



OppenheimerFunds®

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December 31, 2018

Oppenheimer

Conservative Balanced Fund/VA

A Series of Oppenheimer Variable Account Funds

Annual Report

ANNUAL REPORT

Listing of Top Holdings

Fund Performance Discussion

Financial Statements

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AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED 12/31/18

	Inception Date	1-Year	5-Year	10-Year
Non-Service Shares	2/9/87	-5.32%	3.50%	7.67%
Service Shares	5/1/02	-5.53	3.25	7.40
Russell 3000 Index		-5.24	7.91	13.18
Bloomberg Barclays U.S. Aggregate Bond Index		0.01	2.52	3.48
Reference Index		-1.51	4.63	7.19

Performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, call us at 1.800.988.8287. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns include changes in share price and reinvested distributions but do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account. Returns for periods of less than one year are cumulative and not annualized. See Fund prospectuses and summary prospectuses for more information on share classes and sales charges.*

TOP HOLDINGS AND ALLOCATIONS

TOP TEN COMMON STOCK HOLDINGS

Microsoft Corp.	1.3%
Apple, Inc.	1.2
JPMorgan Chase & Co.	1.1
Amazon.com, Inc.	0.9
Lowe's Cos., Inc.	0.8
Johnson & Johnson	0.7
Verizon Communications, Inc.	0.7
Mastercard, Inc., Cl. A	0.7
Facebook, Inc., Cl. A	0.6
Merck & Co., Inc.	0.6

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2018, and are based on net assets.

PORTFOLIO ALLOCATION

Non-Convertible Corporate Bonds and Notes	30.0%
Mortgage-Backed Obligations	
Government Agency	18.9
Non-Agency	9.5
Common Stocks	27.5
Asset-Backed Securities	11.4
Investment Company	
Oppenheimer Institutional Government Money Market Fund	2.5
U.S. Government Obligations	0.2

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2018, and are based on the total market value of investments.

For more current Fund holdings, please visit oppenheimerfunds.com.

Fund Performance Discussion

The Fund's Non-Service shares produced a return of -5.32% during the reporting period. On a relative basis, the Fund's Reference Index returned -1.51%. The Fund's Reference Index is a customized weighted index currently comprised of the following underlying broad-based security indices: 65% of the Bloomberg Barclays U.S. Aggregate Bond Index and 35% of the Russell 3000 Index. Measured separately, the Bloomberg Barclays U.S. Aggregate Bond Index returned 0.01% and the Russell 3000 Index returned -5.24%.

MARKET OVERVIEW

Markets were volatile in 2018 and hit a wall in the last quarter of the year. Several shocks negatively affected market sentiment. The U.S. Federal Reserve (Fed) once again decided to hike interest rates, as was nearly universally expected, but the post-meeting conference was more hawkish than expected. Markets were expecting a clear message that the Fed might consider a pause in any future rate increases, but that was not initially communicated. Equity markets sold off, bonds rallied, and the U.S. dollar weakened. The sell-offs were sizable, which led some to think a recession might be imminent. It was not just the Fed making headlines, some key economic data was also weaker in December. In the U.S., regional surveys from the Fed and Institute for Supply Management (ISM) sentiment surveys decreased markedly, along with a cool-off in housing. Politics were once again a factor because there was little clarity from the Trump Administration about the policies for tariffs on Chinese imports, and the U.S. Government shutdown did not help in an environment where the appetite for risk declined.

The U.S. economy continued to show strong growth momentum. As of the end of the reporting period, the tracking of fourth-quarter GDP data suggests the economy will finish the year at around 3% GDP growth. There are pockets of moderation, such as housing and investment expenditures that may have peaked in the second half of the year. Going forward, we believe investment should continue to support growth. With increasingly less slack in the economy, strong profits, and the corporate tax cuts, the environment for investment is healthy. Consumers so far do not seem to be affected by market jitters and politics. At period end, reports and anecdotes suggest that the holiday shopping period was good. Job growth is still strong, supporting both incomes and consumer confidence. Household finances are in good shape. If growth continues to be above trend as expected, the Fed may resume its hiking cycle, but for the time being, this may be the time for investors to take stock and observe the impact of the tightening delivered so far.

EQUITY STRATEGY REVIEW

In a volatile environment, the equity strategy produced negative absolute performance during the reporting period and underperformed the Russell 3000 Index. The largest underperforming sectors for the equity strategy were Consumer Staples, Communication Services, and Information Technology, due to stock selection. The equity strategy outperformed slightly in the Industrials sector, where stock selection benefited.

Holdings that contributed positively to performance included Palo Alto Networks and Mastercard.

Continued strong execution has enabled Palo Alto Networks to accelerate growth and consistently beat expectations on the top and bottom-line, despite market concerns that a product refresh cycle is nearing its end. While there were mid-year questions relating to the change in the CEO and COO (both from Google), the company has stated it remains committed to the same strategic path, and execution in the first two quarters post the change remained strong. We continue to view Palo Alto Networks as a good value, especially relative to pure software companies with similar growth profiles.

Mastercard's performance was driven by strong core results reported over the second quarter of 2018, where revenues and earnings soundly beat expectations and organic revenue growth accelerated to over 20% year over year. While these results are unlikely sustainable, Mastercard has demonstrated an ability to grow at a faster pace than their largest competitor Visa driven by the strength of their services business, share gains in European processing, and some market share gains internationally. Notably, this reporting period, the company won Santander's large UK debit business. More importantly, Mastercard continues to benefit from the long tail of revenue growth as the world transitions from cash and check to electronic forms of payment. The global ubiquity of acceptance at Visa and Mastercard make them both partners of choice for global card issuers.

Not owning Amazon over the first half of the period was the biggest relative detractor. We initiated a position in the company over the second half of the period. Also detracting from performance was British American Tobacco (BATS). Concerns about heightened regulatory pressures in the U.S. tobacco industry (40% of BATS profits) pressured the stock in the fourth quarter of 2018. The FDA, which has oversight over U.S. tobacco, signaled that they would propose a rule banning menthol from cigarettes. Menthol cigarettes comprise 60% of BATS U.S. business. Also, the FDA has used aggressive language to address the youth vaping issue and has reached concessions with some vaping companies, like Juul, to address underage use. Although BATS is the largest vaping company in the world, their

U.S. vaping business is minor to the overall enterprise. However, this serves as more evidence that the FDA is taking a more aggressive stance in forcing its policies.

FIXED-INCOME STRATEGY REVIEW

In a period where U.S. Treasuries outperformed credit, the fixed-income strategy's underweight position in U.S. Treasuries and overweight exposure to investment grade credit were the top detractors to return, leading the fixed-income strategy to underperform the Bloomberg Barclays U.S. Aggregate Bond Index. The fixed-income strategy's top contributors to return over the period were allocations to asset-backed securities (ABS) and non-agency mortgage-backed securities (MBS).

Investors should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The Fund's prospectus and summary prospectus contain this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

Total returns include changes in share price and reinvestment of dividends and capital gains distributions in a hypothetical investment for the periods shown, but do not include the charges associated with the separate account products that offer this Fund.

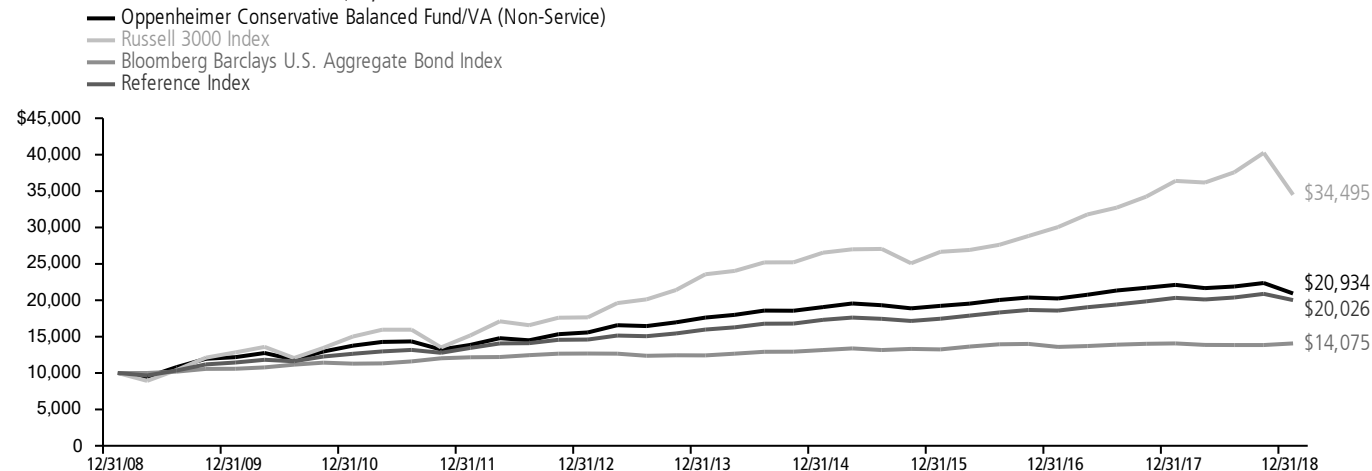
The views in the Fund Performance Discussion represent the opinions of this Fund's portfolio managers and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on December 31, 2018, and are subject to change based on subsequent developments. The Fund's portfolio and strategies are subject to change.

Shares of Oppenheimer funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

Comparing the Fund's Performance to the Market. The graphs that follow show the performance of a hypothetical \$10,000 investment in each share class of the Fund held until December 31, 2018. Performance is measured over a ten-fiscal-year period for both Classes. Performance information does not reflect charges that apply to separate accounts investing in the Fund. If these charges were taken into account, performance would be lower. The graphs assume that all dividends and capital gains distributions were reinvested in additional shares.

The Fund's performance is compared to the performance of the Russell 3000 Index, the Bloomberg Barclays U.S. Aggregate Bond Index and the Fund's Reference Index. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Bloomberg Barclays U.S. Aggregate Bond Index is an index of U.S. dollar-denominated, investment-grade U.S. corporate government and mortgage-backed securities. The Fund's Reference Index is a customized weighted index currently comprised of 65% of the Bloomberg Barclays U.S. Aggregate Bond Index and 35% of the Russell 3000 Index. The indices are unmanaged and cannot be purchased directly by investors. While index comparisons may be useful to provide a benchmark for the Fund's performance, it must be noted that the Fund's investments are not limited to the investments comprising the indices. Index performance includes reinvestment of income, but does not reflect transaction costs, fees, expenses or taxes. Index performance is shown for illustrative purposes only as a benchmark for the Fund's performance, and does not predict or depict performance of the Fund. The Fund's performance reflects the effects of the Fund's business and operating expenses.

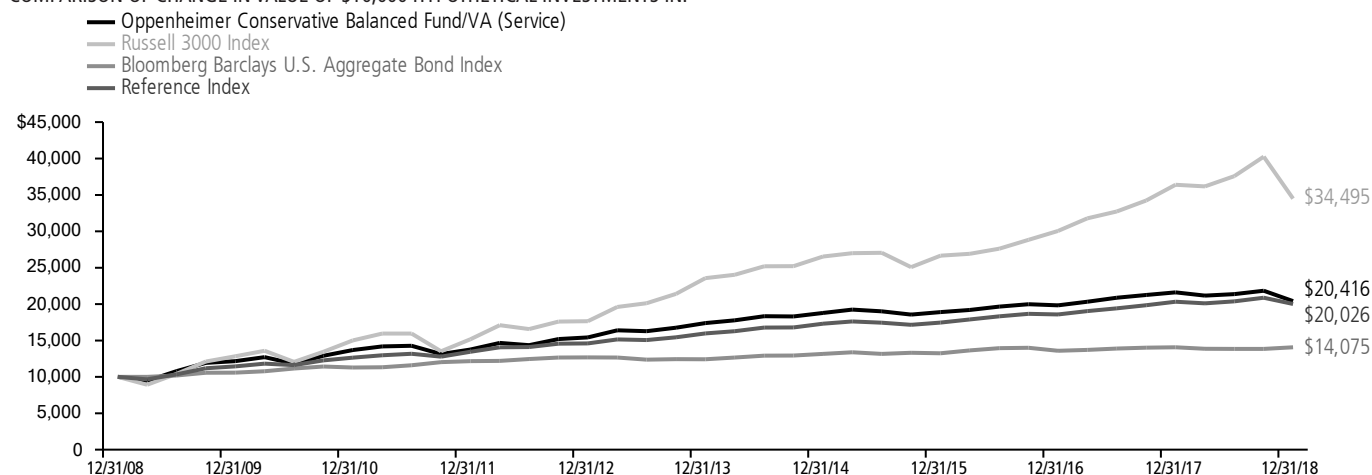
COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:



Average Annual Total Returns of Non-Service Shares of the Fund at 12/31/18

1-Year **-5.32%** 5-Year **3.50%** 10-Year **7.67%**

COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:



Average Annual Total Returns of Service Shares of the Fund at 12/31/18

1-Year **-5.53%** 5-Year **3.25%** 10-Year **7.40%**

Performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, call us at 1.800.988.8287. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns include changes in share price and reinvested distributions but do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account.*

Fund Expenses

Fund Expenses. As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; distribution and service fees; and other Fund expenses. These examples are 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 examples are based on an investment of \$1,000.00 invested at the beginning of the period and held for the entire 6-month period ended December 31, 2018.

Actual Expenses. The first section of the table provides information about actual account values and actual expenses. You may use the information in this section for the class of shares you hold, together with the amount you invested, to estimate the expense that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600.00 account value divided by \$1,000.00 = 8.60), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During 6 Months Ended December 31, 2018" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes.

The second section of the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio for each class of shares, and an assumed rate of return of 5% per year for each class 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 do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any charges associated with the separate accounts that offer this Fund. Therefore, the "hypothetical" lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these separate account charges were included your costs would have been higher.

Actual	Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During 6 Months Ended December 31, 2018
Non-Service shares	\$ 1,000.00	\$ 956.30	\$ 3.31
Service shares	1,000.00	955.10	4.54
Hypothetical			
(5% return before expenses)			
Non-Service shares	1,000.00	1,021.83	3.42
Service shares	1,000.00	1,020.57	4.70

Expenses are equal to the Fund's annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated funds, based on the 6-month period ended December 31, 2018 are as follows:

Class	Expense Ratios
Non-Service shares	0.67%
Service shares	0.92

The expense ratios reflect voluntary and/or contractual waivers and/or reimbursements of expenses by the Fund's Manager. Some of these undertakings may be modified or terminated at any time, as indicated in the Fund's prospectus. The "Financial Highlights" tables in the Fund's financial statements, included in this report, also show the gross expense ratios, without such waivers or reimbursements and reduction to custodian expenses, if applicable.

STATEMENT OF INVESTMENTS December 31, 2018

	Shares	Value
Common Stocks—32.5%		
Consumer Discretionary—5.6%		
Auto Components—0.2%		
Visteon Corp. ¹	4,382	\$ 264,147
Diversified Consumer Services—0.0%		
Houghton Mifflin Harcourt Co. ¹	2,021	17,906
Weight Watchers International, Inc. ¹	85	3,277
		21,183
Entertainment—0.9%		
Activision Blizzard, Inc.	11,430	532,295
Netflix, Inc. ¹	2,656	710,905
Zynga, Inc., Cl. A ¹	110,959	436,069
		1,679,269
Hotels, Restaurants & Leisure—0.7%		
Cedar Fair LP ²	5,485	259,440
Chipotle Mexican Grill, Inc., Cl. A ¹	24	10,363
McDonald's Corp.	5,926	1,052,280
		1,322,083
Household Durables—0.0%		
Newell Brands, Inc.	654	12,158
Tupperware Brands Corp.	246	7,766
		19,924
Interactive Media & Services—0.8%		
Alphabet, Inc., Cl. C ¹	10	10,356
Facebook, Inc., Cl. A ¹	8,433	1,105,482
Snap, Inc., Cl. A ¹	48,245	265,830
		1,381,668
Internet & Catalog Retail—1.2%		
Amazon.com, Inc. ¹	1,126	1,691,218
Booking Holdings, Inc. ¹	5	8,612
eBay, Inc. ¹	16,193	454,538
Groupon, Inc., Cl. A ¹	4,861	15,555
		2,169,923
Leisure Products—0.0%		
American Outdoor Brands Corp. ¹	1,079	13,876
Vista Outdoor, Inc. ¹	1,278	14,505
		28,381
Multiline Retail—0.0%		
Big Lots, Inc.	171	4,945
Dollar Tree, Inc. ¹	206	18,606
		23,551
Specialty Retail—1.3%		
Bed Bath & Beyond, Inc.	395	4,471
Burlington Stores, Inc. ¹	2,116	344,210
CarMax, Inc. ¹	9,248	580,127
GameStop Corp., Cl. A	750	9,465
Lowe's Cos., Inc.	15,166	1,400,732
Office Depot, Inc.	4,029	10,395
Sally Beauty Holdings, Inc. ¹	721	12,293
Sportsman's Warehouse Holdings, Inc. ¹	1,985	8,694
		2,370,387
Textiles, Apparel & Luxury Goods—0.5%		
NIKE, Inc., Cl. B	12,733	944,025
Consumer Staples—1.0%		
Beverages—0.0%		
Constellation Brands, Inc., Cl. A	49	7,880
Molson Coors Brewing Co., Cl. B	379	21,285
		29,165
Food & Staples Retailing—0.0%		
Kroger Co. (The)	710	19,525
Rite Aid Corp. ¹	10,543	7,468
Smart & Final Stores, Inc. ¹	1,926	9,129
SpartanNash Co.	764	13,126
United Natural Foods, Inc. ¹	460	4,871

	Shares	Value
Food & Staples Retailing (Continued)		
Walgreens Boots Alliance, Inc.	204	\$ 13,939
		68,058
Food Products—0.5%		
Campbell Soup Co.	558	18,408
Conagra Brands, Inc.	17,572	375,338
Dean Foods Co.	2,150	8,192
General Mills, Inc.	487	18,964
Kellogg Co.	294	16,761
Kraft Heinz Co. (The)	10,662	458,893
Seneca Foods Corp., Cl. A ¹	319	9,002
TreeHouse Foods, Inc. ¹	278	14,097
		919,655
Household Products—0.2%		
Church & Dwight Co., Inc.	240	15,782
Energizer Holdings, Inc.	5,740	259,161
		274,943
Personal Products—0.0%		
Avon Products, Inc. ¹	8,404	12,774
Coty, Inc., Cl. A	2,115	13,875
Edgewell Personal Care Co. ¹	338	12,624
		39,273
Tobacco—0.3%		
Altria Group, Inc.	455	22,472
British American Tobacco plc	14,470	461,437
British American Tobacco plc, Sponsored ADR	519	16,535
Philip Morris International, Inc.	424	28,306
Vector Group Ltd.	1,757	17,096
		545,846
Energy—1.7%		
Energy Equipment & Services—0.7%		
Baker Hughes a GE Co., Cl. A	19,524	419,766
Schlumberger Ltd.	24,576	886,702
		1,306,468
Oil, Gas & Consumable Fuels—1.0%		
Devon Energy Corp.	23,558	530,997
EQT Corp.	37,992	717,669
Equitrans Midstream Corp. ¹	3	60
Matador Resources Co. ¹	192	2,982
Noble Energy, Inc.	177	3,321
Range Resources Corp.	464	4,440
Shell Midstream Partners LP ²	29,695	487,295
		1,746,764
Financials—5.8%		
Capital Markets—0.5%		
Charles Schwab Corp. (The)	186	7,725
Intercontinental Exchange, Inc.	11,876	894,619
		902,344
Commercial Banks—2.8%		
Citigroup, Inc.	11,360	591,402
East West Bancorp, Inc.	13,790	600,279
IBERIABANK Corp.	7,010	450,603
JPMorgan Chase & Co.	21,510	2,099,806
Signature Bank (New York)	5,710	587,045
Wells Fargo & Co.	18,430	849,254
		5,178,389
Consumer Finance—0.4%		
Synchrony Financial	25,510	598,465
Insurance—1.1%		
American International Group, Inc.	17,710	697,951
Arthur J. Gallagher & Co.	7,639	562,994
Marsh & McLennan Cos., Inc.	101	8,055

STATEMENT OF INVESTMENTS Continued

	Shares	Value
Insurance (Continued)		
Progressive Corp. (The)	12,625	\$ 761,666
		2,030,666
Real Estate Investment Trusts (REITs)—1.0%		
AGNC Investment Corp.	826	14,488
Annaly Capital Management, Inc.	1,408	13,826
EPR Properties	8,940	572,428
Mid-America Apartment Communities, Inc.	3,477	332,749
Prologis, Inc.	15,494	909,808
		1,843,299
Health Care—4.5%		
Biotechnology—0.6%		
BioMarin Pharmaceutical, Inc. ¹	3,030	258,005
uniQure NV ¹	6,404	184,563
Vertex Pharmaceuticals, Inc. ¹	3,566	590,922
		1,033,490
Health Care Equipment & Supplies—1.0%		
ABIOMED, Inc. ¹	15	4,875
Align Technology, Inc. ¹	20	4,189
Becton Dickinson & Co.	2,582	581,776
Boston Scientific Corp. ¹	353	12,475
CryoPort, Inc. ¹	16,840	185,745
IDEXX Laboratories, Inc. ¹	31	5,767
Insulet Corp. ¹	5,112	405,484
Intuitive Surgical, Inc. ¹	1,399	670,009
		1,870,320
Health Care Providers & Services—0.7%		
Anthem, Inc.	3,110	816,779
CVS Health Corp.	220	14,414
LHC Group, Inc. ¹	37	3,474
UnitedHealth Group, Inc.	104	25,909
WellCare Health Plans, Inc. ¹	2,111	498,386
		1,358,962
Health Care Technology—0.1%		
Teladoc Health, Inc. ¹	5,418	268,570
Life Sciences Tools & Services—0.4%		
Agilent Technologies, Inc.	10,201	688,160
Illumina, Inc. ¹	29	8,698
		696,858
Pharmaceuticals—1.7%		
AstraZeneca plc, Sponsored ADR	154	5,849
Bayer AG, Sponsored ADR	28,927	508,247
GlaxoSmithKline plc, Sponsored ADR	527	20,137
Johnson & Johnson	10,160	1,311,148
Merck & Co., Inc.	14,224	1,086,856
Nektar Therapeutics, Cl. A ¹	77	2,531
TherapeuticsMD, Inc. ¹	30,050	114,490
		3,049,258
Industrials—3.9%		
Aerospace & Defense—1.1%		
Boeing Co. (The)	2,675	862,687
Lockheed Martin Corp.	2,282	597,519
Spirit AeroSystems Holdings, Inc., Cl. A	6,677	481,345
		1,941,551
Air Freight & Couriers—0.2%		
XPO Logistics, Inc. ¹	5,428	309,613
Airlines—0.3%		
Spirit Airlines, Inc. ¹	10,703	619,918
Building Products—0.2%		
A.O. Smith Corp.	105	4,483
Masco Corp.	10,570	309,067
		313,550

	Shares	Value
Commercial Services & Supplies—0.6%		
ACCO Brands Corp.	36,291	\$ 246,053
KAR Auction Services, Inc.	11,722	559,374
Waste Connections, Inc.	4,916	365,013
		1,170,440
Construction & Engineering—0.1%		
Dycom Industries, Inc. ¹	4,740	256,150
Industrial Conglomerates—0.0%		
General Electric Co.	1,793	13,573
Machinery—0.6%		
Illinois Tool Works, Inc.	4,188	530,578
Stanley Black & Decker, Inc.	4,176	500,034
Wabtec Corp.	56	3,934
		1,034,546
Professional Services—0.3%		
ASGN, Inc. ¹	127	6,921
Korn/Ferry International	12,820	506,903
Nielsen Holdings plc	463	10,802
		524,626
Road & Rail—0.3%		
Canadian Pacific Railway Ltd.	3,140	557,727
Trading Companies & Distributors—0.2%		
Fastenal Co.	8,266	432,229
Information Technology—6.9%		
Communications Equipment—0.7%		
Motorola Solutions, Inc.	4,972	571,979
Palo Alto Networks, Inc. ¹	3,473	654,139
		1,226,118
IT Services—1.6%		
CACI International, Inc., Cl. A ¹	35	5,041
DXC Technology Co.	11,289	600,236
First Data Corp., Cl. A ¹	43,756	739,914
International Business Machines Corp.	59	6,707
Mastercard, Inc., Cl. A	6,297	1,187,929
PayPal Holdings, Inc. ¹	176	14,800
Perspecta, Inc.	16,861	290,346
Total System Services, Inc.	105	8,535
		2,853,508
Semiconductors & Semiconductor Equipment—0.8%		
Applied Materials, Inc.	19,159	627,266
Broadcom, Inc.	48	12,205
Microchip Technology, Inc.	105	7,552
Texas Instruments, Inc.	8,940	844,830
		1,491,853
Software—2.4%		
Envestnet, Inc. ¹	96	4,722
Microsoft Corp.	23,768	2,414,116
Pegasystems, Inc.	6,567	314,100
PTC, Inc. ¹	68	5,637
Q2 Holdings, Inc. ¹	8,100	401,355
salesforce.com, Inc. ¹	4,560	624,583
ServiceNow, Inc. ¹	3,440	612,492
		4,377,005
Technology Hardware, Storage & Peripherals—1.4%		
Apple, Inc.	14,387	2,269,405
Diebold Nixdorf, Inc.	2,001	4,983
NCR Corp. ¹	573	13,225
Western Digital Corp.	9,225	341,048
		2,628,661
Materials—0.9%		
Chemicals—0.2%		
Scotts Miracle-Gro Co. (The), Cl. A	110	6,761
Valvoline, Inc.	18,870	365,134
		371,895

	Shares	Value
Containers & Packaging—0.3%		
Sealed Air Corp.	14,990	\$ 522,252
Metals & Mining—0.4%		
Compass Minerals International, Inc.	9,620	401,058
Kaiser Aluminum Corp.	50	4,464
Osisko Gold Royalties Ltd.	51,041	447,525
		853,047
Telecommunication Services—1.1%		
Diversified Telecommunication Services—0.8%		
AT&T, Inc.	851	24,288
BT Group plc, Sponsored ADR	1,142	17,358
ORBCOMM, Inc. ¹	375	3,097
Verizon Communications, Inc.	23,060	1,296,433
Zayo Group Holdings, Inc. ¹	10,890	248,728
		1,589,904
Wireless Telecommunication Services—0.3%		
T-Mobile US, Inc. ¹	8,231	523,574
Utilities—1.1%		
Electric Utilities—0.3%		
Edison International	343	19,472
PG&E Corp. ¹	18,266	433,818
PPL Corp.	619	17,536
Southern Co. (The)	321	14,098
		484,924
Gas Utilities—0.2%		
AmeriGas Partners LP ²	521	13,181
Suburban Propane Partners LP ²	22,713	437,680
		450,861
Multi-Utilities—0.6%		
Centrica plc, Sponsored ADR	2,212	15,197
Dominion Energy, Inc.	8,044	574,824
National Grid plc	52,600	508,672
National Grid plc, Sponsored ADR	380	18,232
		1,116,925
Total Common Stocks (Cost \$61,314,883)		59,649,784

	Principal Amount	Value
Asset-Backed Securities—13.4%		
Auto Loan—9.2%		
American Credit Acceptance Receivables Trust:		
Series 2015-3, Cl. D, 5.86%, 7/12/22 ³	\$ 135,000	135,617
Series 2017-3, Cl. B, 2.25%, 1/11/21 ³	29,185	29,160
Series 2017-4, Cl. B, 2.61%, 5/10/21 ³	69,000	68,898
Series 2017-4, Cl. C, 2.94%, 1/10/24 ³	195,000	194,167
Series 2017-4, Cl. D, 3.57%, 1/10/24 ³	246,000	244,596
Series 2018-2, Cl. B, 3.46%, 8/10/22 ³	275,000	275,097
Series 2018-2, Cl. C, 3.70%, 7/10/24 ³	275,000	275,504
Series 2018-3, Cl. B, 3.49%, 6/13/22 ³	80,000	80,154
Series 2018-4, Cl. C, 3.97%, 1/13/25 ³	180,000	180,839
AmeriCredit Automobile Receivables Trust:		
Series 2017-2, Cl. D, 3.42%, 4/18/23	320,000	319,644
Series 2017-4, Cl. D, 3.08%, 12/18/23	205,000	202,303
Series 2018-3, Cl. C, 3.74%, 10/18/24	260,000	264,209
Cabela's Credit Card Master Note Trust, Series 2015-2, Cl. A2, 3.125% [US0001M+67], 7/17/23 ⁴		
	475,000	475,689
Capital Auto Receivables Asset Trust:		
Series 2017-1, Cl. D, 3.15%, 2/20/25 ³	40,000	39,913
Series 2018-2, Cl. B, 3.48%, 10/20/23 ³	125,000	125,691
Series 2018-2, Cl. C, 3.69%, 12/20/23 ³	120,000	121,054
CarMax Auto Owner Trust:		
Series 2015-2, Cl. D, 3.04%, 11/15/21	115,000	114,773
Series 2015-3, Cl. D, 3.27%, 3/15/22	330,000	329,624
Series 2016-1, Cl. D, 3.11%, 8/15/22	220,000	218,483
Series 2017-1, Cl. D, 3.43%, 7/17/23	245,000	244,948
Series 2017-4, Cl. D, 3.30%, 5/15/24	110,000	109,627

	Principal Amount	Value
Auto Loan (Continued)		
CarMax Auto Owner Trust: (Continued)		
Series 2018-1, Cl. D, 3.37%, 7/15/24	\$ 75,000	\$ 74,179
Series 2018-4, Cl. C, 3.85%, 7/15/24	90,000	91,849
CIG Auto Receivables Trust, Series 2017-1A, Cl. A, 2.71%, 5/15/23 ³		
	63,635	63,260
CPS Auto Receivables Trust:		
Series 2017-C, Cl. A, 1.78%, 9/15/20 ³	12,117	12,099
Series 2017-C, Cl. B, 2.30%, 7/15/21 ³	105,000	104,528
Series 2017-D, Cl. B, 2.43%, 1/18/22 ³	180,000	178,713
Series 2018-A, Cl. B, 2.77%, 4/18/22 ³	145,000	143,865
Series 2018-B, Cl. B, 3.23%, 7/15/22 ³	155,000	154,925
CPS Auto Trust, Series 2017-A, Cl. B, 2.68%, 5/17/21 ³		
	35,000	34,890
Credit Acceptance Auto Loan Trust:		
Series 2017-3A, Cl. C, 3.48%, 10/15/26 ³	220,000	219,075
Series 2018-1A, Cl. B, 3.60%, 4/15/27 ³	135,000	134,896
Series 2018-1A, Cl. C, 3.77%, 6/15/27 ³	190,000	190,020
Series 2018-2A, Cl. C, 4.16%, 9/15/27 ³	115,000	116,787
Series 2018-3A, Cl. C, 4.04%, 12/15/27 ³	220,000	222,519
Drive Auto Receivables Trust:		
Series 2015-BA, Cl. D, 3.84%, 7/15/21 ³	13,899	13,920
Series 2016-CA, Cl. D, 4.18%, 3/15/24 ³	170,000	170,911
Series 2017-1, Cl. D, 3.84%, 3/15/23	225,000	225,898
Series 2017-3, Cl. C, 2.80%, 7/15/22	120,000	119,714
Series 2017-BA, Cl. D, 3.72%, 10/17/22 ³	235,000	235,506
Series 2018-1, Cl. D, 3.81%, 5/15/24	160,000	160,338
Series 2018-2, Cl. D, 4.14%, 8/15/24	315,000	317,696
Series 2018-3, Cl. C, 3.72%, 9/16/24	120,000	120,341
Series 2018-3, Cl. D, 4.30%, 9/16/24	215,000	218,118
Series 2018-4, Cl. B, 3.36%, 10/17/22	135,000	134,780
Series 2018-5, Cl. C, 3.99%, 1/15/25	210,000	211,988
DT Auto Owner Trust:		
Series 2016-4A, Cl. E, 6.49%, 9/15/23 ³	75,000	76,876
Series 2017-1A, Cl. D, 3.55%, 11/15/22 ³	150,000	150,213
Series 2017-1A, Cl. E, 5.79%, 2/15/24 ³	250,000	255,323
Series 2017-2A, Cl. D, 3.89%, 1/15/23 ³	180,000	180,675
Series 2017-3A, Cl. D, 3.58%, 5/15/23 ³	75,000	74,972
Series 2017-3A, Cl. E, 5.60%, 8/15/24 ³	155,000	158,709
Series 2017-4A, Cl. D, 3.47%, 7/17/23 ³	205,000	204,470
Series 2017-4A, Cl. E, 5.15%, 11/15/24 ³	150,000	151,541
Series 2018-1A, Cl. B, 3.04%, 1/18/22 ³	155,000	154,641
Series 2018-2A, Cl. B, 3.43%, 5/16/22 ³	80,000	80,048
Series 2018-3A, Cl. B, 3.56%, 9/15/22 ³	270,000	271,366
Series 2018-3A, Cl. C, 3.79%, 7/15/24 ³	105,000	105,485
Exeter Automobile Receivables Trust:		
Series 2018-1A, Cl. B, 2.75%, 4/15/22 ³	155,000	154,292
Series 2018-4A, Cl. B, 3.64%, 11/15/22 ³	220,000	220,044
Flagship Credit Auto Trust, Series 2016-1, Cl. C, 6.22%, 6/15/22 ³		
	380,000	393,007
GLS Auto Receivables Trust:		
Series 2018-1A, Cl. A, 2.82%, 7/15/22 ⁵	243,320	242,498
Series 2018-3A, Cl. A, 3.35%, 8/15/22 ³	124,370	124,443
GM Financial Automobile Leasing Trust:		
Series 2017-3, Cl. C, 2.73%, 9/20/21	120,000	119,139
Series 2018-2, Cl. C, 3.50%, 4/20/22	145,000	145,547
GMF Floorplan Owner Revolving Trust:		
Series 2018-3, Cl. B, 3.49%, 9/15/22 ³	250,000	251,606
Series 2018-3, Cl. C, 3.68%, 9/15/22 ³	210,000	211,347
Series 2018-4, Cl. B, 3.68%, 9/15/23 ³	210,000	212,748
Series 2018-4, Cl. C, 3.88%, 9/15/23 ³	265,000	268,508

STATEMENT OF INVESTMENTS Continued

	Principal Amount	Value
Auto Loan (Continued)		
Navistar Financial Dealer Note Master Owner Trust II:		
Series 2017-1, Cl. C, 4.056% [US0001M+155], 6/27/22 ^{3,4}	\$ 60,000	\$ 60,147
Series 2017-1, Cl. D, 4.806% [US0001M+230], 6/27/22 ^{3,4}	75,000	75,075
Series 2018-1, Cl. A, 3.136% [US0001M+63], 9/25/23 ^{3,4}	115,000	115,005
Series 2018-1, Cl. B, 3.306% [US0001M+80], 9/25/23 ^{3,4}	135,000	135,176
Santander Drive Auto Receivables Trust:		
Series 2016-2, Cl. D, 3.39%, 4/15/22	315,000	315,593
Series 2017-1, Cl. D, 3.17%, 4/17/23	175,000	174,498
Series 2017-1, Cl. E, 5.05%, 7/15/24 ³	410,000	420,315
Series 2017-3, Cl. D, 3.20%, 11/15/23	295,000	293,856
Series 2018-1, Cl. D, 3.32%, 3/15/24	110,000	109,310
Series 2018-2, Cl. D, 3.88%, 2/15/24	170,000	171,503
Series 2018-3, Cl. C, 3.51%, 8/15/23	440,000	440,545
Series 2018-4, Cl. C, 3.56%, 7/15/24	300,000	302,404
Series 2018-5, Cl. C, 3.81%, 12/16/24	225,000	226,665
Santander Retail Auto Lease Trust,		
Series 2017-A, Cl. C, 2.96%, 11/21/22 ³	195,000	193,760
TCF Auto Receivables Owner Trust,		
Series 2015-1A, Cl. D, 3.53%, 3/15/22 ³	190,000	189,415
United Auto Credit Securitization Trust,		
Series 2018-1, Cl. C, 3.05%, 9/10/21 ³	285,000	283,975
Veros Automobile Receivables Trust,		
Series 2017-1, Cl. A, 2.84%, 4/17/23 ³	52,045	51,895
Westlake Automobile Receivables Trust:		
Series 2016-1A, Cl. E, 6.52%, 6/15/22 ³	270,000	272,137
Series 2017-2A, Cl. E, 4.63%, 7/15/24 ³	320,000	320,384
Series 2018-1A, Cl. C, 2.92%, 5/15/23 ³	160,000	158,560
Series 2018-1A, Cl. D, 3.41%, 5/15/23 ³	315,000	312,898
Series 2018-3A, Cl. B, 3.32%, 10/16/23 ³	252,000	252,625
		16,804,044
Credit Card—3.8%		
Cabela's Credit Card Master Note Trust:		
Series 2015-1A, Cl. A2, 2.995% [US0001M+54], 3/15/23 ⁴	490,000	491,899
Series 2015-2, Cl. A1, 2.25%, 7/17/23	525,000	518,889
Series 2016-1, Cl. A1, 1.78%, 6/15/22	710,000	705,949
Series 2016-1, Cl. A2, 3.305% [US0001M+85], 6/15/22 ⁴	255,000	255,722
Evergreen Credit Card Trust, Series 2018-2, Cl. A, 2.805% [US0001M+35], 7/15/22 ^{3,4}		
	410,000	409,941
GE Capital Credit Card Master Note Trust:		
Series 2012-7, Cl. A, 1.76%, 9/15/22	225,000	223,071
Series 2012-7, Cl. B, 2.21%, 9/15/22	200,000	198,739
Synchrony Credit Card Master Note Trust, Series 2015-1, Cl. A, 2.37%, 3/15/23		
	630,000	625,200
World Financial Network Credit Card Master Trust:		
Series 2012-D, Cl. A, 2.15%, 4/17/23	615,000	612,437
Series 2016-C, Cl. A, 1.72%, 8/15/23	665,000	657,916
Series 2017-A, Cl. A, 2.12%, 3/15/24	515,000	508,170
Series 2017-C, Cl. A, 2.31%, 8/15/24	430,000	424,172
Series 2018-A, Cl. A, 3.07%, 12/16/24	540,000	538,681
Series 2018-B, Cl. A, 3.46%, 7/15/25	245,000	247,707
Series 2018-C, Cl. A, 3.55%, 8/15/25	490,000	496,570
		6,915,063
Equipment—0.3%		
CCG Receivables Trust:		
Series 2017-1, Cl. B, 2.75%, 11/14/23 ³	250,000	246,971
Series 2018-1, Cl. B, 3.09%, 6/16/25 ³	90,000	89,687
Series 2018-1, Cl. C, 3.42%, 6/16/25 ³	25,000	24,913
Series 2018-2, Cl. C, 3.87%, 12/15/25 ³	60,000	60,526

	Principal Amount	Value
Equipment (Continued)		
CNH Equipment Trust, Series 2017-C, Cl. B, 2.54%, 5/15/25	\$ 70,000	\$ 69,140
Dell Equipment Finance Trust, Series 2018-1, Cl. B, 3.34%, 6/22/23 ³	90,000	90,285
FRS I LLC, Series 2013-1A, Cl. A1, 1.80%, 4/15/43 ³	4,473	4,458
		585,980
Loans: Other—0.1%		
Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates, Series 2005-R5, Cl. M2, 3.196% [US0001M+69], 7/25/35 ⁴		
	93,589	93,895
Dell Equipment Finance Trust, Series 2017-2, Cl. B, 2.47%, 10/24/22 ³		
	75,000	74,356
Element Rail Leasing I LLC, Series 2014-1A, Cl. A1, 2.299%, 4/19/44 ³		
	136,372	135,268
		303,519
Total Asset-Backed Securities (Cost \$24,586,118)		
		24,608,606
Mortgage-Backed Obligations—33.6%		
Government Agency—22.3%		
FHLMC/FNMA/FHLB/Sponsored—19.5%		
Federal Home Loan Mortgage Corp. Gold Pool:		
5.00%, 12/1/34	1,857	1,963
5.50%, 9/1/39	213,898	226,900
6.50%, 7/1/28-4/1/34	18,139	19,707
7.00%, 10/1/31-10/1/37	54,951	60,716
9.00%, 8/1/22-5/1/25	972	1,037
Federal Home Loan Mortgage Corp., Interest-Only Stripped Mtg.-Backed Security:		
Series 183, Cl. IO, 75.298%, 4/1/27 ⁶	41,641	9,228
Series 192, Cl. IO, 99.999%, 2/1/28 ⁶	11,966	2,392
Series 243, Cl. 6, 4.748%, 12/15/32 ⁶	33,187	6,320
Series 304, Cl. C47, 5.341%, 12/15/27 ⁶	77,452	6,785
Federal Home Loan Mortgage Corp., Mtg.-Linked Amortizing Global Debt Securities, Series 2012-1, Cl. A10, 2.06%, 1/15/22		
	117,275	115,461
Federal Home Loan Mortgage Corp., Multifamily Structured Pass-Through Certificates, Interest-Only Stripped Mtg.-Backed Security, Series KC02, Cl. X1, 0.00%, 3/25/24 ^{6,7}		
	4,866,292	89,787
Federal Home Loan Mortgage Corp., Principal-Only Stripped Mtg.-Backed Security, Series 176, Cl. PO, 4.198%, 6/1/26 ⁸		
	12,827	11,792
Federal Home Loan Mortgage Corp., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates:		
Series 2427, Cl. ZM, 6.50%, 3/15/32	77,577	84,332
Series 2461, Cl. PZ, 6.50%, 6/15/32	30,801	33,639
Series 2626, Cl. TB, 5.00%, 6/15/33	45,878	47,507
Series 2635, Cl. AG, 3.50%, 5/15/32	25,817	25,889
Series 2770, Cl. TW, 4.50%, 3/15/19	295	295
Series 3010, Cl. WB, 4.50%, 7/15/20	3,527	3,535
Series 3025, Cl. SJ, 15.748% [-3.667 x LIBOR01M+2,475], 8/15/35 ⁴	11,158	15,947
Series 3030, Cl. FL, 2.855% [LIBOR01M+40], 9/15/35 ⁴	58,982	59,242
Series 3815, Cl. BD, 3.00%, 10/15/20	11	11
Series 3822, Cl. JA, 5.00%, 6/15/40	18,247	18,598
Series 3848, Cl. WL, 4.00%, 4/15/40	53,338	53,883
Series 3857, Cl. GL, 3.00%, 5/15/40	3,617	3,659
Series 4221, Cl. HJ, 1.50%, 7/15/23	344,918	336,766
Federal Home Loan Mortgage Corp., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates, Interest-Only Stripped Mtg.-Backed Security:		
Series 2130, Cl. SC, 53.306%, 3/15/29 ⁶	30,672	3,961

	Principal Amount	Value
FHLMC/FNMA/FHLB/Sponsored (Continued)		
Federal Home Loan Mortgage Corp., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates, Interest-Only Stripped Mtg.-Backed Security: (Continued)		
Series 2796, Cl. SD, 45.057%, 7/15/26 ⁶	\$ 55,671	\$ 6,361
Series 2920, Cl. S, 11.728%, 1/15/35 ⁶	317,108	44,761
Series 2922, Cl. SE, 16.20%, 2/15/35 ⁶	18,803	2,447
Series 2981, Cl. AS, 0.452%, 5/15/35 ⁶	162,341	19,514
Series 3397, Cl. GS, 0.00%, 12/15/37 ^{6,7}	20,730	3,395
Series 3424, Cl. EI, 0.00%, 4/15/38 ^{6,7}	8,041	715
Series 3450, Cl. BI, 7.453%, 5/15/38 ⁶	56,083	7,624
Series 3606, Cl. SN, 11.713%, 12/15/39 ⁶	29,356	3,562
Series 4057, Cl. QI, 4.996%, 6/15/27 ⁶	541,377	42,259
Series 4205, Cl. AI, 0.00%, 5/15/28 ^{6,7}	131,264	9,963
Series 4818, Cl. BI, 0.00%, 3/15/45 ^{6,7}	205,535	36,812
Federal National Mortgage Assn.:		
2.50%, 1/1/34 ⁹	1,690,000	1,650,640
3.00%, 1/1/34-1/1/49 ⁹	3,460,000	3,407,992
3.50%, 1/1/34-1/1/49 ⁹	10,665,000	10,695,652
4.00%, 1/1/34-1/1/49 ⁹	6,870,000	7,010,706
4.50%, 1/1/49 ⁹	6,355,000	6,584,715
5.00%, 1/1/49 ⁹	3,315,000	3,473,931
Federal National Mortgage Assn. Pool:		
5.00%, 3/1/21	370	376
5.50%, 9/1/20	725	730
6.00%, 3/1/37	100,836	110,115
7.00%, 10/1/35	3,070	3,066
7.50%, 1/1/33	44,495	51,477
8.50%, 7/1/32	1,402	1,419
Federal National Mortgage Assn., Interest-Only Stripped Mtg.-Backed Security:		
Series 222, Cl. 2, 99.999%, 6/25/23 ⁶	76,237	8,472
Series 233, Cl. 2, 64.328%, 8/25/23 ⁶	46,737	5,749
Series 252, Cl. 2, 99.999%, 11/25/23 ⁶	64,046	8,154
Series 319, Cl. 2, 19.886%, 2/25/32 ⁶	19,535	4,367
Series 320, Cl. 2, 57.111%, 4/25/32 ⁶	7,220	1,682
Series 321, Cl. 2, 26.176%, 4/25/32 ⁶	70,788	16,628
Series 331, Cl. 9, 19.547%, 2/25/33 ⁶	82,913	16,483
Series 334, Cl. 17, 29.608%, 2/25/33 ⁶	45,132	10,771
Series 339, Cl. 12, 0.00%, 6/25/33 ^{6,7}	60,814	11,832
Series 339, Cl. 7, 0.00%, 11/25/33 ^{6,7}	171,953	37,415
Series 343, Cl. 13, 0.00%, 9/25/33 ^{6,7}	63,832	11,565
Series 345, Cl. 9, 0.00%, 1/25/34 ^{6,7}	58,899	13,330
Series 351, Cl. 10, 0.00%, 4/25/34 ^{6,7}	7,784	1,640
Series 351, Cl. 8, 0.00%, 4/25/34 ^{6,7}	27,693	5,410
Series 356, Cl. 10, 0.00%, 6/25/35 ^{6,7}	18,843	3,810
Series 356, Cl. 12, 0.00%, 2/25/35 ^{6,7}	10,152	2,196
Series 362, Cl. 13, 0.00%, 8/25/35 ^{6,7}	72,021	14,834
Series 364, Cl. 16, 0.00%, 9/25/35 ^{6,7}	52,157	10,543
Federal National Mortgage Assn., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates:		
Series 1998-61, Cl. PL, 6.00%, 11/25/28	30,813	33,456
Series 2003-130, Cl. CS, 9.088% [-2 x LIBOR01M+1,410], 12/25/33 ⁴	1,910	1,950
Series 2004-25, Cl. PC, 5.50%, 1/25/34	5,615	5,614
Series 2005-104, Cl. MC, 5.50%, 12/25/25	110,584	114,720
Series 2005-31, Cl. PB, 5.50%, 4/25/35	250,000	273,700
Series 2005-73, Cl. DF, 2.756% [LIBOR01M+25], 8/25/35 ⁴	48,613	48,782
Series 2006-11, Cl. PS, 15.377% [-3.667 x LIBOR01M+2,456.67], 3/25/36 ⁴	46,706	67,133
Series 2006-46, Cl. SW, 15.01% [-3.667 x LIBOR01M+2,419.92], 6/25/36 ⁴	31,000	42,891
Series 2006-50, Cl. KS, 15.01% [-3.667 x LIBOR01M+2,420], 6/25/36 ⁴	6,182	8,727
Series 2008-75, Cl. DB, 4.50%, 9/25/23	102	102

	Principal Amount	Value
FHLMC/FNMA/FHLB/Sponsored (Continued)		
Federal National Mortgage Assn., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates: (Continued)		
Series 2009-113, Cl. DB, 3.00%, 12/25/20	\$ 5,735	\$ 5,709
Series 2009-36, Cl. FA, 3.446% [LIBOR01M+94], 6/25/37 ⁴	24,894	25,459
Series 2009-70, Cl. TL, 4.00%, 8/25/19	506	505
Series 2010-43, Cl. KG, 3.00%, 1/25/21	6,274	6,262
Series 2011-15, Cl. DA, 4.00%, 3/25/41	12,972	13,088
Series 2011-3, Cl. EL, 3.00%, 5/25/20	5,583	5,561
Series 2011-3, Cl. KA, 5.00%, 4/25/40	86,797	90,474
Series 2011-38, Cl. AH, 2.75%, 5/25/20	3	3
Series 2011-82, Cl. AD, 4.00%, 8/25/26	25,628	25,573
Federal National Mortgage Assn., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates, Interest-Only Stripped Mtg.-Backed Security:		
Series 2001-65, Cl. S, 8.421%, 11/25/31 ⁶	74,431	13,879
Series 2001-81, Cl. S, 12.051%, 1/25/32 ⁶	19,298	3,355
Series 2002-47, Cl. NS, 7.51%, 4/25/32 ⁶	53,772	9,792
Series 2002-51, Cl. S, 7.831%, 8/25/32 ⁶	49,376	8,992
Series 2002-52, Cl. SD, 35.553%, 9/25/32 ⁶	77,543	14,567
Series 2002-77, Cl. SH, 22.70%, 12/18/32 ⁶	27,323	4,368
Series 2002-84, Cl. SA, 4.574%, 12/25/32 ⁶	71,100	11,535
Series 2002-9, Cl. MS, 11.752%, 3/25/32 ⁶	20,463	3,856
Series 2003-33, Cl. SP, 7.462%, 5/25/33 ⁶	77,459	14,922
Series 2003-4, Cl. S, 1.941%, 2/25/33 ⁶	42,521	7,745
Series 2003-46, Cl. IH, 0.00%, 6/25/23 ^{6,7}	112,521	9,538
Series 2004-54, Cl. DS, 44.841%, 11/25/30 ⁶	57,863	8,267
Series 2004-56, Cl. SE, 4.265%, 10/25/33 ⁶	14,850	2,448
Series 2005-12, Cl. SC, 18.53%, 3/25/35 ⁶	8,429	1,153
Series 2005-14, Cl. SE, 10.962%, 3/25/35 ⁶	28,975	3,558
Series 2005-40, Cl. SA, 20.194%, 5/25/35 ⁶	156,401	23,120
Series 2005-52, Cl. JH, 19.884%, 5/25/35 ⁶	390,798	49,767
Series 2005-93, Cl. SI, 0.00%, 10/25/35 ^{6,7}	34,554	4,715
Series 2007-88, Cl. XI, 0.00%, 6/25/37 ^{6,7}	75,798	11,529
Series 2008-55, Cl. SA, 0.00%, 7/25/38 ^{6,7}	29,591	2,997
Series 2009-8, Cl. BS, 0.00%, 2/25/24 ^{6,7}	267	14
Series 2011-96, Cl. SA, 4.547%, 10/25/41 ⁶	98,264	14,654
Series 2012-121, Cl. IB, 7.743%, 11/25/27 ⁶	230,953	19,397
Series 2012-134, Cl. SA, 0.157%, 12/25/42 ⁶	376,153	67,769
Series 2012-40, Cl. PI, 8.283%, 4/25/41 ⁶	193,427	29,236
Series 2018-16, Cl. NI, 0.00%, 12/25/44 ^{6,7}	105,181	17,196
Series 2018-69, Cl. CI, 0.00%, 10/25/46 ^{6,7}	231,277	31,534

STATEMENT OF INVESTMENTS Continued

	Principal Amount	Value
FHLMC/FNMA/FHLB/Sponsored (Continued)		
Federal National Mortgage Assn., Real Estate Mtg. Investment Conduit Multiclass Pass-Through Certificates, Principal-Only Stripped Mtg.-Backed Security, Series 1993-184, Cl. M, 5.343%, 9/25/23 ⁸	\$ 27,773	\$ 25,985
		35,778,062
GNMA/Guaranteed—2.8%		
Federal Home Loan Mortgage Corp., Series 2018-HQA2, Cl. M1, 3.256% [US0001M+75], 10/25/48 ^{3,4}	395,000	394,233
Government National Mortgage Assn. I Pool: 7.00%, 1/15/24	9,439	9,491
7.50%, 1/15/23-6/15/24	13,513	13,731
8.00%, 4/15/23	5,335	5,534
Government National Mortgage Assn. II Pool, 3.50%, 1/1/49 ⁹	4,465,000	4,495,798
Government National Mortgage Assn., Interest-Only Stripped Mtg.-Backed Security: Series 2002-15, Cl. SM, 79.829%, 2/16/32 ⁵	82,618	773
Series 2002-76, Cl. SY, 0.00%, 12/16/26 ^{6,7}	138,701	302
Series 2007-17, Cl. AI, 37.105%, 4/16/37 ⁶	257,578	35,810
Series 2011-52, Cl. HS, 18.162%, 4/16/41 ⁶	124,765	17,324
Series 2017-136, Cl. LI, 5.577%, 9/16/47 ⁶	416,982	86,730
		5,059,726
Non-Agency—11.3%		
Commercial—5.9%		
BCAP LLC Trust, Series 2011-R11, Cl. 18A5, 4.79% [H15T1Y+210], 9/26/35 ^{3,4}	28,476	28,545
Benchmark Mortgage Trust, Interest- Only Commercial Mtg. Pass-Through Certificates, Series 2018-B1, Cl. XA, 0.00%, 1/15/51 ^{6,7}	2,193,564	80,966
CD Mortgage Trust, Interest-Only Commercial Mtg. Pass-Through Certificates, Series 2017-CD6, Cl. XA, 0.00%, 11/13/50 ^{6,7}	881,886	51,144
Chase Mortgage Finance Trust, Series 2005-A2, Cl. 1A3, 4.032%, 1/25/36 ¹⁰	103,493	97,772
Citigroup Commercial Mortgage Trust: Series 2012-GC8, Cl. AAB, 2.608%, 9/10/45	93,705	92,980
Series 2014-GC21, Cl. AAB, 3.477%, 5/10/47	105,000	106,496
Citigroup Commercial Mortgage Trust, Interest-Only Commercial Mtg. Pass-Through Certificates: Series 2013-GC17, Cl. XA, 0.00%, 11/10/46 ^{6,7}	425,844	18,188
Series 2017-C4, Cl. XA, 11.937%, 10/12/50 ⁶	2,355,328	163,214
COMM Mortgage Trust: Series 2013-CR6, Cl. AM, 3.147%, 3/10/46 ³	255,000	252,196
Series 2014-CR17, Cl. ASB, 3.598%, 5/10/47	255,000	258,914
Series 2014-CR20, Cl. ASB, 3.305%, 11/10/47	70,000	70,717
Series 2014-CR21, Cl. AM, 3.987%, 12/10/47	865,000	875,750
Series 2014-LC15, Cl. AM, 4.198%, 4/10/47	140,000	144,357
Series 2014-UBS6, Cl. AM, 4.048%, 12/10/47	495,000	498,061

	Principal Amount	Value
Commercial (Continued)		
COMM Mortgage Trust: (Continued) Series 2015-CR22, Cl. A2, 2.856%, 3/10/48	\$ 125,000	\$ 124,665
COMM Mortgage Trust, Interest-Only Stripped Mtg.-Backed Security, Series 2012-CR5, Cl. XA, 0.00%, 12/10/45 ^{6,7}	321,685	16,142
CSMC Mortgage-Backed Trust, Series 2006-6, Cl. 1A4, 6.00%, 7/25/36	125,670	102,758
First Horizon Alternative Mortgage Securities Trust, Series 2005-FA8, Cl. 1A6, 3.156% [US0001M+65], 11/25/35 ⁴	74,337	55,545
FREMF Mortgage Trust: Series 2010-K6, Cl. B, 5.367%, 12/25/46 ^{3,10}	60,000	61,186
Series 2012-K710, Cl. B, 3.817%, 6/25/47 ^{3,10}	40,000	39,975
Series 2012-K711, Cl. B, 3.558%, 8/25/45 ^{3,10}	15,000	14,998
Series 2012-K711, Cl. C, 3.558%, 8/25/45 ^{3,10}	135,000	134,841
Series 2013-K25, Cl. C, 3.619%, 11/25/45 ^{3,10}	60,000	58,995
Series 2013-K26, Cl. C, 3.598%, 12/25/45 ^{3,10}	40,000	39,287
Series 2013-K27, Cl. C, 3.496%, 1/25/46 ^{3,10}	110,000	107,569
Series 2013-K28, Cl. C, 3.49%, 6/25/46 ^{3,10}	450,000	439,746
Series 2013-K712, Cl. C, 3.358%, 5/25/45 ^{3,10}	75,000	74,804
Series 2013-K713, Cl. C, 3.154%, 4/25/46 ^{3,10}	275,000	273,956
Series 2014-K715, Cl. C, 4.124%, 2/25/46 ^{3,10}	180,000	181,911
GS Mortgage Securities Corp. Trust, Series 2012-SHOP, Cl. A, 2.933%, 6/5/31 ³	460,000	459,109
GS Mortgage Securities Trust: Series 2012-GC6, Cl. A3, 3.482%, 1/10/45	54,793	55,402
Series 2013-GC12, Cl. AAB, 2.678%, 6/10/46	30,799	30,488
Series 2013-GC16, Cl. AS, 4.649%, 11/10/46	65,000	68,557
Series 2014-GC18, Cl. AAB, 3.648%, 1/10/47	90,000	90,989
GSMSC Pass-Through Trust, Series 2009-3R, Cl. 1A2, 6.00%, 4/25/37 ^{3,10}	203,724	193,105
JP Morgan Chase Commercial Mortgage Securities Trust: Series 2012-C6, Cl. ASB, 3.144%, 5/15/45	130,793	130,369
Series 2012-LC9, Cl. A4, 2.611%, 12/15/47	11,934	11,900
Series 2013-C10, Cl. AS, 3.372%, 12/15/47	325,000	321,724
Series 2013-C16, Cl. AS, 4.517%, 12/15/46	330,000	341,577
Series 2013-LC11, Cl. AS, 3.216%, 4/15/46	78,000	76,594
Series 2014-C20, Cl. AS, 4.043%, 7/15/47	245,000	247,325
Series 2016-JP3, Cl. A2, 2.435%, 8/15/49	208,421	204,260
JP Morgan Mortgage Trust, Series 2007-A1, Cl. 5A1, 4.327%, 7/25/35 ¹⁰	78,989	81,136
JP Morgan Resecuritization Trust, Series 2009-5, Cl. 1A2, 4.434%, 7/26/36 ^{3,10}	105,761	106,013

	Principal Amount	Value
Commercial (Continued)		
JPMBB Commercial Mortgage Securities Trust: Series 2013-C17, Cl. ASB, 3.705%, 1/15/47	\$ 72,756	\$ 73,572
Series 2014-C18, Cl. A2, 2.879%, 2/15/47	5,813	5,805
Series 2014-C18, Cl. A3, 3.578%, 2/15/47	115,000	115,415
Series 2014-C19, Cl. ASB, 3.584%, 4/15/47	45,000	45,273
Series 2014-C24, Cl. B, 4.116%, 11/15/47 ¹⁰	270,000	268,350
Series 2014-C25, Cl. AS, 4.065%, 11/15/47	105,000	105,947
Series 2014-C26, Cl. AS, 3.80%, 1/15/48	250,000	248,797
JPMBB Commercial Mortgage Securities Trust., Interest-Only Stripped Mtg.-Backed Security, Series 2015-C27, Cl. XA, 0.00%, 2/15/48 ^{6,7}	2,936,804	143,842
MASTR Adjustable Rate Mortgages Trust, Series 2004-13, Cl. 2A2, 4.67%, 4/21/34 ¹⁰	27,162	27,815
Morgan Stanley Bank of America Merrill Lynch Trust: Series 2013-C7, Cl. AAB, 2.469%, 2/15/46	90,984	89,909
Series 2013-C9, Cl. AS, 3.456%, 5/15/46	240,000	239,712
Series 2014-C19, Cl. AS, 3.832%, 12/15/47	720,000	724,157
Morgan Stanley Capital I Trust: Series 2011-C1, Cl. A4, 5.033%, 9/15/47 ^{3,10}	45,593	46,760
Series 2011-C2, Cl. A4, 4.661%, 6/15/44 ³	70,000	72,306
Morgan Stanley Capital I, Inc., Interest- Only Commercial Mtg. Pass-Through Certificates, Series 2017-HR2, Cl. XA, 0.00%, 12/15/50 ^{6,7}	770,558	43,057
Morgan Stanley Re-Remic Trust, Series 2012-R3, Cl. 1B, 3.667%, 11/26/36 ^{3,10}	243,309	222,823
Morgan Stanley Resecuritization Trust, Series 2013-R9, Cl. 3A, 3.60%, 6/26/46 ^{3,10}	100,179	99,976
RBSSP Resecuritization Trust, Series 2010-1, Cl. 2A1, 4.044%, 7/26/45 ^{3,10}	14,026	14,360
Structured Adjustable Rate Mortgage Loan Trust, Series 2004-10, Cl. 2A, 4.30%, 8/25/34 ¹⁰	136,241	136,214
UBS Commercial Mortgage Trust, Interest-Only Commercial Mtg. Pass- Through Certificates, Series 2017-C5, Cl. XA, 0.00%, 11/15/50 ^{6,7}	1,519,327	95,545
Wells Fargo Commercial Mortgage Trust, Series 2015-NXS1, Cl. ASB, 2.934%, 5/15/48	355,000	352,926
Wells Fargo Commercial Mortgage Trust, Interest-Only Commercial Mtg. Pass-Through Certificates, Series 2017- C42, Cl. XA, 0.00%, 12/15/50 ^{6,7}	1,075,771	68,507
WF-RBS Commercial Mortgage Trust: Series 2013-C14, Cl. AS, 3.488%, 6/15/46	155,000	154,644
Series 2014-C20, Cl. AS, 4.176%, 5/15/47	150,000	154,932
Series 2014-C22, Cl. A3, 3.528%, 9/15/57	45,000	45,449
Series 2014-LC14, Cl. AS, 4.351%, 3/15/47 ¹⁰	165,000	167,822

	Principal Amount	Value
Commercial (Continued)		
WF-RBS Commercial Mortgage Trust, Interest-Only Commercial Mtg. Pass- Through Certificates, Series 2011-C3, Cl. XA, 0.00%, 3/15/44 ^{3,6,7}	\$ 2,051,258	\$ 51,435 10,699,576
Multi-Family—0.2%		
Connecticut Avenue Securities:		
Series 2014-C02, Cl. 1M2, 5.106% [US0001M+260], 5/25/24 ⁴	115,000	120,579
Series 2017-C04, Cl. 2M1, 3.356% [US0001M+85], 11/25/29 ⁴	237,158	237,227 357,806
Residential—5.2%		
Alternative Loan Trust, Series 2005- 29CB, Cl. A4, 5.00%, 7/25/35	197,048	168,761
Banc of America Funding Trust:		
Series 2007-1, Cl. 1A3, 6.00%, 1/25/37	42,471	40,245
Series 2007-C, Cl. 1A4, 4.173%, 5/20/36 ¹⁰	15,482	14,931
Series 2014-R7, Cl. 3A1, 4.607%, 3/26/36 ^{3,10}	58,853	59,031
Banc of America Mortgage Trust, Series 2004-E, Cl. 2A6, 4.392%, 6/25/34 ¹⁰	46,424	46,245
Bear Stearns ARM Trust:		
Series 2005-9, Cl. A1, 4.73% [H15T1Y+230], 10/25/35 ⁴	337,665	341,059
Series 2006-1, Cl. A1, 4.91% [H15T1Y+225], 2/25/36 ⁴	122,623	123,597
CHL Mortgage Pass-Through Trust:		
Series 2005-26, Cl. 1A8, 5.50%, 11/25/35	57,565	50,622
Series 2006-6, Cl. A3, 6.00%, 4/25/36	34,827	28,403
Citigroup Mortgage Loan Trust, Inc.,		
Series 2006-AR1, Cl. 1A1, 4.28% [H15T1Y+240], 10/25/35 ⁴	326,908	330,314
Connecticut Avenue Securities:		
Series 2014-C03, Cl. 1M2, 5.506% [US0001M+300], 7/25/24 ⁴	315,108	331,581
Series 2014-C03, Cl. 2M2, 5.406% [US0001M+290], 7/25/24 ⁴	35,293	36,931
Series 2016-C03, Cl. 1M1, 4.506% [US0001M+200], 10/25/28 ⁴	57,254	57,723
Series 2016-C07, Cl. 2M1, 3.806% [US0001M+130], 5/25/29 ⁴	68,965	69,048
Series 2017-C02, Cl. 2M1, 3.656% [US0001M+115], 9/25/29 ⁴	329,896	330,730
Series 2017-C03, Cl. 1M1, 3.456% [US0001M+95], 10/25/29 ⁴	282,973	283,298
Series 2017-C06, Cl. 1M1, 3.256% [US0001M+75], 2/25/30 ⁴	112,045	111,964
Series 2017-C07, Cl. 1M1, 3.156% [US0001M+65], 5/25/30 ⁴	211,634	211,218
Series 2017-C07, Cl. 1M2, 4.906% [US0001M+240], 5/25/30 ⁴	225,000	226,940
Series 2017-C07, Cl. 2M1, 3.156% [US0001M+65], 5/25/30 ⁴	190,603	190,311
Series 2018-C01, Cl. 1M1, 3.106% [US0001M+60], 7/25/30 ⁴	399,522	398,265
Series 2018-C02, Cl. 2M1, 3.156% [US0001M+65], 8/25/30 ⁴	90,130	90,050
Series 2018-C03, Cl. 1M1, 3.186% [US0001M+68], 10/25/30 ⁴	259,683	259,121
Series 2018-C04, Cl. 2M1, 3.256% [US0001M+75], 12/25/30 ⁴	247,498	247,371
Series 2018-C05, Cl. 1M1, 3.226% [US0001M+72], 1/25/31 ⁴	105,679	105,468
Series 2018-C06, Cl. 1M1, 3.056% [US0001M+55], 3/25/31 ⁴	38,845	38,736

STATEMENT OF INVESTMENTS Continued

	Principal Amount	Value
Residential (Continued)		
Connecticut Avenue Securities: (Continued)		
Series 2018-C06, Cl. 2M1, 3.056% [US0001M+55], 3/25/31 ⁴	\$ 48,312	\$ 48,180
GSR Mortgage Loan Trust, Series 2005- AR4, Cl. 6A1, 4.332%, 7/25/35 ¹⁰	17,450	17,551
HomeBanc Mortgage Trust, Series 2005-3, Cl. A2, 2.816% [US0001M+31], 7/25/35 ⁴	19,948	19,804
RALI Trust, Series 2006-QS13, Cl. 1A8, 6.00%, 9/25/36	7,646	6,724
STACR Trust:		
Series 2018-DNA2, Cl. M1, 3.306% [US0001M+80], 12/25/30 ^{3,4}	445,000	444,679
Series 2018-DNA3, Cl. M1, 3.256% [US0001M+75], 9/25/48 ^{3,4}	75,000	74,887
Series 2018-HRP2, Cl. M2, 3.756% [US0001M+125], 2/25/47 ^{3,4}	215,000	215,173
Structured Agency Credit Risk Debt Nts.:		
Series 2013-DN2, Cl. M2, 6.756% [US0001M+425], 11/25/23 ⁴	211,533	230,538
Series 2014-DN1, Cl. M2, 4.706% [US0001M+220], 2/25/24 ⁴	40,960	41,731
Series 2014-DN1, Cl. M3, 7.006% [US0001M+450], 2/25/24 ⁴	160,000	179,575
Series 2014-DN2, Cl. M3, 6.106% [US0001M+360], 4/25/24 ⁴	185,000	199,670
Series 2014-HQ2, Cl. M3, 6.256% [US0001M+375], 9/25/24 ⁴	335,000	369,001
Series 2015-HQA2, Cl. M2, 5.306% [US0001M+280], 5/25/28 ⁴	4,205	4,289
Series 2016-DNA1, Cl. M2, 5.406% [US0001M+290], 7/25/28 ⁴	32,747	33,327
Series 2016-DNA4, Cl. M1, 3.306% [US0001M+80], 3/25/29 ⁴	1,671	1,671
Series 2016-DNA4, Cl. M3, 6.306% [US0001M+380], 3/25/29 ⁴	355,000	383,403
Series 2016-HQA3, Cl. M1, 3.306% [US0001M+80], 3/25/29 ⁴	83,294	83,315
Series 2016-HQA3, Cl. M3, 6.356% [US0001M+385], 3/25/29 ⁴	120,000	131,323
Series 2016-HQA4, Cl. M3, 6.406% [US0001M+390], 4/25/29 ⁴	350,000	383,849
Series 2017-HQA1, Cl. M1, 3.706% [US0001M+120], 8/25/29 ⁴	433,390	434,840
Series 2017-HQA2, Cl. M1, 3.306% [US0001M+80], 12/25/29 ⁴	158,741	158,684
Series 2018-DNA1, Cl. M1, 2.956% [US0001M+45], 7/25/30 ⁴	599,400	596,666
Series 2018-DNA1, Cl. M2, 4.306% [US0001M+180], 7/25/30 ⁴	460,000	442,671
WaMu Mortgage Pass-Through Certificates Trust:		
Series 2003-AR10, Cl. A7, 4.487%, 10/25/33 ¹⁰	73,557	74,500
Series 2005-AR14, Cl. 1A4, 4.215%, 12/25/35 ¹⁰	74,549	73,768
Series 2005-AR16, Cl. 1A1, 4.28%, 12/25/35 ¹⁰	70,852	70,865
Wells Fargo Mortgage-Backed Securities Trust:		
Series 2005-AR1, Cl. 1A1, 4.093%, 2/25/35 ¹⁰	12,436	12,745
Series 2005-AR15, Cl. 1A2, 4.671%, 9/25/35 ¹⁰	82,021	79,894
Series 2005-AR15, Cl. 1A6, 4.671%, 9/25/35 ¹⁰	157,188	151,972
Series 2005-AR4, Cl. 2A2, 4.252%, 4/25/35 ¹⁰	150,572	151,748
Series 2006-AR10, Cl. 1A1, 4.309%, 7/25/36 ¹⁰	33,635	32,916

	Principal Amount	Value
Residential (Continued)		
Wells Fargo Mortgage-Backed Securities Trust: (Continued)		
Series 2006-AR10, Cl. 5A5, 4.434%, 7/25/36 ¹⁰	\$ 119,664	\$ 119,618
Series 2006-AR2, Cl. 2A3, 4.607%, 3/25/36 ¹⁰	15,136	15,318
Series 2006-AR7, Cl. 2A4, 4.334%, 5/25/36 ¹⁰	93,358	95,645
Series 2007-16, Cl. 1A1, 6.00%, 12/28/37	24,305	24,091
		<u>9,596,594</u>
Total Mortgage-Backed Obligations (Cost \$61,605,136)		61,491,764

U.S. Government Obligation—0.3%

United States Treasury Nts., 1.50%, 5/31/19 ^{11,12} (Cost \$552,305)	552,000	549,780
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Non-Convertible Corporate Bonds and Notes—35.5%**Consumer Discretionary—5.6%****Automobiles—1.3%**

Daimler Finance North America LLC, 3.75% Sr. Unsec. Nts., 11/5/21 ³	279,000	280,047
General Motors Co., 6.25% Sr. Unsec. Nts., 10/2/43	82,000	77,178
General Motors Financial Co., Inc.:		
4.15% Sr. Unsec. Nts., 6/19/23	289,000	281,858
4.20% Sr. Unsec. Nts., 11/6/21	259,000	259,039
Harley-Davidson Financial Services, Inc., 2.40% Sr. Unsec. Nts., 6/15/20 ³	337,000	330,881
Hyundai Capital America:		
1.75% Sr. Unsec. Nts., 9/27/19 ³	260,000	256,734
4.125% Sr. Unsec. Nts., 6/8/23 ³	336,000	336,700
Nissan Motor Acceptance Corp., 3.65% Sr. Unsec. Nts., 9/21/21 ³	326,000	324,532
Volkswagen Group of America Finance LLC, 4.00% Sr. Unsec. Nts., 11/12/21 ³	311,000	<u>311,832</u>
		2,458,801

Diversified Consumer Services—0.2%

Service Corp. International, 4.625% Sr. Unsec. Nts., 12/15/27	322,000	303,888
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Entertainment—0.1%

21st Century Fox America, Inc., 4.75% Sr. Unsec. Nts., 11/15/46	125,000	136,272
Viacom, Inc., 4.375% Sr. Unsec. Nts., 3/15/43	105,000	<u>83,623</u>
		219,895

Hotels, Restaurants & Leisure—0.3%

Aramark Services, Inc., 5.00% Sr. Unsec. Nts., 4/1/25 ³	299,000	293,020
Royal Caribbean Cruises Ltd., 2.65% Sr. Unsec. Nts., 11/28/20	305,000	<u>299,482</u>
		592,502

Household Durables—0.8%

DR Horton, Inc., 2.55% Sr. Unsec. Nts., 12/1/20	334,000	326,047
Lennar Corp., 4.75% Sr. Unsec. Nts., 5/30/25	343,000	322,849
Newell Brands, Inc., 5.00% Sr. Unsec. Nts., 11/15/23	194,000	197,514
PulteGroup, Inc., 5.00% Sr. Unsec. Nts., 1/15/27	258,000	234,457
Toll Brothers Finance Corp.:		
4.375% Sr. Unsec. Nts., 4/15/23	298,000	280,865
4.875% Sr. Unsec. Nts., 3/15/27	45,000	<u>40,950</u>
		1,402,682

	Principal Amount	Value
Internet & Catalog Retail—0.4%		
Amazon.com, Inc., 4.95% Sr. Unsec. Nts., 12/5/44	\$ 119,000	\$ 132,399
QVC, Inc., 4.45% Sr. Sec. Nts., 2/15/25	595,000	549,271
		681,670

Media—1.3%		
Charter Communications Operating LLC/Charter Communications Operating Capital, 5.375% Sr. Sec. Nts., 5/1/47	68,000	61,908
Comcast Cable Communications Holdings, Inc., 9.455% Sr. Unsec. Nts., 11/15/22	318,000	386,526
Comcast Corp.: 3.95% Sr. Unsec. Nts., 10/15/25	220,000	222,898
4.00% Sr. Unsec. Nts., 3/1/48	176,000	161,009
Interpublic Group of Cos., Inc. (The): 3.75% Sr. Unsec. Nts., 10/1/21	265,000	266,736
4.20% Sr. Unsec. Nts., 4/15/24	330,000	330,190
Sky Ltd., 3.75% Sr. Unsec. Nts., 9/16/24 ³	161,000	160,602
Time Warner Cable LLC, 4.50% Sr. Unsec. Unsub. Nts., 9/15/42	111,000	89,636
Virgin Media Secured Finance plc, 5.25% Sr. Sec. Nts., 1/15/26 ³	318,000	292,560
WPP Finance 2010, 3.75% Sr. Unsec. Nts., 9/19/24	371,000	347,122
		2,319,187

Specialty Retail—0.9%		
AutoNation, Inc., 5.50% Sr. Unsec. Nts., 2/1/20	306,000	312,765
AutoZone, Inc., 1.625% Sr. Unsec. Nts., 4/21/19	68,000	67,673
Best Buy Co., Inc., 5.50% Sr. Unsec. Nts., 3/15/21	324,000	334,229
L Brands, Inc., 5.625% Sr. Unsec. Nts., 2/15/22	295,000	295,000
Ross Stores, Inc., 3.375% Sr. Unsec. Nts., 9/15/24	344,000	338,197
Signet UK Finance plc, 4.70% Sr. Unsec. Nts., 6/15/24	356,000	315,950
		1,663,814

Textiles, Apparel & Luxury Goods—0.3%		
Hanesbrands, Inc., 4.875% Sr. Unsec. Nts., 5/15/26 ³	320,000	290,000
Levi Strauss & Co., 5.00% Sr. Unsec. Nts., 5/1/25	274,000	269,205
		559,205

Consumer Staples—3.6%		
Beverages—0.9%		
Anheuser-Busch Cos LLC/Anheuser-Busch InBev Worldwide, Inc., 3.65% Sr. Unsec. Nts., 2/1/26 ³	57,000	53,928
Anheuser-Busch InBev Worldwide, Inc., 8.20% Sr. Unsec. Unsub. Nts., 1/15/39	197,000	254,241
Bacardi Ltd., 4.70% Sr. Unsec. Nts., 5/15/28 ³	171,000	164,731
Keurig Dr Pepper, Inc.: 4.057% Sr. Unsec. Nts., 5/25/23 ³	305,000	304,044
4.597% Sr. Unsec. Nts., 5/25/28 ³	172,000	171,126
Molson Coors Brewing Co., 2.10% Sr. Unsec. Nts., 7/15/21	324,000	312,563
Pernod Ricard SA, 4.25% Sr. Unsec. Nts., 7/15/22 ³	325,000	329,944
		1,590,577

Food & Staples Retailing—0.2%		
Alimentation Couche-Tard, Inc., 2.35% Sr. Unsec. Nts., 12/13/19 ³	364,000	360,694

	Principal Amount	Value
Food & Staples Retailing (Continued)		
Kroger Co. (The): 2.00% Sr. Unsec. Nts., 1/15/19	\$ 9,000	\$ 8,996
4.45% Sr. Unsec. Nts., 2/1/47	93,000	81,898
		451,588

Food Products—1.8%		
Bunge Ltd. Finance Corp.: 3.25% Sr. Unsec. Nts., 8/15/26	232,000	203,710
3.50% Sr. Unsec. Nts., 11/24/20	333,000	332,280
Campbell Soup Co., 3.30% Sr. Unsec. Nts., 3/15/21	338,000	336,408
Conagra Brands, Inc.: 3.80% Sr. Unsec. Nts., 10/22/21	252,000	252,244
4.60% Sr. Unsec. Nts., 11/1/25	317,000	318,599
Kraft Heinz Foods Co.: 2.80% Sr. Unsec. Nts., 7/2/20	332,000	329,189
3.95% Sr. Unsec. Nts., 7/15/25	188,000	182,277
Lamb Weston Holdings, Inc., 4.875% Sr. Unsec. Nts., 11/1/26 ³	306,000	295,290
Mondelez International Holdings Netherlands BV, 2.00% Sr. Unsec. Nts., 10/28/21 ³	339,000	325,013
Smithfield Foods, Inc.: 2.70% Sr. Unsec. Nts., 1/31/20 ³	148,000	146,018
3.35% Sr. Unsec. Nts., 2/1/22 ³	183,000	175,126
Tyson Foods, Inc.: 3.55% Sr. Unsec. Nts., 6/2/27	182,000	169,895
3.90% Sr. Unsec. Nts., 9/28/23	271,000	270,895
		3,336,944

Tobacco—0.7%		
Altria Group, Inc., 4.00% Sr. Unsec. Nts., 1/31/24	238,000	234,143
BAT Capital Corp.: 2.297% Sr. Unsec. Nts., 8/14/20	351,000	342,770
3.557% Sr. Unsec. Nts., 8/15/27	177,000	157,504
Imperial Brands Finance plc, 3.75% Sr. Unsec. Nts., 7/21/22 ³	328,000	325,610
Imperial Tobacco Finance plc, 2.95% Sr. Unsec. Nts., 7/21/20 ³	230,000	226,613
		1,286,640

Energy—2.7%		
Energy Equipment & Services—0.3%		
Halliburton Co., 5.00% Sr. Unsec. Nts., 11/15/45	75,000	74,537
Helmerich & Payne, Inc., 4.65% Sr. Unsec. Nts., 3/15/25 ³	201,000	205,298
Schlumberger Holdings Corp., 4.00% Sr. Unsec. Nts., 12/21/25 ³	196,000	193,843
		473,678

Oil, Gas & Consumable Fuels—2.4%		
Anadarko Petroleum Corp., 4.50% Sr. Unsec. Nts., 7/15/44	72,000	61,305
Andeavor Logistics LP/Tesoro Logistics Finance Corp., 4.25% Sr. Unsec. Nts., 12/1/27	177,000	167,489
Apache Corp., 4.375% Sr. Unsec. Nts., 10/15/28	251,000	235,062
Columbia Pipeline Group, Inc.: 3.30% Sr. Unsec. Nts., 6/1/20	324,000	322,948
4.50% Sr. Unsec. Nts., 6/1/25	168,000	169,507
ConocoPhillips Co.: 4.95% Sr. Unsec. Nts., 3/15/26	37,000	39,649
5.95% Sr. Unsec. Nts., 3/15/46	75,000	91,702
Devon Energy Corp., 4.75% Sr. Unsec. Nts., 5/15/42	79,000	68,632
Energy Transfer LP, 4.25% Sr. Sec. Nts., 3/15/23	260,000	250,900

STATEMENT OF INVESTMENTS Continued

	Principal Amount	Value		Principal Amount	Value
Oil, Gas & Consumable Fuels (Continued)					
Energy Transfer Operating LP, 5.30% Sr. Unsec. Nts., 4/15/47	\$ 100,000	\$ 88,545			
Enterprise Products Operating LLC: 4.85% Sr. Unsec. Nts., 8/15/42	80,000	77,390			
4.90% Sr. Unsec. Nts., 5/15/46	32,000	31,150			
EQT Corp., 2.50% Sr. Unsec. Nts., 10/1/20	353,000	345,258			
Kinder Morgan Energy Partners LP, 5.80% Sr. Unsec. Nts., 3/1/21	132,000	137,819			
Kinder Morgan, Inc.: 5.20% Sr. Unsec. Nts., 3/1/48	86,000	82,612			
5.55% Sr. Unsec. Nts., 6/1/45	147,000	146,262			
Marathon Petroleum Corp., 3.80% Sr. Unsec. Nts., 4/1/28 ⁵	283,000	266,245			
ONEOK Partners LP, 8.625% Sr. Unsec. Nts., 3/1/19	203,000	204,446			
Pioneer Natural Resources Co., 3.45% Sr. Unsec. Nts., 1/15/21	347,000	346,116			
Sabine Pass Liquefaction LLC: 4.20% Sr. Sec. Nts., 3/15/28	180,000	172,598			
5.625% Sr. Sec. Nts., 2/1/21	260,000	267,938			
Shell International Finance BV, 4.00% Sr. Unsec. Nts., 5/10/46	115,000	111,485			
Sunoco Logistics Partners Operations LP, 4.00% Sr. Unsec. Nts., 10/1/27	207,000	190,249			
TransCanada PipeLines Ltd., 7.625% Sr. Unsec. Nts., 1/15/39	76,000	95,026			
Williams Cos., Inc. (The): 3.70% Sr. Unsec. Unsub. Nts., 1/15/23	334,000	326,224			
3.75% Sr. Unsec. Nts., 6/15/27	140,000	132,971			
		4,429,528			
Financials—9.4%					
Capital Markets—1.8%					
Blackstone Holdings Finance Co. LLC, 3.15% Sr. Unsec. Nts., 10/2/27 ²	127,000	119,818			
Brookfield Asset Management, Inc., 4.00% Sr. Unsec. Nts., 1/15/25	269,000	262,770			
Credit Suisse AG (New York), 3.625% Sr. Unsec. Nts., 9/9/24	197,000	193,427			
Credit Suisse Group Funding Guernsey Ltd., 4.55% Sr. Unsec. Nts., 4/17/26	154,000	152,781			
E*TRADE Financial Corp., 5.875% [US0003M+443.5] Jr. Sub. Perpetual Bonds ^{4,13}	327,000	295,117			
Goldman Sachs Group, Inc. (The): 3.50% Sr. Unsec. Nts., 11/16/26	180,000	166,513			
3.75% Sr. Unsec. Nts., 2/25/26	178,000	168,666			
3.814% [US0003M+115.8] Sr. Unsec. Nts., 4/23/29 ⁴	286,000	267,485			
4.017% [US0003M+137.3] Sr. Unsec. Nts., 10/31/38 ⁴	144,000	126,916			
Morgan Stanley: 4.375% Sr. Unsec. Nts., 1/22/47	232,000	220,399			
5.00% Sub. Nts., 11/24/25	276,000	281,964			
MSCI, Inc., 4.75% Sr. Unsec. Nts., 8/1/26 ³	307,000	291,650			
Northern Trust Corp., 3.375% [US0003M+113.1] Sub. Nts., 5/8/32 ⁴	125,000	116,462			
Raymond James Financial, Inc., 3.625% Sr. Unsec. Nts., 9/15/26	165,000	155,830			
TD Ameritrade Holding Corp., 3.30% Sr. Unsec. Nts., 4/1/27	208,000	199,267			
UBS Group Funding Switzerland AG: 4.125% Sr. Unsec. Nts., 4/15/26 ³	160,000	159,196			
4.253% Sr. Unsec. Nts., 3/23/28 ³	147,000	145,175			
		3,323,436			
Commercial Banks—4.7%					
ABN AMRO Bank NV, 4.40% [USSW5+219.7] Sub. Nts., 3/27/28 ^{4,14}	\$ 329,000	\$ 322,531			
Bank of America Corp.: 3.248% Sr. Unsec. Nts., 10/21/27	277,000	256,444			
3.366% [US0003M+81] Sr. Unsec. Nts., 1/23/26 ⁴	286,000	273,780			
3.824% [US0003M+157.5] Sr. Unsec. Nts., 1/20/28 ⁴	191,000	185,579			
4.271% [US0003M+131] Sr. Unsec. Nts., 7/23/29 ⁴	271,000	270,207			
7.75% Jr. Sub. Nts., 5/14/38	239,000	310,261			
Bank of Ireland Group plc, 4.50% Sr. Unsec. Nts., 11/25/23 ³	263,000	257,923			
BNP Paribas SA, 4.625% Sub. Nts., 3/13/27 ³	198,000	192,615			
BPCE SA, 4.50% Sub. Nts., 3/15/25 ³	199,000	192,920			
Citigroup, Inc.: 4.075% [US0003M+119.2] Sr. Unsec. Nts., 4/23/29 ⁴	269,000	262,829			
4.281% [US0003M+183.9] Sr. Unsec. Nts., 4/24/48 ⁴	356,000	330,642			
Citizens Bank NA (Providence RI), 2.65% Sr. Unsec. Nts., 5/26/22	68,000	66,117			
Compass Bank, 2.875% Sr. Unsec. Nts., 6/29/22	308,000	295,360			
Credit Agricole SA, 4.375% Sub. Nts., 3/17/25 ³	333,000	322,834			
Fifth Third Bank (Cincinnati OH), 3.85% Sub. Nts., 3/15/26	176,000	173,624			
First Republic Bank, 4.375% Sub. Nts., 8/1/46	137,000	127,072			
HSBC Holdings plc: 3.95% [US0003M+98.72] Sr. Unsec. Nts., 5/18/24 ⁴	109,000	108,470			
4.041% [US0003M+154.6] Sr. Unsec. Nts., 3/13/28 ⁴	135,000	129,364			
4.583% [US0003M+153.46] Sr. Unsec. Nts., 6/19/29 ⁴	183,000	181,711			
Huntington Bancshares, Inc., 4.00% Sr. Unsec. Nts., 5/15/25	334,000	336,233			
JPMorgan Chase & Co.: 3.54% [US0003M+138] Sr. Unsec. Nts., 5/1/28 ⁴	272,000	259,776			
3.782% [US0003M+133.7] Sr. Unsec. Nts., 2/1/28 ⁴	498,000	484,177			
3.797% [US0003M+89] Sr. Unsec. Nts., 7/23/24 ⁴	335,000	335,793			
KeyCorp, 4.15% Sr. Unsec. Nts., 10/29/25	106,000	107,828			
Lloyds Banking Group plc, 6.657% [US0003M+127] Jr. Sub. Perpetual Bonds ^{3,4,13}	400,000	394,248			
Nordea Bank Abp, 4.625% [USSW5+169] Sub. Nts., 9/13/33 ^{3,4}	118,000	114,807			
PNC Bank NA, 4.05% Sub. Nts., 7/26/28	237,000	238,503			
PNC Financial Services Group, Inc. (The), 3.15% Sr. Unsec. Nts., 5/19/27	253,000	241,825			
Regions Financial Corp., 2.75% Sr. Unsec. Nts., 8/14/22	187,000	180,558			
Royal Bank of Canada, 3.70% Sr. Unsec. Nts., 10/5/23	290,000	291,333			
SunTrust Bank (Atlanta GA): 3.30% Sub. Nts., 5/15/26	118,000	111,986			
4.05% Sr. Unsec. Nts., 11/3/25	141,000	143,588			
Synovus Financial Corp., 3.125% Sr. Unsec. Nts., 11/1/22	194,000	183,328			

	Principal Amount	Value
Commercial Banks (Continued)		
Toronto-Dominion Bank (The), 3.50% Sr. Unsec. Nts., 7/19/23	\$ 268,000	\$ 269,997
US Bancorp:		
3.10% Sub. Nts., 4/27/26	210,000	199,139
3.15% Sr. Unsec. Nts., 4/27/27	65,000	62,371
Wells Fargo & Co.:		
3.584% [US0003M+131] Sr. Unsec. Nts., 5/22/28 ⁴	277,000	266,375
4.75% Sub. Nts., 12/7/46	172,000	166,209
		8,648,357

Consumer Finance—0.6%		
American Express Co., 2.50% Sr. Unsec. Nts., 8/1/22	111,000	107,220
American Express Credit Corp., 3.30% Sr. Unsec. Nts., 5/3/27	209,000	203,600
Capital One Financial Corp., 3.75% Sr. Unsec. Nts., 3/9/27	111,000	103,330
Discover Bank:		
3.10% Sr. Unsec. Nts., 6/4/20	235,000	233,436
4.65% Sr. Unsec. Nts., 9/13/28	122,000	119,149
Discover Financial Services, 3.75% Sr. Unsec. Nts., 3/4/25	143,000	136,993
Electricite de France SA, 6.50% Sr. Unsec. Nts., 1/26/19 ³	259,000	259,837
		1,163,565

Diversified Financial Services—0.3%		
Berkshire Hathaway Energy Co., 3.80% Sr. Unsec. Nts., 7/15/48	81,000	72,994
Peachtree Corners Funding Trust, 3.976% Sr. Unsec. Nts., 2/15/25 ³	126,000	122,437
Voya Financial, Inc., 5.65% [US0003M+358] Jr. Sub. Nts., 5/15/53 ⁴	325,000	306,248
		501,679

Insurance—1.0%		
Aflac, Inc., 4.75% Sr. Unsec. Nts., 1/15/49	109,000	111,517
AXA Equitable Holdings, Inc., 4.35% Sr. Unsec. Nts., 4/20/28 ³	181,000	171,468
AXIS Specialty Finance plc, 5.15% Sr. Unsec. Nts., 4/1/45	179,000	172,494
Boardwalk Pipelines LP, 4.95% Sr. Unsec. Nts., 12/15/24	162,000	164,469
Brighthouse Financial, Inc., 3.70% Sr. Unsec. Nts., 6/22/27	68,000	57,591
CNA Financial Corp., 3.45% Sr. Unsec. Nts., 8/15/27	255,000	237,823
Hartford Financial Services Group, Inc. (The), 4.40% Sr. Unsec. Nts., 3/15/48	209,000	195,979
Lincoln National Corp., 3.80% Sr. Unsec. Nts., 3/1/28	207,000	201,267
Manulife Financial Corp., 4.061% [USISDA05+164.7] Sub. Nts., 2/24/32 ⁴	208,000	196,585
Marsh & McLennan Cos., Inc., 4.35% Sr. Unsec. Nts., 1/30/47	113,000	105,939
Prudential Financial, Inc., 5.20% [US0003M+304] Jr. Sub. Nts., 3/15/44 ⁴	256,000	240,000
		1,855,132

Real Estate Investment Trusts (REITs)—1.0%		
American Tower Corp.:		
2.80% Sr. Unsec. Nts., 6/1/20	234,000	232,247
3.00% Sr. Unsec. Nts., 6/15/23	274,000	263,877
4.00% Sr. Unsec. Nts., 6/1/25	169,000	166,102
Crown Castle International Corp., 3.65% Sr. Unsec. Nts., 9/1/27	176,000	163,550
Digital Realty Trust LP:		
3.40% Sr. Unsec. Nts., 10/1/20	30,000	29,911

	Principal Amount	Value
Real Estate Investment Trusts (REITs) (Continued)		
Digital Realty Trust LP: (Continued)		
5.875% Sr. Unsec. Nts., 2/1/20	\$ 125,000	\$ 127,546
Lamar Media Corp., 5.75% Sr. Unsec. Nts., 2/1/26	288,000	292,680
VEREIT Operating Partnership LP:		
3.00% Sr. Unsec. Nts., 2/6/19	134,000	133,923
4.625% Sr. Unsec. Nts., 11/1/25	325,000	326,214
		1,736,050

Health Care—3.5%		
Biotechnology—0.7%		
AbbVie, Inc.:		
3.75% Sr. Unsec. Nts., 11/14/23	329,000	327,676
4.25% Sr. Unsec. Nts., 11/14/28	244,000	237,494
Amgen, Inc., 4.563% Sr. Unsec. Nts., 6/15/48	87,000	83,764
Biogen, Inc., 5.20% Sr. Unsec. Nts., 9/15/45	82,000	84,738
Celgene Corp., 3.875% Sr. Unsec. Nts., 8/15/25	202,000	194,826
Gilead Sciences, Inc., 4.75% Sr. Unsec. Nts., 3/1/46	143,000	142,382
Shire Acquisitions Investments Ireland DAC, 2.40% Sr. Unsec. Nts., 9/23/21	342,000	330,909
		1,401,789

Health Care Equipment & Supplies—0.3%		
Becton Dickinson & Co.:		
2.404% Sr. Unsec. Nts., 6/5/20	226,000	222,632
3.70% Sr. Unsec. Nts., 6/6/27	268,000	253,812
Hologic, Inc., 4.375% Sr. Unsec. Nts., 10/15/25 ³	15,000	14,025
		490,469

Health Care Providers & Services—1.1%		
Cigna Corp., 3.75% Sr. Sec. Nts., 7/15/23 ³	255,000	254,398
Cigna Holding Co., 5.125% Sr. Unsec. Nts., 6/15/20	303,000	310,814
CVS Health Corp.:		
2.125% Sr. Unsec. Nts., 6/1/21	356,000	344,587
5.05% Sr. Unsec. Nts., 3/25/48	308,000	301,090
Fresenius Medical Care US Finance II, Inc., 5.875% Sr. Unsec. Nts., 1/31/22 ³	450,000	469,470
McKesson Corp., 3.65% Sr. Unsec. Nts., 11/30/20	286,000	287,442
		1,967,801

Life Sciences Tools & Services—0.4%		
IQVIA, Inc., 5.00% Sr. Unsec. Nts., 10/15/26 ³	308,000	295,295
Life Technologies Corp., 6.00% Sr. Unsec. Nts., 3/1/20	259,000	266,293
Thermo Fisher Scientific, Inc., 4.15% Sr. Unsec. Nts., 2/1/24	132,000	133,849
		695,437

Pharmaceuticals—1.0%		
Allergan Funding SCS, 3.00% Sr. Unsec. Nts., 3/12/20	348,000	346,714
Bayer US Finance II LLC:		
3.875% Sr. Unsec. Nts., 12/15/23 ³	335,000	329,267
4.375% Sr. Unsec. Nts., 12/15/28 ³	242,000	231,652
Elanco Animal Health, Inc., 4.90% Sr. Unsec. Nts., 8/28/28 ³	145,000	147,912
Mylan NV, 3.15% Sr. Unsec. Nts., 6/15/21	319,000	312,565
Takeda Pharmaceutical Co. Ltd.:		
4.00% Sr. Unsec. Nts., 11/26/21 ³	280,000	283,994

STATEMENT OF INVESTMENTS Continued

	Principal Amount	Value
Pharmaceuticals (Continued)		
Takeda Pharmaceutical Co. Ltd.: (Continued)		
5.00% Sr. Unsec. Nts., 11/26/28 ³	\$ 160,000	\$ 163,827 1,815,931
Industrials—2.4%		
Aerospace & Defense—0.7%		
BAE Systems Holdings, Inc., 3.85% Sr. Unsec. Nts., 12/15/25 ³	270,000	268,216
Huntington Ingalls Industries, Inc., 3.483% Sr. Unsec. Nts., 12/1/27	190,000	177,447
L3 Technologies, Inc., 3.85% Sr. Unsec. Nts., 6/15/23	335,000	335,835
Northrop Grumman Corp., 4.75% Sr. Unsec. Nts., 6/1/43	190,000	193,018
United Technologies Corp.: 3.35% Sr. Unsec. Nts., 8/16/21	82,000	81,826
3.95% Sr. Unsec. Nts., 8/16/25	205,000	203,798 1,260,140
Air Freight & Couriers—0.1%		
CH Robinson Worldwide, Inc., 4.20% Sr. Unsec. Nts., 4/15/28	169,000	169,890
Building Products—0.3%		
Allegion US Holding Co., Inc., 3.55% Sec. Nts., 10/1/27	284,000	264,533
Fortune Brands Home & Security, Inc., 4.00% Sr. Unsec. Nts., 9/21/23	313,000	309,992 574,525
Electrical Equipment—0.2%		
Sensata Technologies BV, 4.875% Sr. Unsec. Nts., 10/15/23 ³	345,000	336,806
Industrial Conglomerates—0.2%		
GE Capital International Funding Co. Unlimited Co., 3.373% Sr. Unsec. Nts., 11/15/25	107,000	95,235
Roper Technologies, Inc., 3.65% Sr. Unsec. Nts., 9/15/23	330,000	330,572 425,807
Machinery—0.1%		
Fortive Corp., 1.80% Sr. Unsec. Nts., 6/15/19	40,000	39,526
Nvent Finance Sarl, 4.55% Sr. Unsec. Nts., 4/15/28	176,000	172,862 212,388
Professional Services—0.1%		
IHS Markit Ltd., 4.125% Sr. Unsec. Nts., 8/1/23	211,000	209,112
Road & Rail—0.4%		
Penske Truck Leasing Co. LP/PTL Finance Corp., 3.40% Sr. Unsec. Nts., 11/15/26 ³	284,000	266,009
Ryder System, Inc.: 3.50% Sr. Unsec. Nts., 6/1/21	79,000	79,140
3.75% Sr. Unsec. Nts., 6/9/23	335,000	333,258 678,407
Trading Companies & Distributors—0.3%		
Air Lease Corp.: 3.25% Sr. Unsec. Nts., 3/1/25	108,000	99,597
3.625% Sr. Unsec. Nts., 4/1/27	112,000	100,400
GATX Corp., 3.50% Sr. Unsec. Nts., 3/15/28	285,000	262,375
United Rentals North America, Inc., 4.625% Sr. Unsec. Nts., 10/15/25	178,000	159,310 621,682

	Principal Amount	Value
Information Technology—2.3%		
Communications Equipment—0.2%		
Motorola Solutions, Inc., 4.60% Sr. Unsec. Nts., 2/23/28	\$ 256,000	\$ 250,919
Electronic Equipment, Instruments, & Components—0.3%		
Arrow Electronics, Inc., 3.875% Sr. Unsec. Nts., 1/12/28	248,000	226,460
CDW LLC/CDW Finance Corp., 5.50% Sr. Unsec. Nts., 12/1/24	58,000	57,565
Tech Data Corp., 4.95% Sr. Unsec. Nts., 2/15/27	271,000	254,924 538,949
IT Services—0.5%		
DXC Technology Co.:		
2.875% Sr. Unsec. Nts., 3/27/20	261,000	258,788
4.75% Sr. Unsec. Nts., 4/15/27	246,000	247,403
Fidelity National Information Services, Inc., 4.25% Sr. Unsec. Nts., 5/15/28	171,000	170,301
VeriSign, Inc.:		
4.75% Sr. Unsec. Nts., 7/15/27	189,000	177,953
5.25% Sr. Unsec. Nts., 4/1/25	105,000	104,344 958,789
Semiconductors & Semiconductor Equipment—0.4%		
Intel Corp., 3.734% Sr. Unsec. Nts., 12/8/47	99,000	91,866
Microchip Technology, Inc., 3.922% Sr. Sec. Nts., 6/1/21 ³	335,000	332,492
NXP BV/NXP Funding LLC, 4.125% Sr. Unsec. Nts., 6/1/21 ³	304,000	300,960 725,318
Software—0.6%		
Autodesk, Inc., 4.375% Sr. Unsec. Nts., 6/15/25	104,000	105,272
Dell International LLC/EMC Corp.:		
4.42% Sr. Sec. Nts., 6/15/21 ³	283,000	282,871
6.02% Sr. Sec. Nts., 6/15/26 ³	213,000	214,369
Open Text Corp., 5.625% Sr. Unsec. Nts., 1/15/23 ³	174,000	174,000
Oracle Corp., 2.95% Sr. Unsec. Nts., 5/15/25	211,000	202,180
VMware, Inc.:		
2.30% Sr. Unsec. Nts., 8/21/20	28,000	27,431
3.90% Sr. Unsec. Nts., 8/21/27	170,000	151,146 1,157,269
Technology Hardware, Storage & Peripherals—0.3%		
Apple, Inc., 4.375% Sr. Unsec. Nts., 5/13/45	207,000	211,009
Hewlett Packard Enterprise Co., 3.60% Sr. Unsec. Nts., 10/15/20	342,000	342,965 553,974
Materials—2.4%		
Chemicals—1.2%		
Dow Chemical Co. (The), 4.55% Sr. Unsec. Nts., 11/30/25 ³	207,000	210,984
DowDuPont, Inc.:		
3.766% Sr. Unsec. Nts., 11/15/20	280,000	282,754
5.419% Sr. Unsec. Nts., 11/15/48	125,000	130,525
Eastman Chemical Co., 3.50% Sr. Unsec. Nts., 12/1/21	130,000	130,736
LyondellBasell Industries NV, 5.00% Sr. Unsec. Nts., 4/15/19	255,000	255,283
Nutrien Ltd.:		
3.375% Sr. Unsec. Nts., 3/15/25	294,000	276,712
4.875% Sr. Unsec. Nts., 3/30/20	40,000	40,704
PolyOne Corp., 5.25% Sr. Unsec. Nts., 3/15/23	308,000	298,760

	Principal Amount	Value
Chemicals (Continued)		
RPM International, Inc.:		
3.45% Sr. Unsec. Unsub. Nts., 11/15/22	\$ 304,000	\$ 301,381
6.125% Sr. Unsec. Nts., 10/15/19	159,000	161,928
Yara International ASA, 4.75% Sr. Unsec. Nts., 6/1/28 ³	165,000	164,864
		2,254,631
Construction Materials—0.2%		
James Hardie International Finance DAC, 4.75% Sr. Unsec. Nts., 1/15/25 ³	209,000	190,974
Martin Marietta Materials, Inc., 3.50% Sr. Unsec. Nts., 12/15/27	171,000	156,291
		347,265
Containers & Packaging—0.4%		
Packaging Corp. of America:		
3.65% Sr. Unsec. Nts., 9/15/24	113,000	111,173
4.50% Sr. Unsec. Nts., 11/1/23	253,000	259,593
Silgan Holdings, Inc., 4.75% Sr. Unsec. Nts., 3/15/25	290,000	271,875
		642,641
Metals & Mining—0.5%		
Anglo American Capital plc:		
3.625% Sr. Unsec. Nts., 9/11/24 ³	86,000	81,246
4.00% Sr. Unsec. Nts., 9/11/27 ³	140,000	126,638
ArcelorMittal, 6.125% Sr. Unsec. Nts., 6/1/25	305,000	319,665
Goldcorp, Inc., 5.45% Sr. Unsec. Nts., 6/9/44	96,000	95,614
Steel Dynamics, Inc., 4.125% Sr. Unsec. Nts., 9/15/25	238,000	219,853
		843,016
Paper & Forest Products—0.1%		
Georgia-Pacific LLC, 3.734% Sr. Unsec. Nts., 7/15/23 ³	65,000	65,653
Louisiana-Pacific Corp., 4.875% Sr. Unsec. Nts., 9/15/24	199,000	192,533
		258,186
Telecommunication Services—1.4%		
Diversified Telecommunication Services—1.1%		
AT&T, Inc.:		
4.30% Sr. Unsec. Nts., 2/15/30	331,000	313,681
4.35% Sr. Unsec. Nts., 6/15/45	48,000	40,764
4.50% Sr. Unsec. Nts., 3/9/48	142,000	122,893
British Telecommunications plc:		
4.50% Sr. Unsec. Nts., 12/4/23	202,000	204,945
9.625% Sr. Unsec. Nts., 12/15/30	284,000	384,854
Deutsche Telekom International Finance BV, 4.375% Sr. Unsec. Nts., 6/21/28 ³	160,000	157,935
Telefonica Emisiones SA:		
4.103% Sr. Unsec. Nts., 3/8/27	98,000	94,658
5.213% Sr. Unsec. Nts., 3/8/47	123,000	113,132
T-Mobile USA, Inc., 6.50% Sr. Unsec. Nts., 1/15/26	280,000	286,300
Verizon Communications, Inc.:		
4.125% Sr. Unsec. Nts., 8/15/46	140,000	124,174
4.522% Sr. Unsec. Nts., 9/15/48	196,000	184,605
		2,027,941
Wireless Telecommunication Services—0.3%		
Vodafone Group plc:		
3.75% Sr. Unsec. Nts., 1/16/24	332,000	327,579

	Principal Amount	Value
Wireless Telecommunication Services (Continued)		
Vodafone Group plc: (Continued)		
4.375% Sr. Unsec. Nts., 5/30/28	\$ 168,000	\$ 163,379
		490,958
Utilities—2.2%		
Electric Utilities—1.6%		
AEP Texas, Inc., 3.95% Sr. Unsec. Nts., 6/1/28 ³	172,000	172,688
Duke Energy Corp.:		
3.15% Sr. Unsec. Nts., 8/15/27	176,000	164,967
3.75% Sr. Unsec. Nts., 9/1/46	69,000	59,983
Edison International:		
2.125% Sr. Unsec. Nts., 4/15/20	131,000	127,544
2.95% Sr. Unsec. Nts., 3/15/23	207,000	195,717
EDP Finance BV, 3.625% Sr. Unsec. Nts., 7/15/24 ³	231,000	216,713
Electricite de France SA, 4.50% Sr. Unsec. Nts., 9/21/28 ³	169,000	164,091
Emera US Finance LP, 2.70% Sr. Unsec. Nts., 6/15/21	179,000	174,476
Eversource Energy, 4.25% Sr. Unsec. Nts., 4/1/29	155,000	158,218
Exelon Corp.:		
2.45% Sr. Unsec. Nts., 4/15/21	165,000	161,459
4.45% Sr. Unsec. Nts., 4/15/46	87,000	83,176
FirstEnergy Corp., 3.90% Sr. Unsec. Nts., 7/15/27	184,000	178,630
Indiana Michigan Power Co., 4.25% Sr. Unsec. Nts., 8/15/48	79,000	78,086
Mid-Atlantic Interstate Transmission LLC, 4.10% Sr. Unsec. Nts., 5/15/28 ³	171,000	170,212
NextEra Energy Operating Partners LP, 4.25% Sr. Unsec. Nts., 9/15/24 ³	29,000	26,934
Pennsylvania Electric Co., 5.20% Sr. Unsec. Nts., 4/1/20	88,000	90,216
PPL WEM Ltd./Western Power Distribution Ltd., 5.375% Sr. Unsec. Unsub. Nts., 5/1/21 ³	317,000	327,473
TECO Finance, Inc., 5.15% Sr. Unsec. Nts., 3/15/20	161,000	164,674
Trans-Allegheny Interstate Line Co., 3.85% Sr. Unsec. Nts., 6/1/25 ³	187,000	186,553
		2,901,810
Multi-Utilities—0.6%		
CenterPoint Energy Resources Corp., 4.50% Sr. Unsec. Nts., 1/15/21	122,000	124,502
CenterPoint Energy, Inc.:		
3.60% Sr. Unsec. Nts., 11/1/21	203,000	203,551
4.25% Sr. Unsec. Nts., 11/1/28	147,000	149,345
Dominion Energy, Inc.:		
2.579% Jr. Sub. Nts., 7/1/20	285,000	280,597
4.90% Sr. Unsec. Nts., 8/1/41	123,000	122,527
Public Service Enterprise Group, Inc., 1.60% Sr. Unsec. Nts., 11/15/19	303,000	298,835
		1,179,357
Total Non-Convertible Corporate Bonds and Notes (Cost \$66,613,633)		64,990,025
Shares		
Investment Company—2.9%		
Oppenheimer Institutional Government Money Market Fund, Cl. E, 2.35% ^{15,16} (Cost \$5,367,607)	5,367,607	5,367,607
Total Investments, at Value (Cost \$220,039,682)	118.2%	216,657,566
Net Other Assets (Liabilities)	(18.2)	(33,338,413)
Net Assets	100.0%	\$ 183,319,153

STATEMENT OF INVESTMENTS Continued

Footnotes to Statement of Investments

1. Non-income producing security.
2. Security is a Master Limited Partnership.
3. Represents securities sold under Rule 144A, which are exempt from registration under the Securities Act of 1933, as amended. These securities have been determined to be liquid under guidelines established by the Board of Trustees. These securities amount to \$31,134,224 or 16.98% of the Fund's net assets at period end.
4. Represents the current interest rate for a variable or increasing rate security, determined as [Referenced Rate + Basis-point spread].
5. Restricted security. The aggregate value of restricted securities at period end was \$508,743, which represents 0.28% of the Fund's net assets. See Note 4 of the accompanying Notes. Information concerning restricted securities is as follows:

Security	Acquisition Dates	Cost	Value	Unrealized Appreciation/ (Depreciation)
GLS Auto Receivables Trust, Series 2018-1A, Cl. A, 2.82%, 7/15/22	1/30/18	\$ 243,304	\$ 242,498	(806)
Marathon Petroleum Corp., 3.80% Sr. Unsec. Nts., 4/1/28	7/25/18	269,790	266,245	(3,545)
		\$ 513,094	\$ 508,743	(4,351)

6. Interest-Only Strips represent the right to receive the monthly interest payments on an underlying pool of mortgage loans. These securities typically decline in price as interest rates decline. Most other fixed income securities increase in price when interest rates decline. The principal amount of the underlying pool represents the notional amount on which current interest is calculated. The price of these securities is typically more sensitive to changes in prepayment rates than traditional mortgage-backed securities (for example, GNMA pass-throughs). Interest rates disclosed represent current yields based upon the current cost basis and estimated timing and amount of future cash flows. These securities amount to \$1,743,649 or 0.95% of the Fund's net assets at period end.
7. Interest rate is less than 0.0005%.
8. Principal-Only Strips represent the right to receive the monthly principal payments on an underlying pool of mortgage loans. The value of these securities generally increases as interest rates decline and prepayment rates rise. The price of these securities is typically more volatile than that of coupon-bearing bonds of the same maturity. Interest rates disclosed represent current yields based upon the current cost basis and estimated timing of future cash flows. These securities amount to \$37,777 or 0.02% of the Fund's net assets at period end.
9. All or a portion of the security position is when-issued or delayed delivery to be delivered and settled after period end. See Note 4 of the accompanying Notes.
10. This interest rate resets periodically. Interest rate shown reflects the rate in effect at period end. The rate on this variable rate security is not based on a published reference rate and spread but is determined by the issuer or agent based on current market conditions.
11. All or a portion of the security position is held in accounts at a futures clearing merchant and pledged to cover margin requirements on open futures contracts and written options on futures, if applicable. The aggregate market value of such securities is \$141,429. See Note 6 of the accompanying Notes.
12. All or a portion of the security position has been pledged for collateral in association with forward roll transactions. See Note 4 of the accompanying Notes.
13. This bond has no contractual maturity date, is not redeemable and contractually pays an indefinite stream of interest.
14. Represents securities sold under Regulation S, which are exempt from registration under the Securities Act of 1933, as amended. These securities may not be offered or sold in the United States without and exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933. These securities amount to \$322,531 or 0.18% of the Fund's net assets at period end.
15. Rate shown is the 7-day yield at period end.
16. Is or was an affiliate, as defined in the Investment Company Act of 1940, as amended, at or during the reporting period, by virtue of the Fund owning at least 5% of the voting securities of the issuer or as a result of the Fund and the issuer having the same investment adviser. Transactions during the reporting period in which the issuer was an affiliate are as follows:

Investment Company	Shares December 31, 2017	Gross Additions	Gross Reductions	Shares December 31, 2018
Oppenheimer Institutional Government Money Market Fund, Cl. E	5,367,607	—	—	5,367,607
	Value	Income	Realized Gain (Loss)	Change in Unrealized Gain (Loss)
Investment Company				
Oppenheimer Institutional Government Money Market Fund, Cl. E	\$ 5,367,607	\$ 95,226	\$ —	\$ —

Futures Contracts as of December 31, 2018

Description	Buy/Sell	Expiration Date	Number of Contracts	Notional Amount (000's)	Value	Unrealized Appreciation/ (Depreciation)
United States Treasury Long Bonds	Sell	3/20/19	3	USD 436	\$ 438,000	(2,224)
United States Treasury Nts., 10 yr.	Sell	3/20/19	73	USD 8,849	8,907,141	(57,855)
United states Treasury Nts., 2 yr.	Sell	3/29/19	59	USD 12,470	12,526,438	(56,594)
United States Treasury Nts., 5 yr.	Sell	3/29/19	31	USD 3,497	3,555,312	(58,670)
United States Ultra Bonds	Buy	3/20/19	62	USD 9,439	9,960,688	521,614
					\$	346,271

Glossary: Definitions

H15T1Y	US Treasury Yield Curve Rate T Note Constant Maturity 1 Year
ICE LIBOR	Intercontinental Exchange London Interbank Offered Rate
LIBOR01M	ICE LIBOR USD 1 Month
US0001M	ICE LIBOR USD 1 Month
US0003M	ICE LIBOR USD 3 Month
USISDA05	USD ICE Swap Rate 11:00am NY 5 Year
USSW5	USD Swap Semi 30/360 5 Year

See accompanying Notes to Financial Statements.

STATEMENT OF ASSETS AND LIABILITIES December 31, 2018

Assets	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost \$214,672,075)	\$ 211,289,959
Affiliated companies (cost \$5,367,607)	5,367,607
	<u>216,657,566</u>
Cash	2,476,073
Cash used for collateral on futures	277,000
Receivables and other assets:	
Investments sold (including \$14,930,759 sold on a when-issued or delayed delivery basis)	15,065,003
Interest, dividends and principal paydowns	904,814
Shares of beneficial interest sold	42,078
Variation margin receivable	36,813
Other	56,564
Total assets	<u>235,515,911</u>
Liabilities	
Payables and other liabilities:	
Investments purchased on a when-issued or delayed delivery basis	51,908,726
Shares of beneficial interest redeemed	100,183
Trustees' compensation	48,816
Variation margin payable	46,158
Shareholder communications	15,039
Distribution and service plan fees	9,253
Other	68,583
Total liabilities	<u>52,196,758</u>
Net Assets	<u>\$ 183,319,153</u>
Composition of Net Assets	
Par value of shares of beneficial interest	\$ 12,748
Additional paid-in capital	179,725,456
Total distributable earnings	3,580,949
Net Assets	<u>\$ 183,319,153</u>
Net Asset Value Per Share	
Non-Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$140,290,100 and 9,725,180 shares of beneficial interest outstanding)	\$14.43
Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$43,029,053 and 3,022,500 shares of beneficial interest outstanding)	\$14.24

See accompanying Notes to Financial Statements.

STATEMENT OF OPERATIONS For the Year Ended December 31, 2018

Investment Income	
Interest (net of foreign withholding taxes of \$806)	\$ 4,335,900
Dividends:	
Unaffiliated companies (net of foreign withholding taxes of \$27,778)	1,105,563
Affiliated companies	95,226
Total investment income	5,536,689
Expenses	
Management fees	1,522,921
Distribution and service plan fees—service shares	120,369
Transfer and shareholder servicing agent fees:	
Non-Service shares	186,164
Service shares	57,777
Shareholder communications:	
Non-Service shares	50,565
Service shares	15,634
Custodian fees and expenses	50,334
Trustees' compensation	11,358
Borrowing fees	6,661
Other	81,302
Total expenses	2,103,085
Less reduction to custodian expenses	(1,984)
Less waivers and reimbursements of expenses	(610,602)
Net expenses	1,490,499
Net Investment Income	4,046,190
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investment transactions in unaffiliated companies	3,702,500
Futures contracts	(605,985)
Foreign currency transactions	(2,402)
Swap contracts	(3,222)
Swaption contracts written	9,030
Net realized gain	3,099,921
Net change in unrealized appreciation/(depreciation) on:	
Investment transactions in unaffiliated companies	(18,004,162)
Translation of assets and liabilities denominated in foreign currencies	1,041
Futures contracts	216,182
Net change in unrealized appreciation/(depreciation)	(17,786,939)
Net Decrease in Net Assets Resulting from Operations	\$ (10,640,828)

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2018	Year Ended December 31, 2017 ¹
Operations		
Net investment income	\$ 4,046,190	\$ 3,732,264
Net realized gain	3,099,921	11,757,536
Net change in unrealized appreciation/(depreciation)	(17,786,939)	4,018,070
Net increase (decrease) in net assets resulting from operations	(10,640,828)	19,507,870
Dividends and/or Distributions to Shareholders		
Dividends and distributions declared:		
Non-Service shares	(6,688,120)	(3,346,883)
Service shares	(1,986,593)	(889,490)
Total dividends and distributions declared	(8,674,713)	(4,236,373)
Beneficial Interest Transactions		
Net decrease in net assets resulting from beneficial interest transactions:		
Non-Service shares	(10,990,551)	(18,304,514)
Service shares	(4,022,754)	(3,634,518)
Total beneficial interest transactions	(15,013,305)	(21,939,032)
Net Assets		
Total decrease	(34,328,846)	(6,667,535)
Beginning of period	217,647,999	224,315,534
End of period	\$ 183,319,153	\$ 217,647,999

1. Prior period amounts have been conformed to current year presentation. See Notes to Financial Statements, Note 2— New Accounting Pronouncements for further details.

See accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Non-Service Shares					
Per Share Operating Data					
Net asset value, beginning of period	\$15.92	\$14.86	\$14.46	\$14.67	\$13.84
Income (loss) from investment operations:					
Net investment income ¹	0.32	0.27	0.26	0.31	0.29
Net realized and unrealized gain (loss)	(1.13)	1.09	0.49	(0.18)	0.83
Total from investment operations	(0.81)	1.36	0.75	0.13	1.12
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(0.31)	(0.30)	(0.35)	(0.34)	(0.29)
Distributions from net realized gain	(0.37)	0.00	0.00	0.00	0.00
Total dividends and/or distributions to shareholders	(0.68)	(0.30)	(0.35)	(0.34)	(0.29)
Net asset value, end of period	\$14.43	\$15.92	\$14.86	\$14.46	\$14.67
Total Return, at Net Asset Value²	(5.32)%	9.25%	5.26%	0.83%	8.20%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$140,290	\$166,015	\$172,573	\$182,406	\$203,684
Average net assets (in thousands)	\$155,024	\$170,438	\$177,368	\$194,208	\$208,556
Ratios to average net assets: ³					
Net investment income	2.05%	1.74%	1.78%	2.09%	2.03%
Expenses excluding specific expenses listed below	0.98%	0.94%	0.94%	0.91%	0.90%
Interest and fees from borrowings	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00%
Total expenses ⁵	0.98%	0.94%	0.94%	0.91%	0.90%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.67%	0.67%	0.67%	0.67%	0.67%
Portfolio turnover rate ⁶	60%	76%	68%	68%	98%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

3. Annualized for periods less than one full year.

4. Less than 0.005%.

5. Total expenses including indirect expenses from affiliated fund fees and expenses were as follows:

Year Ended December 31, 2018	0.98%
Year Ended December 31, 2017	0.94%
Year Ended December 31, 2016	0.94%
Year Ended December 31, 2015	0.91%
Year Ended December 31, 2014	0.90%

6. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2018	\$685,887,902	\$703,549,464
Year Ended December 31, 2017	\$729,295,309	\$711,803,922
Year Ended December 31, 2016	\$737,550,642	\$742,753,245
Year Ended December 31, 2015	\$829,988,104	\$849,696,153
Year Ended December 31, 2014	\$697,503,637	\$678,765,376

See accompanying Notes to Financial Statements.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Service Shares					
Per Share Operating Data					
Net asset value, beginning of period	\$15.71	\$14.67	\$14.28	\$14.49	\$13.66
Income (loss) from investment operations:					
Net investment income ¹	0.27	0.23	0.22	0.27	0.25
Net realized and unrealized gain (loss)	(1.10)	1.07	0.48	(0.18)	0.84
Total from investment operations	(0.83)	1.30	0.70	0.09	1.09
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(0.27)	(0.26)	(0.31)	(0.30)	(0.26)
Distributions from net realized gain	(0.37)	0.00	0.00	0.00	0.00
Total dividends and/or distributions to shareholders	(0.64)	(0.26)	(0.31)	(0.30)	(0.26)
Net asset value, end of period	\$14.24	\$15.71	\$14.67	\$14.28	\$14.49
Total Return, at Net Asset Value²	(5.53)%	8.95%	4.96%	0.57%	8.02%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$43,029	\$51,633	\$51,743	\$52,226	\$63,880
Average net assets (in thousands)	\$48,109	\$51,345	\$53,914	\$59,085	\$65,450
Ratios to average net assets: ³					
Net investment income	1.80%	1.49%	1.53%	1.84%	1.78%
Expenses excluding specific expenses listed below	1.23%	1.19%	1.19%	1.16%	1.15%
Interest and fees from borrowings	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00%
Total expenses ⁵	1.23%	1.19%	1.19%	1.16%	1.15%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.92%	0.92%	0.92%	0.92%	0.92%
Portfolio turnover rate ⁶	60%	76%	68%	68%	98%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

3. Annualized for periods less than one full year.

4. Less than 0.005%.

5. Total expenses including indirect expenses from affiliated fund fees and expenses were as follows:

Year Ended December 31, 2018	1.23%
Year Ended December 31, 2017	1.19%
Year Ended December 31, 2016	1.19%
Year Ended December 31, 2015	1.16%
Year Ended December 31, 2014	1.15%

6. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2018	\$685,887,902	\$703,549,464
Year Ended December 31, 2017	\$729,295,309	\$711,803,922
Year Ended December 31, 2016	\$737,550,642	\$742,753,245
Year Ended December 31, 2015	\$829,988,104	\$849,696,153
Year Ended December 31, 2014	\$697,503,637	\$678,765,376

See accompanying Notes to Financial Statements.

1. Organization

Oppenheimer Conservative Balanced Fund/VA (the "Fund"), a separate series of Oppenheimer Variable Account Funds, is a diversified open-end management investment company registered under the Investment Company Act of 1940 ("1940 Act"), as amended. The Fund's investment objective is to seek total return. The Fund's investment adviser is OFI Global Asset Management, Inc. ("OFI Global" or the "Manager"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser"). The Manager has entered into a sub-advisory agreement with OFI.

Shares of the Fund are sold only to separate accounts of life insurance companies.

The Fund offers two classes of shares. Both classes are sold at their offering price, which is the net asset value per share, to separate investment accounts of participating insurance companies as an underlying investment for variable life insurance policies, variable annuity contracts or other investment products. The class of shares designated as Service shares is subject to a distribution and service plan. Both classes of shares have identical rights and voting privileges with respect to the Fund in general and exclusive voting rights on matters that affect that class alone. Earnings, net assets and net asset value per share may differ due to each class having its own expenses, such as transfer and shareholder servicing agent fees and shareholder communications, directly attributable to that class.

The following is a summary of significant accounting policies followed in the Fund's preparation of financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

2. Significant Accounting Policies

Security Valuation. All investments in securities are recorded at their estimated fair value, as described in Note 3.

Foreign Currency Translation. The books and records of the Fund are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Value of investment securities, other assets and liabilities — at the exchange rates prevailing at market close as described in Note 3.
- (2) Purchases and sales of investment securities, income and expenses — at the rates of exchange prevailing on the respective dates of such transactions.

Although the net assets and the values are presented at the foreign exchange rates at market close, the Fund does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses from investments shown in the Statement of Operations.

For securities, which are subject to foreign withholding tax upon disposition, realized and unrealized gains or losses on such securities are recorded net of foreign withholding tax.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding tax reclaims recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities, resulting from changes in the exchange rate.

Allocation of Income, Expenses, Gains and Losses. Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

Dividends and Distributions to Shareholders. Dividends and distributions to shareholders, which are determined in accordance with income tax regulations and may differ from U.S. GAAP, are recorded on the ex-dividend date. Income and capital gain distributions, if any, are declared and paid annually or at other times as determined necessary by the Manager.

Investment Income. Dividend income is recorded on the ex-dividend date or upon ex-dividend notification in the case of certain foreign dividends where the ex-dividend date may have passed. Non-cash dividends included in dividend income, if any, are recorded at the fair value of the securities received. Withholding taxes on foreign dividends, if any, and capital gains taxes on foreign investments, if any, have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations. Interest income, if any, is recognized on an accrual basis. Discount and premium, which are included in interest income on the Statement of Operations, are amortized or accreted daily.

Return of Capital Estimates. Distributions received from the Fund's investments in Master Limited Partnerships (MLPs) and Real Estate Investments Trusts (REITs), generally are comprised of income and return of capital. Any return of capital estimates in excess of cost basis are classified as realized gain. The Fund records investment income and return of capital based on estimates. Such estimates are based on historical information available from each MLP, REIT and other industry sources. These estimates may subsequently be revised based on information received from MLPs and REITs after their tax reporting periods are concluded.

Custodian Fees. "Custodian fees and expenses" in the Statement of Operations may include interest expense incurred by the Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. The Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by the Fund, at a rate equal to the Federal Funds Rate plus 2.00%. The "Reduction to custodian expenses" line item, if applicable, represents earnings on cash balances maintained by the Fund during the period. Such interest expense and other

2. Significant Accounting Policies (Continued)

custodian fees may be paid with these earnings.

Security Transactions. Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

Indemnifications. The Fund's organizational documents provide current and former 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.

Federal Taxes. The Fund intends to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its investment company taxable income, including any net realized gain on investments not offset by capital loss carryforwards, if any, to shareholders. Therefore, no federal income or excise tax provision is required. The Fund files income tax returns in U.S. federal and applicable state jurisdictions. The statute of limitations on the Fund's tax return filings generally remains open for the three preceding fiscal reporting period ends. The Fund has analyzed its tax positions for the fiscal year ended December 31, 2018, including open tax years, and does not believe there are any uncertain tax positions requiring recognition in the Fund's financial statements.

The tax components of capital shown in the following table represent distribution requirements the Fund must satisfy under the income tax regulations, losses the Fund may be able to offset against income and gains realized in future years and unrealized appreciation or depreciation of securities and other investments for federal income tax purposes.

Undistributed Net Investment Income	Undistributed Long-Term Gain	Accumulated Loss Carryforward ^{1,2}	Net Unrealized Depreciation Based on cost of Securities and Other Investments for Federal Income Tax Purposes
\$4,079,159	\$3,026,844	\$—	\$3,476,243

1. During the reporting period, the Fund did not utilize any capital loss carryforward.

2. During the previous reporting period, the Fund utilized \$5,261,675 of capital loss carryforward to offset capital gains realized in that fiscal year.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of dividends and distributions made during the fiscal year from net investment income or net realized gains are determined in accordance with federal income tax requirements, which may differ from the character of net investment income or net realized gains presented in those financial statements in accordance with U.S. GAAP. Also, due to timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or net realized gain was recorded by the Fund.

Accordingly, the following amounts have been reclassified for the reporting period. Net assets of the Fund were unaffected by the reclassifications.

Increase to Paid-in Capital	Reduction to Accumulated Net Earnings ³
\$216,995	\$216,995

3. \$216,504, all of which was long-term capital gain, was distributed in connection with Fund share redemptions.

The tax character of distributions paid during the reporting periods:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Distributions paid from:		
Ordinary income	\$ 3,901,246	\$ 4,236,373
Long-term capital gain	4,773,467	—
Total	<u>\$ 8,674,713</u>	<u>\$ 4,236,373</u>

The aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments for federal income tax purposes at period end are noted in the following table. The primary difference between book and tax appreciation or depreciation of securities and other investments, if applicable, is attributable to the tax deferral of losses or tax realization of financial statement unrealized gain or loss.

2. Significant Accounting Policies (Continued)

Federal tax cost of securities	\$ 220,133,274
Federal tax cost of other investments	(15,466,203)
Total federal tax cost	<u>\$ 204,667,071</u>
Gross unrealized appreciation	\$ 9,470,103
Gross unrealized depreciation	(12,946,346)
Net unrealized depreciation	<u>\$ (3,476,243)</u>

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements. In March 2017, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU"), ASU 2017-08. This provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Manager has evaluated the impacts of these changes on the financial statements and there are no material impacts.

During August 2018, the Securities and Exchange Commission (the "SEC") issued Final Rule Release No. 33-10532 (the "Rule"), Disclosure Update and Simplification. The rule amends certain financial statement disclosure requirements to conform to U.S. GAAP. The amendments to Rule 6-04.17 of Regulation S-X (balance sheet) remove the requirement to separately state the book basis components of net assets: undistributed (over-distribution of) net investment income ("UNII"), accumulated undistributed net realized gains (losses), and net unrealized appreciation (depreciation) at the balance sheet date. Instead, consistent with U.S. GAAP, funds will be required to disclose total distributable earnings. The amendments to Rule 6-09 of Regulation S-X (statement of changes in net assets) remove the requirement to separately state the sources of distributions paid. Instead, consistent with U.S. GAAP, funds will be required to disclose the total amount of distributions paid, except that any tax return of capital must be separately disclosed. The amendments also remove the requirement to parenthetically state the book basis amount of UNII on the statement of changes in net assets. The requirements of the Rule are effective November 5, 2018, and the Funds' Statement of Assets and Liabilities and Statement of Changes in Net Assets for the current reporting period have been modified accordingly. In addition, certain amounts within each Fund's Statement of Changes in Net Assets for the prior fiscal period have been modified to conform to the Rule.

3. Securities Valuation

The Fund calculates the net asset value of its shares as of 4:00 P.M. Eastern Time, on each day the New York Stock Exchange (the "Exchange" or "NYSE") is open for trading, except in the case of a scheduled early closing of the Exchange, in which case the Fund will calculate net asset value of the shares as of the scheduled early closing time of the Exchange.

The Fund's Board has adopted procedures for the valuation of the Fund's securities and has delegated the day-to-day responsibility for valuation determinations under those procedures to the Manager. The Manager has established a Valuation Committee which is responsible for determining a fair valuation for any security for which market quotations are not readily available. The Valuation Committee's fair valuation determinations are subject to review, approval and ratification by the Fund's Board at least quarterly or more frequently, if necessary.

Valuation Methods and Inputs

Securities are valued primarily using unadjusted quoted market prices, when available, as supplied by third party pricing services or broker-dealers.

The following methodologies are used to determine the market value or the fair value of the types of securities described below:

Equity securities traded on a securities exchange (including exchange-traded derivatives other than futures and futures options) are valued based on the official closing price on the principal exchange on which the security is traded, as identified by the Manager, prior to the time when the Fund's assets are valued. If the official closing price is unavailable, the security is valued at the last sale price on the principal exchange on which it is traded, or if no sales occurred, the security is valued at the mean between the quoted bid and asked prices. Over-the-counter equity securities are valued at the last published sale price, or if no sales occurred, at the mean between the quoted bid and asked prices. Events occurring after the close of trading on foreign exchanges may result in adjustments to the valuation of foreign securities to more accurately reflect their fair value as of the time when the Fund's assets are valued.

Shares of a registered investment company that are not traded on an exchange are valued at that investment company's net asset value per share.

Corporate and government debt securities (of U.S. or foreign issuers) and municipal debt securities, short-term notes, mortgage-backed securities, collateralized mortgage obligations, and asset-backed securities are valued at the mean between the bid and asked prices utilizing evaluated prices obtained from third party pricing services or broker-dealers who may use matrix pricing methods to determine the evaluated prices. Pricing services generally price debt securities assuming orderly transactions of an institutional "round lot" size, but some trades may occur in smaller, "odd lot" sizes, sometimes at lower prices than institutional round lot trades. Standard inputs generally considered by third-party pricing vendors include reported trade data, broker-dealer price quotations, benchmark yields, issuer spreads on comparable securities, the credit quality, yield, maturity, as well as other appropriate factors.

Futures contracts and futures options traded on a commodities or futures exchange will be valued at the final settlement price or official closing price on the principal exchange as reported by such principal exchange at its trading session ending at, or most recently prior to, the time when the Fund's

3. Securities Valuation (Continued)

assets are valued.

Securities for which market quotations are not readily available, or when a significant event has occurred that would materially affect the value of the security, are fair valued either (i) by a standardized fair valuation methodology applicable to the security type or the significant event as previously approved by the Valuation Committee and the Fund's Board or (ii) as determined in good faith by the Manager's Valuation Committee. The Valuation Committee considers all relevant facts that are reasonably available, through either public information or information available to the Manager, when determining the fair value of a security. Those standardized fair valuation methodologies include, but are not limited to, valuing securities at the last sale price or initially at cost and subsequently adjusting the value based on: changes in company specific fundamentals, changes in an appropriate securities index, or changes in the value of similar securities which may be further adjusted for any discounts related to security-specific resale restrictions. When possible, such methodologies use observable market inputs such as unadjusted quoted prices of similar securities, observable interest rates, currency rates and yield curves. The methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities nor can it be assured that the Fund can obtain the fair value assigned to a security if it were to sell the security.

Classifications

Each investment asset or liability of the Fund is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Various data inputs may be used in determining the value of each of the Fund's investments as of the reporting period end. These data inputs are categorized in the following hierarchy under applicable financial accounting standards:

- 1) Level 1-unadjusted quoted prices in active markets for identical assets or liabilities (including securities actively traded on a securities exchange)
- 2) Level 2-inputs other than unadjusted quoted prices that are observable for the asset or liability (such as unadjusted quoted prices for similar assets and market corroborated inputs such as interest rates, prepayment speeds, credit risks, etc.)
- 3) Level 3-significant unobservable inputs (including the Manager's own judgments about assumptions that market participants would use in pricing the asset or liability).

The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The Fund classifies each of its investments in investment companies which are publicly offered as Level 1. Investment companies that are not publicly offered, if any, are classified as Level 2 in the fair value hierarchy.

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities at period end based on valuation input level:

	Level 1— Unadjusted Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Value
Assets Table				
Investments, at Value:				
Common Stocks				
Consumer Discretionary	\$ 10,224,541	\$ —	\$ —	10,224,541
Consumer Staples	1,415,503	461,437	—	1,876,940
Energy	3,053,232	—	—	3,053,232
Financials	10,553,163	—	—	10,553,163
Health Care	8,277,458	—	—	8,277,458
Industrials	7,173,923	—	—	7,173,923
Information Technology	12,577,145	—	—	12,577,145
Materials	1,747,194	—	—	1,747,194
Telecommunication Services	2,113,478	—	—	2,113,478
Utilities	1,544,038	508,672	—	2,052,710
Asset-Backed Securities	—	24,608,606	—	24,608,606
Mortgage-Backed Obligations	—	61,491,764	—	61,491,764
U.S. Government Obligation	—	549,780	—	549,780
Non-Convertible Corporate Bonds and Notes	—	64,990,025	—	64,990,025
Investment Company	5,367,607	—	—	5,367,607
Total Investments, at Value	64,047,282	152,610,284	—	216,657,566
Other Financial Instruments:				
Futures contracts	521,614	—	—	521,614
Total Assets	\$ 64,568,896	\$ 152,610,284	\$ —	\$ 217,179,180
Liabilities Table				
Other Financial Instruments:				
Futures contracts	\$ (175,343)	\$ —	\$ —	(175,343)
Total Liabilities	\$ (175,343)	\$ —	\$ —	(175,343)

Forward currency exchange contracts and futures contracts, if any, are reported at their unrealized appreciation/depreciation at measurement date, which represents the change in the contract's value from trade date. All additional assets and liabilities included in the above table are reported at their market value at measurement date.

NOTES TO FINANCIAL STATEMENTS Continued

3. Securities Valuation (Continued)

The table below shows the transfers between Level 2 and Level 3. The Fund's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

Assets Table	Transfers into Level 2* Transfers out of Level 3*	
Investments, at Value:		
Mortgage-Backed Obligations	\$ 128,201	\$ (128,201)
Total Assets	<u>\$ 128,201</u>	<u>\$ (128,201)</u>

* Transferred from Level 3 to Level 2 due to the availability of market data for this security.

4. Investments and Risks

Investments in Affiliated Funds. The Fund is permitted to invest in other mutual funds advised by the Manager ("Affiliated Funds"). Affiliated Funds are management investment companies registered under the 1940 Act, as amended. The Manager is the investment adviser of, and the Sub-Adviser provides investment and related advisory services to, the Affiliated Funds. When applicable, the Fund's investments in Affiliated Funds are included in the Statement of Investments. Shares of Affiliated Funds are valued at their net asset value per share. As a shareholder, the Fund is subject to its proportional share of the Affiliated Funds' expenses, including their management fee. The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in the Affiliated Funds.

Each of the Affiliated Funds in which the Fund invests has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Affiliated Fund than in another, the Fund will have greater exposure to the risks of that Affiliated Fund.

Investments in Money Market Instruments. The Fund is permitted to invest its free cash balances in money market instruments to provide liquidity or for defensive purposes. The Fund may invest in money market instruments by investing in Class E shares of Oppenheimer Institutional Government Money Market Fund ("IGMMF"), which is an Affiliated Fund. IGMMF is regulated as a money market fund under the 1940 Act, as amended. The Fund may also invest in money market instruments directly or in other affiliated or unaffiliated money market funds.

Master Limited Partnerships ("MLPs"). MLPs issue common units that represent an equity ownership interest in a partnership and provide limited voting rights. MLP common units are registered with the Securities and Exchange Commission ("SEC"), and are freely tradable on securities exchanges such as the NYSE and the NASDAQ Stock Market ("NASDAQ"), or in the over-the-counter ("OTC") market. An MLP consists of one or more general partners, who conduct the business, and one or more limited partners, who contribute capital. MLP common unit holders have a limited role in the partnership's operations and management. The Fund, as a limited partner, normally would not be liable for the debts of the MLP beyond the amounts the Fund has contributed, but would not be shielded to the same extent that a shareholder of a corporation would be. In certain circumstances creditors of an MLP would have the right to seek return of capital distributed to a limited partner. This right of an MLP's creditors would continue after the Fund sold its investment in the MLP.

Securities on a When-Issued or Delayed Delivery Basis. The Fund may purchase securities on a "when-issued" basis, and may purchase or sell securities on a "delayed delivery" basis. "When-issued" or "delayed delivery" refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by the Fund on a when-issued basis normally takes place within six months and possibly as long as two years or more after the trade date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The purchase of securities on a when-issued basis may increase the volatility of the Fund's net asset value to the extent the Fund executes such transactions while remaining substantially fully invested. When the Fund engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Fund to lose the opportunity to obtain or dispose of the security at a price and yield it considers advantageous. The Fund may also sell securities that it purchased on a when-issued basis or forward commitment prior to settlement of the original purchase.

At period end, the Fund had purchased securities issued on a when-issued or delayed delivery basis and sold securities issued on a delayed delivery basis as follows:

	When-Issued or Delayed Delivery Basis Transactions
Purchased securities	\$51,908,726
Sold securities	14,930,759

The Fund may enter into "forward roll" transactions with respect to mortgage-related securities. In this type of transaction, the Fund sells a mortgage-related security to a buyer and simultaneously agrees to repurchase a similar security (same type, coupon and maturity) at a later date at a set price. During the period between the sale and the repurchase, the Fund will not be entitled to receive interest and principal payments on the securities that have been sold. The Fund records the incremental difference between the forward purchase and sale of each forward roll as realized gain (loss) on investments or as fee income in the case of such transactions that have an associated fee in lieu of a difference in the forward purchase and sale price.

4. Investments and Risks (Continued)

Forward roll transactions may be deemed to entail embedded leverage since the Fund purchases mortgage-related securities with extended settlement dates rather than paying for the securities under a normal settlement cycle. This embedded leverage increases the Fund's market value of investments relative to its net assets which can incrementally increase the volatility of the Fund's performance. Forward roll transactions can be replicated over multiple settlement periods.

Risks of entering into forward roll transactions include the potential inability of the counterparty to meet the terms of the agreement; the potential of the Fund to receive inferior securities at redelivery as compared to the securities sold to the counterparty; and counterparty credit risk.

At period end, the Fund pledged \$32,867 of collateral to the counterparty for forward roll transactions.

Restricted Securities. At period end, investments in securities included issues that are restricted. A restricted security may have a contractual restriction on its resale and is valued under methods approved by the Board of Trustees as reflecting fair value. Securities that are restricted are marked with an applicable footnote on the Statement of Investments. Restricted securities are reported on a schedule following the Statement of Investments.

Equity Security Risk. Stocks and other equity securities fluctuate in price. The value of the Fund's portfolio may be affected by changes in the equity markets generally. Equity markets may experience significant short-term volatility and may fall sharply at times. Different markets may behave differently from each other and U.S. equity markets may move in the opposite direction from one or more foreign stock markets. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments.

The prices of individual equity securities generally do not all move in the same direction at the same time and a variety of factors can affect the price of a particular company's securities. These factors may include, but are not limited to, poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry.

Shareholder Concentration. At period end, one shareholder owned 20% or more of the Fund's total outstanding shares.

The shareholder is a related party of the Fund. Related parties may include, but are not limited to, the investment manager and its affiliates, affiliated broker dealers, fund of funds, and directors or employees. The related party owned 43% of the Fund's total outstanding shares at period end.

5. Market Risk Factors

The Fund's investments in securities and/or financial derivatives may expose the Fund to various market risk factors:

Commodity Risk. Commodity risk relates to the change in value of commodities or commodity indexes as they relate to increases or decreases in the commodities market. Commodities are physical assets that have tangible properties. Examples of these types of assets are crude oil, heating oil, metals, livestock, and agricultural products.

Credit Risk. Credit risk relates to the ability of the issuer of debt to meet interest and principal payments, or both, as they come due. In general, lower-grade, higher-yield debt securities are subject to credit risk to a greater extent than lower-yield, higher-quality securities.

Equity Risk. Equity risk relates to the change in value of equity securities as they relate to increases or decreases in the general market.

Foreign Exchange Rate Risk. Foreign exchange rate risk relates to the change in the U.S. dollar value of a security held that is denominated in a foreign currency. The U.S. dollar value of a foreign currency denominated security will decrease as the dollar appreciates against the currency, while the U.S. dollar value will increase as the dollar depreciates against the currency.

Interest Rate Risk. Interest rate risk refers to the fluctuations in value of fixed-income securities resulting from the inverse relationship between price and yield. For example, an increase in general interest rates will tend to reduce the market value of already issued fixed-income investments, and a decline in general interest rates will tend to increase their value. In addition, debt securities with longer maturities, which tend to have higher yields, are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter maturities.

Volatility Risk. Volatility risk refers to the magnitude of the movement, but not the direction of the movement, in a financial instrument's price over a defined time period. Large increases or decreases in a financial instrument's price over a relative time period typically indicate greater volatility risk, while small increases or decreases in its price typically indicate lower volatility risk.

6. Use of Derivatives

The Fund's investment objective not only permits the Fund to purchase investment securities, it also allows the Fund to enter into various types of derivatives contracts, including, but not limited to, futures contracts, forward currency exchange contracts, credit default swaps, interest rate swaps, total return swaps, variance swaps and purchased and written options. In doing so, the Fund will employ strategies in differing combinations to permit it to increase, decrease, or change the level or types of exposure to market risk factors. These instruments may allow the Fund to pursue its objectives more quickly and efficiently than if it were to make direct purchases or sales of securities capable of effecting a similar response to market factors. Such contracts may be entered into through a bilateral over-the-counter ("OTC") transaction, or through a securities or futures exchange and cleared through a clearinghouse.

Derivatives may have little or no initial cash investment relative to their market value exposure and therefore can produce significant gains or losses in excess of their cost due to changes in the market risk factors and the overall market. This use of embedded leverage allows the Fund to increase its market value exposure relative to its net assets and can substantially increase the volatility of the Fund's performance. In instances where the Fund is using derivatives to decrease, or hedge, exposures to market risk factors for securities held by the Fund, there are also risks that those derivatives may

6. Use of Derivatives (Continued)

not perform as expected resulting in losses for the combined or hedged positions. Some derivatives have the potential for unlimited loss, regardless of the size of the Fund's initial investment.

Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Fund. Typically, the associated risks are not the risks that the Fund is attempting to increase or decrease exposure to, per its investment objectives, but are the additional risks from investing in derivatives. Examples of these associated risks are liquidity risk, which is the risk that the Fund will not be able to sell the derivative in the open market in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund.

The Fund's actual exposures to these market risk factors and associated risks during the period are discussed in further detail, by derivative type, below.

Futures Contracts

A futures contract is a commitment to buy or sell a specific amount of a commodity, financial instrument or currency at a negotiated price on a stipulated future date. The Fund may buy and sell futures contracts and may also buy or write put or call options on these futures contracts. Futures contracts and options thereon are generally entered into on a regulated futures exchange and cleared through a clearinghouse associated with the exchange.

Upon entering into a futures contract, the Fund is required to deposit either cash or securities (initial margin) in an amount equal to a certain percentage of the contract value in an account registered in the futures commission merchant's name. Subsequent payments (variation margin) are paid to or from the futures commission merchant each day equal to the daily changes in the contract value. Such payments are recorded as unrealized gains and losses. Should the Fund fail to make requested variation margin payments, the futures commission merchant can gain access to the initial margin to satisfy the Fund's payment obligations.

Futures contracts are reported on a schedule following the Statement of Investments. Securities held by a futures commission merchant to cover initial margin requirements on open futures contracts are noted in the Statement of Investments. Cash held by a futures commission merchant to cover initial margin requirements on open futures contracts and the receivable and/or payable for the daily mark to market for the variation margin are noted in the Statement of Assets and Liabilities. The net change in unrealized appreciation and depreciation is reported in the Statement of Operations. Realized gains (losses) are reported in the Statement of Operations at the closing or expiration of futures contracts.

The Fund may purchase and/or sell financial futures contracts and options on futures contracts to gain exposure to, or decrease exposure to interest rate risk, equity risk, foreign exchange rate risk, volatility risk, or commodity risk.

During the reporting period, the Fund had an ending monthly average market value of \$10,112,181 and \$56,863,341 on futures contracts purchased and sold, respectively.

Additional associated risks of entering into futures contracts (and related options) include the possibility that there may be an illiquid market where the Fund is unable to liquidate the contract or enter into an offsetting position and, if used for hedging purposes, the risk that the price of the contract will correlate imperfectly with the prices of the Fund's securities.

Swap Contracts

The Fund may enter into swap contract agreements with a counterparty to exchange a series of cash flows based on either specified reference rates, the price or volatility of asset or non-asset references, or the occurrence of a credit event, over a specified period. Swaps can be executed in a bi-lateral privately negotiated arrangement with a dealer in an OTC transaction ("OTC swaps") or executed on a regulated market. Certain swaps, regardless of the venue of their execution, are required to be cleared through a clearinghouse ("centrally cleared swaps"). Swap contracts may include interest rate, equity, debt, index, total return, credit default, currency, and volatility swaps.

Swap contracts are reported on a schedule following the Statement of Investments. The values of centrally cleared swap and OTC swap contracts are aggregated by positive and negative values and disclosed separately on the Statement of Assets and Liabilities. The unrealized appreciation (depreciation) related to the change in the valuation of the notional amount of the swap is combined with the accrued interest due to (owed by) the Fund, if any, at termination or settlement. The net change in this amount during the period is included on the Statement of Operations. The Fund also records any periodic payments received from (paid to) the counterparty, including at termination, under such contracts as realized gain (loss) on the Statement of Operations.

Swap contract agreements are exposed to the market risk factor of the specific underlying reference rate or asset. Swap contracts are typically more attractively priced compared to similar investments in related cash securities because they isolate the risk to one market risk factor and eliminate the other market risk factors. Investments in cash securities (for instance bonds) have exposure to multiple risk factors (credit and interest rate risk). Because swaps have embedded leverage, they can expose the Fund to substantial risk in the isolated market risk factor.

Credit Default Swap Contracts. A credit default swap is a contract that enables an investor to buy or sell protection against a defined-issuer credit event, such as the issuer's failure to make timely payments of interest or principal on a debt security, bankruptcy or restructuring. The Fund may enter into credit default swaps either by buying or selling protection on a corporate issuer, sovereign issuer, or a basket or index of issuers (the "reference asset").

The buyer of protection pays a periodic fee to the seller of protection based on the notional amount of the swap contract. The seller of protection agrees to compensate the buyer of protection for future potential losses as a result of a credit event on the reference asset. The contract effectively transfers the credit event risk of the reference asset from the buyer of protection to the seller of protection.

The ongoing value of the contract will fluctuate throughout the term of the contract based primarily on the credit risk of the reference asset. If the credit quality of the reference asset improves relative to the credit quality at contract initiation, the buyer of protection may have an unrealized

6. Use of Derivatives (Continued)

loss greater than the anticipated periodic fee owed. This unrealized loss would be the result of current credit protection being cheaper than the cost of credit protection at contract initiation. If the buyer elects to terminate the contract prior to its maturity, and there has been no credit event, this unrealized loss will become realized. If the contract is held to maturity, and there has been no credit event, the realized loss will be equal to the periodic fee paid over the life of the contract.

If there is a credit event, the buyer of protection can exercise its rights under the contract and receive a payment from the seller of protection equal to the notional amount of the swap less the market value of specified debt securities issued by the reference asset. Upon exercise of the contract the difference between such value and the notional amount is recorded as realized gain (loss) and is included on the Statement of Operations.

The Fund may purchase or sell credit protection through credit default swaps to increase or decrease exposure to the credit risk of individual issuers and/or indexes of issuers that are either unavailable or considered to be less attractive in the bond market.

For the reporting period, the Fund had ending monthly average notional amounts of \$48,077 on credit default swaps to sell protection.

Additional associated risks to the Fund include counterparty credit risk and liquidity risk.

At period end, the Fund had no credit default swap agreements outstanding.

Swaption Transactions

The Fund may enter into a swaption contract which grants the purchaser the right, but not the obligation, to enter into a swap transaction at preset terms detailed in the underlying agreement within a specified period of time. The purchaser pays a premium to the swaption writer who bears the risk of unfavorable changes in the preset terms on the underlying swap.

Purchased swaptions are reported as a component of investments in the Statement of Investments and the Statement of Assets and Liabilities. Written swaptions are reported on a schedule following the Statement of Investments and their value is reported as a separate asset or liability line item in the Statement of Assets and Liabilities. The net change in unrealized appreciation or depreciation on written swaptions is separately reported in the Statement of Operations. When a swaption is exercised, the cost of the swap is adjusted by the amount of premium paid or received. Upon the expiration or closing of an unexercised swaption contract, a gain or loss is reported in the Statement of Operations for the amount of the premium paid or received.

The Fund generally will incur a greater risk when it writes a swaption than when it purchases a swaption. When the Fund writes a swaption it will become obligated, upon exercise of the swaption, according to the terms of the underlying agreement. Swaption contracts written by the Fund do not give rise to counterparty credit risk prior to exercise as they obligate the Fund, not its counterparty, to perform. When the Fund purchases a swaption it only risks losing the amount of the premium it paid if the swaption expires unexercised. However, when the Fund exercises a purchased swaption there is a risk that the counterparty will fail to perform or otherwise default on its obligations under the swaption contract.

The Fund may purchase swaptions which give it the option to buy or sell credit protection through credit default swaps in order to decrease or increase exposure to the credit risk of individual issuers and/or indexes of issuers. A swaption selling protection becomes more valuable as the likelihood of a credit event on the reference asset decreases. A swaption buying protection becomes more valuable as the likelihood of a credit event on the reference asset increases.

At period end, the Fund had no purchased swaption contracts outstanding.

The Fund may write swaptions which give it the obligation, if exercised by the purchaser, to sell or buy credit protection through credit default swaps in order to increase or decrease exposure to the credit risk of individual issuers and/or indexes of issuers. A written swaption selling protection becomes more valuable as the likelihood of a credit event on the reference asset decreases. A written swaption buying protection becomes more valuable as the likelihood of a credit event on the reference asset increases.

During the reporting period, the Fund had an ending monthly average market value of \$1,186 and \$533 on purchased and written swaptions, respectively.

At period end, the Fund had no written swaption contracts outstanding.

Counterparty Credit Risk. Derivative positions are subject to the risk that the counterparty will not fulfill its obligation to the Fund. The Fund intends to enter into derivative transactions with counterparties that the Manager believes to be creditworthy at the time of the transaction.

The Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. For OTC options purchased, the Fund bears the risk of loss of the amount of the premiums paid plus the positive change in market values net of any collateral held by the Fund should the counterparty fail to perform under the contracts. Options written by the Fund do not typically give rise to counterparty credit risk, as options written generally obligate the Fund and not the counterparty to perform.

To reduce counterparty risk with respect to OTC transactions, the Fund has entered into master netting arrangements, established within the Fund's International Swap and Derivatives Association, Inc. ("ISDA") master agreements, which allow the Fund to make (or to have an entitlement to receive) a single net payment in the event of default (close-out netting) for outstanding payables and receivables with respect to certain OTC positions in swaps, options, swaptions, and forward currency exchange contracts for each individual counterparty. In addition, the Fund may require that certain counterparties post cash and/or securities in collateral accounts to cover their net payment obligations for those derivative contracts subject to ISDA master agreements. If the counterparty fails to perform under these contracts and agreements, the cash and/or securities will be made available to the Fund.

ISDA master agreements include credit related contingent features which allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event that, for example, the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA master agreements, which would cause the Fund to accelerate payment of any net liability owed to the counterparty.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the

6. Use of Derivatives (Continued)

Statement of Assets and Liabilities. Bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

The Fund's risk of loss from counterparty credit risk on exchange-traded derivatives cleared through a clearinghouse and for centrally cleared swaps is generally considered lower than as compared to OTC derivatives. However, counterparty credit risk exists with respect to initial and variation margin deposited/paid by the Fund that is held in futures commission merchant, broker and/or clearinghouse accounts for such exchange-traded derivatives and for centrally cleared swaps.

With respect to centrally cleared swaps, such transactions will be submitted for clearing, and if cleared, will be held in accounts at futures commission merchants or brokers that are members of clearinghouses. While brokers, futures commission merchants and clearinghouses are required to segregate customer margin from their own assets, in the event that a broker, futures commission merchant or clearinghouse becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker, futures commission merchant or clearinghouse for all its customers, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's, futures commission merchant's or clearinghouse's customers, potentially resulting in losses to the Fund.

There is the risk that a broker, futures commission merchant or clearinghouse will decline to clear a transaction on the Fund's behalf, and the Fund may be required to pay a termination fee to the executing broker with whom the Fund initially enters into the transaction. Clearinghouses may also be permitted to terminate centrally cleared swaps at any time. The Fund is also subject to the risk that the broker or futures commission merchant will improperly use the Fund's assets deposited/paid as initial or variation margin to satisfy payment obligations of another customer. In the event of a default by another customer of the broker or futures commission merchant, the Fund might not receive its variation margin payments from the clearinghouse, due to the manner in which variation margin payments are aggregated for all customers of the broker/futures commission merchant.

Collateral and margin requirements differ by type of derivative. Margin requirements are established by the broker, futures commission merchant or clearinghouse for exchange-traded and cleared derivatives, including centrally cleared swaps. Brokers, futures commission merchants and clearinghouses can ask for margin in excess of the regulatory minimum, or increase the margin amount, in certain circumstances.

Collateral terms are contract specific for OTC derivatives. For derivatives traded under an ISDA master agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund or the counterparty.

For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Fund, if any, is reported separately on the Statement of Assets and Liabilities as cash pledged as collateral. Non-cash collateral pledged by the Fund, if any, is noted in the Statement of Investments. Generally, the amount of collateral due from or to a party must exceed a minimum transfer amount threshold (e.g., \$250,000) before a transfer has to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance.

The following table presents the valuations of derivative instruments by risk exposure as reported within the Statement of Assets and Liabilities at period end:

Derivatives Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Value	Statement of Assets and Liabilities Location	Value
	Interest rate contracts	Variation margin receivable \$	36,813*	Variation margin payable \$

*Includes only the current day's variation margin. Prior variation margin movements have been reflected in cash on the Statement of Assets and Liabilities upon receipt or payment.

The effect of derivative instruments on the Statement of Operations is as follows:

Derivatives Not Accounted for as Hedging Instruments	Amount of Realized Gain or (Loss) Recognized on Derivatives				
	Investment transactions in unaffiliated companies*	Swaption contracts written	Futures contracts	Swap contracts	Total
Credit contracts	\$ (19,040)	\$ 9,030	\$ —	\$ (3,222)	\$ (13,232)
Interest rate contracts	—	—	(605,985)	—	(605,985)
Total	\$ (19,040)	\$ 9,030	\$ (605,985)	\$ (3,222)	\$ (619,217)

* Includes purchased option contracts and purchased swaption contracts, if any.

Derivatives Not Accounted for as Hedging Instruments	Amount of Change in Unrealized Gain or (Loss) Recognized on Derivatives
Interest rate contracts	Futures contracts \$ 216,182

7. Shares of Beneficial Interest

The Fund has authorized an unlimited number of \$0.001 par value shares of beneficial interest of each class. Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Shares	Amount	Shares	Amount
Non-Service Shares				
Sold	165,620	\$ 2,527,555	167,674	\$ 2,587,806
Dividends and/or distributions reinvested	439,719	6,688,120	217,048	3,346,883
Redeemed	(1,310,778)	(20,206,226)	(1,568,489)	(24,239,203)
Net decrease	(705,439)	\$ (10,990,551)	(1,183,767)	\$ (18,304,514)
Service Shares				
Sold	158,863	\$ 2,411,795	258,277	\$ 3,974,804
Dividends and/or distributions reinvested	132,175	1,986,593	58,365	889,490
Redeemed	(554,938)	(8,421,142)	(557,584)	(8,498,812)
Net decrease	(263,900)	\$ (4,022,754)	(240,942)	\$ (3,634,518)

8. Purchases and Sales of Securities

The aggregate cost of purchases and proceeds from sales of securities, other than short-term obligations and investments in IGMME, for the reporting period were as follows:

	Purchases	Sales
Investment securities	\$113,417,540	\$119,564,101
U.S. government and government agency obligations	—	229,898
To Be Announced (TBA) mortgage-related securities	685,887,902	703,549,464

9. Fees and Other Transactions with Affiliates

Management Fees. Under the investment advisory agreement, the Fund pays the Manager a management fee based on the daily net assets of the Fund at an annual rate as shown in the following table:

Fee Schedule	
Up to \$200 million	0.75%
Next \$200 million	0.72
Next \$200 million	0.69
Next \$200 million	0.66
Over \$800 million	0.60

The Fund's effective management fee for the reporting period was 0.75% of average annual net assets before any applicable waivers.

Sub-Adviser Fees. The Manager has retained the Sub-Adviser to provide the day-to-day portfolio management of the Fund. Under the Sub-Advisory Agreement, the Manager pays the Sub-Adviser an annual fee in monthly installments, equal to a percentage of the investment management fee collected by the Manager from the Fund, which shall be calculated after any investment management fee waivers. The fee paid to the Sub-Adviser is paid by the Manager, not by the Fund.

Transfer Agent Fees. OFI Global (the "Transfer Agent") serves as the transfer and shareholder servicing agent for the Fund. The Fund pays the Transfer Agent a fee based on annual net assets. Fees incurred and average net assets for each class with respect to these services are detailed in the Statement of Operations and Financial Highlights, respectively.

Sub-Transfer Agent Fees. The Transfer Agent has retained Shareholder Services, Inc., a wholly-owned subsidiary of OFI (the "Sub-Transfer Agent"), to provide the day-to-day transfer agent and shareholder servicing of the Fund. Under the Sub-Transfer Agency Agreement, the Transfer Agent pays the Sub-Transfer Agent an annual fee in monthly installments, equal to a percentage of the transfer agent fee collected by the Transfer Agent from the Fund, which shall be calculated after any applicable fee waivers. The fee paid to the Sub-Transfer Agent is paid by the Transfer Agent, not by the Fund.

Trustees' Compensation. The Fund's Board of Trustees ("Board") has adopted a compensation deferral plan for Independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Fund. For purposes of determining the amount owed to the Trustees under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of the Fund or in other Oppenheimer funds selected by the Trustees. The Fund purchases shares of the funds selected for deferral by the Trustees in amounts equal to his or her deemed investment, resulting in a Fund asset equal to the deferred compensation liability. Such assets are included as a component of "Other" within the asset section of the Statement of Assets and Liabilities. Deferral of Trustees' fees under the plan will not affect the net assets of the Fund and will not materially affect the Fund's assets, liabilities or net investment income per share. Amounts will be deferred until distributed in accordance with the compensation deferral plan.

9. Fees and Other Transactions with Affiliates (Continued)

Distribution and Service Plan for Service Shares. The Fund has adopted a Distribution and Service Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act for Service shares to pay OppenheimerFunds Distributor, Inc. (the “Distributor”), for distribution related services, personal service and account maintenance for the Fund’s Service shares. Under the Plan, payments are made periodically at an annual rate of 0.25% of the daily net assets of Service shares of the Fund. The Distributor currently uses all of those fees to compensate sponsors of the insurance product that offers Fund shares, for providing personal service and maintenance of accounts of their variable contract owners that hold Service shares. These fees are paid out of the Fund’s assets on an on-going basis and increase operating expenses of the Service shares, which results in lower performance compared to the Fund’s shares that are not subject to a service fee. Fees incurred by the Fund under the Plan are detailed in the Statement of Operations.

Waivers and Reimbursements of Expenses. The Manager has contractually agreed to limit the Fund’s expenses after payments, waivers and/or reimbursements and reduction to custodian expenses, excluding any applicable dividend expense, taxes, interest and fees from borrowing, any subsidiary expenses, Acquired Fund Fees and Expenses, brokerage commissions, unusual and infrequent expenses and certain other Fund expenses; so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 0.67% for Non-Service shares and 0.92% for Service shares as calculated on the daily net assets of the Fund.

During the reporting period, the Manager waived fees and/or reimbursed the Fund as follows:

Non-Service Shares	\$461,970
Service Shares	143,262

This fee waiver and/or expense reimbursement may not be amended or withdrawn for one year from the date of the Fund’s prospectus, unless approved by the Board.

The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund’s investment in IGMMF. During the reporting period, the Manager waived fees and/or reimbursed the Fund \$5,370 for IGMMF management fees.

10. Borrowings and Other Financing

Joint Credit Facility. A number of mutual funds managed by the Manager participate in a \$1.95 billion revolving credit facility (the “Facility”) intended to provide short-term financing, if necessary, subject to certain restrictions in connection with atypical redemption activity. Expenses and fees related to the Facility are paid by the participating funds and are disclosed separately or as other expenses on the Statement of Operations. The Fund did not utilize the Facility during the reporting period.

11. Pending Acquisition

On October 18, 2018, Massachusetts Mutual Life Insurance Company, an indirect corporate parent of the Sub-Adviser and the Manager, announced that it has entered into an agreement whereby Invesco Ltd. (“Invesco”), a global investment management company, will acquire the Sub-Adviser (the “Transaction”). In connection with the Transaction, on January 11, 2019, the Fund’s Board unanimously approved an Agreement and Plan of Reorganization (the “Agreement”), which provides for the transfer of the assets and liabilities of the Fund to a corresponding, newly formed fund (the “Acquiring Fund”) in the Invesco family of funds (the “Reorganization”) in exchange for shares of the corresponding Acquiring Fund of equal value to the value of the shares of the Fund as of the close of business on the closing date. Although the Acquiring Fund will be managed by Invesco Advisers, Inc., the Acquiring Fund will, as of the closing date, have the same investment objective and substantially similar principal investment strategies and risks as the Fund. After the Reorganization, Invesco Advisers, Inc. will be the investment adviser to the Acquiring Fund, and the Fund will be liquidated and dissolved under applicable law and terminate its registration under the Investment Company Act of 1940, as amended. The Reorganization is expected to be a tax-free reorganization for U.S. federal income tax purposes.

The Reorganization is subject to the approval of shareholders of the Fund. Shareholders of record of the Fund on January 14, 2019 will be entitled to vote on the Reorganization and will receive a combined prospectus and proxy statement describing the Reorganization, the shareholder meeting, and a discussion of the factors the Fund’s Board considered in approving the Agreement. The combined prospectus and proxy statement is expected to be distributed to shareholders of record on or about February 28, 2019. The anticipated date of the shareholder meeting is on or about April 12, 2019.

If shareholders approve the Agreement and certain other closing conditions are satisfied or waived, the Reorganization is expected to close during the second quarter of 2019, or as soon as practicable thereafter. This is subject to change.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees
Oppenheimer Variable Account Funds:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Oppenheimer Conservative Balanced Fund/VA, a separate series of Oppenheimer Variable Account Funds, (the "Fund"), including the statement of investments, as of December 31, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended, and the related notes (collectively, the "financial statements") and the financial highlights for each of the years in the five year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended, and the financial highlights for each of the years in the five year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian, brokers and the transfer agent, or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have not been able to determine the specific year that we began serving as the auditor of one or more Oppenheimer Funds investment companies, however we are aware that we have served as the auditor of one or more Oppenheimer Funds investment companies since at least 1969.

Denver, Colorado
February 14, 2019

FEDERAL INCOME TAX INFORMATION Unaudited

In early 2019, if applicable, shareholders of record received information regarding all dividends and distributions paid to them by the Fund during calendar year 2018.

Capital gain distributions of \$0.3671 per share were paid to Non-Service and Service shareholders, respectively, on June 19, 2018. Whether received in stock or in cash, the capital gain distribution should be treated by shareholders as a gain from the sale of the capital assets held for more than one year (long-term capital gains).

Dividends, if any, paid by the Fund during the reporting period which are not designated as capital gain distributions should be multiplied by the maximum amount allowable but not less than 22.53% to arrive at the amount eligible for the corporate dividend-received deduction.

The foregoing information is presented to assist shareholders in reporting distributions received from the Fund to the Internal Revenue Service. Because of the complexity of the federal regulations which may affect your individual tax return and the many variations in state and local tax regulations, we recommend that you consult your tax advisor for specific guidance.

The Fund has entered into an investment advisory agreement with OFI Global Asset Management, Inc. ("OFI Global" or the "Adviser"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser") ("OFI Global" and "OFI" together the "Managers") and OFI Global has entered into a sub-advisory agreement with OFI whereby OFI provides investment sub-advisory services to the Fund (collectively, the "Agreements"). Each year, the Board of Trustees (the "Board"), including a majority of the independent Trustees, is required to determine whether to approve the terms of the Agreements and the renewal thereof. The Investment Company Act of 1940, as amended, requires that the Board request and evaluate, and that the Managers provide, such information as may be reasonably necessary to evaluate the terms of the Agreements. The Board employs an independent consultant to prepare a report that provides information, including comparative information that the Board requests for that purpose. In addition to in-person meetings focused on this evaluation, the Board receives information throughout the year regarding Fund services, fees, expenses and performance.

The Managers and the independent consultant provided information to the Board on the following factors: (i) the nature, quality and extent of the Managers' services, (ii) the comparative investment performance of the Fund and the Managers, (iii) the fees and expenses of the Fund, including comparative fee and expense information, (iv) the profitability of the Managers and their affiliates, including an analysis of the cost of providing services, (v) whether economies of scale are realized as the Fund grows and whether fee levels reflect these economies of scale for Fund investors and (vi) other benefits to the Managers from their relationship with the Fund. The Board was aware that there are alternatives to retaining the Managers.

Outlined below is a summary of the principal information considered by the Board as well as the Board's conclusions.

Nature, Quality and Extent of Services. The Board considered information about the nature, quality and extent of the services provided to the Fund and information regarding the Managers' key personnel who provide such services. The Managers' duties include providing the Fund with the services of the Sub-Adviser's portfolio managers and investment team, who provide research, analysis and other advisory services in regard to the Fund's investments; and securities trading services. OFI Global is responsible for oversight of third-party service providers; monitoring compliance with applicable Fund policies and procedures and adherence to the Fund's investment restrictions; risk management; and oversight of the Sub-Adviser. OFI Global is also responsible for providing certain administrative services to the Fund. Those services include providing and supervising all administrative and clerical personnel who are necessary in order to provide effective corporate administration for the Fund; compiling and maintaining records with respect to the Fund's operations; preparing and filing reports required by the U.S. Securities and Exchange Commission; preparing periodic reports regarding the operations of the Fund for its shareholders; preparing proxy materials for shareholder meetings; and preparing the registration statements required by federal and state securities laws for the sale of the Fund's shares. OFI Global also provides the Fund with office space, facilities and equipment.

The Board also considered the quality of the services provided and the quality of the Managers' resources that are available to the Fund. The Board took account of the fact that the Sub-Adviser has over fifty years of experience as an investment adviser and that its assets under management rank it among the top mutual fund managers in the United States. The Board evaluated the Managers' advisory, administrative, accounting, legal, compliance and risk management services, among other services, and information the Board has received regarding the experience and professional qualifications of the Managers' key personnel and the size and functions of their staff. In its evaluation of the quality of the portfolio management services provided, the Board considered the experience of Krishna Memani and Magnus Krantz, the portfolio managers for the Fund, and the Sub-Adviser's investment team and analysts. The Board members also considered the totality of their experiences with the Managers as directors or trustees of the Fund and other funds advised by the Managers. The Board considered information regarding the quality of services provided by affiliates of the Managers, which the Board members have become knowledgeable about through their experiences with the Managers and in connection with the review or renewal of the Fund's service agreements or service providers. The Board concluded, in light of the Managers' experience, reputation, personnel, operations and resources that the Fund benefits from the services provided under the Agreements.

Investment Performance of the Managers and the Fund. Throughout the year, the Managers provided information on the investment performance of the Fund, the Adviser and the Sub-Adviser, including comparative performance information. The Board also reviewed information, prepared by the Managers and by the independent consultant, comparing the Fund's historical performance to relevant market indices and to the performance of other 30%-50% equity allocation funds. The Board considered that the Fund outperformed its category median for the five-year period, but underperformed for the remaining periods. The Board further noted that the Fund's recent underperformance occurred in 2016 and 2017. In that regard, the Board observed that the Fund ranked in the first or second quintile of its category in four of the last six calendar years.

Fees and Expenses of the Fund. The Board reviewed the fees paid to the Adviser and the other expenses borne by the Fund. The Board noted that the Adviser, not the Fund, pays the Sub-Adviser's fee under the sub-advisory agreement. The independent consultant provided comparative data in regard to the fees and expenses of the Fund and other 30%-50% equity allocation funds. In reviewing the fees and expenses charged to the VA funds, the Board considered the Adviser's assertion that, because there is much greater disparity in the fees and services that may be provided by a manager to a VA fund as opposed to a retail fund, when comparing the expenses of the various VA funds to those of retail funds, it is most appropriate to focus on total expenses (rather than on the management fees). The Board considered that the Fund's total expenses were lower than its peer group median and category median. The Board also considered that the Fund's contractual management fee was higher than its peer group median and its category median. The Board noted that the Adviser has contractually agreed to waive fees and/or reimburse certain expenses so that the Fund's total annual operating expenses, as percentages of daily net assets, will not exceed the annual rate of 0.67% for Non-Service Shares and 0.92% for Service Shares. This contractual fee waiver and/or expense reimbursement may not be amended or withdrawn for one year after the date of the Fund's prospectus, unless approved by the Board. The Board further considered that the Adviser has agreed to waive fees and/or reimburse Fund expenses in an amount equal to the management fees incurred indirectly through the Fund's investments in funds managed by the Adviser or its affiliates.

Economies of Scale and Profits Realized by the Managers. The Board considered information regarding the Managers' costs in serving as the Fund's investment adviser and sub-adviser, including the costs associated with the personnel and systems necessary to manage the Fund, and information regarding the Managers' profitability from their relationship with the Fund. The Board also considered that the Managers must be able to pay and retain experienced professional personnel at competitive rates to provide quality services to the Fund. The Board reviewed whether the

Managers may realize economies of scale in managing and supporting the Fund. The Board noted that the Fund currently has management fee breakpoints, which are intended to share with Fund shareholders economies of scale that may exist as the Fund's assets grow.

Other Benefits to the Managers. In addition to considering the profits realized by the Managers, the Board considered information that was provided regarding the direct and indirect benefits the Managers receive as a result of their relationship with the Fund, including compensation paid to the Managers' affiliates and research provided to the Adviser in connection with permissible brokerage arrangements (soft dollar arrangements).

Conclusions. These factors were also considered by the independent Trustees meeting separately from the full Board, assisted by experienced counsel to the Fund and to the independent Trustees. Fund counsel and the independent Trustees' counsel are independent of the Managers within the meaning and intent of the Securities and Exchange Commission Rules.

Based on its review of the information it received and its evaluations described above, the Board, including a majority of the independent Trustees, decided to continue the Agreements through August 31, 2019. In arriving at its decision, the Board did not identify any factor or factors as being more important than others, but considered all of the above information, and considered the terms and conditions of the Agreements, including the management fees, in light of all the surrounding circumstances.

The Fund has adopted Portfolio Proxy Voting Policies and Guidelines under which the Fund votes proxies relating to securities (“portfolio proxies”) held by the Fund. A description of the Fund’s Portfolio Proxy Voting Policies and Guidelines is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.CALL OPP (225.5677), (ii) on the Fund’s website at www.oppenheimerfunds.com, and (iii) on the SEC’s website at www.sec.gov. In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. The Fund’s voting record is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.CALL OPP (225.5677), and (ii) in the Form N-PX filing on the SEC’s website at www.sec.gov.

The Fund files its complete schedule of portfolio holdings with the SEC for the first quarter and the third quarter of each fiscal year on Form N-Q. The Fund’s Form N-Q filings are available on the SEC’s website at www.sec.gov.

TRUSTEES AND OFFICERS Unaudited

Name, Position(s) Held with the Fund, Length of Service, Year of Birth	Principal Occupation(s) During the Past 5 Years; Other Trusteeships/Directorships Held; Number of Portfolios in the Fund Complex Currently Overseen
INDEPENDENT TRUSTEES	<i>The address of each Trustee in the chart below is 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Trustee serves for an indefinite term, or until his or her resignation, retirement, death or removal. Each of the Trustees in the chart below oversees 58 portfolios in the OppenheimerFunds complex.</i>
Robert J. Malone, Chairman of the Board of Trustees (since 2016), Trustee (since 2002) Year of Birth: 1944	Chairman - Colorado Market of MidFirst Bank (since January 2015); Chairman of the Board (2012-2016) and Director (August 2005-January 2016) of Jones International University (educational organization); Trustee of the Gallagher Family Foundation (non-profit organization) (2000-2016); Chairman, Chief Executive Officer and Director of Steele Street Bank Trust (commercial banking) (August 2003-January 2015); Director of Opera Colorado Foundation (non-profit organization) (2008-2012); Director of Colorado UplIFT (charitable organization) (1986-2010); Director of Jones Knowledge, Inc. (2006-2010); Former Chairman of U.S. Bank-Colorado (subsidiary of U.S. Bancorp and formerly Colorado National Bank) (July 1996-April 1999); Director of Commercial Assets, Inc. (real estate investment trust) (1993-2000); Director of U.S. Exploration, Inc. (oil and gas exploration) (1997-February 2004); Chairman of the Board (1991-1994) and Trustee (1985-1994) of Regis University; and Chairman of the Board (1990-1991) and Member (1984-1999) of Young Presidents Organization. Mr. Malone has served on the Boards of certain Oppenheimer funds since 2002, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.
Andrew J. Donohue, Trustee (since 2017) Year of Birth: 1950	Director, Mutual Fund Directors Forum (since February 2018); Of Counsel, Shearman & Sterling LLP (since September 2017); Chief of Staff of the U.S. Securities and Exchange Commission (regulator) (June 2015-February 2017); Managing Director and Investment Company General Counsel of Goldman Sachs (investment bank) (November 2012-May 2015); Partner at Morgan Lewis & Bockius, LLP (law firm) (March 2011-October 2012); Director of the Division of Investment Management of U.S. Securities and Exchange Commission (regulator) (May 2006-November 2010); Global General Counsel of Merrill Lynch Investment Managers (investment firm) (May 2003-May 2006); General Counsel (October 1991-November 2001) and Executive Vice President (January 1993-November 2001) of OppenheimerFunds, Inc. (investment firm) (June 1991-November 2001). Mr. Donohue has served on the Boards of certain Oppenheimer funds since 2017, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.
Richard F. Grabish, Trustee (since 2012) Year of Birth: 1948	Formerly Senior Vice President and Assistant Director of Sales and Marketing (March 1997-December 2007), Director (March 1987-December 2007) and Manager of Private Client Services (June 1985-June 2005) of A.G. Edwards & Sons, Inc. (broker/dealer and investment firm); Chairman and Chief Executive Officer of A.G. Edwards Trust Company, FSB (March 2001-December 2007); President and Vice Chairman of A.G. Edwards Trust Company, FSB (investment adviser) (April 1987-March 2001); President of A.G. Edwards Trust Company, FSB (investment adviser) (June 2005-December 2007). Mr. Grabish has served on the Boards of certain Oppenheimer funds since 2001, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.
Beverly L. Hamilton, Trustee (since 2002) Year of Birth: 1946	Trustee of Monterey Institute for International Studies (educational organization) (2000-2014); Board Member of Middlebury College (educational organization) (December 2005-June 2011); Director of the Board (1991-2016), Vice Chairman of the Board (2006-2009) and Chairman of the Board (2010-2013) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); Director of The California Endowment (philanthropic organization) (April 2002-April 2008); Director (February 2002-2005) and Chairman of Trustees (2006-2007) of the Community Hospital of Monterey Peninsula; President of ARCO Investment Management Company (February 1991-April 2000); Member of the investment committees of The Rockefeller Foundation (2001-2006) and The University of Michigan (since 2000); Advisor at Credit Suisse First Boston's Sprout venture capital unit (venture capital fund) (1994-January 2005); Trustee of MassMutual Institutional Funds (investment company) (1996-June 2004); Trustee of MML Series Investment Fund (investment company) (April 1989-June 2004); Member of the investment committee of Hartford Hospital (2000-2003); and Advisor to Unilever (Holland) pension fund (2000-2003). Ms. Hamilton has served on the Boards of certain Oppenheimer funds since 2002, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.
Victoria J. Herget, Trustee (since 2012) Year of Birth: 1951	Board Chair (2008-2015) and Director (2004-Present) of United Educators (insurance company); Trustee (since 2000) and Chair (2010-2017) of Newberry Library (independent research library); Trustee, Mather LifeWays (senior living organization) (since 2001); Independent Director of the First American Funds (mutual fund family) (2003-2011); former Managing Director (1993-2001), Principal (1985-1993), Vice President (1978-1985) and Assistant Vice President (1973-1978) of Zurich Scudder Investments (investment adviser) (and its predecessor firms); Trustee (1992-2007), Chair of the Board of Trustees (1999-2007), Investment Committee Chair (1994-1999) and Investment Committee member (2007-2010) of Wellesley College; Trustee, BoardSource (non-profit organization) (2006-2009) and Chicago City Day School (K-8 School) (1994-2005). Ms. Herget has served on the Boards of certain Oppenheimer funds since 2012, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.
Karen L. Stuckey, Trustee (since 2012) Year of Birth: 1953	Member (since May 2015) of Desert Mountain Community Foundation Advisory Board (non-profit organization); Partner (1990-2012) of PricewaterhouseCoopers LLP (professional services firm) (held various positions 1975-1990); Trustee (1992-2006); member of Executive, Nominating and Audit Committees and Chair of Finance Committee (1992-2006), and Emeritus Trustee (since 2006) of Lehigh University; member, Women's Investment Management Forum (professional organization) (since inception) and Trustee of Jennies School for Little Children (non-profit) (2011-2014). Ms. Stuckey has served on the Boards of certain Oppenheimer funds since 2012, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

James D. Vaughn,
Trustee (since 2012)
Year of Birth: 1945

Retired; former managing partner (1994-2001) of Denver office of Deloitte & Touche LLP, (held various positions in Denver and New York offices from 1969-1993); Trustee and Chairman of the Audit Committee of Schroder Funds (2003-2012); Board member and Chairman of Audit Committee of AMG National Trust Bank (since 2005); Trustee and Investment Committee member, University of South Dakota Foundation (since 1996); Board member, Audit Committee Member and past Board Chair, Junior Achievement (since 1993); former Board member, Mile High United Way, Boys and Girls Clubs, Boy Scouts, Colorado Business Committee for the Arts, Economic Club of Colorado and Metro Denver Network. Mr. Vaughn has served on the Boards of certain Oppenheimer funds since 2012, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

INTERESTED TRUSTEE AND OFFICER

Mr. Steinmetz is an "Interested Trustee" because he is affiliated with the Manager and the Sub-Adviser by virtue of his positions as Chairman and director of the Sub-Adviser and officer and director of the Manager. Both as a Trustee and as an officer, Mr. Steinmetz serves for an indefinite term, or until his resignation, retirement, death or removal. Mr. Steinmetz's address is 225 Liberty Street, New York, New York 10281-1008. Mr. Steinmetz is an officer of 104 portfolios in the OppenheimerFunds complex.

Arthur P. Steinmetz,
Trustee (since 2015), President and
Principal Executive Officer (since 2014)
Year of Birth: 1958

Chairman of OppenheimerFunds, Inc. (since January 2015); CEO and Chairman of OFI Global Asset Management, Inc. (since July 2014), President of OFI Global Asset Management, Inc. (since May 2013), a Director of OFI Global Asset Management, Inc. (since January 2013), Director of OppenheimerFunds, Inc. (since July 2014), President, Management Director and CEO of Oppenheimer Acquisition Corp. (OppenheimerFunds, Inc.'s parent holding company) (since July 2014), and President and Director of OFI SteelPath, Inc. (since January 2013). Chief Investment Officer of the OppenheimerFunds advisory entities (January 2013-December 2013); Executive Vice President of OFI Global Asset Management, Inc. (January 2013-May 2013); Chief Investment Officer of OppenheimerFunds, Inc. (October 2010-December 2012); Chief Investment Officer, Fixed-Income, of OppenheimerFunds, Inc. (April 2009-October 2010); Executive Vice President of OppenheimerFunds, Inc. (October 2009-December 2012); Director of Fixed Income of OppenheimerFunds, Inc. (January 2009-April 2009); and a Senior Vice President of OppenheimerFunds, Inc. (March 1993-September 2009).

OTHER OFFICERS OF THE FUND

The addresses of the Officers in the chart below are as follows: for Messrs. Memani, Krantz, Mss. Lo Bessette, Foxson and Picciotto, 225 Liberty Street, New York, New York 10281-1008, for Mr. Petersen, 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Officer serves for an indefinite term or until his or her resignation, retirement, death or removal.

Krishna Memani,
Vice President (since 2009)
Year of Birth: 1960

President of the Sub-Adviser (since January 2013); Executive Vice President of the Manager (since January 2014) and Chief Investment Officer of the OppenheimerFunds advisory entities (since January 2014). Chief Investment Officer, Fixed Income of the Sub-Adviser (January 2013-December 2013); Head of the Investment Grade Fixed Income Team of the Sub-Adviser (March 2009-January 2014); Director of Fixed Income of the Sub-Adviser (October 2010-December 2012); Senior Vice President of the Sub-Adviser (March 2009-December 2012) and Senior Vice President of OFI Global Institutional, Inc. (April 2009-December 2012). Managing Director and Head of the U.S. and European Credit Analyst Team at Deutsche Bank Securities (June 2006-January 2009). Chief Credit Strategist at Credit Suisse Securities (August 2002-March 2006). Managing Director and Senior Portfolio Manager at Putnam Investments (September 1998-June 2002).

Magnus Krantz,
Vice President (since 2013)
Year of Birth: 1967

Vice President of the Sub-Adviser (since May 2009) and a portfolio manager of the Sub-Adviser (since November 2012); sector manager for technology for the Sub-Adviser's Main Street Investment Team (since May 2009). Prior to joining the Sub-Adviser, Mr. Krantz was a sector manager at RS Investment and Guardian Life Insurance Company. Mr. Krantz joined Guardian Life Insurance Company in December 2005 and transitioned to RS Investments in October 2006 in connection with Guardian Life Insurance Company's acquisition of an interest in RS Investments. Portfolio manager and analyst at Citigroup Asset Management (1998-2005) and as a consultant at Price Waterhouse (1997-1998). He also served as product development engineer at Newbridge Networks (1993-1996) and as a software engineer at Mitel Corporation (1990-1993).

Cynthia Lo Bessette,
Secretary and Chief Legal Officer (since 2016)
Year of Birth: 1969

Executive Vice President, General Counsel and Secretary of OFI Global Asset Management, Inc. (since February 2016); Senior Vice President and Deputy General Counsel of OFI Global Asset Management, Inc. (March 2015-February 2016); Chief Legal Officer of OppenheimerFunds, Inc. and OppenheimerFunds Distributor, Inc. (since February 2016); Vice President, General Counsel and Secretary of Oppenheimer Acquisition Corp. (since February 2016); General Counsel of OFI SteelPath, Inc., OFI Advisors, LLC and Index Management Solutions, LLC (since February 2016); Chief Legal Officer of OFI Global Institutional, Inc., HarbourView Asset Management Corporation, OFI Global Trust Company, Oppenheimer Real Asset Management, Inc., OFI Private Investments Inc., Shareholder Services, Inc. and Trinity Investment Management Corporation (since February 2016); Corporate Counsel (February 2012-March 2015) and Deputy Chief Legal Officer (April 2013-March 2015) of Jennison Associates LLC; Assistant General Counsel (April 2008-September 2009) and Deputy General Counsel (October 2009-February 2012) of Lord Abbett & Co. LLC.

Jennifer Foxson,
Vice President and Chief Business
Officer (since 2014)
Year of Birth: 1969

Senior Vice President of OppenheimerFunds Distributor, Inc. (since June 2014); Vice President of OppenheimerFunds Distributor, Inc. (April 2006-June 2014); Vice President of OppenheimerFunds, Inc. (January 1998-March 2006); Assistant Vice President of OppenheimerFunds, Inc. (October 1991-December 1998).

Mary Ann Picciotto,
Chief Compliance Officer and Chief
Anti-Money Laundering Officer (since 2014)
Year of Birth: 1973

Senior Vice President and Chief Compliance Officer of OFI Global Asset Management, Inc. (since March 2014); Chief Compliance Officer of OppenheimerFunds, Inc., OFI SteelPath, Inc., OFI Global Institutional, Inc., Oppenheimer Real Asset Management, Inc., OFI Private Investments Inc., Harborview Asset Management Corporation, Trinity Investment Management Corporation, and Shareholder Services, Inc. (since March 2014); Managing Director of Morgan Stanley Investment Management Inc. and certain of its various affiliated entities; Chief Compliance Officer of various Morgan Stanley Funds (May 2010-January 2014); Chief Compliance Officer of Morgan Stanley Investment Management Inc. (April 2007-January 2014).

TRUSTEES AND OFFICERS Unaudited / Continued

Brian S. Petersen,

Treasurer and Principal Financial &
Accounting Officer (since 2016)
Year of Birth: 1970

Senior Vice President of OFI Global Asset Management, Inc. (since January 2017); Vice President of OFI Global Asset Management, Inc. (January 2013-January 2017); Vice President of OppenheimerFunds, Inc. (February 2007-December 2012); Assistant Vice President of OppenheimerFunds, Inc. (August 2002-2007).

The Fund's Statement of Additional Information contains additional information about the Fund's Trustees and Officers and is available without charge, upon request, by calling 1.800.988.8287.

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OPPENHEIMER CONSERVATIVE BALANCED FUND/VA

A Series of Oppenheimer Variable Account Funds

Manager	OFI Global Asset Management, Inc.
Sub-Adviser	OppenheimerFunds, Inc.
Distributor	OppenheimerFunds Distributor, Inc.
Transfer and Shareholder Servicing Agent	OFI Global Asset Management, Inc.
Sub-Transfer Agent	Shareholder Services, Inc. DBA OppenheimerFunds Services
Independent Registered Public Accounting Firm	KPMG LLP
Legal Counsel	Ropes & Gray LLP

Before investing in any of the Oppenheimer funds, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

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The Right Way
to Invest