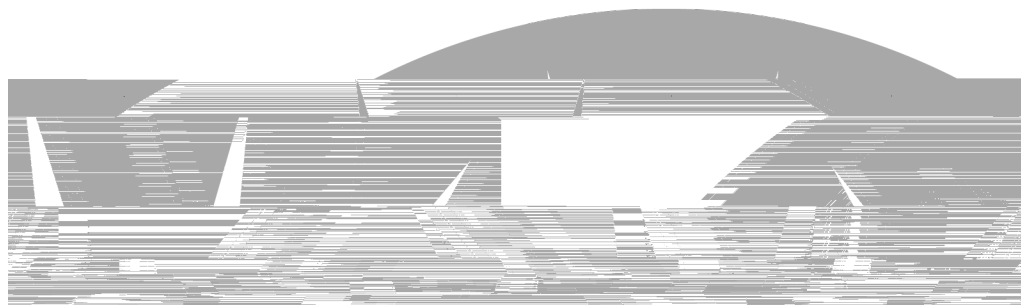


Fidelity® Variable Insurance Products:

Value Strategies Portfolio

Annual Report
December 31, 2022



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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>.

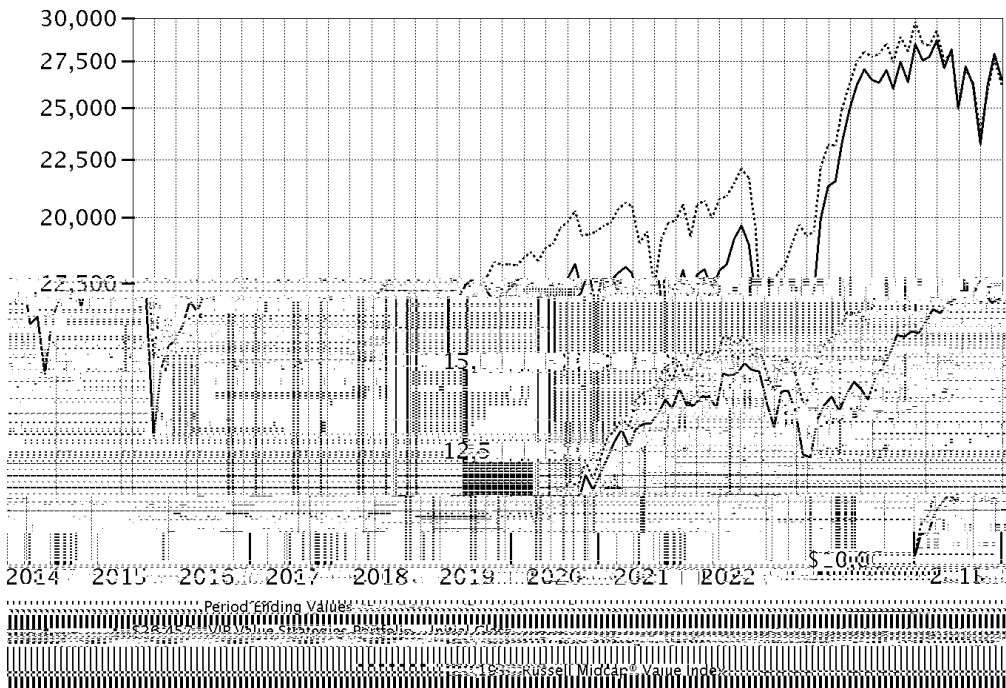
You may also call 1-877-208-0098 to request a free copy of the proxy voting guidelines.

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

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Average annual total return reflects the change in the value of an investment, assuming reinvestment of distributions from dividend income and capital gains (the profits earned upon the sale of securities that have grown in value, if any) and assuming a constant rate of performance each year. During periods of reimbursement by Fidelity, a fund's total return will be greater than it would be had the reimbursement not occurred. Performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would have been lower. How a fund did yesterday is no guarantee of how it will do tomorrow.



Market Recap

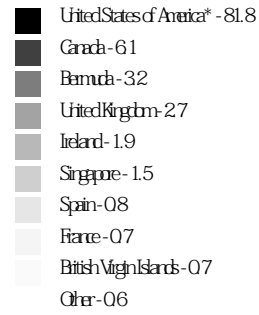
US equities returned -18.11% in 2022, according to the S&P 500® index, as a multitude of risk factors challenged the global economy. It was the index's lowest calendar year return since 2008 and first retreat since 2018. High inflation prompted the Federal Reserve to aggressively tighten monetary policy, and market interest rates eclipsed their highest level in a decade, stoking recession fears and sending stocks into bear market territory. Since March, the Fed hiked its benchmark rate seven times, by 4.25 percentage points - the fastest ever pace of monetary tightening - while also shrinking its massive portfolio. Against this backdrop, the S&P 500® posted its worst year-to-date result (-23.87%) in 20 years through September, a seasonally weak month that stayed true to form, with volatility spiking due to growing certainty the Fed would persist in its effort to cool inflation, even at the expense of economic growth. Three of the index's worst monthly returns ever were recorded in 2022, as it shed 8% to 9% in April, June and September. Gains of similar proportion were made in July and October, amid optimism on inflation and policy easing. November (+6%) began with a rate hike of 0.75% and ended on a high note when the Fed signaled its intent to slow its pace of rate rises. For the year, value stocks hardly outpaced growth. This headwind was pronounced in the growthier communications services (-40%), consumer discretionary (-37%) and information technology (-28%) sectors. In sharp contrast, energy (+66%) shined.

Comments from Portfolio Manager Matt Friedman

For the fiscal year ending December 31, 2022, the fund's share classes returned roughly -7% outperforming the -12.03% result of the benchmark Russell Midcap® Value Index. The top contributors to performance versus the benchmark were stock picks in healthcare. Strong picks in the financials sector, primarily driven by the diversified financials industry, also boosted the fund's relative result. Also boosting performance was an overweighting and stock picks in energy. The fund's top individual relative contributor was an overweighting in Hess, which gained 92% the past year. The company was among our largest holdings. The fund's non-benchmark position in Canadian Natural Resources, the biggest holding in the fund, gained about 38%. We trimmed positions in both Hess and Canadian Natural Resources. The fund's non-benchmark investment in Cigna, one of the fund's largest holdings, gained roughly 46%. We reduced our exposure to the stock. In contrast, the biggest detractor from performance versus the benchmark was security selection in materials. Weak picks in real estate also hampered the fund's relative result. Also hindering the fund's relative performance was stock selection in the consumer discretionary sector, primarily within the retailing industry. Our non-benchmark position in Cushman &

Top Holdings (% of Fund's net assets)

Canadian Natural Resources Ltd	26
PC&E Cap	21
Hess Cap	21
Hillburt Co	1.9
Qrga Cap	1.8
East West Bancorp Inc	1.6
Bex Ltd	1.5
Ameriprise Financial, Inc	1.5
The Travelers Companies, Inc	1.5
Gusman & Wakefield	1.5



Schedule of Investments December 31, 2022

Showing Percentage of Net Assets

Common Stocks - 99.7%		Shares	Value (\$)	Common Stocks - continued		Shares	Value (\$)	
COMMUNICATION SERVICES - 2.3%				ENERGY - 9.5%				
Diversified Telecommunication Services - 0.8%				Energy Equipment & Services - 2.9%				
Gilnet Telecom SA (a)	144,500		<u>4,793,246</u>	Hillburt Co	307,500		12,100,125	
Interactive Media & Services - 0.5%				Liberty Oilfield Services, Inc. Class A				
Ziff Davis, Inc. (b)	42,900		<u>3,393,390</u>	Valeo Ltd (b)	41,500		<u>2,806,230</u>	
Media - 1.0%				<u>18,687,981</u>				
Irtepublic Group of Companies, Inc.				Oil, Gas & Consumable Fuels - 6.6%				
Nestar Broadcasting Group, Inc. Class A	117,900		3,927,249	Canadian Natural Resources Ltd	310,700		17,253,718	
	15,700		<u>2,747,971</u>	Hess Corp	94,300		13,373,626	
			<u>6,675,220</u>	HF Sinclair Corp	101,600		5,272,024	
TOTAL COMMUNICATION SERVICES			<u>14,861,856</u>	Tunari Oil Corp	138,300		<u>6,978,328</u>	
CONSUMER DISCRETIONARY - 11.8%				TOTAL ENERGY				
Auto Components - 1.3%				<u>61,565,677</u>				
Adert HC (b)	140,700		4,880,883	FINANCIALS - 16.6%				
Atdiv, Inc.	48,900		<u>3,744,762</u>	Banks - 3.7%				
			<u>8,625,645</u>	East West Bancorp, Inc.				
Diversified Consumer Services - 0.8%				First Citizens Bancshares, Inc.				
Adalem Global Education, Inc. (b)	149,411		<u>5,304,091</u>	Signature Bank				
Hotels, Restaurants & Leisure - 0.7%				<u>23,904,534</u>				
Casas Entertainment, Inc. (b)	110,600		<u>4,600,960</u>	Capital Markets - 3.8%				
Household Durables - 2.1%				Aresipise Financial, Inc.				
Mihawk Industries, Inc. (b)	37,702		3,853,898	Lazard Ltd Class A				
Taylor Morrison Home Corp. (b)	106,800		3,241,380	IHL Financial				
Tempur Sealy International, Inc.	191,700		<u>6,581,061</u>	<u>24,548,356</u>				
			<u>13,676,339</u>	Consumer Finance - 1.8%				
Internet & Direct Marketing Retail - 0.8%				CoreMain Holdings, Inc.				
eBay, Inc.	121,500		<u>5,038,605</u>	SLM Corp				
Leisure Products - 0.5%				<u>11,350,517</u>				
Mattel, Inc. (b)	190,300		<u>3,394,952</u>	Diversified Financial Services - 1.3%				
Multiline Retail - 1.6%				Apollo Global Management, Inc.				
Dollar Tree, Inc. (b)	45,600		6,449,664	Insurance - 5.2%				
Kohl's Corp	86,300		2,179,075	American Financial Group, Inc.				
Nordstrom, Inc. (c)	101,900		<u>1,644,666</u>	Arch Capital Group Ltd (b)				
			<u>10,273,405</u>	Asuarit, Inc.				
Specialty Retail - 3.3%				Reinsurance Group of America, Inc.				
American Eagle Outfitters, Inc. (c)	468,002		6,533,308	The Travelers Companies, Inc.				
Lithia Motors, Inc. Class A (sub vtg) (c)	17,200		3,521,528	<u>33,825,434</u>				
Rest-A-Center, Inc.	121,900		2,748,845	Trusts & Mortgage Finance - 0.8%				
Sally Beauty Holdings, Inc. (b)	207,900		2,602,908	Walker & Dunlop, Inc.				
Victoria's Secret & Co. (b)	164,900		<u>5,900,122</u>	63,400				<u>4,975,632</u>
			<u>21,306,711</u>	TOTAL FINANCIALS				
Textiles, Apparel & Luxury Goods - 0.7%				<u>107,286,232</u>				
Capi Holdings Ltd (b)	75,300		<u>4,316,196</u>	HEALTHCARE - 7.0%				
TOTAL CONSUMER DISCRETIONARY			<u>76,536,904</u>	Biotechnology - 1.0%				
CONSUMER STAPLES - 3.6%				United Therapeutics Corp (b)				
Beverages - 0.9%				23,900				<u>6,646,351</u>
Pfizer Viatris Corp	366,200		<u>5,660,748</u>	Health Care Providers & Services - 4.4%				
Food & Staples Retailing - 1.3%				Adapt Health Corp (b)				
US Foods Holding Corp (b)	251,600		<u>8,559,432</u>	Centene Corp (b)				
Food Products - 1.4%				81,800				6,708,418
Daring Ingredients, Inc. (b)	141,533		<u>8,860,428</u>	Cigna Corp				
			<u>23,110,608</u>	103,500				<u>5,049,765</u>
TOTAL CONSUMER STAPLES				<u>28,180,141</u>				
				Life Sciences Tools & Services - 0.4%				
				Synovis Health, Inc. (b)				
				76,300				<u>2,798,684</u>
				Pharmaceuticals - 1.2%				
				Jazz Pharmaceuticals PLC (b)				
				47,000				<u>7,487,570</u>

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

Common Stocks – continued

	Shares	Value (\$)
TOTAL COMMON STOCKS		
(Cost: \$549,433,759)		<u>645,299,537</u>

Money Market Funds – 2.4%

	Shares	Value (\$)
Fidelity Cash Central Fund 4.37% (d)	1,879,441	1,879,817
Fidelity Securities Lending Cash Central Fund 4.37% (d)(e)	13,677,749	<u>13,679,117</u>
TOTAL MONEY MARKET FUNDS		
(Cost: \$15,558,934)		<u>15,558,934</u>

TOTAL INVESTMENT IN SECURITIES – 102.1%
(Cost: \$64,992,693) 660,858,471

NET OTHER ASSETS (LIABILITIES) – (2.1%) (13,740,610)
NET ASSETS – 100.0% 647,117,861

Legend

- (a) 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 \$4,793,246 or 0.7% of net assets.
- (b) Non-income producing.
- (c) Security or a portion of the security is on loan at period end.
- (d) 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 funds holdings as of its most recent quarter end is available upon request.

Schedule of Investments - Continued

Investment Valuation

The following is a summary of the inputs used as of December 31, 2022, 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.

Description	Valuation Inputs at Reporting Date:			
	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<u>Investments in Securities:</u>				
Equities:				
Communication Services	14,861,856	10,068,610	4,793,246	-
Consumer Discretionary	76,536,904	76,536,904	-	-
Consumer Staples	23,110,608	23,110,608	-	-
Energy	61,565,677	61,565,677	-	-
Financials	107,286,292	107,286,292	-	-
Health Care	45,112,746	45,112,746	-	-
Industrials	108,796,996	108,796,996	-	-
Information Technology	35,495,686	35,495,686	-	-
Materials	65,686,976	65,686,976	-	-
Real Estate	51,315,348	51,315,348	-	-
Utilities	55,530,448	55,530,448	-	-
Money Market Funds	15,558,934	15,558,934	-	-
Total Investments in Securities:	<u>660,858,471</u>	<u>666,065,225</u>	<u>4,793,246</u>	<u>-</u>

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

Statement of Assets and Liabilities

December 31, 2022

Assets			
Investment in securities at value (including securities loaned of \$13,485,326) — See accompanying schedule			
Unaffiliated issuers (cost \$549,433,759)	\$645,299,537		
Fidelity Central Funds (cost \$15,558,934)	<u>15,558,934</u>		
Total Investment in Securities (cost \$564,992,693)		\$	660,858,471
Foreign currency held at value (cost \$22,207)			22,207
Receivable for fund shares sold			345,598
Dividends receivable			653,924
Distributions receivable from Fidelity Central Funds			17,059
Prepaid expenses			<u>782</u>
Total assets			<u><u><u><u><u>661,898,231</u></u></u></u></u>

Statement of Operations

		Year ended December 31, 2022
Investment Income		
Dividends		\$ 11,434,231
Income from Fidelity Central Funds (including \$88,528 from security lending)		<u>160,939</u>
Total Income		11,595,170
Expenses		
Management fee	\$ 3,686,938	
Transfer agent fees	632,429	
Distribution and service plan fees	797,879	
Accounting fees	236,066	
Custodian fees and expenses	19,104	
Independent trustees' fees and expenses	2,414	
Audit	60,538	
Legal	3,039	
Interest	3,307	
Miscellaneous	3,280	
Total expenses before reductions	<u>5,444,984</u>	
Expense reductions	<u>(23,046)</u>	
Total expenses after reductions		<u>5,421,938</u>
Net Investment income (loss)		<u>6,173,232</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on		
Investment Securities		
Unaffiliated issues	26,242,689	
Foreign currency transactions	<u>(6,323)</u>	
Total net realized gain (loss)		26,236,366
Change in net unrealized appreciation (depreciation) on		
Investment Securities		
Unaffiliated issues	<u>(92,983,262)</u>	
Assets and liabilities in foreign currencies	536	
Total change in net unrealized appreciation (depreciation)		<u>(92,982,726)</u>
Net gain (loss)		<u>(66,746,360)</u>
Net increase (decrease) in net assets resulting from operations		<u>\$ (60,573,128)</u>

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

Statement of Changes in Net Assets

	Year ended December 31, 2022	Year ended December 31, 2021
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 6,173,232	\$ 9,218,173
Net realized gain (loss)	26,236,366	80,396,366
Change in net unrealized appreciation (depreciation)	<u>(92,982,726)</u>	<u>86,974,405</u>
Net increase (decrease) in net assets resulting from operations	<u>(60,573,128)</u>	<u>176,588,944</u>
Distributions to shareholders	<u>(37,922,025)</u>	<u>(69,398,801)</u>
Share transactions - net increase (decrease)	<u>(4,512,076)</u>	<u>150,373,547</u>
Total increase (decrease) in net assets	(103,007,229)	257,563,690
Net Assets		
Beginning of period	<u>750,125,090</u>	<u>492,561,400</u>
End of period	<u>\$ 647,117,861</u>	<u>\$ 750,125,090</u>

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

VIP Value Strategies Portfolio Initial Class

Years ended December 31,	2022	2021	2020	2019	2018
Selected Per-Share Data					
Net asset value, beginning of period	\$ <u>1640</u>	\$ <u>1355</u>	\$ <u>1331</u>	\$ <u>11.11</u>	\$ <u>1427</u>
Income from Investment Operations					
Net investment income (loss) ^{AB}	.16	.24 ^C	.14	.20 ^D	.17
Net realized and unrealized gain (loss)	<u>(1.29)</u>	<u>4.26</u>	<u>.88</u>	<u>3.39</u>	<u>(2.59)</u>
Total from investment operations	<u>(1.13)</u>	<u>4.50</u>	<u>1.02</u>	<u>3.59</u>	<u>(2.41)</u>
Distributions from net investment income	<u>(.16)^E</u>	<u>(.26)</u>	<u>(.15)</u>	<u>(.21)</u>	<u>(.13)</u>
Distributions from net realized gain	<u>(.73)^E</u>	<u>(1.39)</u>	<u>(.63)</u>	<u>(1.18)</u>	<u>(.62)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Net A.S.

VIP Value Strategies Portfolio Service Class 2

Years ended December 31,	2022	2021	2020	2019	2018
Selected Per-Share Data					
Net asset value, beginning of period	\$ 1659	\$ 1368	\$ 1343	\$ 1121	\$ 1438
Income from Investment Operations					
Net investment income (loss) ^{AB}	.12	.20 ^C	.12	.17 ^D	.14
Net realized and unrealized gain (loss)	(1.31)	4.31	.88	3.41	(2.59)
Total from investment operations	(1.19)	4.51	1.00	3.58	(2.45)
Distributions from net investment income	(.13) ^E	(.21)	(.12)	(.18)	(.10)
Distributions from net realized gain	(.73) ^E	(1.39)	(.63)	(1.18)	(.62)
Total distributions	(.86)	(1.60)	(.75)	(1.36)	(.72)
Net asset value, end of period	\$ 1454	\$ 1659	\$ 1368	\$ 1343	\$ 1121
Total Return ^{FG}	(7.35)%	33.34%	8.02%	34.10%	(17.50)%
Ratios to Average Net Assets ^{BH}					
Expenses before reductions	.89%	.88%	.91%	.91%	.92%
Expenses net of fee waivers, if any	.88%	.88%	.91%	.91%	.92%
Expenses net of all reductions	.88%	.88%	.90%	.91%	.91%
Net investment income (loss)	.77%	1.22% ^C	1.07%	1.39% ^D	1.04%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 309,683	\$ 315,104	\$ 228,031	\$ 220,982	\$ 160,274
Portfolio turnover rate ^J	59%	62%	85%	68%	68%

- A Calculated based on average shares outstanding during the period
- B Net investment income (loss) is affected by the timing of the declaration of dividends by any underlying mutual funds or exchange traded funds (ETFs). Net investment income (loss) of any mutual funds or ETFs is not included in the Fund's net investment income (loss) ratio
- C Net investment income per share reflects a one-time large, non-recurring dividend(s) which amounted to \$0.6 per share. Excluding such non-recurring dividend(s), the ratio of net investment income (loss) to average net assets would have been .84%
- D Net investment income per share reflects a one-time large, non-recurring dividend(s) which amounted to \$0.3 per share. Excluding such non-recurring dividend(s), the ratio of net investment income (loss) to average net assets would have been 1.11%
- E The amount shown reflects reclassifications related to book to tax differences that were made in the years shown
- 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 mutual funds or exchange traded funds (ETFs) are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of these expenses. For additional expense information related to investments in Fidelity Central Funds, please refer to the "Investments in Fidelity Central Funds" note found in the Notes to Financial Statements section of the most recent Annual or Semi-Annual report.
- I Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed, waived, or reduced through arrangements with the investment adviser, brokerage services, or other offset arrangements, if applicable, and do not represent the amount paid by the class during periods when reimbursements, waivers or reductions occur.
- J Amount does not include the portfolio activity of any underlying mutual funds or exchange traded funds (ETFs).

1. Organization

VP Value Strategies Portfolio (the Fund) is a fund of Variable Insurance Products Fund III (the Trust) and is authorized to issue an unlimited number of shares. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a general 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.

pricing service 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 and certain indexes as well as quoted prices for similar securities may be used and would be categorized as Level 2 in the hierarchy. For equity securities, including restricted securities, where observable inputs are limited, assumptions about market activity and risk are used and these securities may be categorized as Level 3 in the hierarchy.

Investments in open end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value (NAV) each business day and are categorized as Level 1 in the hierarchy.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level as of December 31, 2022, is included at the end of the Funds Schedule of Investments.

Foreign Currency. Certain Funds 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 counterparty does not perform under the contract terms.

Foreign denominated assets, including investment securities, and liabilities are translated into US 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 US 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 Funds 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 pm 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 liquidation. Commissions paid to certain brokers with whom the investment adviser, or its affiliates, places trades on behalf of a fund include an amount in addition to trade execution, which may be rebated back to a fund. Any such rebates are included in net realized gain (loss) on investments in the Statement of Operations. 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. There

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not luded in dv Statement of Operations ts idcaF ilities are dividends received in Inv rld rs and

servicing agent. FICC 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. For the period, transfer agent fees for each class were as follows:

	Amount	% of Class-Level Average Net Assets
Initial Class	\$67,241	.06
Service Class	14,932	.06
Service Class 2	193,466	.06
	<hr/>	
	<hr/>	

Notes to Financial Statements – continued

securities are identified as such in the Schedule of Investments and the value of loaned securities and cash collateral at period end, as applicable, are presented in the 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. Affiliated security lending activity, if any, was as follows:

	Total Security Lending Fees Paid to NFS	Security Lending Income From Securities Loaned to NFS	Value of Securities Loaned to NFS at Period End
VIP Value Strategies Portfolio	\$9,554	\$1	\$-

8. Expense Reductions.

During the period the investment adviser or an affiliate reimbursed and/or waived a portion of fund level operating expenses in the amount of \$23,046.

9. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
VIP Value Strategies Portfolio		
Distributions to shareholders		
Initial Class	\$5,685,132	\$11,919,050
Service Class	1,349,204	2,530,343
Service Class 2	17,261,213	28,337,568
Investor Class	13,626,476	26,611,850
Total	<u>\$37,922,025</u>	<u>\$69,398,811</u>

10. Share Transactions.

Transactions for each class of shares were as follows and may contain in-kind transactions:

	Shares Year ended December 31, 2022	Shares Year ended December 31, 2021	Dollars Year ended December 31, 2022	Dollars Year ended December 31, 2021
VIP Value Strategies Portfolio				
Initial Class				
Shares sold	1,947,608	2,665,923	\$30,529,762	\$43,770,907
Reinvestment of distributions	381,010	733,770	5,685,132	11,919,050
Shares redeemed	<u>(3,540,820)</u>	<u>(2,869,932)</u>	<u>(54,388,401)</u>	<u>(46,470,633)</u>
Net increase (decrease)	<u>(1,212,202)</u>	<u>529,761</u>	<u>\$18,173,507</u>	<u>\$9,219,294</u>
Service Class				
Shares sold	1,240,779	454,526	\$19,740,105	\$7,507,997
Reinvestment of distributions	90,885	156,212	1,349,204	2,530,343
Shares redeemed	<u>(1,306,794)</u>	<u>(361,204)</u>	<u>(20,177,384)</u>	<u>(5,953,886)</u>
Net increase (decrease)	<u>24,870</u>	<u>249,534</u>	<u>\$911,925</u>	<u>\$4,084,454</u>
Service Class 2				
Shares sold	5,294,423	3,862,756	\$83,174,293	\$63,259,710
Reinvestment of distributions	1,145,778	1,724,021	17,261,213	28,337,568
Shares redeemed	<u>(4,143,289)</u>	<u>(3,256,520)</u>	<u>(63,475,844)</u>	<u>(54,330,633)</u>
Net increase (decrease)	<u>2,296,912</u>	<u>2,330,257</u>	<u>\$36,959,662</u>	<u>\$37,266,635</u>
Investor Class				
Shares sold	3,558,568	9,653,520	\$56,415,018	\$156,305,016
Reinvestment of distributions	922,387	1,652,423	13,626,476	26,611,849
Shares redeemed	<u>(6,349,399)</u>	<u>(5,050,324)</u>	<u>(94,251,650)</u>	<u>(83,113,701)</u>
Net increase (decrease)	<u>(1,868,444)</u>	<u>6,255,619</u>	<u>\$12,421,015</u>	<u>\$99,803,164</u>

11. Other.

A fund's organizational documents provide for and exempt 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, a fund may also enter into contracts that provide general indemnifications. A fund's maximum exposure under these arrangements is unknown as

this would be dependent on future claims that may be made against a 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 owners of record of more than 10% and certain otherwise unaffiliated shareholders were owners of record of more than 10% of the outstanding shares as follows:

Fund	Affiliated %	Number of Unaffiliated Shareholders	Unaffiliated Shareholders %
VP Value Strategies Portfolio	40%	1	33%

12. Risk and Uncertainties.

To the Board of Trustees of Variable Insurance Products Fund III and the Shareholders of VP Value Strategies Portfolio

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of VP Value Strategies Portfolio (the "Fund"), a fund of Variable Insurance Products Fund III, including the schedule of investments as of December 31, 2022, the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended

The Trustees, Members of the Advisory Board (if any), and officers of the trust and fund as applicable, are listed below. The Board of Trustees governs the fund and is responsible for protecting the interests of shareholders. The Trustees are experienced executives who meet periodically throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, oversee management of the risks associated with such activities and contractual arrangements, and review the fund's performance. Each of the Trustees oversees 318 funds.

The Trustees hold office without limit in time except that (a) any Trustee may resign; (b) any Trustee may be removed by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal; (c) any Trustee who requests to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees; and (d) any Trustee may be removed at any special meeting of shareholders by a two-thirds vote of the outstanding voting securities of the trust. Each Trustee who is not an

Bettina Daulton (1964)

Year of Election or Appointment: 2020

Trustee

Ms. Daulton also serves as Trustee of other Fidelity® funds. Prior to her retirement, Ms. Daulton served in a variety of positions at Fidelity Investments, including as a managing director of research (2006-2007), portfolio manager to certain Fidelity® funds (1993-2005), equity analyst and portfolio assistant (1990-1993), and research assistant (1987-1990). Ms. Daulton currently owns and operates Phi Builders + Architects and Gallardo Winery. Previously, Ms. Daulton served as a member of the Board of Brown Capital Management, LLC (2014-2018).

Robert A. Lawrence (1952)

Year of Election or Appointment: 2020

Trustee

Chair of the Board of Trustees

Mr. Lawrence also serves as Trustee of other funds. Previously, Mr. Lawrence served as a Trustee and Member of the Advisory Board of certain funds. Prior to his retirement in 2008, Mr. Lawrence served as Vice President of certain Fidelity® funds (2006-2008), Senior Vice President, Head of High Income Division of Fidelity Management & Research Company (investment adviser firm, 2006-2008), and President of Fidelity Strategic Investments (investment adviser firm, 2002-2005).

Board of the Royal Shakespeare Company - America (2009-present), as a member of the Board of the Columbus Association for the Performing Arts (2011-present) and as a member of the Board and Kenyon in the Wild Committee of Kenyon College (2016-present). Previously, Ms. Tomasky served as a Member of the Advisory Board of certain Fidelity® funds (2020), as a member of the Board of the Columbus Regional Airport Authority (2007-2020), as a member of the Board (2011-2018) and Lead Independent Director (2015-2018) of Ardour

Jonathan Davis (1968)

Year of Election/Appointment: 2010

Assistant Treasurer

Mr. Davis also serves as an officer of other funds. Mr. Davis serves as Assistant Treasurer of FMM ILC (2021-present), FMR Capital, Inc. (2017-present), HDFunds GPIIC (2021-present), HDFunds Holding ILC (2021-present), and HDFunds Management ILC (2021-present); and is an employee of Fidelity Investments. Previously, Mr. Davis served as Vice President and Associate General Counsel of FMR ILC (diversified financial services company, 2003-2010).

Laura M Del Prato (1964)

Year of Election/Appointment: 2018

Assistant Treasurer

Ms. Del Prato also serves as an officer of other funds. Ms. Del Prato serves as Assistant Treasurer of FMM ILC (2021-present) and is an employee of Fidelity Investments (2017-present). Previously, Ms. Del Prato served as President and Treasurer of The North Carolina Capital Management Trust: Cash Portfolio and Term Portfolio (2018-2020). Prior to joining Fidelity Investments, Ms. Del Prato served as a Managing Director and Treasurer of the JPMorgan Mutual Funds (2014-2017). Prior to JPMorgan, Ms. Del Prato served as a partner at Cohen Furd Ault Services (accounting firm, 2012-2013) and KPMG LLP (accounting firm, 2004-2012).

Colin A Hagan (1973)

Year of Election/Appointment: 2020

Assistant Treasurer

Mr. Hagan also serves as an officer of other funds. Mr. Hagan serves as Assistant Treasurer of FMM ILC (2021-present) and FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (2005-present). Previously, Mr. Hagan served as Deputy Treasurer of certain Fidelity funds (2016-2020) and Assistant Treasurer of certain Fidelity funds (2016-2018).

Pamela R Holding (1964)

Year of Election/Appointment: 2018

Vice President

Ms. Holding also serves as Vice President of other funds. Ms. Holding serves as Co-Head of Equity (2018-present) and is an employee of Fidelity Investments (2013-present). Previously, Ms. Holding served as Executive Vice President of Fidelity Select Co. ILC (2019) and as Chief Investment Officer of Fidelity Institutional Asset Management (2013-2018).

Cynthia LoBessette (1969)

Year of Election/Appointment: 2019

Secretary and Chief Legal Officer (CLO)

Ms. LoBessette also serves as an officer of other funds. Ms. LoBessette serves as CLO Secretary and Senior Vice President of Fidelity Management & Research Company ILC (investment adviser firm, 2019-present); CLO of Fidelity Management & Research (Hong Kong) Limited, FMR Investment Management (UK) Limited and Fidelity Management & Research (Japan) Limited (investment adviser firms, 2019-present); Secretary of HDFunds GPIIC (2021-present), HDFunds Holding ILC (2021-present), HDFunds Management ILC (2021-present), and Fidelity Diversifying Solutions ILC (investment adviser firm, 2022-present); and Assistant Secretary of FMM ILC (2019-present). She is a Senior Vice President and Deputy General Counsel of FMR ILC (diversified financial services company, 2019-present), and is an employee of Fidelity Investments. Previously, Ms. LoBessette served as CLO Secretary and Senior Vice President of FMR Co., Inc. (investment adviser firm, 2019); Secretary of Fidelity Select Co. ILC and Fidelity Investments Money Management, Inc. (investment adviser firms, 2019). Prior to joining Fidelity Investments, Ms. LoBessette was Executive Vice President, General Counsel (2016-2019) and Senior Vice President, Deputy General Counsel (2015-2016) of Oppenheimer Funds (investment management company) and Deputy Chief Legal Officer (2013-2015) of Jerrison Associates ILC (investment adviser firm).

Chris Maher (1972)

Year of Election/Appointment: 2020

Deputy Treasurer

Mr. Maher also serves as an officer of other funds. Mr. Maher serves as Assistant Treasurer of FMM ILC (2021-present) and FMR Capital, Inc. (2017-present), and is an employee of Fidelity Investments (2008-present). Previously, Mr. Maher served as Assistant Treasurer of certain funds (2013-2020); Vice President of Asset Management Compliance (2013), Vice President of the Program Management Group of FMR (investment adviser firm, 2010-2013), and Vice President of Valuation Oversight (2008-2010).

Jason P. Rogrelec (1975)

Year of Election/Appointment: 2020

Chief Compliance Officer

Mr. Rogrelec also serves as Chief Compliance Officer of other funds. Mr. Rogrelec is a Senior Vice President of Asset Management Compliance for Fidelity Investments and is an employee of Fidelity Investments (2006-present). Previously, Mr. Rogrelec served as Vice President, Associate General Counsel for Fidelity Investments (2010-2020) and Assistant Secretary of certain Fidelity funds (2015-2020).

Brett Segaloff (1972)

Trustees and Officers - Continued

Year of Election or Appointment: 2021

Anti-Money Laundering (AML) Officer

Mr. Segaloff also serves as an AML Officer of other funds and other related entities. He is Director, Anti-Money Laundering (2007-present) of FMR LLC (diversified financial services company) and is an employee of Fidelity Investments (1996-present).

Stacie M. Smith (1974)

Year of Election or Appointment: 2016

Resident and Treasurer

Ms. Smith also serves as an officer of other funds. Ms. Smith serves as Assistant Treasurer of FMM LLC (2021-present) and FMR Capital, Inc. (2017-present), is an employee of Fidelity Investments (2009-present), and has served in other fund officer roles. Prior to joining Fidelity Investments, Ms. Smith served as Senior Audit Manager of Ernst & Young LLP (accounting firm, 1996-2009). Previously, Ms. Smith served as Assistant Treasurer (2013-2019) and Deputy Treasurer (2013-2016) of certain Fidelity® funds.

Jim Wagnam (1979)

Year of Election or Appointment: 2019

Assistant Treasurer

Mr. Wagnam also serves as an officer of other funds. Mr. Wagnam serves as Assistant Treasurer of FMM LLC (2021-present) and is an employee of Fidelity Investments (2011-present). Previously, Mr. Wagnam served as Assistant Treasurer of certain Fidelity® funds (2019-2021).

Shareholder Expense Example

As a shareholder, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments or redemption proceeds, as applicable and (2) ongoing costs, which generally include 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 a fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2022 to December 31, 2022).

Actual Expenses

The first line of the accompanying table 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 \$860 account value divided by \$1,000.00 = .86), then multiply the result by the number in the first line for a class/Fund under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. If any fund is a shareholder of any underlying mutual funds or exchange-traded funds (ETFs) (the Underlying Funds), such fund indirectly bears its proportional share of the expenses of the Underlying Funds in addition to the direct expenses incurred presented in the table. These fees and expenses are not included in the annualized expense ratio used to calculate the expense estimate in the table below. 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.

Hypothetical Example for Comparison Purposes

The second line of the accompanying table provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 also compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. If any fund is a shareholder of any Underlying Funds, such fund indirectly bears its proportional share of the expenses of the Underlying Funds in addition to the direct expenses as presented in the table. These fees and expenses are not included in the annualized expense ratio used to calculate the expense estimate in the table below. 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.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Annualized Expense Ratio ^A	Beginning Account Value July 1, 2022	Ending Account Value December 31, 2022	Expenses Paid During Period ^C July 1, 2022 to December 31, 2022
VP Value Strategies Portfolio				
Initial Class	.63%			
Actual		\$1,000	\$1,059.40	\$327
Hypothetical ^B		\$1,000	\$1,022.03	\$321
Service Class	.73%			
Actual		\$1,000	\$1,058.60	\$379
Hypothetical ^B		\$1,000	\$1,021.53	\$372
Service Class 2	.88%			
Actual		\$1,000	\$1,057.60	\$456
Hypothetical ^B		\$1,000	\$1,020.77	\$448
Investor Class	.71%			
Actual		\$1,000	\$1,059.10	\$368
Hypothetical ^B		\$1,000	\$1,021.63	\$362

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

B 5% return per year before expenses.

C Expenses are equal to the annualized expense ratio multiplied by the average account value over the period multiplied by 184/365 (to reflect the one-half year period). The fees and expenses of any Underlying Funds are not included in each annualized expense ratio.

Distributions (Unaudited)

The dividend and capital gains distributions for the fund(s) are available on Fidelity.com or Institutional.Fidelity.com

The fund hereby designates as a capital gain dividend with respect to the taxable year ended December 31, 2022, \$27,006,950 or, if subsequently determined to be different, the net capital gain of such year.

Initial Class designates 93%, Service Class designates 100%, Service Class 2 designates 100%, and Investor Class designates 100% of the dividend distributed in December, during the fiscal year as qualifying for the dividend received deduction for corporate shareholders.

