# Fidelity® VIP High Income Portfolio

## Key Takeaways

- In 2023, the fund's share classes gained roughly 10% to 11%, lagging the 13.45% advance of the benchmark, the ICE BofA® US High Yield Constrained Index.
- Co-Manager Alex Karam says high-yield bonds posted a solid double-digit gain in 2023, with notable advances early and late in the year, amid expectations of an end to rate hikes and anticipation of easy monetary policy in 2024.
- Against this dynamic backdrop, Alex and Co-Manager Ben Harrison continued to take a consistent, conservative approach to investing in high-yield bonds.
- The fund's core investment in high-yield bonds gained 12.73% for the year, modestly lagging the broader market and therefore detracting from performance versus the benchmark.
- By industry, security selection hurt relative performance most, particularly in the energy sector. The fund's largest individual detractor was a sizable non-benchmark stake in convertible bonds issued by Mesquite Energy (-52%).
- Conversely, security selection in leisure, services and consumer goods contributed to relative performance for the year.
- In contrast, Brand Energy (+37%) and EG Group (+24%) were the top individual contributors versus the benchmark in 2023.
- As of year-end, the co-managers say the high-yield market could come under pressure if the economy enters a recession, although high recent yields may absorb and cushion a price decline in that scenario.
- On June 8, 2023, Michael Weaver came off of the fund. On January 1, 2024, Jared Beckerman assumed co-management responsibilities for the fund.

## MARKET RECAP

High-yield bonds gained 13.45% in 2023, according to the ICE BofA® US High Yield Constrained Index, as a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy provided a favorable backdrop for higher-risk assets for much of the year. After returning -11.21% in 2022, the index sharply reversed course and made a fairly steady advance through August, rising alongside U.S. stocks. Monetary tightening by the U.S. Federal Reserve continued amid consistent pressure on core inflation. Since March 2022, the U.S. Federal Reserve raised its benchmark interest rate 11 times in a series of increases aimed at cooling the economy and bringing down inflation before holding rates at a 22-year high in July. After the Fed's November 1 meeting, when the central bank hinted it might be done raising rates, the high-yield index reversed a two-month decline that was due to soaring yields on longer-term government bonds and mixed earnings from some big and influential firms. Favorable data on inflation, as well as positive corporate earnings, provided a further boost and the index rose 8.42% in the final two months of 2023. For the year, all 19 industries in the index advanced, with retail and leisure (+17% each) leading. Financial services (+16%) benefited from high interest rates, while insurance (+15%), services and automotive (+14% each) also stood out. Conversely, the defensive transportation (+9%) and telecommunications (+11%) groups lagged most.

**Alexandre Karam**
Co-Manager

**Benjamin Harrison**
Co-Manager

## Fund Facts

| | |
|---|---|
| **Start Date:** | September 19, 1985 |
| **Size (in millions):** | $768.91 |

## Investment Approach

- Fidelity® VIP High Income Portfolio is a diversified high-yield bond strategy focused on investing primarily in the bonds of non-investment-grade companies.
- We apply a core investment approach, with the majority of the fund concentrated in securities rated B and BB, and typically below-benchmark exposure to the more opportunistic, lower-rated (CCC or below) credit tiers.
- We take a consistent, conservative approach, focusing on higher-quality, less-cyclical industries and businesses. In particular, we seek companies with strong balance sheets, high free cash flow, improving business/industry fundamentals and solid management teams. In doing so, we take a longer-term investment outlook, with a focus on the best risk-adjusted opportunities that we can find in the market.
- We strive to uncover these companies through in-depth fundamental "bottom-up" credit analysis, working closely with Fidelity's high-income and global research teams.

# Q&A

## An interview with Co-Managers Alexandre Karam and Benjamin Harrison

### Q: Alex, how did the fund perform in 2023?

**A.K.** The fund's share classes gained roughly 10% to 11%, lagging the 13.45% advance of the benchmark, the ICE BofA® US High Yield Constrained Index. The fund trailed its Morningstar peer group average by a narrower margin.

### Q: What factors notably influenced high-yield bonds for the year?

**A.K.** Thanks to a strong start to 2023 and a powerful rally late in the year, high-yield bonds posted a solid double-digit gain, shaking off a tumultuous 2022, when the category returned -11%, its worst calendar-year result since 2008 and first retreat since 2018.

High-yield bonds gained 3.72% in the first quarter, rising even as financial markets digested multiple crosscurrents. These included stress in the U.S. and European banking systems, consistent pressure on core inflation, falling energy prices, and a Federal Reserve intent on pulling off a delicate balancing act of containing inflation and cooling economic growth while also weighing risk to the financial system.

The high-yield rally continued, albeit at a more tepid pace, in the spring and summer, as continued global economic expansion, falling commodity prices and a slowing in the pace of inflation provided a favorable backdrop for risk assets. June (+1.63%) was a particularly strong month for the asset class because the Fed held interest rates steady after increases following its previous 10 meetings, raising hopes for a "soft landing" of the economy.

But the uptrend sputtered in September (-1.18%) and October (-1.25%), reflecting investors' concern that the Fed would keep interest rates higher for longer than expected just months earlier. An uncertain global economic outlook and climbing oil prices added to the choppy backdrop. Credit spreads widened as investors pulled away from riskier bonds and put more toward lower-risk short-term U.S. government securities that offered rates north of 5%. This switch in investor flows, coupled with the Fed's comments suggesting it was too soon to tell if its interest rate hikes were complete, also weighed on high yield.

But risk assets, including high yield, rallied strongly in November (+4.57%) and December (+3.67%), driven primarily by the Fed signaling that disinflationary trends were sufficient to project a shift to monetary easing in 2024.

## Q: How did you and Ben manage the fund in this dynamic environment?

**A.K.** Consistent with Fidelity's approach to managing high-yield bond funds, we worked with our research group to evaluate companies, analyze industries and generate investment ideas. We believe in taking a consistent, conservative approach to investing in high-yield bonds.

Our investment philosophy remained grounded in our belief that higher-quality businesses in the high-yield market offer the best balance of risk and reward over time. Our investment process emphasizes a bottom-up approach, with a heavy focus on primary insights generated from our research team. We aim to have individual security selection drive fund performance over time.

## Q: What notably influenced the fund's performance versus the benchmark?

**A.K.** The fund's core allocation to high-yield bonds gained 12.73% for the year, lagging the benchmark and therefore detracting. By industry, security selection hurt most, especially within energy. Our choices in financial services, health care and media also detracted.

Among energy securities, our lagging performance largely reflected the -52% return for a sizable non-benchmark position in convertible bonds issued by Mesquite Energy, by far the biggest individual detractor in 2023 and the fund's top holding as of year-end. The securities were hurt by bondholder-unfriendly developments related to the company's bankruptcy proceedings. This resulted in the fund receiving a materially lower percentage of Mesquite stock than we anticipated. Nonetheless, we are optimistic about the potential outcome for an ongoing legal appeal.

A second notable relative detractor was an overweight in Rackspace Hosting (-14%). Its bonds were hampered by investor skepticism about the company's ability to successfully transition away from the low-growth private-cloud market to higher-growth public-cloud-related businesses. We notably reduced exposure to Rackspace by year-end, using the proceeds to invest in opportunities we felt were more attractively valued.

In media, the fund's overweight in satellite and streaming video producer Dish Network (+4%) was a large holding that crimped our relative result. It was weighed down partly due to questions surrounding the timing and profitability of its network buildout, as well as the company's ability to meet certain regulatory milestones. Our view is that the value of Dish's spectrum and the network it's building warrant a higher valuation, so it was the No. 5 holding as of year-end.

The fund's holdings in cash, which made up roughly 3.7% on average of fund assets also detracted in an up market.

## Q: What notably contributed?

**A.K.** Security selection in leisure helped most versus the benchmark, followed by picks in the services and consumer goods segments. The top individual contributor for 2023 was an overweight in Brand Energy (+37%). The company, which provides scaffolding as temporary structures used in construction, building maintenance and repair projects, was helped by growing demand for its products, driven by strong global economic conditions. We see Brand Energy as attractive and potentially poised to benefit from continued strong demand.

The second-biggest individual contributor was EG Group (+24%), a British operator of gas stations, convenience stores and food-service providers. The company benefited from profit growth and progress in deleveraging its balance sheet. We continued to own EG Group, based on our view that it is reasonably valued and has upside potential.

Lastly, a position in Carnival Group was (+44%) helpful. The fund was modestly underweight the cruise line operator, on average, but the longer-term bonds we held outpaced those in the benchmark. The company posted record revenue, issued an upbeat financial forecast for 2024 and notched its first profitable year since the start of the beginning of the pandemic. Here, too, we think the bonds have more upside, given that the company said it expects growth in booking volume to be in the double digits at higher prices.

## Q: Alex and Ben, what's your outlook for high yield as of year-end?

**A.K.** High-yield performance may depend on the strength of the economy. High-yield bonds tend to underperform when the economy heads into a recession, because investors grow worried about rising default. That underperformance could be compounded if rates rose at the same time inflation began to rise again. On the other hand, high recent yields could help absorb and cushion a price decline in such a scenario. If the long-awaited recession never materializes, or is milder than anticipated, high yield could shine, in our view.

**B.H.** Given the unsettled landscape for interest rates, the economy and geopolitics, Alex and I don't think it's the time to take significantly increased risk. Instead, we plan to continue favoring durable, higher-quality business with improving fundamentals. Understanding and balancing credit risk takes deep research into issuers. We draw on a dedicated team of sector-specific analysts who research hundreds of companies on a bottom-up basis. We try to remain well-diversified across sectors, taking industry overweights and underweights when we have high confidence and conviction. ■

## The co-managers on high-yield valuations as of year-end:

**B.H.** "For high yield, valuation is primarily measured by spread, meaning how much additional yield, over and above U.S. Treasuries, an investor can potentially earn. A higher spread means investors could earn more yield for taking on additional credit risk. Recently, valuations have been reasonable, though not cheap, with the yield spread over 10-year Treasuries slightly lower than the historical average, at about 4.4 percentage points as of the end of 2023.

"But this is offset by fairly high credit quality for the asset class. Many corporations seized the opportunity stemming from low interest rates in 2020 and 2021 to raise capital at rock-bottom interest rates. Roughly 90% of the debt issued then was rated BB or B."

**A.K.** "Other measures point to improvement in credit quality. Leverage among high-yield issuers is at its lowest in roughly a decade, according to some measures. Companies are in a fairly strong position to service their debt, as measured by the ratio of income to interest expense. And there's a low proportion of debt coming due in 2025 to 2026, which could help reduce the risk of conditions deteriorating if issuers need to refinance maturing debt at higher rates.

"High-yield bonds face higher risk of default and price volatility if investors become nervous about credit conditions. Understanding and balancing credit risk takes deep research into issuers. As I noted, we draw on a dedicated team of analysts, divided by sector, who research hundreds of companies on a bottom-up basis. We try to remain well-diversified across sectors, taking industry overweights and underweights when we have conviction.

"As 2024 begins, the fund is notably overweight energy, due to an attractive supply/demand picture for oil, and the U.S.'s advantages in producing cheap liquid natural gas. By contrast, we're cautious about some telecom issuers, based on our concerns about competition from wireless and broadband, and certain financial issuers."

## LARGEST HOLDINGS BY ISSUER

| Issuer | |
|---|---|
| CCO HLDGS LLC/CAP CORP | |
| CHS/CMNTY HEALTH SYSTEMS INC | |
| OCCIDENTAL PETROLEUM CORP | |
| TRANSDIGM INC | |
| DISH NETWORK CORP | |
| **Five Largest Issuers as a % of Net Assets** | **7.26%** |
| **Total Number of Holdings** | **717** |

*The five largest issuers are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.*

## 10 LARGEST HOLDINGS

| Holding | Market Segment |
|---|---|
| Mesquite Energy, Inc. | Energy |
| MPT Operating Partnership LP/MPT Finance Corp. 5% 10/15/27 | Real Estate |
| Uniti Group LP/Uniti Group Finance, Inc. /CSL Capital LLC 4.75% 4/15/28 | Real Estate |
| Icahn Enterprises LP/Icahn Enterprises Finance Corp. 6.25% 5/15/26 | Financial Services |
| DISH Network Corp. 3.375% 8/15/26 | Media |
| Uber Technologies, Inc. 4.5% 8/15/29 | Services |
| Alliant Holdings Intermediate LLC/Alliant Holdings Co.-Issuer 6.75% 10/15/27 | Insurance |
| Energy Transfer LP 5.625% 5/1/27 | Energy |
| PG&E Corp. 5.25% 7/1/30 | Utility |
| Altice Financing SA 5.75% 8/15/29 | Telecommunications |
| **10 Largest Holdings as a % of Net Assets** | **5.88%** |
| **Total Number of Holdings** | **717** |

*The 10 largest holdings are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.*

## ASSET ALLOCATION

| Asset Class | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Six Months Ago |
|---|---|---|---|---|
| Bank Debt | 4.24% | 0.00% | 4.24% | -1.10% |
| Corporate Bond: Cash Pay | 84.38% | 99.63% | -15.25% | 1.86% |
| Corporate Bond: Deferred Pay | 0.00% | 0.00% | 0.00% | 0.00% |
| Other Debt | 0.39% | 0.37% | 0.02% | 0.37% |
| Convertible Bonds | 1.11% | 0.00% | 1.11% | -0.18% |
| Convertible Preferred Stock | 0.00% | 0.00% | 0.00% | 0.00% |
| Non-Convertible Preferred Stock | 0.00% | 0.00% | 0.00% | 0.00% |
| Equities | 1.69% | 0.00% | 1.69% | -0.64% |
| Cash & Net Other Assets | 8.19% | 0.00% | 8.19% | -0.31% |

*Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.*

## MARKET-SEGMENT DIVERSIFICATION

| Market Segment | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Six Months Ago |
|---|---|---|---|---|
| Energy | 14.51% | 12.12% | 2.39% | -1.63% |
| Basic Industry | 7.81% | 8.17% | -0.36% | 1.27% |
| Health Care | 7.54% | 8.26% | -0.72% | 0.41% |
| Technology & Electronics | 7.01% | 5.62% | 1.39% | 0.66% |
| Media | 6.90% | 9.16% | -2.26% | 0.34% |
| Capital Goods | 6.89% | 6.88% | 0.01% | 0.55% |
| Leisure | 5.99% | 8.19% | -2.20% | 0.78% |
| Telecommunications | 5.15% | 5.62% | -0.47% | -1.15% |
| Services | 5.07% | 6.77% | -1.70% | -1.91% |
| Financial Services | 4.41% | 5.29% | -0.88% | -0.18% |
| Real Estate | 3.89% | 4.25% | -0.36% | -1.20% |
| Consumer Goods | 3.49% | 3.73% | -0.24% | 0.16% |
| Retail | 3.42% | 5.34% | -1.92% | 0.26% |
| Utility | 3.03% | 3.29% | -0.26% | 0.07% |
| Automotive | 2.22% | 2.00% | 0.22% | 1.42% |
| Transportation | 1.91% | 2.19% | -0.28% | 0.27% |
| Insurance | 1.55% | 1.92% | -0.37% | -0.32% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% |

## CREDIT-QUALITY DIVERSIFICATION

| Credit Quality | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Six Months Ago |
|---|---|---|---|---|
| BBB & Above | 6.06% | 1.65% | 4.41% | 0.32% |
| BB | 30.83% | 38.15% | -7.32% | 1.45% |
| B | 38.94% | 46.94% | -8.00% | -2.64% |
| CCC & Below | 12.32% | 12.85% | -0.53% | 1.41% |
| Not Rated/Not Available | 3.66% | 0.04% | 3.62% | -0.20% |
| Cash & Net Other Assets | 8.19% | 0.37% | 7.82% | -0.34% |

*Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.*

*Credit ratings for a rated issuer or security are categorized using Moody's Investors Service (Moody's). If Moody's does not publish a rating for a security or issuer, then the Standard & Poor's Ratings Services (S&P) rating is used. When S&P and Moody's provide different ratings for the same issuer or security, the Moody's rating is used. Securities that are not rated by these NRSROs (e.g. equity securities) are categorized as Not Rated. All U.S. government securities are included in the U.S. Government category. The table information is based on the combined investments of the fund and its pro-rata share of any investments in other Fidelity funds.*

## PERFORMANCE SUMMARY

Variable annuity contracts are issued by insurance companies through separate accounts that are part of the insurer. The value of a variable annuity contract depends on the values of units of subaccounts of the separate account. Each subaccount purchases shares of a corresponding mutual fund. Subaccount investment performance is based on the performance of the mutual fund in which it invests, less insurance company charges made against the assets of the separate account. A subaccount is not a mutual fund.

The information provided in this Performance Summary contains performance information for the fund, or class, and each variable subaccount, with comparisons over different time periods to the fund's relevant benchmarks – including an appropriate index as well as a group of similar funds whose average returns are compiled and monitored by an independent mutual fund research company. Figures for more than one year assume a steady compounded rate of return and are not a class' year-by-year results, which fluctuated over the periods shown. Fund performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If fund performance information included the effect of these additional charges, the total returns would have been lower. The performance table also contains performance information for certain insurance company subaccounts that invest in the fund. Each variable subaccount's performance, as shown, is net of all fees and expenses, including those charges imposed by your insurance company. Seeing the returns over different time periods can help you assess the performance against relevant measurements and across multiple market environments. The performance information includes average annual total returns and cumulative total returns and is further explained in this section.*

**Investing in a variable annuity involves risk of loss – investment returns, contract value, and, for variable income annuities, payment amounts are not guaranteed and will fluctuate. Withdrawals of taxable amounts from an annuity are subject to ordinary income tax, and, if taken before age 59 1/2, may be subject to a 10% IRS penalty.**

**Current performance may be higher or lower than the performance data quoted below. An investor's shares, when redeemed, may be worth more or less than their original cost. For month-end performance figures, please visit www.fidelity.com/annuityperformance or call Fidelity. The performance data featured represents past performance, which is no guarantee of future results.**

### Fiscal periods ending December 31, 2023

| | Cumulative | | Annualized | | | |
|---|---|---|---|---|---|---|
| **Total Returns for the Fund** | **6 Month** | **YTD** | **1 Year** | **3 Year** | **5 Year** | **10 Year/ LOF[1]** |
| VIP High Income Portfolio - Initial Class<br>Gross Expense Ratio: 0.82%[2] | 6.08% | 10.48% | 10.48% | 0.74% | 3.87% | 3.40% |
| VIP High Income Portfolio - Investor Class<br>Gross Expense Ratio: 0.85%[2] | 5.87% | 10.30% | 10.30% | 0.72% | 3.83% | 3.35% |
| ICE BofA US High Yield/US High Yield Constrained Blend | 7.62% | 13.45% | 13.45% | 2.00% | 5.19% | 4.51% |
| Morningstar Insurance High Yield Bond | 6.84% | 11.86% | 11.86% | 1.64% | 4.87% | 3.98% |

[1] *Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 09/19/1985.*

[2] *This expense ratio is from the prospectus in effect as of the date shown above and generally is based on amounts incurred during that fiscal year, or estimated amounts for the current fiscal year in the case of a newly launched fund. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.*

**Performance and disclosure information continued on next page.**

## PERFORMANCE SUMMARY (continued):

| Fiscal periods ending December 31, 2023 | Annualized | Cumulative | | Annualized | | | |
|---|---|---|---|---|---|---|---|
| **Total Returns for the Variable Subaccount**** | **New York Only: 10 Year/Life of Subaccount** | **6 Month** | **YTD** | **1 Year** | **3 Year** | **5 Year** | **10 Year/Life of Subaccount** |
| Fidelity Retirement Reserves [A] | 2.57% | 5.65% | 9.60% | 9.60% | -0.07% | 3.04% | 2.57% |
| Fidelity Income Advantage [B] | 2.37% | 5.55% | 9.38% | 9.38% | -0.27% | 2.83% | 2.37% |
| Fidelity Personal Retirement Annuity [C] (for contracts purchased prior to 1/1/09 and on or after 9/7/10) | 3.09% | 5.74% | 10.02% | 10.02% | 0.47% | 3.57% | 3.09% |
| Fidelity Personal Retirement Annuity [C] (for contracts purchased between 1/1/09 and 9/6/10) | 3.09% | 5.74% | 10.02% | 10.02% | 0.47% | 3.57% | 3.09% |
| Fidelity Personal Retirement Annuity [C] (for contracts purchased on or after 9/7/10 with an initial purchase payment of $1M+) | 3.25% | 5.82% | 10.19% | 10.19% | 0.62% | 3.72% | 3.25% |

**Fidelity Retirement Reserves - Subaccount Inception: February 29, 1988; New York Only Inception: June 03, 1992. Fidelity Income Advantage - Subaccount Inception: February 29, 1988; New York Only Inception: June 03, 1992. Fidelity Personal Retirement Annuity - Subaccount Inception: August 15, 2005; New York Only Inception: October 28, 2005.**

Fidelity Retirement Reserves' underlying fund options are Initial Class fund offerings. Fidelity Income Advantage's underlying fund options are Initial Class fund offerings. Fidelity Personal Retirement Annuity's underlying fund options are Investor Class fund offerings.

[A] In NY, Retirement Reserves
[B] In NY, Income Advantage
[C] In NY, Personal Retirement Annuity

** Total returns are historical and include changes in share price (for the fund) and unit price (for the variable subaccount) and reinvestment of dividends and capital gains, if any.*

*** Returns for Fidelity Retirement Reserves include the 0.80% annual annuity charge. For Fidelity Retirement Reserves contracts, returns do not reflect the annual $30 maintenance fee which applies to contracts where purchase payments less any withdrawals are less than $25,000. Returns for Fidelity Income Advantage include the 1.00% annual annuity charge. Returns for Fidelity Personal Retirement Annuity ("FPRA") include the 0.25% annual annuity charge for contracts purchased prior to 1/1/2009, and on or after 9/7/2010. For FPRA contracts purchased between 1/1/2009 and 9/6/2010, returns include a 0.35% annual annuity charge prior to 9/7/2010 and 0.25% thereafter. For FPRA contracts purchased on or after 9/7/2010 with an initial purchase payment of $1,000,000 or more, returns include a 0.10% annual annuity charge. Life of subaccount returns are from the subaccount inception, the date the portfolio was first available in the insurance company's variable product.*

**Please see the last page(s) of this Q&A document for most-recent calendar-quarter performance.**

# Definitions and Important Information

**Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.**

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

*Fidelity Income Advantage (policy form nos. FVIA-92100, et al. and FVIA-99100, et al.), Fidelity Retirement Reserves (policy form no. NRR-96100, et al.), Fidelity Personal Retirement Annuity (policy form no. DVA-2005, et al.), Fidelity Freedom Lifetime Income (policy form nos. FFLI-Q-2005, et al. and FFLI-NQ-2005, et al.), and Fidelity Growth and Guaranteed Income (policy form no. DVA-GWB-2007, et al.) are issued by Fidelity Investments Life Insurance Company, 100 Salem Street, Smithfield, RI 02917, and for NY residents, Income Advantage (policy form nos. EFVIA-92100, et al. and EFVIA-99100, et al.), Retirement Reserves (policy form no. EVA-91100, et al.), Personal Retirement Annuity (policy form no. EDVA-2005, et al.), Fidelity Freedom Lifetime Income (policy form nos. EFLI-Q-2005, et al. and EFLI-NQ-2005, et al.), and Growth and Guaranteed Income (policy form no. EDVA-GWB-2007, et al.) are issued by Empire Fidelity Investments Life Insurance Company, New York, NY. Annuities are distributed by Fidelity Brokerage Services (Member NYSE, SIPC) and Fidelity Insurance Agency, Inc.*

## FUND RISKS

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Fixed income investments entail interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, issuer credit risk and inflation risk. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds.

## IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

VIP refers to Variable Insurance Products

## INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

**ICE BofA U.S. High Yield/U.S. High Yield Constrained Blend** is a modified market capitalization weighted index of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch). The country of risk of qualifying issuers must be an FX-G10 member, a Western European nation, or a territory of the U. S. or a Western European nation. In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule and at least $100 million in outstanding face value. Defaulted securities are excluded. The index contains all securities of ICE BofA U.S. High Yield Index but caps issuer exposure at 2%. Index returns shown for periods prior to January 1, 2006 are returns of ICE BofA U.S. High Yield Master II Index.

## MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any sector or industry.

## MORNINGSTAR INFORMATION

## Manager Facts

**Alexandre Karam** is a portfolio manager in the High Income and Alternatives division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Karam co-manages Fidelity and Fidelity Advisor High Income Fund, Fidelity and Fidelity Advisor Short Duration High Income Funds, Fidelity VIP High Income Portfolio, Fidelity Focused High Income Fund, Fidelity High Yield Factor ETF, the U.S. high-yield sub-portfolios of Fidelity and Fidelity Advisor Global High Income Funds, and various institutional portfolios for U.S. and non-U.S. investors.

Prior to assuming his current responsibilities, Mr. Karam was a research analyst focused primarily on distressed credits across a variety of industries.

Before joining Fidelity in 2016, Mr. Karam was a vice president at Paulson & Company. Before that, he was an analyst at Goldman Sachs and Morgan Stanley. He has been in the financial industry since 2005.

Mr. Karam earned his bachelor of arts degree in economics and bachelor of science degree in electrical engineering from Stanford University. He also earned his master of science degree in electrical engineering from Stanford University and his master of business administration from Harvard Business School.

**Benjamin Harrison** is a portfolio manager in the High Income and Alternatives division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Harrison co-manages Fidelity Focused High Income Fund, Fidelity and Fidelity Advisor High Income Fund, Fidelity and Fidelity Advisor Short Duration High Income Fund, Fidelity High Yield Factor ETF, Fidelity Sustainable High Yield ETF, Fidelity VIP High Income Portfolio, and various institutional portfolios.

Prior to assuming his current portfolio management responsibilities, Mr. Harrison was a Managing Director of Research and Business Development, where he had oversight of the high income, emerging market debt, and real estate research teams. He also served as a research analyst covering chemical, services, forest products, and technology credits. He has been in the financial industry since joining Fidelity in 2009.

Mr. Harrison earned his bachelor of arts degree in 20th century history from Brown University and his master of science in management research from the University of Oxford Saïd Business School. He is also a CFA® charterholder.

## PERFORMANCE SUMMARY

### Quarter ending March 31, 2024

| Total Returns for the Variable Subaccount | New York Only: 10 Year/Life of Subaccount | Annualized 1 Year | 3 Year | 5 Year | 10 Year/Life of Subaccount |
|---|---|---|---|---|---|
| Fidelity Retirement Reserves | 2.50% | 8.76% | 0.44% | 1.99% | 2.50% |
| Fidelity Income Advantage | 2.29% | 8.54% | 0.24% | 1.78% | 2.29% |
| Fidelity Personal Retirement Annuity (for contracts purchased prior to 1/1/09 and on or after 9/7/10) | 3.04% | 9.18% | 0.99% | 2.47% | 3.04% |
| Fidelity Personal Retirement Annuity (for contracts purchased between 1/1/09 and 9/6/10) | 3.04% | 9.18% | 0.99% | 2.47% | 3.04% |
| Fidelity Personal Retirement Annuity (for contracts purchased on or after 9/7/10 with an initial purchase payment of $1M+) | 3.19% | 9.34% | 1.14% | 2.63% | 3.19% |

**Current performance may be higher or lower than the performance data quoted above. For month-end performance figures, please visit www.fidelity.com/annuityperformance or call Fidelity. The performance data featured represents past performance, which is no guarantee of future results. Investing in a variable annuity involves risk of loss – investment returns, contract value, and, for variable income annuities, payment amounts are not guaranteed and will fluctuate. Withdrawals of taxable amounts from an annuity are subject to ordinary income tax, and, if taken before age 59 1/2, may be subject to a 10% IRS penalty.**

**Please see the Fiscal Performance Summary section of this Q&A document for performance footnotes and additional information.**

***Before investing, please carefully consider the investment objectives, risks, charges, and expenses of the fund or annuity and its investment options. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.***

**Past performance is no guarantee of future results.**

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Diversification does not ensure a profit or guarantee against a loss.

Information included on this page is as of the most recent calendar quarter.



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