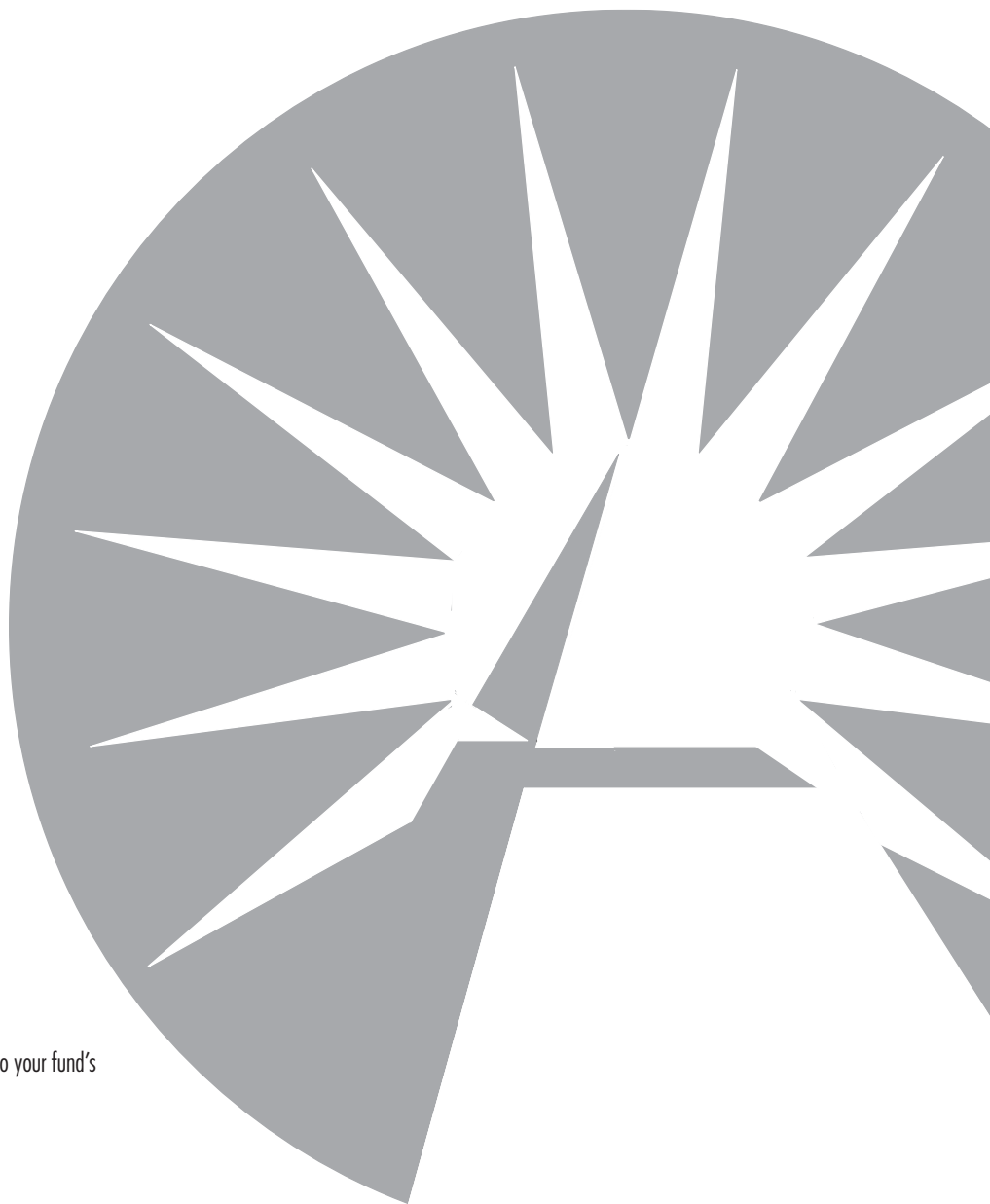


# Fidelity® Variable Insurance Products:

## Value Strategies Portfolio

**Semi-Annual Report**  
**June 30, 2020**



See the inside front cover for important information about access to your fund's shareholder reports.



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

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

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

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

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

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

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

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

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

**NOT FDIC INSURED •MAY LOSE VALUE •NO BANK GUARANTEE**

*Neither the Fund nor Fidelity Distributors Corporation is a bank.*

## Note to Shareholders:

Early in 2020, the outbreak and spread of a new coronavirus emerged as a public health emergency that had a major influence on financial markets, primarily based on its impact on the global economy and the outlook for corporate earnings. The virus causes a respiratory disease known as COVID-19. On March 11, the World Health Organization declared the COVID-19 outbreak a pandemic, citing sustained risk of further global spread.

In the weeks following, as the crisis worsened, we witnessed an escalating human tragedy with wide-scale social and economic consequences from coronavirus-containment measures. The outbreak of COVID-19 prompted a number of measures to limit the spread, including travel and border restrictions, quarantines, and restrictions on large gatherings. In turn, these resulted in lower consumer activity, diminished demand for a wide range of products and services, disruption in manufacturing and supply chains, and — given the wide variability in outcomes regarding the outbreak — significant market uncertainty and volatility. Amid the turmoil, the U.S. government took unprecedented action — in concert with the U.S. Federal Reserve and central banks around the world — to help support consumers, businesses, and the broader economy, and to limit disruption to the financial system.

The situation continues to unfold, and the extent and duration of its impact on financial markets and the economy remain highly uncertain. Extreme events such as the coronavirus crisis are “exogenous shocks” that can have significant adverse effects on mutual funds and their investments. Although multiple asset classes may be affected by market disruption, the duration and impact may not be the same for all types of assets.

Fidelity is committed to helping you stay informed amid news about COVID-19 and during increased market volatility, and we’re taking extra steps to be responsive to customer needs. We encourage you to visit our websites, where we offer ongoing updates, commentary, and analysis on the markets and our funds.

# Investment Summary (Unaudited)

## Top Ten Stocks as of June 30, 2020

	% of fund's net assets
CubeSmart	2.4
CBRE Group, Inc.	2.1
Equity Lifestyle Properties, Inc.	2.0
Ameriprise Financial, Inc.	1.9
Equinix, Inc.	1.9
Alexion Pharmaceuticals, Inc.	1.7
CenterPoint Energy, Inc.	1.7
Vistra Energy Corp.	1.7
Edison International	1.6
The AES Corp.	1.6
	<u>18.6</u>

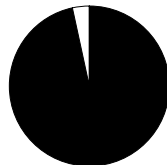
## Top Five Market Sectors as of June 30, 2020

	% of fund's net assets
Industrials	17.1
Financials	14.0
Real Estate	10.8
Consumer Discretionary	10.7
Utilities	8.6

## Asset Allocation (% of fund's net assets)

As of June 30, 2020 \*

■ Stocks	96.6%
□ Short-Term Investments and Net Other Assets (Liabilities)	3.4%



\* Foreign investments – 10.6%

# Schedule of Investments June 30, 2020 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 96.6%

	Shares	Value
<b>COMMUNICATION SERVICES – 2.7%</b>		
<b>Diversified Telecommunication Services – 0.6%</b>		
Liberty Global PLC Class C (a)	100,300	\$ 2,157,453
<b>Media – 2.1%</b>		
Interpublic Group of Companies, Inc.	205,600	3,528,096
Nexstar Broadcasting Group, Inc. Class A	42,900	3,590,301
		<u>7,118,397</u>
TOTAL COMMUNICATION SERVICES		<u>9,275,850</u>
<b>CONSUMER DISCRETIONARY – 10.7%</b>		
<b>Auto Components – 0.9%</b>		
BorgWarner, Inc.	93,441	3,298,467
<b>Distributors – 1.0%</b>		
LKQ Corp. (a)	127,000	3,327,400
<b>Diversified Consumer Services – 0.7%</b>		
Laureate Education, Inc. Class A (a)	228,270	2,274,711
<b>Hotels, Restaurants &amp; Leisure – 1.3%</b>		
Eldorado Resorts, Inc. (a) (b)	109,500	4,386,570
<b>Household Durables – 1.3%</b>		
Mohawk Industries, Inc. (a)	41,002	4,172,364
Tempur Sealy International, Inc. (a)	3,901	280,677
		<u>4,453,041</u>
<b>Internet &amp; Direct Marketing Retail – 1.5%</b>		
eBay, Inc.	95,900	5,029,955
<b>Leisure Products – 1.0%</b>		
Mattel, Inc. (a) (b)	358,900	3,470,563
<b>Specialty Retail – 1.8%</b>		
Lowe's Companies, Inc.	25,700	3,472,584
Sally Beauty Holdings, Inc. (a)	213,600	2,676,408
		<u>6,148,992</u>
<b>Textiles, Apparel &amp; Luxury Goods – 1.2%</b>		
Tapestry, Inc.	322,395	4,281,406
TOTAL CONSUMER DISCRETIONARY		<u>36,671,105</u>
<b>CONSUMER STAPLES – 6.5%</b>		
<b>Food &amp; Staples Retailing – 1.1%</b>		
U.S. Foods Holding Corp. (a)	187,600	3,699,472
<b>Food Products – 2.8%</b>		
Conagra Brands, Inc.	8,207	288,640
Darling Ingredients, Inc. (a)	146,763	3,613,305
Nomad Foods Ltd. (a)	142,600	3,058,770
Post Holdings, Inc. (a)	31,500	2,760,030
		<u>9,720,745</u>
<b>Household Products – 1.6%</b>		
Energizer Holdings, Inc. (b)	58,000	2,754,420
Spectrum Brands Holdings, Inc.	60,300	2,767,770
		<u>5,522,190</u>
<b>Tobacco – 1.0%</b>		
Altria Group, Inc.	89,300	3,505,025
TOTAL CONSUMER STAPLES		<u>22,447,432</u>

	Shares	Value
<b>ENERGY – 5.0%</b>		
<b>Oil, Gas &amp; Consumable Fuels – 5.0%</b>		
Cheniere Energy, Inc. (a)	114,100	\$ 5,513,312
Hess Corp.	91,000	4,714,710
Noble Energy, Inc.	275,200	2,465,792
The Williams Companies, Inc.	26,654	506,959
Valero Energy Corp.	65,000	3,823,300
		<u>17,024,073</u>
<b>FINANCIALS – 14.0%</b>		
<b>Banks – 1.9%</b>		
First Citizens Bancshares, Inc.	7,100	2,875,642
M&T Bank Corp.	35,400	3,680,538
		<u>6,556,180</u>
<b>Capital Markets – 3.9%</b>		
Ameriprise Financial, Inc.	44,000	6,601,760
Apollo Global Management LLC Class A	13	649
Lazard Ltd. Class A	109,314	3,129,660
LPL Financial	43,700	3,426,080
Raymond James Financial, Inc.	1,944	133,806
		<u>13,291,955</u>
<b>Consumer Finance – 4.5%</b>		
Capital One Financial Corp.	81,200	5,082,308
Discover Financial Services	73,600	3,686,624
OneMain Holdings, Inc.	132,800	3,258,912
SLM Corp.	478,400	3,363,152
		<u>15,390,996</u>
<b>Insurance – 3.7%</b>		
Allstate Corp.	35,300	3,423,747
American International Group, Inc.	86,600	2,700,188
Old Republic International Corp.	83,822	1,367,137
The Travelers Companies, Inc.	47,300	5,394,565
		<u>12,885,637</u>
TOTAL FINANCIALS		<u>48,124,768</u>
<b>HEALTH CARE – 7.2%</b>		
<b>Biotechnology – 1.7%</b>		
Alexion Pharmaceuticals, Inc. (a)	53,300	5,982,392
<b>Health Care Providers &amp; Services – 4.7%</b>		
Centene Corp. (a)	87,800	5,579,690
Cigna Corp.	30,100	5,648,265
Humana, Inc.	12,500	4,846,875
		<u>16,074,830</u>
<b>Pharmaceuticals – 0.8%</b>		
Jazz Pharmaceuticals PLC (a)	24,100	2,659,194
TOTAL HEALTH CARE		<u>24,716,416</u>
<b>INDUSTRIALS – 17.1%</b>		
<b>Aerospace &amp; Defense – 1.0%</b>		
General Dynamics Corp.	23,000	3,437,580
<b>Commercial Services &amp; Supplies – 1.0%</b>		
The Brink's Co.	77,100	3,508,821

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

## Common Stocks – continued

	Shares	Value
<b>INDUSTRIALS – continued</b>		
<b>Construction &amp; Engineering – 2.1%</b>		
AECOM (a)	112,900	\$ 4,242,782
Williams Scotsman Corp. (a) (b)	241,900	2,972,951
		<u>7,215,733</u>
<b>Electrical Equipment – 1.1%</b>		
Regal Beloit Corp.	6,728	587,489
Sensata Technologies, Inc. PLC (a)	87,452	3,255,838
		<u>3,843,327</u>
<b>Machinery – 2.8%</b>		
Allison Transmission Holdings, Inc.	123,900	4,557,042
Stanley Black & Decker, Inc.	35,000	4,878,300
		<u>9,435,342</u>
<b>Professional Services – 3.6%</b>		
ASGN, Inc. (a)	53,000	3,534,040
Manpower, Inc.	64,700	4,448,125
Nielsen Holdings PLC	297,300	4,417,878
		<u>12,400,043</u>
<b>Road &amp; Rail – 1.9%</b>		
Knight-Swift Transportation Holdings, Inc. Class A (b)	6,524	272,116
Ryder System, Inc.	93,700	3,514,687
TFI International, Inc. (Canada)	70,600	2,506,050
		<u>6,292,853</u>
<b>Trading Companies &amp; Distributors – 3.6%</b>		
AerCap Holdings NV (a)	6,354	195,703
Beacon Roofing Supply, Inc. (a)	155,000	4,087,350
HD Supply Holdings, Inc. (a)	113,400	3,929,310
Univar, Inc. (a)	251,100	4,233,546
		<u>12,445,909</u>
TOTAL INDUSTRIALS		<u>58,579,608</u>
<b>INFORMATION TECHNOLOGY – 5.9%</b>		
<b>Electronic Equipment &amp; Components – 0.8%</b>		
Flextronics International Ltd. (a)	258,100	2,645,525
<b>IT Services – 2.2%</b>		
Capgemini SA	28,900	3,310,230
DXC Technology Co.	162,000	2,673,000
Unisys Corp. (a)	138,277	1,508,602
		<u>7,491,832</u>
<b>Semiconductors &amp; Semiconductor Equipment – 1.7%</b>		
NXP Semiconductors NV	20,900	2,383,436
ON Semiconductor Corp. (a)	173,800	3,444,716
		<u>5,828,152</u>
<b>Software – 1.2%</b>		
SS&C Technologies Holdings, Inc.	77,000	4,348,960
TOTAL INFORMATION TECHNOLOGY		<u>20,314,469</u>
<b>MATERIALS – 8.1%</b>		
<b>Chemicals – 5.0%</b>		
Axalta Coating Systems Ltd. (a)	155,800	3,513,290
DuPont de Nemours, Inc.	82,839	4,401,236
Olin Corp. (b)	328,801	3,777,923

	Shares	Value
Tronox Holdings PLC	382,400	\$ 2,760,928
W.R. Grace & Co.	56,065	2,848,663
		<u>17,302,040</u>
<b>Construction Materials – 1.1%</b>		
Eagle Materials, Inc.	10,401	730,358
Summit Materials, Inc. (a)	189,100	3,040,728
		<u>3,771,086</u>
<b>Containers &amp; Packaging – 2.0%</b>		
Crown Holdings, Inc. (a)	64,600	4,207,398
O-I Glass, Inc.	278,700	2,502,726
		<u>6,710,124</u>
TOTAL MATERIALS		<u>27,783,250</u>
<b>REAL ESTATE – 10.8%</b>		
<b>Equity Real Estate Investment Trusts (REITs) – 8.7%</b>		
American Tower Corp.	18,600	4,808,844
CubeSmart	303,686	8,196,485
Equinix, Inc.	9,200	6,461,160
Equity Lifestyle Properties, Inc.	110,400	6,897,792
Iron Mountain, Inc.	123,600	3,225,960
VICI Properties, Inc.	20,227	408,383
		<u>29,998,624</u>
<b>Real Estate Management &amp; Development – 2.1%</b>		
CBRE Group, Inc. (a)	155,500	7,031,710
TOTAL REAL ESTATE		<u>37,030,334</u>
<b>UTILITIES – 8.6%</b>		
<b>Electric Utilities – 1.6%</b>		
Edison International	104,800	5,691,688
<b>Independent Power and Renewable Electricity Producers – 3.3%</b>		
The AES Corp.	390,200	5,653,998
Vistra Energy Corp.	304,900	5,677,238
		<u>11,331,236</u>
<b>Multi-Utilities – 3.7%</b>		
CenterPoint Energy, Inc.	317,000	5,918,390
Dominion Energy, Inc.	54,200	4,399,956
Sempra Energy	19,289	2,261,249
		<u>12,579,595</u>
TOTAL UTILITIES		<u>29,602,519</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$338,195,257)		<b><u>331,569,824</u></b>

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

## Schedule of Investments (Unaudited) – continued

### Money Market Funds – 7.5%

	Shares	Value
Fidelity Cash Central Fund 0.12% (c)	16,333,756	\$ 16,337,023
Fidelity Securities Lending Cash Central Fund 0.12% (c) (d)	9,518,240	<u>9,519,192</u>

#### TOTAL MONEY MARKET FUNDS

(Cost \$25,856,215) **25,856,215**

#### TOTAL INVESTMENT IN SECURITIES – 104.1%

(Cost \$364,051,472) **357,426,039**

#### NET OTHER ASSETS (LIABILITIES) – (4.1)%

**(14,172,888)**

#### NET ASSETS – 100%

**\$343,253,151**

### Legend

- (a) Non-income producing
- (b) Security or a portion of the security is on loan at period end.
- (c) 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 are available on the SEC's website or upon request.
- (d) Investment made with cash collateral received from securities on loan.

### Affiliated Central Funds

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

Fund	Income earned
Fidelity Cash Central Fund	\$ 10,439
Fidelity Securities Lending Cash Central Fund	<u>13,049</u>
Total	<u>\$ 23,488</u>

Amounts in the income column in the above table include any capital gain distributions from underlying funds, which are presented in the corresponding line-item in the Statement of Operations, if applicable. Amount for Fidelity Securities Lending Cash Central Fund represents the income earned on investing cash collateral, less rebates paid to borrowers and any lending agent fees associated with the loan, plus any premium payments received for lending certain types of securities.

### Investment Valuation

The following is a summary of the inputs used, as of June 30, 2020, involving the Fund's assets and liabilities carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used below, please refer to the Investment Valuation section in the accompanying Notes to Financial Statements.

#### Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
<u>Investments in Securities:</u>				
<u>Equities:</u>				
Communication Services	\$ 9,275,850	\$ 9,275,850	\$ —	\$ —
Consumer Discretionary	36,671,105	36,671,105	—	—
Consumer Staples	22,447,432	22,447,432	—	—
Energy	17,024,073	17,024,073	—	—
Financials	48,124,768	48,124,768	—	—
Health Care	24,716,416	24,716,416	—	—
Industrials	58,579,608	58,579,608	—	—
Information Technology	20,314,469	20,314,469	—	—
Materials	27,783,250	27,783,250	—	—
Real Estate	37,030,334	37,030,334	—	—

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



Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
Utilities	\$ 29,602,519	\$ 29,602,519	\$ —	\$ —
Money Market Funds	25,856,215	25,856,215	—	—
<b>Total Investments in Securities:</b>	<u>\$357,426,039</u>	<u>\$357,426,039</u>	<u>\$ —</u>	<u>\$ —</u>

**Other Information**

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

United States of America	89.4%
United Kingdom	3.6%
Bermuda	1.9%
France	1.0%
Others (Individually Less Than 1%)	4.1%
	<u>100.0%</u>

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

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2020  
(Unaudited)

### Assets

Investment in securities, at value (including securities loaned of \$9,255,507) — See accompanying schedule:

Unaffiliated issuers (cost \$338,195,257)	\$ 331,569,824	
Fidelity Central Funds (cost \$25,856,215)	<u>25,856,215</u>	
Total Investment in Securities (cost \$364,051,472)		\$ 357,426,039
Cash		25,211
Receivable for investments sold		12,440,809
Receivable for fund shares sold		1,945,337
Dividends receivable		392,657
Distributions receivable from Fidelity Central Funds		5,551
Other receivables		<u>10,830</u>
<b>Total assets</b>		<u><b>372,246,434</b></u>

### Liabilities

Payable for investments purchased	\$ 18,316,353	
Payable for fund shares redeemed	892,115	
Accrued management fee	156,329	
Distribution and service plan fees payable	38,810	
Other affiliated payables	35,636	
Other payables and accrued expenses	34,890	
Collateral on securities loaned	<u>9,519,150</u>	
<b>Total liabilities</b>		<u><b>28,993,283</b></u>

### Net Assets

<b>Net Assets</b>		<u><b>\$ 343,253,151</b></u>
Net Assets consist of:		
Paid in capital		\$ 373,962,228
Total accumulated earnings (loss)		<u>(30,709,077)</u>
<b>Net Assets</b>		<u><b>\$ 343,253,151</b></u>

### Net Asset Value and Maximum Offering Price

#### Initial Class:

**Net Asset Value**, offering price and redemption price per share ( $\$73,811,991 \div 7,354,906$  shares) \$ 10.04

#### Service Class:

**Net Asset Value**, offering price and redemption price per share ( $\$15,089,249 \div 1,508,859$  shares) \$ 10.00

#### Service Class 2:

**Net Asset Value**, offering price and redemption price per share ( $\$173,436,545 \div 17,124,707$  shares) \$ 10.13

#### Investor Class:

**Net Asset Value**, offering price and redemption price per share ( $\$80,915,366 \div 8,129,662$  shares) \$ 9.95

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

## Statement of Operations

		Six months ended June 30, 2020 (Unaudited)
<b>Investment Income</b>		
Dividends		\$ 3,995,737
Income from Fidelity Central Funds (including \$13,049 from security lending)		<u>23,488</u>
<b>Total income</b>		<u>4,019,225</u>
<b>Expenses</b>		
Management fee	\$ 934,574	
Transfer agent fees	142,594	
Distribution and service plan fees	232,471	
Accounting fees	68,278	
Custodian fees and expenses	6,673	
Independent trustees' fees and expenses	1,138	
Audit	26,679	
Legal	505	
Miscellaneous	<u>9,024</u>	
Total expenses before reductions	1,421,936	
Expense reductions	<u>(27,178)</u>	
Total expenses after reductions		<u>1,394,758</u>
<b>Net investment income (loss)</b>		<u>2,624,467</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	(25,768,527)	
Fidelity Central Funds	120	
Foreign currency transactions	<u>(1,823)</u>	
Total net realized gain (loss)		(25,770,230)
Change in net unrealized appreciation (depreciation) on:		
Investment securities:		
Unaffiliated issuers	(63,723,653)	
Assets and liabilities in foreign currencies	<u>(31)</u>	
Total change in net unrealized appreciation (depreciation)		<u>(63,723,684)</u>
<b>Net gain (loss)</b>		<u>(89,493,914)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>		<u>\$ (86,869,447)</u>

## Statement of Changes in Net Assets

	Six months ended June 30, 2020 (Unaudited)	Year ended December 31, 2019
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income (loss)	\$ 2,624,467	\$ 5,941,378
Net realized gain (loss)	(25,770,230)	20,221,719
Change in net unrealized appreciation (depreciation)	<u>(63,723,684)</u>	<u>87,284,359</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>(86,869,447)</u>	<u>113,447,456</u>
Distributions to shareholders	<u>(21,600,519)</u>	<u>(41,712,136)</u>
Share transactions — net increase (decrease)	<u>21,810,155</u>	<u>18,653,708</u>
<b>Total increase (decrease) in net assets</b>	<u>(86,659,811)</u>	<u>90,389,028</u>
<b>Net Assets</b>		
Beginning of period	<u>429,912,962</u>	<u>339,523,934</u>
End of period	<u>\$ 343,253,151</u>	<u>\$ 429,912,962</u>

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

# Financial Highlights

## VIP Value Strategies Portfolio Initial Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2020	2019	2018	2017	2016	2015
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.31	\$ 11.11	\$ 14.27	\$ 15.77	\$ 14.54	\$ 15.19
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	.09	.20 <sup>B</sup>	.17	.25 <sup>C</sup>	.23	.18
Net realized and unrealized gain (loss)	(2.69)	3.39	(2.58)	2.35	1.17	(.64)
Total from investment operations	(2.60)	3.59	(2.41)	2.60	1.40	(.46)
Distributions from net investment income	(.04)	(.21)	(.13)	(.22)	(.17)	(.18)
Distributions from net realized gain	(.63)	(1.18)	(.62)	(3.88)	—	(.01)
Total distributions	(.67)	(1.39)	(.75)	(4.10)	(.17)	(.19)
Net asset value, end of period	\$ 10.04	\$ 13.31	\$ 11.11	\$ 14.27	\$ 15.77	\$ 14.54
<b>Total Return</b> <sup>D,E,F</sup>	(20.46)%	34.53%	(17.32)%	19.36%	9.62%	(2.99)%
<b>Ratios to Average Net Assets</b> <sup>G,H</sup>						
Expenses before reductions	.66% <sup>I</sup>	.66%	.67%	.68%	.67%	.67%
Expenses net of fee waivers, if any	.66% <sup>I</sup>	.66%	.67%	.68%	.67%	.67%
Expenses net of all reductions	.65% <sup>I</sup>	.66%	.66%	.67%	.67%	.67%
Net investment income (loss)	1.65% <sup>I</sup>	1.64% <sup>B</sup>	1.29%	1.74% <sup>C</sup>	1.56%	1.19%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 73,812	\$ 83,357	\$ 77,279	\$ 99,324	\$ 93,648	\$ 98,919
Portfolio turnover rate <sup>J</sup>	106% <sup>I</sup>	68%	68%	53%	108%	25%

<sup>A</sup> Calculated based on average shares outstanding during the period.

<sup>B</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.03 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.36%.

<sup>C</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.05 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.38%.

<sup>D</sup> Total returns for periods of less than one year are not annualized.

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

<sup>F</sup> Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

<sup>G</sup> 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.

<sup>H</sup> 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.

<sup>I</sup> Annualized

<sup>J</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

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

## VIP Value Strategies Portfolio Service Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2020	2019	2018	2017	2016	2015
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.27	\$ 11.09	\$ 14.23	\$ 15.74	\$ 14.52	\$ 15.16
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	.08	.19 <sup>B</sup>	.16	.23 <sup>C</sup>	.21	.17
Net realized and unrealized gain (loss)	(2.68)	3.37	(2.56)	2.34	1.17	(.63)
Total from investment operations	(2.60)	3.56	(2.40)	2.57	1.38	(.46)
Distributions from net investment income	(.04)	(.20)	(.12)	(.20)	(.16)	(.16)
Distributions from net realized gain	(.63)	(1.18)	(.62)	(3.88)	—	(.01)
Total distributions	(.67)	(1.38)	(.74)	(4.08)	(.16)	(.18) <sup>D</sup>
Net asset value, end of period	\$ 10.00	\$ 13.27	\$ 11.09	\$ 14.23	\$ 15.74	\$ 14.52
<b>Total Return</b> <sup>E,F,G</sup>	(20.54)%	34.29%	(17.33)%	19.21%	9.48%	(3.05)%
<b>Ratios to Average Net Assets</b> <sup>H,I</sup>						
Expenses before reductions	.76% <sup>J</sup>	.76%	.77%	.78%	.77%	.77%
Expenses net of fee waivers, if any	.76% <sup>J</sup>	.76%	.77%	.78%	.77%	.77%
Expenses net of all reductions	.75% <sup>J</sup>	.76%	.76%	.77%	.77%	.77%
Net investment income (loss)	1.55% <sup>J</sup>	1.54% <sup>B</sup>	1.19%	1.64% <sup>C</sup>	1.46%	1.09%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 15,089	\$ 20,992	\$ 16,586	\$ 22,859	\$ 21,949	\$ 22,970
Portfolio turnover rate <sup>K</sup>	106% <sup>J</sup>	68%	68%	53%	108%	25%

<sup>A</sup> Calculated based on average shares outstanding during the period.

<sup>B</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.03 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.26%.

<sup>C</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.05 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.28%.

<sup>D</sup> Total distributions of \$.18 per share is comprised of distributions from net investment income of \$.163 and distributions from net realized gain of \$.012 per share.

<sup>E</sup> Total returns for periods of less than one year are not annualized.

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

<sup>G</sup> Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

<sup>H</sup> 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.

<sup>I</sup> 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.

<sup>J</sup> Annualized

<sup>K</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

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

## Financial Highlights – continued

### VIP Value Strategies Portfolio Service Class 2

	Six months ended (Unaudited) June 30, 2020	Years ended December 31, 2019	2018	2017	2016	2015
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.43	\$ 11.21	\$ 14.38	\$ 15.86	\$ 14.64	\$ 15.28
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	.07	.17 <sup>B</sup>	.14	.21 <sup>C</sup>	.19	.15
Net realized and unrealized gain (loss)	(2.70)	3.41	(2.59)	2.37	1.17	(.64)
Total from investment operations	(2.63)	3.58	(2.45)	2.58	1.36	(.49)
Distributions from net investment income	(.03)	(.18)	(.10)	(.18)	(.14)	(.14)
Distributions from net realized gain	(.63)	(1.18)	(.62)	(3.88)	—	(.01)
Total distributions	(.67) <sup>D</sup>	(1.36)	(.72)	(4.06)	(.14)	(.15)
Net asset value, end of period	\$ 10.13	\$ 13.43	\$ 11.21	\$ 14.38	\$ 15.86	\$ 14.64
<b>Total Return</b> <sup>E,F,G</sup>	(20.54)%	34.10%	(17.50)%	19.08%	9.27%	(3.19)%
<b>Ratios to Average Net Assets</b> <sup>H,I</sup>						
Expenses before reductions	.91% <sup>J</sup>	.91%	.92%	.93%	.92%	.92%
Expenses net of fee waivers, if any	.91% <sup>J</sup>	.91%	.92%	.92%	.92%	.92%
Expenses net of all reductions	.90% <sup>J</sup>	.91%	.91%	.92%	.92%	.92%
Net investment income (loss)	1.40% <sup>J</sup>	1.39% <sup>B</sup>	1.04%	1.49% <sup>C</sup>	1.31%	.94%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 173,437	\$ 220,982	\$ 160,274	\$ 210,354	\$ 187,876	\$ 186,853
Portfolio turnover rate <sup>K</sup>	106% <sup>J</sup>	68%	68%	53%	108%	25%

<sup>A</sup> Calculated based on average shares outstanding during the period.

<sup>B</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.03 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.11%.

<sup>C</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.05 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.13%.

<sup>D</sup> Total distributions of \$.67 per share is comprised of distributions from net investment income of \$.033 and distributions from net realized gain of \$.634 per share.

<sup>E</sup> Total returns for periods of less than one year are not annualized.

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

<sup>G</sup> Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

<sup>H</sup> 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.

<sup>I</sup> 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.

<sup>J</sup> Annualized

<sup>K</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

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

## VIP Value Strategies Portfolio Investor Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2020	2019	2018	2017	2016	2015
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.20	\$ 11.04	\$ 14.18	\$ 15.69	\$ 14.47	\$ 15.12
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	.08	.19 <sup>B</sup>	.16	.23 <sup>C</sup>	.22	.17
Net realized and unrealized gain (loss)	(2.66)	3.35	(2.56)	2.34	1.16	(.64)
Total from investment operations	(2.58)	3.54	(2.40)	2.57	1.38	(.47)
Distributions from net investment income	(.04)	(.20)	(.12)	(.21)	(.16)	(.17)
Distributions from net realized gain	(.63)	(1.18)	(.62)	(3.88)	—	(.01)
Total distributions	(.67)	(1.38)	(.74)	(4.08) <sup>D</sup>	(.16)	(.18)
Net asset value, end of period	\$ 9.95	\$ 13.20	\$ 11.04	\$ 14.18	\$ 15.69	\$ 14.47
<b>Total Return</b> <sup>E,F,G</sup>	(20.50)%	34.27%	(17.37)%	19.30%	9.53%	(3.07)%
<b>Ratios to Average Net Assets</b> <sup>H,I</sup>						
Expenses before reductions	.74% <sup>J</sup>	.74%	.75%	.76%	.75%	.75%
Expenses net of fee waivers, if any	.74% <sup>J</sup>	.74%	.75%	.76%	.75%	.75%
Expenses net of all reductions	.72% <sup>J</sup>	.74%	.74%	.75%	.75%	.75%
Net investment income (loss)	1.58% <sup>J</sup>	1.56% <sup>B</sup>	1.21%	1.66% <sup>C</sup>	1.48%	1.11%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 80,915	\$ 104,581	\$ 85,385	\$ 121,110	\$ 117,276	\$ 126,007
Portfolio turnover rate <sup>K</sup>	106% <sup>J</sup>	68%	68%	53%	108%	25%

<sup>A</sup> Calculated based on average shares outstanding during the period.

<sup>B</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.03 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.28%.

<sup>C</sup> Net investment income per share reflects a large, non-recurring dividend which amounted to \$.05 per share. Excluding this non-recurring dividend, the ratio of net investment income (loss) to average net assets would have been 1.29%.

<sup>D</sup> Total distributions of \$4.08 per share is comprised of distributions from net investment income of \$.206 and distributions from net realized gain of \$3.878 per share.

<sup>E</sup> Total returns for periods of less than one year are not annualized.

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

<sup>G</sup> Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

<sup>H</sup> 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.

<sup>I</sup> 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.

<sup>J</sup> Annualized

<sup>K</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

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

# Notes to Financial Statements (Unaudited)

For the period ended June 30, 2020

## 1. Organization.

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

Effective January 1, 2020:

Investment advisers Fidelity Investments Money Management, Inc., FMR Co., Inc., and Fidelity SelectCo, LLC, merged with and into Fidelity Management & Research Company. In connection with the merger transactions, the resulting, merged investment adviser was then redomiciled from Massachusetts to Delaware, changed its corporate structure from a corporation to a limited liability company, and changed its name to "Fidelity Management & Research Company LLC".

Broker-dealer Fidelity Distributors Corporation merged with and into Fidelity Investments Institutional Services Company, Inc. ("FIISC"). FIISC was then redomiciled from Massachusetts to Delaware, changed its corporate structure from a corporation to a limited liability company, and changed its name to "Fidelity Distributors Company LLC".

Fidelity Investments Institutional Operations Company, Inc. converted from a Massachusetts corporation to a Massachusetts LLC, and changed its name to "Fidelity Investments Institutional Operations Company LLC".

## 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 the investment adviser. Annualized expenses of the Money Market Central Funds as of their most recent shareholder report date ranged from less than .005% to .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](http://www.sec.gov). In addition, the financial statements of the Fidelity Central Funds are available on the SEC website or upon request.

## 3. Significant Accounting Policies.

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

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

The Fund categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown below:

Level 1 — quoted prices in active markets for identical investments

Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, etc.)

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

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

Equity securities, including restricted securities, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by a third party pricing vendor on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are generally categorized as Level 2 in the hierarchy. For foreign equity securities, when market or security specific events arise, comparisons to the valuation of American Depositary Receipts (ADRs), futures contracts, Exchange-Traded Funds (ETFs) and certain indexes as well as quoted prices for similar securities may be used and would be categorized as Level 2 in the hierarchy. 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 June 30, 2020 is included at the end of the Fund's Schedule of Investments.

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

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

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

**Investment Transactions and Income.** For financial reporting purposes, the Fund's investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per share for processing shareholder transactions is calculated as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of identified cost and include proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Income and capital gain distributions from Fidelity Central Funds, if any, are recorded on the ex-dividend date. Certain distributions received by the Fund represent a return of capital or capital gain. The Fund determines the components of these distributions subsequent to the ex-dividend date, based upon receipt of tax filings or other correspondence relating to the underlying investment. These distributions are recorded as a reduction of cost of investments and/or as a realized gain. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

**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. The Fund files a U.S. federal tax return, in addition to state and local tax returns as required. The Fund's federal income tax returns are subject to examination by the Internal Revenue Service (IRS) for a period of three fiscal years after they are filed. State and local tax returns may be subject to examination for an additional fiscal year depending on the jurisdiction. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests.

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

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 foreign currency transactions, partnerships and losses deferred due to wash sales and excise tax regulations.

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

Gross unrealized appreciation	\$ 34,034,431
Gross unrealized depreciation	(43,986,421)
Net unrealized appreciation (depreciation)	<u>\$ (9,951,990)</u>
Tax cost	<u>\$ 367,378,029</u>

#### 4. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, are noted in the table below.

	Purchases (\$)	Sales (\$)
VIP Value Strategies Portfolio	186,971,888	194,450,944

#### 5. Fees and Other Transactions with Affiliates.

**Management Fee.** Fidelity Management & Research Company LLC (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 .30% of the Fund's average net assets and an annualized group fee rate that averaged .23% during the period. The group fee rate is based upon the monthly average net assets of a group of registered investment companies with which the investment adviser

## Notes to Financial Statements (Unaudited) – continued

has management contracts. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the reporting period, the total annualized management fee rate was .53% 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 Company LLC (FDC), an affiliate of the investment adviser, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class' average net assets and .25% of Service Class 2's average net assets.

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

Service Class	\$ 8,112
Service Class 2	<u>224,359</u>
	<u>\$232,471</u>

**Transfer Agent Fees.** Fidelity Investments Institutional Operations Company LLC (FIIOC), an affiliate of the investment adviser, is the Fund's transfer, dividend disbursing, and shareholder servicing agent. FIIOC receives an asset-based fee with respect to each class. Each class pays a fee for transfer agent services, typesetting and printing and mailing of shareholder reports, excluding mailing of proxy statements. Effective February 1, 2020, the Board approved to change the fee from .145% to .142% for Investor Class, and from .065% to .064% for all other classes. For the period, transfer agent fees for each class were as follows:

	Amount	% of Class-Level Average Net Assets <sup>(a)</sup>
Initial Class	\$ 22,495	.06
Service Class	5,098	.06
Service Class 2	56,444	.06
Investor Class	<u>58,557</u>	.14
	<u>\$142,594</u>	

(a) Annualized

**Accounting Fees.** Fidelity Service Company, Inc. (FSC), an affiliate of the investment adviser, maintains the Fund's accounting records. The accounting fee is based on the level of average net assets for each month. For the period, the fees were equivalent to the following annualized rates:

VIP Value Strategies Portfolio	% of Average Net Assets .04
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**Brokerage Commissions.** A portion of portfolio transactions were placed with brokerage firms which are affiliates of the investment adviser. Brokerage commissions are included in net realized gain (loss) and change in net unrealized appreciation (depreciation) in the Statement of Operations. The commissions paid to these affiliated firms were as follows:

VIP Value Strategies Portfolio	Amount \$6,721
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**Interfund Trades.** Funds may purchase from or sell securities to other Fidelity Funds under procedures adopted by the Board. The procedures have been designed to ensure these interfund trades are executed in accordance with Rule 17a-7 of the 1940 Act. Interfund trades are included within the respective purchases and sales amounts shown in the Purchases and Sales of Investments note.

### 6. Committed Line of Credit.

Certain Funds participate 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 participating funds have agreed to pay commitment fees on their pro-rata portion of the line of credit, which are reflected in Miscellaneous expenses on the Statement of Operations, and are as follows:

VIP Value Strategies Portfolio	Amount \$490
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During the period, there were no borrowings on this line of credit.

### 7. Security Lending.

The Fund lends portfolio securities from time to time in order to earn additional income. For equity securities, lending agents are used, including National Financial Services (NFS), an affiliate of the Fund. Pursuant to a securities lending agreement, NFS will receive a fee, which is capped at 9.9% of daily lending revenue, for its services as lending agent. The Fund may lend securities to certain

qualified borrowers, including NFS. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. The Fund or borrower may terminate the loan at any time, and if the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund may apply collateral received from the borrower against the obligation. The Fund may experience delays and costs in recovering the securities loaned. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund's Statement of Assets and Liabilities. Total fees paid by the Fund to NFS, as lending agent, amounted to \$1,047. Security lending income represents the income earned on investing cash collateral, less rebates paid to borrowers and any lending agent fees associated with the loan, plus any premium payments received for lending certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. During the period, there were no securities loaned to NFS.

## 8. Expense Reductions.

Commissions paid to certain brokers with whom the investment adviser, or its affiliates, places trades on behalf of the Fund include an amount in addition to trade execution, which may be rebated back to the Fund to offset certain expenses. This amount totaled \$26,334 for the period.

In addition, during the period the investment adviser or an affiliate reimbursed and/or waived a portion of fund-level operating expenses in the amount of \$844.

## 9. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2020	Year ended December 31, 2019
<b>Distributions to shareholders</b>		
Initial Class	\$ 4,288,888	\$ 9,205,312
Service Class	1,007,833	2,084,878
Service Class 2	10,998,053	19,932,639
Investor Class	5,305,745	10,489,307
Total	<u>\$21,600,519</u>	<u>\$41,712,136</u>

## 10. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Six months ended June 30, 2020	Shares Year ended December 31, 2019	Dollars Six months ended June 30, 2020	Dollars Year ended December 31, 2019
<b>Initial Class</b>				
Shares sold	2,150,312	921,803	\$ 20,937,139	\$ 11,222,847
Reinvestment of distributions	347,560	808,256	4,288,888	9,205,312
Shares redeemed	<u>(1,407,918)</u>	<u>(2,418,666)</u>	<u>(14,358,447)</u>	<u>(29,808,220)</u>
Net increase (decrease)	<u>1,089,954</u>	<u>(688,607)</u>	<u>\$ 10,867,580</u>	<u>\$ (9,380,061)</u>
<b>Service Class</b>				
Shares sold	110,810	187,699	\$ 1,047,521	\$ 2,316,127
Reinvestment of distributions	81,871	183,456	1,007,833	2,084,878
Shares redeemed	<u>(266,302)</u>	<u>(284,873)</u>	<u>(2,784,099)</u>	<u>(3,440,970)</u>
Net increase (decrease)	<u>(73,621)</u>	<u>86,282</u>	<u>\$ (728,745)</u>	<u>\$ 960,035</u>
<b>Service Class 2</b>				
Shares sold	1,467,746	2,012,188	\$ 14,545,514	\$ 24,961,583
Reinvestment of distributions	881,961	1,732,895	10,998,053	19,932,639
Shares redeemed	<u>(1,676,530)</u>	<u>(1,588,785)</u>	<u>(16,618,336)</u>	<u>(19,392,966)</u>
Net increase (decrease)	<u>673,177</u>	<u>2,156,298</u>	<u>\$ 8,925,231</u>	<u>\$ 25,501,256</u>
<b>Investor Class</b>				
Shares sold	1,273,382	1,217,186	\$ 12,283,031	\$ 14,730,629

## Notes to Financial Statements (Unaudited) – continued

	Shares Six months ended June 30, 2020	Shares Year ended December 31, 2019	Dollars Six months ended June 30, 2020	Dollars Year ended December 31, 2019
Reinvestment of distributions	433,122	927,017	5,305,745	10,489,307
Shares redeemed	(1,497,003)	(1,958,595)	(14,842,687)	(23,647,458)
Net increase (decrease)	<u>209,501</u>	<u>185,608</u>	<u>\$ 2,746,089</u>	<u>\$ 1,572,478</u>

### 11. 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 26% of the total outstanding shares of the Fund and one otherwise unaffiliated shareholder was the owner of record of 39% of the total outstanding shares of the Fund.

### 12. Coronavirus (COVID-19) Pandemic.

An outbreak of COVID-19 first detected in China during December 2019 has since spread globally and was declared a pandemic by the World Health Organization during March 2020. Developments that disrupt global economies and financial markets, such as the COVID-19 pandemic, may magnify factors that affect the Fund's performance.

# Shareholder Expense Example

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

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2020 to June 30, 2020).

## Actual Expenses

The first line of the accompanying table for each class of the Fund provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600 account value divided by \$1,000.00 = 8.6), then multiply the result by the number in the first line for a class of the Fund under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund's annualized expense ratio used to calculate the expense estimate in the table below.

## Hypothetical Example for Comparison Purposes

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

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

	Annualized Expense Ratio- <sup>A</sup>	Beginning Account Value January 1, 2020	Ending Account Value June 30, 2020	Expenses Paid During Period- <sup>B</sup> January 1, 2020 to June 30, 2020
Initial Class	.66%			
Actual		\$1,000.00	\$795.40	\$2.95
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,021.58	\$3.32
Service Class	.76%			
Actual		\$1,000.00	\$794.60	\$3.39
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,021.08	\$3.82
Service Class 2	.91%			
Actual		\$1,000.00	\$794.60	\$4.06
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,020.34	\$4.57
Investor Class	.74%			
Actual		\$1,000.00	\$795.00	\$3.30
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,021.18	\$3.72

<sup>A</sup> Annualized expense ratio reflects expenses net of applicable fee waivers.

<sup>B</sup> Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

<sup>C</sup> 5% return per year before expenses

# Board Approval of Investment Advisory Contracts and Management Fees

## VIP Value Strategies Portfolio

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

The Board meets regularly and, at each of its meetings, covers an extensive agenda of topics and materials and considers factors that are relevant to its annual consideration of the renewal of the fund's Advisory Contracts, including the services and support provided to the fund and its shareholders. The Board has established various standing committees (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 review matters specifically related to the Board's annual consideration of the renewal of the Advisory Contracts. Members of the Board may also meet with trustees of other Fidelity funds through joint ad hoc committees to discuss certain matters relevant to all of the Fidelity funds.

At its January 2020 meeting, the Board unanimously determined to renew the fund's Advisory Contracts. In reaching its determination, the Board considered all factors it believed relevant, including (i) the nature, extent, and quality of the services 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 provided by and the profits realized by Fidelity from its relationships with the fund; and (iv) the extent to which, if any, economies of scale exist and are realized as the fund grows, and whether any economies of scale are appropriately shared with fund shareholders.

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

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

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

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

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

The Board noted that it and the boards of certain other Fidelity funds had formed an ad hoc Committee on Transfer Agency Fees to review the variety of transfer agency fee structures throughout the industry and Fidelity's competitive positioning with respect to industry participants.

**Investment in a Large Fund Family.** The Board considered the benefits to shareholders of investing in a Fidelity fund, including the benefits of investing in a fund that is part of a large family of funds offering a variety of investment disciplines and providing a large variety of mutual fund investor services. The Board noted that Fidelity had taken, or had made recommendations that resulted in the Fidelity funds taking, a number of actions over the previous year that benefited particular funds, including: (i) continuing to dedicate additional resources to Fidelity's investment research process, which includes meetings with management of issuers of securities in which the funds invest, and to the support of the senior management team that oversees asset management; (ii) continuing efforts to enhance Fidelity's global research capabilities; (iii) launching new funds and ETFs with innovative structures, strategies and pricing and making other enhancements to meet client needs; (iv) launching new share classes of existing funds; (v) eliminating purchase minimums and broadening eligibility requirements for certain funds and share classes; (vi) reducing management fees and total expenses for certain target date funds and index funds; (vii) lowering expense caps for certain existing funds and classes, and converting certain voluntary expense caps to contractual caps, to reduce expenses borne by shareholders; (viii) rationalizing product lines and gaining increased efficiencies from fund mergers, liquidations, and share class consolidations; (ix) continuing

to develop, acquire and implement systems and technology to improve services to the funds and shareholders, strengthen information security, and increase efficiency; and (x) continuing to implement enhancements to further strengthen Fidelity's product line to increase investors' probability of success in achieving their investment goals, including retirement income goals.

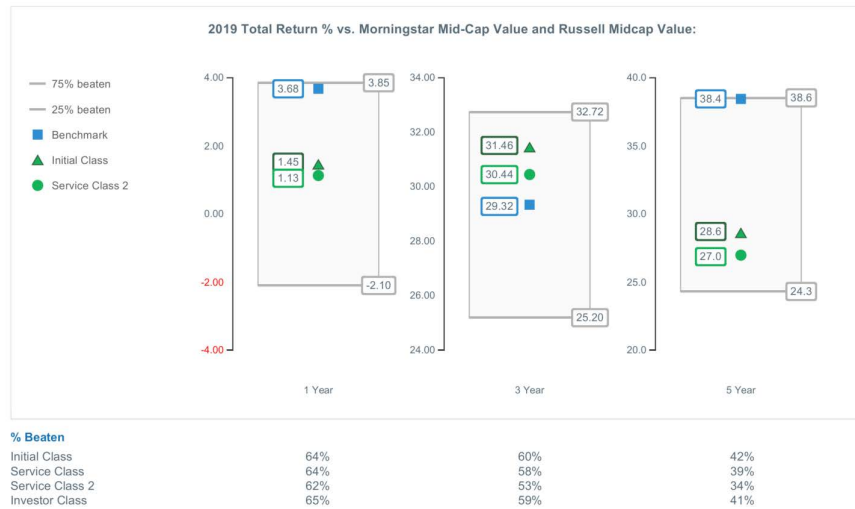
**Investment Performance.** The Board considered whether the fund has operated in accordance with its investment objective, as well as its record of compliance with its investment restrictions and its performance history.

The Board took into account discussions that occur at Board meetings throughout the year with representatives of the Investment Advisers about fund investment performance. In this regard the Board noted that as part of regularly scheduled fund reviews and other reports to the Board on fund performance, the Board considers annualized return information for the fund for different time periods, measured against an appropriate securities market index (benchmark index) and a peer group of funds with similar objectives (peer group), if any. 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 discussed with the Investment Advisers the reasons for any overperformance or 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 fund share classes, where applicable, compared to appropriate benchmark indices, over appropriate time periods that 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; 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 often used as a proxy. For this reason, the performance information reviewed by the Board also included net cumulative total return information for the fund and an appropriate benchmark index and peer group for the most recent one-, three-, and five-year periods ended June 30, 2019, as shown below. Returns are shown compared to the 25th percentile (top of box, 75% beaten) and 75th percentile (bottom of box, 25% beaten) of the peer universe.

**VIP Value Strategies Portfolio**



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

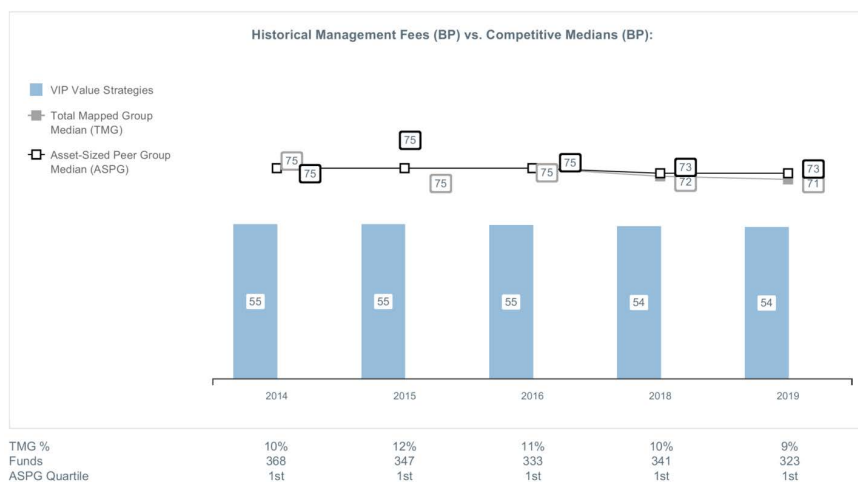
**Competitiveness of Management Fee and Total Expense Ratio.** The Board considered the fund's management fee and total expense ratio compared to "mapped groups" of competitive funds and classes created for the purpose of facilitating the Trustees' competitive analysis of management fees and total expenses.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

**Management Fee.** The Board considered two proprietary management fee comparisons for the 12-month periods ended June 30 (December 31 for periods prior to 2018) shown in basis points (BP) in the chart below. The group of Lipper funds used by the Board for management fee comparisons is referred to below as the "Total Mapped Group." The Total Mapped Group comparison focuses on a fund's standing in terms of gross management fees before expense reimbursements or caps relative to the total universe of funds with comparable investment mandates, regardless of whether their management fee structures also are comparable. Funds with comparable investment mandates offer exposure to similar types of securities. Funds with comparable management fee structures have similar management fee contractual arrangements (e.g., flat rate charged for advisory services, all-inclusive fee rate, etc.). "TMG %" represents the percentage of funds in the Total Mapped Group that had management fees that were lower than the fund's. For example, a hypothetical TMG % of 20% would mean that 80% of the funds in the Total Mapped Group had higher, and 20% had lower, management fees than the fund. The fund's actual TMG %s and the number of funds in the Total Mapped Group are in the chart below. The "Asset-Sized Peer Group" (ASPG) comparison focuses on a fund's standing relative to a subset of non-Fidelity funds within the Total Mapped Group that are similar in size and management fee structure. For example, if a fund is in the first quartile of the ASPG, the fund's management fee ranks in the least expensive or lowest 25% of funds in the ASPG. The ASPG represents at least 15% of the funds in the Total Mapped Group with comparable asset size and management fee structures, subject to a minimum of 50 funds (or all funds in the Total Mapped Group if fewer than 50). Additional information, such as the ASPG quartile in which the fund's management fee rate ranked, is also included in the chart and was considered by the Board.



## Board Approval of Investment Advisory Contracts and Management Fees – continued

### VIP Value Strategies Portfolio



The Board noted that the fund's management fee rate ranked below the median of its Total Mapped Group and below the median of its ASPG for the 12-month period ended June 30, 2019.

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

The Board also noted that, in 2013, the ad hoc Committee on Management Fees was formed to conduct an in-depth review of the management fee rates of Fidelity's active equity mutual funds. The Committee focused on the following areas: (i) standard fee structures; (ii) research consumption and trading evolution; (iii) management fee competitiveness/profitability by category; and (iv) factors that drive institutional pricing.

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

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

The Board noted that the total expense ratio of each of Initial Class, Investor Class, and Service Class ranked below the competitive median for the 12-month period ended June 30, 2019 and the total expense ratio of Service Class 2 ranked above the competitive median for the 12-month period ended June 30, 2019. The Board considered that, in general, various factors can affect total expense ratios. The Board noted that the total expense ratio of Service Class 2 was above the competitive median because of its 12b-1 fees and that excluding 12b-1 fees of both the class and the competitor classes, the total expense ratio of Service Class 2 ranked below the median. The Board noted that the fund offers multiple classes, each of which has a different 12b-1 fee structure, and that the multiple structures are intended to offer a range of pricing options for the intermediary market. The Board also noted that the total expense ratios of the classes vary primarily by the level of their 12b-1 fees, although differences in transfer agent fees may also cause expenses to vary from class to class.

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

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

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

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



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

The Board also reviewed Fidelity's non-fund businesses and potential indirect benefits such businesses may have received as a result of their association with Fidelity's mutual fund business (i.e., fall-out benefits) as well as cases where Fidelity's affiliates may benefit from the funds' business. The Board noted that changes to fall-out benefits year-over-year reflect business developments at Fidelity's various businesses. The Board considered that a joint ad hoc committee created by it and the boards of other Fidelity funds had recently been established, and met periodically, to evaluate potential fall-out benefits (PFOB Committee). The Board noted that the PFOB Committee, among other things: (i) discussed the legal framework surrounding potential fall-out benefits; (ii) reviewed the Board's responsibilities and approach to potential fall-out benefits; and (iii) reviewed practices employed by competitor funds regarding the review of potential fall-out benefits.

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

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

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

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

**Additional Information Requested by the Board.** In order to develop fully the factual basis for consideration of the Fidelity funds' advisory contracts, the Board requested and received additional information on certain topics, including: (i) fund flow and performance trends, in particular the underperformance of certain funds and strategies, and Fidelity's long-term strategies for certain funds; (ii) consideration of performance fees for additional funds; (iii) changes in Fidelity's non-fund businesses and the impact of such changes on the funds; (iv) metrics for evaluating index fund and ETF performance and information about ETF trading characteristics; (v) the methodology with respect to evaluating competitive fund data and peer group classifications and fee comparisons; (vi) the expense structures for different funds and classes; (vii) information regarding other accounts managed by Fidelity, including collective investment trusts and separately managed accounts; and (viii) Fidelity's philosophies and strategies for evaluating funds and classes with lower or declining asset levels.

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

# Liquidity Risk Management Program

The Securities and Exchange Commission adopted Rule 22e-4 under the Investment Company Act of 1940 (the Liquidity Rule) to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that funds will be unable to meet their redemption obligations and mitigating dilution of the interests of fund shareholders.

The Fund has adopted and implemented a liquidity risk management program pursuant to the Liquidity Rule (the Program) effective December 1, 2018. The Program is reasonably designed to assess and manage the Fund's liquidity risk and to comply with the requirements of the Liquidity Rule. The Fund's Board of Trustees (the Board) has designated the Fund's investment adviser as administrator of the Program. The Fidelity advisers have established a Liquidity Risk Management Committee (the LRM Committee) to manage the Program for each of the Fidelity Funds. The LRM Committee monitors the adequacy and effectiveness of implementation of the Program and on a periodic basis assesses each Fund's liquidity risk based on a variety of factors including (1) the Fund's investment strategy, (2) portfolio liquidity and cash flow projections during normal and reasonably foreseeable stressed conditions, (3) shareholder redemptions, (4) borrowings and other funding sources and (5) in the case of exchange-traded funds, certain additional factors including the effect of the Fund's prices and spreads, market participants, and basket compositions on the overall liquidity of the Fund's portfolio, as applicable.

In accordance with the Program, each of the Fund's portfolio investments is classified into one of four liquidity categories described below based on a determination of a reasonable expectation for how long it would take to convert the investment to cash (or sell or dispose of the investment) without significantly changing its market value.

- Highly liquid investments — cash or convertible to cash within three business days or less
- Moderately liquid investments — convertible to cash in three to seven calendar days
- Less liquid investments — can be sold or disposed of, but not settled, within seven calendar days
- Illiquid investments — cannot be sold or disposed of within seven calendar days

Liquidity classification determinations take into account a variety of factors including various market, trading and investment-specific considerations, as well as market depth, and generally utilize analysis from a third-party liquidity metrics service.

The Liquidity Rule places a 15% limit on a fund's illiquid investments and requires funds that do not primarily hold assets that are highly liquid investments to determine and maintain a minimum percentage of the fund's net assets to be invested in highly liquid investments (highly liquid investment minimum or HLIM). The Program includes provisions reasonably designed to comply with the 15% limit on illiquid investments and for determining, periodically reviewing and complying with the HLIM requirement as applicable.

At a recent meeting of the Fund's Board of Trustees, the LRM Committee provided a written report to the Board pertaining to the operation, adequacy, and effectiveness of implementation of the Program for the annual period from December 1, 2018 through November 30, 2019. The report concluded that the Program has been implemented and is operating effectively and is reasonably designed to assess and manage the Fund's liquidity risk.

# Proxy Voting Results

A special meeting of shareholders was held on June 9, 2020. The results of votes taken among shareholders on the proposals before them are reported below. Each vote reported represents one dollar of net asset value held on the record date for the meeting.

## PROPOSAL 1

To elect a Board of Trustees.

	# of Votes	% of Votes		# of Votes	% of Votes
Dennis J. Dirks			Affirmative	11,834,415,540.516	95.151
Affirmative	11,873,719,424.880	95.467	Withheld	603,037,368.425	4.849
Withheld	563,733,484.061	4.533	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000	Cornelia M. Small		
Donald F. Donahue			Affirmative	11,856,824,619.655	95.332
Affirmative	11,885,423,471.800	95.562	Withheld	580,628,289.286	4.668
Withheld	552,029,437.141	4.438	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000	Garnett A. Smith		
Bettina Doulton			Affirmative	11,800,183,109.304	94.876
Affirmative	11,132,346,192.263	95.686	Withheld	637,269,799.637	5.124
Withheld	491,342,869.791	4.314	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000	David M. Thomas		
Vicki L. Fuller			Affirmative	11,862,989,291.482	95.381
Affirmative	11,897,618,142.237	95.660	Withheld	574,463,617.459	4.619
Withheld	539,834,766.704	4.340	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000	Susan Tomasky		
Patricia L. Kampling			Affirmative	11,892,512,654.887	95.619
Affirmative	11,903,021,284.235	95.703	Withheld	544,940,254.055	4.381
Withheld	534,431,624.706	4.297	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000	Michael E. Wiley		
Alan J. Lacy			Affirmative	11,861,612,322.369	95.370
Affirmative	11,856,684,544.198	95.330	Withheld	575,840,586.573	4.630
Withheld	580,768,364.743	4.670	TOTAL	12,437,452,908.941	100.000
TOTAL	12,437,452,908.941	100.000			
Ned C. Lautenbach					
Affirmative	11,824,513,544.259	95.072			
Withheld	612,939,364.683	4.928			
TOTAL	12,437,452,908.941	100.000			
Robert A. Lawrence					
Affirmative	11,101,337,946.609	95.494			
Withheld	522,351,115.445	4.506			
TOTAL	12,437,452,908.941	100.000			
Joseph Mauriello					

## PROPOSAL 2

To convert a fundamental investment policy to a non-fundamental investment policy.

	# of Votes	% of Votes
Affirmative	222,312,265.595	75.714
Against	27,660,849.161	9.421
Abstain	43,647,950.267	14.865
Broker Non-Vote	0.00	0.00
TOTAL	293,621,065.023	100.000

Proposal 1 reflects trust wide proposal and voting results.

