

Fidelity® Select Industrials Portfolio

Investment Approach

- Fidelity® Select Industrials Portfolio is a sector-based equity-focused strategy that seeks to outperform its benchmark through active management.
- We believe that uncertainty provides investment opportunity. Stock prices can become disengaged from a company's intrinsic (fair) value at cyclical extremes because of investor overreaction.
- Cyclical stocks exhibit repeatable patterns. We believe this can present opportunities for a disciplined investor whose time horizon spans the next cycle.
- We strive to capitalize on these opportunities through intensive, academic-style research on cyclical drivers and company-specific fundamentals, along with disciplined portfolio construction. The fund's success is predicated on finding the right mix of undervalued cyclicals and more-consistent earnings growers throughout the cycle.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical- or strategic-allocation purposes.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Select Industrials Portfolio Gross Expense Ratio: 0.70% ²	16.08%	16.08%	39.32%	12.78%	12.70%	10.07%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%
MSCI US IMI Industrials 25/50 Linked Index	11.11%	11.11%	29.97%	10.53%	13.56%	11.23%
Morningstar Fund Industrials	6.61%	6.61%	21.15%	5.84%	11.51%	10.36%
% Rank in Morningstar Category (1% = Best)	--	--	9%	8%	41%	68%
# of Funds in Morningstar Category	--	--	48	42	40	32

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 03/03/1997.

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

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit [fidelity.com/performance](https://www.fidelity.com/performance), [institutional.fidelity.com](https://www.institutional.fidelity.com), or [401k.com](https://www.401k.com). Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

FUND INFORMATION

Manager(s):
David Wagner

Trading Symbol:
FCYIX

Start Date:
March 03, 1997

Size (in millions):
\$603.36

Morningstar Category:
Fund Industrials

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Industrial industries can be significantly affected by general economic trends, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls, worldwide competition, and liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The fund may have additional volatility because of its narrow concentration in a specific industry. Non-diversified funds that focus on a relatively small number of stocks tend to be more volatile than diversified funds and the market as a whole.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

For the three months ending March 31, 2024, the industrials sector, as measured by the MSCI U.S. IMI Industrials 25/50 Index, advanced 11.11%, while the broad-based S&P 500® index finished with a 10.56% result.

For the latter, it was the best start to a new year since 2019, driven by resilient corporate profits, a frenzy over generative artificial intelligence and the Federal Reserve's likely pivot to cutting interest rates later this year. Amid this favorable backdrop for higher-risk assets, the index continued its late-2023 momentum and ended March at its all-time high. Growth stocks led the broad rally, with all but one of 11 market sectors advancing.

During the quarter, industrials lagged the S&P 500® during January but picked up momentum in the final two months of the quarter, as the market rallied strongly. Overall, industrials finished with the fifth-best performance among the 11 sectors in the broad benchmark, as investors looked to the sector for opportunity amid a still-uncertain economic and interest rate environment. As a result of recent federal legislation, many companies in the industrials sector are well positioned to benefit from funding directed toward infrastructure, domestic semiconductor production and combatting climate change.

By subindustry, construction machinery & heavy transportation equipment gained about 23%, the top-performing group in the MSCI sector index. A strong showing from Caterpillar (+25%) was one reason for this segment's leadership. Electrical components & equipment, which gained 18%, also stood out, partly on the strength of index component Eaton Corp. (+30%).

Conversely, heavy electrical equipment (-20%) and data processing & outsourced services (-1%) were the only two subindustries in the MSCI index to register a negative return. Both had a relatively small index weighting. Aerospace & defense, (+3%), the segment with the largest index representation, also lagged this quarter. The group was weighed down by Boeing, whose stock slid considerably in early January following the emergency landing of an Alaska Airlines Boeing 737 MAX 9 when a section of the aircraft blew out shortly after takeoff from Portland, Oregon. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
General Electric Co.	Aerospace & Defense	3.15%	76
Saia, Inc.	Cargo Ground Transportation	3.12%	64
Eagle Materials, Inc.	Construction Materials	2.25%	48
Ingersoll Rand, Inc.	Industrial Machinery & Supplies & Components	4.18%	48
Howmet Aerospace, Inc.	Aerospace & Defense	3.13%	46

* 1 basis point = 0.01%.

Performance Review

For the first quarter, the fund gained 16.08%, handily topping the fund's sector benchmark, the MSCI U.S. IMI Industrials 25/50 Index, and also the S&P 500®.

Turning to the fund's performance, stock selection in industrial machinery & supplies & equipment, industrials conglomerates and cargo ground transportation lifted performance most versus the MSCI sector index. Within the conglomerates segment, our sizable overweight in General Electric – the portfolio's largest holding at quarter end – was a key driver of its outperformance. The stock gained about 38% during the first quarter, as earnings for the final three months of 2023 topped the consensus expectation, driven by profit growth in GE Aerospace, the firm's jet engine business.

A large overweight in Saia (+33%) also made a noteworthy contribution. The company is a leading provider of less-than-truckload freight transportation services. In February, better-than-expected fourth-quarter results sent the shares higher.

Conversely, a large underweight in construction machinery & heavy transportation equipment detracted meaningfully for the quarter, along with stock picking and an overweight in aerospace & defense.

Major fund holding Boeing detracted more than any other stock during the quarter. In response to the Alaska Airlines incident referenced earlier, the FAA announced that it was ordering a temporary grounding of certain MAX 9 aircraft, requiring airlines to perform emergency inspections. Other safety issues followed in March, further pressuring the stock and triggering a shakeup in the company's leadership.

Knight-Swift Transportation (-4%), which we overweighted, also hampered relative performance. The trucking company grappled with an oversupply of capacity in the industry, disruption from frigid weather in January and increased pressure on freight rates, with shippers trying to push down prices further. ■

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
The Boeing Co.	Aerospace & Defense	2.60%	-123
Knight-Swift Transportation Holdings, Inc. Class A	Cargo Ground Transportation	2.57%	-41
Union Pacific Corp.	Rail Transportation	2.80%	-29
Caterpillar, Inc.	Construction Machinery & Heavy Transportation Equipment	-1.45%	-19
PACCAR, Inc.	Construction Machinery & Heavy Transportation Equipment	-1.16%	-18

* 1 basis point = 0.01%.

Outlook and Positioning

Key indicators reflecting the health of U.S. manufacturers have been downbeat for quite a while, although we did see the March reading for the ISM Manufacturing Index reach 50.3. That was its first reading above 50 after sixteen consecutive months below that threshold, traditionally considered the dividing line between expanding and contracting manufacturing activity. After such a protracted period of weak readings, we think it makes sense to look for areas of the sector that could be poised for improvement.

While we remain aware of the macro uncertainty that exists early in 2024, we like the fund's exposure to longer-cycle subsectors and companies tied to themes such as the improving aerospace cycle, as well as reshoring, upgrading the power grid and addressing climate change. The portfolio also holds some short-cycle plays geared to potential improvement in U.S. economic activity.

Industrial machinery & supplies & components was the fund's largest subindustry overweight as of quarter end, given our expectations for improving demand there in a normalizing economy. Several stocks in this group were among the portfolio's largest individual overweights as of March 31, including Ingersoll Rand – our top overweight overall – ITT, Parker Hannifin, Dover, Chart Industries and Fortive.

Cargo ground transportation was another group in which the fund carried a sizable overweight stake at the end of March. Noteworthy holdings here included Saia, Knight-Swift Transportation and XPO. These are all short-cycle companies that should be early beneficiaries of an improving economy.

Aside from human resource & employment services, which we avoided completely in favor of other groups where we saw stronger growth potential, noteworthy subindustry underweights included construction machinery & heavy transportation equipment. The fund's only holding in this group was Caterpillar. We are reluctant to invest more heavily here until we see better economic growth in China, where much incremental demand for this segment comes from.

The portfolio's top-three individual overweights as of March 31 were Ingersoll Rand, General Electric and ITT. The three largest underweights at quarter end were Raytheon Technologies, Honeywell and United Parcel Service.

As always, we thank you for your confidence in Fidelity's investment-management capabilities. ■

10 LARGEST HOLDINGS

Holding	Market Segment
General Electric Co.	Aerospace & Defense
Union Pacific Corp.	Rail Transportation
Ingersoll Rand, Inc.	Industrial Machinery & Supplies & Components
The Boeing Co.	Aerospace & Defense
Parker Hannifin Corp.	Industrial Machinery & Supplies & Components
FedEx Corp.	Air Freight & Logistics
TransDigm Group, Inc.	Aerospace & Defense
Howmet Aerospace, Inc.	Aerospace & Defense
Trane Technologies PLC	Building Products
Eaton Corp. PLC	Electrical Components & Equipment
10 Largest Holdings as a % of Net Assets	44.35%
Total Number of Holdings	46

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

CHARACTERISTICS

	Portfolio	Index
Valuation		
Price/Earnings Trailing	29.8x	24.4x
Price/Earnings (IBES 1-Year Forecast)	24.2x	21.4x
Price/Book	5.5x	5.3x
Price/Cash Flow	19.9x	17.8x
Return on Equity (5-Year Trailing)	14.8%	18.6%
Growth		
Sales/Share Growth 1-Year (Trailing)	10.2%	8.1%
Earnings/Share Growth 1-Year (Trailing)	32.2%	7.5%
Earnings/Share Growth 1-Year (IBES Forecast)	27.2%	13.5%
Earnings/Share Growth 5-Year (Trailing)	11.8%	10.8%
Size		
Weighted Average Market Cap (\$ Billions)	67.7	69.0
Weighted Median Market Cap (\$ Billions)	44.5	57.5
Median Market Cap (\$ Billions)	31.2	3.9

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Industrial Machinery & Supplies & Components	19.80%	10.86%	8.94%	-0.62%
Cargo Ground Transportation	7.43%	2.49%	4.94%	0.01%
Aerospace & Defense	22.15%	18.39%	3.76%	-0.67%
Construction Materials	2.31%	--	2.31%	0.23%
Building Products	9.41%	7.34%	2.07%	-0.25%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Construction Machinery & Heavy Transportation Equipment	1.97%	6.89%	-4.92%	-0.64%
Human Resource & Employment Services	--	4.10%	-4.10%	0.28%
Industrial Conglomerates	--	3.76%	-3.76%	0.52%
Trading Companies & Distributors	2.96%	5.63%	-2.67%	1.21%
Environmental & Facilities Services	2.21%	4.71%	-2.51%	-0.25%

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Ingersoll Rand, Inc.	Industrial Machinery & Supplies & Components	4.07%
General Electric Co.	Aerospace & Defense	3.18%
ITT, Inc.	Industrial Machinery & Supplies & Components	3.15%
Saia, Inc.	Cargo Ground Transportation	3.10%
Howmet Aerospace, Inc.	Aerospace & Defense	3.09%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
RTX Corp.	Aerospace & Defense	-2.72%
Honeywell International, Inc.	Industrial Conglomerates	-2.62%
United Parcel Service, Inc. Class B	Air Freight & Logistics	-2.08%
Automatic Data Processing, Inc.	Human Resource & Employment Services	-1.99%
Waste Management, Inc.	Environmental & Facilities Services	-1.66%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	99.28%	100.00%	-0.72%	-0.26%
International Equities	0.00%	0.00%	0.00%	0.00%
Developed Markets	0.00%	0.00%	0.00%	0.00%
Emerging Markets	0.00%	0.00%	0.00%	0.00%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.72%	0.00%	0.72%	0.26%

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

"Tax-Advantaged Domiciles" represent countries whose tax policies may be favorable for company incorporation.

3-YEAR RISK/RETURN STATISTICS

	Portfolio	Index
Beta	1.03	1.00
Standard Deviation	21.34%	20.20%
Sharpe Ratio	0.47	0.39
Tracking Error	4.64%	--
Information Ratio	0.48	--
R-Squared	0.95	--

Definitions and Important Information

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CHARACTERISTICS

Earnings-Per-Share Growth Trailing measures the growth in reported earnings per share over trailing one- and five-year periods.

Earnings-Per-Share Growth (IBES 1-Year Forecast) measures the growth in reported earnings per share as estimated by Wall Street analysts.

Median Market Cap identifies the median market capitalization of the portfolio or benchmark as determined by the underlying security market caps.

Price-to-Book (P/B) Ratio is the ratio of a company's current share price to reported accumulated profits and capital.

Price/Cash Flow is the ratio of a company's current share price to its trailing 12-months cash flow per share.

Price-to-Earnings (P/E) Ratio (IBES 1-Year Forecast) is the ratio of a company's current share price to Wall Street analysts' estimates of earnings.

Price-to-Earnings (P/E) Ratio Trailing is the ratio of a company's current share price to its trailing 12-months earnings per share.

Return on Equity (ROE) 5-Year Trailing is the ratio of a company's last five years historical profitability to its shareholders' equity. Preferred stock is included as part of each company's net worth.

Sales-Per-Share Growth measures the growth in reported sales over the specified past time period.

Weighted Average Market Cap identifies the market capitalization of the average equity holding as determined by the dollars invested in the portfolio or benchmark.

Weighted Median Market Cap identifies the market capitalization of the median equity holding as determined by the dollars invested in the portfolio or benchmark.

IMPORTANT FUND INFORMATION

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

INDICES

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

MSCI U.S. IMI Industrials 25/50 Index is a modified market-capitalization-weighted index of stocks designed to measure the performance of Industrials companies in the MSCI U.S. Investable Market 2500 Index. The MSCI U.S. Investable Market 2500 Index is the aggregation of the MSCI U.S. Large Cap 300, Mid Cap 450, and Small Cap 1750 Indices.

MSCI U.S. IMI Industrials 25/50 Linked Index is a modified market-capitalization-weighted index of stocks designed to measure the performance of Industrials companies in the MSCI US Investable Market 2500 Index. The MSCI US Investable Market 2500 Index is the aggregation of the MSCI US Large Cap 300, Mid Cap 450, and Small Cap 1750 Indices. Index returns shown for periods prior to January 1, 2010 are returns of the MSCI US Investable Market Industrials Index.

S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

MARKET-SEGMENT WEIGHTS

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

RANKING INFORMATION

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% Rank in Morningstar Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1%. % Rank in Morningstar Category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges. Multiple share classes of a fund have a common portfolio but impose different expense structures.

RELATIVE WEIGHTS

Relative weights represents the % of fund assets in a particular market segment, asset class or credit quality relative to the benchmark. A positive number represents an overweight, and a negative number is an underweight. The fund's benchmark is listed immediately under the fund name in the Performance Summary.

3-YEAR RISK/RETURN STATISTICS

Beta is a measure of the volatility of a fund relative to its benchmark index. A beta greater (less) than 1 is more (less) volatile than the index.

Information Ratio measures a fund's active return (fund's average monthly return minus the benchmark's average monthly return) in relation to the volatility of its active returns.

R-Squared measures how a fund's performance correlates with a benchmark index's performance and shows what portion of it can be explained by the performance of the overall market/index. R-Squared ranges from 0, meaning no correlation, to 1, meaning perfect correlation. An R-Squared value of less than 0.5 indicates that annualized alpha and beta are not reliable performance statistics.

Sharpe Ratio is a measure of historical risk-adjusted performance. It is calculated by dividing the fund's excess returns (the fund's average annual return for the period minus the 3-month "risk free" return rate) and dividing it by the standard deviation of the fund's returns. The higher the ratio, the better the fund's return per unit of risk. The three month "risk free" rate used is the 90-day Treasury Bill rate.

Standard Deviation is a statistical measurement of the dispersion of a fund's return over a specified time period. Fidelity calculates standard deviations by comparing a fund's monthly returns to its average monthly return over a 36-month period, and then annualizes the number. Investors may examine historical standard deviation in conjunction with historical returns to decide whether a fund's volatility would have been acceptable given the returns it would have produced. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. Standard deviation does not indicate how the fund actually performed, but merely indicates the volatility of its returns over time.

Tracking Error is the divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, creating an unexpected profit or loss.



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

Past performance is no guarantee of future results.

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