



ANNUAL REPORT
December 31, 2018



Your success. Our priority.

COLUMBIA VARIABLE PORTFOLIO – STRATEGIC INCOME FUND

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

Not FDIC Insured • No bank guarantee • May lose value

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FUND AT A GLANCE

Investment objective

Columbia Variable Portfolio – Strategic Income Fund (the Fund) seeks total return, consisting of current income and capital appreciation.

Portfolio management

Gene Tannuzzo, CFA
Co-Portfolio Manager
Managed Fund since 2010

Colin Lundgren, CFA
Co-Portfolio Manager
Managed Fund since 2010

Jason Callan
Co-Portfolio Manager
Managed Fund since 2017

Average annual total returns (%) (for the period ended December 31, 2018)				
	Inception	1 Year	5 Years	10 Years
Class 1	07/05/94	-0.39	3.34	6.55
Class 2	06/01/00	-0.64	3.08	6.29
Bloomberg Barclays U.S. Aggregate Bond Index		0.01	2.52	3.48
ICE BofAML US Cash Pay High Yield Constrained Index		-2.26	3.81	10.91
FTSE Non-U.S. World Government Bond (All Maturities) Index - Unhedged		-1.82	0.28	1.27
JPMorgan Emerging Markets Bond Index - Global		-4.61	4.18	7.79

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.

Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.

Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.

The Fund's performance prior to August 29, 2014 reflects returns achieved pursuant to different principal investment strategies. If the Fund's current strategies had been in place for the prior periods, results shown may have been different.

The Bloomberg Barclays U.S. Aggregate Bond Index is a market value-weighted index that tracks the daily price, coupon, pay-downs and total return performance of fixed-rate, publicly placed, dollar-denominated and nonconvertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity.

The ICE BofAML US Cash Pay High Yield Constrained Index tracks the performance of U.S. dollar-denominated below investment grade corporate debt, currently in a coupon paying period that is publicly issued in the U.S. domestic market.

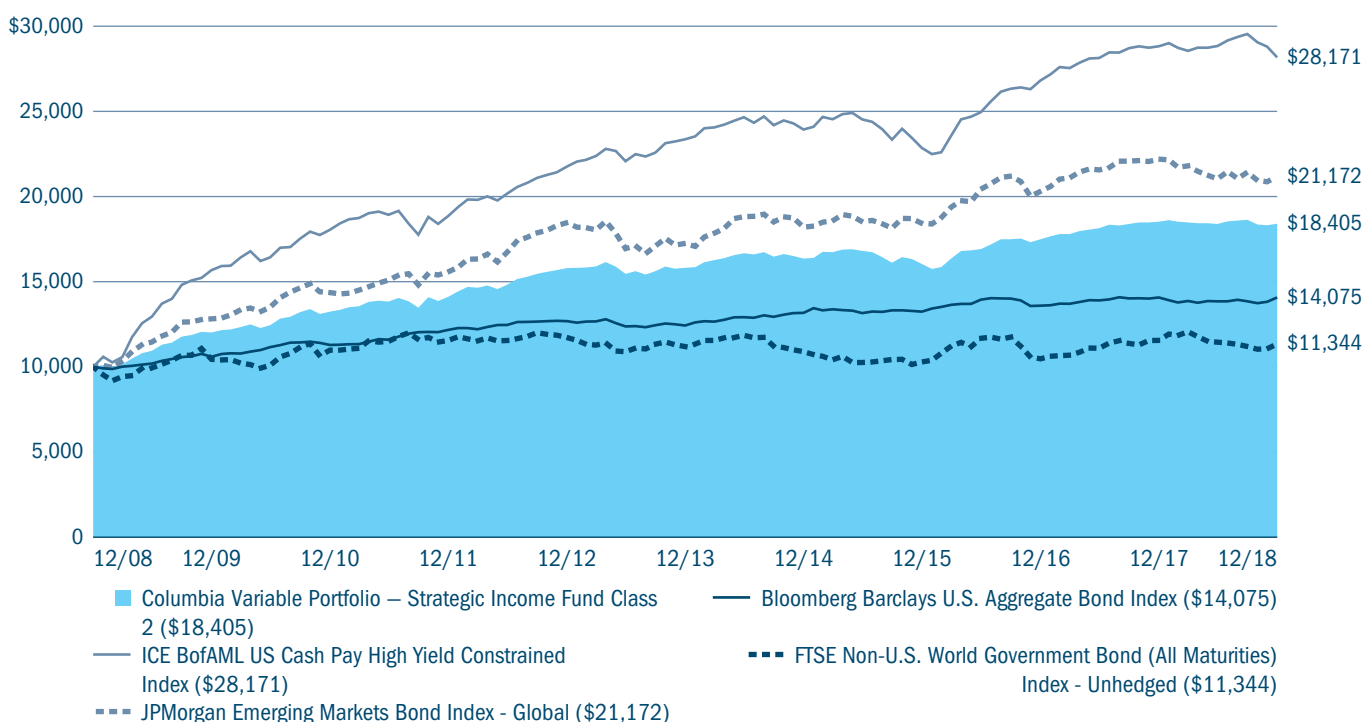
The FTSE Non-U.S. World Government Bond (All Maturities) Index – Unhedged is calculated on a market-weighted basis and includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. \$25 million, while excluding floating or variable rate bonds, securities aimed principally at non-institutional investors and private placement-type securities.

The JPMorgan Emerging Markets Bond Index – Global is based on U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, such as Brady bonds, Eurobonds and loans, and reflects reinvestment of all distributions and changes in market prices.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

FUND AT A GLANCE (continued)

Performance of a hypothetical \$10,000 investment (December 31, 2008 — December 31, 2018)



The chart above shows the change in value of a hypothetical \$10,000 investment in Class 2 shares of Columbia Variable Portfolio – Strategic Income Fund during the stated time period, and does not reflect the deduction of taxes, if any, that a shareholder may pay on Fund distributions or on the redemption of Fund shares. The returns also do not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan, if any.

Portfolio breakdown (%) (at December 31, 2018)

Asset-Backed Securities – Non-Agency	9.3
Commercial Mortgage-Backed Securities - Non-Agency	4.2
Common Stocks	0.2
Corporate Bonds & Notes	36.3
Foreign Government Obligations	11.0
Money Market Funds	5.9
Options Purchased Calls	0.1
Residential Mortgage-Backed Securities - Agency	15.1
Residential Mortgage-Backed Securities - Non-Agency	13.8
Senior Loans	3.7
Treasury Bills	0.4
Total	100.0

Percentages indicated are based upon total investments and exclude investments in derivatives, if any. The Fund's portfolio composition is subject to change.

FUND AT A GLANCE (continued)

Quality breakdown (%) (at December 31, 2018)	
AAA rating	18.4
AA rating	6.1
A rating	4.6
BBB rating	19.9
BB rating	13.9
B rating	18.3
CCC rating	3.0
Not rated	15.8
Total	100.0

Percentages indicated are based upon total fixed income investments (excluding Money Market Funds and derivatives, if any).

Bond ratings apply to the underlying holdings of the Fund and not the Fund itself and are divided into categories ranging from highest to lowest credit quality, determined by using the middle rating of Moody's, S&P and Fitch, after dropping the highest and lowest available ratings. When ratings are available from only two rating agencies, the lower rating is used. When a rating is available from only one rating agency, that rating is used. When a bond is not rated by any rating agency, it is designated as "Not rated." Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change, including daily. The ratings assigned by credit rating agencies are but one of the considerations that the Investment Manager and/or Fund's subadviser incorporates into its credit analysis process, along with such other issuer-specific factors as cash flows, capital structure and leverage ratios, ability to de-leverage (repay) through free cash flow, quality of management, market positioning and access to capital, as well as such security-specific factors as the terms of the security (e.g., interest rate and time to maturity) and the amount and type of any collateral.

Market Exposure Through Derivatives Investments (% of notional exposure) (at December 31, 2018) ^(a)			
	Long	Short	Net
Fixed Income Derivative Contracts	391.5	(473.2)	(81.7)
Foreign Currency Derivative Contracts	17.8	(36.1)	(18.3)
Total Notional Market Value of Derivative Contracts	409.3	(509.3)	(100.0)

(a) The Fund has market exposure (long and/or short) to fixed income and foreign currency through its investments in derivatives. The notional exposure of a financial instrument is the nominal or face amount that is used to calculate payments made on that instrument and/or changes in value for the instrument. The notional exposure is a hypothetical underlying quantity upon which payment obligations are computed. Notional exposures provide a gauge for how the Fund may behave given changes in individual markets. For a description of the Fund's investments in derivatives, see Investments in derivatives following the Portfolio of Investments, and Note 2 to the Notes to Financial Statements.

MANAGER DISCUSSION OF FUND PERFORMANCE

At December 31, 2018, approximately 50.4% of the Fund's shares were owned in the aggregate by affiliated funds-of-funds managed by Columbia Management Investment Advisers, LLC (the Investment Manager). As a result of asset allocation decisions by the Investment Manager, it is possible that the Fund may experience relatively large purchases or redemptions from affiliated funds-of-funds. The Investment Manager seeks to minimize the impact of these transactions by structuring them over a reasonable period of time. The Fund may experience increased expenses as it buys and sells securities as a result of purchases or redemptions by affiliated funds-of-funds.

For the 12-month period that ended December 31, 2018, the Fund's Class 2 shares returned -0.64%. The Fund modestly underperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, which returned 0.01% for the 12-month period. During the same time period, the ICE BofAML US Cash Pay High Yield Constrained Index returned -2.26%, the FTSE Non-U.S. World Government Bond (All Maturities) Index — Unhedged returned -1.82% and the JPMorgan Emerging Markets Bond Index — Global returned -4.61%. Corporate credit exposure overall detracted, while structured product exposure and duration and yield curve positioning as a whole contributed positively.

Burgeoning global risks weighed on investor sentiment toward global bond markets

The late 2017 U.S. tax reform windfall buoyed risk sentiment into January 2018, while improving economic activity and green shoots of inflation emboldened the Federal Reserve (Fed) to maintain its interest rate hiking path. Economic optimism from major central banks quickly proved misplaced, however, and the U.S. stood out as the sole bright spot, with its economic growth accelerating to a peak in the third calendar quarter. Economic growth in Europe, Asia and emerging markets grew more tenuous under burgeoning risks of Brexit uncertainties, Italian deficits, trade wars and currency crises. Although these risks failed to metastasize into slower U.S. economic growth during 2018, supporting the Fed's four interest rate increases during the calendar year, the preponderance of global risks weighed on investor sentiment and pushed segments of the U.S. Treasury curve into inversion by year end. (An inverted yield curve is when yields on shorter term securities are higher than those on longer term securities.) Indeed, short-term U.S. Treasury rates climbed substantially, reflective of the Fed's resolve in its hiking cycle, while longer term U.S. Treasury rates rose to a lesser extent. Fed Chair Powell's seemingly apathetic nod to tightening financial conditions only further exacerbated the reversal in risk sentiment in the fourth quarter of 2018, as odds of a recession climbed. Riskier credit that had outperformed in the first half of the year, such as high-yield bank loans, underwent meaningful price corrections. At the end of the annual period, expectations for a 2019 pause in the Fed's hiking cycle had grown, particularly as U.S. economic data began to decelerate from exceptionally elevated levels and the global economy was tested by a lack of resolution to the various persisting political, financial, trade and currency risks.

Exposure to corporate credit dampened Fund results

The Fund's performance was challenged during the annual period by a difficult investment environment, wherein not one of the four drivers of fixed-income returns — inflation, duration, credit or currency — posted positive absolute returns. Relative to the benchmark, exposure to corporate credit dampened Fund results most. As investment-grade corporate credit sold off throughout the calendar year, the move was particularly pronounced among longer dated bonds, where the Fund was overweight, amid growing fears of rising interest rates. Within high-yield corporate credit, the Fund's bias toward higher quality bonds detracted meaningfully from relative performance, as lower quality high-yield credit outperformed significantly during the first half of 2018. Even as CCC-rated bonds succumbed to the turn in risk sentiment toward year end, the Fund's up-in-quality bias provided somewhat muted benefit given the Fund's emphasis on energy-related bonds and the broad commodity price correction.

Structured products overweight and duration positioning buoyed Fund results

The Fund's allocation to structured products, including non-agency mortgage-backed securities and asset-backed securities, proved to be an effective source of diversification amid a broader sell-off in risk assets, benefiting its results relative to the benchmark. In particular, the Fund's bias toward higher quality securities and its emphasis on household-exposed sectors as an expression of our confidence in the U.S. consumer balance sheet, contributed positively to relative performance. Additionally, the Fund's duration positioning added value, providing an efficient hedge to its corporate credit exposure, helping to mitigate more pronounced losses from that sector, especially toward the end of the calendar year. While the Fund maintained a duration shorter than that of the benchmark throughout the annual period, we did shift the absolute level of duration over the course of the calendar year as market conditions changed. Most notably, the Fund was shortest in its

MANAGER DISCUSSION OF FUND PERFORMANCE (continued)

duration relative to that of the benchmark at the start of the annual period, and we then lengthened its duration positioning toward the end of the year, moving closer to a neutral relative position. Duration is a measure of the Fund's sensitivity to changes in interest rates.

The Fund's yield curve positioning also boosted its relative results during the annual period overall. The Fund maintained a flattening bias throughout the Fed's interest rate hiking cycle, which contributed positively, as the yield curve flattened dramatically during the annual period, with certain parts of the yield curve inverting into year end.

Shifting market conditions drove portfolio changes

As mentioned, we made changes in the Fund's duration, or interest rate risk, during the annual period. We also made meaningful shifts in the Fund's overall credit exposure. Given the extended span of strong performance in the credit sector during 2017, we believed it prudent to begin reducing the Fund's credit exposure — both in high yield and investment grade — during the first half of 2018. We allocated the Fund's credit exposure to shorter term, high carry structured product sectors, such as non-agency mortgage-backed securities and asset-backed securities. Credit's significant correction toward the end of the year then prompted us to revisit U.S. corporate credit as a buying opportunity on weakness, predominantly through U.S. high-yield corporate bonds, while maintaining an elevated absolute duration level to serve as a hedge against further volatility. Still, at the end of the annual period, the Fund maintained a duration shorter than that of the benchmark as we seek to protect principal in what we believe will continue to be a rising interest rate environment in the months ahead. Overall, the Fund's portfolio turnover rate for the 12-month period was 157%. A significant portion of the turnover was the result of rolling-maturity mortgage securities, processing of prepayments and opportunistic changes our managers made at the margin in response to valuations or market developments.

Derivative positions in the Fund

The Fund utilized inflation swaps, U.S. Treasury futures, interest rate swaps, currency forwards, swaptions and a credit default swap index to maintain and modify target duration, yield curve, credit and currency positioning. On a stand-alone basis, the use of these derivatives had a positive impact on Fund performance during the annual period.

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia fund. References to specific securities should not be construed as a recommendation or investment advice.

UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing fund costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

Analyzing your Fund's expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of \$1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare with other funds" below for details on how to use the hypothetical data.

Compare with other funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

July 1, 2018 — December 31, 2018							
	Account value at the beginning of the period (\$)		Account value at the end of the period (\$)		Expenses paid during the period (\$)		Fund's annualized expense ratio (%)
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual
Class 1	1,000.00	1,000.00	1,000.90	1,021.95	3.40	3.43	0.67
Class 2	1,000.00	1,000.00	1,000.80	1,020.68	4.66	4.71	0.92

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

Had Columbia Management Investment Advisers, LLC and/or certain of its affiliates not waived/reimbursed certain fees and expenses, account value at the end of the period would have been reduced.

PORTFOLIO OF INVESTMENTS

December 31, 2018

(Percentages represent value of investments compared to net assets)

Investments in securities

Asset-Backed Securities — Non-Agency 10.4%				Asset-Backed Securities — Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Apidos CLO XXVIII ^{(a),(b)} Series 2017-28A Class A1B 3-month USD LIBOR + 1.150% Floor 1.150% 01/20/2031	3.619%	750,000	727,715	Morgan Stanley Resecuritization Pass-Through Trust ^{(a),(d)} Series 2018-SC1 Class B 09/18/2023	1.000%	400,000	384,000
ARES XLIV CLO Ltd. ^{(a),(b)} Series 2017-44A Class D 3-month USD LIBOR + 6.550% 10/15/2029	8.986%	500,000	470,188	OHA Credit Partners XIV Ltd. ^{(a),(b)} Series 2017-14A Class B 3-month USD LIBOR + 1.500% 01/21/2030	3.950%	1,000,000	974,934
Atrium XIII ^{(a),(b)} Series 2013A Class B 3-month USD LIBOR + 1.500% 11/21/2030	3.977%	1,300,000	1,260,654	OneMain Financial Issuance Trust ^(a) Series 2018-1A Class A 03/14/2029	3.300%	855,000	856,070
Babson CLO Ltd. ^{(a),(b)} Series 2015-2A Class B2R 3-month USD LIBOR + 1.590% 10/20/2030	4.059%	500,000	490,728	OZLM XXI ^{(a),(b)} Series 2017-21A Class A2 3-month USD LIBOR + 1.450% 01/20/2031	3.919%	800,000	777,544
Carlyle Global Market Strategies CLO Ltd. ^{(a),(b)} Series 2013-3A Class A2R 3-month USD LIBOR + 1.400% 10/15/2030	3.836%	2,500,000	2,421,982	Prosper Marketplace Issuance Trust ^(a) Series 2018-1A Class B 06/17/2024	3.900%	600,000	600,297
CLUB Credit Trust ^(a) Series 2018-P3 Class A 01/15/2026	3.820%	1,005,000	1,004,230	Series 2018-1A Class C 06/17/2024	4.870%	500,000	500,042
Conn's Receivables Funding LLC ^(a) Subordinated Series 2018-A Class B 01/15/2023	4.650%	1,000,000	1,000,275	Subordinated, Series 2017-2A Class C 09/15/2023	5.370%	500,000	502,619
Credit Suisse ABS Trust ^(a) Series 2018-LD1 Class B 07/25/2024	4.280%	440,000	439,912	RR 1 LLC ^{(a),(b)} Series 2017-1A Class A2R 3-month USD LIBOR + 1.700% 07/15/2029	4.136%	800,000	784,994
Dryden 33 Senior Loan Fund ^{(a),(b)} Series 2014-33A Class ER 3-month USD LIBOR + 7.540% 10/15/2028	9.976%	500,000	500,017	SoFi Consumer Loan Program LLC ^(a) Series 2016-3 Class A 12/26/2025	3.050%	184,511	184,395
Dryden XXVIII Senior Loan Fund ^{(a),(b)} Series 2013-28A Class A2LR 3-month USD LIBOR + 1.650% 08/15/2030	4.266%	500,000	492,530	SoFi Professional Loan Program LLC ^{(a),(d),(e),(f),(g)} Series 2016-A Class RIO 01/25/2038	0.000%	1	243,928
Madison Park Funding XVIII Ltd. ^{(a),(b)} Series 2015-18A Class A1R 3-month USD LIBOR + 1.190% 10/21/2030	3.659%	1,400,000	1,390,000	Series 2016-A Class RPO 01/25/2038	0.000%	1	410,663
Madison Park Funding XXXII Ltd. ^{(a),(b),(c)} Series 2018-32A Class D 3-month USD LIBOR + 4.100% Floor 4.100% 01/22/2031	5.500%	500,000	500,000	Voya CLO Ltd. ^{(a),(b)} Series 2017-4A Class B 3-month USD LIBOR + 1.450% 10/15/2030	3.936%	600,000	578,145
				Total Asset-Backed Securities – Non-Agency (Cost \$17,995,512)			17,495,862
				Commercial Mortgage-Backed Securities - Non-Agency 4.7%			
				Ashford Hospitality Trust ^{(a),(b)} Series 2018-KEYS Class C 1-month USD LIBOR + 1.600% Floor 1.600% 05/15/2035	4.055%	500,000	497,167

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Commercial Mortgage-Backed Securities - Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
BBCMS Trust ^{(a),(b)} Subordinated, Series 2018-BXH Class F 1-month USD LIBOR + 2.950% Floor 2.950% 10/15/2037	5.405%	800,000	793,046
Braemar Hotels & Resorts Trust ^{(a),(b)} Series 2018-PRME Class F 1-month USD LIBOR + 2.900% Floor 2.900% 06/15/2035	5.355%	700,000	691,738
CHT 2017-COSMO Mortgage Trust ^{(a),(b)} Series 2017-CSMO Class B 1-month USD LIBOR + 1.400% Floor 1.200% 11/15/2036	3.855%	500,000	494,911
Series 2017-CSMO Class E 1-month USD LIBOR + 3.000% Floor 3.000% 11/15/2036	5.455%	400,000	393,480
Credit Suisse Mortgage Capital Certificates OA LLC ^(a) Subordinated, Series 2014-USA Class D 09/15/2037	4.373%	300,000	283,999
Subordinated, Series 2014-USA Class E 09/15/2037	4.373%	500,000	447,435
Direxion Daily Retail Bull ^{(a),(b)} Series 2018-RVP Class C 1-month USD LIBOR + 2.050% Floor 2.050% 03/15/2033	4.505%	375,000	370,791
Series 2018-RVP Class E 3-month USD LIBOR + 4.500% Floor 4.500% 03/15/2033	6.955%	150,000	148,170
Hilton U.S.A. Trust ^{(a),(h)} Series 2016-HHV Class F 11/05/2038	4.194%	1,000,000	899,333
Hilton U.S.A. Trust ^(a) Subordinated, Series 2016-SFP Class E 11/05/2035	5.519%	500,000	505,413
Independence Plaza Trust ^(a) Series 2018-INDP Class C 07/10/2035	4.158%	250,000	251,522
Invitation Homes Trust ^{(a),(b)} Series 2017-SFR2 Class E 1-month USD LIBOR + 2.250% Floor 2.250% 12/17/2036	4.706%	500,000	502,631

Commercial Mortgage-Backed Securities - Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
UBS Commercial Mortgage Trust ^{(a),(b)} Series 2018-NYCH Class A 1-month USD LIBOR + 0.850% Floor 0.850% 02/15/2032	3.305%	200,000	198,926
Series 2018-NYCH Class C 1-month USD LIBOR + 1.500% Floor 1.500% 02/15/2032	3.955%	400,000	397,569
Series 2018-NYCH Class E 1-month USD LIBOR + 2.900% Floor 3.200% 02/15/2032	5.355%	600,000	593,761
Series 2018-NYCH Class F 1-month USD LIBOR + 3.821% Floor 3.821% 02/15/2032	6.276%	500,000	493,885
Total Commercial Mortgage-Backed Securities - Non-Agency (Cost \$7,867,574)			7,963,777

Common Stocks 0.2%		
Issuer	Shares	Value (\$)
Energy 0.2%		
Energy Equipment & Services 0.2%		
Fieldwood Energy LLC ⁽ⁱ⁾	8,596	326,648
Total Energy		326,648
Financials —%		
Diversified Financial Services —%		
Fairlane Management Corp. ^{(d),(f),(i),(g)}	2,000	—
Total Financials		—
Utilities —%		
Independent Power and Renewable Electricity Producers —%		
Vistra Energy Corp. ⁽ⁱ⁾	10,180	7,533
Total Utilities		7,533
Total Common Stocks (Cost \$200,545)		334,181

Corporate Bonds & Notes ^(k) 40.7%			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Aerospace & Defense 1.0%			
Bombardier, Inc. ^(a)			
01/15/2023	6.125%	45,000	42,168
12/01/2024	7.500%	102,000	96,909
03/15/2025	7.500%	36,000	33,930

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Lockheed Martin Corp. 09/15/2052	4.090%	440,000	411,996
Northrop Grumman Corp. 10/15/2047	4.030%	730,000	663,331
TransDigm, Inc. 07/15/2022	6.000%	146,000	142,884
07/15/2024	6.500%	48,000	46,687
05/15/2025	6.500%	150,000	143,245
06/15/2026	6.375%	56,000	52,178
Total			1,633,328
Automotive 0.2%			
Delphi Technologies PLC ^(a) 10/01/2025	5.000%	78,000	65,523
Ford Motor Co. 12/08/2046	5.291%	390,000	320,158
Total			385,681
Banking 3.2%			
Ally Financial, Inc. 11/01/2031	8.000%	297,000	330,368
Bank of America Corp. ^(l) 01/20/2028	3.824%	1,020,000	986,954
Citigroup, Inc. 05/01/2026	3.400%	360,000	338,793
Goldman Sachs Group, Inc. (The) ^(l) 05/01/2029	4.223%	930,000	896,008
JPMorgan Chase & Co. ^(l) 12/05/2029	4.452%	1,169,000	1,187,877
Morgan Stanley ^(l) 01/24/2029	3.772%	510,000	487,889
Wells Fargo & Co. 10/23/2026	3.000%	710,000	657,251
Wells Fargo & Co. ^(l) 05/22/2028	3.584%	540,000	518,510
Total			5,403,650
Brokerage/Asset Managers/Exchanges 0.1%			
NFP Corp. ^(a) 07/15/2025	6.875%	122,000	110,107
VFH Parent LLC/Orchestra Co-Issuer, Inc. ^(a) 06/15/2022	6.750%	17,000	16,500
Total			126,607
Building Materials 0.3%			
American Builders & Contractors Supply Co., Inc. ^(a) 12/15/2023	5.750%	112,000	111,058
05/15/2026	5.875%	105,000	99,915

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Beacon Roofing Supply, Inc. ^(a) 11/01/2025	4.875%	186,000	163,637
Core & Main LP ^(a) 08/15/2025	6.125%	86,000	76,119
Total			450,729
Cable and Satellite 2.1%			
CCO Holdings LLC/Capital Corp. ^(a) 05/01/2025	5.375%	180,000	172,632
02/15/2026	5.750%	140,000	137,248
05/01/2026	5.500%	5,000	4,813
05/01/2027	5.125%	164,000	152,657
02/01/2028	5.000%	23,000	21,158
Comcast Corp. 08/15/2047	4.000%	287,000	259,959
CSC Holdings LLC ^(a) 10/15/2025	6.625%	16,000	16,226
10/15/2025	10.875%	214,000	240,179
02/01/2028	5.375%	201,000	185,125
04/01/2028	7.500%	165,000	164,479
DISH DBS Corp. 11/15/2024	5.875%	236,000	189,915
07/01/2026	7.750%	280,000	231,642
Intelsat Jackson Holdings SA ^(a) 10/15/2024	8.500%	79,000	76,235
Quebecor Media, Inc. 01/15/2023	5.750%	199,000	200,575
Radiate HoldCo LLC/Finance, Inc. ^(a) 02/15/2023	6.875%	25,000	22,767
02/15/2025	6.625%	107,000	92,260
Sirius XM Radio, Inc. ^(a) 04/15/2025	5.375%	46,000	43,517
07/15/2026	5.375%	56,000	52,927
08/01/2027	5.000%	201,000	183,572
Unitymedia Hessen GmbH & Co. KG NRW ^(a) 01/15/2025	5.000%	266,000	260,697
Virgin Media Secured Finance PLC ^(a) 01/15/2026	5.250%	338,000	309,588
08/15/2026	5.500%	89,000	82,750
Ziggo Bond Finance BV ^(a) 01/15/2027	6.000%	172,000	149,139
Ziggo BV ^(a) 01/15/2027	5.500%	303,000	272,700
Total			3,522,760
Chemicals 1.0%			
Alpha 2 BV ^(a) 06/01/2023	8.750%	85,000	81,092

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)				Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Angus Chemical Co. ^(a) 02/15/2023	8.750%	109,000	109,680	Consumer Products 0.4%			
Atotech U.S.A., Inc. ^(a) 02/01/2025	6.250%	83,000	78,160	Energizer Gamma Acquisition, Inc. ^(a) 07/15/2026	6.375%	36,000	33,023
Axalta Coating Systems LLC ^(a) 08/15/2024	4.875%	85,000	80,325	Mattel, Inc. ^(a) 12/31/2025	6.750%	84,000	75,090
Chemours Co. (The) 05/15/2023	6.625%	39,000	39,390	Prestige Brands, Inc. ^(a) 12/15/2021	5.375%	69,000	67,620
Elementia SAB de CV ^(a) 01/15/2025	5.500%	250,000	230,830	03/01/2024	6.375%	153,000	147,789
INEOS Group Holdings SA ^(a) 08/01/2024	5.625%	18,000	15,974	Resideo Funding, Inc. ^(a) 11/01/2026	6.125%	16,000	15,800
Koppers, Inc. ^(a) 02/15/2025	6.000%	21,000	18,604	Scotts Miracle-Gro Co. (The) 12/15/2026	5.250%	17,000	15,475
Platform Specialty Products Corp. ^(a) 02/01/2022	6.500%	6,000	6,029	Spectrum Brands, Inc. 07/15/2025	5.750%	196,000	186,193
12/01/2025	5.875%	189,000	176,598	Valvoline, Inc. 08/15/2025	4.375%	74,000	68,788
PQ Corp. ^(a) 11/15/2022	6.750%	249,000	254,997	Total			609,778
12/15/2025	5.750%	117,000	108,575	Diversified Manufacturing 0.4%			
SASOL Financing USA LLC 03/27/2024	5.875%	205,000	204,571	Apergy Corp. 05/01/2026	6.375%	100,000	98,000
SPCM SA ^(a) 09/15/2025	4.875%	58,000	51,551	BWX Technologies, Inc. ^(a) 07/15/2026	5.375%	25,000	24,210
Starfruit Finco BV/US Holdco LLC ^(a) 10/01/2026	8.000%	175,000	162,827	Gates Global LLC/Co. ^(a) 07/15/2022	6.000%	66,000	64,315
Total			1,619,203	Stevens Holding Co., Inc. ^(a) 10/01/2026	6.125%	20,000	19,726
Construction Machinery 0.2%				TriMas Corp. ^(a) 10/15/2025	4.875%	12,000	11,159
H&E Equipment Services, Inc. 09/01/2025	5.625%	121,000	110,875	United Technologies Corp. 11/16/2028	4.125%	220,000	217,991
Ritchie Bros. Auctioneers, Inc. ^(a) 01/15/2025	5.375%	28,000	27,415	WESCO Distribution, Inc. 06/15/2024	5.375%	84,000	79,241
United Rentals North America, Inc. 09/15/2026	5.875%	145,000	137,898	Zekelman Industries, Inc. ^(a) 06/15/2023	9.875%	82,000	86,238
12/15/2026	6.500%	95,000	93,575	Total			600,880
Total			369,763	Electric 5.3%			
Consumer Cyclical Services 0.2%				AES Corp. 03/15/2023	4.500%	46,000	44,845
APX Group, Inc. 12/01/2020	8.750%	125,000	119,026	05/15/2026	6.000%	69,000	70,365
12/01/2022	7.875%	133,000	125,619	09/01/2027	5.125%	65,000	62,803
09/01/2023	7.625%	45,000	36,474	Calpine Corp. 01/15/2025	5.750%	76,000	69,409
frontdoor, Inc. ^(a) 08/15/2026	6.750%	32,000	30,473	Calpine Corp. ^(a) 06/01/2026	5.250%	51,000	46,538
Total			311,592				

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Corporate Bonds & Notes ^(k) (continued)				Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Clearway Energy Operating LLC				Xcel Energy, Inc.			
08/15/2024	5.375%	231,000	219,672	12/01/2026	3.350%	525,000	506,798
09/15/2026	5.000%	77,000	69,137				
Clearway Energy Operating LLC ^(a)				Total			8,986,342
10/15/2025	5.750%	29,000	27,700				
CMS Energy Corp.				Finance Companies 1.2%			
03/01/2024	3.875%	600,000	607,015	Avolon Holdings Funding Ltd. ^(a)			
02/15/2027	2.950%	165,000	151,278	01/15/2023	5.500%	97,000	93,829
03/31/2043	4.700%	135,000	135,830	10/01/2023	5.125%	116,000	111,411
DTE Energy Co.				GE Capital International Funding Co. Unlimited Co.			
06/01/2024	3.500%	340,000	336,020	11/15/2035	4.418%	1,100,000	921,905
10/01/2026	2.850%	1,220,000	1,122,762	iStar, Inc.			
Duke Energy Corp.				04/01/2022	6.000%	67,000	63,985
04/15/2024	3.750%	748,000	749,240	Navient Corp.			
08/15/2027	3.150%	393,000	367,460	03/25/2021	5.875%	7,000	6,703
09/01/2046	3.750%	248,000	215,575	07/26/2021	6.625%	43,000	41,533
Emera U.S. Finance LP				06/15/2022	6.500%	166,000	154,762
06/15/2046	4.750%	675,000	648,921	03/25/2024	6.125%	50,000	42,783
Energuate Trust ^(a)				10/25/2024	5.875%	44,000	36,881
05/03/2027	5.875%	200,000	184,790	06/15/2026	6.750%	101,000	83,838
Indiana Michigan Power Co.				Park Aerospace Holdings Ltd. ^(a)			
07/01/2047	3.750%	321,000	289,959	08/15/2022	5.250%	10,000	9,707
Light Servicos de Eletricidade SA/Energia SA ^(a)				Provident Funding Associates LP/Finance Corp. ^(a)			
05/03/2023	7.250%	200,000	191,398	06/15/2025	6.375%	120,000	108,137
NextEra Energy Operating Partners LP ^(a)				Quicken Loans, Inc. ^(a)			
09/15/2027	4.500%	138,000	122,623	05/01/2025	5.750%	224,000	209,358
NRG Energy, Inc.				Springleaf Finance Corp.			
01/15/2027	6.625%	140,000	141,717	05/15/2022	6.125%	46,000	44,596
Pacific Gas & Electric Co.				03/15/2023	5.625%	48,000	43,966
02/15/2044	4.750%	264,000	217,823	03/15/2025	6.875%	81,000	72,311
12/01/2047	3.950%	340,000	257,282	03/15/2026	7.125%	72,000	64,322
Pattern Energy Group, Inc. ^(a)				Total			2,110,027
02/01/2024	5.875%	172,000	165,987				
PPL Capital Funding, Inc.				Food and Beverage 2.5%			
03/15/2024	3.950%	430,000	429,430	Anheuser-Busch Companies LLC/ InBev Worldwide, Inc. ^(a)			
Progress Energy, Inc.				02/01/2046	4.900%	1,262,000	1,167,707
04/01/2022	3.150%	382,000	375,438	B&G Foods, Inc.			
Southern Co. (The)				04/01/2025	5.250%	127,000	118,183
07/01/2046	4.400%	762,000	702,203	Bacardi Ltd. ^(a)			
TerraForm Power Operating LLC ^(a)				05/15/2048	5.300%	1,020,000	911,943
01/31/2028	5.000%	176,000	156,200	FAGE International SA/U.S.A. Dairy Industry, Inc. ^(a)			
Vistra Energy Corp.				08/15/2026	5.625%	201,000	169,190
11/01/2024	7.625%	77,000	81,447	Kraft Heinz Foods Co.			
Vistra Operations Co. LLC ^(a)				06/01/2046	4.375%	931,000	770,313
09/01/2026	5.500%	35,000	33,979	Lamb Weston Holdings, Inc. ^(a)			
WEC Energy Group, Inc.				11/01/2024	4.625%	33,000	32,165
06/15/2025	3.550%	190,000	184,698	11/01/2026	4.875%	118,000	113,778
				MHP SA ^(a)			
				04/03/2026	6.950%	250,000	215,451

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)				Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Molson Coors Brewing Co. 07/15/2046	4.200%	433,000	359,821	Becton Dickinson and Co. 06/06/2027	3.700%	1,030,000	975,533
Post Holdings, Inc. ^(a) 08/15/2026	5.000%	169,000	153,963	Cardinal Health, Inc. 06/15/2047	4.368%	570,000	484,744
03/01/2027	5.750%	269,000	252,111	Change Healthcare Holdings LLC/Finance, Inc. ^(a) 03/01/2025	5.750%	147,000	137,281
01/15/2028	5.625%	33,000	30,391	Charles River Laboratories International, Inc. ^(a) 04/01/2026	5.500%	31,000	30,613
Total			4,295,016	CHS/Community Health Systems, Inc. 03/31/2023	6.250%	82,000	74,591
Gaming 1.0%				CVS Health Corp. 03/25/2048	5.050%	660,000	643,919
Boyd Gaming Corp. 04/01/2026	6.375%	135,000	130,327	DaVita, Inc. 05/01/2025	5.000%	78,000	70,773
08/15/2026	6.000%	14,000	13,182	HCA, Inc. 05/01/2023	4.750%	154,000	151,662
Caesars Resort Collection LLC/CRC Finco, Inc. ^(a) 10/15/2025	5.250%	48,000	41,921	02/01/2025	5.375%	92,000	90,166
Eldorado Resorts, Inc. 04/01/2025	6.000%	178,000	171,796	02/15/2027	4.500%	351,000	333,953
Eldorado Resorts, Inc. ^(a) 09/15/2026	6.000%	52,000	49,134	Hologic, Inc. ^(a) 10/15/2025	4.375%	87,000	81,169
International Game Technology PLC ^(a) 02/15/2025	6.500%	161,000	159,705	02/01/2028	4.625%	75,000	67,875
01/15/2027	6.250%	50,000	47,955	MPH Acquisition Holdings LLC ^(a) 06/01/2024	7.125%	170,000	158,527
Jack Ohio Finance LLC/1 Corp. ^(a) 11/15/2021	6.750%	100,000	100,903	Polaris Intermediate Corp. PIK ^(a) 12/01/2022	8.500%	53,000	48,414
MGM Growth Properties Operating Partnership LP/Finance Co-Issuer, Inc. 05/01/2024	5.625%	1,000	990	Sotera Health Holdings LLC ^(a) 05/15/2023	6.500%	131,000	125,433
09/01/2026	4.500%	45,000	40,773	Teleflex, Inc. 06/01/2026	4.875%	28,000	26,740
01/15/2028	4.500%	114,000	99,972	11/15/2027	4.625%	53,000	49,332
Penn National Gaming, Inc. ^(a) 01/15/2027	5.625%	67,000	60,139	Tenet Healthcare Corp. 04/01/2022	8.125%	62,000	62,079
Rivers Pittsburgh Borrower LP/Finance Corp. ^(a) 08/15/2021	6.125%	127,000	123,609	06/15/2023	6.750%	90,000	84,489
Scientific Games International, Inc. 12/01/2022	10.000%	180,000	182,385	07/15/2024	4.625%	113,000	105,259
Scientific Games International, Inc. ^(a) 10/15/2025	5.000%	205,000	183,619	05/01/2025	5.125%	93,000	86,800
Stars Group Holdings BV/Co-Borrower LLC ^(a) 07/15/2026	7.000%	31,000	30,126	08/01/2025	7.000%	66,000	61,307
Tunica-Biloxi Gaming Authority ^(a) 12/15/2020	3.780%	918,242	245,630	Universal Health Services, Inc. ^(a) 06/01/2026	5.000%	160,000	155,585
Wynn Las Vegas LLC/Capital Corp. ^(a) 03/01/2025	5.500%	73,000	68,597	Total			4,309,526
Total			1,750,763	Healthcare Insurance 0.7%			
Health Care 2.6%				Centene Corp. 01/15/2025	4.750%	91,000	86,995
Acadia Healthcare Co., Inc. 03/01/2024	6.500%	125,000	120,329	Centene Corp. ^(a) 06/01/2026	5.375%	120,000	117,181
Avantor, Inc. ^(a) 10/01/2025	9.000%	83,000	82,953	Halfmoon Parent, Inc. ^(a) 12/15/2048	4.900%	675,000	660,045

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)				Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
WellCare Health Plans, Inc. 04/01/2025	5.250%	165,000	158,844	Jagged Peak Energy LLC ^(a) 05/01/2026	5.875%	131,000	121,591
WellCare Health Plans, Inc. ^(a) 08/15/2026	5.375%	120,000	116,033	Laredo Petroleum, Inc. 03/15/2023	6.250%	254,000	228,352
Total			1,139,098	Matador Resources Co. 09/15/2026	5.875%	149,000	137,167
Home Construction 0.2%				MEG Energy Corp. ^(a) 01/15/2025	6.500%	22,000	22,330
Lennar Corp. 06/01/2026	5.250%	80,000	75,541	Noble Energy, Inc. 11/15/2043	5.250%	125,000	111,321
06/15/2027	5.000%	69,000	62,615	Parsley Energy LLC/Finance Corp. ^(a) 08/15/2025	5.250%	98,000	88,964
11/29/2027	4.750%	63,000	57,186	10/15/2027	5.625%	254,000	231,351
Meritage Homes Corp. 04/01/2022	7.000%	44,000	45,320	PDC Energy, Inc. 09/15/2024	6.125%	140,000	129,728
06/06/2027	5.125%	87,000	74,450	QEP Resources, Inc. 03/01/2026	5.625%	50,000	41,574
Total			315,112	SM Energy Co. 06/01/2025	5.625%	32,000	27,840
Independent Energy 1.9%				09/15/2026	6.750%	119,000	106,381
Callon Petroleum Co. 10/01/2024	6.125%	45,000	42,043	01/15/2027	6.625%	79,000	69,915
07/01/2026	6.375%	174,000	162,026	Tullow Oil PLC ^(a) 03/01/2025	7.000%	200,000	185,177
Canadian Natural Resources Ltd. 06/01/2047	4.950%	45,000	43,299	Whiting Petroleum Corp. 01/15/2026	6.625%	33,000	28,222
Carrizo Oil & Gas, Inc. 04/15/2023	6.250%	198,000	182,968	WPX Energy, Inc. 01/15/2022	6.000%	50,000	48,792
Centennial Resource Production LLC ^(a) 01/15/2026	5.375%	84,000	78,199	09/15/2024	5.250%	115,000	104,420
Chaparral Energy, Inc. ^(a) 07/15/2023	8.750%	64,000	45,782	06/01/2026	5.750%	94,000	85,667
Chesapeake Energy Corp. 10/01/2026	7.500%	97,000	82,935	Total			3,266,679
CrownRock LP/Finance, Inc. ^(a) 10/15/2025	5.625%	202,000	183,476	Integrated Energy 0.2%			
Diamondback Energy, Inc. 05/31/2025	5.375%	37,000	36,099	Genovus Energy, Inc. 09/15/2043	5.200%	340,000	289,022
Endeavor Energy Resources LP/Finance, Inc. ^(a) 01/30/2028	5.750%	151,000	154,027	Leisure 0.1%			
Extraction Oil & Gas, Inc. ^(a) 05/15/2024	7.375%	60,000	49,964	Boyne U.S.A., Inc. ^(a) 05/01/2025	7.250%	51,000	52,531
02/01/2026	5.625%	12,000	8,961	Live Nation Entertainment, Inc. ^(a) 11/01/2024	4.875%	54,000	51,383
Gran Tierra Energy International Holdings Ltd. ^(a) 02/15/2025	6.250%	200,000	186,166	03/15/2026	5.625%	29,000	28,567
Halcon Resources Corp. 02/15/2025	6.750%	175,000	127,751	Viking Cruises Ltd. ^(a) 09/15/2027	5.875%	81,000	75,637
Hilcorp Energy I LP/Finance Co. ^(a) 11/01/2028	6.250%	76,000	66,823	Total			208,118
Indigo Natural Resources LLC ^(a) 02/15/2026	6.875%	55,000	47,368	Life Insurance 2.5%			
				Assicurazioni Generali SpA ^{(a),(1)} Subordinated 06/08/2048	5.000%	EUR 700,000	814,335

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Brighthouse Financial, Inc. 06/22/2047	4.700%	320,000	237,738
Five Corners Funding Trust ^(a) 11/15/2023	4.419%	1,089,000	1,120,686
Guardian Life Insurance Co. of America (The) ^(a) Subordinated 06/19/2064	4.875%	314,000	313,127
Peachtree Corners Funding Trust ^(a) 02/15/2025	3.976%	1,030,000	999,721
Teachers Insurance & Annuity Association of America ^(a) Subordinated 09/15/2044 05/15/2047	4.900% 4.270%	340,000 181,000	352,408 172,659
Voya Financial, Inc. 06/15/2046	4.800%	170,000	162,600
Total			4,173,274
Lodging 0.2%			
Grupo Posadas SAB de CV ^(a) 06/30/2022	7.875%	350,000	338,505
Hilton Domestic Operating Co., Inc. ^(a) 05/01/2026	5.125%	46,000	44,110
Marriott Ownership Resorts, Inc. ^(a) 09/15/2026	6.500%	16,000	15,429
Total			398,044
Media and Entertainment 0.4%			
Discovery Communications LLC 09/20/2047	5.200%	60,000	55,263
Match Group, Inc. 06/01/2024	6.375%	74,000	75,558
Netflix, Inc. 02/15/2025 04/15/2028	5.875% 4.875%	68,000 194,000	68,732 177,021
Netflix, Inc. ^(a) 11/15/2028 05/15/2029	5.875% 6.375%	135,000 73,000	131,390 72,446
Outfront Media Capital LLC/Corp. 03/15/2025	5.875%	189,000	185,402
Total			765,812
Metals and Mining 1.0%			
Big River Steel LLC/Finance Corp. ^(a) 09/01/2025	7.250%	88,000	88,454
Constellium NV ^(a) 05/15/2024 03/01/2025 02/15/2026	5.750% 6.625% 5.875%	5,000 61,000 136,000	4,618 56,484 121,204

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Freeport-McMoRan, Inc. 03/15/2043	5.450%	432,000	328,860
Geo Coal International Pte Ltd. ^(a) 10/04/2022	8.000%	200,000	172,897
Grinding Media, Inc./Moly-Cop AltaSteel Ltd. ^(a) 12/15/2023	7.375%	57,000	55,113
HudBay Minerals, Inc. ^(a) 01/15/2023 01/15/2025	7.250% 7.625%	47,000 134,000	46,466 130,860
Indo Energy Finance II BV ^(a) 01/24/2023	6.375%	200,000	187,110
Novelis Corp. ^(a) 08/15/2024 09/30/2026	6.250% 5.875%	7,000 210,000	6,596 184,931
Teck Resources Ltd. 07/15/2041	6.250%	338,000	320,335
Total			1,703,928
Midstream 2.9%			
Cheniere Corpus Christi Holdings LLC 06/30/2027	5.125%	83,000	78,158
Cheniere Energy Partners LP ^(a) 10/01/2026	5.625%	91,000	85,613
DCP Midstream Operating LP 04/01/2044	5.600%	318,000	270,988
Delek Logistics Partners LP/Finance Corp. 05/15/2025	6.750%	71,000	68,475
Energy Transfer Equity LP 06/01/2027	5.500%	84,000	82,052
Enterprise Products Operating LLC 02/15/2045	5.100%	365,000	363,222
Holly Energy Partners LP/Finance Corp. ^(a) 08/01/2024	6.000%	84,000	82,280
Kinder Morgan Energy Partners LP 03/01/2043	5.000%	835,000	766,517
Kinder Morgan, Inc. 02/15/2046	5.050%	70,000	65,083
MPLX LP 04/15/2048	4.700%	230,000	198,633
NGPL PipeCo LLC ^(a) 12/15/2037	7.768%	255,000	290,786
NuStar Logistics LP 04/28/2027	5.625%	92,000	85,583
Plains All American Pipeline LP/Finance Corp. 06/15/2044	4.700%	821,000	684,928
Rockies Express Pipeline LLC ^(a) 04/15/2040	6.875%	143,000	150,227

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Rockpoint Gas Storage Canada Ltd. ^(a) 03/31/2023	7.000%	76,000	71,784
Star Energy Geothermal Wayang Windu Ltd. ^(a) 04/24/2033	6.750%	196,600	179,840
Sunoco LP/Finance Corp. 01/15/2023	4.875%	30,000	29,309
02/15/2026	5.500%	84,000	79,263
Tallgrass Energy Partners LP/Finance Corp. ^(a) 01/15/2028	5.500%	99,000	95,449
Targa Resources Partners LP/Finance Corp. 02/01/2027	5.375%	436,000	409,119
01/15/2028	5.000%	103,000	93,353
TransMontaigne Partners LP/TLP Finance Corp. 02/15/2026	6.125%	94,000	84,435
Williams Companies, Inc. (The) 09/15/2045	5.100%	536,000	498,105
Total			4,813,202
Natural Gas 0.8%			
NiSource, Inc. 05/15/2047	4.375%	500,000	468,032
Sempra Energy 06/15/2024	3.550%	425,000	412,989
06/15/2027	3.250%	450,000	413,060
Total			1,294,081
Oil Field Services 0.4%			
Calfrac Holdings LP ^(a) 06/15/2026	8.500%	46,000	34,739
Diamond Offshore Drilling, Inc. 08/15/2025	7.875%	41,000	34,037
Nabors Industries, Inc. 09/15/2021	4.625%	12,000	10,798
01/15/2023	5.500%	65,000	51,498
02/01/2025	5.750%	174,000	131,315
Rowan Companies, Inc. 01/15/2024	4.750%	46,000	34,020
SESI LLC 12/15/2021	7.125%	139,000	118,129
09/15/2024	7.750%	122,000	96,996
Transocean Guardian Ltd. ^(a) 01/15/2024	5.875%	47,000	45,101
Weatherford International Ltd. 06/15/2021	7.750%	63,000	47,360
02/15/2024	9.875%	3,000	1,835
Total			605,828

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Other Industry 0.1%			
KAR Auction Services, Inc. ^(a) 06/01/2025	5.125%	100,000	90,250
WeWork Companies, Inc. ^(a) 05/01/2025	7.875%	43,000	38,149
Total			128,399
Other REIT 0.1%			
CyrusOne LP/Finance Corp. 03/15/2024	5.000%	51,000	49,985
03/15/2027	5.375%	186,000	181,654
Total			231,639
Packaging 0.7%			
Ardagh Packaging Finance PLC/Holdings U.S.A., Inc. ^(a) 05/15/2024	7.250%	202,000	200,199
02/15/2025	6.000%	107,000	98,864
Berry Global, Inc. 07/15/2023	5.125%	120,000	118,825
BWAY Holding Co. ^(a) 04/15/2024	5.500%	117,000	110,161
Flex Acquisition Co., Inc. ^(a) 07/15/2026	7.875%	54,000	48,735
Multi-Color Corp. ^(a) 11/01/2025	4.875%	93,000	79,951
Novolex ^(a) 01/15/2025	6.875%	29,000	25,850
Owens-Brockway Glass Container, Inc. ^(a) 08/15/2023	5.875%	27,000	27,252
Reynolds Group Issuer, Inc./LLC 10/15/2020	5.750%	244,215	243,578
Reynolds Group Issuer, Inc./LLC ^(a) 07/15/2023	5.125%	120,000	114,177
07/15/2024	7.000%	160,000	151,201
Total			1,218,793
Pharmaceuticals 0.8%			
Allergan Funding SCS 03/15/2035	4.550%	220,000	209,342
Amgen, Inc. 06/15/2051	4.663%	280,000	265,169
Bausch Health Companies, Inc. ^(a) 12/01/2021	5.625%	84,000	83,029
03/15/2024	7.000%	27,000	27,349
04/15/2025	6.125%	399,000	346,786
11/01/2025	5.500%	58,000	54,199
04/01/2026	9.250%	145,000	145,460
01/31/2027	8.500%	27,000	26,158

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Catalent Pharma Solutions, Inc. ^(a) 01/15/2026	4.875%	77,000	72,429
Jaguar Holding Co. II/Pharmaceutical Product Development LLC ^(a) 08/01/2023	6.375%	161,000	154,005
Total			1,383,926
Property & Casualty 0.1%			
HUB International Ltd. ^(a) 05/01/2026	7.000%	133,000	120,166
Railroads 0.2%			
CSX Corp. 03/01/2048	4.300%	280,000	268,041
Restaurants 0.3%			
1011778 BC ULC/New Red Finance, Inc. ^(a) 10/15/2025	5.000%	178,000	163,755
IRB Holding Corp. ^(a) 02/15/2026	6.750%	98,000	85,200
McDonald's Corp. 12/09/2045	4.875%	230,000	231,825
Total			480,780
Retailers 0.2%			
Golden Legacy Pte. Ltd. ^(a) 06/07/2021	8.250%	200,000	204,046
L Brands, Inc. 11/01/2035	6.875%	54,000	45,152
Party City Holdings, Inc. ^(a) 08/15/2023	6.125%	8,000	7,845
08/01/2026	6.625%	29,000	26,374
Penske Automotive Group, Inc. 12/01/2024	5.375%	30,000	28,092
05/15/2026	5.500%	17,000	15,810
Total			327,319
Supermarkets 0.4%			
Albertsons Companies LLC/Safeway, Inc./New Albertsons LP 03/15/2025	5.750%	31,000	27,125
Kroger Co. (The) 02/01/2047	4.450%	428,000	375,352
01/15/2048	4.650%	312,000	281,369
Total			683,846
Supranational 0.1%			
Banque Ouest Africaine de Developpement ^(a) 07/27/2027	5.000%	200,000	189,070

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Technology 1.8%			
Ascend Learning LLC ^(a) 08/01/2025	6.875%	52,000	49,967
Broadcom Corp./Cayman Finance Ltd. 01/15/2027	3.875%	650,000	582,815
Camelot Finance SA ^(a) 10/15/2024	7.875%	120,000	116,088
CDK Global, Inc. 06/01/2027	4.875%	74,000	69,505
CommScope Technologies LLC ^(a) 06/15/2025	6.000%	64,000	58,323
03/15/2027	5.000%	39,000	31,618
Equinix, Inc. 01/15/2026	5.875%	276,000	279,745
05/15/2027	5.375%	42,000	41,526
First Data Corp. ^(a) 01/15/2024	5.750%	114,000	111,099
Gartner, Inc. ^(a) 04/01/2025	5.125%	156,000	151,718
Informatica LLC ^(a) 07/15/2023	7.125%	65,000	63,358
Iron Mountain, Inc. 08/15/2024	5.750%	95,000	90,325
Iron Mountain, Inc. ^(a) 03/15/2028	5.250%	74,000	65,327
MSCI, Inc. ^(a) 08/01/2026	4.750%	36,000	34,146
NCR Corp. 07/15/2022	5.000%	100,000	94,295
12/15/2023	6.375%	112,000	108,429
PTC, Inc. 05/15/2024	6.000%	128,000	128,336
Qualitytech LP/QTS Finance Corp. ^(a) 11/15/2025	4.750%	150,000	140,263
Refinitiv US Holdings, Inc. ^(a) 05/15/2026	6.250%	239,000	230,020
11/15/2026	8.250%	133,000	121,538
Symantec Corp. ^(a) 04/15/2025	5.000%	169,000	158,126
Tempo Acquisition LLC/Finance Corp. ^(a) 06/01/2025	6.750%	90,000	84,770
VeriSign, Inc. 04/01/2025	5.250%	192,000	191,948
Verscend Escrow Corp. ^(a) 08/15/2026	9.750%	78,000	73,307
Total			3,076,592

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Transportation Services 0.5%			
Avis Budget Car Rental LLC/Finance, Inc. 04/01/2023	5.500%	46,000	44,619
Avis Budget Car Rental LLC/Finance, Inc. ^(a) 03/15/2025	5.250%	113,000	97,970
FedEx Corp. 04/01/2046	4.550%	650,000	593,117
Hertz Corp. (The) ^(a) 06/01/2022	7.625%	129,000	121,903
XPO Logistics, Inc. ^(a) 06/15/2022	6.500%	41,000	40,601
Total			898,210
Wireless 1.2%			
Altice France SA ^(a) 05/01/2026	7.375%	400,000	366,880
02/01/2027	8.125%	68,000	64,090
Altice Luxembourg SA ^(a) 05/15/2022	7.750%	53,000	48,324
SBA Communications Corp. 09/01/2024	4.875%	305,000	289,310
Sprint Capital Corp. 11/15/2028	6.875%	181,000	171,086
Sprint Communications, Inc. ^(a) 03/01/2020	7.000%	60,000	61,579
Sprint Corp. 02/15/2025	7.625%	180,000	181,697
03/01/2026	7.625%	128,000	127,771
T-Mobile U.S.A., Inc. 01/15/2026	6.500%	291,000	297,028
02/01/2026	4.500%	50,000	46,183
02/01/2028	4.750%	147,000	135,287
Wind Tre SpA ^(a) 01/20/2026	5.000%	223,000	182,732
Total			1,971,967
Wirelines 1.2%			
AT&T, Inc. 06/15/2045	4.350%	900,000	763,882
CenturyLink, Inc. 03/15/2022	5.800%	119,000	114,287
12/01/2023	6.750%	52,000	50,095
04/01/2024	7.500%	86,000	83,321
04/01/2025	5.625%	130,000	114,545
Frontier Communications Corp. 01/15/2023	7.125%	116,000	65,934
09/15/2025	11.000%	41,000	25,549

Corporate Bonds & Notes ^(k) (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Liquid Telecommunications Financing PLC ^(a) 07/13/2022	8.500%	200,000	202,000
Telecom Italia Capital SA 09/30/2034	6.000%	72,000	62,209
Verizon Communications, Inc. 03/15/2055	4.672%	385,000	354,410
Zayo Group LLC/Capital, Inc. ^(a) 01/15/2027	5.750%	229,000	203,802
Total			2,040,034
Total Corporate Bonds & Notes (Cost \$72,085,785)			68,476,625
Foreign Government Obligations^{(k),(m)} 12.4%			
Argentina 1.6%			
Argentine Republic Government International Bond			
04/22/2019	6.250%	750,000	755,997
01/11/2023	4.625%	120,000	95,433
04/22/2026	7.500%	500,000	402,198
01/26/2027	6.875%	100,000	76,521
01/11/2028	5.875%	200,000	144,570
07/06/2028	6.625%	550,000	408,570
07/06/2036	7.125%	250,000	179,989
Argentine Republic Government International Bond ^(l)			
12/31/2033	8.280%	91,132	70,620
Provincia de Buenos Aires ^(a)			
06/15/2027	7.875%	200,000	143,890
Provincia de Cordoba ^(a)			
06/10/2021	7.125%	350,000	303,848
08/01/2027	7.125%	200,000	143,131
Total			2,724,767
Belarus 0.3%			
Republic of Belarus International Bond ^(a)			
06/29/2027	7.625%	500,000	511,887
Brazil 0.9%			
Brazil Notas do Tesouro Nacional Serie F			
01/01/2027	10.000%	BRL 1,800,000	484,764
Brazilian Government International Bond			
01/07/2041	5.625%	150,000	144,167
Petrobras Global Finance BV			
01/27/2025	5.299%	322,000	307,721
01/17/2027	7.375%	100,000	103,088
01/27/2028	5.999%	459,000	432,929
Total			1,472,669
Canada 0.3%			
City of Toronto			
06/07/2027	2.400%	CAD 600,000	418,722

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Foreign Government Obligations ^{(k),(m)} (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
China 0.8%			
Sinopec Group Overseas Development 2018 Ltd. ^(a) 09/12/2025	4.125%	400,000	401,665
State Grid Overseas Investment 2016 Ltd. ^(a) 05/04/2027	3.500%	375,000	361,362
Syngenta Finance NV ^(a) 04/24/2028	5.182%	600,000	552,911
Total			1,315,938
Colombia 0.1%			
Ecopetrol SA 06/26/2026	5.375%	100,000	100,746
Croatia 0.3%			
Croatia Government International Bond ^(a) 01/26/2024	6.000%	400,000	432,831
Dominican Republic 1.1%			
Dominican Republic Bond ^(a) 02/05/2027	11.250% DOP	10,000,000	203,212
Dominican Republic International Bond ^(a) 01/08/2021	14.000% DOP	3,012,000	63,348
03/04/2022	10.375% DOP	17,800,000	355,459
02/10/2023	14.500% DOP	3,600,000	79,523
01/27/2025	5.500%	200,000	198,315
01/25/2027	5.950%	218,000	216,750
04/30/2044	7.450%	486,000	505,837
01/27/2045	6.850%	200,000	196,555
Total			1,818,999
Ecuador 0.3%			
Ecuador Government International Bond ^(a) 12/13/2026	9.650%	620,000	566,874
Egypt 0.3%			
Egypt Government International Bond ^(a) 02/21/2028	6.588%	200,000	178,989
01/31/2047	8.500%	250,000	225,874
02/21/2048	7.903%	200,000	172,432
Total			577,295
El Salvador 0.1%			
El Salvador Government International Bond ^(a) 02/28/2029	8.625%	200,000	209,046
Honduras 0.4%			
Honduras Government International Bond ^(a) 03/15/2024	7.500%	200,000	210,771
01/19/2027	6.250%	450,000	444,248
Total			655,019

Foreign Government Obligations ^{(k),(m)} (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Indonesia 0.6%			
Indonesia Government International Bond ^(a) 01/17/2038	7.750%	100,000	128,563
Perusahaan Listrik Negara PT ^(a) 05/21/2028	5.450%	400,000	402,994
PT Pertamina Persero ^(a) 05/30/2044	6.450%	400,000	415,840
Total			947,397
Ivory Coast 0.5%			
Ivory Coast Government International Bond ^(a) 03/03/2028	6.375%	200,000	179,733
03/22/2030	5.250% EUR	200,000	201,952
06/15/2033	6.125%	200,000	166,608
Ivory Coast Government International Bond ^{(a),(l)} 12/31/2032	5.750%	285,825	251,567
Total			799,860
Kazakhstan 0.5%			
Kazakhstan Government International Bond ^(a) 07/21/2045	6.500%	200,000	239,420
KazMunayGas National Co. JSC ^(a) 04/24/2030	5.375%	600,000	590,388
Total			829,808
Malaysia 0.0%			
Petronas Capital Ltd. ^(a) 08/12/2019	5.250%	75,000	75,943
Mexico 1.2%			
Mexican Bonos 06/10/2021	6.500% MXN	50,000	2,430
Petroleos Mexicanos ^(a) 09/12/2024	7.190% MXN	260,000	10,326
Petroleos Mexicanos 01/23/2026	4.500%	102,000	88,273
08/04/2026	6.875%	350,000	340,678
11/12/2026	7.470% MXN	4,700,000	175,983
03/13/2027	6.500%	1,088,000	1,025,228
06/15/2035	6.625%	100,000	87,367
01/23/2045	6.375%	200,000	161,718
09/21/2047	6.750%	180,000	149,155
Total			2,041,158
Morocco 0.1%			
OCP SA ^(a) 04/25/2024	5.625%	200,000	205,533

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Foreign Government Obligations ^{(k),(m)} (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Nigeria 0.4%			
Nigeria Government International Bond ^(a)			
01/21/2031	8.747%	200,000	194,598
02/16/2032	7.875%	600,000	546,263
Total			740,861
Oman 0.6%			
Oman Government International Bond ^(a)			
01/17/2028	5.625%	900,000	792,607
Oman Sovereign Sukuk SAOC ^(a)			
10/31/2025	5.932%	200,000	190,833
Total			983,440
Paraguay 0.2%			
Paraguay Government International Bond ^(a)			
03/27/2027	4.700%	200,000	197,459
08/11/2044	6.100%	200,000	207,237
Total			404,696
Russian Federation 0.1%			
Gazprom OAO Via Gaz Capital SA ^(a)			
02/06/2028	4.950%	225,000	214,770
Senegal 0.3%			
Senegal Government International Bond ^(a)			
07/30/2024	6.250%	200,000	194,720
05/23/2033	6.250%	430,000	371,221
Total			565,941
Serbia 0.2%			
Serbia International Bond ^(a)			
09/28/2021	7.250%	250,000	269,486
South Africa 0.6%			
Eskom Holdings SOC Ltd. ^(a)			
08/10/2028	6.350%	400,000	386,217
Republic of South Africa Government Bond			
01/31/2037	8.500% ZAR	9,000,000	555,181
Total			941,398
Sri Lanka 0.2%			
Sri Lanka Government International Bond ^(a)			
04/18/2023	5.750%	200,000	184,601
04/18/2028	6.750%	200,000	181,794
Total			366,395
Trinidad and Tobago 0.1%			
Petroleum Co. of Trinidad & Tobago Ltd. ^(a)			
08/14/2019	9.750%	200,000	190,813

Foreign Government Obligations ^{(k),(m)} (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Ukraine 0.3%			
Ukraine Government International Bond ^(a)			
09/01/2024	7.750%	100,000	88,244
09/25/2032	7.375%	220,000	175,440
Ukraine Railways Via Shortline PLC ^(a)			
09/15/2021	9.875%	200,000	195,112
Total			458,796
Total Foreign Government Obligations (Cost \$22,354,287)			20,841,088
Residential Mortgage-Backed Securities - Agency 16.9%			
Federal Home Loan Mortgage Corp.			
10/01/2026	8.000%	31,634	32,475
Federal Home Loan Mortgage Corp. ^{(b),(n)}			
CMO Series 318 Class S1			
-1.0 x 1-month USD LIBOR + 5.950%			
Cap 5.950%			
11/15/2043	3.495%	3,373,950	633,653
CMO Series 326 Class S2			
-1.0 x 1-month USD LIBOR + 5.950%			
Cap 5.950%			
03/15/2044	3.495%	564,906	88,495
Federal Home Loan Mortgage Corp. ⁽ⁿ⁾			
CMO Series 4120 Class AI			
11/15/2039	3.500%	2,412,086	256,839
Federal Home Loan Mortgage Corp. ^{(h),(n)}			
CMO Series 4620 Class AS			
11/15/2042	1.418%	1,779,022	74,922
Federal National Mortgage Association ^(c)			
01/17/2034	3.000%	1,000,000	997,520
01/14/2049	3.500%	7,500,000	7,498,682
01/14/2049	4.000%	5,000,000	5,096,875
01/14/2049	5.000%	5,000,000	5,237,109
Federal National Mortgage Association			
05/01/2041	4.000%	135,051	137,177
Federal National Mortgage Association ^{(h),(i),(n)}			
CMO Series 2006-5 Class N1			
08/25/2034	1.933%	3,362,498	0
Federal National Mortgage Association ⁽ⁿ⁾			
CMO Series 2012-133 Class EI			
07/25/2031	3.500%	1,451,963	155,885
CMO Series 2012-139 Class IL			
04/25/2040	3.500%	2,210,444	299,326
CMO Series 2013-1 Class AI			
02/25/2043	3.500%	1,841,022	387,533

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

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Residential Mortgage-Backed Securities - Agency (continued)				Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Federal National Mortgage Association ^{(b),(n)}				Government National Mortgage Association ^{(b),(n)}			
CMO Series 2014-93 Class ES				CMO Series 2015-144 Class SA			
-1.0 x 1-month USD LIBOR + 6.150%				-1.0 x 1-month USD LIBOR + 6.200%			
Cap 6.150%				Cap 6.200%			
01/25/2045	3.644%	586,854	97,605	10/20/2045	3.730%	723,754	126,614
CMO Series 2016-31 Class H5				CMO Series 2016-108 Class SN			
-1.0 x 1-month USD LIBOR + 6.000%				-1.0 x 1-month USD LIBOR + 6.080%			
Cap 6.000%				Cap 6.080%			
06/25/2046	3.494%	998,597	176,003	08/20/2046	3.610%	818,040	162,661
CMO Series 2016-31 Class VS				CMO Series 2016-146 Class NS			
-1.0 x 1-month USD LIBOR + 6.000%				-1.0 x 1-month USD LIBOR + 6.100%			
Cap 6.000%				Cap 6.100%			
06/25/2046	3.494%	1,372,740	253,324	10/20/2046	3.630%	414,075	81,384
CMO Series 2016-42 Class SB				CMO Series 2016-20 Class SQ			
-1.0 x 1-month USD LIBOR + 6.000%				-1.0 x 1-month USD LIBOR + 6.100%			
Cap 6.000%				Cap 6.100%			
07/25/2046	3.494%	2,173,078	407,076	02/20/2046	3.630%	1,057,873	166,246
CMO Series 2017-47 Class SE				CMO Series 2016-91 Class NS			
-1.0 x 1-month USD LIBOR + 6.100%				-1.0 x 1-month USD LIBOR + 6.080%			
Cap 6.100%				Cap 6.080%			
06/25/2047	3.594%	854,675	157,638	07/20/2046	3.610%	806,932	166,696
CMO Series 2017-49 Class SL				CMO Series 2017-129 Class SA			
-1.0 x 1-month USD LIBOR + 6.150%				-1.0 x 1-month USD LIBOR + 6.200%			
Cap 6.150%				Cap 6.200%			
07/25/2047	3.644%	1,026,658	201,137	08/20/2047	3.730%	983,554	174,863
CMO Series 2017-56 Class SB				CMO Series 2017-130 Class SG			
-1.0 x 1-month USD LIBOR + 6.150%				-1.0 x 1-month USD LIBOR + 6.200%			
Cap 6.150%				Cap 6.200%			
07/25/2047	3.644%	1,718,328	316,498	08/20/2047	3.730%	856,092	133,423
CMO Series 2018-76 Class SN				CMO Series 2017-133 Class SM			
-1.0 x 1-month USD LIBOR + 6.150%				-1.0 x 1-month USD LIBOR + 6.250%			
Cap 6.150%				Cap 6.250%			
10/25/2048	3.644%	802,127	160,873	09/20/2047	3.780%	1,131,909	172,268
Government National Mortgage Association ^(c)				CMO Series 2018-67 Class SP			
01/23/2049	3.000%	2,000,000	1,969,492	-1.0 x 1-month USD LIBOR + 6.200%			
01/23/2049	4.500%	2,000,000	2,069,492	Cap 6.200%			
Government National Mortgage Association ⁽ⁿ⁾				05/20/2048	3.730%	1,947,209	359,069
CMO Series 2014-190 Class AI							
12/20/2038	3.500%	1,780,421	213,843				
				Total Residential Mortgage-Backed Securities - Agency (Cost \$28,613,150)			28,462,696

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Residential Mortgage-Backed Securities - Non-Agency 15.5%				Residential Mortgage-Backed Securities - Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Ajax Mortgage Loan Trust ^(a) CMO Series 2016-C Class A 10/25/2017	4.000%	543,540	541,101	Credit Suisse Mortgage Capital Certificates ^{(a),(h)} CMO Series 2008-4R Class 3A4 01/26/2038	3.902%	874,471	865,209
Arroyo Mortgage Trust ^(a) CMO Series 2018-1 Class A3 04/25/2048	4.218%	705,078	713,236	Credit Suisse Mortgage Trust ^(a) CMO Series 2018-RPL2 Class A1 08/25/2062	4.030%	188,129	187,346
Banc of America Funding Trust ^{(a),(d),(h)} CMO Series 2016-R1 Class M2 03/25/2040	3.500%	507,334	494,347	CSMC Trust ^(a) CMO Series 2018-RPL8 Class A1 07/25/2058	4.125%	779,606	778,507
Bayview Opportunity Master Fund IIIa Trust ^(a) Series 2017-RN8 Class A1 11/28/2032	3.352%	145,490	144,849	CTS Corp. ^(a) CMO Series 2015-6R Class 3A2 02/27/2036	3.750%	585,004	550,652
Bayview Opportunity Master Fund IV Trust ^(a) CMO Series 2018-RN2 Class A1 02/25/2033	3.598%	330,400	329,613	Deutsche Mortgage Securities, Inc. Mortgage Loan Trust CMO Series 2003-1 Class 1A7 04/25/2033	5.500%	270,995	267,697
Bayview Opportunity Master Fund IVa Trust ^(a) CMO Series 2018-RN3 Class A1 03/28/2033	3.672%	63,744	63,514	GCAT LLC ^(a) CMO Series 2017-2 Class A1 04/25/2047	3.500%	335,386	332,536
CMO Series 2018-RN6 Class A1 07/25/2033	4.090%	449,100	447,349	CMO Series 2018-1 Class A1 06/25/2048	3.844%	370,729	367,856
Bayview Opportunity Master Fund Trust ^(a) CMO Series 2018-RN8 Class A1 09/28/2033	4.066%	344,696	345,051	CMO Series 2018-2 Class A1 06/26/2023	4.090%	1,120,411	1,109,655
Bellemeade Re Ltd. ^{(a),(b)} CMO Series 2018-2A Class M1C 1-month USD LIBOR + 1.600% 08/25/2028	4.106%	400,000	403,726	Grand Avenue Mortgage Loan Trust ^(a) CMO Series 2017-RPL1 Class A1 08/25/2064	3.250%	727,880	722,969
CAM Mortgage Trust ^(a) CMO Series 2018-1 Class A1 12/01/2065	3.960%	514,994	513,960	Homeward Opportunities Fund I Trust ^{(a),(d)} CMO Series 2018-1 Class M1 06/25/2048	4.548%	300,000	295,969
CHL GMSR Issuer Trust ^{(a),(b)} CMO Series 2018-GT1 Class A 1-month USD LIBOR + 1.000% 05/25/2023	5.256%	500,000	500,197	Legacy Mortgage Asset Trust ^(a) CMO Series 2017-GS1 Class A1 01/25/2057	3.500%	850,998	843,531
CIM Trust ^(a) CMO Series 2017-6 Class A1 06/25/2057	3.015%	749,991	727,041	New Residential Mortgage LLC ^(a) Subordinated, CMO Series 2018-FNT1 Class D 05/25/2023	4.690%	589,333	587,434
CMO Series 2017-8 Class A1 12/25/2065	3.000%	470,809	462,010	NRZ Excess Spread-Collateralized Notes ^(a) Series 2018-PLS1 Class C 01/25/2023	3.981%	390,477	388,071
CIM Trust ^{(a),(b)} CMO Series 2018-R6 Class A1 1-month USD LIBOR + 1.076% Floor 1.080% 09/25/2058	3.596%	962,423	951,909	Series 2018-PLS1 Class D 01/25/2023	4.374%	390,477	388,311
COLT Mortgage Loan Trust ^(a) CMO Series 2016-1 Class A2 05/25/2046	3.500%	41,540	41,233	Subordinated, CMO Series 2018-PLS2 Class C 02/25/2023	4.102%	402,199	401,198
COLT Mortgage Loan Trust ^{(a),(h)} CMO Series 2016-2 Class A2 09/25/2046	3.250%	164,662	163,985	Subordinated, CMO Series 2018-PLS2 Class D 02/25/2023	4.593%	683,738	682,035
				Oak Hill Advisors Residential Loan Trust ^(a) CMO Series 2017-NPL1 Class A1 06/25/2057	3.000%	247,676	242,525
				CMO Series 2017-NPL2 Class A1 07/25/2057	3.000%	695,950	679,178

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Residential Mortgage-Backed Securities - Non-Agency (continued)				Senior Loans 4.1%			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Borrower	Coupon Rate	Principal Amount (\$)	Value (\$)
Oaktown Re Ltd. ^{(a),(b)} CMO Series 2017-1A Class M1 1-month USD LIBOR + 2.250% 04/25/2027	4.756%	216,364	216,995	Cable and Satellite 0.0% Cogeco Communications (U.S.A.) II LP ^{(b),(o)} Tranche B Term Loan 3-month USD LIBOR + 2.375% 01/03/2025	4.897%	49,750	46,972
PNMAC GMSR Issuer Trust ^{(a),(b)} CMO Series 2018-GT1 Class A 1-month USD LIBOR + 2.850% Floor 2.850% 02/25/2023	5.356%	1,500,000	1,503,222	Chemicals 0.3% ColourOz Investment 1 GmbH ^{(b),(o)} Tranche C 1st Lien Term Loan 3-month USD LIBOR + 3.000% Floor 1.000% 09/07/2021	5.487%	69,302	61,678
CMO Series 2018-GT2 Class A 1-month USD LIBOR + 2.650% 08/25/2025	5.156%	1,000,000	1,002,089	ColourOz Investment 2 LLC ^{(b),(o)} Tranche B2 1st Lien Term Loan 3-month USD LIBOR + 3.000% Floor 1.000% 09/07/2021	5.487%	419,219	373,105
Preston Ridge Partners Mortgage LLC ^(a) CMO Series 2017-2A Class A1 09/25/2022	3.470%	581,694	578,825	Kraton Polymers LLC ^{(b),(o)} Term Loan 3-month USD LIBOR + 2.500% Floor 1.000% 03/08/2025	5.022%	108,944	105,472
Preston Ridge Partners Mortgage LLC ^{(a),(h)} CMO Series 2017-3A Class A1 11/25/2022	3.470%	914,059	908,072	Total			540,255
Pretium Mortgage Credit Partners I LLC ^(a) CMO Series 2017-NPL4 Class A1 08/27/2032	3.250%	646,893	640,373	Consumer Cyclical Services 0.6% Staples, Inc. ^{(b),(o)} Term Loan 3-month USD LIBOR + 4.000% Floor 1.000% 09/12/2024	6.541%	268,509	256,875
CMO Series 2018-NPL1 Class A1 01/27/2033	3.375%	800,378	793,016	Uber Technologies, Inc. ^{(b),(o)} Term Loan 3-month USD LIBOR + 3.500% 07/13/2023	5.955%	723,742	692,534
PRPM LLC ^{(a),(h)} CMO Series 2018-3A Class A1 10/25/2023	4.483%	875,897	880,222	Total			949,409
RCO Mortgage LLC ^{(a),(h)} CMO Series 2017-1 Class A1 08/25/2022	3.375%	401,543	399,185	Consumer Products 0.0% Serta Simmons Bedding LLC ^{(b),(o)} 2nd Lien Term Loan 3-month USD LIBOR + 8.000% Floor 1.000% 11/08/2024	10.432%	125,259	88,517
RCO V Mortgage LLC ^(a) CMO Series 2018-1 Class A1 05/25/2023	4.000%	351,325	350,050	Electric 0.3% Astoria Energy LLC ^{(b),(o)} Tranche B Term Loan 3-month USD LIBOR + 4.000% Floor 1.000% 12/24/2021	6.530%	468,716	459,577
RCO V Mortgage LLC ^{(a),(h)} CMO Series 2018-2 Class A1 10/25/2023	4.458%	498,114	496,819				
Vericrest Opportunity Loan Transferee LXII LLC ^(a) CMO Series 2017-NPL9 Class A1 09/25/2047	3.125%	217,905	217,709				
Vericrest Opportunity Loan Transferee LXX LLC ^{(a),(h)} CMO Series 2018-NPL6 Class A1A 09/25/2048	4.115%	657,385	652,783				
Vericrest Opportunity Loan Transferee LXXI LLC ^(a) CMO Series 2018-NPL7 Class A1A 09/25/2048	3.967%	545,869	542,912				
Verus Securitization Trust ^(a) CMO Series 2018-1 Class A3 02/25/2048	3.205%	396,504	393,776				
Total Residential Mortgage-Backed Securities - Non-Agency (Cost \$26,193,688)			26,109,848				

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Senior Loans (continued)			
Borrower	Coupon Rate	Principal Amount (\$)	Value (\$)
Food and Beverage 0.1%			
8th Avenue Food & Provisions, Inc. ^{(b),(o)}			
1st Lien Term Loan			
3-month USD LIBOR + 3.750%			
10/01/2025	6.099%	34,606	33,827
2nd Lien Term Loan			
3-month USD LIBOR + 7.750%			
10/01/2026	10.099%	63,566	62,533
Total			96,360
Gaming 0.6%			
Affinity Gaming ^{(b),(o)}			
2nd Lien Term Loan			
3-month USD LIBOR + 8.250%			
Floor 1.000%			
01/31/2025	10.772%	1,000,000	960,000
Media and Entertainment 0.0%			
UFC Holdings LLC ^{(b),(o)}			
2nd Lien Term Loan			
3-month USD LIBOR + 7.500%			
Floor 1.000%			
08/18/2024	10.022%	9,000	8,870
Oil Field Services 0.3%			
Fieldwood Energy LLC ^{(b),(o)}			
1st Lien Term Loan			
3-month USD LIBOR + 5.250%			
Floor 1.000%			
04/11/2022	7.772%	275,952	257,154
2nd Lien Term Loan			
3-month USD LIBOR + 7.250%			
Floor 1.000%			
04/11/2023	9.772%	372,536	323,734
Total			580,888
Packaging 0.6%			
ProAmpac PG Borrower LLC ^{(b),(o)}			
1st Lien Term Loan			
3-month USD LIBOR + 3.500%			
Floor 1.000%			
11/20/2023	6.049%	982,500	935,831
Retailers 0.2%			
Academy Ltd. ^{(b),(o)}			
Term Loan			
3-month USD LIBOR + 4.000%			
Floor 1.000%			
07/01/2022	6.349%	556,087	367,712

Senior Loans (continued)			
Borrower	Coupon Rate	Principal Amount (\$)	Value (\$)
Technology 1.1%			
Ascend Learning LLC ^{(b),(o)}			
Term Loan			
3-month USD LIBOR + 3.000%			
Floor 1.000%			
07/12/2024	5.522%	13,825	13,030
Greeneden US Holdings I LLC/Genesys Telecommunications Laboratories, Inc. ^{(b),(o)}			
Tranche B3 Term Loan			
3-month USD LIBOR + 3.250%			
12/01/2023	5.772%	29,479	28,337
Hyland Software, Inc. ^{(b),(o)}			
1st Lien Term Loan			
3-month USD LIBOR + 3.500%			
Floor 0.750%			
07/01/2024	6.022%	985,000	952,495
ION Trading Technologies SARL ^{(b),(o)}			
1st Lien Term Loan			
3-month USD LIBOR + 4.000%			
Floor 1.000%			
11/21/2024	6.522%	987,956	931,149
Total			1,925,011
Total Senior Loans			6,959,402
(Cost \$7,507,037)			

Treasury Bills ^{(k),(m)} 0.5%			
Issuer	Effective Yield	Principal Amount (\$)	Value (\$)
Argentina 0.3%			
Argentina Treasury Bills			
04/30/2019	(28.670%)	ARS 15,500,000	455,067
Nigeria 0.2%			
Nigeria Treasury Bills			
01/17/2019	2.770%	NGN 124,000,000	339,124
Total Treasury Bills			794,191
(Cost \$785,414)			
Options Purchased Calls 0.0%			
			Value (\$)
(Cost \$52,500)			85,271

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Money Market Funds 6.7%		
	Shares	Value (\$)
Columbia Short-Term Cash Fund, 2.459% ^{(p),(q)}	11,194,472	11,193,352
Total Money Market Funds (Cost \$11,193,352)		11,193,352
Total Investments in Securities (Cost: \$194,848,844)		188,716,293
Other Assets & Liabilities, Net		(20,424,568)
Net Assets		168,291,725

At December 31, 2018, securities and/or cash totaling \$1,046,229 were pledged as collateral.

Investments in derivatives

Forward foreign currency exchange contracts					
Currency to be sold	Currency to be purchased	Counterparty	Settlement date	Unrealized appreciation (\$)	Unrealized depreciation (\$)
2,249,077 EUR	2,575,983 USD	Credit Suisse	01/11/2019	–	(2,731)
420,409 USD	580,000 AUD	Credit Suisse	01/11/2019	–	(11,815)
379,418 USD	3,240,000 NOK	Credit Suisse	01/11/2019	–	(4,553)
950,000 CAD	716,838 USD	Goldman Sachs	01/11/2019	20,815	–
288,952 USD	390,000 CAD	Goldman Sachs International	01/11/2019	–	(3,216)
374,488 USD	3,200,000 NOK	JPMorgan	01/11/2019	–	(4,251)
538,852 MXN	26,045 USD	Morgan Stanley	01/11/2019	–	(1,338)
4,500,000 NOK	526,249 USD	Morgan Stanley	01/11/2019	5,602	–
374,059 USD	3,200,000 NOK	Morgan Stanley	01/11/2019	–	(3,822)
1,910,000 BRL	507,554 USD	Standard Chartered Bank	01/11/2019	14,983	–
8,091,000 ZAR	568,599 USD	TD Securities	01/11/2019	6,809	–
592,409 USD	67,100,000 JPY	UBS	01/11/2019	20,192	–
Total				68,401	(31,726)

Long futures contracts						
Description	Number of contracts	Expiration date	Trading currency	Notional amount	Value/Unrealized appreciation (\$)	Value/Unrealized depreciation (\$)
U.S. Treasury 10-Year Note	179	03/2019	USD	21,840,797	487,001	–

Short futures contracts						
Description	Number of contracts	Expiration date	Trading currency	Notional amount	Value/Unrealized appreciation (\$)	Value/Unrealized depreciation (\$)
Euro-Bobl	(246)	03/2019	EUR	(32,599,920)	–	(162,601)
Long Gilt	(34)	03/2019	GBP	(4,187,780)	–	(44,792)
U.S. Treasury 2-Year Note	(65)	03/2019	USD	(13,800,313)	–	(95,602)
U.S. Ultra Treasury Bond	(16)	03/2019	USD	(2,570,500)	–	(131,411)
Total					–	(434,406)

Call option contracts purchased								
Description	Counterparty	Trading currency	Notional amount	Number of contracts	Exercise price/Rate	Expiration date	Cost (\$)	Value (\$)
10-Year OTC interest rate swap with Citi to receive 3-Month USD LIBOR BBA and pay exercise rate	Citi	USD	10,000,000	10,000,000	2.50	06/19/2019	52,500	85,271

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Put option contracts written									
Description	Counterparty	Trading currency	Notional amount	Number of contracts	Exercise price/Rate	Expiration date	Premium received (\$)	Value (\$)	
10-Year OTC interest rate swap with Citi to receive exercise rate and pay 3-Month USD LIBOR BBA	Citi	USD	(7,000,000)	(7,000,000)	3.25	02/28/2019	(37,625)	(2,338)	

Interest rate swap contracts												
Fund receives	Fund pays	Payment frequency	Counterparty	Maturity date	Notional currency	Notional amount	Value (\$)	Periodic payments receivable (payable) (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)
U.S. CPI Urban Consumers NSA	Fixed rate of 2.193%	Receives At maturity, Pays At maturity	Goldman Sachs International	11/23/2028	USD	1,800,000	(34,353)	–	–	–	–	(34,353)
U.S. CPI Urban Consumers NSA	Fixed rate of 2.017%	Receives At maturity, Pays At maturity	JPMorgan	12/21/2028	USD	1,700,000	(5,586)	–	–	–	–	(5,586)
U.S. CPI Urban Consumers NSA	Fixed rate of 2.193%	Receives At maturity, Pays At maturity	Morgan Stanley	12/07/2028	USD	1,900,000	(36,524)	–	–	–	–	(36,524)
Total							(76,463)	–	–	–	–	(76,463)

Cleared interest rate swap contracts												
Fund receives	Fund pays	Payment frequency	Counterparty	Maturity date	Notional currency	Notional amount	Value (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)	
Fixed rate of 2.740%	3-Month USD LIBOR	Receives Semi annually, Pays Quarterly	Morgan Stanley	02/16/2023	USD	15,500,000	208,851	–	–	208,851	–	
Fixed rate of 6.361%	28-Day MXN TIE-Banxico	Receives Monthly, Pays Monthly	Morgan Stanley	10/24/2025	MXN	17,000,000	(104,825)	–	–	–	(104,825)	
Fixed rate of 5.985%	28-Day MXN TIE-Banxico	Receives Monthly, Pays Monthly	Morgan Stanley	01/21/2026	MXN	8,000,000	(59,757)	–	–	–	(59,757)	
Fixed rate of 5.960%	28-Day MXN TIE-Banxico	Receives Monthly, Pays Monthly	Morgan Stanley	02/02/2026	MXN	20,000,000	(150,788)	–	–	–	(150,788)	
Total							(106,519)	–	–	208,851	(315,370)	

Credit default swap contracts - sell protection													
Reference entity	Counterparty	Maturity date	Receive fixed rate (%)	Payment frequency	Implied credit spread (%)*	Notional currency	Notional amount	Value (\$)	Periodic payments receivable (payable) (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)
Markit CMBX North America Index, Series 11 BBB-	JPMorgan	11/18/2054	3.000	Monthly	4.961	USD	200,000	(25,180)	116	–	(22,347)	–	(2,717)
Markit CMBX North America Index, Series 10 BBB-	Morgan Stanley	11/17/2059	3.000	Monthly	4.943	USD	200,000	(23,000)	117	–	(20,845)	–	(2,038)
Total							(48,180)	233	–	(43,192)	–	(4,755)	

* Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Cleared credit default swap contracts - sell protection												
Reference entity	Counterparty	Maturity date	Receive fixed rate (%)	Payment frequency	Implied credit spread (%)*	Notional currency	Notional amount	Value (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)
Markit CDX North America High Yield Index, Series 31	Morgan Stanley	12/20/2023	5.000	Quarterly	4.519	USD	1,650,000	6,898	–	–	6,898	–
Markit CDX North America High Yield Index, Series 31	Morgan Stanley	12/20/2023	5.000	Quarterly	4.519	USD	1,650,000	(1,104)	–	–	–	(1,104)
Total								5,794	–	–	6,898	(1,104)

* Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Reference index and values for swap contracts as of period end			
Reference index			Reference rate
28-Day MXN TIIE-Banxico	Interbank Equilibrium Interest Rate		8.590%
3-Month USD LIBOR	London Interbank Offered Rate		2.808%
U.S. CPI Urban Consumers NSA	United States Consumer Price All Urban Non-Seasonally Adjusted Index		1.900%

Notes to Portfolio of Investments

- Represents privately placed and other securities and instruments exempt from SEC registration (collectively, private placements), such as Section 4(a)(2) and Rule 144A eligible securities, which are often sold only to qualified institutional buyers. The Fund may invest in private placements determined to be liquid as well as those determined to be illiquid. Private placements may be determined to be liquid under guidelines established by the Fund's Board of Trustees. At December 31, 2018, the total value of these securities amounted to \$91,980,142, which represents 54.66% of total net assets.
- Variable rate security. The interest rate shown was the current rate as of December 31, 2018.
- Represents a security purchased on a when-issued basis.
- Valuation based on significant unobservable inputs.
- Represents shares owned in the residual interest of an asset-backed securitization.
- Represents fair value as determined in good faith under procedures approved by the Board of Trustees. At December 31, 2018, the total value of these securities amounted to \$654,591, which represents 0.39% of total net assets.
- Zero coupon bond.
- Variable or floating rate security, the interest rate of which adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. The interest rate shown was the current rate as of December 31, 2018.
- Non-income producing investment.
- Negligible market value.
- Principal amounts are denominated in United States Dollars unless otherwise noted.
- Represents a variable rate security with a step coupon where the rate adjusts according to a schedule for a series of periods, typically lower for an initial period and then increasing to a higher coupon rate thereafter. The interest rate shown was the current rate as of December 31, 2018.
- Principal and interest may not be guaranteed by the government.
- Represents interest only securities which have the right to receive the monthly interest payments on an underlying pool of mortgage loans.
- The stated interest rate represents the weighted average interest rate at December 31, 2018 of contracts within the senior loan facility. Interest rates on contracts are primarily determined either weekly, monthly or quarterly by reference to the indicated base lending rate and spread and the reset period. These base lending rates are primarily the London Interbank Offered Rate ("LIBOR") and other short-term rates. Base lending rates may be subject to a floor or minimum rate. The interest rate for senior loans purchased on a when-issued or delayed delivery basis will be determined upon settlement, therefore no interest rate is disclosed. Senior loans often require prepayments from excess cash flows or permit the borrowers to repay at their election. The degree to which borrowers repay, cannot be predicted with accuracy. As a result, remaining maturities of senior loans may be less than the stated maturities.
- The rate shown is the seven-day current annualized yield at December 31, 2018.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Notes to Portfolio of Investments (continued)

(q) As defined in the Investment Company Act of 1940, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. Holdings and transactions in these affiliated companies during the year ended December 31, 2018 are as follows:

Issuer	Beginning shares	Shares purchased	Shares sold	Ending shares	Realized gain (loss) – affiliated issuers (\$)	Net change in unrealized appreciation (depreciation) – affiliated issuers (\$)	Dividends – affiliated issuers (\$)	Value – affiliated issuers at end of period (\$)
Columbia Short-Term Cash Fund, 2.459%	6,491,622	66,901,570	(62,198,720)	11,194,472	(315)	(597)	162,468	11,193,352

Abbreviation Legend

CMO Collateralized Mortgage Obligation
PIK Payment In Kind

Currency Legend

ARS Argentine Peso
AUD Australian Dollar
BRL Brazilian Real
CAD Canada Dollar
DOP Dominican Republic Peso
EUR Euro
GBP British Pound
JPY Japanese Yen
MXN Mexican Peso
NGN Nigerian Naira
NOK Norwegian Krone
USD US Dollar
ZAR South African Rand

Fair value measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 – Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date. Valuation adjustments are not applied to Level 1 investments.
- Level 2 – Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 – Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Certain investments that have been measured at fair value using the net asset value (NAV) per share (or its equivalent) are not categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to reconcile the fair value hierarchy to the amounts presented in the Portfolio of Investments. The Columbia Short-Term Cash Fund seeks to provide shareholders with maximum current income consistent with liquidity and stability of principal. Columbia Short-Term Cash Fund prices its shares with a floating NAV and no longer seeks to maintain a stable NAV.

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Fair value measurements (continued)

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

For investments categorized as Level 3, the Committee monitors information similar to that described above, which may include: (i) data specific to the issuer or comparable issuers, (ii) general market or specific sector news and (iii) quoted prices and specific or similar security transactions. The Committee considers this data and any changes from prior periods in order to assess the reasonableness of observable and unobservable inputs, any assumptions or internal models used to value those securities and changes in fair value. This data is also used to corroborate, when available, information received from approved pricing vendors and brokers. Various factors impact the frequency of monitoring this information (which may occur as often as daily). However, the Committee may determine that changes to inputs, assumptions and models are not required as a result of the monitoring procedures performed.

The following table is a summary of the inputs used to value the Fund's investments at December 31, 2018:

	Level 1 quoted prices in active markets for identical assets (\$)	Level 2 other significant observable inputs (\$)	Level 3 significant unobservable inputs (\$)	Investments measured at net asset value (\$)	Total (\$)
Investments in Securities					
Asset-Backed Securities – Non-Agency	–	16,457,271	1,038,591	–	17,495,862
Commercial Mortgage-Backed Securities - Non-Agency	–	7,963,777	–	–	7,963,777
Common Stocks					
Energy	–	326,648	–	–	326,648
Financials	–	–	–	–	–
Utilities	–	7,533	–	–	7,533
Total Common Stocks	–	334,181	–	–	334,181
Corporate Bonds & Notes	–	68,476,625	–	–	68,476,625
Foreign Government Obligations	–	20,841,088	–	–	20,841,088
Residential Mortgage-Backed Securities - Agency	–	28,462,696	–	–	28,462,696
Residential Mortgage-Backed Securities - Non-Agency	–	25,319,532	790,316	–	26,109,848
Senior Loans	–	6,959,402	–	–	6,959,402
Treasury Bills	–	794,191	–	–	794,191
Options Purchased Calls	–	85,271	–	–	85,271
Money Market Funds	–	–	–	11,193,352	11,193,352
Total Investments in Securities	–	175,694,034	1,828,907	11,193,352	188,716,293
Investments in Derivatives					
Asset					
Forward Foreign Currency Exchange Contracts	–	68,401	–	–	68,401
Futures Contracts	487,001	–	–	–	487,001
Swap Contracts	–	215,749	–	–	215,749
Liability					
Forward Foreign Currency Exchange Contracts	–	(31,726)	–	–	(31,726)
Futures Contracts	(434,406)	–	–	–	(434,406)
Options Contracts Written	–	(2,338)	–	–	(2,338)
Swap Contracts	–	(397,692)	–	–	(397,692)
Total	52,595	175,546,428	1,828,907	11,193,352	188,621,282

The accompanying Notes to Financial Statements are an integral part of this statement.

PORTFOLIO OF INVESTMENTS (continued)

December 31, 2018

Fair value measurements (continued)

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category are generally valued using the market approach, in which a security's value is determined through reference to prices and information from market transactions for similar or identical assets.

Forward foreign currency exchange contracts, futures contracts and swap contracts are valued at unrealized appreciation (depreciation).

There were no transfers of financial assets between Levels 1 and 2 during the period.

Financial assets were transferred from Level 3 to Level 2 as observable market inputs were utilized and management determined that there was sufficient, reliable and observable market data to value these assets as of period end.

Transfers between levels are determined based on the fair value at the beginning of the period for security positions held throughout the period.

The following table is a reconciliation of Level 3 assets for which significant observable and unobservable inputs were used to determine fair value:

Investments in securities	Balance as of 12/31/2017 (\$)	Increase (decrease) in accrued discounts/ premiums (\$)	Realized gain (loss) (\$)	Change in unrealized appreciation (depreciation) ^(a) (\$)	Purchases (\$)	Sales (\$)	Transfers into Level 3 (\$)	Transfers out of Level 3 (\$)	Balance as of 12/31/2018 (\$)
Asset-Backed Securities – Non-Agency	2,476,000	2,615	–	(267,584)	377,560	–	–	(1,550,000)	1,038,591
Common Stocks	260,400	–	121,909	(21,485)	–	(360,824)	–	–	–
Corporate Bonds & Notes	332,280	–	–	–	–	–	–	(332,280)	–
Residential Mortgage-Backed Securities – Non-Agency	5,033,223	671	–	(3,830)	299,999	(3,200,000)	–	(1,339,747)	790,316
Senior Loans	600,000	–	12,250	(11,000)	–	(601,250)	–	–	–
Total	8,701,903	3,286	134,159	(303,899)	677,559	(4,162,074)	–	(3,222,027)	1,828,907

(a) Change in unrealized appreciation (depreciation) relating to securities held at December 31, 2018 was \$(267,414), which is comprised of Asset-Backed Securities – Non-Agency of \$(267,584) and Residential Mortgage-Backed Securities – Non-Agency of \$170.

The Fund's assets assigned to the Level 3 category are valued utilizing the valuation technique deemed the most appropriate in the circumstances. Certain residential mortgage backed securities and asset backed securities classified as Level 3 securities are valued using the market approach and utilize single market quotations from broker dealers which may have included, but were not limited to, observable transactions for identical or similar assets in the market and the distressed nature of the security. The appropriateness of fair values for these securities is monitored on an ongoing basis which may include results of back testing, manual price reviews and other control procedures. Significant increases (decreases) to any of these inputs would result in a significantly higher (lower) fair value measurement.

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2018

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost \$183,602,992)	\$177,437,670
Affiliated issuers (cost \$11,193,352)	11,193,352
Options purchased (cost \$52,500)	85,271
Cash	49,612
Foreign currency (cost \$8,508)	8,673
Margin deposits on:	
Futures contracts	540,476
Swap contracts	505,753
Unrealized appreciation on forward foreign currency exchange contracts	68,401
Receivable for:	
Investments sold	110,858
Capital shares sold	45,444
Dividends	20,379
Interest	1,700,215
Foreign tax reclaims	12,174
Variation margin for futures contracts	75,556
Variation margin for swap contracts	25,664
Expense reimbursement due from Investment Manager	12,185
Prepaid expenses	635
Trustees' deferred compensation plan	69,887
Total assets	191,962,205
Liabilities	
Option contracts written, at value (premiums received \$37,625)	2,338
Unrealized depreciation on forward foreign currency exchange contracts	31,726
Unrealized depreciation on swap contracts	81,218
Upfront receipts on swap contracts	43,192
Payable for:	
Investments purchased on a delayed delivery basis	23,225,760
Capital shares purchased	11,071
Variation margin for futures contracts	18,641
Variation margin for swap contracts	209
Management services fees	86,014
Distribution and/or service fees	14,621
Service fees	9,662
Compensation of board members	1,020
Compensation of chief compliance officer	16
Other expenses	75,105
Trustees' deferred compensation plan	69,887
Total liabilities	23,670,480
Net assets applicable to outstanding capital stock	\$168,291,725
Represented by	
Paid in capital	169,177,982
Total distributable earnings (loss) (Note 2)	(886,257)
Total - representing net assets applicable to outstanding capital stock	\$168,291,725
Class 1	
Net assets	\$99,737,938
Shares outstanding	24,816,702
Net asset value per share	\$4.02
Class 2	
Net assets	\$68,553,787
Shares outstanding	17,232,659
Net asset value per share	\$3.98

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF OPERATIONS

Year Ended December 31, 2018

Net investment income	
Income:	
Dividends – unaffiliated issuers	\$344,713
Dividends – affiliated issuers	162,468
Interest	8,081,667
Total income	8,588,848
Expenses:	
Management services fees	1,007,137
Distribution and/or service fees	
Class 2	168,889
Service fees	93,385
Compensation of board members	14,830
Custodian fees	76,122
Printing and postage fees	29,102
Audit fees	57,821
Legal fees	3,676
Interest on collateral	3,560
Compensation of chief compliance officer	64
Other	12,276
Total expenses	1,466,862
Fees waived or expenses reimbursed by Investment Manager and its affiliates	(142,404)
Total net expenses	1,324,458
Net investment income	7,264,390
Realized and unrealized gain (loss) – net	
Net realized gain (loss) on:	
Investments – unaffiliated issuers	(644,009)
Investments – affiliated issuers	(315)
Foreign currency translations	(36,947)
Forward foreign currency exchange contracts	240,499
Futures contracts	21,390
Options purchased	527,150
Options contracts written	88,500
Swap contracts	(367,674)
Net realized loss	(171,406)
Net change in unrealized appreciation (depreciation) on:	
Investments – unaffiliated issuers	(8,767,786)
Investments – affiliated issuers	(597)
Foreign currency translations	(16,628)
Forward sale commitments	16,562
Forward foreign currency exchange contracts	16,872
Futures contracts	324,278
Options purchased	130,181
Options contracts written	35,287
Swap contracts	425,045
Net change in unrealized appreciation (depreciation)	(7,836,786)
Net realized and unrealized loss	(8,008,192)
Net decrease in net assets resulting from operations	\$(743,802)

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operations		
Net investment income	\$7,264,390	\$6,650,413
Net realized gain (loss)	(171,406)	2,452
Net change in unrealized appreciation (depreciation)	(7,836,786)	2,249,940
Net increase (decrease) in net assets resulting from operations	(743,802)	8,902,805
Distributions to shareholders		
Net investment income and net realized gains		
Class 1	(3,438,395)	
Class 2	(2,217,129)	
Net investment income		
Class 1		(2,945,144)
Class 2		(1,578,928)
Total distributions to shareholders (Note 2)	(5,655,524)	(4,524,072)
Increase in net assets from capital stock activity	11,002,638	16,662,375
Total increase in net assets	4,603,312	21,041,108
Net assets at beginning of year	163,688,413	142,647,305
Net assets at end of year	\$168,291,725	\$163,688,413
Undistributed net investment income	\$6,983,142	\$5,528,977

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Shares	Dollars (\$)	Shares	Dollars (\$)
Capital stock activity				
Class 1				
Subscriptions	677,059	2,758,715	191,399	796,022
Distributions reinvested	848,986	3,438,395	713,110	2,945,144
Redemptions	(605,434)	(2,483,158)	(680,029)	(2,818,917)
Net increase	920,611	3,713,952	224,480	922,249
Class 2				
Subscriptions	5,051,153	20,665,730	5,101,930	21,011,774
Distributions reinvested	552,900	2,217,129	386,046	1,578,928
Redemptions	(3,819,211)	(15,594,173)	(1,664,340)	(6,850,576)
Net increase	1,784,842	7,288,686	3,823,636	15,740,126
Total net increase	2,705,453	11,002,638	4,048,116	16,662,375

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS

The following table is intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

	Net asset value, beginning of period	Net investment income	Net realized and unrealized gain (loss)	Total from investment operations	Distributions from net investment income	Distributions from net realized gains	Total distributions to shareholders
Class 1							
Year Ended 12/31/2018	\$4.18	0.18	(0.20)	(0.02)	(0.14)	–	(0.14)
Year Ended 12/31/2017	\$4.05	0.18	0.08	0.26	(0.13)	–	(0.13)
Year Ended 12/31/2016	\$4.45	0.19	0.21	0.40	(0.53)	(0.27)	(0.80)
Year Ended 12/31/2015	\$8.71	0.34	(0.32) ^(d)	0.02	(3.20)	(1.08)	(4.28)
Year Ended 12/31/2014	\$8.77	0.39	(0.05)	0.34	(0.30)	(0.10)	(0.40)
Class 2							
Year Ended 12/31/2018	\$4.14	0.17	(0.20)	(0.03)	(0.13)	–	(0.13)
Year Ended 12/31/2017	\$4.02	0.17	0.07	0.24	(0.12)	–	(0.12)
Year Ended 12/31/2016	\$4.41	0.18	0.21	0.39	(0.51)	(0.27)	(0.78)
Year Ended 12/31/2015	\$8.66	0.26	(0.25) ^(d)	0.01	(3.18)	(1.08)	(4.26)
Year Ended 12/31/2014	\$8.73	0.37	(0.07)	0.30	(0.27)	(0.10)	(0.37)

Notes to Financial Highlights

- (a) In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.
- (b) Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.
- (c) Ratios include interest on collateral expense which is less than 0.01%.
- (d) Calculation of the net gain (loss) per share (both realized and unrealized) does not correlate to the aggregate realized and unrealized gain (loss) presented in the Statement of Operations due to the timing of subscriptions and redemptions of Fund shares in relation to fluctuations in the market value of the portfolio.

The accompanying Notes to Financial Statements are an integral part of this statement.

FINANCIAL HIGHLIGHTS (continued)

	Net asset value, end of period	Total return	Total gross expense ratio to average net assets ^(a)	Total net expense ratio to average net assets ^{(a),(b)}	Net investment income ratio to average net assets	Portfolio turnover	Net assets, end of period (000's)
Class 1							
Year Ended 12/31/2018	\$4.02	(0.39%)	0.77% ^(c)	0.69% ^(c)	4.43%	157%	\$99,738
Year Ended 12/31/2017	\$4.18	6.36%	0.77%	0.71%	4.42%	162%	\$99,806
Year Ended 12/31/2016	\$4.05	9.15%	0.73%	0.66%	4.50%	179%	\$95,971
Year Ended 12/31/2015	\$4.45	(1.77%)	0.69%	0.68%	4.23%	192%	\$89,998
Year Ended 12/31/2014	\$8.71	3.77%	0.67%	0.67%	4.39%	130%	\$900,978
Class 2							
Year Ended 12/31/2018	\$3.98	(0.64%)	1.02% ^(c)	0.94% ^(c)	4.18%	157%	\$68,554
Year Ended 12/31/2017	\$4.14	5.90%	1.03%	0.96%	4.19%	162%	\$63,882
Year Ended 12/31/2016	\$4.02	9.05%	0.98%	0.90%	4.24%	179%	\$46,676
Year Ended 12/31/2015	\$4.41	(1.93%)	0.98%	0.94%	4.23%	192%	\$35,854
Year Ended 12/31/2014	\$8.66	3.41%	0.92%	0.92%	4.14%	130%	\$33,769

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1. Organization

Columbia Variable Portfolio – Strategic Income Fund (the Fund), a series of Columbia Funds Variable Insurance Trust (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

Fund shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1 and Class 2 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies (Participating Insurance Companies) as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You may invest by participating in a Qualified Plan or by buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

Note 2. Summary of significant accounting policies

Basis of preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services - Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security valuation

All equity securities are valued at the close of business of the New York Stock Exchange. Equity securities are valued at the last quoted sales price on the principal exchange or market on which they trade, except for securities traded on the NASDAQ Stock Market, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the mean of the latest quoted bid and ask prices on such exchanges or markets.

Debt securities generally are valued by pricing services approved by the Board of Trustees based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques that take into account, as applicable, factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as approved independent broker-dealer quotes. Debt securities for which quotations are not readily available or not believed to be reflective of market value may also be valued based upon a bid quote from an approved independent broker-dealer. Debt securities maturing in 60 days or less are valued primarily at amortized cost value, unless this method results in a valuation that management believes does not approximate market value.

Asset- and mortgage-backed securities are generally valued by pricing services, which utilize pricing models that incorporate the securities' cash flow and loan performance data. These models also take into account available market data, including trades, market quotations, and benchmark yield curves for identical or similar securities. Factors used to identify similar securities may include, but are not limited to, issuer, collateral type, vintage, prepayment speeds, collateral performance, credit ratings, credit enhancement and expected life. Asset-backed securities for which quotations are readily available may also be valued based upon an over-the-counter or exchange bid quote from an approved independent broker-dealer.

Senior loan securities for which reliable market quotations are readily available are generally valued by pricing services at the average of the bids received.

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Investments in open-end investment companies, including money market funds, are valued at their latest net asset value.

Forward foreign currency exchange contracts are marked-to-market based upon foreign currency exchange rates provided by a pricing service.

Futures and options on futures contracts are valued based upon the settlement price at the close of regular trading on their principal exchanges or, in the absence of transactions, at the mean of the latest quoted bid and ask prices.

Option contracts are valued at the mean of the latest quoted bid and ask prices on their primary exchanges. Option contracts, including over-the-counter option contracts, with no readily available market quotations are valued using quotes obtained from independent brokers as of the close of the New York Stock Exchange.

Swap transactions are valued through an independent pricing service or broker, or if neither is available, through an internal model based upon observable inputs.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board of Trustees. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

Foreign currency transactions and translations

The values of all assets and liabilities denominated in foreign currencies are generally translated into U.S. dollars at exchange rates determined at the close of regular trading on the New York Stock Exchange. Net realized and unrealized gains (losses) on foreign currency transactions and translations include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments in the Statement of Operations.

Derivative instruments

The Fund invests in certain derivative instruments, as detailed below, to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more securities, currencies, commodities, indices, or other assets or instruments. Derivatives may be used to increase investment flexibility (including to maintain cash reserves while maintaining desired exposure to certain assets), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligations under the terms of the contract, the potential for an illiquid secondary market (making it difficult for the Fund to sell or terminate, including at favorable prices) and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities. The notional amounts of derivative instruments, if applicable, are not recorded in the financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

A derivative instrument may suffer a marked-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform its obligations under the contract. The Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund and the amount of any variation margin held by the counterparty, plus any replacement costs or related amounts. With exchange-traded or centrally cleared derivatives, there is reduced counterparty credit risk to the Fund since the clearinghouse or central counterparty (CCP) provides some protection in the case of clearing member default. The clearinghouse or CCP stands between the buyer and the seller of the contract; therefore, additional counterparty credit risk is failure of the clearinghouse or CCP. However, credit risk still exists in exchange-traded or centrally cleared derivatives with respect to initial and variation margin that is held in a broker's customer account. While brokers are required to segregate customer margin from their own assets, in the event that a broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker for all its clients, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's customers (including the Fund), potentially resulting in losses to the Fund.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivatives contract counterparties. An ISDA Master Agreement is an agreement between the Fund and a counterparty that governs over-the-counter derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative instrument's payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting), including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset or netting in bankruptcy, insolvency or other events.

Collateral (margin) requirements differ by type of derivative. Margin requirements are established by the clearinghouse or CCP for exchange-traded and centrally cleared derivatives. Brokers can ask for margin in excess of the minimum in certain circumstances. Collateral terms are contract specific for over-the-counter derivatives. For over-the-counter derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the marked-to-market amount for each transaction under such agreement and comparing that amount to the value of any variation margin currently pledged by the Fund and/or the counterparty. Generally, the amount of collateral due from or to a party has to 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 Fund may also pay interest expense on cash collateral received from the broker. Any interest expense paid by the Fund is shown on the Statement of Operations. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties of over-the-counter derivatives transactions to terminate derivatives contracts prior to maturity in the event the Fund's net asset value declines by a stated percentage over a specified time period or if the Fund fails to meet certain terms of the ISDA Master Agreement, which would cause the Fund to accelerate payment of any net liability owed to the counterparty. The Fund also has termination rights if the counterparty fails to meet certain terms of the ISDA Master Agreement. In determining whether to exercise such termination rights, the Fund would consider, in addition to counterparty credit risk, whether termination would result in a net liability owed from the counterparty.

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

Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are over-the-counter agreements between two parties to buy and sell a currency at a set price on a future date. The Fund utilized forward foreign currency exchange contracts to hedge the currency exposure associated with some or all of the Fund's securities and to generate total return through long and short positions versus the U.S. dollar. These instruments may be used for other purposes in future periods.

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The values of forward foreign currency exchange contracts fluctuate daily with changes in foreign currency exchange rates. Changes in the value of these contracts are recorded as unrealized appreciation or depreciation until the contract is exercised or has expired. The Fund will realize a gain or loss when the forward foreign currency exchange contract is closed or expires.

The use of forward foreign currency exchange contracts does not eliminate fluctuations in the prices of the Fund's portfolio securities. The risks of forward foreign currency exchange contracts include movement in the values of the foreign currencies relative to the U.S. dollar (or other foreign currencies) and the possibility that counterparties will not complete their contractual obligations, which may be in excess of the amount reflected, if any, in the Statement of Assets and Liabilities.

Futures contracts

Futures contracts are exchange-traded and represent commitments for the future purchase or sale of an asset at a specified price on a specified date. The Fund bought and sold futures contracts to manage the duration and yield curve exposure of the Fund versus the benchmark. These instruments may be used for other purposes in future periods. Upon entering into futures contracts, the Fund bears risks that it may not achieve the anticipated benefits of the futures contracts and may realize a loss. Additional risks include counterparty credit risk, the possibility of an illiquid market, and that a change in the value of the contract or option may not correlate with changes in the value of the underlying asset.

Upon entering into a futures contract, the Fund deposits cash or securities with the broker, known as a futures commission merchant (FCM), in an amount sufficient to meet the initial margin requirement. The initial margin deposit must be maintained at an established level over the life of the contract. Cash deposited as initial margin is recorded in the Statement of Assets and Liabilities as margin deposits. Securities deposited as initial margin are designated in the Portfolio of Investments. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily change in the contract value and are recorded as variation margin receivable or payable and are offset in unrealized gains or losses. The Fund recognizes a realized gain or loss when the contract is closed or expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities.

Options contracts

Options are contracts which entitle the holder to purchase or sell securities or other identified assets at a specified price, or in the case of index option contracts, to receive or pay the difference between the index value and the strike price of the index option contract. Option contracts can be either exchange-traded or over-the-counter. The Fund purchased and wrote option contracts to manage fluctuations in interest rates. These instruments may be used for other purposes in future periods. Completion of transactions for option contracts traded in the over-the-counter market depends upon the performance of the other party. Cash collateral may be collected or posted by the Fund to secure certain over-the-counter option contract trades. Cash collateral held or posted by the Fund for such option contract trades must be returned to the broker or the Fund upon closure, exercise or expiration of the contract.

Options contracts purchased are recorded as investments. When the Fund writes an options contract, the premium received is recorded as an asset and an amount equivalent to the premium is recorded as a liability in the Statement of Assets and Liabilities and is subsequently adjusted to reflect the current fair value of the option written. Changes in the fair value of the written option are recorded as unrealized appreciation or depreciation until the contract is exercised or has expired. The Fund will realize a gain or loss when the option contract is closed or expires. When option contracts are exercised, the proceeds on sales for a written call or purchased put option contract, or the purchase cost for a written put or purchased call option contract, is adjusted by the amount of premium received or paid.

For over-the-counter 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. Option contracts written by the Fund do not typically give rise to significant counterparty credit risk, as options written generally obligate the Fund and not the counterparty to perform. The risk in writing a call option contract is that the Fund gives up the opportunity for profit if the market price of the security increases above the strike price and the option contract is exercised. The risk in writing a put option contract is that the Fund may incur a loss if the market price of the security decreases below the strike price and the option contract is exercised. Exercise of a written option could result in the Fund

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purchasing or selling a security or foreign currency when it otherwise would not, or at a price different from the current market value. In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that the Fund may not be able to enter into a closing transaction due to an illiquid market.

Interest rate swaption contracts

Interest rate swaption contracts entered into by the Fund typically represent an option that gives the purchaser the right, but not the obligation, to enter into an interest rate swap contract on a future date. Each interest rate swaption agreement will specify if the buyer is entitled to receive the fixed or floating rate if the interest rate is exercised. Changes in the value of a purchased interest rate swaption contracts are reported as unrealized appreciation or depreciation on options in the Statement of Assets and Liabilities. Gain or loss is recognized in the Statement of Operations when the interest rate swaption contract is closed or expires.

When the Fund writes an interest rate swaption contract, the premium received is recorded as an asset and an amount equivalent to the premium is recorded as a liability in the Statement of Assets and Liabilities and is subsequently adjusted to reflect the current fair value of the interest rate swaption contract written. Premiums received from writing interest rate swaption contracts that expire unexercised are recorded by the Fund on the expiration date as realized gains from options written in the Statement of Operations. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also recorded as realized gain, or if the premium is less than the amount paid for the closing purchase, as realized loss. These amounts are reflected as net realized gain (loss) on options written in the Statement of Operations.

Option contracts are valued at the mean of the latest quoted bid and ask prices on their primary exchanges. Option contracts, including over-the-counter option contracts, with no readily available market quotations are valued using quotes obtained from independent brokers as of the close of the New York Stock Exchange.

Swap contracts

Swap contracts are negotiated in the over-the-counter market and may be entered into as a bilateral contract or centrally cleared (centrally cleared swap contract). In a centrally cleared swap contract, immediately following execution of the swap contract with a broker, the swap contract is novated to a central counterparty (the CCP) and the CCP becomes the Fund's counterparty to the centrally cleared swap contract. The Fund is required to deposit initial margin with the futures commission merchant (FCM), which pledges it through to the CCP in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap contract. Securities deposited as initial margin are designated in the Portfolio of Investments and cash deposited is recorded in the Statement of Assets and Liabilities as margin deposits. Unlike a bilateral swap contract, for centrally cleared swap contracts, the Fund has minimal credit exposure to the FCM because the CCP stands between the Fund and the relevant buyer/seller on the other side of the contract. Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swap contracts, if any, is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities.

Entering into these contracts involves, to varying degrees, elements of interest, liquidity and counterparty credit risk in excess of the amounts recognized in the Statement of Assets and Liabilities. Such risks involve the possibility that there may be unfavorable changes in interest rates, market conditions or other conditions, that it may be difficult to initiate a swap transaction or liquidate a position at an advantageous time or price which may result in significant losses, and that the FCM or CCP may not fulfill its obligation under the contract.

Credit default swap contracts

The Fund entered into credit default swap contracts to increase or decrease its credit exposure to an index. These instruments may be used for other purposes in future periods. Credit default swap contracts are agreements in which one party pays fixed periodic payments to a counterparty in consideration for an agreement from the counterparty to make a specific payment should a specified credit event(s) take place. Although specified credit events are contract specific, credit events are generally defined as bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium.

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As the purchaser of a credit default swap contract, the Fund purchases protection by paying a periodic interest rate on the notional amount to the counterparty. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized loss upon payment. If a credit event as specified in the contract occurs, the Fund may have the option either to deliver the reference obligation to the seller in exchange for a cash payment of its par amount, or to receive a net cash settlement equal to the par amount less an agreed-upon value of the reference obligation as of the date of the credit event. The difference between the value of the obligation or cash delivered and the notional amount received will be recorded as a realized gain (loss).

Any upfront payments or receipts by the Fund upon entering into a credit default swap contract is recorded as an asset or liability, respectively, and amortized daily as a component of realized gain (loss) in the Statement of Operations. Credit default swap contracts are valued daily, and the change in value is recorded as unrealized appreciation (depreciation) until the termination of the swap, at which time a realized gain (loss) is recorded.

Credit default swap contracts can involve greater risks than if a fund had invested in the reference obligation directly since, in addition to general market risks, credit default swaps are subject to counterparty credit risk, leverage risk, hedging risk, correlation risk and liquidity risk.

Interest rate swap contracts

The Fund entered into interest rate swap transactions which may include inflation rate swap contracts to manage interest rate risk. These instruments may be used for other purposes in future periods. An interest rate swap is an agreement between two parties where there are two flows and payments are made between the two counterparties and the payments are dependent upon changes in an interest rate, inflation rate or inflation index calculated on a nominal amount. Interest rate swaps are agreements between two parties that involve the exchange of one type of interest rate for another type of interest rate cash flow on specified dates in the future, based on a predetermined, specified notional amount. Certain interest rate swaps are considered forward-starting, whereby the accrual for the exchange of cash flows does not begin until a specified date in the future. The net cash flow for a standard interest rate swap transaction is generally the difference between a floating market interest rate versus a fixed interest rate.

Interest rate swaps are valued daily and unrealized appreciation (depreciation) is recorded. Certain interest rate swaps may accrue periodic interest on a daily basis as a component of unrealized appreciation (depreciation); the Fund will realize a gain or loss upon the payment or receipt of accrued interest. The Fund will realize a gain or a loss when the interest rate swap is terminated.

Effects of derivative transactions in the financial statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund, including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; and the impact of derivative transactions over the period in the Statement of Operations, including realized and unrealized gains (losses). The derivative instrument schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

The following table is a summary of the fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) at December 31, 2018:

Asset derivatives		
Risk exposure category	Statement of assets and liabilities location	Fair value (\$)
Credit risk	Component of total distributable earnings (loss) – unrealized appreciation on swap contracts	6,898*
Foreign exchange risk	Unrealized appreciation on forward foreign currency exchange contracts	68,401
Interest rate risk	Component of total distributable earnings (loss) – unrealized appreciation on futures contracts	487,001*
Interest rate risk	Investments, at value – Options purchased	85,271
Interest rate risk	Component of total distributable earnings (loss) – unrealized appreciation on swap contracts	208,851*
Total		856,422

NOTES TO FINANCIAL STATEMENTS (continued)

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Liability derivatives		
Risk exposure category	Statement of assets and liabilities location	Fair value (\$)
Credit risk	Component of total distributable earnings (loss) – unrealized depreciation on swap contracts	5,859*
Credit risk	Upfront receipts on swap contracts	43,192
Foreign exchange risk	Unrealized depreciation on forward foreign currency exchange contracts	31,726
Interest rate risk	Component of total distributable earnings (loss) – unrealized depreciation on futures contracts	434,406*
Interest rate risk	Options contracts written, at value	2,338
Interest rate risk	Component of total distributable earnings (loss) – unrealized depreciation on swap contracts	391,833*
Total		909,354

* Includes cumulative appreciation (depreciation) as reported in the tables following the Portfolio of Investments. Only the current day's variation margin is reported in receivables or payables in the Statement of Assets and Liabilities.

The following table indicates the effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in the Statement of Operations for the year ended December 31, 2018:

Amount of realized gain (loss) on derivatives recognized in income						
Risk exposure category	Forward foreign currency exchange contracts (\$)	Futures contracts (\$)	Options contracts written (\$)	Options contracts purchased (\$)	Swap contracts (\$)	Total (\$)
Credit risk	–	–	–	–	3,392	3,392
Foreign exchange risk	240,499	–	–	–	–	240,499
Interest rate risk	–	21,390	88,500	527,150	(371,066)	265,974
Total	240,499	21,390	88,500	527,150	(367,674)	509,865

Change in unrealized appreciation (depreciation) on derivatives recognized in income						
Risk exposure category	Forward foreign currency exchange contracts (\$)	Futures contracts (\$)	Options contracts written (\$)	Options contracts purchased (\$)	Swap contracts (\$)	Total (\$)
Credit risk	–	–	–	–	132,391	132,391
Foreign exchange risk	16,872	–	–	–	–	16,872
Interest rate risk	–	324,278	35,287	130,181	292,654	782,400
Total	16,872	324,278	35,287	130,181	425,045	931,663

The following table is a summary of the average outstanding volume by derivative instrument for the year ended December 31, 2018:

Derivative instrument	Average notional amounts (\$)*
Futures contracts – long	15,788,507
Futures contracts – short	54,682,836
Credit default swap contracts – buy protection	10,863,750
Credit default swap contracts – sell protection	3,100,000

Derivative instrument	Average value (\$)
Options contracts – purchased	241,016*
Options contracts – written	(57,543)**

NOTES TO FINANCIAL STATEMENTS (continued)

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Derivative instrument	Average unrealized appreciation (\$) *	Average unrealized depreciation (\$) *
Forward foreign currency exchange contracts	84,803	(32,842)
Interest rate swap contracts	96,316	(329,689)

* Based on the ending quarterly outstanding amounts for the year ended December 31, 2018.

** Based on the ending daily outstanding amounts for the year ended December 31, 2018.

Investments in senior loans

The Fund may invest in senior loan participations and assignments of all or a portion of a loan. When the Fund purchases a senior loan participation, the Fund typically enters into a contractual relationship with the lender or third party selling such participations (Selling Participant), but not the borrower, and assumes the credit risk of the borrower, Selling Participant and any other parties positioned between the Fund and the borrower. In addition, the Fund may not directly benefit from the collateral supporting the senior loan that it has purchased from the Selling Participant. In contrast, when the Fund purchases an assignment of a senior loan, the Fund typically has direct rights against the borrower; provided, however, that the Fund's rights may be more limited than the lender from which it acquired the assignment and the Fund may be able to enforce its rights only through an administrative agent. Although certain senior loan participations or assignments are secured by collateral, the Fund could experience delays or limitations in realizing such collateral or have its interest subordinated to other indebtedness of the obligor. In the event that the administrator or collateral agent of a loan becomes insolvent or enters into receivership or bankruptcy, the Fund may incur costs and delays in realizing payment or may suffer a loss of principal and/or interest. The risk of loss is greater for unsecured or subordinated loans. In addition, senior loan participations and assignments are vulnerable to market, economic or other conditions or events that may reduce the demand for loan participations and assignments and certain loan participations and assignments which were liquid when purchased, may become illiquid.

The Fund may enter into senior loan participations and assignments where all or a portion of the loan may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. These commitments, if any, are generally traded and priced in the same manner as other senior loan securities and are disclosed as unfunded senior loan commitments in the Fund's Portfolio of Investments with a corresponding payable for investments purchased. The Fund designates cash or liquid securities to cover these commitments.

Asset- and mortgage-backed securities

The Fund may invest in asset-backed and mortgage-backed securities. The maturity dates shown represent the original maturity of the underlying obligation. Actual maturity may vary based upon prepayment activity on these obligations. All, or a portion, of the obligation may be prepaid at any time because the underlying asset may be prepaid. As a result, decreasing market interest rates could result in an increased level of prepayment. An increased prepayment rate will have the effect of shortening the maturity of the security. Unless otherwise noted, the coupon rates presented are fixed rates.

Delayed delivery securities

The Fund may trade securities on other than normal settlement terms, including securities purchased or sold on a "when-issued" or "forward commitment" basis. This may increase risk to the Fund since the other party to the transaction may fail to deliver, which could cause the Fund to subsequently invest at less advantageous prices. The Fund designates cash or liquid securities in an amount equal to the delayed delivery commitment.

To be announced securities

The Fund may trade securities on a To Be Announced (TBA) basis. As with other delayed-delivery transactions, a seller agrees to issue a TBA security at a future date. However, the seller does not specify the particular securities to be delivered. Instead, the Fund agrees to accept any security that meets specified terms.

In some cases, Master Securities Forward Transaction Agreements (MSFTAs) may be used to govern transactions of certain forward-settling agency mortgage-backed securities, such as delayed-delivery and TBAs, between the Fund and counterparty. The MSFTA maintains provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral relating to such transactions.

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Mortgage dollar roll transactions

The Fund may enter into mortgage “dollar rolls” in which the Fund sells securities for delivery in the current month and simultaneously contracts with the same counterparty to repurchase similar but not identical securities (same type, coupon and maturity) on a specified future date. During the roll period, the Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund will benefit because it receives negotiated amounts in the form of reductions of the purchase price for the future purchase plus the interest earned on the cash proceeds of the securities sold until the settlement date of the forward purchase. The Fund records the incremental difference between the forward purchase and sale of each forward roll as a realized gain or loss. Unless any realized gains exceed the income, capital appreciation, and gain or loss due to mortgage prepayments that would have been realized on the securities sold as part of the mortgage dollar roll, the use of this technique will diminish the investment performance of the Fund compared to what the performance would have been without the use of mortgage dollar rolls. All cash proceeds will be invested in instruments that are permissible investments for the Fund. The Fund identifies cash or liquid securities in an amount equal to the forward purchase price.

For financial reporting and tax purposes, the Fund treats “to be announced” mortgage dollar rolls as two separate transactions, one involving the purchase of a security and a separate transaction involving a sale. These transactions may increase the Fund’s portfolio turnover rate. The Fund does not currently enter into mortgage dollar rolls that are accounted for as financing transactions.

Mortgage dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations.

Treasury inflation protected securities

The Fund may invest in treasury inflation protected securities (TIPS). The principal amount of TIPS is adjusted periodically and is increased for inflation or decreased for deflation based on a monthly published index. These adjustments are recorded as interest income in the Statement of Operations. Coupon payments are based on the adjusted principal at the time the interest is paid.

Interest only and principal only securities

The Fund may invest in Interest Only (IO) or Principal Only (PO) securities. IOs are stripped securities entitled to receive all of the security’s interest, but none of its principal. IOs are particularly sensitive to changes in interest rates and therefore subject to greater fluctuations in price than typical interest bearing debt securities. IOs are also subject to credit risk because the Fund may not receive all or part of the interest payments if the issuer, obligor, guarantor or counterparty defaults on its obligation. Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. POs are stripped securities entitled to receive the principal from the underlying obligation, but not the interest. POs are particularly sensitive to changes in interest rates and therefore are subject to fluctuations in price. POs are also subject to credit risk because the Fund may not receive all or part of its principal if the issuer, obligor, guarantor or counterparty defaults on its obligation. The Fund may also invest in IO or PO stripped mortgage-backed securities. Payments received for POs are treated as reductions to the cost and par value of the securities.

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Offsetting of assets and liabilities

The following table presents the Fund's gross and net amount of assets and liabilities available for offset under netting arrangements as well as any related collateral received or pledged by the Fund as of December 31, 2018:

	Citi (\$)	Credit Suisse (\$)	Goldman Sachs (\$)	Goldman Sachs International (\$)	JPMorgan (\$)	Morgan Stanley (\$) ^(a)	Morgan Stanley (\$) ^(a)	Standard Chartered (\$)	TD Securities (\$)	UBS (\$)	Total (\$)
Assets											
Centrally cleared credit default swap contracts ^(b)	-	-	-	-	-	-	2,128	-	-	-	2,128
Centrally cleared interest rate swap contracts ^(b)	-	-	-	-	-	-	23,536	-	-	-	23,536
Forward foreign currency exchange contracts	-	-	20,815	-	-	5,602	-	14,983	6,809	20,192	68,401
Options purchased calls	85,271	-	-	-	-	-	-	-	-	-	85,271
Total assets	85,271	-	20,815	-	-	5,602	25,664	14,983	6,809	20,192	179,336
Liabilities											
Centrally cleared interest rate swap contracts ^(b)	-	-	-	-	-	-	209	-	-	-	209
Forward foreign currency exchange contracts	-	19,099	-	3,216	4,251	5,160	-	-	-	-	31,726
Options contracts written	2,338	-	-	-	-	-	-	-	-	-	2,338
OTC credit default swap contracts ^(c)	-	-	-	-	25,064	22,883	-	-	-	-	47,947
OTC interest rate swap contracts ^(c)	-	-	-	34,353	5,586	36,524	-	-	-	-	76,463
Total liabilities	2,338	19,099	-	37,569	34,901	64,567	209	-	-	-	158,683
Total financial and derivative net assets	82,933	(19,099)	20,815	(37,569)	(34,901)	(58,965)	25,455	14,983	6,809	20,192	20,653
Total collateral received (pledged) ^(d)	-	-	-	-	-	-	-	-	-	-	-
Net amount^(e)	82,933	(19,099)	20,815	(37,569)	(34,901)	(58,965)	25,455	14,983	6,809	20,192	20,653

(a) Exposure can only be netted across transactions governed under the same master agreement with the same legal entity.

(b) Centrally cleared swaps are included within payable/receivable for variation margin on the Statement of Assets and Liabilities.

(c) Over-the-Counter (OTC) Swap Contracts are presented at market value plus periodic payments receivable (payable), which is comprised of unrealized appreciation, unrealized depreciation, upfront payments and upfront receipts.

(d) In some instances, the actual collateral received and/or pledged may be more than the amount shown due to overcollateralization.

(e) Represents the net amount due from/(to) counterparties in the event of default.

Security transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

The trade date for senior loans purchased in the primary market is the date on which the loan is allocated. The trade date for senior loans purchased in the secondary market is the date on which the transaction is entered into.

Income recognition

Interest income is recorded on an accrual basis. Market premiums and discounts, including original issue discounts, are amortized and accreted, respectively, over the expected life of the security on all debt securities, unless otherwise noted. The Fund classifies gains and losses realized on prepayments received on mortgage-backed securities as adjustments to interest income.

The Fund may place a debt security on non-accrual status and reduce related interest income when it becomes probable that the interest will not be collected and the amount of uncollectible interest can be reasonably estimated. A defaulted debt security is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured.

Corporate actions and dividend income are recorded on the ex-dividend date.

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The Fund may receive distributions from holdings in equity securities, business development companies (BDCs), exchange-traded funds (ETFs), limited partnerships (LPs), other regulated investment companies (RICs), and real estate investment trusts (REITs), which report information on the tax character of their distributions annually. These distributions are allocated to dividend income, capital gain and return of capital based on actual information reported. Return of capital is recorded as a reduction of the cost basis of securities held. If the Fund no longer owns the applicable securities, return of capital is recorded as a realized gain. With respect to REITs, to the extent actual information has not yet been reported, estimates for return of capital are made by the Fund's management. Management's estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs, which could result in a proportionate change in return of capital to shareholders.

Awards from class action litigation are recorded as a reduction of cost basis if the Fund still owns the applicable securities on the payment date. If the Fund no longer owns the applicable securities, the proceeds are recorded as realized gains.

The value of additional securities received as an income payment through a payment in kind, if any, is recorded as interest income and increases the cost basis of such securities.

The Fund may receive other income from senior loans, including amendment fees, consent fees and commitment fees. These fees are recorded as income when received by the Fund. These amounts are included in Interest Income in the Statement of Operations.

Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

Determination of class net asset value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

Federal income tax status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its investment company taxable income and net capital gain, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund meets the exception under Internal Revenue Code Section 4982(f), the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

Foreign taxes

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Realized gains in certain countries may be subject to foreign taxes at the Fund level, based on statutory rates. The Fund accrues for such foreign taxes on realized and unrealized gains at the appropriate rate for each jurisdiction, as applicable. The amount, if any, is disclosed as a liability on the Statement of Assets and Liabilities.

Distributions to subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gain distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

Guarantees and indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

Recent accounting pronouncements

Accounting Standards Update 2017-08 Premium Amortization on Purchased Callable Debt Securities

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2017-08 Premium Amortization on Purchased Callable Debt Securities. ASU No. 2017-08 updates the accounting standards to shorten the amortization period for certain purchased callable debt securities, held at a premium, to be amortized to the earliest call date. The update applies to securities with explicit, noncontingent call features that are callable at fixed prices and on preset dates. The standard is effective for annual periods beginning after December 15, 2018 and interim periods within those fiscal years. Management does not expect the implementation of this guidance to have a material impact on the financial statement amounts and footnote disclosures.

Accounting Standards Update 2018-13 Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-13 Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. ASU No. 2018-13, in addition to other modifications and additions, removes the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for the timing of transfers between levels. The standard is effective for annual periods beginning after December 15, 2019 and interim periods within those fiscal years. At this time, management is evaluating the implication of this guidance and the impact it will have on the financial statement disclosures, if any.

Disclosure Update and Simplification

In September 2018, the Securities and Exchange Commission (SEC) released Final Rule 33-10532, Disclosure Update and Simplification, which amends certain financial statement disclosure requirements that the SEC determined to be redundant, outdated, or superseded in light of other SEC disclosure requirements, GAAP, or changes in the information environment. As a result of the amendments, Management implemented disclosure changes which included removing the components of distributable earnings presented on the Statement of Assets and Liabilities and combining income and gain distributions paid to shareholders as presented on the Statement of Changes in Net Assets. Any values presented to meet prior year requirements were left unchanged. The amendments had no effect on the Funds' net assets or results of operation.

Note 3. Fees and other transactions with affiliates

Management services fees

The Fund has entered into a Management Agreement with Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial). Under the Management Agreement, the Investment Manager provides the Fund with investment research and advice, as well as administrative and accounting services. The management services fee is an annual fee that is equal to a percentage of the Fund's daily net assets that declines from 0.600% to 0.393% as the Fund's net assets increase. The effective management services fee rate for the year ended December 31, 2018 was 0.600% of the Fund's average daily net assets.

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Compensation of board members

Members of the Board of Trustees who are not officers or employees of the Investment Manager or Ameriprise Financial are compensated for their services to the Fund as disclosed in the Statement of Operations. These members of the Board of Trustees may participate in a Deferred Compensation Plan (the Deferred Plan) which may be terminated at any time. Obligations of the Deferred Plan will be paid solely out of the Fund's assets, and all amounts payable under the Deferred Plan constitute a general unsecured obligation of the Fund.

Compensation of Chief Compliance Officer

The Board of Trustees has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations. As disclosed in the Statement of Operations, a portion of the Chief Compliance Officer's total compensation is allocated to the Fund, along with other allocations to affiliated funds governed by the Board of Trustees, based on relative net assets.

Transactions with affiliates

For the year ended December 31, 2018, the Fund engaged in purchase and/or sale transactions with affiliates and/or accounts that have a common investment manager (or affiliated investment managers), common directors/trustees, and/or common officers. Those purchase and sale transactions complied with provisions of Rule 17a-7 under the 1940 Act and were \$0 and \$270,150, respectively. The sale transactions resulted in a net realized loss of \$26,578.

Service fees

The Fund has entered into a Shareholder Services Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. Under this agreement, the Fund pays a service fee equal to the payments made by the Transfer Agent to Participating Insurance Companies and other financial intermediaries (together, Participating Organizations) for services each such Participating Organization provides to its clients, customers and participants that are invested directly or indirectly in the Fund, up to a cap approved by the Board of Trustees from time to time. The effective service fee rate for the year ended December 31, 2018, was 0.06% of the Fund's average daily net assets.

The Transfer Agent may retain as compensation for its services revenues from fees for wire, telephone and redemption orders, account transcripts due the Transfer Agent from Fund shareholders and interest (net of bank charges) earned with respect to balances in accounts the Transfer Agent maintains in connection with its services to the Fund.

Distribution and/or service fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. The Board of Trustees has approved, and the Fund has adopted, a distribution plan (the Plan) which sets the distribution fees for the Fund. These fees are calculated daily and are intended to compensate the Distributor for selling shares of the Fund. The Fund pays a monthly distribution fee to the Distributor at the maximum annual rate of 0.25% of the average daily net assets attributable to Class 2 shares of the Fund. The Fund pays no distribution and service fees for Class 1 shares.

Expenses waived/reimbursed by the Investment Manager and its affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below) for the period(s) disclosed below, unless sooner terminated at the sole discretion of the Board of Trustees, so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the following annual rate(s) as a percentage of the class' average daily net assets:

	May 1, 2018 through April 30, 2019	Prior to May 1, 2018
Class 1	0.67%	0.72%
Class 2	0.92	0.97

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Under the agreement governing these fee waivers and/or expense reimbursement arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest, infrequent and/or unusual expenses and any other expenses the exclusion of which is specifically approved by the Board of Trustees. This agreement may be modified or amended only with approval from the Investment Manager, certain of its affiliates and the Fund. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

Note 4. Federal tax information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

At December 31, 2018, these differences were primarily due to differing treatment for deferral/reversal of wash sale losses, derivative investments, tax straddles, swap investments, capital loss carryforwards, trustees' deferred compensation, principal and/or interest from fixed income securities, foreign currency transactions, foreign capital gains tax and investments in partnerships. To the extent these differences were permanent, reclassifications were made among the components of the Fund's net assets. Temporary differences do not require reclassifications.

The following reclassifications were made:

Undistributed net investment income (\$)	Accumulated net realized (loss) (\$)	Paid in capital (\$)
(154,701)	154,701	–

Net investment income (loss) and net realized gains (losses), as disclosed in the Statement of Operations, and net assets were not affected by this reclassification.

The tax character of distributions paid during the years indicated was as follows:

Year Ended December 31, 2018			Year Ended December 31, 2017		
Ordinary income (\$)	Long-term capital gains (\$)	Total (\$)	Ordinary income (\$)	Long-term capital gains (\$)	Total (\$)
5,655,524	–	5,655,524	4,524,072	–	4,524,072

Short-term capital gain distributions, if any, are considered ordinary income distributions for tax purposes.

At December 31, 2018, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income (\$)	Undistributed long-term capital gains (\$)	Capital loss carryforwards (\$)	Net unrealized (depreciation) (\$)
6,690,177	–	(1,346,728)	(6,147,648)

At December 31, 2018, the cost of all investments for federal income tax purposes along with the aggregate gross unrealized appreciation and depreciation based on that cost was:

Federal tax cost (\$)	Gross unrealized appreciation (\$)	Gross unrealized (depreciation) (\$)	Net unrealized (depreciation) (\$)
194,768,930	1,958,515	(8,106,163)	(6,147,648)

Tax cost of investments and unrealized appreciation/(depreciation) may also include timing differences that do not constitute adjustments to tax basis.

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

The following capital loss carryforwards, determined at December 31, 2018, may be available to reduce taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code. Capital loss carryforwards with no expiration are required to be utilized prior to any capital losses which carry an expiration date. As a result of this ordering rule, capital loss carryforwards which carry an expiration date may be more likely to expire unused. In addition, for the year ended December 31, 2018, capital loss carryforwards utilized, expired unused and permanently lost, if any, were as follows:

2019 (\$)	No expiration short-term (\$)	No expiration long-term (\$)	Total (\$)	Utilized (\$)	Expired (\$)	Permanently lost (\$)
–	–	1,346,728	1,346,728	363,213	–	–

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Note 5. Portfolio information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to \$309,633,106 and \$264,921,486, respectively, for the year ended December 31, 2018, of which \$206,726,805 and \$177,630,190, respectively, were U.S. government securities. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

Note 6. Affiliated money market fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds (the Affiliated MMF). The income earned by the Fund from such investments is included as Dividends - affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of the Affiliated MMF. The Affiliated MMF prices its shares with a floating net asset value. In addition, the Board of Trustees of the Affiliated MMF may impose a fee on redemptions (sometimes referred to as a liquidity fee) or temporarily suspend redemptions (sometimes referred to as imposing a redemption gate) in the event its liquidity falls below regulatory limits.

Note 7. Interfund lending

Pursuant to an exemptive order granted by the Securities and Exchange Commission, the Fund participates in a program (the Interfund Program) allowing each participating Columbia Fund (each, a Participating Fund) to lend money directly to and, except for closed-end funds and money market funds, borrow money directly from other Participating Funds for temporary purposes. The amounts eligible for borrowing and lending under the Interfund Program are subject to certain restrictions.

Interfund loans are subject to the risk that the borrowing fund could be unable to repay the loan when due, and a delay in repayment to the lending fund could result in lost opportunities and/or additional lending costs. The exemptive order is subject to conditions intended to mitigate conflicts of interest arising from the Investment Manager's relationship with each Participating Fund.

The Fund did not borrow or lend money under the Interfund Program during the year ended December 31, 2018.

Note 8. Line of credit

The Fund has access to a revolving credit facility with a syndicate of banks led by Citibank, N.A., HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. The credit facility, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager or an affiliated investment manager, severally and not jointly, permits collective borrowings up to \$1 billion. Interest is charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the federal funds effective rate, (ii) the one-month LIBOR rate and (iii) the overnight bank funding rate, plus in

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

each case, 1.00%. Each borrowing under the credit facility matures no later than 60 days after the date of borrowing. The Fund also pays a commitment fee equal to its pro rata share of the unused amount of the credit facility at a rate of 0.15% per annum. The commitment fee is included in other expenses in the Statement of Operations. This agreement expires annually in December unless extended or renewed.

The Fund had no borrowings during the year ended December 31, 2018.

Note 9. Significant risks

Credit risk

Credit risk is the risk that the value of debt securities in the Fund's portfolio may decline because the issuer may default and fail to pay interest or repay principal when due. Rating agencies assign credit ratings to debt securities to indicate their credit risk. Lower rated or unrated debt securities held by the Fund may present increased credit risk as compared to higher-rated debt securities.

Derivatives risk

Losses involving derivative instruments may be substantial, because a relatively small price movement in the underlying security(ies), commodity, currency or index or other instrument or asset may result in a substantial loss for the Fund. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the Fund. Derivatives will typically increase the Fund's exposure to principal risks to which it is otherwise exposed, and may expose the Fund to additional risks, including correlation risk, counterparty risk, hedging risk, leverage risk and liquidity risk.

Foreign securities and emerging market countries risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks. These countries are also more likely to experience high levels of inflation, deflation or currency devaluation which could hurt their economies and securities markets. To the extent that the Fund concentrates its investment exposure to any one or a few specific countries, the Fund will be particularly susceptible to the various conditions, events or other factors impacting those countries and may, therefore, have a greater risk than that of a fund which is more geographically diversified.

Interest rate risk

Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt securities tend to fall, and if interest rates fall, the values of debt securities tend to rise. Actions by governments and central banking authorities can result in increases in interest rates. Increasing interest rates may negatively affect the value of debt securities held by the Fund, resulting in a negative impact on the Fund's performance and net asset value per share. In general, the longer the maturity or duration of a debt security, the greater its sensitivity to changes in interest rates.

Liquidity risk

Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price. Changing regulatory, market or other conditions or environments (for example, the interest rate or credit environments) may adversely affect the liquidity of the Fund's investments. The Fund may have to accept a lower selling price for the holding, sell other investments, or forego another, more appealing investment opportunity. Generally, the less liquid the market at the time the Fund sells a portfolio investment, the greater the risk of loss or decline of value to the Fund. A less liquid market can lead to an increase in Fund redemptions, which may negatively impact Fund performance and net asset value per share, including, for example, if the Fund is forced to sell securities in a down market.

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Mortgage- and other asset-backed securities risk

The value of any mortgage-backed and other asset-backed securities held by the Fund may be affected by, among other things, changes or perceived changes in: interest rates; factors concerning the interests in and structure of the issuer or the originator of the mortgages or other assets; the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements; or the market's assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of a particular U.S. Government agency, authority, enterprise or instrumentality, and some, but not all, are also insured or guaranteed by the U.S. Government. Mortgage-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government. Mortgage- and other asset-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage or other asset may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the Fund to have to reinvest the money received in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage- and other asset-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

Shareholder concentration risk

At December 31, 2018, one unaffiliated shareholder of record owned 11.0% of the outstanding shares of the Fund in one or more accounts. The Fund has no knowledge about whether any portion of those shares was owned beneficially. Affiliated shareholders of record owned 81.9% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund. In the case of a large redemption, the Fund may be forced to sell investments at inopportune times, including its liquid positions, which may result in Fund losses and the Fund holding a higher percentage of less liquid positions. Large redemptions could result in decreased economies of scale and increased operating expenses for non-redeeming Fund shareholders.

Note 10. Subsequent events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Note 11. Information regarding pending and settled legal proceedings

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Fund is not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Fund or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Fund. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the Securities and Exchange Commission (SEC) on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased Fund redemptions, reduced sale of Fund shares or other adverse consequences to the Fund. Further, although we believe proceedings are not likely to have a material adverse effect on the Fund or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Fund, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of Columbia Funds Variable Insurance Trust and Shareholders of Columbia Variable Portfolio – Strategic Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Columbia Variable Portfolio - Strategic Income Fund (one of the funds constituting Columbia Funds Variable Insurance Trust, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements 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 two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements 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 of these financial statements 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 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, 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. 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. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent, agent banks and brokers; when replies were not received from brokers and agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 20, 2019

We have served as the auditor of one or more investment companies within the Columbia Funds Complex since 1977.

FEDERAL INCOME TAX INFORMATION

(Unaudited)

The Fund hereby designates the following tax attributes for the fiscal year ended December 31, 2018.

Dividends received deduction

1.63%

Dividends received deduction. The percentage of ordinary income distributed during the fiscal year that qualifies for the corporate dividends received deduction.

TRUSTEES AND OFFICERS

Shareholders elect the Board that oversees the Fund's operations. The Board appoints officers who are responsible for day-to-day business decisions based on policies set by the Board. The following table provides basic biographical information about the Fund's Trustees as of February 19, 2019, including their principal occupations during the past five years, although specific titles for individuals may have varied over the period. The year set forth beneath Length of Service in the table below is the year in which the Trustee was first appointed or elected as Trustee to any Fund currently in the Columbia Funds Complex or a predecessor thereof. Under current Board policy, members serve terms of indefinite duration.

Independent trustees

Name, address, year of birth	Position held with the Trust and length of service	Principal occupation(s) during the past five years and other relevant professional experience	Number of Funds in the Columbia Fund Complex overseen	Other directorships held by Trustee during the past five years
Janet Langford Carrig c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1957	Trustee 1996	Senior Vice President, General Counsel and Corporate Secretary, ConocoPhillips (independent energy company) from September 2007 to October 2018	69	None
Douglas A. Hacker c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1955	Trustee and Chairman of the Board 1996	Independent business executive since May 2006; Executive Vice President – Strategy of United Airlines from December 2002 to May 2006; President of UAL Loyalty Services (airline marketing company) from September 2001 to December 2002; Executive Vice President and Chief Financial Officer of United Airlines from July 1999 to September 2001	69	Spartan Nash Company, (food distributor); Nash Finch Company (food distributor) from 2005 to 2013; Aircastle Limited (aircraft leasing); SeaCube Container Leasing Ltd. (container leasing) from 2010 to 2013; and Travelport Worldwide Limited (travel information technology)
Nancy T. Lukitsh c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1956	Trustee 2011	Senior Vice President, Partner and Director of Marketing, Wellington Management Company, LLP (investment adviser) from 1997 to 2010; Chair, Wellington Management Portfolios (commingled non-U.S. investment pools) from 2007 to 2010; Director, Wellington Trust Company, NA and other Wellington affiliates from 1997 to 2010	69	None
David M. Moffett c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1952	Trustee 2011	Retired. Consultant to Bridgewater and Associates	69	Director, CSX Corporation (transportation suppliers); Genworth Financial, Inc. (financial and insurance products and services); PayPal Holdings Inc. (payment and data processing services); Trustee, University of Oklahoma Foundation; former Director, eBay Inc. (online trading community), 2007-2015; and former Director, CIT Bank, CIT Group Inc. (commercial and consumer finance), 2010-2016

TRUSTEES AND OFFICERS (continued)

Independent trustees (continued)

Name, address, year of birth	Position held with the Trust and length of service	Principal occupation(s) during the past five years and other relevant professional experience	Number of Funds in the Columbia Fund Complex overseen	Other directorships held by Trustee during the past five years
John J. Neuhauser c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1943	Trustee 1984	President, Saint Michael's College from August 2007 to June 2018; Director or Trustee of several non-profit organizations, including University of Vermont Medical Center; Academic Vice President and Dean of Faculties, Boston College from August 1999 to October 2005; University Professor, Boston College from November 2005 to August 2007	69	Liberty All-Star Equity Fund and Liberty All-Star Growth Fund (closed-end funds)
Patrick J. Simpson c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1944	Trustee 2000	Of Counsel, Perkins Coie LLP (law firm) since 2015; Partner, Perkins Coie LLP from 1988 to 2014	69	None
Anne-Lee Verville c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Mail Drop BX32 05228 Boston, MA 02110 1945	Trustee 1998	Retired. General Manager, Global Education Industry from 1994 to 1997, President – Application Systems Division from 1991 to 1994, Chief Financial Officer – US Marketing & Services from 1988 to 1991, and Chief Information Officer from 1987 to 1988, IBM Corporation (computer and technology)	69	Enesco Group, Inc. (producer of giftware and home and garden decor products) from 2001 to 2006

Consultants to the Independent Trustees*

Name, address, year of birth	Position held with the Trust and length of service	Principal occupation(s) during the past five years and other relevant professional experience	Number of Funds in the Columbia Funds complex overseen	Other directorships held by Trustee during the past five years
J. Kevin Connaughton c/o Columbia Management Investment Advisers, LLC, 225 Franklin Street Mail Drop BX32 05228, Boston, MA 02110 1964	Independent Trustee Consultant 2016	Independent Trustee Consultant, Columbia Funds since March 2016; Adjunct Professor of Finance, Bentley University since November 2017; Managing Director and General Manager of Mutual Fund Products, Columbia Management Investment Advisers, LLC from May 2010 to February 2015; President, Columbia Funds from 2009 to 2015; and senior officer of Columbia Funds and affiliated funds from 2003 to 2015	69	Director, The Autism Project since March 2015; former Trustee, New Century Portfolios, March 2015-December 2017; formerly on Board of Governors, Gateway Healthcare, January 2016 – December 2017
Natalie A. Trunow c/o Columbia Management Investment Advisers, LLC, 225 Franklin Street Mail Drop BX32 05228, Boston, MA 02110 1967	Independent Trustee Consultant 2016	Independent Trustee Consultant, Columbia Funds since September 2016; Chief Executive Officer, Millennial Portfolio Solutions LLC (asset management and consulting services) since January 2016; Director of Investments, Casey Family Programs from April 2016 to September 2016; Senior Vice President and Chief Investment Officer, Calvert Investments from August 2008 to January 2016; Section Head and Portfolio Manager, General Motors Asset Management from June 1997 to August 2008	69	Director, Health Services for Children with Special Needs, Inc.; Director, Guidewell Financial Solutions

* J. Kevin Connaughton was appointed consultant to the Independent Trustees effective March 1, 2016. Natalie A. Trunow was appointed consultant to the Independent Trustees effective September 1, 2016. Shareholders of the Funds are expected to be asked to elect each of Mr. Connaughton and Ms. Trunow as a Trustee at a future shareholder meeting.

TRUSTEES AND OFFICERS (continued)

Interested trustee affiliated with Investment Manager*

Name, address, year of birth	Position held with the Trust and length of service	Principal occupation(s) during the past five years and other relevant professional experience	Number of Funds in the Columbia Funds Complex overseen	Other directorships held by Trustee during the past five years
William F. Truscott c/o Columbia Management Investment Advisers, LLC 225 Franklin Street Boston, MA 02110 1960	Trustee 2012	Chairman of the Board and President, Columbia Management Investment Advisers, LLC since May 2010 and February 2012, respectively; Chief Executive Officer, Global Asset Management, Ameriprise Financial, Inc. since September 2012 (previously Chief Executive Officer, U.S. Asset Management & President, Annuities, May 2010-September 2012); Director and Chief Executive Officer, Columbia Management Investment Distributors, Inc. since May 2010 and February 2012, respectively; Chairman of the Board and Chief Executive Officer, RiverSource Distributors, Inc. since 2006; Director, Threadneedle Asset Management Holdings, SARL since 2014; President and Chief Executive Officer, Ameriprise Certificate Company, 2006-August 2012	193	Chairman of the Board, Columbia Management Investment Advisers, LLC since May 2010; Director, Columbia Management Investment Distributors, Inc. since May 2010; former Director, Ameriprise Certificate Company, 2006 - January 2013

* Interested person (as defined under the 1940 Act) by reason of being an officer, director, security holder and/or employee of the Investment Manager or Ameriprise Financial.

The Statement of Additional Information has additional information about the Fund's Board members and is available, without charge, upon request by calling 800.345.6611 or contacting your financial intermediary.

TRUSTEES AND OFFICERS (continued)

The Board has appointed officers who are responsible for day-to-day business decisions based on policies it has established. The officers serve at the pleasure of the Board. The following table provides basic information about the Officers of the Fund as of February 19, 2019, including principal occupations during the past five years, although their specific titles may have varied over the period. In addition to Mr. Truscott, who is Senior Vice President, the Fund's other officers are:

Fund officers

Name, address and year of birth	Position and year first appointed to position for any Fund in the Columbia Funds complex or a predecessor thereof	Principal occupation(s) during past five years
Christopher O. Petersen 5228 Ameriprise Financial Center Minneapolis, MN 55474 Born 1970	President and Principal Executive Officer (2015)	Vice President and Lead Chief Counsel, Ameriprise Financial, Inc. since January 2015 (previously, Vice President and Chief Counsel, January 2010 - December 2014; officer of Columbia Funds and affiliated funds since 2007).
Michael G. Clarke 225 Franklin Street Boston, MA 02110 Born 1969	Chief Financial Officer (Principal Financial Officer) (2009) and Senior Vice President (2019)	Vice President – Accounting and Tax, Columbia Management Investment Advisers, LLC, since May 2010; senior officer of Columbia Funds and affiliated funds since 2002 (previously, Treasurer and Chief Accounting Officer, January 2009-December 2018 and December 2015-December 2018, respectively).
Joseph Beranek 5890 Ameriprise Financial Center Minneapolis, MN 55474 Born 1965	Treasurer and Chief Accounting Officer (Principal Accounting Officer) (2019)	Vice President – Mutual Fund Accounting and Financial Reporting, Columbia Management Investment Advisers, LLC, since December 2018 and March 2017, respectively (previously, Vice President – Pricing and Corporate Actions, May 2010-March 2017).
Paul B. Goucher 100 Park Avenue New York, NY 10017 Born 1968	Senior Vice President (2011) and Assistant Secretary (2008)	Senior Vice President and Assistant General Counsel, Ameriprise Financial, Inc. since January 2017 (previously, Vice President and Lead Chief Counsel, November 2008 - January 2017 and January 2013 - January 2017, respectively); Vice President, Chief Legal Officer and Assistant Secretary, Columbia Management Investment Advisers, LLC since May 2010.
Thomas P. McGuire 225 Franklin Street Boston, MA 02110 Born 1972	Senior Vice President and Chief Compliance Officer (2012)	Vice President – Asset Management Compliance, Ameriprise Financial, Inc., since May 2010; Chief Compliance Officer, Ameriprise Certificate Company since September 2010.
Colin Moore 225 Franklin Street Boston, MA 02110 Born 1958	Senior Vice President (2010)	Executive Vice President and Global Chief Investment Officer, Ameriprise Financial, Inc., since July 2013; Executive Vice President and Global Chief Investment Officer, Columbia Management Investment Advisers, LLC since July 2013.
Ryan C. Larrenaga 225 Franklin Street Boston, MA 02110 Born 1970	Senior Vice President (2017), Chief Legal Officer (2017), and Secretary (2015)	Vice President and Chief Counsel, Ameriprise Financial, Inc. since August 2018 (previously, Vice President and Group Counsel, August 2011 - August 2018); officer of Columbia Funds and affiliated funds since 2005.
Michael E. DeFao 225 Franklin Street Boston, MA 02110 Born 1968	Vice President (2011) and Assistant Secretary (2010)	Vice President and Chief Counsel, Ameriprise Financial, Inc. since May 2010.
Amy Johnson 5228 Ameriprise Financial Center Minneapolis, MN 55474 Born 1965	Vice President (2006)	Managing Director and Global Head of Operations, Columbia Management Investment Advisers, LLC since April 2016 (previously Managing Director and Chief Operating Officer, 2010 - 2016).
Lyn Kephart-Strong 5228 Ameriprise Financial Center Minneapolis, MN 55474 Born 1960	Vice President (2015)	President, Columbia Management Investment Services Corp. since October 2014; Vice President & Resolution Officer, Ameriprise Trust Company since August 2009.

ADDITIONAL INFORMATION

Proxy voting policies and procedures

The policy of the Board of Trustees is to vote the proxies of the companies in which the Fund holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611; contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting columbiathreadneedleus.com/investor/, or searching the website of the SEC at sec.gov.

Quarterly schedule of investments

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT is available on the SEC's website at sec.gov. The Fund's complete schedule of portfolio holdings, as filed on Form N-Q or Form N-PORT, can also be obtained without charge, upon request, by calling 800.345.6611.

Additional Fund information

Fund investment manager

Columbia Management Investment Advisers, LLC
225 Franklin Street
Boston, MA 02110

Fund distributor

Columbia Management Investment Distributors, Inc.
225 Franklin Street
Boston, MA 02110

Fund transfer agent

Columbia Management Investment Services Corp.
P.O. Box 219104
Kansas City, MO 64121-9104

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Columbia Variable Portfolio – Strategic Income Fund

P.O. Box 219104

Kansas City, MO 64121-9104



Your success. Our priority.

Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For Fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest. The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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