

# Fidelity® Variable Insurance Products:

**Index 500 Portfolio**

**Semi-Annual Report**  
**June 30, 2019**



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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.

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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.*

# Investment Summary (Unaudited)

## Top Ten Stocks as of June 30, 2019

	% of fund's net assets
Microsoft Corp.	4.2
Apple, Inc.	3.5
Amazon.com, Inc.	3.2
Facebook, Inc. Class A	1.9
Berkshire Hathaway, Inc. Class B	1.7
Johnson & Johnson	1.5
JPMorgan Chase & Co.	1.5
Alphabet, Inc. Class C	1.4
Alphabet, Inc. Class A	1.3
Exxon Mobil Corp.	1.3
	<u>21.5</u>

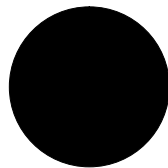
## Top Market Sectors as of June 30, 2019

	% of fund's net assets
Information Technology	21.4
Health Care	14.3
Financials	13.1
Consumer Discretionary	10.2
Communication Services	10.2
Industrials	9.4
Consumer Staples	7.2
Energy	5.0
Utilities	3.3
Real Estate	3.0

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

As of June 30, 2019\*

■ Stocks and Equity Futures	101.8%
■ Short-Term Investments and Net Other Assets (Liabilities)	(1.8)**



\* Foreign investments – 3.8%

\*\* Short-Term Investments and Net Other Assets (Liabilities) are not included in the pie chart

# Schedule of Investments June 30, 2019 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 99.8%

	Shares	Value
<b>COMMUNICATION SERVICES – 10.2%</b>		
<b>Diversified Telecommunication Services – 2.0%</b>		
AT&T, Inc.	2,531,637	\$ 84,835,156
CenturyLink, Inc.	333,320	3,919,843
Verizon Communications, Inc.	1,434,564	81,956,641
		<u>170,711,640</u>
<b>Entertainment – 2.0%</b>		
Activision Blizzard, Inc.	265,831	12,547,223
Electronic Arts, Inc. (a)	102,966	10,426,337
Netflix, Inc. (a)	151,685	55,716,934
Take-Two Interactive Software, Inc. (a)	38,877	4,413,706
The Walt Disney Co.	605,655	84,573,664
Viacom, Inc. Class B (non-vtg.)	121,494	3,629,026
		<u>171,306,890</u>
<b>Interactive Media &amp; Services – 4.7%</b>		
Alphabet, Inc.:		
Class A (a)	104,082	112,699,990
Class C (a)	106,098	114,682,389
Facebook, Inc. Class A (a)	833,411	160,848,323
TripAdvisor, Inc. (a)	35,309	1,634,454
Twitter, Inc. (a)	252,389	8,808,376
		<u>398,673,532</u>
<b>Media – 1.5%</b>		
CBS Corp. Class B	121,734	6,074,527
Charter Communications, Inc. Class A (a)	59,707	23,595,012
Comcast Corp. Class A	1,571,560	66,445,557
Discovery Communications, Inc.:		
Class A (a) (b)	53,950	1,656,265
Class C (non-vtg.) (a)	123,827	3,522,878
DISH Network Corp. Class A (a)	80,428	3,089,239
Fox Corp.:		
Class A	123,313	4,518,188
Class B	55,782	2,037,716
Interpublic Group of Companies, Inc.	135,723	3,065,983
News Corp.:		
Class A	132,367	1,785,631
Class B	42,534	593,775
Omnicom Group, Inc. (b)	75,921	6,221,726
		<u>122,606,497</u>
		<u>863,298,559</u>
<b>CONSUMER DISCRETIONARY – 10.2%</b>		
<b>Auto Components – 0.1%</b>		
Aptiv PLC	89,336	7,221,029
BorgWarner, Inc.	71,356	2,995,525
		<u>10,216,554</u>
<b>Automobiles – 0.4%</b>		
Ford Motor Co.	1,360,956	13,922,580
General Motors Co.	458,254	17,656,527
Harley-Davidson, Inc. (b)	54,812	1,963,914
		<u>33,543,021</u>
<b>Distributors – 0.1%</b>		
Genuine Parts Co.	50,927	5,275,019
LKQ Corp. (a)	108,141	2,877,632
		<u>8,152,651</u>

	Shares	Value
<b>Diversified Consumer Services – 0.0%</b>		
H&R Block, Inc.	70,609	\$ 2,068,844
<b>Hotels, Restaurants &amp; Leisure – 1.9%</b>		
Carnival Corp.	139,134	6,476,688
Chipotle Mexican Grill, Inc. (a)	8,463	6,202,363
Darden Restaurants, Inc.	42,432	5,165,247
Hilton Worldwide Holdings, Inc.	100,608	9,833,426
Marriott International, Inc. Class A	95,947	13,460,405
McDonald's Corp.	264,833	54,995,221
MGM Mirage, Inc.	177,529	5,072,004
Norwegian Cruise Line Holdings Ltd. (a)	74,775	4,010,183
Royal Caribbean Cruises Ltd.	59,562	7,219,510
Starbucks Corp.	420,030	35,211,115
Wynn Resorts Ltd.	33,776	4,187,886
Yum! Brands, Inc.	106,193	11,752,379
		<u>163,586,427</u>
<b>Household Durables – 0.3%</b>		
D.R. Horton, Inc.	118,942	5,129,968
Garmin Ltd.	41,657	3,324,229
Leggett & Platt, Inc. (b)	45,031	1,727,839
Lennar Corp. Class A	100,064	4,849,101
Mohawk Industries, Inc. (a)	21,115	3,113,829
Newell Brands, Inc. (b)	133,634	2,060,636
PulteGroup, Inc.	87,596	2,769,786
Whirlpool Corp.	21,857	3,111,563
		<u>26,086,951</u>
<b>Internet &amp; Direct Marketing Retail – 3.8%</b>		
Amazon.com, Inc. (a)	143,454	271,648,798
eBay, Inc.	284,543	11,239,449
Expedia, Inc.	40,893	5,439,996
The Booking Holdings, Inc. (a)	15,024	28,165,643
		<u>316,493,886</u>
<b>Leisure Products – 0.1%</b>		
Hasbro, Inc. (b)	40,385	4,267,887
<b>Multiline Retail – 0.5%</b>		
Dollar General Corp.	89,661	12,118,581
Dollar Tree, Inc. (a)	82,484	8,857,957
Kohl's Corp.	56,731	2,697,559
Macy's, Inc.	105,642	2,267,077
Nordstrom, Inc. (b)	36,819	1,173,053
Target Corp.	177,822	15,401,163
		<u>42,515,390</u>
<b>Specialty Retail – 2.3%</b>		
Advance Auto Parts, Inc.	25,023	3,857,045
AutoZone, Inc. (a)	8,519	9,366,385
Best Buy Co., Inc.	80,432	5,608,523
CarMax, Inc. (a) (b)	57,443	4,987,776
Foot Locker, Inc.	38,783	1,625,783
Gap, Inc. (b)	73,384	1,318,710
L Brands, Inc.	78,451	2,047,571
Lowe's Companies, Inc.	271,709	27,418,155
O'Reilly Automotive, Inc. (a)	27,184	10,039,595
Ross Stores, Inc.	127,616	12,649,298
The Home Depot, Inc.	381,699	79,381,941
Tiffany & Co., Inc. (b)	37,272	3,490,150
TJX Companies, Inc.	420,982	22,261,528

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

## Schedule of Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>CONSUMER DISCRETIONARY – continued</b>		
<b>Specialty Retail – continued</b>		
Tractor Supply Co.	41,667	\$ 4,533,370
Ulta Beauty, Inc. (a)	19,322	6,702,609
		<u>195,288,439</u>
<b>Textiles, Apparel &amp; Luxury Goods – 0.7%</b>		
Capri Holdings Ltd. (a)	52,436	1,818,480
Hanesbrands, Inc.	124,168	2,138,173
NIKE, Inc. Class B	436,132	36,613,281
PVH Corp.	26,019	2,462,438
Ralph Lauren Corp.	18,120	2,058,251
Tapestry, Inc.	99,623	3,161,038
Under Armour, Inc.:		
Class A (sub. vtg.) (a) (b)	54,083	1,371,004
Class C (non-vtg.) (a) (b)	79,623	1,767,631
VF Corp.	113,300	9,896,755
		<u>61,287,051</u>
<b>TOTAL CONSUMER DISCRETIONARY</b>		<u>863,507,101</u>
<b>CONSUMER STAPLES – 7.2%</b>		
<b>Beverages – 1.9%</b>		
Brown-Forman Corp. Class B (non-vtg.)	57,131	3,166,771
Constellation Brands, Inc. Class A (sub. vtg.)	58,096	11,441,426
Molson Coors Brewing Co. Class B	64,471	3,610,376
Monster Beverage Corp. (a)	135,533	8,651,071
PepsiCo, Inc.	486,333	63,772,846
The Coca-Cola Co.	1,332,064	67,828,699
		<u>158,471,189</u>
<b>Food &amp; Staples Retailing – 1.5%</b>		
Costco Wholesale Corp.	152,561	40,315,770
Kroger Co.	278,492	6,046,061
Sysco Corp.	164,225	11,613,992
Walgreens Boots Alliance, Inc.	269,897	14,755,269
Walmart, Inc.	485,079	53,596,379
		<u>126,327,471</u>
<b>Food Products – 1.1%</b>		
Archer Daniels Midland Co.	194,236	7,924,829
Campbell Soup Co. (b)	66,189	2,652,193
Conagra Brands, Inc.	168,921	4,479,785
General Mills, Inc.	207,961	10,922,112
Hormel Foods Corp. (b)	93,668	3,797,301
Kellogg Co.	86,247	4,620,252
Lamb Weston Holdings, Inc.	50,328	3,188,782
McCormick & Co., Inc. (non-vtg.)	42,580	6,600,326
Mondelez International, Inc.	499,840	26,941,376
The Hershey Co.	48,310	6,474,989
The J.M. Smucker Co.	39,598	4,561,294
The Kraft Heinz Co.	216,750	6,727,920
Tyson Foods, Inc. Class A	102,412	8,268,745
		<u>97,159,904</u>
<b>Household Products – 1.7%</b>		
Church & Dwight Co., Inc.	85,462	6,243,854
Clorox Co.	44,032	6,741,740
Colgate-Palmolive Co.	298,053	21,361,459

	Shares	Value
Kimberly-Clark Corp.	119,343	\$ 15,906,035
Procter & Gamble Co.	869,932	95,388,044
		<u>145,641,132</u>
<b>Personal Products – 0.2%</b>		
Coty, Inc. Class A (b)	103,239	1,383,403
Estee Lauder Companies, Inc. Class A	76,109	13,936,319
		<u>15,319,722</u>
<b>Tobacco – 0.8%</b>		
Altria Group, Inc.	649,084	30,734,127
Philip Morris International, Inc.	539,697	42,382,405
		<u>73,116,532</u>
<b>TOTAL CONSUMER STAPLES</b>		<u>616,035,950</u>
<b>ENERGY – 5.0%</b>		
<b>Energy Equipment &amp; Services – 0.4%</b>		
Baker Hughes, a GE Co. Class A	178,800	4,403,844
Halliburton Co.	303,043	6,891,198
Helmerich & Payne, Inc. (b)	38,793	1,963,702
National Oilwell Varco, Inc.	134,509	2,990,135
Schlumberger Ltd.	480,466	19,093,719
TechnipFMC PLC	146,173	3,791,728
		<u>39,134,326</u>
<b>Oil, Gas &amp; Consumable Fuels – 4.6%</b>		
Anadarko Petroleum Corp.	174,256	12,295,503
Apache Corp.	131,038	3,796,171
Cabot Oil & Gas Corp.	145,449	3,339,509
Chevron Corp.	660,720	82,219,997
Cimarex Energy Co.	34,855	2,067,947
Concho Resources, Inc.	69,674	7,188,963
ConocoPhillips Co.	392,176	23,922,736
Devon Energy Corp.	144,776	4,129,012
Diamondback Energy, Inc.	53,810	5,863,676
EOG Resources, Inc.	201,443	18,766,430
Exxon Mobil Corp.	1,467,505	112,454,908
Hess Corp.	88,602	5,632,429
HollyFrontier Corp.	53,974	2,497,917
Kinder Morgan, Inc.	675,304	14,100,348
Marathon Oil Corp.	281,199	3,995,838
Marathon Petroleum Corp.	230,033	12,854,244
Noble Energy, Inc.	166,136	3,721,446
Occidental Petroleum Corp.	259,716	13,058,520
ONEOK, Inc.	142,666	9,816,847
Phillips 66 Co.	144,997	13,563,019
Pioneer Natural Resources Co.	58,330	8,974,654
The Williams Companies, Inc.	420,962	11,803,774
Valero Energy Corp.	144,413	12,363,197
		<u>388,427,085</u>
<b>TOTAL ENERGY</b>		<u>427,561,411</u>
<b>FINANCIALS – 13.1%</b>		
<b>Banks – 5.5%</b>		
Bank of America Corp.	3,067,422	88,955,238
BB&T Corp.	266,174	13,077,129
Citigroup, Inc.	802,266	56,182,688

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

## Common Stocks – continued

	Shares	Value		Shares	Value
<b>FINANCIALS – continued</b>					
<b>Banks – continued</b>					
Citizens Financial Group, Inc.	158,168	\$ 5,592,820	American International Group, Inc.	301,846	\$ 16,082,355
Comerica, Inc.	53,418	3,880,284	Aon PLC	83,422	16,098,778
Fifth Third Bancorp	251,138	7,006,750	Arthur J. Gallagher & Co.	64,091	5,613,731
First Republic Bank	57,349	5,600,130	Assurant, Inc.	21,196	2,254,830
Huntington Bancshares, Inc.	366,711	5,067,946	Chubb Ltd.	158,785	23,387,443
JPMorgan Chase & Co.	1,125,114	125,787,745	Cincinnati Financial Corp.	52,647	5,457,914
KeyCorp	351,709	6,242,835	Everest Re Group Ltd.	14,220	3,514,900
M&T Bank Corp.	47,567	8,089,720	Hartford Financial Services Group, Inc.	124,845	6,956,363
Peoples United Financial, Inc. (b)	135,083	2,266,693	Lincoln National Corp.	70,186	4,523,488
PNC Financial Services Group, Inc.	156,708	21,512,874	Loews Corp.	92,702	5,068,018
Regions Financial Corp.	349,640	5,223,622	Marsh & McLennan Companies, Inc.	177,387	17,694,353
SunTrust Banks, Inc.	153,481	9,646,281	MetLife, Inc.	329,849	16,383,600
SVB Financial Group (a)	18,081	4,060,812	Principal Financial Group, Inc.	90,125	5,220,040
U.S. Bancorp	519,108	27,201,259	Progressive Corp.	202,544	16,189,342
Wells Fargo & Co.	1,403,174	66,398,194	Prudential Financial, Inc.	141,006	14,241,606
Zions Bancorp NA (b)	63,955	2,940,651	The Travelers Companies, Inc.	90,893	13,590,321
		<u>464,733,671</u>	Torchmark Corp.	34,842	3,116,965
			Unum Group	73,735	2,473,809
			Willis Group Holdings PLC	44,745	8,570,457
					<u>212,393,130</u>
			<b>TOTAL FINANCIALS</b>		<u>1,111,505,911</u>
<b>Capital Markets – 2.7%</b>					
Affiliated Managers Group, Inc.	17,882	1,647,647	<b>HEALTH CARE – 14.3%</b>		
Ameriprise Financial, Inc.	46,552	6,757,488	<b>Biotechnology – 2.2%</b>		
Bank of New York Mellon Corp.	305,849	13,503,233	AbbVie, Inc.	512,839	37,293,652
BlackRock, Inc. Class A	41,283	19,374,112	Alexion Pharmaceuticals, Inc. (a)	77,939	10,208,450
Choe Global Markets, Inc.	38,548	3,994,729	Amgen, Inc.	211,605	38,994,569
Charles Schwab Corp.	412,393	16,574,075	Biogen, Inc. (a)	67,306	15,740,854
CME Group, Inc.	124,138	24,096,427	Celgene Corp. (a)	244,678	22,618,034
E*TRADE Financial Corp.	84,622	3,774,141	Gilead Sciences, Inc.	441,168	29,805,310
Franklin Resources, Inc. (b)	101,525	3,533,070	Incyte Corp. (a)	61,791	5,249,763
Goldman Sachs Group, Inc.	118,082	24,159,577	Regeneron Pharmaceuticals, Inc. (a)	27,162	8,501,706
IntercontinentalExchange, Inc.	195,541	16,804,794	Vertex Pharmaceuticals, Inc. (a)	88,883	16,299,365
Invesco Ltd.	140,031	2,865,034			<u>184,711,703</u>
MarketAxess Holdings, Inc.	13,076	4,202,888	<b>Health Care Equipment &amp; Supplies – 3.5%</b>		
Moody's Corp.	57,089	11,150,053	Abbott Laboratories	611,692	51,443,297
Morgan Stanley	443,864	19,445,682	Abiomed, Inc. (a)	15,727	4,096,726
MSCI, Inc.	29,286	6,993,204	Align Technology, Inc. (a)	25,278	6,918,589
Northern Trust Corp.	75,728	6,815,520	Baxter International, Inc.	164,614	13,481,887
Raymond James Financial, Inc.	43,608	3,687,056	Becton, Dickinson & Co.	93,575	23,581,836
S&P Global, Inc.	85,366	19,445,521	Boston Scientific Corp. (a)	482,369	20,732,220
State Street Corp.	129,821	7,277,765	Danaher Corp.	218,415	31,215,872
T. Rowe Price Group, Inc.	81,853	8,980,093	Dentsply Sirona, Inc.	81,424	4,751,905
The NASDAQ OMX Group, Inc.	40,415	3,886,711	Edwards Lifesciences Corp. (a)	72,331	13,362,429
		<u>228,968,820</u>	Hologic, Inc. (a)	93,263	4,478,489
			IDEXX Laboratories, Inc. (a)	29,852	8,219,151
			Intuitive Surgical, Inc. (a)	40,059	21,012,948
			Medtronic PLC	464,942	45,280,701
			ResMed, Inc.	49,779	6,074,531
			Stryker Corp.	107,385	22,076,208
			Teleflex, Inc.	16,027	5,307,341
			The Cooper Companies, Inc.	17,179	5,787,433
			Varian Medical Systems, Inc. (a)	31,641	4,307,289
			Zimmer Biomet Holdings, Inc.	70,861	8,343,174
					<u>300,472,026</u>
<b>Consumer Finance – 0.7%</b>					
American Express Co.	237,452	29,311,075			
Capital One Financial Corp.	163,122	14,801,690			
Discover Financial Services	112,630	8,738,962			
Synchrony Financial	220,622	7,648,965			
		<u>60,500,692</u>			
<b>Diversified Financial Services – 1.7%</b>					
Berkshire Hathaway, Inc. Class B (a)	672,001	143,250,453			
Jefferies Financial Group, Inc.	86,279	1,659,145			
		<u>144,909,598</u>			
<b>Insurance – 2.5%</b>					
AFLAC, Inc.	258,885	14,189,487			
Allstate Corp.	115,698	11,765,330			

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

## Schedule of Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value		Shares	Value
<b>HEALTH CARE – continued</b>					
<b>Health Care Providers &amp; Services – 2.7%</b>					
AmerisourceBergen Corp.	53,666	\$ 4,575,563			
Anthem, Inc.	89,216	25,177,647			
Cardinal Health, Inc.	103,700	4,884,270			
Centene Corp. (a)	143,300	7,514,652			
Cigna Corp.	131,660	20,743,033			
CVS Health Corp.	450,698	24,558,534			
DaVita HealthCare Partners, Inc. (a)	43,447	2,444,328			
HCA Holdings, Inc.	92,782	12,541,343			
Henry Schein, Inc. (a)	51,860	3,625,014			
Humana, Inc.	46,879	12,436,999			
Laboratory Corp. of America Holdings (a)	34,231	5,918,540			
McKesson Corp.	65,922	8,859,258			
Quest Diagnostics, Inc.	46,730	4,757,581			
UnitedHealth Group, Inc.	329,633	80,433,748			
Universal Health Services, Inc. Class B	28,695	3,741,541			
Wellcare Health Plans, Inc. (a)	17,429	4,968,485			
		<u>227,180,536</u>			
<b>Health Care Technology – 0.1%</b>					
Cerner Corp.	112,481	8,244,857			
<b>Life Sciences Tools &amp; Services – 1.1%</b>					
Agilent Technologies, Inc.	109,119	8,147,916			
Illumina, Inc. (a)	51,006	18,777,859			
IQVIA Holdings, Inc. (a)	54,771	8,812,654			
Mettler-Toledo International, Inc. (a)	8,612	7,234,080			
PerkinElmer, Inc.	38,743	3,732,501			
Thermo Fisher Scientific, Inc.	138,704	40,734,591			
Waters Corp. (a)	24,031	5,172,432			
		<u>92,612,033</u>			
<b>Pharmaceuticals – 4.7%</b>					
Allergan PLC	106,932	17,903,625			
Bristol-Myers Squibb Co.	567,653	25,743,064			
Corteva, Inc.	260,261	7,695,918			
Eli Lilly & Co.	299,738	33,207,973			
Johnson & Johnson	920,941	128,268,662			
Merck & Co., Inc.	893,024	74,880,062			
Mylan NV (a)	177,147	3,372,879			
Nektar Therapeutics (a) (b)	59,814	2,128,182			
Perrigo Co. PLC	42,945	2,045,041			
Pfizer, Inc.	1,925,806	83,425,916			
Zoetis, Inc. Class A	166,122	18,853,186			
		<u>397,524,508</u>			
<b>TOTAL HEALTH CARE</b>					
		<u>1,210,745,663</u>			
<b>INDUSTRIALS – 9.4%</b>					
<b>Aerospace &amp; Defense – 2.6%</b>					
Arconic, Inc.	138,535	3,576,974			
General Dynamics Corp.	94,280	17,141,990			
Harris Corp.	40,902	7,735,795			
Huntington Ingalls Industries, Inc.	14,267	3,206,366			
L3 Technologies, Inc.	27,540	6,751,982			
Lockheed Martin Corp.	85,262	30,996,147			
Northrop Grumman Corp.	58,923	19,038,611			
Raytheon Co.	96,697	16,813,674			
<b>Textiles &amp; Apparel – 0.1%</b>					
Textron, Inc.	80,625	\$ 4,276,350			
The Boeing Co.	181,508	66,070,727			
TransDigm Group, Inc. (a)	16,995	8,222,181			
United Technologies Corp.	281,382	36,635,936			
		<u>220,466,733</u>			
<b>Air Freight &amp; Logistics – 0.5%</b>					
C.H. Robinson Worldwide, Inc. (b)	47,017	3,965,884			
Expeditors International of Washington, Inc.	60,103	4,559,414			
FedEx Corp.	82,953	13,620,053			
United Parcel Service, Inc. Class B	242,112	25,002,906			
		<u>47,148,257</u>			
<b>Airlines – 0.4%</b>					
Alaska Air Group, Inc.	42,297	2,703,201			
American Airlines Group, Inc.	137,304	4,477,483			
Delta Air Lines, Inc.	206,998	11,747,137			
Southwest Airlines Co.	169,926	8,628,842			
United Continental Holdings, Inc. (a)	76,916	6,733,996			
		<u>34,290,659</u>			
<b>Building Products – 0.3%</b>					
A.O. Smith Corp.	48,717	2,297,494			
Allegion PLC	32,451	3,587,458			
Fortune Brands Home & Security, Inc.	48,286	2,758,579			
Johnson Controls International PLC	276,732	11,431,799			
Masco Corp.	101,173	3,970,029			
		<u>24,045,359</u>			
<b>Commercial Services &amp; Supplies – 0.4%</b>					
Cintas Corp.	29,478	6,994,835			
Copart, Inc. (a)	69,996	5,231,501			
Republic Services, Inc.	74,972	6,495,574			
Rollins, Inc.	50,636	1,816,313			
Waste Management, Inc.	135,602	15,644,403			
		<u>36,182,626</u>			
<b>Construction &amp; Engineering – 0.1%</b>					
Jacobs Engineering Group, Inc.	40,072	3,381,676			
Quanta Services, Inc.	48,563	1,854,621			
		<u>5,236,297</u>			
<b>Electrical Equipment – 0.6%</b>					
AMETEK, Inc.	78,879	7,165,368			
Eaton Corp. PLC	146,874	12,231,667			
Emerson Electric Co.	213,424	14,239,649			
Fortive Corp.	102,095	8,322,784			
Rockwell Automation, Inc.	41,070	6,728,498			
		<u>48,687,966</u>			
<b>Industrial Conglomerates – 1.5%</b>					
3M Co.	200,054	34,677,360			
General Electric Co.	3,025,389	31,766,585			
Honeywell International, Inc.	252,389	44,064,596			
Roper Technologies, Inc.	36,043	13,201,109			
		<u>123,709,650</u>			
<b>Machinery – 1.5%</b>					
Caterpillar, Inc.	198,476	27,050,294			
Cummins, Inc.	50,167	8,595,614			
Deere & Co.	110,005	18,228,929			
Dover Corp.	50,559	5,066,012			
Flowserve Corp. (b)	45,000	2,371,050			
Illinois Tool Works, Inc.	104,044	15,690,876			

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



## Common Stocks – continued

	Shares	Value
<b>INDUSTRIALS – continued</b>		
<b>Machinery – continued</b>		
Ingersoll-Rand PLC	83,680	\$ 10,599,746
PACCAR, Inc.	120,348	8,624,138
Parker Hannifin Corp.	44,443	7,555,754
Pentair PLC	54,162	2,014,826
Snap-On, Inc. (b)	19,107	3,164,883
Stanley Black & Decker, Inc.	52,511	7,593,616
Wabtec Corp. (b)	55,844	4,007,365
Xylem, Inc.	62,586	5,234,693
		<u>125,797,796</u>
<b>Professional Services – 0.3%</b>		
Equifax, Inc.	42,057	5,687,789
IHS Markit Ltd. (a)	126,390	8,053,571
Nielsen Holdings PLC	122,115	2,759,799
Robert Half International, Inc.	40,910	2,332,279
Verisk Analytics, Inc.	56,687	8,302,378
		<u>27,135,816</u>
<b>Road &amp; Rail – 1.0%</b>		
CSX Corp.	266,926	20,652,065
J.B. Hunt Transport Services, Inc.	29,886	2,731,879
Kansas City Southern	34,679	4,224,596
Norfolk Southern Corp.	92,365	18,411,115
Union Pacific Corp.	245,602	41,533,754
		<u>87,553,409</u>
<b>Trading Companies &amp; Distributors – 0.2%</b>		
Fastenal Co.	199,441	6,499,782
United Rentals, Inc. (a)	27,343	3,626,502
W.W. Grainger, Inc.	15,495	4,156,224
		<u>14,282,508</u>
TOTAL INDUSTRIALS		<u>794,537,076</u>
<b>INFORMATION TECHNOLOGY – 21.4%</b>		
<b>Communications Equipment – 1.2%</b>		
Arista Networks, Inc. (a)	18,257	4,739,882
Cisco Systems, Inc.	1,484,644	81,254,566
F5 Networks, Inc. (a)	20,906	3,044,541
Juniper Networks, Inc.	119,529	3,183,057
Motorola Solutions, Inc.	57,204	9,537,623
		<u>101,759,669</u>
<b>Electronic Equipment &amp; Components – 0.5%</b>		
Amphenol Corp. Class A	103,820	9,960,491
Corning, Inc.	272,573	9,057,601
FLIR Systems, Inc.	46,540	2,517,814
IPG Photonics Corp. (a)	12,191	1,880,462
Keysight Technologies, Inc. (a)	65,349	5,868,994
TE Connectivity Ltd.	117,045	11,210,570
		<u>40,495,932</u>
<b>IT Services – 5.3%</b>		
Accenture PLC Class A	221,190	40,869,276
Akamai Technologies, Inc. (a)	57,011	4,568,862
Alliance Data Systems Corp.	15,658	2,194,156
Automatic Data Processing, Inc.	150,918	24,951,273
Broadridge Financial Solutions, Inc.	40,316	5,147,547
Cognizant Technology Solutions Corp. Class A	197,667	12,530,111

	Shares	Value
DXC Technology Co.	93,390	\$ 5,150,459
Fidelity National Information Services, Inc.	112,440	13,794,139
Fiserv, Inc. (a) (b)	136,246	12,420,185
FleetCor Technologies, Inc. (a)	29,983	8,420,726
Gartner, Inc. (a)	31,289	5,035,652
Global Payments, Inc.	54,145	8,670,239
IBM Corp.	307,560	42,412,524
Jack Henry & Associates, Inc.	26,515	3,550,889
MasterCard, Inc. Class A	311,685	82,450,033
Paychex, Inc.	110,651	9,105,471
PayPal Holdings, Inc. (a)	407,511	46,643,709
The Western Union Co. (b)	149,751	2,978,547
Total System Services, Inc.	56,512	7,248,794
VeriSign, Inc. (a)	36,485	7,631,203
Visa, Inc. Class A	603,023	104,654,642
		<u>450,428,437</u>
<b>Semiconductors &amp; Semiconductor Equipment – 3.7%</b>		
Advanced Micro Devices, Inc. (a)	307,967	9,352,958
Analog Devices, Inc.	128,334	14,485,059
Applied Materials, Inc.	324,917	14,592,022
Broadcom, Inc.	137,305	39,524,617
Intel Corp.	1,552,940	74,339,238
KLA-Tencor Corp.	56,244	6,648,041
Lam Research Corp.	52,047	9,776,508
Maxim Integrated Products, Inc.	93,927	5,618,713
Microchip Technology, Inc. (b)	82,287	7,134,283
Micron Technology, Inc. (a)	384,185	14,825,699
NVIDIA Corp.	211,293	34,700,649
Qorvo, Inc. (a)	41,027	2,732,808
Qualcomm, Inc.	421,711	32,079,556
Skyworks Solutions, Inc.	59,801	4,620,823
Texas Instruments, Inc.	325,422	37,345,429
Xilinx, Inc.	88,155	10,395,238
		<u>318,171,641</u>
<b>Software – 6.8%</b>		
Adobe, Inc. (a)	169,256	49,871,280
ANSYS, Inc. (a)	29,171	5,974,804
Autodesk, Inc. (a)	76,225	12,417,053
Cadence Design Systems, Inc. (a)	97,359	6,893,991
Citrix Systems, Inc.	43,627	4,281,554
Fortinet, Inc. (a)	50,625	3,889,519
Intuit, Inc.	89,927	23,500,623
Microsoft Corp.	2,657,844	356,044,779
Oracle Corp.	841,597	47,945,781
Red Hat, Inc. (a)	61,647	11,574,841
Salesforce.com, Inc. (a)	269,387	40,874,090
Symantec Corp.	213,535	4,646,522
Synopsys, Inc. (a)	51,999	6,691,751
		<u>574,606,588</u>
<b>Technology Hardware, Storage &amp; Peripherals – 3.9%</b>		
Apple, Inc.	1,516,137	300,073,835
Hewlett Packard Enterprise Co.	462,891	6,920,220
HP, Inc.	523,023	10,873,648
NetApp, Inc.	85,839	5,296,266
Seagate Technology LLC	87,727	4,133,696

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

## Schedule of Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>INFORMATION TECHNOLOGY – continued</b>		
<b>Technology Hardware, Storage &amp; Peripherals – continued</b>		
Western Digital Corp.	101,815	\$ 4,841,303
Xerox Corp.	68,247	2,416,626
		<u>334,555,594</u>
<b>TOTAL INFORMATION TECHNOLOGY</b>		<u>1,820,017,861</u>
<b>MATERIALS – 2.7%</b>		
<b>Chemicals – 1.9%</b>		
Air Products & Chemicals, Inc.	76,373	17,288,556
Albemarle Corp. U.S. (b)	36,332	2,558,136
Celanese Corp. Class A	44,009	4,744,170
CF Industries Holdings, Inc.	76,576	3,576,865
Dow, Inc. (a)	260,076	12,824,348
DowDuPont, Inc.	259,936	19,513,396
Eastman Chemical Co.	48,021	3,737,474
Ecolab, Inc.	87,983	17,371,364
FMC Corp.	45,348	3,761,617
International Flavors & Fragrances, Inc. (b)	35,248	5,114,132
Linde PLC	188,273	37,805,218
LyondellBasell Industries NV Class A	105,604	9,095,673
PPG Industries, Inc.	81,695	9,534,623
Sherwin-Williams Co.	28,213	12,929,736
The Mosaic Co.	121,835	3,049,530
		<u>162,904,838</u>
<b>Construction Materials – 0.1%</b>		
Martin Marietta Materials, Inc.	21,750	5,004,893
Vulcan Materials Co.	45,852	6,295,938
		<u>11,300,831</u>
<b>Containers &amp; Packaging – 0.4%</b>		
Arcor PLC (a) (b)	563,951	6,479,797
Avery Dennison Corp.	29,559	3,419,385
Ball Corp.	115,977	8,117,230
International Paper Co.	137,502	5,956,587
Packaging Corp. of America	32,464	3,094,468
Sealed Air Corp.	53,469	2,287,404
WestRock Co.	89,789	3,274,605
		<u>32,629,476</u>
<b>Metals &amp; Mining – 0.3%</b>		
Freeport-McMoRan, Inc.	503,449	5,845,043
Newmont Goldcorp Corp.	284,562	10,947,100
Nucor Corp.	106,004	5,840,820
		<u>22,632,963</u>
<b>TOTAL MATERIALS</b>		<u>229,468,108</u>
<b>REAL ESTATE – 3.0%</b>		
<b>Equity Real Estate Investment Trusts (REITs) – 3.0%</b>		
Alexandria Real Estate Equities, Inc. (b)	39,360	5,553,302
American Tower Corp.	153,233	31,328,487
Apartment Investment & Management Co. Class A	52,002	2,606,340
AvalonBay Communities, Inc.	48,211	9,795,511
Boston Properties, Inc.	53,779	6,937,491
Crown Castle International Corp.	144,194	18,795,688
Digital Realty Trust, Inc. (b)	72,000	8,480,880

	Shares	Value
Duke Realty Corp.	123,419	\$ 3,901,275
Equinix, Inc.	29,170	14,710,139
Equity Residential (SBI)	128,122	9,727,022
Essex Property Trust, Inc.	22,836	6,666,513
Extra Space Storage, Inc.	44,385	4,709,249
Federal Realty Investment Trust (SBI)	26,178	3,370,679
HCP, Inc.	166,280	5,317,634
Host Hotels & Resorts, Inc.	258,201	4,704,422
Iron Mountain, Inc. (b)	98,382	3,079,357
Kimco Realty Corp.	144,769	2,675,331
Mid-America Apartment Communities, Inc.	39,815	4,688,614
Prologis, Inc.	218,809	17,526,601
Public Storage	52,122	12,413,897
Realty Income Corp.	108,803	7,504,143
Regency Centers Corp.	57,547	3,840,687
SBA Communications Corp. Class A (a)	39,384	8,855,099
Simon Property Group, Inc.	107,274	17,138,094
SL Green Realty Corp.	29,621	2,380,640
The Macerich Co. (b)	36,372	1,218,098
UDR, Inc.	97,802	4,390,332
Ventas, Inc.	127,609	8,722,075
Vornado Realty Trust	60,757	3,894,524
Welltower, Inc.	140,535	11,457,819
Weyerhaeuser Co.	259,038	6,823,061
		<u>253,213,004</u>
<b>Real Estate Management &amp; Development – 0.0%</b>		
CBRE Group, Inc. (a)	109,314	5,607,808
		<u>258,820,812</u>
<b>UTILITIES – 3.3%</b>		
<b>Electric Utilities – 2.0%</b>		
Alliant Energy Corp.	83,438	4,095,137
American Electric Power Co., Inc.	171,021	15,051,558
Duke Energy Corp.	252,541	22,284,218
Edison International	113,132	7,626,228
Entergy Corp.	65,856	6,778,558
Eversource Energy, Inc.	84,377	5,075,277
Eversource Energy (b)	111,513	8,448,225
Exelon Corp.	336,895	16,150,746
FirstEnergy Corp.	174,745	7,480,833
NextEra Energy, Inc.	165,997	34,006,145
Pinnacle West Capital Corp.	38,528	3,625,100
PPL Corp.	250,058	7,754,299
Southern Co.	360,942	19,952,874
Xcel Energy, Inc.	178,890	10,642,166
		<u>168,971,364</u>
<b>Gas Utilities – 0.0%</b>		
Atmos Energy Corp.	40,865	4,313,709
<b>Independent Power and Renewable Electricity Producers – 0.1%</b>		
NRG Energy, Inc.	92,578	3,251,339
The AES Corp.	231,368	3,877,728
		<u>7,129,067</u>
<b>Multi-Utilities – 1.1%</b>		
Ameren Corp.	85,016	6,385,552
CenterPoint Energy, Inc.	175,045	5,011,538

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

## Common Stocks – continued

	Shares	Value
<b>UTILITIES – continued</b>		
<b>Multi-Utilities – continued</b>		
CMS Energy Corp.	99,085	\$ 5,738,012
Consolidated Edison, Inc.	113,056	9,912,750
Dominion Resources, Inc.	278,282	21,516,764
DTE Energy Co.	63,295	8,094,165
NiSource, Inc.	130,737	3,765,226
Public Service Enterprise Group, Inc.	174,875	10,286,148
Sempra Energy	95,197	13,083,876
WEC Energy Group, Inc.	109,254	9,108,506
		<u>92,902,537</u>
<b>Water Utilities – 0.1%</b>		
American Water Works Co., Inc.	62,618	<u>7,263,688</u>
TOTAL UTILITIES		<u>280,580,365</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$3,933,999,572)		<b><u>8,476,078,817</u></b>

## Money Market Funds – 2.0%

Fidelity Cash Central Fund 2.42% (c)	65,662,149	65,675,281
Fidelity Securities Lending Cash Central Fund 2.42% (c) (d)	104,084,642	<u>104,095,050</u>

### TOTAL MONEY MARKET FUNDS

(Cost \$169,765,104) **169,770,331**

### TOTAL INVESTMENT IN SECURITIES – 101.8%

(Cost \$4,103,764,676) **8,645,849,148**

### NET OTHER ASSETS (LIABILITIES) – (1.8)%

**(152,494,267)**

### NET ASSETS – 100%

**\$8,493,354,881**

## Futures Contracts

	Number of contracts	Expiration Date	Notional Amount	Value	Unrealized Appreciation/ (Depreciation)
<b>Purchased</b>					
<b>Equity Index Contracts</b>					
CME E-mini S&P 500 Index Contracts (United States)	142	Sept. 2019	\$20,903,820	\$243,776	<u>\$ 243,776</u>

The notional amount of futures purchased as a percentage of Net Assets is 0.2%

## 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.

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

## Schedule of Investments (Unaudited) – continued

### Affiliated Central Funds

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

Fund	Income earned
Fidelity Cash Central Fund	\$ 1,035,937
Fidelity Securities Lending Cash Central Fund	261,350
Total	<u>\$ 1,297,287</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 securities lending income earned from the reinvestment of cash collateral from loaned securities, net of payments to and from borrowers of securities.

### Investment Valuation

The following is a summary of the inputs used, as of June 30, 2019, 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	\$ 863,298,559	\$ 863,298,559	\$ —	\$ —
Consumer Discretionary	863,507,101	863,507,101	—	—
Consumer Staples	616,035,950	616,035,950	—	—
Energy	427,561,411	427,561,411	—	—
Financials	1,111,505,911	1,111,505,911	—	—
Health Care	1,210,745,663	1,210,745,663	—	—
Industrials	794,537,076	794,537,076	—	—
Information Technology	1,820,017,861	1,820,017,861	—	—
Materials	229,468,108	229,468,108	—	—
Real Estate	258,820,812	258,820,812	—	—
Utilities	280,580,365	280,580,365	—	—
Money Market Funds	169,770,331	169,770,331	—	—
<b>Total Investments in Securities:</b>	<u>\$8,645,849,148</u>	<u>\$8,645,849,148</u>	<u>\$ —</u>	<u>\$ —</u>
<u>Derivative Instruments:</u>				
<u>Assets</u>				
Futures Contracts	\$ 243,776	\$ 243,776	\$ —	\$ —
Total Assets	<u>\$ 243,776</u>	<u>\$ 243,776</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Total Derivative Instruments:</b>	<u>\$ 243,776</u>	<u>\$ 243,776</u>	<u>\$ —</u>	<u>\$ —</u>

### Value of Derivative Instruments

The following table is a summary of the Fund's value of derivative instruments by primary risk exposure as of June 30, 2019. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Primary Risk Exposure / Derivative Type	Value	
	Asset	Liability
<b>Equity Risk</b>		
Futures Contracts <sup>(a)</sup>	\$243,776	\$0
<b>Total Equity Risk</b>	<u>243,776</u>	<u>0</u>
<b>Total Value of Derivatives</b>	<u>\$243,776</u>	<u>\$0</u>

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

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

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2019  
(Unaudited)

### Assets

Investment in securities, at value (including securities loaned of \$102,703,923) — See accompanying schedule:

Unaffiliated issuers (cost \$3,933,999,572)	\$ 8,476,078,817	
Fidelity Central Funds (cost \$169,765,104)	<u>169,770,331</u>	
Total Investment in Securities (cost \$4,103,764,676)		\$ 8,645,849,148
Segregated cash with brokers for derivative instruments		1,171,800
Cash		12,943
Receivable for fund shares sold		757,190
Dividends receivable		6,960,801
Distributions receivable from Fidelity Central Funds		88,698
Receivable for daily variation margin on futures contracts		126,755
Other receivables		<u>23,644</u>
<b>Total assets</b>		<u>8,654,990,979</u>

### Liabilities

Payable for investments purchased	\$ 49,868,591	
Payable for fund shares redeemed	6,636,425	
Accrued management fee	312,641	
Distribution and service plan fees payable	338,898	
Other affiliated payables	382,116	
Other payables and accrued expenses	23,608	
Collateral on securities loaned	<u>104,073,819</u>	
<b>Total liabilities</b>		<u>161,636,098</u>

**Net Assets** \$ 8,493,354,881

Net Assets consist of:

Paid in capital	\$ 3,865,103,818
Total distributable earnings (loss)	<u>4,628,251,063</u>

**Net Assets** \$ 8,493,354,881

### Net Asset Value and Maximum Offering Price

#### Initial Class:

**Net Asset Value**, offering price and redemption price per share (\$6,768,077,307 ÷ 23,018,895 shares) \$ 294.02

#### Service Class:

**Net Asset Value**, offering price and redemption price per share (\$106,333,939 ÷ 363,085 shares) \$ 292.86

#### Service Class 2:

**Net Asset Value**, offering price and redemption price per share (\$1,618,943,635 ÷ 5,576,901 shares) \$ 290.29

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

## Financial Statements – continued

### Statement of Operations

	Six months ended June 30, 2019 (Unaudited)
<b>Investment Income</b>	
Dividends	\$ 80,287,280
Interest	43,869
Income from Fidelity Central Funds (including \$261,350 from security lending)	<u>1,297,287</u>
<b>Total income</b>	<u>81,628,436</u>
<b>Expenses</b>	
Management fee	\$ 1,794,184
Transfer agent fees	2,192,891
Distribution and service plan fees	1,838,259
Independent trustees' fees and expenses	18,627
Legal	327
Interest	15,126
Commitment fees	<u>10,867</u>
Total expenses before reductions	5,870,281
Expense reductions	<u>(2,853)</u>
Total expenses after reductions	<u>5,867,428</u>
<b>Net investment income (loss)</b>	<u>75,761,008</u>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss) on:	
Investment securities:	
Unaffiliated issuers	3,184,272
Fidelity Central Funds	2,653
Futures contracts	<u>7,496,038</u>
Total net realized gain (loss)	10,682,963
Change in net unrealized appreciation (depreciation) on:	
Investment securities:	
Unaffiliated issuers	1,195,903,257
Fidelity Central Funds	(1,736)
Futures contracts	<u>(443,027)</u>
Total change in net unrealized appreciation (depreciation)	<u>1,195,458,494</u>
<b>Net gain (loss)</b>	<u>1,206,141,457</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ 1,281,902,465</u>

### Statement of Changes in Net Assets

	Six months ended June 30, 2019 (Unaudited)	Year ended December 31, 2018
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net investment income (loss)	\$ 75,761,008	\$ 139,900,685
Net realized gain (loss)	10,682,963	103,785,461
Change in net unrealized appreciation (depreciation)	<u>1,195,458,494</u>	<u>(560,106,509)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>1,281,902,465</u>	<u>(316,420,363)</u>
Distributions to shareholders	<u>(124,967,390)</u>	<u>(175,009,093)</u>
Share transactions — net increase (decrease)	<u>510,708,614</u>	<u>(418,325,147)</u>
<b>Total increase (decrease) in net assets</b>	<u>1,667,643,689</u>	<u>(909,754,603)</u>
<b>Net Assets</b>		
Beginning of period	<u>6,825,711,192</u>	<u>7,735,465,795</u>
End of period	<u>\$ 8,493,354,881</u>	<u>\$ 6,825,711,192</u>

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

# Financial Highlights

## VIP Index 500 Portfolio Initial Class

	Six months ended (Unaudited) June 30, 2019	Years ended December 31, 2018	2017	2016	2015	2014
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 252.46	\$ 271.18	\$ 227.46	\$ 206.43	\$ 208.12	\$ 186.29
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	2.72	5.09	4.71	4.42	4.15	3.75
Net realized and unrealized gain (loss)	43.47	(17.22)	44.36	20.06	(1.44)	21.58
Total from investment operations	46.19	(12.13)	49.07	24.48	2.71	25.33
Distributions from net investment income	(1.36)	(5.28) <sup>B</sup>	(4.57)	(3.23)	(4.26)	(3.31)
Distributions from net realized gain	(3.27)	(1.31) <sup>B</sup>	(.78)	(.22)	(.13)	(.18)
Total distributions	(4.63)	(6.59)	(5.35)	(3.45)	(4.40) <sup>C</sup>	(3.50) <sup>D</sup>
Net asset value, end of period	\$ 294.02	\$ 252.46	\$ 271.18	\$ 227.46	\$ 206.43	\$ 208.12
<b>Total Return</b> <sup>E,F,G</sup>	18.47%	(4.49)%	21.71%	11.86%	1.33%	13.57%
<b>Ratios to Average Net Assets</b> <sup>H,I</sup>						
Expenses before reductions	.10% <sup>J</sup>	.10%	.10%	.10%	.10%	.10%
Expenses net of fee waivers, if any	.10% <sup>J</sup>	.10%	.10%	.10%	.10%	.10%
Expenses net of all reductions	.10% <sup>J</sup>	.10%	.10%	.10%	.10%	.10%
Net investment income (loss)	1.94% <sup>J</sup>	1.82%	1.89%	2.07%	1.98%	1.91%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 6,768,077	\$ 5,719,086	\$ 6,139,813	\$ 5,001,375	\$ 4,103,865	\$ 3,823,973
Portfolio turnover rate <sup>K</sup>	5% <sup>J</sup>	5%	5%	6%	9%	3%

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

<sup>B</sup> The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

<sup>C</sup> Total distributions of \$4.40 per share is comprised of distributions from net investment income of \$4.262 and distributions from net realized gain of \$.133 per share.

<sup>D</sup> Total distributions of \$3.50 per share is comprised of distributions from net investment income of \$3.314 and distributions from net realized gain of \$.184 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 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 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 Index 500 Portfolio Service Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2019	2018	2017	2016	2015	2014
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 251.57	\$ 270.23	\$ 226.70	\$ 205.82	\$ 207.49	\$ 185.77
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	2.57	4.79	4.44	4.19	3.93	3.54
Net realized and unrealized gain (loss)	43.31	(17.13)	44.21	19.97	(1.43)	21.50
Total from investment operations	45.88	(12.34)	48.65	24.16	2.50	25.04
Distributions from net investment income	(1.31)	(5.01) <sup>B</sup>	(4.34)	(3.07)	(4.03)	(3.14)
Distributions from net realized gain	(3.27)	(1.31) <sup>B</sup>	(.78)	(.22)	(.13)	(.18)
Total distributions	(4.59) <sup>C</sup>	(6.32)	(5.12)	(3.28) <sup>D</sup>	(4.17) <sup>E</sup>	(3.32)
Net asset value, end of period	\$ 292.86	\$ 251.57	\$ 270.23	\$ 226.70	\$ 205.82	\$ 207.49
<b>Total Return</b> <sup>F,G,H</sup>	18.41%	(4.59)%	21.59%	11.75%	1.24%	13.46%
<b>Ratios to Average Net Assets</b> <sup>I,J</sup>						
Expenses before reductions	.20% <sup>K</sup>	.20%	.20%	.20%	.20%	.20%
Expenses net of fee waivers, if any	.20% <sup>K</sup>	.20%	.20%	.20%	.20%	.20%
Expenses net of all reductions	.20% <sup>K</sup>	.20%	.20%	.20%	.20%	.20%
Net investment income (loss)	1.84% <sup>K</sup>	1.72%	1.79%	1.97%	1.88%	1.81%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 106,334	\$ 89,704	\$ 92,965	\$ 77,697	\$ 64,618	\$ 64,442
Portfolio turnover rate <sup>L</sup>	5% <sup>K</sup>	5%	5%	6%	9%	3%

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

<sup>B</sup> The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

<sup>C</sup> Total distributions of \$4.59 per share is comprised of distributions from net investment income of \$1.314 and distributions from net realized gain of \$3.273 per share.

<sup>D</sup> Total distributions of \$3.28 per share is comprised of distributions from net investment income of \$3.068 and distributions from net realized gain of \$.216 per share.

<sup>E</sup> Total distributions of \$4.17 per share is comprised of distributions from net investment income of \$4.033 and distributions from net realized gain of \$.133 per share.

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

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

<sup>I</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>J</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from 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 expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

<sup>K</sup> Annualized

<sup>L</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 Index 500 Portfolio Service Class 2

	Six months ended (Unaudited) June 30, 2019	Years ended December 31, 2018	2017	2016	2015	2014
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 249.51	\$ 267.78	\$ 224.72	\$ 204.25	\$ 206.02	\$ 184.56
Income from Investment Operations						
Net investment income (loss) <sup>A</sup>	2.35	4.34	4.04	3.88	3.59	3.23
Net realized and unrealized gain (loss)	42.94	(16.96)	43.79	19.76	(1.42)	21.34
Total from investment operations	45.29	(12.62)	47.83	23.64	2.17	24.57
Distributions from net investment income	(1.23)	(4.34) <sup>B</sup>	(3.99)	(2.95)	(3.80)	(2.92)
Distributions from net realized gain	(3.27)	(1.31) <sup>B</sup>	(.78)	(.22)	(.13)	(.18)
Total distributions	(4.51) <sup>C</sup>	(5.65)	(4.77)	(3.17)	(3.94) <sup>D</sup>	(3.11) <sup>E</sup>
Net asset value, end of period	\$ 290.29	\$ 249.51	\$ 267.78	\$ 224.72	\$ 204.25	\$ 206.02
<b>Total Return</b> <sup>F,G,H</sup>	18.32%	(4.73)%	21.41%	11.58%	1.08%	13.29%
<b>Ratios to Average Net Assets</b> <sup>I,J</sup>						
Expenses before reductions	.35% <sup>K</sup>	.35%	.35%	.35%	.35%	.35%
Expenses net of fee waivers, if any	.35% <sup>K</sup>	.35%	.35%	.35%	.35%	.35%
Expenses net of all reductions	.35% <sup>K</sup>	.35%	.35%	.35%	.35%	.35%
Net investment income (loss)	1.70% <sup>K</sup>	1.57%	1.64%	1.82%	1.73%	1.66%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 1,618,944	\$ 1,016,922	\$ 1,502,688	\$ 1,215,228	\$ 575,158	\$ 466,026
Portfolio turnover rate <sup>L</sup>	5% <sup>K</sup>	5%	5%	6%	9%	3%

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

<sup>B</sup> The amounts shown reflect certain reclassifications related to book to tax differences that were made in the year shown.

<sup>C</sup> Total distributions of \$4.51 per share is comprised of distributions from net investment income of \$1.234 and distributions from net realized gain of \$3.273 per share.

<sup>D</sup> Total distributions of \$3.94 per share is comprised of distributions from net investment income of \$3.804 and distributions from net realized gain of \$.133 per share.

<sup>E</sup> Total distributions of \$3.11 per share is comprised of distributions from net investment income of \$2.923 and distributions from net realized gain of \$.184 per share.

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

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

<sup>I</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>J</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from 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 expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

<sup>K</sup> Annualized

<sup>L</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, 2019

## 1. Organization.

VIP Index 500 Portfolio (the Fund) is a fund of Variable Insurance Products Fund II (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, and Service Class 2 shares. All classes have equal rights and voting privileges, except for matters affecting a single class.

## 2. Investments in Fidelity Central Funds.

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

The Money Market Central Funds seek preservation of capital and current income and are managed by Fidelity Investments Money Management, Inc. (FIMM), an affiliate of the investment adviser. Annualized expenses of the Money Market Central Funds as of their most recent shareholder report date 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.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. 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, 2019 is included at the end of the Fund's Schedule of Investments.

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

subsequent to the ex-dividend date, based upon receipt of tax filings or other correspondence relating to the underlying investment. These distributions are recorded as a reduction of cost of investments and/or as a realized gain. Interest income is accrued as earned and includes coupon interest and amortization of premium and accretion of discount on debt securities as applicable.

**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.

**Deferred Trustee Compensation.** Under a Deferred Compensation Plan (the Plan), certain independent Trustees have elected to defer receipt of a portion of their annual compensation. Deferred amounts are invested in a cross-section of Fidelity funds, are marked-to-market and remain in the Fund until distributed in accordance with the Plan. The investment of deferred amounts and the offsetting payable to the Trustees of \$23,606 are included in the accompanying Statement of Assets and Liabilities in other receivables and other payables and accrued expenses, respectively.

**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.

Distributions are declared and recorded on the ex-dividend date. Income and capital gain distributions are declared separately for each class. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences resulted in distribution reclassifications for the period ended December 31, 2018.

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

Book-tax differences are primarily due to futures contracts, deferred trustees compensation and losses deferred due to wash sales and certain deemed distributions.

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	\$4,727,075,182
Gross unrealized depreciation	(197,256,834)
Net unrealized appreciation (depreciation)	<u>\$4,529,818,348</u>
Tax cost	<u>\$4,116,274,576</u>

#### 4. Derivative Instruments.

**Risk Exposures and the Use of Derivative Instruments.** The Fund's investment objective allows the Fund to enter into various types of derivative contracts, including futures contracts.

Derivatives are investments whose value is primarily derived from underlying assets, indices or reference rates and may be transacted on an exchange or over-the-counter (OTC). Derivatives may involve a future commitment to buy or sell a specified asset based on specified terms, to exchange future cash flows at periodic intervals based on a notional principal amount, or for one party to make one or more payments upon the occurrence of specified events in exchange for periodic payments from the other party.

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

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

**Equity Risk** Equity risk relates to the fluctuations in the value of financial instruments as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The Fund is also exposed to additional risks from investing in derivatives, such as liquidity risk and counterparty credit risk. Liquidity risk is the risk that the Fund will be unable to close out the derivative in the open market in a timely manner. Counterparty credit risk is the risk that the counterparty will not be able to fulfill its obligation to the Fund. Counterparty credit risk related to exchange-traded futures contracts may be mitigated by the protection provided by the exchange on which they trade.

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

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

Upon entering into a futures contract, a fund is required to deposit either cash or securities (initial margin) with a clearing broker in an amount equal to a certain percentage of the face value of the contract. Futures contracts are marked-to-market daily and subsequent daily payments (variation margin) are made or received by a fund depending on the daily fluctuations in the value of the

## Notes to Financial Statements (Unaudited) – continued

futures contracts and are recorded as unrealized appreciation or (depreciation). This receivable and/or payable, if any, is included in daily variation margin on futures contracts in the Statement of Assets and Liabilities. Realized gain or (loss) is recorded upon the expiration or closing of a futures contract. The net realized gain (loss) and change in net unrealized appreciation (depreciation) on futures contracts during the period is presented in the Statement of Operations.

Any open futures contracts at period end are presented in the Schedule of Investments under the caption “Futures Contracts”. The notional amount at value reflects each contract’s exposure to the underlying instrument or index at period end and is representative of volume of activity during the period. Cash deposited to meet initial margin requirements is presented as segregated cash with brokers for derivative instruments in the Statement of Assets and Liabilities.

### 5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$652,397,930 and \$203,649,644, respectively.

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

**Management Fee and Expense Contract.** Fidelity Management & Research Company (the investment adviser) and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee. The management fee is based on an annual rate of .045% of the Fund’s average net assets. Under the management contract, the investment adviser pays all other fund-level expenses, except the compensation of the independent Trustees and certain other expenses such as interest expense, including commitment fees. In addition, under an expense contract, the investment adviser pays class-level expenses as necessary so that total expenses do not exceed an annual rate of .10% of each class’ average net assets, excluding the distribution and service fee for each applicable class, with certain exceptions.

**Sub-Adviser.** Geode Capital Management, LLC (Geode), serves as sub-adviser for the Fund. Geode provides discretionary investment advisory services to the Fund and is paid by the investment adviser for providing these services.

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

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

Service Class	\$ 50,485
Service Class 2	<u>1,787,774</u>
	<u>\$1,838,259</u>

**Transfer Agent Fees.** Fidelity Investments Institutional Operations Company, Inc. (FIIOC), an affiliate of the investment adviser, is the transfer, dividend disbursing, and shareholder servicing agent for each class. FIIOC receives asset-based fees of .07% of each class’s average net assets for transfer agent services, typesetting, and printing and mailing of shareholder reports, excluding mailing of proxy statements. Under the expense contract, each class pays a portion of the transfer agent fees equal to an annual rate of .055% of class-level average net assets. For the period, transfer agent fees for each class were as follows:

Initial Class	\$1,771,814
Service Class	27,767
Service Class 2	<u>393,310</u>
	<u>\$2,192,891</u>

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

Borrower or Lender	Average Loan Balance	Weighted Average Interest Rate	Interest Expense
Borrower	\$23,250,333	2.60%	\$15,126

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

## 7. Committed Line of Credit.

The Fund participates with other funds managed by the investment adviser or an affiliate in a \$4.25 billion credit facility (the "line of credit") to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$10,867 and is reflected in Commitment fees on the Statement of Operations. During the period, the Fund did not borrow on this line of credit.

## 8. Security Lending.

The Fund lends portfolio securities 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. 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.

## 9. Expense Reductions.

Through arrangements with the Fund's custodian, credits realized as a result of certain uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's expenses by \$2,853.

## 10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2019	Year ended December 31, 2018
<b>Distributions to shareholders</b>		
Initial Class	\$105,246,265	\$146,828,196
Service Class	1,641,702	2,204,592
Service Class 2	18,079,423	25,976,305
Total	<u>\$124,967,390</u>	<u>\$175,009,093</u>

## 11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Six months ended June 30, 2019	Shares Year ended December 31, 2018	Dollars Six months ended June 30, 2019	Dollars Year ended December 31, 2018
<b>Initial Class</b>				
Shares sold	1,387,469	2,237,184	\$ 387,431,390	\$ 616,855,660
Reinvestment of distributions	391,847	574,264	105,246,265	146,828,196
Shares redeemed	(1,413,579)	(2,799,244)	(398,179,982)	(772,493,556)
Net increase (decrease)	<u>365,737</u>	<u>12,204</u>	<u>\$ 94,497,673</u>	<u>\$ (8,809,700)</u>
<b>Service Class</b>				
Shares sold	18,546	33,610	\$ 5,146,980	\$ 9,342,521
Reinvestment of distributions	6,134	8,652	1,641,702	2,204,592
Shares redeemed	(18,172)	(29,706)	(5,075,128)	(8,241,258)
Net increase (decrease)	<u>6,508</u>	<u>12,556</u>	<u>\$ 1,713,554</u>	<u>\$ 3,305,855</u>
<b>Service Class 2</b>				
Shares sold	2,012,674	667,272	\$ 550,002,478	\$ 183,031,179

## Notes to Financial Statements (Unaudited) – continued

	Shares Six months ended June 30, 2019	Shares Year ended December 31, 2018	Dollars Six months ended June 30, 2019	Dollars Year ended December 31, 2018
Reinvestment of distributions	68,111	102,379	18,079,423	25,976,305
Shares redeemed	(579,541)	(2,305,703)	(153,584,514)	(621,828,786)
Net increase (decrease)	<u>1,501,244</u>	<u>(1,536,052)</u>	<u>\$ 414,497,387</u>	<u>\$ (412,821,302)</u>

### 12. Other.

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

At the end of the period, the investment adviser or its affiliates were the owners of record of 39% of the total outstanding shares of the Fund.

# 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, 2019 to June 30, 2019).

## 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, 2019	Ending Account Value June 30, 2019	Expenses Paid During Period- <sup>B</sup> January 1, 2019 to June 30, 2019
Initial Class	.10%			
Actual		\$1,000.00	\$1,184.70	\$.54
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,024.30	\$.50
Service Class	.20%			
Actual		\$1,000.00	\$1,184.10	\$1.08
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,023.80	\$1.00
Service Class 2	.35%			
Actual		\$1,000.00	\$1,183.20	\$1.89
Hypothetical- <sup>C</sup>		\$1,000.00	\$1,023.06	\$1.76

<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 181/365 (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 Index 500 Portfolio

Each year, the Board of Trustees, including the Independent Trustees (together, the Board), votes on the renewal of the management contract with Fidelity Management & Research Company (FMR) and the sub-advisory agreements (together, the Advisory Contracts) for the fund, including the fund's sub-advisory agreement (Sub-Advisory Agreement) with Geode Capital Management, LLC (Geode). FMR and the sub-advisors 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 2019 meeting, the Board unanimously determined to renew the fund's Advisory Contracts. In reaching its determination, the Board considered all factors it believed relevant, including (i) the nature, extent, and quality of the services to be provided to the fund and its shareholders (including the investment performance of the fund); (ii) the competitiveness of the fund's management fee and total expense ratio relative to peer funds; (iii) the total costs of the services to be provided by and the profits to be realized by Fidelity and Geode from their respective relationships with the fund; and (iv) the extent to which, if any, economies of scale exist and would be realized as the fund grows, and whether any economies of scale are appropriately shared with fund shareholders.

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

**Nature, Extent, and Quality of Services Provided.** The Board considered staffing as it relates to the fund, including the backgrounds of investment personnel of Fidelity and Geode, 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 and with representatives of Geode. The Board considered the structure of the investment personnel compensation programs and whether the structures provide 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.

The Trustees also discussed with representatives of Fidelity, at meetings throughout the year, Fidelity's role in, among other things, overseeing compliance with federal securities laws and other applicable requirements by Geode with respect to the fund and monitoring and overseeing the performance and investment capabilities of Geode. The Trustees considered that the Board had received from Fidelity periodic reports about its oversight and due diligence processes, as well as periodic reports regarding the performance of Geode.

The Board also considered the nature, extent and quality of services provided by Geode. The Trustees noted that under the Sub-Advisory Agreement, subject to oversight by Fidelity, Geode is responsible for, among other things, identifying investments and arranging for execution of portfolio transactions to implement the fund's investment strategy. In addition, the Trustees noted that Geode is responsible for providing such reporting as may be requested by Fidelity to fulfill its oversight responsibilities discussed above.

**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 and Geode's investment staffs, including their size, education, experience, and resources, as well as Fidelity's and Geode's approach to recruiting, training, managing, and compensating investment personnel. The Board considered that Fidelity's and Geode's investment professionals have extensive resources, tools and capabilities 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. Additionally, in its deliberations, the Board considered Fidelity's and Geode'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 by FMR's affiliates 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 Board noted that the growth of fund assets over time across the complex allows Fidelity to reinvest in the development of services designed to enhance the value and convenience of the Fidelity funds as investment vehicles. These services include 24-hour access to account information and market information through telephone representatives and over the Internet, investor education materials and asset allocation tools, and the expanded availability of Fidelity Investor Centers.

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 making other enhancements to meet client needs; (iv) launching new share classes of existing funds; (v) eliminating purchase minimums and broadening eligibility requirements for certain funds and share classes; (vi) reducing management fees and total expenses for certain growth equity funds and index funds; (vii) lowering expense caps for certain existing funds and classes, and converting certain voluntary expense caps to contractual caps, to reduce expenses borne by shareholders; (viii) eliminating short-term redemption fees for funds that had such fees; (ix) rationalizing product lines and gaining increased efficiencies from fund mergers and share class consolidations; (x) continuing to develop, acquire and implement systems and technology to improve services to the funds and shareholders, strengthen information security, and increase efficiency; and (xi) continuing to implement enhancements to further strengthen Fidelity's product line to increase investors' probability of success in achieving their investment goals, including retirement income goals.

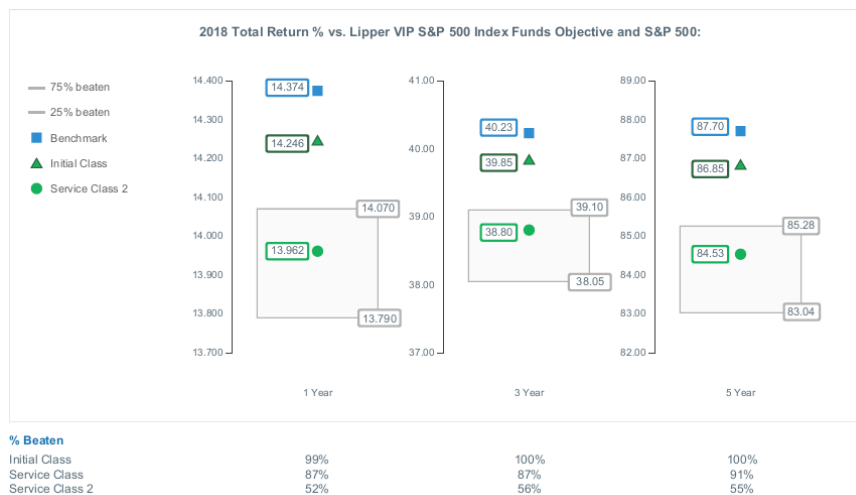
**Investment Performance.** The Board considered whether the fund has operated in accordance with its investment objective, as well as its record of compliance with its investment restrictions and its performance history.

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 the securities market index the fund seeks to track and a peer group of funds with similar objectives ("peer group"), if any. The Board also periodically considers the fund's tracking error versus its benchmark index. 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 an index fund's 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 a fund's benchmark index, over appropriate time periods taking into account relevant factors including the following: general market conditions; the characteristics of the fund's benchmark index; the extent to which statistical sampling is employed; any securities lending revenues; 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, 2018, 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 Index 500 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.

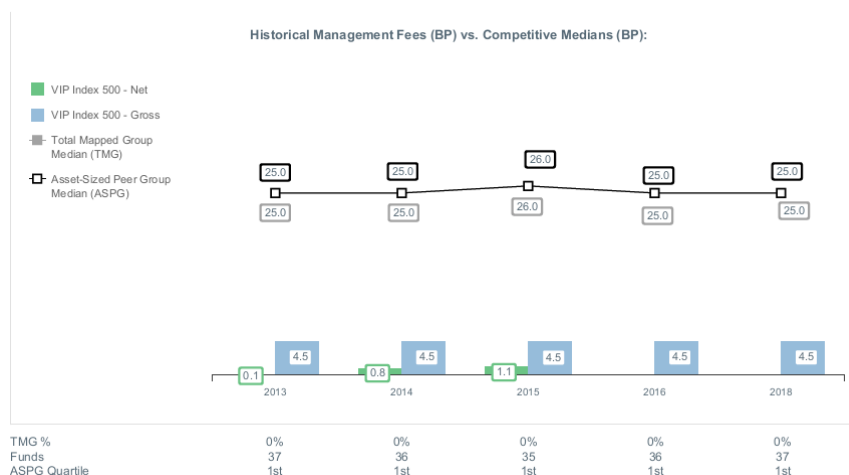
**Management Fee.** The Board considered two proprietary management fee comparisons for the 12-month periods (ended June 30 for 2018 and December 31 for prior periods) shown in basis points (BP) in the chart below. The group of Lipper funds used by the Board for management fee comparisons is referred to below as the "Total Mapped Group." The Total Mapped Group is broader than the Lipper peer group used by the Board for performance comparisons because the Total Mapped Group combines several Lipper investment objective categories while the Lipper peer group does not. The Total Mapped Group comparison focuses on a fund's standing in terms of gross management fees before expense reimbursements or caps relative to the total universe of funds with comparable investment mandates, regardless of whether their management fee structures also are comparable. Funds with comparable investment mandates offer exposure to similar types of securities. Funds with comparable management fee structures have similar management fee contractual arrangements (e.g., flat rate charged for advisory services, all-inclusive fee rate, etc.).

"TMG %" represents the percentage of funds in the Total Mapped Group that had management fees that were lower than the fund's. For example, a hypothetical TMG % of 20% would mean that

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

80% of the funds in the Total Mapped Group had higher, and 20% had lower, management fees than the fund. The fund's actual TMG %s and the number of funds in the Total Mapped Group are in the chart below. The "Asset-Size Peer Group" (ASPG) comparison focuses on a fund's standing relative to a subset of non-Fidelity funds within the Total Mapped Group that are similar in size and management fee structure. For example, if a fund is in the first quartile of the ASPG, the fund's management fee ranks in the least expensive or lowest 25% of funds in the ASPG. The ASPG represents at least 15% of the funds in the Total Mapped Group with comparable asset size and management fee structures, subject to a minimum of 50 funds (or all funds in the Total Mapped Group if fewer than 50). Additional information, such as the ASPG quartile in which the fund's management fee rate ranked, is also included in the chart and was considered by the Board. Because the vast majority of competitor funds' management fees do not cover non-management expenses, in prior years, the fund was compared on the basis of a hypothetical "net management fee," which was derived by subtracting payments made by FMR for "fund-level" non-management expenses (including pricing and bookkeeping fees and fees paid to non-affiliated custodians), as well as "class-level" expenses paid by FMR under expense limitation agreements in effect for the fund, from the fund's management fee. Fidelity no longer calculates a hypothetical net management fee for the fund and, as a result, the chart does not include hypothetical net management fees for 2016 and 2018.

### VIP Index 500 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, 2018.

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 (such as the fund) and investment products not included in group fee assets. The Board also considered that, for funds subject to the group fee, FMR agreed to voluntarily waive fees over a specified period of time in amounts designed to account for assets converted from certain funds to certain collective investment trusts.

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

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

In connection with the renewal of the Advisory Contracts, the Board also approved amendments to the management contract for the fund to clarify that the fund pays its non-operating expenses, including brokerage commissions and fees and expenses associated with the fund's securities lending program. The Board considered that the amendments would not change the services provided to the fund or the party responsible for making such payments under the current management contract.

The Board noted that the total expense ratio of each of Initial Class and Service Class ranked below the competitive median for the 12-month period ended June 30, 2018, and the total expense ratio of Service Class 2 ranked equal to the competitive median for the 12-month period ended June 30, 2018.

The Board considered that current contractual arrangements for the fund oblige FMR to pay all "class-level" expenses of each class of the fund to the extent necessary to limit total operating expenses, with certain exceptions, as follows: Initial Class: 0.10%; Service Class: 0.20%; and Service Class 2: 0.35%. These contractual arrangements may not be amended to increase the fees or expenses payable except by a vote of a majority of the Board and by a vote of a majority of the outstanding voting securities of the applicable class.

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

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

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

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

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

The Board also reviewed Fidelity's and Geode'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 and Geode's affiliates may benefit from the fund's business. The Board noted that changes to fall-out benefits year-over-year reflect business developments at Fidelity's various businesses.

The Board considered the costs of the services provided by and the profits realized by Fidelity in connection with the operation of the fund and was satisfied that the profitability was not excessive. The Board also considered information regarding the profitability of Geode's relationship with each fund.

**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 recognized that, due to the fund's current contractual arrangements, the expense ratio of each class will not decline if the class's operating costs decrease as assets grow, or rise as assets decrease. 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 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 performance trends, in particular the underperformance of certain funds, and Fidelity's long-term strategies for certain funds; (ii) Fidelity's fund profitability methodology, profitability trends for certain funds, and the impact of certain factors on fund profitability results; (iii) metrics for evaluating index fund and ETF performance and information about ETF trading characteristics; (iv) the methodology with respect to the evaluation of competitive fund data and peer group classifications and fee comparisons; (v) the expense structures for different funds and classes; (vi) information regarding other accounts managed by Fidelity, including collective investment trusts; and (vii) 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 and sub-advisory fee arrangements are fair and reasonable, and that the fund's Advisory Contracts should be renewed.

