

Fidelity® Magellan® Fund

Key Takeaways

- For the fiscal year ending March 31, 2024, the fund's Retail Class shares gained 40.08%, considerably ahead of the 29.88% advance of the benchmark S&P 500® index.
- The past 12 months, the U.S. equity market was aided by an expanding global economy, a frenzy over generative artificial intelligence and cooling inflation, according to Portfolio Manager Sammy Simnegar, who says this prompted the U.S. Federal Reserve to pause its interest rate increases in July.
- Stocks embarked on a particularly strong rally beginning in late October that carried the S&P 500® to a series of new all-time highs in the first quarter of 2024, as investors began to anticipate that the Fed was finished raising rates and might soon shift to easing.
- Security selection in the information technology sector was the biggest driver of the portfolio's outperformance of the benchmark for the 12 months, particularly its positioning in the technology hardware & equipment industry.
- A sizable overweight among semiconductors & semiconductor equipment firms, a group that roughly doubled in value for the period, also helped.
- Picks in industrials considerably bolstered the fund's relative return, especially capital goods stocks. Overall, active management in nine of 11 sectors contributed to relative performance.
- Conversely, an underweight in the market-leading communication services sector detracted most this period. Investment choices in financials also hurt.
- As of March 31, Sammy believes that, although a policy error by the Fed remains a possibility, the significant increase in spending on infrastructure, reshoring, new semiconductor capacity and combatting climate change should help the U.S. economy achieve a soft landing, while also potentially having positive spillover benefits for other countries around the world.

MARKET RECAP

U.S. equities gained 29.88% for the 12 months ending March 31, 2024, according to the S&P 500® index, as its best start to a new year since 2019 was 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 S&P 500® continued its late-2023 momentum and ended March at its all-time high. Growth stocks led the broad rally, mostly driven by a narrow set of firms in the information technology (+46%) and communication services (+50%) sectors, largely due to excitement for AI. In particular, semiconductor-related stocks (+104%) were a standout. Following the Fed's November 1 meeting, when the central bank hinted it might be done raising rates, the S&P 500® reversed a three-month decline and gained 14.09% in the final two months of 2023 and 10.56% in the new year's first quarter. Risk assets were further aided on March 20, when the central bank held steady its benchmark federal funds rate and affirmed its projection to cut it three times in 2024. Looking at other sectors for the full 12 months, financials gained about 34% amid high interest rates, while consumer discretionary rose roughly 29%. In sharp contrast, the defensive-oriented utilities sector (0%) fared worst. Other notable "laggards" included consumer staples (+7%), real estate (+10%) and health care (+16%), each also considered defensive.



Sammy Simnegar
Portfolio Manager

Fund Facts

Trading Symbol:	FMAGX
Start Date:	May 02, 1963
Size (in millions):	\$33,460.14

Investment Approach

- Fidelity® Magellan® Fund is a diversified domestic equity strategy with a large-cap growth orientation and that seeks capital appreciation.
- The fund's mandate is highly flexible, giving us the ability to invest in domestic and foreign issuers across all market capitalizations and styles.
- Our investment approach seeks to identify high-quality growth stocks benefiting from long-term "mega trends," as well as the three "B's" – brands, barriers to entry and "best in class" management teams – using a proprietary quantitative screen and bottom-up fundamental analysis.
- The fund employs a unique risk-managed portfolio construction process that attempts to optimize alpha (risk-adjusted excess return). Rather than adjusting security weights according to conviction, we use an equal-active-weight approach, which helps to limit the impact of dramatic fluctuations in any single position, while still allowing for high active share (benchmark differentiation).

Q&A

An interview with Portfolio Manager Sammy Simnegar

Q: Sammy, how did the fund perform for the fiscal year ending March 31, 2024?

Quite well, I'm happy to report. The fund's Retail Class shares gained 40.08% the past 12 months, considerably ahead of the 29.88% advance of the benchmark S&P 500® index. The portfolio also topped the peer group average, although by a smaller margin.

Q: What was noteworthy about the market environment the past 12 months?

The U.S. equity market was aided by an expanding global economy, a frenzy over generative artificial intelligence and cooling inflation, which prompted the U.S. Federal Reserve to pause its interest rate increases in July.

Stocks embarked on a particularly strong rally beginning in late October that carried the S&P 500® to a series of new all-time highs in the first quarter of 2024, as investors began to anticipate that the Fed was finished raising rates and might soon shift to easing, although some higher-than-expected inflation numbers in Q1 cast doubt on that projection. In the first quarter of 2024 alone, the benchmark hit no fewer than 22 new closing highs.

While the rally broadened in the first three months of the year, a select few mega-caps in communication services (+50%) and information technology (+46%) had a disproportionately large impact on the benchmark's gain for the past 12 months.

Large-cap growth stocks trounced their value counterparts, while also finishing well ahead of mid- and small-caps, ultimately providing a favorable investment backdrop.

Q: Let's drill down for more details about what helped the fund outperform the benchmark.

Security selection in the information technology sector was the biggest driver, particularly its positioning in the technology hardware & equipment industry. A sizable overweight among semiconductors & semiconductor equipment firms, a group that roughly doubled in value the past 12 months, was another plus. Picks in industrials considerably bolstered the portfolio's relative return, especially capital goods stocks. Overall, active management in nine of 11 sectors contributed to relative performance.

More importantly, I would highlight that I got the fund's positioning right with respect to two of the "Magnificent Seven" mega-cap stocks. First, the fund's largest relative contributor this period was its lack of exposure to Apple, given the stock's roughly 5% increase. Although the business did see modest year-over-year revenue growth of 2% for its fiscal quarter ending December 30, 2023, meaningful improvement on the top line has been harder to come by in recent quarters, partly reflecting subpar demand in China for the firm's iPhone® devices. Consequently, I thought there were better investment opportunities elsewhere.

An overweight stake in Nvidia (+225%) also paid off handsomely. The company is perhaps the premier AI play because of its comprehensive approach to generative artificial intelligence, including graphics processing units that power the computing-intensive AI algorithms, as well as networking solutions for AI applications and libraries of algorithms for training topic-specific AI applications. In mid-February, the firm reported financial results for the three months ending January 28 that far exceeded expectations – sales roughly tripled and earnings surged about eightfold – while management also raised its forecast for the next fiscal quarter. I reduced the portfolio's exposure in light of the stock's strong gain but maintained an outsized position compared with the benchmark at the end of March.

I'll also mention an above-benchmark weighting in Eli Lilly as a key contributor to relative performance. Shares of the drugmaker posted a 128% advance, due to the success of its Type 2 diabetes and obesity drug Mounjaro®, which experienced a sizable boost in sales. In fact, demand was so robust that there have been delays in fulfilling orders. In addition to their impact on diabetes and obesity, so-called GLP-1 treatments such as Mounjaro® have shown promise in reducing the risk of heart attack and stroke in overweight patients. Here, too, I reduced the fund's exposure a bit to nail down profits and keep the position properly sized.

Q: What about noteworthy detractors?

An underweight in the market-leading communication services sector weighed most on the portfolio's relative result the past 12 months, followed by investment choices in the financials sector.

The largest individual relative detractors were mega-cap stocks that the fund didn't own at the beginning of the period: Alphabet (+46%) and Amazon.com (+75%).

My thesis was that both companies had matured and were no longer the high-growth businesses they once were. On one hand, it seemed to me that the former's growth prospects had been pressured by Microsoft's involvement with OpenAI and its ChatGPT product, which supposedly laid the groundwork for significant improvement in Bing, Microsoft's search engine. However, Bing didn't get any meaningful traction from generative AI as of period end, and

thus failed to dislodge Google from its perch atop the search-engine hierarchy. Furthermore, Alphabet returned to double-digit revenue growth. Counting both Class A and Class C shares, Alphabet was the portfolio's No. 3 holding as of period end.

Meanwhile, I started the period not expecting much from Amazon, because I thought the firm had overbuilt its retail distribution network in response to the e-commerce boom early in the pandemic. However, in view of continued solid results from both Amazon Web Services – its cloud business – and the company's retail operations, coupled with good cost discipline and what I felt was an attractive valuation based on normalized margins and earnings per share, I reconsidered my investment thesis. This culminated in building an overweight stake in the stock over the summer, which also was around the same time I purchased Alphabet in the portfolio.

Lastly, an overweight in Mettler-Toledo International (-21%) hurt our relative result. The company is a global manufacturer of scales and laboratory instruments, primarily serving the health care and industrial sectors. Recently, China's slowing economic growth was a drag on Mettler-Toledo's earnings, which made the stock's valuation look increasingly expensive to me. As a result, I exited the position prior to period end.

Q: Any final thoughts for shareholders as of March 31, Sammy?

Although a policy error by central banks remains a possibility, I believe that the significant increase in spending on infrastructure, reshoring, new semiconductor capacity and combatting climate change should help the U.S. economy achieve a soft landing, while also potentially having positive spillover benefits for other countries around the world.

Another positive for the U.S. outlook is low unemployment. As long as people have jobs, they'll probably spend freely, which I believe bodes well for economic growth, at least in the foreseeable future. Moreover, with interest rates as high as they are, the Fed and other central banks have plenty of room to cut, if necessary. Ongoing conflict in Ukraine and Gaza remains a wild card, however.

As far as the U.S. presidential election goes, we might see occasional volatility because of campaign remarks, but I believe fundamentals, including revenue and earnings growth, should continue to be the main drivers of stock market performance, even in an election year. ■

Sammy Simnagar on opportunities he sees in industrial companies:

"As of the end of March, the industrials sector was by far the fund's largest sector overweight. It was already the top overweight at the end of 2023, and I added to it further in Q1 of 2024, especially the capital goods industry.

"To my way of thinking, there are several compelling reasons to invest in industrial companies right now. The U.S. economy continues to send mixed signals, appearing healthy by some measures, including initial jobless claims, nonfarm payrolls and GDP, but wobbly according to others, such as the Conference Board's index of leading economic indicators, the inverted yield curve and consumer confidence. I am therefore attracted to the industrials sector and its idiosyncratic drivers of growth that could prevail even if the economy heads into recession.

"A new position in General Electric illustrates one of these drivers. GE was reclassified as an aerospace & defense firm in April, following the spin-off of its GE Vernova energy technology subsidiary. The remaining entity's sole business from that point forward will be manufacturing original and especially replacement parts for jet engines, and it will be rechristened GE Aerospace. Supply-chain tie-ups affecting commercial aircraft manufacturers Boeing and Airbus have forced airlines to keep older planes in service for longer, and roughly 70% of the newly slimmed down GE's business will be supplying replacement parts, so I think it has a solid runway for growth.

"Another new capital goods holding established in the portfolio this period was Watsco, a distributor of air conditioning, heating and refrigeration equipment. This is a play on the ongoing transition to cleaner forms of energy, which I believe has many years to go before it's completed. The firm is founder-run, has a very strong competitive position in its core markets, an excellent long-term track record of growing free cash flow per share through organic growth and acquisitions, significant revenue exposure to North America, and a reasonable valuation. Management subscribes to a decentralized operating model, where business units and local managers are empowered to make decisions – all positives, in my view."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Apple, Inc.	Information Technology	-7.06%	185
NVIDIA Corp.	Information Technology	1.42%	176
Eli Lilly & Co.	Health Care	1.31%	113
Tesla, Inc.	Consumer Discretionary	-1.61%	80
Lam Research Corp.	Information Technology	1.37%	68

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Alphabet, Inc. Class A	Communication Services	-0.71%	-79
Amazon.com, Inc.	Consumer Discretionary	-0.72%	-69
Mettler-Toledo International, Inc.	Health Care	0.44%	-51
Thermo Fisher Scientific, Inc.	Health Care	1.32%	-50
Dollar General Corp.	Consumer Staples	0.16%	-41

* 1 basis point = 0.01%.

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	95.10%	99.34%	-4.24%	-1.96%
International Equities	3.97%	0.66%	3.31%	1.43%
Developed Markets	3.97%	0.66%	3.31%	1.43%
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	0.93%	0.00%	0.93%	0.53%

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.

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Information Technology	31.35%	29.57%	1.78%	-2.92%
Industrials	18.06%	8.80%	9.26%	1.67%
Consumer Discretionary	12.19%	10.34%	1.85%	0.56%
Health Care	11.10%	12.42%	-1.32%	0.90%
Financials	10.51%	13.16%	-2.65%	-2.63%
Communication Services	8.51%	8.95%	-0.44%	0.02%
Materials	5.59%	2.37%	3.22%	0.42%
Consumer Staples	1.79%	5.97%	-4.18%	0.37%
Energy	0.00%	3.95%	-3.95%	0.77%
Utilities	0.00%	2.20%	-2.20%	0.21%
Real Estate	0.00%	2.28%	-2.28%	0.09%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Microsoft Corp.	Information Technology	8.30%	8.12%
NVIDIA Corp.	Information Technology	6.18%	4.41%
Amazon.com, Inc.	Consumer Discretionary	4.73%	4.46%
Meta Platforms, Inc. Class A	Communication Services	3.76%	3.13%
Alphabet, Inc. Class A	Communication Services	3.12%	3.44%
Eli Lilly & Co.	Health Care	2.47%	2.25%
Broadcom, Inc.	Information Technology	2.37%	2.02%
Visa, Inc. Class A	Financials	2.14%	2.33%
UnitedHealth Group, Inc.	Health Care	2.06%	2.79%
MasterCard, Inc. Class A	Financials	2.03%	2.20%
10 Largest Holdings as a % of Net Assets		37.17%	35.15%
Total Number of Holdings		61	62

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.

FISCAL PERFORMANCE SUMMARY: Periods ending March 31, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Fidelity Magellan Fund Gross Expense Ratio: 0.42% ²	31.53%	16.08%	40.08%	11.86%	15.72%	13.22%
S&P 500 Index	23.48%	10.56%	29.88%	11.49%	15.05%	12.96%
Morningstar Fund Large Growth	27.44%	11.92%	36.45%	7.95%	14.89%	13.24%
% Rank in Morningstar Category (1% = Best)	--	--	37%	17%	41%	57%
# of Funds in Morningstar Category	--	--	1,191	1,111	1,037	807

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/02/1963.

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

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

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FUND RISKS

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks.

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.

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.

Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Russell 1000 Value Index is a market capitalization-weighted index designed to measure the performance of the large-cap value segment of the US equity market. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth rates.

Russell 1000 Growth Index is a market capitalization-weighted index designed to measure the performance of the large-cap growth segment of the US equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

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.

Manager Facts

Sammy Simnegar is a portfolio manager in the Equity division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Simnegar is responsible for managing Fidelity and Fidelity Advisor International Capital Appreciation Fund, Fidelity VIP International Capital Appreciation Portfolio, Fidelity International Capital Appreciation K6 Fund, Fidelity Advisor International Capital Appreciation SMA, Fidelity Magellan Fund, Fidelity Magellan Commingled Pool, Fidelity Magellan ETF, and Fidelity Independence Fund.

Prior to assuming his current position, Mr. Simnegar managed Fidelity and Fidelity Advisor Emerging Markets Fund and Fidelity VIP Emerging Markets Portfolio, and co-managed Fidelity and Fidelity Advisor Total International Equity Fund. Additionally, Mr. Simnegar was an equity analyst at Fidelity, focusing on emerging-market energy, materials, and industrials; U.S. regional banks; and real estate, hotels, and emerging telecom.

Before joining Fidelity in 1998, Mr. Simnegar worked as an equity analyst at JP Morgan, and as a senior trade analyst at Trans Alliance Group, Inc. He has been in the financial industry since 1994.

Mr. Simnegar earned his bachelor of arts degree in history from the University of California and his master of business administration degree in international finance from Columbia Business School.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF ¹
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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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