

Fidelity® Variable Insurance Products:

Growth & Income Portfolio

Semi-Annual Report
June 30, 2018



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

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

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

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

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

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

NOT FDIC INSURED •MAY LOSE VALUE •NO BANK GUARANTEE

Neither the Fund nor Fidelity Distributors Corporation is a bank.

Investment Summary (Unaudited)

Top Ten Stocks as of June 30, 2018

	% of fund's net assets
Microsoft Corp.	3.9
Bank of America Corp.	3.1
Exxon Mobil Corp.	3.0
Apple, Inc.	2.6
Comcast Corp. Class A	2.5
JPMorgan Chase & Co.	2.5
Citigroup, Inc.	2.5
Chevron Corp.	2.2
Wells Fargo & Co.	2.2
Suncor Energy, Inc.	2.2
	<u>26.7</u>

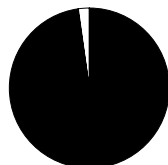
Top Five Market Sectors as of June 30, 2018

	% of fund's net assets
Financials	20.0
Information Technology	16.1
Energy	14.5
Health Care	13.6
Industrials	11.4

Asset Allocation (% of fund's net assets)

As of June 30, 2018 *,**

■ Stocks	97.7%
■ Bonds	0.1%
□ Short-Term Investments and Net Other Assets (Liabilities)	2.2%



* Foreign investments — 14.0%

** Written options — (0.0)%

Percentages shown as 0.0% may reflect amounts less than 0.05%.

Schedule of Investments June 30, 2018 (Unaudited)

Showing Percentage of Net Assets

Common Stocks – 97.4%

	Shares	Value
CONSUMER DISCRETIONARY – 8.2%		
Hotels, Restaurants & Leisure – 0.7%		
Cedar Fair LP (depository unit)	10,100	\$ 636,401
DineEquity, Inc.	30,400	2,273,920
Dunkin' Brands Group, Inc.	85,900	5,933,113
Papa John's International, Inc.	17,800	902,816
Starbucks Corp.	2,900	141,665
		<u>9,887,915</u>
Media – 4.5%		
Comcast Corp. Class A	1,081,562	35,486,049
Interpublic Group of Companies, Inc.	338,800	7,941,472
Omnicom Group, Inc.	37,600	2,867,752
The Walt Disney Co.	159,000	16,664,790
Viacom, Inc. Class B (non-vtg.)	35,400	1,067,664
		<u>64,027,727</u>
Multiline Retail – 0.3%		
Target Corp.	54,977	4,184,849
Specialty Retail – 2.7%		
L Brands, Inc.	150,100	5,535,688
Lowe's Companies, Inc.	167,717	16,028,714
Ross Stores, Inc.	60,600	5,135,850
TJX Companies, Inc. (a)	112,700	10,726,786
		<u>37,427,038</u>
TOTAL CONSUMER DISCRETIONARY		<u>115,527,529</u>
CONSUMER STAPLES – 7.4%		
Beverages – 1.3%		
The Coca-Cola Co.	402,853	17,669,133
Food & Staples Retailing – 1.2%		
Walmart, Inc.	197,700	16,933,005
Food Products – 0.4%		
Campbell Soup Co. (b)	39,300	1,593,222
The Hershey Co.	39,200	3,647,952
		<u>5,241,174</u>
Household Products – 1.7%		
Kimberly-Clark Corp.	40,700	4,287,338
Procter & Gamble Co.	210,750	16,451,145
Reckitt Benckiser Group PLC	31,079	2,553,601
Spectrum Brands Holdings, Inc.	11,100	905,982
		<u>24,198,066</u>
Tobacco – 2.8%		
Altria Group, Inc.	466,300	26,481,177
British American Tobacco PLC sponsored ADR	257,000	12,965,650
		<u>39,446,827</u>
TOTAL CONSUMER STAPLES		<u>103,488,205</u>
ENERGY – 14.5%		
Energy Equipment & Services – 1.1%		
Baker Hughes, a GE Co. Class A	222,100	7,335,963
Nabors Industries Ltd.	150,100	962,141
National Oilwell Varco, Inc.	105,800	4,591,720
Oceaneering International, Inc.	133,200	3,391,272
		<u>16,281,096</u>

Oil, Gas & Consumable Fuels – 13.4%

	Shares	Value
Anadarko Petroleum Corp.	41,400	\$ 3,032,550
BP PLC sponsored ADR	304,293	13,894,018
Cabot Oil & Gas Corp.	232,300	5,528,740
Cenovus Energy, Inc.	1,704,224	17,694,944
Cenovus Energy, Inc.	7,000	72,660
Chevron Corp.	248,118	31,369,559
ConocoPhillips Co.	133,195	9,273,036
Enterprise Products Partners LP	78,200	2,163,794
Equinor ASA sponsored ADR	186,100	4,914,901
Exxon Mobil Corp.	509,900	42,184,027
Golar LNG Ltd.	117,100	3,449,766
Imperial Oil Ltd.	181,200	6,023,231
Legacy Reserves LP (b) (c)	205,688	1,419,247
Suncor Energy, Inc.	742,760	30,226,798
Teekay LNG Partners LP	76,500	1,289,025
The Williams Companies, Inc.	309,590	8,392,985
Williams Partners LP	157,505	6,393,128
		<u>187,322,409</u>
TOTAL ENERGY		<u>203,603,505</u>

FINANCIALS – 20.0%

Banks – 13.2%

	Shares	Value
Bank of America Corp.	1,556,332	43,872,999
BNP Paribas SA	7,100	441,019
Citigroup, Inc.	512,018	34,264,245
Cullen/Frost Bankers, Inc.	1,900	205,656
First Hawaiian, Inc.	34,100	989,582
JPMorgan Chase & Co.	339,832	35,410,494
M&T Bank Corp.	800	136,120
PNC Financial Services Group, Inc.	82,772	11,182,497
SunTrust Banks, Inc.	238,964	15,776,403
U.S. Bancorp	250,798	12,544,916
Wells Fargo & Co.	548,769	30,423,753
		<u>185,247,684</u>

Capital Markets – 5.7%

	Shares	Value
Apollo Global Management LLC Class A (a)	93,400	2,976,658
Charles Schwab Corp. (a)	135,684	6,933,452
KKR & Co. LP	407,793	10,133,656
Morgan Stanley	191,883	9,095,254
Northern Trust Corp.	174,345	17,938,357
Oaktree Capital Group LLC Class A	70,100	2,849,565
S&P Global, Inc. (a)	31,000	6,320,590
State Street Corp.	254,779	23,717,377
		<u>79,964,909</u>

Insurance – 0.9%

	Shares	Value
Chubb Ltd.	11,300	1,435,326
Marsh & McLennan Companies, Inc.	55,742	4,569,172
MetLife, Inc.	135,400	5,903,440
The Travelers Companies, Inc.	5,700	697,338
		<u>12,605,276</u>

Thriffs & Mortgage Finance – 0.2%

	Shares	Value
Radian Group, Inc.	178,950	2,902,569
TOTAL FINANCIALS		<u>280,720,438</u>

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

Common Stocks – continued

	Shares	Value
HEALTH CARE – 13.4%		
Biotechnology – 2.0%		
Alexion Pharmaceuticals, Inc. (c)	74,600	\$ 9,261,590
Amgen, Inc.	83,150	15,348,659
Biogen, Inc. (c)	2,700	783,648
Intercept Pharmaceuticals, Inc. (c)	31,958	2,681,596
		<u>28,075,493</u>
Health Care Equipment & Supplies – 0.9%		
Becton, Dickinson & Co.	3,500	838,460
Boston Scientific Corp. (c)	71,800	2,347,860
Danaher Corp.	51,100	5,042,548
Fisher & Paykel Healthcare Corp.	69,190	697,781
ResMed, Inc.	12,800	1,325,824
Steris PLC	11,300	1,186,613
Zimmer Biomet Holdings, Inc.	10,900	1,214,696
		<u>12,653,782</u>
Health Care Providers & Services – 5.6%		
AmerisourceBergen Corp.	98,710	8,417,002
Anthem, Inc.	35,600	8,473,868
Cardinal Health, Inc.	176,300	8,608,729
Cigna Corp.	41,190	7,000,241
CVS Health Corp.	324,064	20,853,518
Fresenius Medical Care AG & Co. KGaA sponsored ADR	35,300	1,777,355
Humana, Inc.	11,500	3,422,745
McKesson Corp.	68,788	9,176,319
Patterson Companies, Inc.	158,043	3,582,835
UnitedHealth Group, Inc.	25,700	6,305,238
		<u>77,617,850</u>
Pharmaceuticals – 4.9%		
Allergan PLC	17,600	2,934,272
AstraZeneca PLC sponsored ADR	147,000	5,161,170
Bayer AG	77,516	8,513,087
GlaxoSmithKline PLC sponsored ADR	558,394	22,508,862
Johnson & Johnson	148,959	18,074,685
Novartis AG sponsored ADR	7,025	530,669
Perrigo Co. PLC	10,100	736,391
Sanofi SA	53,138	4,264,831
Teva Pharmaceutical Industries Ltd. sponsored ADR	252,903	6,150,601
		<u>68,874,568</u>
TOTAL HEALTH CARE		<u>187,221,693</u>
INDUSTRIALS – 11.3%		
Aerospace & Defense – 2.2%		
General Dynamics Corp.	30,300	5,648,223
Meggitt PLC	39,705	258,493
Rolls-Royce Holdings PLC	246,000	3,204,170
United Technologies Corp.	169,387	21,178,457
		<u>30,289,343</u>
Air Freight & Logistics – 1.6%		
C.H. Robinson Worldwide, Inc.	50,300	4,208,098
Expeditors International of Washington, Inc.	15,495	1,132,685
United Parcel Service, Inc. Class B	159,872	16,983,203
		<u>22,323,986</u>

	Shares	Value
Commercial Services & Supplies – 0.2%		
Healthcare Services Group, Inc.	48,200	\$ 2,081,758
Ritchie Brothers Auctioneers, Inc.	20,900	712,856
		<u>2,794,614</u>
Electrical Equipment – 0.7%		
Acuity Brands, Inc.	43,600	5,051,932
Hubbell, Inc. Class B	37,479	3,963,029
Rockwell Automation, Inc.	4,200	698,166
		<u>9,713,127</u>
Industrial Conglomerates – 1.7%		
3M Co.	1,400	275,408
General Electric Co.	1,791,150	24,377,552
		<u>24,652,960</u>
Machinery – 1.1%		
Donaldson Co., Inc.	29,200	1,317,504
Flowsolve Corp.	181,200	7,320,480
PACCAR, Inc.	4,000	247,840
Snap-On, Inc.	11,400	1,832,208
Wabtec Corp.	49,700	4,899,426
		<u>15,617,458</u>
Professional Services – 0.3%		
Nielsen Holdings PLC	117,700	3,640,461
Road & Rail – 2.5%		
CSX Corp. (a)	89,547	5,711,308
J.B. Hunt Transport Services, Inc. (a)	71,882	8,737,257
Norfolk Southern Corp.	47,793	7,210,530
Union Pacific Corp.	97,000	13,742,960
		<u>35,402,055</u>
Trading Companies & Distributors – 1.0%		
Bunzl PLC	30,200	914,706
Fastenal Co.	91,900	4,423,147
Howden Joinery Group PLC	40,900	289,429
MSC Industrial Direct Co., Inc. Class A	20,800	1,764,880
Watsco, Inc.	35,692	6,363,170
		<u>13,755,332</u>
TOTAL INDUSTRIALS		<u>158,189,336</u>
INFORMATION TECHNOLOGY – 16.1%		
Communications Equipment – 1.3%		
Cisco Systems, Inc.	416,404	17,917,864
Electronic Equipment & Components – 0.1%		
Avnet, Inc.	24,200	1,037,938
Philips Lighting NV (d)	29,400	763,916
		<u>1,801,854</u>
Internet Software & Services – 1.2%		
Alphabet, Inc.:		
Class A (c)	7,518	8,489,250
Class C (c)	6,983	7,790,584
LogMeIn, Inc.	4,700	485,275
		<u>16,765,109</u>
IT Services – 3.4%		
Accenture PLC Class A	14,300	2,339,337
IBM Corp.	17,600	2,458,720
MasterCard, Inc. Class A (a)	24,110	4,738,097
Paychex, Inc. (a)	212,531	14,526,494

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

Schedule of Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
INFORMATION TECHNOLOGY – continued		
IT Services – continued		
Unisys Corp. (c)	214,196	\$ 2,763,128
Visa, Inc. Class A	156,676	20,751,736
		<u>47,577,512</u>
Semiconductors & Semiconductor Equipment – 1.7%		
Analog Devices, Inc.	13,600	1,304,512
Qualcomm, Inc.	398,861	22,384,079
United Microelectronics Corp. sponsored ADR	208,500	587,970
		<u>24,276,561</u>
Software – 5.8%		
Micro Focus International PLC	188,038	3,262,708
Microsoft Corp.	558,413	55,065,103
Oracle Corp.	346,091	15,248,769
SAP SE sponsored ADR (b)	68,400	7,911,144
		<u>81,487,724</u>
Technology Hardware, Storage & Peripherals – 2.6%		
Apple, Inc.	192,658	35,662,922
		<u>225,489,546</u>
TOTAL INFORMATION TECHNOLOGY		
		<u>225,489,546</u>
MATERIALS – 1.9%		
Chemicals – 1.6%		
CF Industries Holdings, Inc.	89,400	3,969,360
LyondellBasell Industries NV Class A	75,000	8,238,750
Nutrien Ltd. (b)	148,780	8,093,976
The Scotts Miracle-Gro Co. Class A	28,100	2,336,796
		<u>22,638,882</u>
Metals & Mining – 0.3%		
BHP Billiton Ltd. sponsored ADR (b)	82,300	4,115,823
		<u>26,754,705</u>
REAL ESTATE – 1.6%		
Equity Real Estate Investment Trusts (REITs) – 1.6%		
American Tower Corp.	32,200	4,642,274
CoreSite Realty Corp.	33,000	3,657,060
Equinix, Inc.	13,100	5,631,559
Omega Healthcare Investors, Inc.	28,200	874,200
Public Storage	18,200	4,128,852
Sabra Health Care REIT, Inc.	50,600	1,099,538
Spirit MTA REIT (c)	19,000	195,700
Spirit Realty Capital, Inc.	190,000	1,525,700
		<u>21,754,883</u>
TELECOMMUNICATION SERVICES – 1.5%		
Diversified Telecommunication Services – 1.5%		
AT&T, Inc.	55,387	1,778,477
Verizon Communications, Inc.	379,680	19,101,701
		<u>20,880,178</u>
UTILITIES – 1.5%		
Electric Utilities – 1.3%		
Exelon Corp.	303,700	12,937,620

	Shares	Value
PPL Corp.	141,600	\$ 4,042,680
Southern Co.	31,600	1,463,396
		<u>18,443,696</u>
Independent Power and Renewable Electricity Producers – 0.1%		
The AES Corp.	120,500	1,615,905
Multi-Utilities – 0.1%		
Sempra Energy	13,100	1,521,041
		<u>21,580,642</u>
TOTAL UTILITIES		
		<u>21,580,642</u>
TOTAL COMMON STOCKS		
(Cost \$1,035,732,749)		1,365,210,660

Preferred Stocks – 0.3%

Convertible Preferred Stocks – 0.3%		
HEALTH CARE – 0.1%		
Health Care Equipment & Supplies – 0.1%		
Becton, Dickinson & Co. Series A, 6.125%	37,600	2,322,458
		<u>2,322,458</u>
INDUSTRIALS – 0.1%		
Commercial Services & Supplies – 0.1%		
Stericycle, Inc. 2.25%	21,800	1,066,146
		<u>1,066,146</u>
UTILITIES – 0.1%		
Electric Utilities – 0.1%		
Vistra Energy Corp. 7.00%	11,300	1,066,155
		<u>1,066,155</u>
TOTAL CONVERTIBLE PREFERRED STOCKS		
		<u>4,454,759</u>
Nonconvertible Preferred Stocks – 0.0%		
INDUSTRIALS – 0.0%		
Aerospace & Defense – 0.0%		
Rolls-Royce Holdings PLC (C Shares)	73,045,970	96,402
		<u>96,402</u>
TOTAL PREFERRED STOCKS		
(Cost \$4,452,658)		4,551,161

Convertible Bonds – 0.1%

	Principal Amount	
HEALTH CARE – 0.1%		
Pharmaceuticals – 0.1%		
Bayer Capital Corp. BV 5.625% 11/22/19 (d)		
(Cost \$1,175,020)	EUR 1,100,000	1,370,724

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

Money Market Funds – 3.6%

	Shares	Value
Fidelity Cash Central Fund, 1.93% (e)	40,746,409	\$ 40,754,559
Fidelity Securities Lending Cash Central Fund 1.92% (e) (f)	9,370,338	<u>9,372,212</u>

TOTAL MONEY MARKET FUNDS

(Cost \$50,125,869)

50,126,771

TOTAL INVESTMENT IN SECURITIES – 101.4%

(Cost \$1,091,486,296)

1,421,259,316

NET OTHER ASSETS (LIABILITIES) – (1.4)%

(19,748,996)

NET ASSETS – 100%

\$1,401,510,320

Written Options

	Counterparty	Number of Contracts	Notional Amount	Exercise Price	Expiration Date	Value
Call Options						
Apollo Global Management, LLC Class A	Chicago Board Options Exchange	230	\$ 733,010	\$ 34.00	7/20/18	\$ (1,725)
Charles Schwab Corp.	Chicago Board Options Exchange	268	1,369,480	60.00	9/21/18	(7,370)
CSX Corp.	Chicago Board Options Exchange	893	5,695,554	70.00	8/17/18	(41,078)
J.B. Hunt Transport, Inc.	Chicago Board Options Exchange	143	1,738,165	135.00	7/20/18	(3,218)
Mastercard, Inc. Class A	Chicago Board Options Exchange	59	1,159,468	200.00	7/20/18	(13,600)
Paychex, Inc.	Bank of America NA	417	2,850,195	67.50	7/20/18	(71,729)
S&P Global, Inc.	Bank of America NA	149	3,037,961	210.00	8/17/18	(51,511)
TIJX Companies, Inc.	Chicago Board Options Exchange	399	3,797,682	97.50	10/19/18	(135,658)
TOTAL WRITTEN OPTIONS						<u>\$(325,889)</u>

Currency Abbreviations

EUR — European Monetary Unit

Legend

- (a) Security or a portion of the security is pledged as collateral for call options written. At period end, the value of securities pledged amounted to \$14,493,359.
- (b) Security or a portion of the security is on loan at period end.
- (c) Non-income producing

- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the end of the period, the value of these securities amounted to \$2,134,640 or 0.2% of net assets.
- (e) 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.
- (f) Investment made with cash collateral received from securities on loan.

Affiliated Central Funds

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

Fund	Income earned
Fidelity Cash Central Fund	\$ 248,923
Fidelity Securities Lending Cash Central Fund	43,040
Total	<u>\$ 291,963</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.

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

Schedule of Investments (Unaudited) – continued

Investment Valuation

The following is a summary of the inputs used, as of June 30, 2018, involving the Fund's assets and liabilities carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used below, please refer to the Investment Valuation section in the accompanying Notes to Financial Statements.

Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 115,527,529	\$ 115,527,529	\$ —	\$ —
Consumer Staples	103,488,205	100,934,604	2,553,601	—
Energy	203,603,505	203,603,505	—	—
Financials	280,720,438	280,720,438	—	—
Health Care	189,544,151	174,443,775	15,100,376	—
Industrials	159,351,884	155,081,568	4,270,316	—
Information Technology	225,489,546	222,226,838	3,262,708	—
Materials	26,754,705	26,754,705	—	—
Real Estate	21,754,883	21,754,883	—	—
Telecommunication Services	20,880,178	20,880,178	—	—
Utilities	22,646,797	21,580,642	1,066,155	—
Corporate Bonds	1,370,724	—	1,370,724	—
Money Market Funds	50,126,771	50,126,771	—	—
Total Investments in Securities:	\$1,421,259,316	\$1,393,635,436	\$27,623,880	\$ —
Derivative Instruments:				
Liabilities				
Written Options	\$ (325,889)	\$ (202,649)	\$ (123,240)	\$ —
Total Liabilities	\$ (325,889)	\$ (202,649)	\$ (123,240)	\$ —
Total Derivative Instruments:	\$ (325,889)	\$ (202,649)	\$ (123,240)	\$ —

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, 2018. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Primary Risk Exposure / Derivative Type	Value	
	Asset	Liability
Equity Risk		
Written Options (a)	\$0	\$(325,889)
Total Equity Risk	<u>0</u>	<u>(325,889)</u>
Total Value of Derivatives	<u>\$0</u>	<u>\$(325,889)</u>

(a) Gross value is presented in the Statement of Assets and Liabilities in the written options, at value line-item.

Other Information

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

United States of America	86.0%
United Kingdom	5.1%
Canada	4.6%
Germany	1.3%
Others (Individually Less Than 1%)	3.0%
	<u>100.0%</u>

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

Financial Statements

Statement of Assets and Liabilities

June 30, 2018
(Unaudited)

Assets

Investment in securities, at value (including securities loaned of \$9,219,236) — See accompanying schedule:

Unaffiliated issuers (cost \$1,041,360,427)	\$ 1,371,132,545	
Fidelity Central Funds (cost \$50,125,869)	50,126,771	
Total Investment in Securities (cost \$1,091,486,296)		\$ 1,421,259,316
Receivable for investments sold		988,534
Receivable for fund shares sold		256,713
Dividends receivable		2,027,883
Interest receivable		72,258
Distributions receivable from Fidelity Central Funds		90,790
Other receivables		18,663
Total assets		1,424,714,157

Liabilities

Payable to custodian bank	\$ 3	
Payable for investments purchased	6,254,082	
Payable for fund shares redeemed	6,416,014	
Accrued management fee	521,093	
Distribution and service plan fees payable	128,226	
Written options, at value (premium received \$371,128)	325,889	
Other affiliated payables	134,774	
Other payables and accrued expenses	49,466	
Collateral on securities loaned	9,374,290	
Total liabilities		23,203,837

Net Assets **\$ 1,401,510,320**

Net Assets consist of:

Paid in capital	\$ 997,765,869
Undistributed net investment income	10,271,567
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	63,656,439
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	329,816,445
Net Assets	\$ 1,401,510,320

Initial Class:

Net Asset Value, offering price and redemption price per share (\$416,623,555 ÷ 19,392,374 shares) **\$ 21.48**

Service Class:

Net Asset Value, offering price and redemption price per share (\$118,143,731 ÷ 5,550,277 shares) **\$ 21.29**

Service Class 2:

Net Asset Value, offering price and redemption price per share (\$564,153,738 ÷ 26,896,986 shares) **\$ 20.97**

Investor Class:

Net Asset Value, offering price and redemption price per share (\$302,589,296 ÷ 14,147,343 shares) **\$ 21.39**

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

Financial Statements – continued

Statement of Operations

		Six months ended June 30, 2018 (Unaudited)
Investment Income		
Dividends		\$ 17,927,036
Interest		37,139
Income from Fidelity Central Funds		<u>291,963</u>
Total income		<u>18,256,138</u>
Expenses		
Management fee	\$ 3,110,019	
Transfer agent fees	577,709	
Distribution and service plan fees	751,514	
Accounting and security lending fees	223,537	
Custodian fees and expenses	25,488	
Independent trustees' fees and expenses	3,124	
Audit	36,884	
Legal	439	
Miscellaneous	<u>5,304</u>	
Total expenses before reductions	4,734,018	
Expense reductions	<u>(47,978)</u>	
Total expenses after reductions		<u>4,686,040</u>
Net investment income (loss)		<u>13,570,098</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	66,478,323	
Fidelity Central Funds	(832)	
Foreign currency transactions	(18,060)	
Written options	<u>1,485,825</u>	
Total net realized gain (loss)		<u>67,945,256</u>
Change in net unrealized appreciation (depreciation) on:		
Investment securities:		
Unaffiliated issuers	(76,556,721)	
Fidelity Central Funds	(91)	
Assets and liabilities in foreign currencies	(3,267)	
Written options	<u>29,856</u>	
Total change in net unrealized appreciation (depreciation)		<u>(76,530,223)</u>
Net gain (loss)		<u>(8,584,967)</u>
Net increase (decrease) in net assets resulting from operations		<u>\$ 4,985,131</u>

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

Statement of Changes in Net Assets

	Six months ended June 30, 2018 (Unaudited)	Year ended December 31, 2017
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 13,570,098	\$ 21,619,745
Net realized gain (loss)	67,945,256	83,494,605
Change in net unrealized appreciation (depreciation)	(76,530,223)	98,180,208
Net increase (decrease) in net assets resulting from operations	<u>4,985,131</u>	<u>203,294,558</u>
Distributions to shareholders from net investment income	(2,911,479)	(15,754,100)
Distributions to shareholders from net realized gain	(76,243,735)	(30,718,448)
Total distributions	<u>(79,155,214)</u>	<u>(46,472,548)</u>
Share transactions — net increase (decrease)	49,246,705	139,165,465
Total increase (decrease) in net assets	<u>(24,923,378)</u>	<u>295,987,475</u>
Net Assets		
Beginning of period	1,426,433,698	1,130,446,223
End of period	<u>\$ 1,401,510,320</u>	<u>\$ 1,426,433,698</u>
Other Information		
Undistributed net investment income end of period	\$ 10,271,567	\$ —
Distributions in excess of net investment income end of period	\$ —	\$ (387,052)

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

Financial Highlights

VIP Growth & Income Portfolio Initial Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2018	2017	2016	2015	2014	2013
Selected Per-Share Data						
Net asset value, beginning of period	\$ 22.71	\$ 20.15	\$ 18.88	\$ 20.78	\$ 19.14	\$ 14.59
Income from Investment Operations						
Net investment income (loss) ^A	.22	.38	.35	.40	.38	.33
Net realized and unrealized gain (loss)	(.18)	2.96	2.38	(.86)	1.63	4.55
Total from investment operations	.04	3.34	2.73	(.46)	2.01	4.88
Distributions from net investment income	(.05)	(.28)	(.32)	(.42) ^B	(.36)	(.33)
Distributions from net realized gain	(1.22)	(.51)	(1.14)	(1.01) ^B	(.01)	—
Total distributions	(1.27)	(.78) ^C	(1.46)	(1.44) ^D	(.37)	(.33)
Net asset value, end of period	\$ 21.48	\$ 22.71	\$ 20.15	\$ 18.88	\$ 20.78	\$ 19.14
Total Return ^{E,F,G}	.36%	16.90%	16.08%	(2.27)%	10.47%	33.56%
Ratios to Average Net Assets ^{H,I}						
Expenses before reductions	.55% ^J	.55%	.56%	.56%	.57%	.57%
Expenses net of fee waivers, if any	.55% ^J	.55%	.56%	.56%	.57%	.57%
Expenses net of all reductions	.54% ^J	.55%	.56%	.56%	.57%	.57%
Net investment income (loss)	2.04% ^J	1.78%	1.91%	1.99%	1.90%	1.92%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 416,624	\$ 433,702	\$ 375,639	\$ 370,704	\$ 406,311	\$ 385,028
Portfolio turnover rate ^K	44% ^J	35%	34%	35%	45%	48%

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

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

^C Total distributions of \$.78 per share is comprised of distributions from net investment income of \$.275 and distributions from net realized gain of \$.507 per share.

^D Total distributions of \$1.44 per share is comprised of distributions from net investment income of \$.422 and distributions from net realized gain of \$1.013 per share.

^E Total returns for periods of less than one year are not annualized.

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

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

^H 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.

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

^J Annualized

^K 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 Growth & Income Portfolio Service Class

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2018	2017	2016	2015	2014	2013
Selected Per-Share Data						
Net asset value, beginning of period	\$ 22.52	\$ 19.99	\$ 18.75	\$ 20.64	\$ 19.01	\$ 14.49
Income from Investment Operations						
Net investment income (loss) ^A	.21	.35	.33	.37	.36	.31
Net realized and unrealized gain (loss)	(.18)	2.94	2.35	(.85)	1.62	4.53
Total from investment operations	.03	3.29	2.68	(.48)	1.98	4.84
Distributions from net investment income	(.05)	(.25)	(.31)	(.40) ^B	(.34)	(.32)
Distributions from net realized gain	(1.22)	(.51)	(1.14)	(1.01) ^B	(.01)	—
Total distributions	(1.26) ^C	(.76)	(1.44) ^D	(1.41)	(.35)	(.32)
Net asset value, end of period	\$ 21.29	\$ 22.52	\$ 19.99	\$ 18.75	\$ 20.64	\$ 19.01
Total Return ^{E,F,G}	.34%	16.77%	15.94%	(2.35)%	10.39%	33.46%
Ratios to Average Net Assets ^{H,I}						
Expenses before reductions	.65% ^J	.65%	.66%	.66%	.66%	.67%
Expenses net of fee waivers, if any	.65% ^J	.65%	.66%	.66%	.66%	.67%
Expenses net of all reductions	.64% ^J	.65%	.66%	.66%	.66%	.67%
Net investment income (loss)	1.94% ^J	1.68%	1.81%	1.89%	1.80%	1.82%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 118,144	\$ 125,661	\$ 119,952	\$ 116,035	\$ 135,893	\$ 139,248
Portfolio turnover rate ^K	44% ^J	35%	34%	35%	45%	48%

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

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

^C Total distributions of \$1.26 per share is comprised of distributions from net investment income of \$.047 and distributions from net realized gain of \$1.217 per share.

^D Total distributions of \$1.44 per share is comprised of distributions from net investment income of \$.308 and distributions from net realized gain of \$1.135 per share.

^E Total returns for periods of less than one year are not annualized.

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

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

^H 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.

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

^J Annualized

^K 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 Growth & Income Portfolio Service Class 2

	Six months ended (Unaudited) June 30,	Years ended December 31,				
	2018	2017	2016	2015	2014	2013
Selected Per-Share Data						
Net asset value, beginning of period	\$ 22.22	\$ 19.74	\$ 18.54	\$ 20.43	\$ 18.82	\$ 14.35
Income from Investment Operations						
Net investment income (loss) ^A	.19	.32	.30	.34	.32	.28
Net realized and unrealized gain (loss)	(.18)	2.90	2.33	(.85)	1.61	4.48
Total from investment operations	.01	3.22	2.63	(.51)	1.93	4.76
Distributions from net investment income	(.04)	(.23)	(.29)	(.37) ^B	(.31)	(.29)
Distributions from net realized gain	(1.22)	(.51)	(1.14)	(1.01) ^B	(.01)	—
Total distributions	(1.26)	(.74)	(1.43)	(1.38)	(.32)	(.29)
Net asset value, end of period	\$ 20.97	\$ 22.22	\$ 19.74	\$ 18.54	\$ 20.43	\$ 18.82
Total Return ^{C,D,E}	.22%	16.61%	15.81%	(2.54)%	10.23%	33.25%
Ratios to Average Net Assets ^{F,G}						
Expenses before reductions	.80% ^H	.80%	.81%	.81%	.81%	.82%
Expenses net of fee waivers, if any	.80% ^H	.80%	.81%	.81%	.81%	.82%
Expenses net of all reductions	.79% ^H	.80%	.81%	.81%	.81%	.82%
Net investment income (loss)	1.80% ^H	1.53%	1.66%	1.74%	1.65%	1.67%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 564,154	\$ 546,278	\$ 356,194	\$ 290,102	\$ 330,608	\$ 342,586
Portfolio turnover rate ^I	44% ^H	35%	34%	35%	45%	48%

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

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

^C Total returns for periods of less than one year are not annualized.

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

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

^F 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.

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

^H Annualized

^I 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 Growth & Income Portfolio Investor Class

	Six months ended (Unaudited) June 30, 2018	Years ended December 31, 2017	2016	2015	2014	2013
Selected Per-Share Data						
Net asset value, beginning of period	\$ 22.62	\$ 20.07	\$ 18.82	\$ 20.71	\$ 19.09	\$ 14.55
Income from Investment Operations						
Net investment income (loss) ^A	.21	.36	.33	.38	.36	.32
Net realized and unrealized gain (loss)	(.17)	2.96	2.37	(.85)	1.62	4.54
Total from investment operations	.04	3.32	2.70	(.47)	1.98	4.86
Distributions from net investment income	(.05)	(.26)	(.31)	(.40) ^B	(.35)	(.32)
Distributions from net realized gain	(1.22)	(.51)	(1.14)	(1.01) ^B	(.01)	—
Total distributions	(1.27)	(.77)	(1.45)	(1.42) ^C	(.36)	(.32)
Net asset value, end of period	\$ 21.39	\$ 22.62	\$ 20.07	\$ 18.82	\$ 20.71	\$ 19.09
Total Return ^{D,E,F}	.34%	16.83%	15.96%	(2.32)%	10.33%	33.52%
Ratios to Average Net Assets ^{G,H}						
Expenses before reductions	.63% ^I	.63%	.64%	.64%	.65%	.65%
Expenses net of fee waivers, if any	.62% ^I	.63%	.64%	.64%	.65%	.65%
Expenses net of all reductions	.62% ^I	.63%	.64%	.64%	.64%	.65%
Net investment income (loss)	1.97% ^I	1.70%	1.83%	1.91%	1.82%	1.84%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 302,589	\$ 320,793	\$ 278,661	\$ 238,765	\$ 259,462	\$ 192,195
Portfolio turnover rate ^J	44% ^I	35%	34%	35%	45%	48%

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

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

^C Total distributions of \$1.42 per share is comprised of distributions from net investment income of \$.404 and distributions from net realized gain of \$1.013 per share.

^D Total returns for periods of less than one year are not annualized.

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

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

^G 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.

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

^I Annualized

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

Notes to Financial Statements (Unaudited)

For the period ended June 30, 2018

1. Organization.

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

2. Investments in Fidelity Central Funds.

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

The Money Market Central Funds seek preservation of capital and current income and are managed by Fidelity Investments Money Management, Inc. (FIMM), an affiliate of the investment adviser. Annualized expenses of the Money Market Central Funds as of their most recent shareholder report date are less than .005%.

A complete unaudited list of holdings for each Fidelity Central Fund is available upon request or at the Securities and Exchange Commission (the SEC) website at www.sec.gov. In addition, the financial statements of the Fidelity Central Funds are available on the SEC website or upon request.

3. Significant Accounting Policies.

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

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

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

Level 1 — quoted prices in active markets for identical investments

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

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

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

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

Debt securities, including restricted securities, are valued based on evaluated prices received from third party pricing vendors or from brokers who make markets in such securities. Corporate bonds are valued by pricing vendors who utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type or by broker-supplied prices. When independent prices are unavailable or unreliable, debt securities may be valued utilizing pricing methodologies which consider similar factors that would be used by third party pricing vendors. Debt securities are generally categorized as Level 2 in the hierarchy but may be Level 3 depending on the circumstances.

Exchange-traded options are valued using the last sale price or, in the absence of a sale, the last offering price and are categorized as Level 1 in the hierarchy. Options traded over-the-counter are valued using vendor or broker-supplied valuations and are categorized as Level 2 in the hierarchy. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value (NAV) each business day and are categorized as Level 1 in the hierarchy.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level as of June 30, 2018 is included at the end of the Fund's Schedule of Investments.

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

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

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

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

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

Income Tax Information and Distributions to Shareholders. Each year, the Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code, including distributing substantially all of its taxable income and realized gains. As a result, no provision for U.S. Federal income taxes is required. The Fund files a U.S. federal tax return, in addition to state and local tax returns as required. The Fund's federal income tax returns are subject to examination by the Internal Revenue Service (IRS) for a period of three fiscal years after they are filed. State and local tax returns may be subject to examination for an additional fiscal year depending on the jurisdiction. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests.

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

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

Book-tax differences are primarily due to foreign currency transactions, passive foreign investment companies (PFIC), equity-debt classifications, certain conversion ratio adjustments, partnerships, security level mergers and exchanges and losses deferred due to wash sales.

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	\$ 391,228,930
Gross unrealized depreciation	(65,406,003)
Net unrealized appreciation (depreciation)	<u>\$ 325,822,927</u>
Tax cost	<u>\$1,095,110,500</u>

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

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 options. 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.

Notes to Financial Statements (Unaudited) – continued

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. Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain OTC derivatives such as options, the Fund attempts to reduce its exposure to counterparty credit risk by entering into an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement with each of its counterparties. The ISDA Master Agreement gives the Fund the right to terminate all transactions traded under such agreement upon the deterioration in the credit quality of the counterparty beyond specified levels. The ISDA Master Agreement gives each party the right, upon an event of default by the other party or a termination of the agreement, to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net payable by one party to the other. To mitigate counterparty credit risk on bi-lateral OTC derivatives, the Fund receives collateral in the form of cash or securities once the Fund's net unrealized appreciation on outstanding derivative contracts under an ISDA Master Agreement exceeds certain applicable thresholds, subject to certain minimum transfer provisions. The collateral received is held in segregated accounts with the Fund's custodian bank in accordance with the collateral agreements entered into between the Fund, the counterparty and the Fund's custodian bank. The Fund could experience delays and costs in gaining access to the collateral even though it is held by the Fund's custodian bank. The Fund's maximum risk of loss from counterparty credit risk related to bi-lateral OTC derivatives is generally the aggregate unrealized appreciation and unpaid counterparty payments in excess of any collateral pledged by the counterparty to the Fund. The Fund may be required to pledge collateral for the benefit of the counterparties on bi-lateral OTC derivatives in an amount not less than each counterparty's unrealized appreciation on outstanding derivative contracts, subject to certain minimum transfer provisions, and any such pledged collateral is identified in the Schedule of Investments. Counterparty credit risk related to exchange-traded options 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.

Options. Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial instrument at an agreed exercise or strike price between or on certain dates. Options obligate the seller (writer) to buy (put) or sell (call) an underlying instrument at the exercise or strike price or cash settle an underlying derivative instrument if the holder exercises the option on or before the expiration date.

The Fund used exchange-traded and OTC written covered call options to manage its exposure to the market. When the Fund writes a covered call option, the Fund holds the underlying instrument which must be delivered to the holder upon the exercise of the option.

Upon entering into a written options contract, the Fund will receive a premium. Premiums received are reflected as a liability on the Statement of Assets and Liabilities. Options are valued daily and any unrealized appreciation (depreciation) is reflected on the Statement of Assets and Liabilities. When a written option is exercised, the premium is added to the proceeds from the sale of the underlying instrument in determining the gain or loss realized on that investment. When an option is closed the Fund will realize a gain or loss depending on whether the proceeds or amount paid for the closing sale transaction are greater or less than the premium received. When an option expires, gains and losses are realized to the extent of premiums received. The net realized gain (loss) on closed and expired written options and the change in net unrealized appreciation (depreciation) on written options are presented in the Statement of Operations.

Writing call options tends to decrease exposure to the underlying instrument and risk of loss is the change in value in excess of the premium received.

Any open options at period end are presented in the Schedule of Investments under the caption "Written Options".

The following is a summary of the Fund's written options activity:

	Number of Contracts	Amount of Premiums
Outstanding at beginning of period	9,539	\$914,999
Options Opened	14,482	1,992,803
Options Exercised	(7,893)	(810,878)
Options Closed	(8,048)	(814,327)
Options Expired	(5,522)	(911,469)
Outstanding at end of period	<u>2,558</u>	<u>\$ 371,128</u>

5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$305,843,343 and \$335,366,035, respectively.

6. Fees and Other Transactions with Affiliates.

Management Fee. Fidelity Management & Research Company (the investment adviser) and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee. The management fee is the sum of an individual fund fee rate that is based on an annual rate of .20% of the Fund's average net assets and an annualized group fee rate that averaged .24% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by the investment adviser, including any mutual funds previously advised by the investment adviser that are currently advised by Fidelity SelectCo, LLC, an affiliate of the investment adviser. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the reporting period, the total annualized management fee rate was .44% of the Fund's average net assets.

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

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

Service Class	\$ 60,909
Service Class 2	690,605
	<u>\$751,514</u>

Transfer Agent Fees. Fidelity Investments Institutional Operations Company, Inc. (FIIOC), an affiliate of the investment adviser, is the Fund's transfer, dividend disbursing, and shareholder servicing agent. FIIOC receives an asset-based fee with respect to each class. Each class pays a fee for transfer agent services, typesetting and printing and mailing of shareholder reports, excluding mailing of proxy statements, equal to an annual rate of class-level average net assets. The annual rate for Investor Class is .15% and the annual rate for all other classes is .07%. For the period, transfer agent fees for each class were as follows:

Initial Class	\$137,409
Service Class	39,193
Service Class 2	177,837
Investor Class	<u>223,270</u>
	<u>\$577,709</u>

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

Brokerage Commissions. The Fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of the investment adviser. Brokerage commissions are included in net realized gain (loss) and change in net unrealized appreciation (depreciation) in the Statement of Operations. The commissions paid to these affiliated firms were \$5,201 for the period.

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

7. Committed Line of Credit.

The Fund participates with other funds managed by the investment adviser or an affiliate in a \$4.25 billion credit facility (the "line of credit") to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$1,990 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, the Fund did not borrow on this line of credit.

8. Security Lending.

The Fund lends portfolio securities through a lending agent from time to time in order to earn additional income. For equity securities, a lending agent is used and may loan securities to certain qualified borrowers, including Fidelity Capital Markets (FCM), a broker-dealer affiliated with the Fund. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. The Fund or borrower may terminate the loan at any time, and if the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund may apply collateral received from the borrower against the obligation. The Fund may experience delays and costs in recovering the securities loaned. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund's Statement of Assets and Liabilities. Security lending income represents the income earned on investing cash collateral, less rebates paid to borrowers and any lending agent fees associated with the loan, plus any premium payments received for lending certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Total security lending income during the period amounted to \$43,040. During the period, there were no securities loaned to FCM.

Notes to Financial Statements (Unaudited) – continued

9. Expense Reductions.

Commissions paid to certain brokers with whom the investment adviser, or its affiliates, places trades on behalf of the Fund include an amount in addition to trade execution, which may be rebated back to the Fund to offset certain expenses. This amount totaled \$40,601 for the period. In addition, through arrangements with the Fund's custodian, credits realized as a result of certain uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$320.

In addition, during the period the investment adviser reimbursed and/or waived a portion of fund-level operating expenses in the amount of \$7,057.

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2018	Year ended December 31, 2017
From net investment income		
Initial Class	\$ 958,271	\$ 5,228,746
Service Class	258,440	1,414,210
Service Class 2	1,025,781	5,501,998
Investor Class	668,987	3,609,146
Total	<u>\$ 2,911,479</u>	<u>\$15,754,100</u>
From net realized gain		
Initial Class	\$22,866,977	\$10,137,759
Service Class	6,691,940	2,951,737
Service Class 2	29,723,218	10,324,815
Investor Class	16,961,600	7,304,137
Total	<u>\$76,243,735</u>	<u>\$30,718,448</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Six months ended June 30, 2018	Shares Year ended December 31, 2017	Dollars Six months ended June 30, 2018	Dollars Year ended December 31, 2017
Initial Class				
Shares sold	1,209,422	3,638,273	\$ 26,079,354	\$ 75,520,410
Reinvestment of distributions	1,146,547	725,450	23,825,248	15,366,505
Shares redeemed	(2,058,494)	(3,911,431)	(44,882,340)	(82,622,575)
Net increase (decrease)	<u>297,475</u>	<u>452,292</u>	<u>\$ 5,022,262</u>	<u>\$ 8,264,340</u>
Service Class				
Shares sold	56,140	170,901	\$ 1,226,768	\$ 3,505,982
Reinvestment of distributions	337,397	208,012	6,950,380	4,365,947
Shares redeemed	(422,617)	(800,940)	(9,096,932)	(16,738,169)
Net increase (decrease)	<u>(29,080)</u>	<u>(422,027)</u>	<u>\$ (919,784)</u>	<u>\$ (8,866,240)</u>
Service Class 2				
Shares sold	2,783,200	8,889,928	\$ 59,264,617	\$182,366,391
Reinvestment of distributions	1,513,983	759,302	30,748,999	15,826,813
Shares redeemed	(1,982,164)	(3,111,368)	(43,050,723)	(64,300,255)
Net increase (decrease)	<u>2,315,019</u>	<u>6,537,862</u>	<u>\$ 46,962,893</u>	<u>\$133,892,949</u>
Investor Class				
Shares sold	918,951	2,213,496	\$ 20,084,573	\$ 46,040,962
Reinvestment of distributions	852,131	517,295	17,630,587	10,913,283
Shares redeemed	(1,803,520)	(2,432,976)	(39,533,826)	(51,079,829)
Net increase (decrease)	<u>(32,438)</u>	<u>297,815</u>	<u>\$ (1,818,666)</u>	<u>\$ 5,874,416</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 25% of the total outstanding shares of the Fund and two otherwise unaffiliated shareholders 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, 2018 to June 30, 2018).

Actual Expenses

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

Hypothetical Example for Comparison Purposes

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

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

	Annualized Expense Ratio ^A	Beginning Account Value January 1, 2018	Ending Account Value June 30, 2018	Expenses Paid During Period ^B January 1, 2018 to June 30, 2018
Initial Class	.55%			
Actual		\$1,000.00	\$1,003.60	\$2.73
Hypothetical ^C		\$1,000.00	\$1,022.07	\$2.76
Service Class	.65%			
Actual		\$1,000.00	\$1,003.40	\$3.23
Hypothetical ^C		\$1,000.00	\$1,021.57	\$3.26
Service Class 2	.80%			
Actual		\$1,000.00	\$1,002.20	\$3.97
Hypothetical ^C		\$1,000.00	\$1,020.83	\$4.01
Investor Class	.62%			
Actual		\$1,000.00	\$1,003.40	\$3.08
Hypothetical ^C		\$1,000.00	\$1,021.72	\$3.11

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

^B Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

^C 5% return per year before expenses

