Fidelity® Variable Insurance Products: High Income Portfolio



Annual Report December 31, 2013



Contents

Performance	3	How the fund has done over time.
Management's Discussion of Fund Performance	4	The Portfolio Manager's review of fund performance and strategy.
Shareholder Expense Example	5	An example of shareholder expenses.
Investment Changes	6	A summary of major shifts in the fund's investments over the past si months. $ \\$
Investments	7	A complete list of the fund's investments with their market values.
Financial Statements	1 <i>7</i>	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
Notes	23	Notes to the financial statements.
Report of Independent Registered Public Accounting Firm	29	
Trustees and Officers	30	
Board Approval of Investment Advisory Contracts and Management Fees	37	

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.

Standard & Poor's, S&P and S&P 500 are registered service marks of The McGraw-Hill Companies, Inc. and have been licensed for use by Fidelity Distributors Corporation.

Other third-party marks appearing herein are the property of their respective owners.

All other marks appearing herein are registered or unregistered trademarks or service marks of FMR LLC or an affiliated company. © 2014 FMR LLC. All rights reserved.

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.advisor.fidelity.com, or http://www.401k.com, as applicable.

NOT FDIC INSURED \cdot MAY LOSE VALUE \cdot NO BANK GUARANTEE

Neither the fund nor Fidelity Distributors Corporation is a bank.

Performance: The Bottom Line

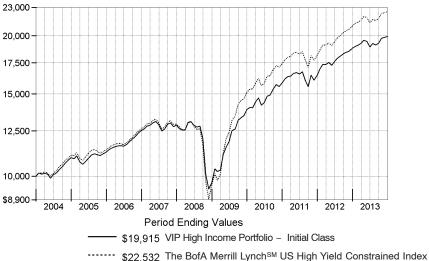
Average annual total return reflects the change in the value of an investment, assuming reinvestment of the class' distributions from dividend income and capital gains (the profits earned upon the sale of securities that have grown in value, if any) and assuming a constant rate of performance each year. 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			
Periods ended December 31, 2013	Past 1 year	Past 5 years	Past 10 years
VIP High Income Portfolio – Initial Class	5.95%	15.58%	7.13%
VIP High Income Portfolio – Service Class	5.87%	15.44%	7.03%
VIP High Income Portfolio – Service Class 2	5.70%	15.30%	6.87%
VIP High Income Portfolio – Investor Class ^A	5.95%	15.50%	7.09%

A The initial offering of Investor Class shares took place on July 21, 2005. Returns prior to July 21, 2005, are those of Initial Class, the original class of the fund. Had Investor Class's transfer agent fee been reflected, returns prior to July 21, 2005 would have been lower.

\$10,000 Over 10 Years

Let's say hypothetically that \$10,000 was invested in VIP High Income Portfolio – Initial Class on December 31, 2003. The chart shows how the value of your investment would have changed, and also shows how The BofA Merrill LynchSM US High Yield Constrained Index performed over the same period.



Management's Discussion of Fund Performance

Market Recap: Global equity markets remained upbeat for the 12 months ending December 31, 2013, propelling the MSCI® ACWI® (All Country World Index) Index to a 23.24% return. Midyear turbulence gave way by autumn when policymakers in the U.S. and China had made clear their intentions to maintain accommodative monetary policies. That stance, combined with modest cyclical improvement around the globe and generally low valuations, underpinned the broad rally in equities, although the relative strength of the U.S. dollar generally tempered gains for U.S. investors holding foreign securities based in local currencies. During the period, the broad-market S&P 500® Index set a series of new highs, finishing the year up 32.39%. For the first time since 1995, the S&P® scored a "perfect 10," with all 10 economic sectors gaining at least 10% for the year. A resurgence in growth-oriented stocks lifted the Nasdaq Composite Index® to a 40.12% result for 2013, while the blue-chip Dow Jones Industrial AverageSM notched a relatively more modest 29.65% gain. International developed-markets equities rose in concert with their U.S. counterparts, with the MSCI® EAFE® Index gaining 22.92% for the period. Meanwhile, foreign exchange and commodity weakness curbed results in resource-heavy emerging markets (EM), especially in the year's waning months. More generally, concern over EM's slowing growth, its declining share of global trade and uncertainty surrounding U.S. central bank intentions were all factors hampering performance. The MSCI Emerging Markets Index returned -2.27% for the period. On the bond side, U.S. high-yield securities rallied with equities for much of the period, with The BofA Merrill LynchSM US High Yield Constrained Index returning 7.41% for 2013. The more rate-sensitive U.S. investment-grade bond category faced headwinds though, as reflected in the -2.02% return of the Barclays® U.S. Aggregate Bond Index. Within the Barclays index, investment-grade corporate credit returned -2.01%, while ultra-safe U.S. Treasuries saw a -2.75% result. Major non-U.S. developed markets performed only slightly better, with the Citigroup Non-USD Group-of-Seven (G7) Equal Weighted Index logging a -1.59% result. After several years of strong advances, EM debt reversed course in 2013, with the J.P. Morgan Emerging Markets Bond Index Global returning −6.58%.

Comments from Matthew Conti, Portfolio Manager of VIP High Income Portfolio: For the year, the fund's share classes underperformed the 7.41% return of the BofA Merrill Lynch index. (For specific portfolio results, please refer to the performance section of this report.) The fund underperformed the index due to its underweighting in lower-quality bonds, which were the top performers in the index during the period. Security selection in metals/mining and technology were negatives. Detractors included drilling services firm Boart Longyear Management and merchant power producer GenOn Energy. Boart suffered from declining commodity prices and GenOn because declining power usage depressed power prices. The fund's cash position, held for liquidity purposes, also detracted in an up market. On the plus side, security selection in energy and an overweighting in the food & drug retail industry helped. Drug store company Rite Aid and not owning Texas-based utility TXU were the top two contributors to performance relative to the index Rite-Aid benefited from increased sales of generic medications as several patents expired, because sales of generics are more profitable to the company than name-brand drugs. TXU lagged because of its imminent bankruptcy.

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.

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including redemption fees 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, 2013 to December 31, 2013).

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. In addition, if these transactional costs were included, your costs would have been higher.

	Annualized Expense Ratio ^B	Beginning Account Value July 1, 2013	De	Ending Account Value ecember 31, 2013	to	Expenses Paid During Period* July 1, 2013 December 31, 2013
Initial Class	.67%					
Actual		\$ 1,000.00	\$	1,052.90	\$	3.47
Hypothetical ^A		\$ 1,000.00	\$	1,021.83	\$	3.41
Service Class	.76%					
Actual		\$ 1,000.00	\$	1,054.00	\$	3.93
Hypothetical ^A		\$ 1,000.00	\$	1,021.37	\$	3.87
Service Class 2	.92%					
Actual		\$ 1,000.00	\$	1,052.10	\$	4.76
Hypothetical ^A		\$ 1,000.00	\$	1,020.57	\$	4.69
Initial Class R	.66%					
Actual		\$ 1,000.00	\$	1,054.90	\$	3.42
Hypothetical ^A		\$ 1,000.00	\$	1,021.88	\$	3.36
Service Class R	.76%					
Actual		\$ 1,000.00	\$	1,054.50	\$	3.94
Hypothetical ^A		\$ 1,000.00	\$	1,021.37	\$	3.87
Service Class 2R	.92%					
Actual		\$ 1,000.00	\$	1,053.80	\$	4.76
Hypothetical ^A		\$ 1,000.00	\$	1,020.57	\$	4.69
Investor Class	.70%					
Actual		\$ 1,000.00	\$	1,053.00	\$	3.62
Hypothetical [§]		\$ 1,000.00	\$	1,021.68	\$	3.57

^A 5% return per year before expenses

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

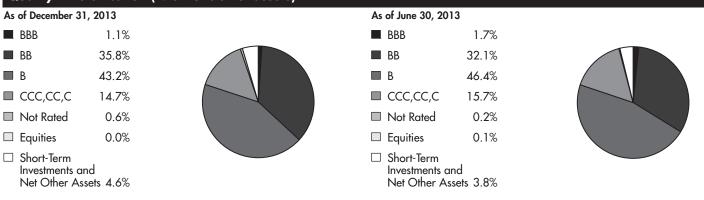
^{*} Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

Investment Changes (Unaudited)

Top Five Holdings as of December 31, 2013							
(by issuer, excluding cash equivalents)	% of fund's net assets	% of fund's net assets 6 months ago					
Rite Aid Corp.	1.8	3.4					
First Data Corp.	1.7	2.0					
Icahn Enterprises LP/Icahn Enterprises Finance Corp.	1.5	0.9					
Mirant Americas Generation LLC	1.4	1.8					
Reynolds Group Issuer, Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA	1.4 7.8	1.5					

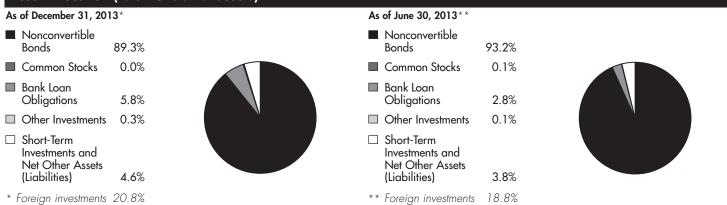
	% of fund's net assets	% of fund's net assets 6 months ago
Energy	12.9	12.9
Technology	9.0	8.3
Telecommunications	7.3	9.2
Diversified Financial Services	6.0	5.3
Healthcare	4.8	3.8

Quality Diversification (% of fund's net assets)



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)



Investments December 31, 2013

Showing Percentage of Net Assets

eneving releanage of rivery tools					
Nonconvertible Bonds — 8	9.3%				
	Principal Amount	Value		Principal Amount	Value
Aerospace – 0.8%			6% 9/15/23	\$ 1,085,000	\$ 1,087,713
GenCorp, Inc. 7.125% 3/15/21	\$ 895,000	\$ 957,650	6.5% 2/15/19	1,505,000	1,599,063
TransDigm, Inc.:	, ,	, , , , , , , , , , , , , , , , , , ,	6.75% 2/15/21	1,710,000	1,838,250
5.5% 10/15/20	5,935,000	5,801,463	General Motors Co.:		
7.5% 7/15/21	2,750,000	2,956,250	3.5% 10/2/18 (d)	3,425,000	3,502,063
Triumph Group, Inc. 4.875%	, ,	, ,	6.25% 10/2/43 (d)	4,155,000	4,316,006
4/1/21	2,210,000	2,143,700	General Motors Financial Co., Inc.:		
		11,859,063	3.25% 5/15/18 (d)	6,900,000	6,900,000
Air Transportation – 2.7%			4.75% 8/15/17 (d)	3,370,000	3,576,413
Air Canada 6.625% 5/15/18 (d) .	4,995,000	4,973,022	Jaguar Land Rover PLC 4.125%		
American Airlines, Inc. pass-thru	.,	.,,,,,,,,,,	12/15/18 (d)	2,675,000	2,691,719
certificates Series 2013-1B Class			Schaeffler Holding Finance BV		
B, 5.625% 1/15/21 (d)	495,000	496,238	6.875% 8/15/18 pay-in-kind (d)(g)	4,625,000	4,902,500
Continental Airlines, Inc.:			pay-iii-kiila (a)(g)	4,023,000	43,852,509
pass-thru trust certificates 9.798%	0.044.704	2 207 21 4	P 0 T 'f: 1 00/		40,002,007
4/1/21	2,844,624	3,207,314	Banks & Thrifts – 1.8%		
5.5% 4/29/22	3,015,000	3,105,450	Ally Financial, Inc.:		
6.125% 4/29/18 (d)	520,000	543,400	2.75% 1/30/17	3,010,000	3,021,288
9.25% 5/10/17	655,343	725,793	4.75% 9/10/18	6,810,000	7,124,963
Delta Air Lines, Inc. pass-thru trust certificates:			Barclays Bank PLC 7.625% 11/21/22	11,385,000	12,125,025
6.375% 7/2/17 (d)	1,985,000	2,109,063	GMAC LLC 8% 12/31/18	2,465,000	2,908,700
6.75% 5/23/17	1,985,000	2,118,988	Synovus Financial Corp.:	2,465,000	2,900,700
8.021% 8/10/22	1,533,010	1,724,637	5.125% 6/15/17	760,000	784,700
8.954% 8/10/14	1,245,554	1,261,124	7.875% 2/15/19	1,568,000	1,760,080
Northwest Airlines, Inc. pass-thru	1,243,334	1,201,124	7.075/6 2/15/17	1,500,000	27,724,756
trust certificates 8.028%			B 1 1 1 1 1 1 1 1 1		27,724,730
11/1/17	553,780	599,467	Broadcasting – 1.6%		
U.S. Airways Group, Inc. 6.125%	0.100.000	0.150.475	AMC Networks, Inc. 4.75%	£ 70£ 000	E 452.042
6/1/18	3,130,000	3,153,475	12/15/22	5,725,000	5,453,063
U.S. Airways pass-thru certificates: Series 2012-2C, 5.45% 6/3/18	2 545 000	2 502 412	Inc.:		
Series 2013-1 Class B, 5.375%	3,565,000	3,502,613	4.9% 5/15/15	4,585,000	4,401,600
5/15/23	710,000	699,350	5.5% 12/15/16	6,085,000	5,354,800
United Air Lines, Inc. pass-thru trust	, 10,000	077,000	Sirius XM Radio, Inc.:	0,000,000	0,004,000
certificates:			5.75% 8/1/21 (d)	2,315,000	2,338,150
Class B, 7.336% 7/2/19	2,397,831	2,541,701	5.875% 10/1/20 (d)	2,410,000	2,458,200
9.75% 1/15/17	1,610,949	1,852,591	Starz LLC/Starz Finance Corp. 5%	_,,	_,,
12% 1/15/16 (d)	454,648	<i>5</i> 11 <i>,</i> 479	9/15/19	4,990,000	5,102,275
United Continental Holdings, Inc.:					25,108,088
6% 12/1/20	4,505,000	4,493,738	Building Materials – 2.8%		
6% 7/15/26	2,605,000	2,240,300	Building Materials Corp. of		
6% 7/15/28	1,395,000	1,185,750	America:		
6.375% 6/1/18	300,000	313,500	6.75% 5/1/21 (d)	3,680,000	3,983,600
		41,358,993	6.875% 8/15/18 (d)	4,490,000	4,770,625
Automotive - 2.9%			Building Materials Holding Corp.	, ,	, ,
American Axle & Manufacturing,			9% 9/15/18 (d)	4,410,000	4,751,775
Inc.:			HD Supply, Inc.:		
5.125% 2/15/19	575,000	590,813	7.5% 7/15/20	7,655,000	8,248,263
6.25% 3/15/21	6,980,000	7,416,250	8.125% 4/15/19	3,615,000	4,026,206
Chrysler Group LLC/CG Co-Issuer,			Headwaters, Inc.:		
Inc. 8% 6/15/19	3,930,000	4,342,650	7.25% 1/15/19 (d)	905,000	929,888
Dana Holding Corp.:			7.625% 4/1/19	2,525,000	2,720,688
5.375% 9/15/21	1,085,000	1,089,069	Masco Corp. 5.95% 3/15/22	1,815,000	1,919,363

Investments - continued

Nonconvertible Bonds – con	::				
Nonconvertible Bonds - Con	Principal Amount	Value		Principal Amount	Value
Building Materials – continued			Kinove German Bondco GmbH		
Texas Industries, Inc. 9.25% 8/15/20	\$ 7,285,000	\$ 8,113,669	9.625% 6/15/18 (d)	\$ 5,539,000	\$ 6,120,595
U.S. Concrete, Inc. 8.5%			8/1/19 (d)	1,220,000	1,281,000
12/1/18 (d)	1,160,000	1,186,100	Nufarm Australia Ltd. 6.375% 10/15/19 (d)	3,140,000	3,249,900
5.875% 11/1/21 (d)	330,000 970,000	343,200 1,091,250	OMNOVA Solutions, Inc. 7.875% 11/1/18	2,575,000	2,768,125
		42,084,627	Rockwood Specialties Group, Inc. 4.625% 10/15/20	2,850,000	2,910,563
Cable TV - 3.1% Cablevision Systems Corp. 7.75%			Trinseo Materials Operating SCA/Trinseo Materials Finance,		
4/15/18	740,000	826,025	Inc. 8.75% 2/1/19 (d) Tronox Finance LLC 6.375%	9,195,000	9,493,838
CCO Holdings LLC/CCO Holdings Capital Corp.:			8/15/20	3,675,000	3,748,500
6.5% 4/30/21	2,155,000	2,214,263			38,753,584
7% 1/15/19 Cequel Communications Escrow I	6,450,000	6,796,688	Consumer Products – 0.3%		
LLC/Cequel Communications Escrow Capital Corp. 6.375%			First Quality Finance Co., Inc. 4.625% 5/15/21 (d)	5,415,000	5,144,250
9/15/20 (d)	3,395,000	3,479,875	Containers – 2.7%		
Cequel Communications Holdings I LLC/Cequel Capital Corp.			Ardagh Packaging Finance PLC 7.375% 10/15/17 (d)	1,415,000	1,521,125
5.125% 12/15/21 (d) Cogeco Cable, Inc. 4.875%	4,290,000	4,021,875	Ardagh Packaging Finance PLC/Ardagh MP Holdings		
5/1/20 (d)	710,000	685,150	U.S.A., Inc.: 7% 11/15/20 (d)	4,955,000	5,004,550
DISH DBS Corp. 4.25% 4/1/18	1,705,000	1,739,100	7.375% 10/15/17 (d)	335,000	359,706
Harron Communications LP/Harron Finance Corp. 9.125%			Ball Corp. 4% 11/15/23	3,285,000	2,940,075
4/1/20 (d)	2,085,000	2,309,138	BOE Intermediate Holding Corp.	0.100.047	0.100.010
Lynx I Corp. 5.375% 4/15/21 (d) . RCN Telecom Services LLC/RCN	2,550,000	2,550,000	9.75% 11/1/17 pay-in-kind (d) . Crown Americas LLC/Crown	2,138,047	2,193,013
Capital Corp. 8.5% 8/15/20 (d)	2,195,000	2,216,950	Americas Capital Corp. IV 4.5% 1/15/23	8,240,000	7,704,400
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH:			Reynolds Group Issuer,	0,240,000	7 ,7 04,400
5.5% 1/15/23 (d)	4,325,000	4,195,250	Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer		
7.5% 3/15/19 (d) UPCB Finance III Ltd. 6.625%	950,000	1,033,125	(Luxembourg) SA:		
7/1/20 (d)	2,710,000	2,879,375	5.75% 10/15/20 8.5% 5/15/18 (c)	8,455,000 6,290,000	8,624,100 6,635,950
UPCB Finance V Ltd. 7.25%			9.875% 8/15/19	5,310,000	5,907,375
11/15/21 (d)	3,270,000	3,547,950	7.07 5 % 6 7 15 7 1 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1	3,010,000	40,890,294
WaveDivision Escrow LLC/WaveDivision Escrow Corp.			Diversified Financial Services – 6.0%		
8.125% 9/1/20 (d)	7,920,000	8,395,200	Aircastle Ltd.:		
		46,889,964	4.625% 12/15/18	1,245,000	1,254,338
Capital Goods – 0.4%			6.25% 12/1/19	1,740,000	1,863,975
Amsted Industries, Inc. 8.125%	2 020 000	0 100 110	6.75% 4/15/17	2,030,000	2,263,450
3/15/18 (d)	2,030,000	2,139,113	9.75% 8/1/18	3,295,000	3,599,788
4/1/22 (d)	3,830,000	4,088,525	CIT Group, Inc.: 5.25% 3/15/18	4,935,000	5,292,788
	•	6,227,638	5.375% 5/15/20	4,035,000	4,287,188
Chemicals – 2.5%			5.5% 2/15/19 (d)	5,555,000	5,957,738
Ashland, Inc. 3.875% 4/15/18	3,030,000	3,067,875	FLY Leasing Ltd. 6.75% 12/15/20	4,015,000	4,065,188
INEOS Finance PLC 8.375%	5 10 5 00 c		Icahn Enterprises LP/Icahn		
2/15/19 (d)	5,495,000	6,113,188	Enterprises Finance Corp.:	0 405 000	0.075.550
			6% 8/1/20 (d)	9,685,000 11,285,000	9,975,550 11,736,400
			3/0 1/ 10/ 10	11,200,000	11,700,400

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

Principal Francision Principal Amount Principal Amount Principal Francision Princ	Nonconvertible Bonds – cont	inued				
IEC E Capited Trust 5.46% 1/2/16/5 (blig) \$3,865,000 \$3,458,700 P/ACMP Finance Corp. 48.75% 5/15/23 \$4,265,000 \$4,115,725 1/2/16/5 (blig) 3,865,000 3,652,425 Anlero Resources Finance Corp. 1,979,000 1,979,000 1,979,000 4,22% 4/15/18 2,365,000 2,379,913 68,12/1/20 6,300,000 6,615,000 4,22% 4/15/18 2,365,000 5,841,525 Basic Energy Services, Inc. 7.75% 1,209,000 1,299,675 5,875% 4/1/19 5,485,000 5,841,525 Basic Energy Services, Inc. 7.75% 615,000 642,675 6,25% 5/15/19 2,245,000 2,486,525 8,375% 4/1/19 7,230,000 7,754,175 8,376,1719 3,775,000 3,761,610 4,73% 6/15/18 1,560,000 1,174	Nonconvernible Bonds Conf	Principal	Value			Value
12/21/65 (d) g \$3,780,000 \$3,458,700 \$1,672.33 \$4,265,000 \$4,115,725 \$12/21/65 (d) g \$3,865,000 \$3,652,425 \$3,652,000 \$2,370,913 \$3,875,471,5718 \$2,365,000 \$2,370,913 \$3,875,471,5719 \$2,455,000 \$3,4713,000 \$3,4713,000 \$3,4713,000 \$4,275,4715 \$4,275,878,471,719 \$4,865,000 \$5,841,525 \$81,672 \$3,480,000 \$3,4713,000 \$7,275,4715 \$4,275,878,471,719 \$2,245,000 \$2,430,213 \$4,275,878,471,719 \$2,245,000 \$2,430,213 \$4,275,871,719 \$2,245,000 \$2,750,203 \$4,175,720 \$4,8735,671,719 \$3,540,000 \$8,759,905 \$4,175,720 \$4,8735,671,719 \$8,540,000 \$8,759,905 \$8,372,870 \$1,155,000 \$1,1773,363 \$4,258,471,175,719 \$4,540,000 \$1,2773,363 \$4,258,471,175,179 \$4,275,475,475 \$4,275,475	Diversified Financial Services – continu	ıed		Energy - 11.8%		
III.C E Capital Trust I to 2.5% 12/21/56 (bldg) 3,865,000 3,652,425 Anlero Resources Finance Corp.: 1,290,000 1,949,300 3,478,415/18 2,365,000 2,370,913 68,121/1/20 6,300,000 6,45,000 6,42,675 5,875% 4/11/9 5,865,000 5,841,525 856,878 4/11/9 1,209,000 1,299,675 5,875% 4/11/9 5,885,000 3,471,300 2,430,213 6,255,515/19 2,245,000 2,430,213 6,255,515/19 2,245,000 2,430,213 6,255,515/19 2,245,000 2,430,213 6,255,515/19 2,245,000 2,430,213 6,255,515/19 2,245,000 2,430,213 6,875% 6/17/19 3,775,000 3,761,610 6,55% 6/17/19 8,540,000 8,759,905 8,33/25/20 1,555,000 1,777,363 3,875% 4/15/21 615,000 654,975 6,55% 11/15/22 4,990,000 5,996,038 7,575% 4/17/19 1,260,000 1,299,800						
12/21/65 (d) g 3,865,000 3,652,425 Antero Resources Finance Corp. 1,990,000 1,949,300 1		\$ 3,780,000	\$ 3,458,700	LP/ACMP Finance Corp. 4.875%	\$ 4 245 000	¢ 4 115 705
International Lease Finance Corp.: 3.37% 11/1/21 (d) 1,930,000 1,949,300 3.367% 4/15/18 2,265,000 2,270,913 68,127/20 6,300,000 6,615,000 4.28% 4/11/9 5,485,000 1,979,100 7,25% 8/1/19 1,209,000 1,299,675 5.87% 4/15/2 3,480,000 3,471,300 7,55% 1/15/19 2,1000 2,484,525 6,25% 715/19 7,230,000 7,754,175 5.87% 4/15/17 2,110,000 2,484,525 6,125% 2/15/21 7,230,000 7,754,175 5.87% 5/15/17 2,110,000 2,484,525 6,125% 2/15/21 7,230,000 7,754,175 5.87% 6/15/19 3,775,000 3,761,610 6,125% 2/15/20 1,250,000 1,412,500 5.8% 1/15/19 8,360,000 8,759,905 8.49% 6/15/18 1,560,000 1,817,400 5.8% 1/15/20 1,565,000 1,772,363 6,125% 2/15/22 1,745,000 1,867,150 5.8% 1/15/12 2,715,000 2,752,331 6,125% 3/1/22 (d) 1,175,000 1,204,375 6.5% 1/15/12 4,990,000 5,996,038 7,575% 4/15/19 2,315,000 2,715,750 5.6% 1/15/12 4,990,000 5,996,038 7,575% 4/1/19 2,315,000 2,715,750 5.8% 10/17/21 (d) 3,610,000 3,664,150 5.8% 10/17/21 (d) 5,75% 4/17/20 (d) 2,285,000 2,715,750 5.8% 10/17/21 (d) 5,75% 4/15/16 (d) 2,285,000 2,715,750 5.8% 10/17/21 (d) 5,75% 4/15/16 (d) 2,285,000 2,759,0150 5.8% 10/17/21 (d) 5,75% 4/17/20 (d) 2,285,000 3,664,810 5.8% 10/17/21 (d) 5,75% 4/17/20 (d) 2,285,000 3,664,810 5.8% 10/17/21 (d) 5,75% 4/17/20 (d) 2,285,000 3,625,750 5.8% 10/17/21 (d) 5,75% 4/17/20 (d) 5,75% 4/17/20 (d) 5,75% 4/17/20		2 0 / 5 000	2 452 425		\$ 4,265,000	\$ 4,115,725
3.87% 4/15/18		3,863,000	3,632,423		1 930 000	1 9/19 300
A42% 4/15/21 2,020,000 1,929,100 7,25% B/1/19 1,209,000 1,299,675 5875% A/1/19 5,485,000 5,485,000 3,471,300 2,430,213 6,15,000 2,430,213 7,230,000 7,754,175 6,25% 5/15/19 2,245,000 2,430,213 6,12% 2/15/19 7,230,000 7,754,175 6,875% 11/15/20 1,250,000 1,412,500 1,412,600 1,412,		2 365 000	2 370 913			
5.87% 4/1/19			· · ·			
5.878.8 g/15/22					,,	,,
6.25% \$/15/19 2,245,000 2,430,213 Chesapeacke Energy Corp.: 8.75% 3/15/17 2,110,000 2,484,525 6.875% 11/15/20 1,250,000 1,412,500 1.75% 6/17/19 8,540,000 8,759,005 88,3725/20 1,565,000 1,772,343 8.45% 6/15/18 1,560,000 1,772,343 5.875% 4/15/21 1,745,000 1,867,150 8.45% 6/15/18 1,560,000 1,772,343 5.875% 4/15/22 1,745,000 1,867,150 8.45% 6/15/18 1,560,000 1,772,343 5.875% 4/15/22 1,745,000 1,867,150 8.45% 6/15/18 1,560,000 1,772,343 5.875% 4/15/22 1,745,000 1,867,150 8.45% 6/15/18 1,560,000 1,759,800 8.45% 6/15/18 1,560,000 1,759,800 8.45% 6/15/18 1,560,000 1,759,800 8.45% 6/15/18 1,560,000 2,046,382 8.45% 6/15/18 1,560,000 1,759,800 8.45% 6/15/18 1,560,000 1,759,800 8.45% 6/15/18 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,759,800 8.45% 6/15/19 1,745,000 1,741,213 8.45% 6/15/19 1,745,000 1,741,213 8.45% 6/15/19 1,745,000 1,741,213 8.45% 6/15/19 1,745,000 1,741,213 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1,745,000 1,745,210 8.45% 6/15/19 1		, ,		2/15/19	615,000	642,675
8.75% 3/15/17. 2,110,000 2,484,525 6.125% 2/15/21 7,230,000 7,754,175 (1,250) 1,250,000 1,412,50						
A875% 6/17/19 3,775,000 3,761,610 5.5% 1/15/19 8,540,000 8,759,905 18% 3/25/20 1,565,000 1,772,363 8.45% 6/15/18 1,560,000 1,817,400 5.875% 4/15/21 1,615,000 1,759,800 1,867,150 1.866,382 1/15/21 1,745,000 1,867,150 1.867,150		2,110,000				
S.% 17 5/19					1,250,000	1,412,500
Say 17 17 17 17 18 18 18 18				Chesapeake Midstream Partners		
1,560,000		, ,			615,000	654 975
Diversified Media - 1.4% Clear Channel Worldwide Holdings, Inc: 6.5% 11/15/22 2,715,000 2,752,331 61,25% 3/1/22 (d) 1,175,000 1,204,375 6.5% 11/15/22 4,990,000 5,096,038 7,75% 4/1/19 2,315,000 2,511,775 Denling Escrow Corp. 5,375% 1/15/22 (d) 4,410,000 4,613,963 NDC Partners, Inc. 6,75% 4/1/20 (d) 4,410,000 4,613,963 Nielsen Co. S. aar. I. (Luxembourg) 5,5% 10/1/21 (d) 3,610,000 3,664,150 Flicatric Utilities - 4.8% 1/15/18 8,740,000 9,111,450 Delphin Subsidiary II, Inc. 6,5% 1/15/18 8,740,000 1,204,375 Nielsen Co. December 1, 1,205,000 1,304,413 1,315,000 1,715,738 Delphin Subsidiary II, Inc. 6,5% 10/15/18 1,515,000 1,715,738 Allonite Power Corp. 9% 11/15/18 1,515,000 1,715,738 Allonite Power Corp. 9% 1/15/18 1,515,000 1,711,7378 Allonite Power Corp. 9% 1,715/18 1,515,000 1,711,		, ,	· · ·			
Diversified Media - 1.4% Clear Channel Worldwide Holdings, Inc.: Crestwood Midstream France LP/Crestwood Midstream France Corp:	8.45% 6/15/18	1,560,000			1,7 40,000	1,007,100
Clear Channel Worldwide Holdings, Inc.:			92,046,382		1,680,000	1,759,800
Holdings, Inc.: 6.5% 11/15/22 2,715,000 2,752,331 6.125% 3/1/22 (d) 1,175,000 1,204,375 6.5% 11/15/22 4,990,000 5,996,038 7.75% 4/1/19 2,315,000 2,511,775 Darling Excrow Corp. 5.375% 1/15/22 (d) 990,000 997,425 4.625% 7/15/23 6,660,000 6,010,650 MDC Partners, Inc. 6.75% 4/1/20 (d) 4,410,000 4,613,963 4.625% 7/15/21 2,550,000 2,715,750 Alloure Co. S. a.r.l. (Luxembourg) 5.5% 10/1/21 (d) 3,610,000 3,664,150 11/120 (d) 2,285,000 2,715,750 Rielsen Finance LIC/Nielsen Finance Co. 4.5% 10/1/20 4,525,000 4,400,563 21,524,470 2,151,100 4,405,800 Electric Utilities - 4.8% 4,525,000 4,400,563 21,524,470 2,151,100 4,406,800 Electric Utilities - 4.8% 4,100,000 4,100,						
6.5% 11/15/22						
6.5% 11/15/22	•	0.715.000	0.750.001		1 175 000	1 204 375
Denbury Resources, Inc.: 1/15/22 (d)(β)						
1/15/22 (d)(f)		4,990,000	5,096,038		2,313,000	2,311,773
MDC Partners, Inc. 6.75%	1/15/22 (d)(f)	990.000	997.425	•	6.660.000	6.010.650
A/1/20 (d)		,,,,,,,,	777,120			
Nielsen Co. S.a.r.l. (Luxembourg)		4,410,000	4,613,963		, ,	, , ,
Nielsen Finance LLC/Nielsen Finance LLC/Nielsen Finance Co. 4.5% 10/1/20		0 (10 000	0.444.150		2,285,000	2,616,325
Finance Co. 4.5% 10/1/20		3,610,000	3,664,150		7.515.000	7 500 150
Electric Utilities - 4.8% Atlantic Power Corp. 9% 11/15/18 8,740,000 9,111,450 Dolphin Subsidiary II, Inc. 6.5% 10/15/16 1,205,000 1,304,413 GenOn Energy, Inc. 9.5% 10/15/18 1,515,000 1,715,738 1,515,000 1,715,738 Expro Finance Luxembourg SCA 8.5% 10/1/21 8.5% 10/1/21 8.5% 10/1/21 8.5% 10/1/21 8.6% 10/15/16 8.7% 10/15/18 8.7% 10/15/18 1,515,000 1,715,738 Expror Finance Luxembourg SCA 8.5% 10/1/16 8.5% 10/1/16 8.5% 10/1/16 8.5% 10/1/16 8.5% 10/1/21 8.6% 10/10/21 8.6% 1		4 525 000	4 400 563		7,313,000	7,390,130
EP Energy LLC/Everest Acquisition Finance, Inc. 7.75% 9/1/22	1 marice co. 4.5% 10/1/20	4,020,000			2.795.000	3.004.625
Atlantic Power Corp. 9% 11/15/18	Floretric Utilities - 4.9%				_/. / 0/000	0,00.,020
11/15/18					4,015,000	4,496,800
Dolphin Subsidiary II, Inc. 6.5% 10/15/16 1,205,000 1,304,413 6.875% 5/1/19 1,655,000 1,781,194		8.740.000	9.111.450			
10/15/16		0,0,000	,,,	· · · · · · · · · · · · · · · · · · ·	1 (55 000	1 701 104
Section Little Strick	10/15/16	1,205,000	1,304,413			
Mirant Americas Generation LLC: 8.5% 12/15/16 (d) 3,312,000 3,452,760 8.5% 10/1/21 6,785,000 7,141,213 Exterran Holdings, Inc. 7.25% 7,855,000 8,296,844 9.125% 5/1/31 14,265,000 14,514,638 Exterran Holdings, Inc. 7.25% 7,855,000 8,296,844 NRG Energy, Inc. 7.625% 5,090,000 5,802,600 Forbes Energy Services Ltd. 9% 6,300,000 6,300,000 6,252,750 NSG Holdings II, LLC 7.75% 12/15/25 (d) 10,300,000 10,969,500 Forbes Energy Services Ltd. 9% 6/15/19 4,680,000 4,586,400 Puget Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 7/15/21 (d) 3,425,000 3,425,000 3,621,938 6.5% 12/15/20 3,975,000 4,522,894 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 4.875% 5/15/23 3,475,000 3,249,125 5.875% 4/1/20 1,240,000 1,280,300 7.375% 7/1/21 9,660,000 10,891,650 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090		1 51 5 000	1 71 5 700		8,683,000	10,020,319
8.5% 10/1/21		1,515,000	1,/15,/38		3.312.000	3.452.760
9.125% 5/1/31		4 705 000	7 1 41 010		-/	-, ··-,· · · ·
NRG Energy, Inc. 7.625% 1/15/18 5,090,000 5,802,600 NSG Holdings II, LLC 7.75% 12/15/25 (d) 10,300,000 10,969,500 Puget Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 6.5% 12/15/20 3,975,000 4,522,894 The AES Corp.: 4.875% 5/15/23 3,475,000 4,875% 5/15/23 7,375% 7/1/21 9,660,000 10,891,650 73,491,674 Exterran Parthers Lt/EXLP Finance Corp. 6% 4/1/21 (d) 6,300,000 6,252,750 Forbes Energy Services Ltd. 9% 6/15/19 4,680,000 4,586,400 Forest Oil Corp. 7.25% 6/15/19 977,000 951,354 Gibson Energy, Inc. 6.75% 7/15/21 (d) 3,425,000 3,621,938 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 5,875% 4/1/20 1,240,000 1,280,300 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090					7,855,000	8,296,844
1/15/18 5,090,000 5,802,600 Forbes Energy Services Ltd. 9% 6/15/19 4,680,000 4,586,400 NSG Holdings II, LLC 7.75% 10,300,000 10,969,500 Forbes Energy Services Ltd. 9% 6/15/19 4,680,000 4,586,400 Puget Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 Gibson Energy, Inc. 6.75% 3,425,000 3,425,000 3,621,938 6.5% 12/15/20 3,975,000 4,522,894 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 4.875% 5/15/23 3,475,000 3,249,125 5.875% 4/1/20 1,240,000 1,280,300 7.375% 7/1/21 9,660,000 10,891,650 Kinder Morgan Holding Co. LLC: 2,525,000 2,487,090		14,265,000	14,514,030			
NSG Holdings II, LLC 7.75% 12/15/25 (d) 10,300,000 10,969,500 Puget Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 6.5% 12/15/20 3,975,000 4,522,894 The AES Corp.: 4.875% 5/15/23 3,475,000 3,249,125 7.375% 7/1/21 9,660,000 10,891,650 73,491,674 Forest Cil Corp. 7.25% 6/15/19 977,000 951,354 Gibson Energy, Inc. 6.75% 7/15/21 (d) 3,425,000 3,621,938 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 1,240,000 1,280,300 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090		5,090,000	5,802,600		6,300,000	6,252,750
Puget Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 6.5% 12/15/20 3,975,000 4,522,894 The AES Corp.: 4.875% 5/15/23 3,475,000 3,249,125 7.375% 7/1/21 9,660,000 10,891,650 73,491,674 Forest Oil Corp. 7.25% 6/15/19 977,000 951,354 Gibson Energy, Inc. 6.75% 7/15/21 (d) 3,425,000 3,621,938 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 1,240,000 1,280,300 Kinder Morgan Holding Co. LLC: 73,491,674 5% 2/15/21 (d) 2,525,000 2,487,090		, ,	, ,		4 680 000	4 586 400
Fuger Energy, Inc.: 5.625% 7/15/22 3,925,000 4,268,453 6.5% 12/15/20 3,975,000 4,522,894 The AES Corp.: 4.875% 5/15/23 3,475,000 3,249,125 7.375% 7/1/21 9,660,000 10,891,650 73,491,674 Gibson Energy, Inc. 6.75% 7/15/21 (d) 3,425,000 3,621,938 Hornbeck Offshore Services, Inc.: 5% 3/1/21 2,465,000 2,415,700 5.875% 4/1/20 1,240,000 1,280,300 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090		10,300,000	10,969,500			
3.625% 7/15/22 3,925,000 4,268,453 7/15/21 (d) 3,425,000 3,621,938 6.5% 12/15/20 3,975,000 4,522,894 Hornbeck Offshore Services, Inc.: 2,465,000 2,415,700 4.875% 5/15/23 3,475,000 3,249,125 5.875% 4/1/20 1,240,000 1,280,300 7.375% 7/1/21 9,660,000 10,891,650 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090					,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	751,554
6.5% 12/15/20 3,975,000 4,522,894 Hornbeck Offshore Services, Inc.: The AES Corp.: 5% 3/1/21 2,465,000 2,415,700 4.875% 5/15/23 3,475,000 3,249,125 5.875% 4/1/20 1,240,000 1,280,300 7.375% 7/1/21 9,660,000 10,891,650 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090					3,425,000	3,621,938
4.875% 5/15/23 3,475,000 3,249,125 5.875% 4/1/20 1,240,000 1,280,300 7.375% 7/1/21 9,660,000 10,891,650 Kinder Morgan Holding Co. LLC: 5% 2/15/21 (d) 2,525,000 2,487,090		3,975,000	4,522,894		•	•
7.375% 7/1/21		0 475 000	0.040.305		2,465,000	
73,491,674 5% 2/15/21 (d)					1,240,000	1,280,300
	/.3/3% // 1/21	9,660,000				
5.625% 11/15/23 (d) 3,645,000 3,529,224			/3,471,0/4			
				5.625% 11/15/23 (d)	3,645,000	3,529,224

Investments - continued

Nonconvertible Bonds – con	tinued				
	Principal Amount	Value		Principal Amount	Value
Energy – continued			Tervita Corp.:		
Northern Tier Energy LLC/Northern			8% 11/15/18 (d)	\$ 2,675,000	\$ 2,761,938
Tier Finance Corp. 7.125%	* 	.	9.75% 11/1/19 (d)	1,495,000	1,465,100
11/15/20	\$ 6,070,000	\$ 6,343,150	10.875% 2/15/18 (d)	875,000	884,275
Offshore Group Investment Ltd.:	1 000 000	1 007 000			23,276,488
7.125% 4/1/23	1,890,000	1,927,800	Food & Drug Retail – 2.2%		
7.5% 11/1/19	7,160,000	7,786,500	BI-LO LLC/BI-LO Finance Corp.		
Oil States International, Inc. 6.5% 6/1/19	3,300,000	3,510,375	8.625% 9/15/18		
Pacific Drilling SA 5.375%	0,000,000	0,010,070	pay-in-kind (d)(g)	1,340,000	1,400,300
6/1/20 (d)	4,750,000	4,773,750	JBS Investments GmbH 7.75% 10/28/20 (d)	2 740 000	2 740 050
Petroleum Geo-Services ASA			Rite Aid Corp.:	3,740,000	3,768,050
7.375% 12/15/18 (d)	3,225,000	3,434,625	6.75% 6/15/21	3,520,000	3,691,600
Precision Drilling Corp.:			9.25% 3/15/20	21,255,000	24,390,067
6.5% 12/15/21	290,000	308,850	7.23/0 0/ 13/ 20	21,233,000	33,250,017
6.625% 11/15/20	2,505,000	2,674,088	F 1/D /T - 1 1 00/		00,200,017
Samson Investment Co. 10.5%	11 155 000	10 150 050	Food/Beverage/Tobacco – 1.8%		
2/15/20 (c)(d)	11,155,000	12,158,950	Barry Callebaut Services NV 5.5% 6/15/23 (d)	2,485,000	2,534,700
6/15/21 (d)	2,775,000	2,934,563	DS Waters of America, Inc. 10%	2,463,000	2,334,700
Targa Resources Partners LP/Targa	2,7 7 0,000	2,704,000	9/1/21 (d)	1,485,000	1,592,663
Resources Partners Finance			ESAL GmbH 6.25% 2/5/23 (d)	7,405,000	6,645,988
Corp.:			FAGE Dairy Industry SA/FAGE		
4.25% 11/15/23 (d)	2,445,000	2,188,275	U.S.A. Dairy Industry, Inc.	1 0 10 000	1 400 000
5.25% 5/1/23	4,876,000	4,723,625	9.875% 2/1/20 (d)	1,340,000	1,400,300
6.375% 8/1/22	592,000	626,040	Hawk Acquisition Sub, Inc. 4.25% 10/15/20 (d)	4,950,000	4,789,125
6.875% 2/1/21	2,840,000	3,053,000	JBS U.S.A. LLC/JBS U.S.A. Finance,	4,730,000	4,707,123
Tesoro Logistics LP/Tesoro Logistics Finance Corp. 6.125%			Inc.:		
10/15/21	855,000	880,650	7.25% 6/1/21 (d)	2,930,000	3,047,200
Western Refining, Inc. 6.25%			8.25% 2/1/20 (d)	6,670,000	7,236,950
4/1/21	5,905,000	5,949,288			27,246,926
Whiting Petroleum Corp.:			Gaming – 1.8%		
5% 3/15/19	4,610,000	4,713,725	Ameristar Casinos, Inc. 7.5%		
5.75% 3/15/21	4,815,000	4,983,525	4/15/21	7,590,000	8,235,150
		179,868,077	Golden Nugget Escrow, Inc. 8.5%		
Entertainment/Film – 0.4%			12/1/21 (d)	2,770,000	2,797,700
GLP Capital LP/GLP Financing II,			MCE Finance Ltd. 5% 2/15/21 (d)	5,010,000	4,884,750
Inc.:	1 705 000	1 77 / 000	MGM Mirage, Inc.:		
4.375% 11/1/18 (d)	1,735,000	1,774,038	7.625% 1/15/17	930,000	1,057,875
5.375% 11/1/23 (d)	1,310,000	1,287,075	8.625% 2/1/19	2,760,000	3,236,100
NAI Entertainment Holdings LLC/NAI Entertainment Finance			11.375% 3/1/18	2,360,000	2,997,200
Corp. 5% 8/1/18 (d)	2,970,000	3,066,525	PNK Finance Corp. 6.375% 8/1/21 (d)	2,605,000	2,663,613
•		6,127,638	Seminole Hard Rock Entertainment,	2,000,000	2,000,010
Environmental – 1.5%			Inc. 5.875% 5/15/21 (d)	1,490,000	1,463,925
ADS Waste Holdings, Inc. 8.25%					27,336,313
10/1/20	5,875,000	6,374,375	Healthcare – 4.6%		
Clean Harbors, Inc.:			Community Health Systems, Inc.:		
5.125% 6/1/21	3,450,000	3,484,500	5.125% 8/15/18	3,535,000	3,649,888
5.25% 8/1/20	2,590,000	2,667,700	8% 11/15/19	8,020,000	8,701,700
Covanta Holding Corp. 7.25%	F 1 / F 000	F (00 (00	DaVita, Inc. 5.75% 8/15/22	6,925,000	7,011,563
12/1/20	5,165,000	5,638,600	DJO Finance LLC/DJO Finance		•
			Corp.:		
			7.75% 4/15/18	1,350,000	1,373,625

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

Nonconvertible Bonds – con	tinued				
	Principal Amount	Value		Principal Amount	Value
Healthcare – continued			Insurance – 0.1%		
DJO Finance LLC/DJO Finance			Hockey Merger Sub 2, Inc. 7.875%		
Corp.: – continued			10/1/21 (d)	\$ 2,055,000	\$ 2,111,513
8.75% 3/15/18	\$ 165,000	\$ 181,088	Leisure – 1.0%		
9.875% 4/15/18	2,425,000	2,606,875	Cedar Fair LP/Magnum		
Emergency Medical Services Corp. 8.125% 6/1/19	3,292,000	3,567,705	Management Corp. 5.25% 3/15/21	2,230,000	2,202,125
HCA Holdings, Inc. 8% 10/1/18 .	4,350,000	5,138,438	NCL Corp. Ltd. 5% 2/15/18	5,690,000	5,860,700
HealthSouth Corp. 7.25% 10/1/18	3,588,000	3,834,675	Royal Caribbean Cruises Ltd.:	-,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
MPT Operating Partnership LP/MPT	2,222,222	5,55 .,5. 5	5.25% 11/15/22	6,045,000	6,045,000
Finance Corp. 6.875% 5/1/21 .	2,595,000	2,776,650	7.5% 10/15/27	595,000	635,163
Omega Healthcare Investors, Inc.:					14,742,988
6.75% 10/15/22	235,000	255,269	Metals/Mining - 2.4%		
7.5% 2/15/20	890,000	970,100	Beverage Packaging Holdings II SA		
Sabra Health Care LP/Sabra	220,000	27.5.040	(Luxembourg):		
Capital Corp. 8.125% 11/1/18 . Tenet Healthcare Corp.:	338,000	365,040	5.625% 12/15/16 (d)	1,880,000	1,917,600
6% 10/1/20 (d)	5,420,000	5,657,125	6% 6/15/17 (d)	960,000	972,000
6.25% 11/1/18	1,435,000	1,589,263	Boart Longyear Management Pty		
8.125% 4/1/22	7,055,000	7,601,763	Ltd.: 7% 4/1/21 (d)	8,355,000	6,245,363
Valeant Pharmaceuticals	. ,000,000	. ,00.,.00	10% 10/1/18 (d)	3,085,000	3,185,263
International:			CONSOL Energy, Inc.:	3,003,000	3,103,203
6.5% 7/15/16 (d)	1,314,000	1,356,705	8% 4/1/17	2,000,000	2,107,500
6.75% 8/15/18 (d)	4,195,000	4,609,256	8.25% 4/1/20	2,770,000	2,998,525
6.875% 12/1/18 (d)	4,655,000	4,980,850	FMG Resources (August 2006) Pty		
VPI Escrow Corp. 6.375% 10/15/20 (d)	3,960,000	4,172,850	Ltd.:		
10/13/20 (a)	3,700,000	70,400,428	6.375% 2/1/16 (d)	3,145,000	3,255,075
Hamaha Ham /Bank Estata 200/		70,400,420	7% 11/1/15 (d)	5,401,000	5,603,538
Homebuilders/Real Estate – 2.8%			New Gold, Inc. 6.25% 11/15/22 (d)	7,295,000	7,057,913
CBRE Group, Inc. 6.625% 10/15/20	2,575,000	2,755,250	Walter Energy, Inc.:	7,273,000	7,007,710
D.R. Horton, Inc.:	2,0,0,000	2,7 00,200	8.5% 4/15/21	3,535,000	2,942,888
3.625% 2/15/18	3,605,000	3,659,075	9.5% 10/15/19 (d)	900,000	949,500
4.375% 9/15/22	1,675,000	1,561,938	, , , , , , , , , , , , , , , , , , ,	, , , , , , , , , , , , , , , , , , , ,	37,235,165
4.75% 5/15/17	880,000	930,600	Paper - 0.4%		
Howard Hughes Corp. 6.875%			Sappi Papier Holding GmbH 7.75%		
10/1/21 (d)	2,870,000	2,984,800	7/15/17 (d)	4,920,000	5,387,400
Lennar Corp. 4.125% 12/1/18	3,605,000	3,623,025	Publishing/Printing – 1.3%		
Standard Pacific Corp. 8.375% 5/15/18	14,220,000	16,708,500	McGraw-Hill Global Education		
Toll Brothers Finance Corp.:	14,220,000	10,700,500	Holdings LLC/McGraw-Hill		
4% 12/31/18	3,350,000	3,408,625	Global Education Finance 9.75% 4/1/21 (d)	8,095,000	8,944,975
4.375% 4/15/23	5,520,000	5,119,800	R.R. Donnelley & Sons Co.:	3,0,0,000	3,7,7,7
5.625% 1/15/24	2,430,000	2,448,225	6.5% 11/15/23	2,220,000	2,242,200
		43,199,838	7% 2/15/22	1,100,000	1,182,500
Hotels - 0.7%			7.25% 5/15/18	2,320,000	2,633,200
Hilton Worldwide Finance			7.625% 6/15/20	675,000	734,063
LLC/Hilton Worldwide Finance			8.25% 3/15/19	2,966,000	3,396,070
Corp. 5.625% 10/15/21 (d)	6,570,000	6,816,375			19,133,008
Playa Resorts Holding BV 8%	2 51 5 000	2 720 204	Restaurants – 0.3%		
8/15/20 (d)	3,515,000	3,730,294 10,546,669	NPC International, Inc./NPC		
		10,340,007	Operating Co. A, Inc./NPC		
			Operating Co. B, Inc. 10.5% 1/15/20	4,035,000	4,660,425
			1, 10, 20	<i>-</i> ,000,000	-,000,420

Investments - continued

Nonconvertible Bonds – con	tinued				
Nonconvernible Bonds Com	Principal Amount	Value		Principal Amount	Value
Services – 3.7%			Sears Holdings Corp. 6.625%		
APX Group, Inc.:			10/15/18	\$ 1,385,000	\$ 1,253,425
6.375% 12/1/19	\$ 9,500,000	\$ 9,642,500	The Bon-Ton Department Stores,	2.015.000	2 220 112
8.75% 12/1/20	8,335,000	8,501,700	Inc. 8% 6/15/21	3,215,000	3,239,113
8.75% 12/1/20 (d)	480,000	488,400	T 0.00		13,007,370
ARAMARK Corp. 5.75% 3/15/20 (d)	2,805,000	2,931,225	Technology – 8.2%		
Audatex North America, Inc.:	2,803,000	2,931,223	Activision Blizzard, Inc. 5.625% 9/15/21 (d)	2,440,000	2,525,400
6% 6/15/21 (d)	4,215,000	4,415,213	ADT Corp. 6.25% 10/15/21 (d)	3,545,000	3,722,250
6.125% 11/1/23 (d)	460,000	473,800	BMC Software Finance, Inc.	, ,	, ,
Avis Budget Car Rental LLC/Avis	,	•	8.125% 7/15/21 (d)	4,560,000	4,696,800
Budget Finance, Inc. 2.9956%	2,180,000	2,190,900	Brocade Communications Systems, Inc. 4.625% 1/15/23 (d)	3,400,000	3,145,000
12/1/17 (d)(g)	2,580,000	2,683,200	Ceridian Corp. 11.25% 11/15/15	<i>4,475,</i> 000	4,508,563
Brand Energy & Infrastructure	2,300,000	2,000,200	Compiler Finance Sub, Inc. 7%	4,47 3,000	4,500,505
Services, Inc. 8.5% 12/1/21 (d)	4,640,000	4,715,400	5/1/21 (d)	515,000	511,138
FTI Consulting, Inc. 6.75%			First Data Corp.:		
10/1/20	3,715,000	4,012,200	6.75% 11/1/20 (d)	3,280,000	3,411,200
Garda World Security Corp. 7.25% 11/15/21 (d)	2,200,000	2,216,500	7.375% 6/15/19 (d)	3,400,000	3,629,500
Hertz Corp. 4.25% 4/1/18	3,145,000	3,223,625	8.25% 1/15/21 (d)	6,555,000	6,972,881
The Geo Group, Inc. 5.875%	0,140,000	0,220,020	12.625% 1/15/21 Flextronics International Ltd.	4,520,000	5,305,350
1/15/22 (d)	7,310,000	7,255,175	4.625% 2/15/20	3,020,000	2,944,500
TransUnion Holding Co., Inc.	4 2 40 000	4 570 700	Lucent Technologies, Inc.:	-,,	_,,
8.125% 6/15/18 pay-in-kind	4,340,000	4,578,700 57,328,538	6.45% 3/15/29	6,135,000	5,429,475
cl: 1 10/		37,328,338	6.5% 1/15/28	3,265,000	2,856,875
Shipping – 1.1%	4 505 000	4 070 700	Nuance Communications, Inc.	12 122 000	10 007 500
Aguila 3 SA 7.875% 1/31/18 (d) Navios Maritime Acquisition	4,595,000	4,870,700	5.375% 8/15/20 (d)	13,133,000	12,837,508
Corp./Navios Acquisition			3.75% 6/1/18 (d)	12,835,000	12,931,263
Finance U.S., Inc. 8.125%	1 705 000	1 000 700	5.75% 2/15/21 (d)	5,715,000	5,972,175
11/15/21 (d)	1,785,000	1,820,700	Sanmina-SCI Corp. 7%	<i>-</i> ,,	-,,
Navios Maritime Holdings, Inc.: 7.375% 1/15/22 (d)	7,410,000	7,447,050	5/15/19 (d)	9,305,000	9,898,194
8.125% 2/15/19	1,465,000	1,505,288	Seagate HDD Cayman 3.75%	0.170.000	0.0/1.010
Navios South American Logistics,	1,400,000	1,000,200	11/15/18 (d)	8,170,000 6,870,000	8,261,913 6,698,250
Inc./Navios Logistics Finance			Spansion LLC 7.875% 11/15/17 .	5,850,000	6,091,313
U.S., Inc. 9.25% 4/15/19	420,000	453,075	VeriSign, Inc. 4.625% 5/1/23	3,295,000	3,146,725
		16,096,813	Viasystems, Inc. 7.875%	-,,	27: 127: =2
Steel - 1.5%			5/1/19 (d)	2,810,000	3,038,313
JMC Steel Group, Inc. 8.25% 3/15/18 (d)	4,545,000	4,590,450	WideOpenWest Finance		
Severstal Columbus LLC 10.25%	4,343,000	4,370,430	LLC/WideOpenWest Capital Corp.:		
2/15/18	10,610,000	11,246,600	10.25% 7/15/19	2,995,000	3,324,450
Steel Dynamics, Inc. 6.125%			13.375% 10/15/19	2,705,000	3,131,038
8/15/19	7,280,000	7,880,600			124,990,074
		23,717,650	Telecommunications – 6.8%		
Super Retail – 0.9%			Alcatel-Lucent U.S.A., Inc.:		
Best Buy Co., Inc. 5% 8/1/18	5,280,000	5,537,664	4.625% 7/1/17 (d)	1,100,000	1,101,375
Netflix, Inc. 5.375% 2/1/21 (d)	3,535,000	3,579,188	6.75% 11/15/20 (d)	3,640,000	3,781,050
			8.875% 1/1/20 (d)	6,325,000	7,052,375
			Altice Financing SA:	/05.000	/01.050
			6.5% 1/15/22 (d)	685,000	691,850
			7.875% 12/15/19 (d)	4,180,000	4,545,750

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

Nanconvertible Bonds		
Nonconvertible Bonds – co		V. I
	Principal Amount	Value
Telecommunications – continued		
Altice Finco SA:		
8.125% 1/15/24 (d)	\$ 415,000	\$ 425,915
9.875% 12/15/20 (d)	2,465,000	2,773,125
Digicel Group Ltd.:		
6% 4/15/21 (d)	5,265,000	5,080,725
7% 2/15/20 (d)	295,000	297,950
8.25% 9/1/17 (d)	5,395,000	5,610,800
DigitalGlobe, Inc. 5.25%		
Ž/1/21 (d)	9,505,000	9,267,375
Intelsat Jackson Holdings SA	1 005 000	1 001 000
7.25% 4/1/19 SA 7.75%	1,835,000	1,981,800
Intelsat Luxembourg SA 7.75% 6/1/21 (d)	5,650,000	6,059,625
Level 3 Financing, Inc. 3.842%	3,030,000	0,007,020
1/15/18 (d)(g)	3,065,000	3,084,156
Neustar, Inc. 4.5% 1/15/23	2,980,000	2,689,450
Sprint Capital Corp.:		
6.875% 11/15/28	1,155,000	1,088,588
8.75% 3/15/32	1,155,000	1,238,738
Sprint Communications, Inc. 9%		
11/15/18 (d)	6,240,000	7,519,200
T-Mobile U.S.A., Inc.:		
5.25% 9/1/18 (d)	7,415,000	7,754,607
6.464% 4/28/19	6,010,000	6,385,625
Telesat Canada/Telesat LLC 6% 5/15/17 (d)	4,310,000	4,482,400
TW Telecom Holdings, Inc.	4,510,000	4,402,400
5.375% 10/1/22	2,815,000	2,765,738
Wind Acquisition Finance SA:	, ,	, ,
7.25% 2/15/18 (d)	2,770,000	2,915,425
11.75% 7/15/17 (d)	3,170,000	3,372,088
Wind Acquisition Holdings		
Finance SA 12.25% 7/15/17	10 400 001	10.054.440
pay-in-kind (d)(g)	12,403,891	12,354,448
		104,320,178
Textiles & Apparel – 0.2%		
The William Carter Co. 5.25%	0.400.000	0.540.050
8/15/21 (d)	3,490,000	3,542,350
TOTAL NONCONVERTIBLE BON	NDS	
(Cost \$1,326,059,757)	<u>1</u> ,	,365,084,178
Commercial Mortgage Sect	urities — 0.0%	
Commercial Morigage Sect	ornies — 0.0 /o	
LB Multi-family Mortgage Trust		
Series 1991-4 Class A1,		
7.125% 4/25/21 (g)	10 474	0.573
(Cost \$0)	13,676	9,573

Common Stocks — 0.0%		
	Shares	Value
Telecommunications – 0.0%		
CUI Acquisition Corp. Class E (a)(d) (Cost \$1,273,881)	1	\$ 112,009
Bank Loan Obligations — 5.	8%	
	Principal Amount	
Automotive - 0.1%		
Allison Transmission, Inc. Tranche B 3LN, term loan 3.75%		
8/23/19 (g)	\$ 955,000	957,388
Broadcasting - 0.1%		
ION Media Networks, Inc. Tranche B, term loan 12/18/20 (h)	1,330,000	1,344,963
Cable TV - 0.2%		
Charter Communications Operating LLC Tranche F, term loan 3%		
1/3/21 (g)	3,886,015	3,847,155
Containers – 0.2%		
Ardagh Holdings U.S.A., Inc. Tranche B, term loan		
12/17/19 (h) Berry Plastics Corp. Tranche E, term	165,000	165,825
loan 12/18/20 (h)	1,565,000	1,561,088
Reynolds Consumer Products Holdings, Inc. Tranche B, term		
loan 4% 12/1/18 (g)	910,000	908,863
		2,635,776
Diversified Financial Services – 0.0% Moxie Patriot LLC Tranche B, term		
loan 12/19/20 (h)	400,000	405,500
Energy - 1.1%		
Chesapeake Energy Corp. Tranche B, term loan 5.75% 12/2/17 (g)	4,710,000	4,810,323
Energy Transfer Equity LP Tranche		
B, term loan 3.25% 12/2/19 (g) Fieldwood Energy, LLC:	3,645,000	3,617,663
Tranche 2LN, term loan 8.375%		
9/30/20 (g) Tranche B 1LN, term loan 3.875%	6,295,000	6,389,425
9/30/18 (g)	364,088	366,363
Samson Investment Co. Tranche B 2LN, term loan 9/25/18 (h)	360,000	360,000
Sheridan Investment Partners I term		
loan 12/16/20 (h) Sheridan Production Partners I:	524,775	526,769
Tranche A, term loan		
12/16/20 (h) Tranche M, term loan	73,000	73,277
12/16/20 (h)	27,225	27,328
Western Refining, Inc. Tranche B, term loan 4.25% 11/12/20 (g) .	250,000	253,125
	,	16,424,273
Environmental – 0.0%		
Darling International, Inc. Tranche B, term loan 12/18/20 (h)	210,000	211,050
5, 101111 10011 12/ 10/ 20 (11/	210,000	211,000

Investments - continued

Bank Loan Obligations – cor	ntinued				
Bunk Louir Obligations - Col	Principal Amount	Value		Principal Amount	Value
Environmental – continued			Fortescue Metals Group Ltd.		
WTG Holdings III Corp.:			Tranche B, term loan 4.25%	\$ 2,428,913	\$ 2,459,274
Tranche 2LN, term loan		A	6/30/19 (g) Peabody Energy Corp. Tranche B,	\$ 2,420,713	\$ 2,437,274
12/12/21 (h)	\$ 155,000	\$ 154,225	term loan 4.25% 9/24/20 (g)	5,441,363	5,474,827
Tranche B, term loan 12/12/20 (h)	165,000	164,175			10,250,954
12, 12, 20 (11, 111111111111111111111111111111111	100,000	529,450	Publishing/Printing – 0.3%		
Food/Beverage/Tobacco - 0.1%			ARC Document Solutions, Inc.		
Del Monte Foods Consumer			Tranche B, term loan	4 000 000	4 9 42 400
Products:			12/20/18 (h)	4,880,000	4,843,400
Tranche 2LN, term loan					
5/26/21 (h)	455,000	459,550	Brand Energy & Infrastructure Services, Inc. Tranche B, term		
Tranche B 1LN, term loan 11/26/20 (h)	915,000	917,288	loan 4.75% 11/26/20 (g)	4,520,000	4,542,600
11/20/20 (11)	713,000	1,376,838	EFS Cogen Holdings I LLC Tranche	105.000	105.075
Gaming – 0.2%		1,0,0,000	B, term loan 12/17/20 (h) Filtration Group Corp.:	195,000	195,975
Golden Nugget, Inc. Tranche B,			Tranche 2LN, term loan 8.25%		
term loan:			11/21/21 (g)	60,000	60,825
11/21/19 (i)	145,500	146,591	Tranche B 1LN, term loan 4.5%		
5.5% 11/21/19 (g)	339,500	342,046	11/21/20 (g)	75,000	<i>75,</i> 281
Las Vegas Sands LLC Tranche B,	0.045.000	0.041.040	Garda World Security Corp.:	407 405	400 207
term loan 12/19/20 (h)	2,245,000	2,241,969	term loan 4% 11/8/20 (g) Tranche DD, term loan	497,685	498,307
11 Id 9 90/		2,730,606	11/8/20 (i)	127,315	127,474
Healthcare – 0.2%			Redtop Acquisitions Ltd.:	,	,
Endo Luxembourg Finance I Comp term loan 12/12/20 (h)	3,735,000	3,744,338	Tranche 2LN, term loan 8.25%		
Hotels - 0.3%	3,733,000	0,7 44,000	6/3/21 (g)	185,000	187,775
Hilton Worldwide Finance, LLC			Tranche B 1LN, term loan 4.5% 12/3/20 (g)	105,000	105,263
Tranche B, term loan 3.75%			12, 5, 25 (g)	100,000	5,793,500
10/25/20 (g)	4,576,368	4,610,691	Technology – 0.8%		
			Dell International LLC Tranche B,		
HUB International Ltd. Tranche B, term loan 4.75% 10/2/20 (g)	1,456,350	1,476,375	term loan 4.5% 4/29/20 (g)	350,000	350,875
StoneRiver Group LP:	.,,	.,,	First Data Corp. term loan 4.164%		
Tranche 2LN, term loan 8.5%			3/24/18 (g)	6,685,000	6,668,288
5/30/20 (g)	1,303,176	1,309,692	Infor U.S., Inc. Tranche B 5LN, term loan 6/3/20 (h)	860,000	856,818
Tranche B 1LN, term loan 4.5% 11/30/19 (g)	1,621,838	1,621,838	Kronos, Inc.:	000,000	030,010
11/30/17 (g)	1,021,030	4,407,905	Tranche 2LN, term loan 9.75%		
Leisure – 0.3%			4/30/20 (g)	140,000	146,300
Equinox Holdings, Inc.:			Tranche B 1LN, term loan 4.5%	64,815	45 442
Tranche 2LN, term loan 9.75%			10/30/19 (g) NXP BV Tranche D, term loan	04,013	65,463
8/1/20 (g)	1,600,000	1,620,000	1/11/20 (h)	3,660,000	3,660,000
Tranche B 1LN, term loan					11,747,744
4.5007% 2/1/20 (g)	2,962,613	2,988,683	Telecommunications – 0.5%		
		4,608,683	Alcatel-Lucent U.S.A., Inc. Tranche		
Metals/Mining – 0.7%			C 1LN, term loan 1/30/19 (h)	6,510,000	6,542,550
Alpha Natural Resources, Inc. Tranche B, term loan 3.5%			Consolidated Communications, Inc.		
5/22/20 (g)	2,358,120	2,316,853	Tranche B, term loan 12/23/20 (h)	140,000	140,000
-			, ,	,	,,

5 1 4 61 10 4		
Bank Loan Obligations -		Value
	Principal Amount	value
Telecommunications – continued		
Crown Castle Operating Co. Tranche B, term loan		
1/31/21 (h)	\$ 305,000	\$ 305,000
Intelsat Jackson Holdings SA Tranche B 2LN, term loan		
3.75% 6/30/19 (g)	1,260,000	1,271,088
		8,258,638
TOTAL BANK LOAN OBLIGAT		
(Cost \$87,245,499)		88,517,802
Preferred Securities - 0.	3%	
Banks & Thrifts – 0.3% JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)	. 4,860,000	4,770,231
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)		4,770,231
JPMorgan Chase & Co. 6% (e)(g)		4,770,231
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)	5.1% Shares	
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000) Money Market Funds — Stidelity Cash Central Fund, 0.11% (kg)	Shares b) . 76,868,755	
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)	Shares b) . 76,868,755 O - 100.5%	
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)	Shares 5.1% Shares 6. 76,868,755 6 100.5%	76,868,755 1,535,362,548
JPMorgan Chase & Co. 6% (e)(g) (Cost \$4,860,000)	Shares b) . 76,868,755 O - 100.5%	76,868,755 1,535,362,548

Legend

- (a) Non-income producing
- (b) 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.
- (c) 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.
- (d) 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 \$605,037,802 or 39.6% of net assets.
- (e) Security is perpetual in nature with no stated maturity date.
- (f) Security or a portion of the security purchased on a delayed delivery or when-issued basis.
- (g) Coupon rates for floating and adjustable rate securities reflect the rates in effect at period end.
- (h) The coupon rate will be determined upon settlement of the loan after period end.
- (i) Position represents an unfunded loan commitment. At period end, the total principal amount and market value of unfunded commitments totaled \$272,815 and \$274,065, respectively. The coupon rate will be determined at time of settlement.

Affiliated Central Funds

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

FundIncome earnedFidelity Cash Central Fund\$ 95,258

Other Information

The following is a summary of the inputs used, as of December 31, 2013, 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 in the table 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:				
Telecommunication Services	\$ 112,009	\$ _	\$ -	\$ 112,009
Corporate Bonds	1,365,084,178	_	1,365,084,178	_
Commercial Mortgage Securities	9,573	_	_	9,573
Bank Loan Obligations	88,517,802	_	86,897,802	1,620,000
Preferred Securities	4,770,231	_	4,770,231	_
Money Market Funds	76,868,755	76,868,755	_	_
Total Investments in Securities:	\$ 1,535,362,548	\$ 76,868,755	\$ 1,456,752,211	\$ 1,741,582

Investments - continued

Distribution of investments by country or territory of incorporation, as a percentage of total net assets, is as follows (Unaudited):

United States of America	79.2%
Luxembourg	4.3%
Canada	3.2%
Netherlands	2.1%
Bermuda	1.9%
Cayman Islands	1.8%
Australia	1.6%
United Kingdom	1.4%
Austria	1.1%
Others (Individually Less Than 1%)	3.4%
	100.0%

Financial Statements

Statement of Assets and Liab	oilities	
		December 31, 2013
Assets		
Investment in securities, at value — See accompanying schedule: Unaffiliated issuers (cost		
\$1,419,439,137)\$1,4 Fidelity Central Funds (cost	58,493,793	
\$76,868,755)	76,868,755	
Total Investments (cost \$1,496,307,892) Cash Receivable for investments sold		\$1,535,362,548 4,015,234 1,705,556
Receivable for fund shares sold Interest receivable		2,131,786 23,220,622
Distributions receivable from Fidelity		
Central Funds		4,605 3,227
Other receivables		11,207
Total assets		1,566,454,785
Liabilities		
Payable for investments purchased	24.204.427	
Regular delivery \$ Delayed delivery	34,396,427 990,000	
Payable for fund shares redeemed	1,694,753	
Accrued management fee	704,961	
Distribution and service plan fees payable	69,658	
Other affiliated payables	139,510	
Other payables and accrued		
expenses	79,590	20 074 000
iolal liabililles		38,074,899
Net Assets		\$1,528,379,886
Paid in capital		\$1,547,379,547
Undistributed net investment income		1,216,415
Accumulated undistributed net realized gain (loss) on investments		(59,270,732)
Net unrealized appreciation (depreciation) on investments		39,054,656
Net Assets		\$1,528,379,886

Statement of Assets and Liabilities -	· continued
	December 31, 2013
Initial Class: Net Asset Value, offering price and redemption price per share (\$587,375,744 ÷ 101,188,593 shares)	\$ 5.80
Service Class: Net Asset Value, offering price and redemption price per share (\$68,982,149 ÷ 11,953,181 shares)	\$ 5.77
Service Class 2: Net Asset Value, offering price and redemption price per share (\$280,443,630 ÷ 49,707,292 shares)	\$ 5.64
Initial Class R: Net Asset Value, offering price and redemption price per share (\$29,558,387 ÷ 5,112,817 shares)	\$ 5.78
Service Class R: Net Asset Value, offering price and redemption price per share (\$58,041,804 ÷ 10,116,582 shares)	\$ 5.74
Service Class 2R: Net Asset Value, offering price and redemption price per share (\$4,347,801 ÷ 771,011 shares) .	\$ 5.64
Investor Class: Net Asset Value, offering price and redemption price per share (\$499,630,371 ÷ 86,398,598	
shares)	\$ 5.78

Financial Statements - continued

victents Income victends terest come from Fidelity Central Funds fotal income spenses anagement fee anaster agent fees stribution and service plan fees counting fees and expenses ustodian fees and expenses ustodian fees and expenses dependent trustees' compensation dit ggl terest sicellaneous fotal expenses before reductions Expense reductions et investment income (loss) salized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Undiffiliated issuers anage in net unrealized appreciation (depreciation) on investment securities et again (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Statement of Changes in net assets resulting from operations stributions to shareholders from net investment income area transactions — net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income area transactions — net increase (decrease) demption fees fotal increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income area transactions — net increase (decrease) demption fees fotal increase (decrease) in net assets	Year ende	ed De	ecember 31, 20
terest			
come from Fidelity Central Funds lotal income spenses genses anagement fee anaster agent fees stribution and service plan fees counting fees and expenses dependent trustees' compensation udit gal letest iscellaneous Total expenses before reductions Expense reductions et realized gain (loss) on: Investment securities: Unoffiliated issuers anage in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in Net Assets perations Net investment income (loss) Statement of Changes in Net Assets perations Net investment income (loss) Statement of changes in net assets resulting from operations Statement of changes in net assets resulting from operations Statement of changes in net assets resulting from operations stributions to shareholders from net investment income area transactions – net increase (decrease) and make the statement of changes in net assets resulting from operations stributions to shareholders from net investment income area transactions – net increase (decrease) and make the statement of the statement o		\$	243,338
Interest increase (Decrease) in Net Assets crease (Decrease) in Net Assets peralics (Joss) crease (Decrease) in Net Assets peralics (Joss) Net reclized gain (Joss) Net reclized gain (Joss) Net reclized gain (Joss) Net increase (decrease) in net assets resulting from operations Stributions on a shareholders from net investment income (Joss) Net increase (decrease) in net assets resulting from operations Stributions on et increase (decrease) Asset increase (decrease) in net assets resulting from operations Stributions on et increase (decrease) Asset in et increase (decrease) Asset resulting from operations Stributions to shareholders from net investment income Asset received gain (Joss)			91,407,694
Interest increase (Decrease) in Net Assets crease (Decrease) in Net Assets peralics (Joss) crease (Decrease) in Net Assets peralics (Joss) Net reclized gain (Joss) Net reclized gain (Joss) Net reclized gain (Joss) Net increase (decrease) in net assets resulting from operations Stributions on a shareholders from net investment income (Joss) Net increase (decrease) in net assets resulting from operations Stributions on et increase (decrease) Asset increase (decrease) in net assets resulting from operations Stributions on et increase (decrease) Asset in et increase (decrease) Asset resulting from operations Stributions to shareholders from net investment income Asset received gain (Joss)			95,258
anagement fee ansfer agent fees stribution and service plan fees counting fees and expenses ustodian fees and expenses dependent trustees' compensation dit gal berest sicellaneous Total expenses before reductions Expense reductions et investment income (loss) salized and Unrealized Gain (loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets Pet realized gain (loss) et increase (decrease) in net assets resulting from operations Statement of changes in Net Assets Pet realized gain (loss) Statement of changes in Net Assets Pet realized gain (loss) Net increase (decrease) in net assets resulting from operations Statement of changes in Net Assets		_	91,746,290
anagement fee ansfer agent fees stribution and service plan fees counting fees and expenses ustodian fees and expenses dependent trustees' compensation dit gal berest sicellaneous Total expenses before reductions Expense reductions et investment income (loss) salized and Unrealized Gain (loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets Pet realized gain (loss) et increase (decrease) in net assets resulting from operations Statement of changes in Net Assets Pet realized gain (loss) Statement of changes in Net Assets Pet realized gain (loss) Net increase (decrease) in net assets resulting from operations Statement of changes in Net Assets			
consider agent fees stribution and service plan fees coounting fees and expenses dependent trustees' compensation utilit ggl leterest iscellaneous Total expenses before reductions Expense reductions et investment income (loss) salized and Unrealized Gain (Loss) et realized ggin (loss) on: Investment securities: Unoffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gin (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Stributions to shareholders from net investment income area transactions — net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income area transactions — net increase (decrease) demption fees	8,290,267		
counting fees and expenses ustodian fees and expenses dependent trustees' compensation udit gal terest iscellaneous Total expenses before reductions Expense reductions et investment income (loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers anage in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Stratement of changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income area transactions – net increase (decrease) edemption fees	1,218,349		
counting fees and expenses ustodian fees and expenses dependent trustees' compensation udit gal terest iscellaneous Total expenses before reductions Expense reductions et investment income (loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers anage in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Stratement of changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income area transactions – net increase (decrease) edemption fees	805,750		
ustodian fees and expenses dependent trustees' compensation udit gal gal terest iscellaneous Total expenses before reductions Expense reductions Expense reductions et investment income (loss) salized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers anange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Shatement of Changes in Net Assets stributions to shareholders from net investment income are transactions – net increase (decrease) dedemption fees dedemption fees	500,134		
dependent trustees' compensation	26,253		
udit gal gal terest iscellaneous Total expenses before reductions Expense reductions et investment income (loss) salized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unoffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations \$ Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net investment income and the stributions to shareholders from net income and the stributions to shareholders from net income and the stributions to shareholders from net	8,102		
gal	81,461		
Total expenses before reductions Expense reductions et investment income (loss) calized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) \$ Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations \$ \$ \$ \$ Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income are transactions – net increase (decrease) ademption fees	15,196		
iscellaneous Total expenses before reductions Expense reductions et investment income (loss) et investment income (loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers anage in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations statement of Changes in Net Assets crease (Decrease) in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations \$ stributions to shareholders from net investment income are transactions — net increase (decrease) ademption fees	1,289		
Total expenses before reductions Expense reductions et investment income (loss) calized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers cange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations \$ \$ \$ Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income are transactions – net increase (decrease) dedemption fees	13,741		
Expense reductions et investment income (loss) et realized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income are transactions – net increase (decrease) edemption fees	10,960,542		
ealized and Unrealized Gain (Loss) et realized gain (loss) on: Investment securities: Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income are transactions – net increase (decrease) edemption fees	(59,997)		10,900,545
Unaffiliated issuers nange in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income are transactions – net increase (decrease) edemption fees			80,845,745
range in net unrealized appreciation (depreciation) on investment securities et gain (loss) et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease) edemption fees			
et increase (decrease) in net assets resulting from operations Statement of Changes in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease) edemption fees			46,584,559
crease (Decrease) in Net Assets crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease) edemption fees			(41,731,572
crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease)			4,852,987
crease (Decrease) in Net Assets perations Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease)		\$	85,698,732
crease (Decrease) in Net Assets perations Net investment income (loss)			
perations Net investment income (loss)	Year ended December 31, 2013		Year ended December 31, 2012
Net investment income (loss) Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease) sedemption fees			
Net realized gain (loss) Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease)	80,845,745	- ¢	85,504,440
Change in net unrealized appreciation (depreciation) Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease)	46,584,559		13,064,18
Net increase (decrease) in net assets resulting from operations stributions to shareholders from net investment income nare transactions – net increase (decrease)	(41,731,572		80,611,07
stributions to shareholders from net investment income	85,698,732		179,179,69
nare transactions – net increase (decrease)			
edemption fees	(86,921,876		(84,934,22
	16,318,361		164,623,27
	28,583 15,123,800		64,36 258,933,11
et Assets			
Beginning of period	1,513,256,086	<u> </u>	1,254,322,97
End of period (including undistributed net investment income of \$1,216,415 and undistributed net investment income of	1,528,379,886		1,513,256,08

Financial Highlights — Initial Class					
Years ended December 31,	2013	2012	2011	2010	2009
Selected Per-Share Data					
Net asset value, beginning of period	. \$ 5.81	\$ 5.39	\$ 5.57	\$ 5.29	\$ 3.96
ncome from Investment Operations				·	
Net investment income (loss) ⁽		.361	.391	.439	.438
Net realized and unrealized gain (loss)	014	.405	(.171)	.288	1.298
Total from investment operations	344	.766	.220	.727	1.736
Distributions from net investment income		(.346)	(.400)	(.448)	(.406)
Redemption fees added to paid in capital [. — G	G	G	.001	G
Net asset value, end of period	. \$ 5.80	\$ 5.81	\$ 5.39	\$ 5.57	\$ 5.29
Total Return ^{A,B}	. 5.95%	14.23%	4.03%	13.82%	43.96%
Ratios to Average Net Assets D.F					
Expenses before reductions	68%	.68%	.69%	.69%	.70%
Expenses net of fee waivers, if any		.68%	.69%	.69%	.70%
Expenses net of all reductions		.68%	.69%	.69%	.70%
Net investment income (loss)	. 5.55%	6.22%	6.85%	7.84%	9.02%
Supplemental Data					
Net assets, end of period (000 omitted)	. \$587,376	\$606,506	\$561,514	\$594,688	\$608,802
Portfolio turnover rate ^E		55%	79%	81%	70%

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

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

Amount represents less than \$.001 per share.

Years ended December 31,	2013	2012		2011		2010		2009
Selected Per-Share Data								
Net asset value, beginning of period	\$ 5.78	\$ 5.36	\$	5.54	\$	5.26	\$	3.95
Income from Investment Operations	 							
Net investment income (loss) ^C	.323	.353		.384		.431		.429
Net realized and unrealized gain (loss)	.015	.407		(.171)		.290		1.281
Total from investment operations	.338	.760		.213	_	.721		1.710
Distributions from net investment income	(.348)	(.340)		(.393)	_	(.442)		(.400)
Redemption fees added to paid in capital ⁽	G	G		G	_	.001		G
Net asset value, end of period	\$ 5.77	\$ 5.78	\$	5.36	\$	5.54	\$	5.26
Total Return A,B	 5.87%	 14.20%	_	3.93%		13.79%		43.41%
Ratios to Average Net Assets D,F								
Expenses before reductions	.78%	.78%		.79%		.79%		.80%
Expenses net of fee waivers, if any	.77%	.78%		.79%		.78%		.80%
Expenses net of all reductions	.77%	.78%		.79%		.78%		.80%
Net investment income (loss)	5.46%	6.13%		6.75%		7.74%		8.92%
Supplemental Data								
Net assets, end of period (000 omitted)	\$ 68,982	\$ 77,397	\$	91,573	\$	98,988	\$1	03,511
Portfolio turnover rate ^E	85%	55%		79%		81%		70%

Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

Total returns would now even lower in Certain expenses that on the period.

Calculated based on average shares outstanding during the period.

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.

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

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 nef 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.

Total retaints would not be even lower in Certain Expenses that on been reducted adming the applicable periods.

Galculated based on average shares outstanding during the period.

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.

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

Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from blokerage service arrangements or reductions from other expense offset arrangements. ments 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. Amount represents less than \$.001 per share.

Financial Highlights — Service Class 2					
Years ended December 31,	2013	2012	2011	2010	2009
Selected Per-Share Data					
Net asset value, beginning of period	\$ 5.66	\$ 5.26	\$ 5.45	\$ 5.18	\$ 3.89
Income from Investment Operations					
Net investment income (loss) ^C	.307	.338	.368	.417	.422
Net realized and unrealized gain (loss)	.014	.396	(.170)	.287	1.264
Total from investment operations	.321	.734	.198	.704	1.686
Distributions from net investment income	(.341)	(.334)	(.388)	(.435)	(.396)
Redemption fees added to paid in capital (G	G	G	.001	G
Net asset value, end of period	\$ 5.64	\$ 5.66	\$ 5.26	\$ 5.45	\$ 5.18
Total Return A,B	5.70%	13.97%	3.72%	13.67%	43.46%
Ratios to Average Net Assets D,F					
Expenses before reductions	.93%	.93%	.94%	.94%	.95%
Expenses net of fee waivers, if any	.92%	.93%	.94%	.94%	.95%
Expenses net of all reductions	.92%	.93%	.94%	.94%	.95%
Net investment income (loss)	5.31%	5.98%	6.60%	7.59%	8.77%
Supplemental Data					
Net assets, end of period (000 omitted)	\$280,444	\$281,065	\$220,333	\$182,465	\$181,377
Portfolio turnover rate ^E	85%	55%	79%	81%	70%

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

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

Amount represents less than \$.001 per share.

fears ended December 31,	2013		2012		2011		2010		2009
Selected Per-Share Data									
Net asset value, beginning of period	\$ 5.79	\$	5.37	\$	5.55	\$	5.27	\$	3.95
ncome from Investment Operations	 							-	
Net investment income (loss) ⁽	.330		.360		.391		.439		.440
Net realized and unrealized gain (loss)	.014		.407		(.171)		.288		1.286
Total from investment operations	.344		.767		.220		.727		1.726
Distributions from net investment income	(.354)		(.347)		(.400)		(.448)		(.406)
Redemption fees added to paid in capital ⁽	G		G	_	G	_	.001		G
Net asset value, end of period	5.78	\$	5.79	\$	5.37	\$	5.55	\$	5.27
Total Return A,B	 5.97%	_	14.30%	_	4.05%	_	13.88%	_	43.82%
Ratios to Average Net Assets D.F									
Expenses before reductions	.68%		.68%		.68%		.69%		.70%
Expenses net of fee waivers, if any	.67%		.68%		.68%		.68%		.70%
Expenses net of all reductions	.67%		.68%		.68%		.68%		.69%
Net investment income (loss)	5.56%		6.23%		6.85%		7.84%		9.02%
Supplemental Data									
Net assets, end of period (000 omitted)	\$ 29,558	\$	35,605	\$	31,627	\$	34,946	\$	34,080
Portfolio turnover rate ^E	85%		55%		79%		81%		70%

Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

Total returns would now even lower in Certain expenses that on the period.

Calculated based on average shares outstanding during the period.

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.

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

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 nef 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.

Total retaints would not be even lower in Certain Expenses that on been reducted adming the applicable periods.

Galculated based on average shares outstanding during the period.

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.

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

Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from blokerage service arrangements or reductions from other expense offset arrangements. ments 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 broke age service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. Amount represents less than \$.001 per share.

Financial Highlights — Service Class R					
Years ended December 31,	2013	2012	2011	2010	2009
Selected Per-Share Data					
Net asset value, beginning of period	\$ 5.75	\$ 5.34	\$ 5.52	\$ 5.25	\$ 3.94
Income from Investment Operations			·	·	·
Net investment income (loss) ⁽	.321	.352	.383	.433	.431
Net realized and unrealized gain (loss)	.018	.400	(.167)	.280	1.280
Total from investment operations	.339	.752	.216	.713	1.711
Distributions from net investment income		(.342)	(.396)	(.444)	(.401)
Redemption fees added to paid in capital [G	G	G	.001	G
Net asset value, end of period	\$ 5.74	\$ 5.75	\$ 5.34	\$ 5.52	\$ 5.25
Total Return A,B	5.92%	14.10%	3.99%	13.66%	43.56%
Ratios to Average Net Assets D,F					
Expenses before reductions	.78%	.78%	.78%	.79%	.80%
Expenses net of fee waivers, if any	.77%	.78%	.78%	.78%	.80%
Expenses net of all reductions	.77%	.78%	.78%	.78%	.80%
Net investment income (loss)	5.46%	6.13%	6.75%	7.74%	8.92%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 58,042	\$ 69,893	\$ 63,557	\$ 68,806	\$ 47,873
Portfolio turnover rate ^E	85%	55%	79%	81%	70%
A +. I . I . II . II . II . I . I . I . I					

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

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

Amount represents less than \$.001 per share.

ears ended December 31,	2013		2012		2011	2010	2009
elected Per-Share Data							
Net asset value, beginning of period	\$ 5.65	\$	5.26	\$	5.45	\$ 5.17	\$ 3.89
ncome from Investment Operations				-		<u> </u>	
Net investment income (loss) ⁽	.307		.340		.369	.415	.416
Net realized and unrealized gain (loss)	.023		.390		(.175)	.293	1.257
otal from investment operations	 .330	-	.730		.194	 .708	 1.673
Distributions from net investment income	 (.340)	-	(.340)		(.384)	 (.429)	 (.393)
ledemption fees added to paid in capital (G	-	G		G	 .001	 G
Net asset value, end of period	\$ 5.64	\$	5.65	\$	5.26	\$ 5.45	\$ 5.17
otal Return A,B	 5.87%		13.90%		3.64%	 13.79%	 43.13%
latios to Average Net Assets D,F							
Expenses before reductions	.93%		.93%		.93%	.94%	.95%
Expenses net of fee waivers, if any	.92%		.93%		.93%	.93%	.95%
Expenses net of all reductions	.92%		.93%		.93%	.93%	.94%
Net investment income (loss)	5.31%		5.98%		6.60%	7.59%	8.77%
upplemental Data							
Net assets, end of period (000 omitted)	\$ 4,348	\$	4,019	\$	1,350	\$ 1,543	\$ 2,016
Portfolio turnover rate ^E	85%		55%		79%	81%	70%

Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

21

Total returns would now even lower in Certain expenses that on the period.

Calculated based on average shares outstanding during the period.

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.

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

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 nef 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.

Total retaints would not be even lower in Certain Expenses. Intelligence to be even to be an invested and in the Fund's expense 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.

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

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.

Amount represents less than \$.001 per share.

Financial Highlights — Investor Class					
Years ended December 31,	2013	2012	2011	2010	2009
Selected Per-Share Data					
Net asset value, beginning of period	\$ 5.79	\$ 5.37	\$ 5.56	\$ 5.27	\$ 3.96
Income from Investment Operations					
Net investment income (loss) ⁽	.327	.358	.388	.437	.441
Net realized and unrealized gain (loss)	.016	.407	(.180)	.298	1.274
Total from investment operations	.343	.765	.208	.735	1.715
Distributions from net investment income	(.353)	(.345)	(.398)	(.446)	(.405)
Redemption fees added to paid in capital [G	G	G	.001	G
Net asset value, end of period	\$ 5.78	\$ 5.79	\$ 5.37	\$ 5.56	\$ 5.27
Total Return ^{A,B}	5.95%	14.26%	3.82%	14.04%	43.43%
Ratios to Average Net Assets D,F					
Expenses before reductions	.71%	.71%	.72%	.73%	.73%
Expenses net of fee waivers, if any	.71%	.71%	.72%	.72%	.73%
Expenses net of all reductions	.71%	.71%	.72%	.72%	.73%
Net investment income (loss)	5.52%	6.20%	6.82%	7.81%	8.99%
Supplemental Data					
Net assets, end of period (000 omitted)	\$499,630	\$438,772	\$284,370	\$244,738	\$182,806
Portfolio turnover rate [[]	85%	55%	79 %	81%	70%

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

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

Calculated based on average shares outstanding during the period.

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.

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

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.

Amount represents less than \$.001 per share.

Notes to Financial Statements

For the period ended December 31, 2013

1. Organization.

VIP High Income Portfolio (the Fund) is a fund of Variable Insurance Products Fund (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 2 shares, Initial Class R shares, Service Class R shares, Service Class 2R 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.

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 .01%.

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 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 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. In accordance with valuation policies and procedures approved by the Board of Trustees (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 Fidelity Management & Research Company (FMR) Fair Value Committee (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 is responsible for approving and reporting to the Board all fair value determinations.

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 and preferred securities, 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. Commercial 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. When independent prices are unavailable or unreliable, debt securities may be valued utilizing pricing methodologies which consider similar factors that would be used by third party pricing vendors. Debt securities 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.

Notes to Financial Statements - continued

3. Significant Accounting Policies - continued

Investment Valuation - continued

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 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.

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, 2013, is included at the end of the Fund's Schedule of Investments.

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 may include proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income and distributions from the Fidelity Central Funds are accrued as earned. Interest income includes coupon interest and amortization of premium and accretion of discount on debt securities.

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, 2013, 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.

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 market discount, deferred trustees compensation, capital loss carryforwards and losses deferred due to wash sales and excise tax regulations.

The federal tax cost of investment securities and unrealized appreciation (depreciation) as of period end were as follows:

Gross unrealized appreciation\$	53,210,392
Gross unrealized depreciation	(12,963,627)
Net unrealized appreciation (depreciation) on securities and other investments	40,246,765
Tax Cost	1,495,115,783

3. Significant Accounting Policies - continued

Income Tax Information and Distributions to Shareholders – continued

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

Capital loss carryforward	\$ (58,936,967)
Net unrealized appreciation (depreciation)	\$ 40,246,765

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.

riscal year of expiration			
2017	. \$ (5	8,936,967)	

The tax character of distributions paid was as follows:

	Dec	ember 31, 2013	De	ecember 31, 2012
Ordinary Income	\$	86,921,876	\$	84,934,228

Trading (Redemption) Fees. Initial Class R shares, Service Class R shares and Service Class 2R shares held by investors less than 60 days may be subject to a redemption fee equal to 1% of the NAV of shares redeemed. All redemption fees, which reduce the proceeds of the shareholder redemption, are retained by the Fund and accounted for as an addition to paid in capital.

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

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, or may be made directly to a borrower. The Fund may be contractually obligated to receive approval from the agent bank and/or borrower prior to the sale of these loans. The Fund also invests in unfunded loan commitments, which are contractual obligations for future funding. Information regarding unfunded commitments is included at the end of the Fund's Schedule of Investments.

4. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$1,269,172,018 and \$1,179,884,778, respectively.

5. 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

Notes to Financial Statements - continued

5. Fees and Other Transactions with Affiliates - continued

Management Fee - continued

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' and Service Class R's average net assets and .25% of Service Class 2's and Service Class 2R'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	\$ 72,026
Service Class 2	669,990
Service Class R	53,854
Service Class 2 R	9,880
	\$ 805,750

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 (with the exception of Investor Class) pays a transfer agent fee, excluding out of pocket expenses, equal to an annual rate of .07% of average net assets. Investor Class pays a monthly asset-based transfer agent fee of .10% of average net assets. In addition, FIIOC receives an asset-based fee of .0035% of average net assets for typesetting, printing and mailing of shareholder reports, except proxy statements. FIIOC voluntarily agreed to reimburse or waive this fee for the period January 1, 2013 through December 31, 2013 (see Expense Reductions note). For the period, transfer agent fees for each class, including printing and out of pocket expenses, were as follows:

Initial Class\$	437,051
Service Class	<i>5</i> 1 <i>,</i> 782
Service Class 2	191,829
Initial Class R	22,129
Service Class R	37,627
Service Class 2R	2,763
Investor Class	475,168
\$	1,218,349

Effective February 1, 2014, the Board of Trustees approved an amendment to the transfer agent fee agreement whereby each class (with the exception of Investor Class) pays a single fee of .07% of average net assets for transfer agent services, typesetting, printing and mailing of shareholder reports, excluding mailing of proxy statements and out of pocket expenses. Investor Class pays a single fee of .10% of average net assets.

Accounting Fees. Fidelity Service Company, Inc. (FSC), an affiliate of the investment adviser, maintains the Fund's accounting records. The fee is based on the level of average net assets for each month.

Interfund Lending Program. Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other registered investment companies having management contracts with FMR or other affiliated entities of FMR, may participate in an interfund lending program. This program provides an alternative credit facility allowing the funds to borrow from, or lend money to, other participating affiliated funds. At period end, there were no interfund loans outstanding. The Fund's activity in this program during the period for which loans were outstanding was as follows:

Borrower or Lender	Average Lo Balance		3	Interest Expense
Borrower	\$ 24,831,	.31%	\$	1,289

6. 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 \$3,236 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, there were no borrowings on this line of credit.

7. Expense Reductions.

The investment adviser or its affiliates agreed to reimburse or waive certain fees during the period as noted in the table below.

Initial Class	\$ 23,163
Service Class	2,839
Service Class 2	10,570
Initial Class R	1,247
Service Class R	2,120
Service Class 2R	156
Investor Class	17,960
	\$ 58,055

In addition, through arrangements with the Fund's custodian, credits realized as a result of uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$1,942.

8. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

Years ended December 31,	2013	2012
From net investment income		
Initial Class\$	33,473,820	\$ 34,341,731
Service Class	3,969,791	4,352,958
Service Class 2	16,115,842	15,615,687
Initial Class R	1,722,419	2,033,316
Service Class R	3,349,920	3,948,919
Service Class 2R	230,462	215,852
Investor Class	28,059,622	24,425,765
Total	86,921,876	\$ 84,934,228

9. Share Transactions.

Transactions for each class of shares were as follows:

	Shares			Dollars			
Years ended December 31,	2013	2012		2013		2012	
Initial Class							
Shares sold	14,039,906	13,853,360	\$	83,416,151	\$	80,405,792	
Reinvestment of distributions	5,790,037	5,923,006		33,473,820		34,341,731	
Shares redeemed	(23,058,485)	(19,521,567)		(136,983,639)		(112,985,217)	
Net increase (decrease)	(3,228,542)	254,799	\$	(20,093,668)	\$	1,762,306	
Service Class							
Shares sold	929,486	1,525,261	\$	5,521,007	\$	8,621,959	
Reinvestment of distributions	690,233	754,748		3,969,791		4,352,958	
Shares redeemed	(3,064,824)	(5,957,709)		(18,085,383)		(33,943,822)	
Net increase (decrease)	(1,445,105)	(3,677,700)	\$	(8,594,585)	\$	(20,968,905)	
Service Class 2					_		
Shares sold	20,103,362	25,700,556	\$	116,574,992	\$	145,593,661	
Reinvestment of distributions	2,866,946	2,764,623		16,115,842		15,615,687	
Shares redeemed	(22,951,503)	(20,664,331)		(132,172,105)		(115,959,882)	
Net increase (decrease)	18,805	7,800,848	\$	518,729	\$	45,249,466	
Initial Class R					_		
Shares sold	852,998	2,462,639	\$	5,061,609	\$	14,321,536	
Reinvestment of distributions	298,955	351,902		1,722,419		2,033,316	
Shares redeemed	(2,192,612)	(2,548,693)		(12,973,240)		(14,732,861)	
Net increase (decrease)	(1,040,659)	265,848	\$	(6,189,212)	\$	1,621,991	
Service Class R							
Shares sold	5,190,571	8,023,964	\$	/	\$	46,504,431	
Reinvestment of distributions	585,519	688,191		3,349,920		3,948,919	
Shares redeemed	(7,823,949)	(8,456,038)		(46,022,233)		(47,748,690)	
Net increase (decrease)	(2,047,859)	256,117	\$	(11,940,746)	\$	2,704,660	

Notes to Financial Statements - continued

9. Share Transactions - continued

	Shares			Dollars			
Years ended December 31,	2013	2012		2013		2012	
Service Class 2R							
Shares sold	995,220	580,649	\$	5,809,165	\$	3,315,329	
Reinvestment of distributions	40,999	38,276		230,462		215,852	
Shares redeemed	(976,234)	(164,440)		(5,617,855)		(925,854)	
Net increase (decrease)	59,985	454,485	\$	421,772	\$	2,605,327	
Investor Class							
Shares sold	25,574,430	28,186,563	\$	151,658,997	\$	162,161,430	
Reinvestment of distributions	4,870,500	4,226,954		28,059,622		24,425,765	
Shares redeemed	(19,845,132)	(9,530,114)		(117,522,548)		(54,938,765)	
Net increase (decrease)	10,599,798	22,883,403	\$	62,196,071	\$	131,648,430	

10. 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 39% of the total outstanding shares of the Fund and one otherwise unaffiliated shareholder was the owner of record of 15% of the total outstanding shares of the Fund.

Report of Independent Registered Public Accounting Firm

To the Trustees of Variable Insurance Products Fund and the Shareholders of VIP High Income Portfolio:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of VIP High Income Portfolio (a fund of Variable Insurance Products Fund) at December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the VIP High Income Portfolio's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian, agent banks and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP Boston, Massachusetts February 14, 2014

Trustees and Officers

The Trustees, Member of the Advisory Board, 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. Except for James C. Curvey, Ned C. Lautenbach, Ronald P. O'Hanley and William S. Stavropoulos, each of the Trustees oversees 173 funds. Mr. Curvey oversees 396 funds. Mr. Lautenbach, Mr. O'Hanley and Mr. Stavropoulos each oversees 247 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 (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. The officers and Advisory Board Member hold office without limit in time, except that any officer and 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.

Experience, Skills, Attributes, and Qualifications of the Fund's 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. James C. Curvey is an interested person (as defined in the 1940 Act) 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. Ned C. Lautenbach 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 equity and high income funds and another Board oversees Fidelity's investment-grade bond, money market, and asset allocation funds. The asset allocation funds may invest in Fidelity funds overseen by the fund's Board. 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, Audit, and Compliance Committees. In addition, the Independent Trustees have 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. For example, a working group comprised of Independent Trustees and FMR has worked and continues to work to review the Fidelity funds' valuation-related activities, reporting and risk management. 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 FMR'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 Fund's Trustees."

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.

Interested Trustees*:

Correspondence intended for each 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+

James C. Curvey (1935)

Year of Election or Appointment: 2007

Trustee

Chairman of the Board of Trustees

Mr. Curvey also serves as Trustee of other Fidelity funds. Mr. Curvey is a Director of Fidelity Investments Money Management, Inc. (2009-present), Director of Fidelity Research & Analysis Co. (2009-present) and Director of FMR and FMR Co., Inc. (2007-present). Mr. Curvey is also Vice Chairman (2007-present) and Director of FMR LLC. In addition, Mr. Curvey serves as an Overseer for the Boston Symphony Orchestra and a member of the Trustees of Villanova University. Previously, Mr. Curvey was the Vice Chairman (2006-2007) and Director (2000-2007) of FMR Corp.

Ronald P. O'Hanley (1957)

Year of Election or Appointment: 2011 Trustee

Mr. O'Hanley also serves as Trustee of other Fidelity funds. He is Director of Fidelity SelectCo, LLC (2013-present), FMR Co., Inc. (2010-present), Director of Fidelity Investments Money Management, Inc. (2010-present), Director of Fidelity Research & Analysis Company (2010-present), President of Fidelity Asset Management and Corporate Services and a Member of Fidelity's Executive Committee (2010-present). Previously, Mr. O'Hanley served as President and Chief Executive Officer of BNY Mellon Asset Management (2007-2010). Mr. O'Hanley also served as Vice Chairman of Bank New York Mellon Corp. and a member of that firm's Executive Committee. Prior to the 2007 merger of The Bank of New York and Mellon Financial Corporation, he was Vice Chairman of Mellon Financial Corporation and President and Chief Executive Officer of Mellon Asset Management. He joined Mellon in February 1997. Mr. O'Hanley currently serves as Chairman of the Boston Public Library Foundation Board of Directors and sits on the Board of Directors of Beth Israel Deaconess Medical Center, the Board of Trustees of the Marine Biological Laboratory and the Advisory Board of the Maxwell School of Citizenship and Public Administration at Syracuse University. Mr. O'Hanley also chairs the Council on Asset Management for the Financial Services Roundtable and is a member of the Board of Directors of Institutional Investor's U.S. Institute.

- * Trustees have been determined to be "Interested Trustees" by virtue of, among other things, their affiliation with the or various entities under common control with FMR.
- ⁺ The information above includes each Trustee's principal occupation during the last five years and other information relating to the experience, attributes, and skills relevant to each Trustee's qualifications to serve as a Trustee, which led to the conclusion that each Trustee should serve as a Trustee for the fund.

Trustees and Officers - continued

Independent Trustees:

Correspondence intended for each Independent Trustee (that is, the Trustees other than the Interested Trustees) may be sent to Fidelity Investments, P.O. Box 55235, Boston, Massachusetts 02205-5235.

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

Dennis J. Dirks (1948)

Year of Election or Appointment: 2005

Trustee

Mr. Dirks also serves as Trustee of other Fidelity funds. Prior to his retirement in May 2003, Mr. Dirks was Chief Operating Officer and a member of the Board of The Depository Trust & Clearing Corporation (DTCC). He also served as President, Chief Operating Officer, and Board member of the Depository Trust Company (DTC) and President and Board member of the National Securities Clearing Corporation (NSCC). In addition, Mr. Dirks served as Chief Executive Officer and Board member of the Government Securities Clearing Corporation, Chief Executive Officer and Board member of the Mortgage-Backed Securities Clearing Corporation, as a Trustee and a member of the Finance Committee of Manhattan College (2005-2008), and as a Trustee and a member of the Finance Committee of AHRC of Nassau County (2006-2008). Mr. Dirks is a member of the Independent Directors Council (IDC) Governing Council (2010-present) and Board of Directors for The Brookville Center for Children's Services, Inc. (2009-present).

Alan J. Lacy (1953)

Year of Election or Appointment: 2008 Trustee

Mr. Lacy also serves as Trustee of other Fidelity funds. Mr. Lacy serves as Senior Adviser (2007-present) of Oak Hill Capital Partners, L.P. (private equity). Mr. Lacy also served as Chief Executive Officer (2000-2005) and Vice Chairman (2005-2006) of Sears Holdings Corporation and Sears, Roebuck and Co. (retail). In addition, Mr. Lacy serves as a member of the Board of Directors of Dave & Buster's Entertainment, Inc. (restaurant and entertainment complexes, 2010-present), Earth Fare, Inc. (retail grocery, 2012-present), The Hillman Companies, Inc. (hardware wholesalers, 2010-present), and Bristol-Myers Squibb Company (global pharmaceuticals, 2008-present). Mr. Lacy is a member of the Board of Trustees of The National Parks Conservation Association (2006-present). Previously, Mr. Lacy served as Chairman of the Board of Trustees of the National Parks Conservation Association (2008-2011) and as a member of the Board of Directors for the Western Union Company (global money transfer, 2006-2011).

Ned C. Lautenbach (1944)

Year of Election or Appointment: 2000

Trustee

Chairman of the Independent Trustees

Mr. Lautenbach also serves as Trustee of other Fidelity funds. Mr. Lautenbach currently serves as the Lead Director of the Eaton Corporation Board of Directors (diversified industrial, 1997-present). Mr. Lautenbach is Chairman of the Board of Directors of the Philharmonic Center for the Arts in Naples, Florida (2012-present) and a member of the Council on Foreign Relations (1994-present). Previously, Mr. Lautenbach was a Partner/Advisory Partner at Clayton, Dubilier & Rice, LLC (private equity investment, 1998-2010), as well as a Director of Sony Corporation (2006-2007).

Joseph Mauriello (1944)

Year of Election or Appointment: 2008

Trustee

Mr. Mauriello also serves as Trustee of other Fidelity funds. Prior to his retirement in January 2006, Mr. Mauriello served in numerous senior management positions including Deputy Chairman and Chief Operating Officer (2004-2005), and Vice Chairman of Financial Services (2002-2004) of KPMG LLP US (professional services, 1965-2005). Mr. Mauriello currently serves as a member of the Board of Directors of XL Group plc. (global insurance and re-insurance, 2006-present). Previously, Mr. Mauriello served as a Director of the Hamilton Funds of the Bank of New York (2006-2007) and of Arcadia Resources Inc. (health care services and products, 2007-2012).

Robert W. Selander (1950)

Year of Election or Appointment: 2011

Trustee

Mr. Selander also serves as Trustee of other Fidelity funds. Previously, Mr. Selander served as a Member of the Advisory Board of other Fidelity funds (2011), and Executive Vice Chairman (2010), Chief Executive Officer (2009-2010), and President and Chief Executive Officer (1997-2009) of Mastercard, Inc.

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

Cornelia M. Small (1944)

Year of Election or Appointment: 2005

Trustee

Ms. Small also serves as Trustee of other Fidelity funds. Ms. Small is a member of the Board of Directors (2009-present) and Chair of the Investment Committee (2010-present) of the Teagle Foundation. Ms. Small also serves on the Investment Committee of the Berkshire Taconic Community Foundation (2008-present). Previously, Ms. Small served as Chairperson (2002-2008) and a member of the Investment Committee and Chairperson (2008-2012) and a member of the Board of Trustees of Smith College. In addition, Ms. Small served as Chief Investment Officer, Director of Global Equity Investments, and a member of the Board of Directors of Scudder, Stevens & Clark and Scudder Kemper Investments.

William S. Stavropoulos (1939)

Year of Election or Appointment: 2001

Trustee

Vice Chairman of the Independent Trustees

Mr. Stavropoulos also serves as Trustee of other Fidelity funds. Mr. Stavropoulos serves as President and Founder of the Michigan Baseball Foundation, the Great Lakes Loons (2007-present). Mr. Stavropoulos is Chairman Emeritus of the Board of Directors of The Dow Chemical Company, where he previously served in numerous senior management positions, including President, CEO (1995-2000; 2002-2004), Chairman of the Executive Committee (2000-2006), and as a member of the Board of Directors (1990-2006). Currently, Mr. Stavropoulos is Chairman of the Board of Directors of Univar Inc. (global distributor of commodity and specialty chemicals), a Director of Teradata Corporation (data warehousing and technology solutions), and Maersk Inc. (industrial conglomerate), and a member of the Advisory Board for Metalmark Capital LLC (private equity investment, 2005-present). Mr. Stavropoulos is an operating advisor to Clayton, Dubilier & Rice, LLC (private equity investment). In addition, Mr. Stavropoulos is a member of the University of Notre Dame Advisory Council for the College of Science, a Trustee of the Rollin L. Gerstacker Foundation, and a Director of the Naples Philharmonic Center for the Arts. Previously, Mr. Stavropoulos served as a Director of Chemical Financial Corporation (bank holding company, 1993-2012) and Tyco International, Ltd. (multinational manufacturing and services, 2007-2012).

David M. Thomas (1949)

Year of Election or Appointment: 2008

Trustee

Mr. Thomas also serves as Trustee of other Fidelity funds. Mr. Thomas serves as Non-Executive Chairman of the Board of Directors of Fortune Brands Home and Security (home and security products, 2011-present), and as a member of the Board of Directors of Interpublic Group of Companies, Inc. (marketing communication, 2004-present). Previously, Mr. Thomas served as Executive Chairman (2005-2006) and Chairman and Chief Executive Officer (2000-2005) of IMS Health, Inc. (pharmaceutical and health-care information solutions), and a Director of Fortune Brands, Inc. (consumer products, 2000-2011).

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

Advisory Board Member and Officers:

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

Name, Year of Birth; Principal Occupation

Peter S. Lynch (1944)

Year of Election or Appointment: 2003

Member of the Advisory Board

Mr. Lynch also serves as Member of the Advisory Board of other Fidelity funds. Mr. Lynch is Vice Chairman and a Director of FMR and FMR Co., Inc. In addition, Mr. Lynch serves as a Trustee of Boston College and as the Chairman of the Inner-City Scholarship Fund. Previously, Mr. Lynch served on the Special Olympics International Board of Directors (1997-2006).

Trustees and Officers - continued

Name, Year of Birth; Principal Occupation

Elizabeth Paige Baumann (1968)

Year of Election or Appointment: 2012 Anti-Money Laundering (AML) Officer

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

William C. Coffey (1969)

Year of Election or Appointment: 2009

Assistant Secretary

Mr. Coffey also serves as Assistant Secretary of other funds. He is Senior Vice President and Deputy General Counsel of FMR LLC (2010-present), and is an employee of Fidelity Investments. Previously, Mr. Coffey served as Vice President and Associate General Counsel of FMR LLC (2005-2009).

Jonathan Davis (1968)

Year of Election or Appointment: 2010

Assistant Treasurer

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

Adrien E. Deberghes (1967)

Year of Election or Appointment: 2008

Deputy Treasurer

Mr. Deberghes also serves as an officer of other funds. He 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).

Stephanie J. Dorsey (1969)

Year of Election or Appointment: 2010

Assistant Treasurer

Ms. Dorsey also serves as an officer of other funds. She 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.

Scott C. Goebel (1968)

Year of Election or Appointment: 2008 Secretary and Chief Legal Officer (CLO)

Mr. Goebel serves as Secretary and CLO of other funds. Mr. Goebel also serves as Secretary of Fidelity Investments Money Management, Inc. (FIMM) (2010-present) and Fidelity Research and Analysis Company (FRAC) (2010-present); General Counsel, Secretary, and Senior Vice President of FMR (2008-present) and FMR Co., Inc. (2008-present); Chief Legal Officer of Fidelity Management & Research (Hong Kong) Limited (2008-present) and Assistant Secretary of Fidelity Management & Research (Japan) Inc. (2008-present), and Fidelity Management & Research (U.K.) Inc. (2008-present). Previously, Mr. Goebel served as Secretary and CLO of other Fidelity funds (2008-2013), Assistant Secretary of FIMM (2008-2010), FRAC (2008-2010), and certain funds (2007-2008); and as Vice President and Secretary of Fidelity Distributors Corporation (FDC) (2005-2007). Mr. Goebel has been employed by FMR LLC or an affiliate since 2001.

Joseph A. Hanlon (1968)

Year of Election or Appointment: 2012

Chief Compliance Officer

Mr. Hanlon also serves as Chief Compliance Officer of other funds. Mr. Hanlon serves as Compliance Officer of FMR, FMR Co., Inc., Fidelity Investments Money Management, Inc. (FIMM), Fidelity Research and Analysis Company (FRAC), and Fidelity Management & Research (Hong Kong) (2009-present), as Senior Vice President of the Fidelity Asset Management Division (2009-present), and is an employee of Fidelity Investments. Previously, Mr. Hanlon served as Compliance Officer of Fidelity Management & Research (Japan) Inc. (2009-2013), Strategic Advisers, Inc. (2009-2013), and Fidelity Management & Research (U.K.) Inc. (2009-2013).

Name, Year of Birth; Principal Occupation

Thomas C. Hense (1964)

Year of Election or Appointment: 2008/2010

Vice President

Mr. Hense also serves as Vice President of other funds (High Income (2008), Small Cap (2008), and Value (2010) funds). Previously, Mr. Hense served as a portfolio manager for Fidelity's Institutional Money Management Group (Pyramis) (2003-2008).

Brian B. Hogan (1964)

Year of Election or Appointment: 2009

Vice President

Mr. Hogan also serves as Vice President of other funds. Mr. Hogan serves as President of FMR's Equity Division (2009-present). Previously, Mr. Hogan served as Senior Vice President, Equity Research of FMR (2006-2009) and as a portfolio manager.

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 and is an employee of Fidelity Investments. Previously, Mr. Maher served as Vice President of Asset Management Compliance (2013), Vice President of FMR's Program Management Group (2010-2013), and Vice President of Valuation Oversight (2008-2010).

Christine Reynolds (1958)

Year of Election or Appointment: 2008

Chief Financial Officer

Ms. Reynolds also serves as Chief Financial Officer of other funds. Ms. Reynolds became President of Fidelity Pricing and Cash Management Services (FPCMS) in August 2008. Ms. Reynolds served as Chief Operating Officer of FPCMS (2007-2008). Previously, Ms. Reynolds served as President, Treasurer, and Anti-Money Laundering officer of the Fidelity funds (2004-2007).

Kenneth B. Robins (1969)

Year of Election or Appointment: 2008

President and Treasurer

Mr. Robins also serves as an officer of other funds. Mr. Robins serves as Executive Vice President of Fidelity Investments Money Management, Inc. (FIMM) (2013-present) and is an employee of Fidelity Investments (2004-present). Previously, Mr. Robins served in other fund officer roles.

Gary W. Ryan (1958)

Year of Election or Appointment: 2005

Assistant Treasurer

Mr. Ryan also serves as Assistant Treasurer of other funds. Mr. Ryan is an employee of Fidelity Investments and has served in other fund officer roles. Previously, Mr. Ryan served as Vice President of Fund Reporting in Fidelity Pricing and Cash Management Services (FPCMS) (1999-2005).

Stephen Sadoski (1971)

Year of Election or Appointment: 2012

Deputy Treasurer

Mr. Sadoski also serves as Deputy Treasurer of other funds. He is an employee of Fidelity Investments (2012-present) and has served in another fund officer role. Prior to joining Fidelity Investments, Mr. Sadoski served as an assistant chief accountant in the Division of Investment Management of the Securities and Exchange Commission (SEC) (2009-2012) and as a senior manager at Deloitte & Touche LLP (1997-2009).

Stacie M. Smith (1974)

Year of Election or Appointment: 2013

Deputy Treasurer

Ms. Smith also serves as an officer of other funds. She 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 (1996-2009).

Trustees and Officers - continued

Name, Year of Birth; Principal Occupation

Renee Stagnone (1975)

Year of Election or Appointment: 2013

Deputy Treasurer

Ms. Stagnone also serves as Deputy Treasurer of other funds. Ms. Stagnone is an employee of Fidelity Investments.

Joseph F. Zambello (1957)

Year of Election or Appointment: 2011

Deputy Treasurer

Mr. Zambello also serves as Deputy Treasurer of other funds. Mr. Zambello is an employee of Fidelity Investments. Previously, Mr. Zambello served as Vice President of FMR's Program Management Group (2009-2011) and Vice President of the Transfer Agent Oversight Group (2005-2009).

Board Approval of Investment Advisory Contracts and Management Fees

VIP High Income Portfolio

Each year, the Board of Trustees, including the Independent Trustees (together, the Board), votes on the renewal of the management contract and sub-advisory agreements (together, the Advisory Contracts) for the fund. 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 various standing committees, 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 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 consider matters specifically related to the Board's annual consideration of the renewal of 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 the Fidelity funds.

At its July 2013 meeting, the Board, including the Independent Trustees, 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 relationship with the fund; (iv) the extent to which economies of scale exist and would be realized as the fund grows; and (v) whether fee levels reflect these economies of scale, if any, for the benefit of 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 in the fund have a broad range of investment choices available to them, including a wide choice among mutual 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 a part of the Fidelity family of funds.

Nature, Extent, and Quality of Services Provided. The Board considered the staffing within the investment adviser, Fidelity Management & Research Company (FMR), and the sub-advisers (together, the Investment Advisers) as it relates to the fund, including the backgrounds of the fund's investment personnel, 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 portfolio manager compensation program and whether this structure provides appropriate incentives to act in the best interests of the fund.

Resources Dedicated to Investment Management and Support Services. The Board and the Fund Oversight and Research Committees reviewed the general qualifications and capabilities of the Investment Advisers' investment staff, including its size, education, experience, and resources, as well as the Investment Advisers' approach to recruiting, training, managing, and compensating investment personnel. The Board noted that FMR 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 believes 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 the Investment Advisers' trading and risk management capabilities and resources, which are an integral part 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 and subcustodians; and (iii) the resources devoted to, and the record of compliance with, the fund's compliance policies and procedures. The Board also reviewed the allocation of fund brokerage, including allocations to brokers affiliated with the Investment Advisers, the use of brokerage commissions to pay fund expenses, and the use of "soft" commission dollars to pay for research services.

The Board noted that the growth of fund assets over time across the complex allows Fidelity to reinvest in the development of services designed to enhance the value or convenience of the Fidelity funds as investment vehicles. These services include 24-hour access to account information and

Board Approval of Investment Advisory Contracts and Management Fees – continued

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 investment research and to the support of the senior management team that oversees asset management; (ii) persisting in efforts to enhance Fidelity's global research capabilities; (iii) launching new funds and making other enhancements to meet client needs for global and income-oriented solutions; (iv) continuing to launch dedicated lower cost underlying funds to meet portfolio construction needs related to expanding underlying fund options for Fidelity funds of funds, specifically for the Freedom Fund product lines; (v) rationalizing product lines and gaining increased efficiencies through the mergers of several funds into other funds; (vi) strengthening Fidelity's index fund offerings by reducing investment minimums and adopting or lowering existing expense caps for certain funds and classes; (vii) enhancing Global Asset Allocation product offerings by launching new funds and strategies, including "open architecture" target date funds that utilize affiliated and unaffiliated sub-advisers; (viii) modifying the eligibility criteria for Institutional Class shares of Advisor funds to increase their marketability to a portion of the defined contribution plan market; (ix) creating a new low-cost retirement share class for certain Advisor funds to appeal to large retirement plans; (x) transitioning the management of certain Fidelity commodity funds to Geode Capital Management LLC, a registered commodity pool operator, while retaining administrative responsibilitie

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.

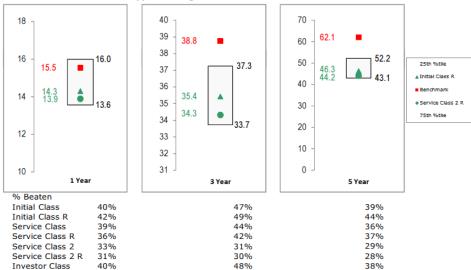
The Board took into account discussions with the Investment Advisers about fund investment performance that occur at Board meetings throughout the year. In this regard the Board noted that as part of regularly scheduled fund reviews and other reports to the Board on fund performance, the Board periodically considers annualized return information for the fund, for different time periods, measured against a securities market index ("benchmark index") and a peer group of mutual funds with similar objectives ("peer group"). In its evaluation of fund investment performance, the Board gave particular attention to information indicating changes in performance of certain Fidelity funds for specific time periods and the Investment Advisers' explanations for any overperformance or, in the case of the fund, 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 net performance (after fees and expenses) of both the highest performing and lowest performing classes, where applicable, compared to appropriate benchmark indices, over appropriate time periods which may include full market cycles, and compared to peer groups, as applicable, over the same periods, taking into account relevant factors including the following: general market conditions; issuer-specific information; tactical opportunities for investment: and fund cash flows and other factors.

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 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, as shown below. Returns are shown compared to the 25th percentile (top of box) and 75th percentile (bottom of box) of the peer universe.

VIP High Income Portfolio

2012 Total Return % vs. Lipper VIP High Current Yield Funds and BofA ML US HY Const



The Board has discussed the fund's underperformance with FMR and has engaged with FMR to consider what steps might be taken to remediate the fund's underperformance.

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

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. Fidelity creates "mapped groups" by combining similar Lipper investment objective categories that have comparable management fee characteristics. Combining Lipper investment objective categories aids the Board's management fee and total expense ratio comparisons by broadening the competitive group used for comparison and by reducing the number of universes to which various Fidelity funds are compared.

Management Fee. The Board considered two proprietary management fee comparisons for the 12-month periods shown 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 is broader than the Lipper peer group used by the Board for performance comparisons because the Total Mapped Group combines several Lipper investment objective categories while the Lipper peer group does not. 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 TMG % of 25% means that 75% of the funds in the Total Mapped Group had higher management fees than the fund. 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. 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 ranked, is also included in the chart and considered by the Board.

Board Approval of Investment Advisory Contracts and Management Fees – continued

VIP High Income Portfolio





The Board noted that the fund's management fee ranked below the median of its Total Mapped Group and below the median of its ASPG for 2012.

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 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 the effects of any waivers and reimbursements on fees and expenses. 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, Initial Class R, Investor Class, Service Class, and Service Class R ranked below its competitive median for 2012 and the total expense ratio of each of Service Class 2 and Service Class 2 R ranked above its competitive median for 2012. The Board considered that, in general, various factors can affect total expense ratios. The Board noted that the fund offers multiple classes, each of which has a different 12b-1 fee structure, and that the multiple structures are intended to offer a range of pricing options for the intermediary market. The Board also noted that the total expense ratios of the classes vary primarily by the level of their 12b-1 fees, although differences in transfer agent fees may also cause expenses to vary from class to class.

Fees Charged to Other Fidelity Clients. The Board also considered Fidelity fee structures and other information with respect to clients of FMR and its affiliates, such as other mutual funds advised or subadvised by FMR or its affiliates, pension plan clients, and other institutional clients. The Board noted the findings of the 2013 ad hoc joint committee (created with the board of other Fidelity funds), which reviewed and compared 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 the total expense ratio of each class of the fund was reasonable, although in some cases above the median of the universe presented for comparison, 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, FMR presents to the Board Fidelity's profitability for the fund. Fidelity calculates the profitability for each fund, as well as aggregate profitability 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 surrounding the mathematical accuracy of fund profitability and its conformity to 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 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 in the circumstances.

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 through increased services to the fund, through waivers or reimbursements, or through fee or expense reductions. The Board also noted that in 2009, it and the board of other Fidelity funds created an ad hoc committee (the Economies of Scale Committee) to analyze whether FMR 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 fund assets under FMR's management increase, and for higher group fee rates as total fund assets under FMR's management decrease. 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 assets under FMR's management 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.

Amendment to Description of Group Fee Rate. At its July 2013 meeting, the Board voted to approve an amendment to the fund's management contract to modify the description of the "group fee rate" effective August 1, 2013. The Board noted that under the prior description in the contract, the group fee rate was based on the average net assets of all registered investment companies with which FMR has management contracts. Under the contract's tiered asset breakpoint schedule, the group fee rate is lower as total fund assets under FMR's management increase, and higher as total fund assets under FMR's management decrease. The Board considered that the prior description would have excluded the assets of 64 Fidelity sector funds from the group fee rate calculation once Fidelity SelectCo, LLC, an affiliate of FMR, assumed management responsibilities for those funds. The Board noted that modifying the description of the group fee rate to continue to include the assets of those 64 funds for purposes of determining group fee rate breakpoints would avoid an immediate adverse impact on the group fee rate for any fund.

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) fund performance trends and Fidelity's long-term strategies for certain funds; (ii) the potential to further rationalize the Fidelity fund lineup with the possibility of achieving savings for the funds and Fidelity; (iii) the methodology with respect to competitive fund data and peer group classifications; (iv) the arrangements with, and performance of, certain sub-advisers on behalf of the Fidelity funds, as well as certain proposed participating affiliate arrangements; (v) the realization of fall-out benefits in certain Fidelity business units; (vi) Fidelity's group fee structures, including the rationale for the individual fee rates of certain categories of funds and the definition of group assets; (vii) trends regarding industry use of performance fee structures and the performance adjustment methodologies applicable to the Fidelity funds; (viii) additional competitive analysis regarding the total expenses for certain classes; and (ix) fund profitability methodology, including Fidelity's cost allocation methodology, and the impact of certain factors on fund profitability results.

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

Investment Adviser

Fidelity Management & Research Company Boston, MA

Investment Sub-Advisers

FMR Co., Inc.
Fidelity Management & Research (U.K.) Inc.
Fidelity Management & Research (Hong Kong) Limited
Fidelity Management & Research (Japan) Inc.

General Distributor

Fidelity Distributors Corporation Smithfield, RI

Transfer and Service Agents

Fidelity Investments Institutional Operations Company, Inc. Boston, MA
Fidelity Service Company, Inc.
Boston, MA

Custodian

The Bank of New York Mellon New York, NY