and Government Agency Obligations	272,219,268	—	272,219,268	—
U.S. Government Agency – Mortgage Securities	5,365,179	—	5,365,179	—
Asset-Backed Securities	7,420,558	—	7,420,558	—
Collateralized Mortgage Obligations	47,135,503	—	47,135,503	—
Commercial Mortgage Securities	27,802,331	—	27,802,331	—
Foreign Government and Government Agency Obligations	288,227,935	—	285,457,522	2,770,413
Supranational Obligations	545,893	—	545,893	—
Bank Loan Obligations	21,426,396	—	21,361,304	65,092
Fixed-Income Funds	107,568,078	107,568,078	—	—
Preferred Securities	50,720,389	—	50,720,389	—
Money Market Funds	130,599,898	130,599,898	—	—
Purchased Swaptions	925,905	—	925,905	—
Total Investments in Securities:	<u>\$1,548,516,062</u>	<u>\$302,190,559</u>	<u>\$1,241,815,635</u>	<u>\$4,509,868</u>
Derivative Instruments:				
Assets				
Futures Contracts	\$ 27,262	\$ 27,262	\$ —	\$ —
Total Assets	<u>\$ 27,262</u>	<u>\$ 27,262</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities				
Futures Contracts	\$ (31,438)	\$ (31,438)	\$ —	\$ —
Swaps	(2,209)	—	(2,209)	—
Total Liabilities	<u>\$ (33,647)</u>	<u>\$ (31,438)</u>	<u>\$ (2,209)</u>	<u>\$ —</u>
Total Derivative Instruments:	<u>\$ (6,385)</u>	<u>\$ (4,176)</u>	<u>\$ (2,209)</u>	<u>\$ —</u>

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, 2017. 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)	\$ 27,262	\$(31,438)
Purchased Swaptions (b)	925,905	0
Swaps (c)	0	(2,209)
Total Value of Derivatives	<u>\$953,167</u>	<u>\$(33,647)</u>

(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).

Investments – continued

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	66.4%
Germany	3.5%
Canada	3.1%
Japan	2.7%
United Kingdom	2.6%
France	2.2%
Luxembourg	2.1%
Netherlands	2.0%
Argentina	2.0%
Italy	1.1%
Others (Individually Less Than 1%)	12.3%
	<u>100.0%</u>

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

Financial Statements

Statement of Assets and Liabilities

December 31, 2017

Assets

Investment in securities, at value — See accompanying schedule:

Unaffiliated issuers (cost \$1,264,256,014)	\$ 1,310,348,086	
Fidelity Central Funds (cost \$239,543,273)	238,167,976	
Total Investment in Securities (cost \$1,503,799,287)		\$ 1,548,516,062
Cash		600,225
Foreign currency held at value (cost \$59,739)		60,466
Receivable for investments sold		1,767,479
Receivable for fund shares sold		654,798
Dividends receivable		19,115
Interest receivable		13,554,617
Distributions receivable from Fidelity Central Funds		576,550
Receivable for daily variation margin on futures contracts		12,882
Receivable for daily variation margin on centrally cleared OTC swaps		1,096
Prepaid expenses		2,361
Other receivables		1,415
Total assets		<u>1,565,767,066</u>

Liabilities

Payable for investments purchased	\$ 18,576,770	
Payable for fund shares redeemed	367,709	
Accrued management fee	716,838	
Distribution and service plan fees payable	78,112	
Other affiliated payables	161,447	
Other payables and accrued expenses	87,743	
Total liabilities		<u>19,988,619</u>
Net Assets		<u>\$ 1,545,778,447</u>

Net Assets consist of:

Paid in capital	\$ 1,496,540,805
Undistributed net investment income	4,228,368
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	288,922
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	44,720,352
Net Assets	<u>\$ 1,545,778,447</u>

Initial Class:

Net Asset Value, offering price and redemption price per share ($\$96,951,543 \div 8,429,606$ shares) \$ 11.50

Service Class:

Net Asset Value, offering price and redemption price per share ($\$1,899,282 \div 165,571$ shares) \$ 11.47

Service Class 2:

Net Asset Value, offering price and redemption price per share ($\$374,226,622 \div 32,834,511$ shares) \$ 11.40

Investor Class:

Net Asset Value, offering price and redemption price per share ($\$1,072,701,000 \div 93,580,644$ shares) \$ 11.46

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

Financial Statements – continued

Statement of Operations

	Year ended December 31, 2017
Investment Income	
Dividends	\$ 3,545,837
Interest	50,231,827
Income from Fidelity Central Funds	<u>5,301,496</u>
Total income	<u>59,079,160</u>
Expenses	
Management fee	\$ 7,993,621
Transfer agent fees	1,320,671
Distribution and service plan fees	794,884
Accounting and security lending fees	488,307
Custodian fees and expenses	74,479
Independent trustees' fees and expenses	5,258
Audit	96,317
Legal	21,566
Miscellaneous	<u>11,373</u>
Total expenses before reductions	10,806,476
Expense reductions	<u>(17,819)</u>
Net investment income (loss)	<u>10,788,657</u>
Realized and Unrealized Gain (Loss)	<u>48,290,503</u>
Net realized gain (loss) on:	
Investment securities:	
Unaffiliated issuers	14,394,669
Fidelity Central Funds	950,054
Foreign currency transactions	17,321
Futures contracts	114,662
Swaps	(28,382)
Capital gain distributions from Fidelity Central Funds	<u>337,020</u>
Total net realized gain (loss)	15,785,344
Change in net unrealized appreciation (depreciation) on:	
Investment securities:	
Unaffiliated issuers	41,588,255
Fidelity Central Funds	(1,442,489)
Assets and liabilities in foreign currencies	63,737
Futures contracts	39,940
Swaps	<u>10,911</u>
Total change in net unrealized appreciation (depreciation)	<u>40,260,354</u>
Net gain (loss)	<u>56,045,698</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 104,336,201</u>

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

Statement of Changes in Net Assets

	Year ended December 31, 2017	Year ended December 31, 2016
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 48,290,503	\$ 47,035,614
Net realized gain (loss)	15,785,344	(2,223,620)
Change in net unrealized appreciation (depreciation)	40,260,354	50,323,938
Net increase (decrease) in net assets resulting from operations	<u>104,336,201</u>	<u>95,135,932</u>
Distributions to shareholders from net investment income	(47,218,735)	(45,139,297)
Distributions to shareholders from net realized gain	(7,817,967)	-
Total distributions	<u>(55,036,702)</u>	<u>(45,139,297)</u>
Share transactions – net increase (decrease)	198,447,298	62,376,963
Total increase (decrease) in net assets	<u>247,746,797</u>	<u>112,373,598</u>
Net Assets		
Beginning of period	1,298,031,650	1,185,658,052
End of period	<u>\$ 1,545,778,447</u>	<u>\$ 1,298,031,650</u>
Other Information		
Undistributed net investment income end of period	<u>\$ 4,228,368</u>	<u>\$ 3,046,112</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	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 11.07	\$ 10.60	\$ 11.12	\$ 11.20	\$ 11.76
Income from Investment Operations					
Net investment income (loss) ^A	.399	.429	.413	.413	.437
Net realized and unrealized gain (loss)	.462	.446	(.593)	(.010)	(.403)
Total from investment operations	.861	.875	(.180)	.403	.034
Distributions from net investment income	(.371)	(.405)	(.306)	(.350)	(.483)
Distributions from net realized gain	(.060)	–	–	(.133)	(.111)
Tax return of capital	–	–	(.034)	–	–
Total distributions	(.431)	(.405)	(.340)	(.483)	(.594)
Net asset value, end of period	\$ 11.50	\$ 11.07	\$ 10.60	\$ 11.12	\$ 11.20
Total Return ^{B,C}	7.79%	8.27%	(1.63)%	3.60%	.29%
Ratios to Average Net Assets ^{D,E}					
Expenses before reductions	.67%	.68%	.69%	.68%	.68%
Expenses net of fee waivers, if any	.67%	.68%	.69%	.68%	.68%
Expenses net of all reductions	.67%	.68%	.69%	.68%	.68%
Net investment income (loss)	3.45%	3.84%	3.69%	3.56%	3.74%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 96,952	\$ 91,630	\$ 91,714	\$ 107,847	\$ 119,063
Portfolio turnover rate ^F	124%	81%	92%	119%	141%

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

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

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

^D 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 .06%.

^E 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.

^F 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

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 11.05	\$ 10.59	\$ 11.11	\$ 11.19	\$ 11.75
Income from Investment Operations					
Net investment income (loss) ^A	.389	.417	.401	.401	.425
Net realized and unrealized gain (loss)	.461	.444	(.592)	(.009)	(.403)
Total from investment operations	.850	.861	(.191)	.392	.022
Distributions from net investment income	(.370)	(.401)	(.295)	(.339)	(.471)
Distributions from net realized gain	(.060)	—	—	(.133)	(.111)
Tax return of capital	—	—	(.034)	—	—
Total distributions	(.430)	(.401)	(.329)	(.472)	(.582)
Net asset value, end of period	\$ 11.47	\$ 11.05	\$ 10.59	\$ 11.11	\$ 11.19
Total Return ^{B,C}	7.71%	8.14%	(1.73)%	3.51%	.19%
Ratios to Average Net Assets ^{D,E}					
Expenses before reductions	.77%	.78%	.79%	.78%	.78%
Expenses net of fee waivers, if any	.77%	.78%	.79%	.78%	.78%
Expenses net of all reductions	.77%	.78%	.79%	.78%	.78%
Net investment income (loss)	3.35%	3.75%	3.59%	3.46%	3.64%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 1,899	\$ 526	\$ 753	\$ 831	\$ 837
Portfolio turnover rate ^F	124%	81%	92%	119%	141%

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

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

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

^D 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 .06%.

^E 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.

^F 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 2

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 10.98	\$ 10.52	\$ 11.05	\$ 11.14	\$ 11.71
Income from Investment Operations					
Net investment income (loss) ^A	.368	.398	.380	.380	.404
Net realized and unrealized gain (loss)	.459	.444	(.593)	(.005)	(.400)
Total from investment operations	.827	.842	(.213)	.375	.004
Distributions from net investment income	(.347)	(.382)	(.283)	(.332)	(.463)
Distributions from net realized gain	(.060)	–	–	(.133)	(.111)
Tax return of capital	–	–	(.034)	–	–
Total distributions	(.407)	(.382)	(.317)	(.465)	(.574)
Net asset value, end of period	\$ 11.40	\$ 10.98	\$ 10.52	\$ 11.05	\$ 11.14
Total Return ^{B,C}	7.54%	8.02%	(1.94)%	3.37%	.03%
Ratios to Average Net Assets ^{D,E}					
Expenses before reductions	.92%	.93%	.94%	.93%	.93%
Expenses net of fee waivers, if any	.92%	.93%	.94%	.93%	.93%
Expenses net of all reductions	.92%	.93%	.94%	.93%	.93%
Net investment income (loss)	3.20%	3.59%	3.44%	3.31%	3.49%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 374,227	\$ 260,789	\$ 185,925	\$ 137,892	\$ 68,196
Portfolio turnover rate ^F	124%	81%	92%	119%	141%

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

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

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

^D 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 .06%.

^E 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.

^F 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 Investor Class

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 11.03	\$ 10.57	\$ 11.09	\$ 11.17	\$ 11.73
Income from Investment Operations					
Net investment income (loss) ^A	.394	.424	.408	.408	.432
Net realized and unrealized gain (loss)	.463	.438	(.591)	(.008)	(.401)
Total from investment operations	.857	.862	(.183)	.400	.031
Distributions from net investment income	(.367)	(.402)	(.303)	(.347)	(.480)
Distributions from net realized gain	(.060)	–	–	(.133)	(.111)
Tax return of capital	–	–	(.034)	–	–
Total distributions	(.427)	(.402)	(.337)	(.480)	(.591)
Net asset value, end of period	\$ 11.46	\$ 11.03	\$ 10.57	\$ 11.09	\$ 11.17
Total Return ^{B,C}	7.78%	8.17%	(1.66)%	3.58%	.27%
Ratios to Average Net Assets ^{D,E}					
Expenses before reductions	.71%	.72%	.72%	.71%	.72%
Expenses net of fee waivers, if any	.71%	.72%	.72%	.71%	.71%
Expenses net of all reductions	.71%	.72%	.72%	.71%	.71%
Net investment income (loss)	3.41%	3.81%	3.65%	3.52%	3.70%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 1,072,701	\$ 945,087	\$ 907,266	\$ 981,928	\$ 939,177
Portfolio turnover rate ^F	124%	81%	92%	119%	141%

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

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

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

^D 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 .06%.

^E 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.

^F 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, 2017

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	.06%

(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 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 Depositary 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.

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 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, 2017 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 includes 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

Notes to Financial Statements – continued

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, 2017, 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 dividends 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.

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 the short-term gain distributions from the Fidelity Central Funds, futures contracts, swaps, foreign currency transactions, market discount, partnerships (including allocations from Fidelity Central Funds), 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	\$ 70,749,318
Gross unrealized depreciation	(21,586,587)
Net unrealized appreciation (depreciation)	<u>\$ 49,162,731</u>
Tax Cost	<u>\$1,499,350,698</u>

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

Undistributed ordinary income	\$ 659,495
Capital loss carryforward	<u>\$ (594,547)</u>
Net unrealized appreciation (depreciation) on securities and other investments	<u>\$49,172,694</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

\$(594,547)

The tax character of distributions paid was as follows:

	December 31, 2017	December 31, 2016
Ordinary Income	<u>\$55,036,702</u>	<u>\$45,139,297</u>

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 Accounting Pronouncement. In March 2017, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU), ASU 2017-08, which amends the amortization period for certain callable debt securities that are held at a premium. The amendment requires the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount. The ASU is effective for annual periods beginning after December 15, 2018. Management is currently evaluating the potential impact of these changes to the financial statements.

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 risk:

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. 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

Notes to Financial Statements – continued

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		
Futures Contracts	\$ 114,662	\$ 39,940
Purchased Options	17,635	(84,745)
Swaps	<u>(28,382)</u>	<u>10,911</u>
Totals	<u>\$103,915</u>	<u>\$(33,894)</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.

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 \$1,175,253,290 and \$1,179,414,943, 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	\$ 807
Service Class 2	794,077
	<u>\$794,884</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:

Notes to Financial Statements – continued

Initial Class	\$ 65,181
Service Class	549
Service Class 2	215,989
Investor Class	<u>1,038,952</u>
	<u>\$1,320,671</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.

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 \$1,027 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.

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 \$4,393 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. At period end, there were no security loans outstanding. 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 \$199. 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 \$2,821 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 \$7,276.

In addition, during the period the investment adviser reimbursed and/or waived a portion of fund-level operating expenses in the amount of \$7,722.

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
From net investment income		
Initial Class	\$ 3,029,902	\$ 3,235,684
Service Class	59,576	19,082
Service Class 2	11,005,331	8,682,557
Investor Class	33,123,926	33,201,974
Total	<u>\$47,218,735</u>	<u>\$45,139,297</u>
From net realized gain		
Initial Class	\$ 490,011	\$ -
Service Class	9,661	-
Service Class 2	1,902,939	-
Investor Class	5,415,356	-
Total	<u>\$ 7,817,967</u>	<u>\$ -</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Year ended December 31, 2017	Shares Year ended December 31, 2016	Dollars Year ended December 31, 2017	Dollars Year ended December 31, 2016
Initial Class				
Shares sold	1,069,761	739,397	\$ 12,377,067	\$ 8,354,585
Reinvestment of distributions	307,148	293,353	3,519,913	3,235,684
Shares redeemed	(1,225,267)	(1,406,912)	(14,213,181)	(15,665,256)
Net increase (decrease)	<u>151,642</u>	<u>(374,162)</u>	<u>\$ 1,683,799</u>	<u>\$ (4,074,987)</u>
Service Class				
Shares sold	118,271	-	\$ 1,401,470	\$ -
Reinvestment of distributions	6,058	1,733	69,237	19,082
Shares redeemed	(6,343)	(25,253)	(73,173)	(279,944)
Net increase (decrease)	<u>117,986</u>	<u>(23,520)</u>	<u>\$ 1,397,534</u>	<u>\$ (260,862)</u>
Service Class 2				
Shares sold	11,423,463	9,535,860	\$131,276,350	\$105,279,235
Reinvestment of distributions	1,136,291	793,652	12,908,270	8,682,557
Shares redeemed	(3,479,579)	(4,247,089)	(39,915,663)	(46,324,828)
Net increase (decrease)	<u>9,080,175</u>	<u>6,082,423</u>	<u>\$104,268,957</u>	<u>\$ 67,636,964</u>
Investor Class				
Shares sold	7,944,671	4,007,623	\$ 91,654,283	\$ 44,919,841
Reinvestment of distributions	3,374,718	3,021,108	38,539,282	33,201,974
Shares redeemed	(3,392,440)	(7,224,299)	(39,096,557)	(79,045,967)
Net increase (decrease)	<u>7,926,949</u>	<u>(195,568)</u>	<u>\$ 91,097,008</u>	<u>\$ (924,152)</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 75% 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. Management is evaluating the impact of this ruling and the parties have agreed to mediation. At this time, Management cannot determine 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, 2017, the related statement of operations for the year ended December 31, 2017, the statement of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2017 (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, 2017, 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, 2017 and the financial highlights for each of the five years in the period ended December 31, 2017 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, 2017 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 16, 2018

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 238 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. Marie L. Knowles 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, sector 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.

Trustees and Officers – continued

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).

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 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.

Albert R. Gamper, Jr. (1942)

Year of Election or Appointment: 2007

Trustee

Mr. Gamper also serves as Trustee of other Fidelity® funds. Prior to his retirement in December 2004, Mr. Gamper served as Chairman of the Board of CIT Group Inc. (commercial finance). During his tenure with CIT Group Inc. Mr. Gamper served in numerous senior management positions, including Chairman (1987-1989; 1999-2001; 2002-2004), Chief Executive Officer (1987-2004), and President (2002-2003). Mr. Gamper currently serves as a member of the Board of Directors of Public Service Enterprise Group (utilities, 2000-present), and Member of the Board of Trustees of Barnabas Health Care System (1997-present). Previously, Mr. Gamper served as Chairman (2012-2015) and Vice Chairman (2011-2012) of the Independent Trustees of certain Fidelity® funds and as Chairman of the Board of Governors, Rutgers University (2004-2007).

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

Vice 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

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

Chairman of the Independent Trustees

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 Vice Chairman of the Independent Trustees of certain Fidelity® funds (2012-2015).

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.

Trustees and Officers – continued

Marc R. Bryant (1966)

Year of Election or Appointment: 2015

Secretary and Chief Legal Officer (CLO)

Mr. Bryant also serves as Secretary and CLO of other funds. Mr. Bryant serves as CLO, Secretary, and Senior Vice President of Fidelity Management & Research Company (investment adviser firm, 2015-present) and FMR Co., Inc. (investment adviser firm, 2015-present); Secretary of Fidelity SelectCo, LLC (investment adviser firm, 2015-present) and Fidelity Investments Money Management, Inc. (investment adviser firm, 2015-present); and CLO of Fidelity Management & Research (Hong Kong) Limited and FMR Investment Management (UK) Limited (investment adviser firms, 2015-present) and Fidelity Management & Research (Japan) Limited (investment adviser firm, 2016-present). He is Senior Vice President and Deputy General Counsel of FMR LLC (diversified financial services company). Previously, Mr. Bryant served as Secretary and CLO of Fidelity Rutland Square Trust II (2010-2014) and Assistant Secretary of Fidelity's Fixed Income and Asset Allocation Funds (2013-2015). Prior to joining Fidelity Investments, Mr. Bryant served as a Senior Vice President and the Head of Global Retail Legal for AllianceBernstein L.P. (2006-2010), and as the General Counsel for ProFund Advisors LLC (2001-2006).

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). 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.

Stephanie J. Dorsey (1969)

Year of Election or Appointment: 2013

President and Treasurer

Ms. Dorsey also serves as an officer of other funds. Ms. Dorsey serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), is an employee of Fidelity Investments (2008-present), and has served in other fund officer roles. Prior to joining Fidelity Investments, Ms. Dorsey served as Treasurer (2004-2008) of the JPMorgan Mutual Funds and Vice President (2004-2008) of JPMorgan Chase Bank.

Howard J. Galligan III (1966)

Year of Election or Appointment: 2014

Chief Financial Officer

Mr. Galligan also serves as Chief Financial Officer of other funds. Mr. Galligan serves as President of Fidelity Pricing and Cash Management Services (FPCMS) (2014-present) and as a Director of Strategic Advisers, Inc. (investment adviser firm, 2008-present). Previously, Mr. Galligan served as Chief Administrative Officer of Asset Management (2011-2014) and Chief Operating Officer and Senior Vice President of Investment Support for Strategic Advisers, Inc. (2003-2011).

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).

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).

Rieco E. Mello (1969)

Year of Election or Appointment: 2017

Assistant Treasurer

Mr. Mello also serves as Assistant Treasurer of other funds. Mr. Mello serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (1995-present).

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 a Director of FMR Investment Management (UK) Limited (investment adviser firm, 2015-present), President (2016-present) and Director (2014-present) of Fidelity Investments Money Management, Inc. (FIMM) (investment adviser firm), President, Fixed Income (2014-present), Vice Chairman of FIAM LLC (investment adviser firm, 2014-present), and is an employee of Fidelity Investments (2002-present). Previously, Ms. Prior served as 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 Deputy Treasurer of certain Fidelity® funds (2013-2016).

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).

Trustees and Officers – continued

Renee Stagnone (1975)

Year of Election or Appointment: 2016

Assistant Treasurer

Ms. Stagnone also serves as an officer of other funds. Ms. Stagnone serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (1997-present). Previously, Ms. Stagnone served as Deputy Treasurer of certain Fidelity® funds (2013-2016).

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, 2017 to December 31, 2017).

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, 2017	Ending Account Value December 31, 2017	Expenses Paid During Period ^B July 1, 2017 to December 31, 2017
Initial Class	.67%			
Actual		\$1,000.00	\$1,028.70	\$3.43
Hypothetical^C		\$1,000.00	\$1,021.83	\$3.41
Service Class	.77%			
Actual		\$1,000.00	\$1,028.70	\$3.94
Hypothetical^C		\$1,000.00	\$1,021.32	\$3.92
Service Class 2	.92%			
Actual		\$1,000.00	\$1,027.70	\$4.70
Hypothetical^C		\$1,000.00	\$1,020.57	\$4.69
Investor Class	.70%			
Actual		\$1,000.00	\$1,028.40	\$3.58
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 .03%.

^C 5% return per year before expenses

Distributions (Unaudited)

The Board of Trustees of VIP Strategic Income Portfolio voted to pay to shareholders of record at the opening of business on record date, the following distributions per share derived from capital gains realized from sales of portfolio securities:

	Pay Date	Record Date	Capital Gains
VIP Strategic Income Portfolio			
Initial Class	02/16/18	02/16/18	\$0.006
Service Class	02/16/18	02/16/18	\$0.006
Service Class 2	02/16/18	02/16/18	\$0.006
Investor Class	02/16/18	02/16/18	\$0.006

A total of 7.17% 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 dividends distributed in December 2017 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 ad hoc joint committees to discuss certain matters relevant to all of the Fidelity funds.

At its September 2017 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.

Amendment to Group Fee Rate. The Board also approved an amendment to the management contract for the fund to add an additional breakpoint to the group fee schedule, effective October 1, 2017. The Board noted that the additional breakpoint would result in lower management fee rates as Fidelity's assets under management increase above the new breakpoint.

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

Board Approval of Investment Advisory Contracts and Management Fees – continued

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 or 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 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 lower-priced 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 to reduce expenses borne by shareholders; (viii) eliminating short-term redemption fees for certain funds; (ix) introducing a new pricing structure for certain funds of funds that is expected to reduce overall expenses paid by shareholders; (x) rationalizing product lines and gaining increased efficiencies through proposals for fund mergers and share class consolidations; (xi) continuing to develop, acquire and implement systems and technology to improve services to the funds and shareholders, strengthen information security, and increase efficiency; and (xii) implementing enhancements to further strengthen Fidelity’s product line to increase investors’ probability of success in achieving their investment goals, including retirement income goals.

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 July 2017.

The Board took into account discussions with representatives of the Investment Advisers about fund investment performance that occur at Board meetings throughout the year. 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 securities market indices, including a customized blended index representative 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.

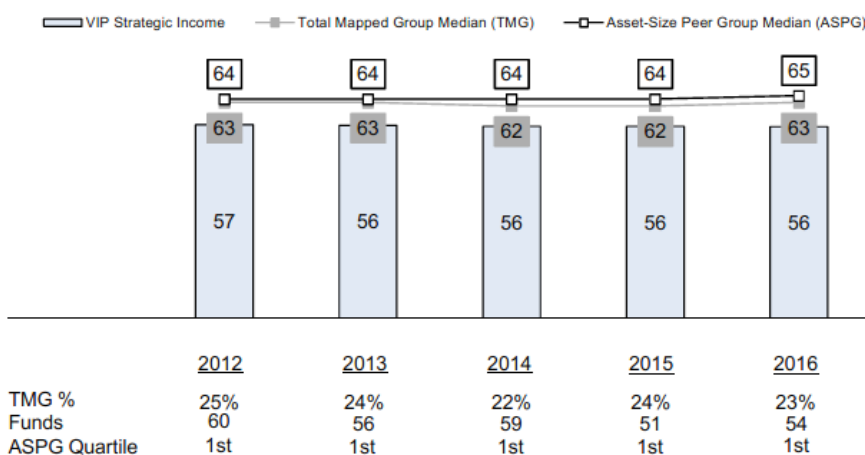
Competitiveness of Management Fee and Total Expense Ratio. The Board considered the fund’s management fee and total expense ratio compared to “mapped groups” of competitive funds and classes created for the purpose of facilitating the Trustees’ competitive analysis of management fees and total expenses. 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 considered by the Board.

VIP Strategic Income Portfolio

Historical Management Fees (BP) vs. Competitive Medians (BP):



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 2016.

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 2016 and the total expense ratio of Service Class 2 ranked above the competitive median for 2016. 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.

Board Approval of Investment Advisory Contracts and Management Fees – continued

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 an ad hoc joint 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, including the differences in services provided, fees charged, and costs incurred, as well as competition in their respective marketplaces.

Based on its review of total expense ratios and fees charged to other Fidelity clients, the Board concluded that, although Service Class 2 was above the median of the universe presented for comparison, 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), independent registered public accounting firm and 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 fall-out benefits related to the mutual fund business as well as cases where Fidelity's affiliates may benefit from or be related to the fund's business.

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.

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, 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; (v) the terms of Fidelity's contractual and voluntary expense cap and waiver arrangements with the funds; (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) Fidelity's long-term expectations for its offerings in the workplace investing channel; (ix) new developments in the retail and institutional marketplaces and the competitive positioning of the funds relative to other investment products and services; (x) the approach to considering "fall-out" benefits; (xi) the impact of money market reform on Fidelity's money market funds, including with respect to costs and profitability; (xii) the funds' share class structures and distribution channels, including the impact of the Department of Labor's new fiduciary rule on the funds' distribution arrangements; and (xiii) 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 structures are fair and reasonable, and that the fund's Advisory Contracts should be renewed.

