

# Fidelity® Select Gold Portfolio

## Key Takeaways

- For the fiscal year ending February 29, 2024, the fund's Retail Class shares returned -11.78%, trailing the -0.67% result of the S&P® Global BMI Gold Capped Index 20/45 Linked Index.
- On August 2, 2023, Colin Anderson assumed co-management responsibilities for the fund, joining Co-Manager Steven Calhoun. On August 26, 2023, Colin Anderson became sole manager of the fund after having served as co-portfolio manager with Steven Calhoun since August 2.
- The stock prices of gold-mining companies lagged the 10% advance in the price of gold bullion the past 12 months, which broke a historical performance pattern and served as a headwind for the fund. Higher real (inflation-adjusted) interest rates also weighed on gold stocks.
- Stock selection detracted from the fund's performance versus the S&P gold index this reporting period. The fund's underweight positioning in some higher-beta, smaller-cap gold exploration companies in riskier jurisdictions outperformed and therefore hurt relative performance.
- The fund's largest individual relative detractor was an underweight position in South Africa-based Gold Fields, a large-cap gold-mining company that gained about 50%. The stock was supported by a higher price for gold bullion, particularly in the early part of the period.
- Conversely, the fund's out-of-index allocation to Vancouver-based gold development firm Artemis Gold (+62%) was its largest individual contributor relative to the S&P gold index. Artemis resumed construction and made progress on its Blackwater Gold project in British Columbia, which was viewed as a positive development after suspending operations for a few weeks in July.
- As of February 29, Colin believes the backdrop for gold stocks, featuring stalled-to-improved inflation, the rollout of new mines and low historical valuations for many companies, is favorable for the remainder of 2024.

## MARKET RECAP

U.S. equities gained 30.45% for the 12 months ending February 29, 2024, according to the S&P 500® index, as robust earnings, a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy aided risk assets. The index ended February at a record high. Notably, the rally has been driven by a narrow set of firms in the information technology and communication services sectors, largely due to excitement for generative artificial intelligence. This is mostly reflected in semiconductor-related stocks (+113%) and media & entertainment (+68%) names. A likely shift in monetary policy also provided a boost. Aggressive rate hikes by the U.S. Federal Reserve continued until late July, when the Fed decided to pause a series of increases that began in March 2022 at a 22-year high while it observed the effect on inflation and the economy. 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% through year-end and added 1.68% in January and 5.34% in February. By sector for the full 12 months, information technology (+61%) and communication services (+58%) were standouts, with AI a major tailwind. In sharp contrast, the defensive-oriented utilities sector (-1%) fared worst. Other notable laggards included real estate (+7%) and consumer staples (+8%), each also considered defensive, and energy (+6%).



**Colin Anderson**  
Portfolio Manager

### Fund Facts

<b>Trading Symbol:</b>	FSAGX
<b>Start Date:</b>	December 16, 1985
<b>Size (in millions):</b>	\$1,058.27

### Investment Approach

- Fidelity® Select Gold Portfolio seeks capital appreciation by investing in the gold asset class, which historically has had lower correlations to traditional equity markets.
- The fund has a global mandate, targeting the opportunities we believe are best-positioned to deliver above-average returns. The fund invests primarily in gold-mining equities and also may own physical bullion.
- Our active-management approach seeks to uncover inefficiencies within our investable universe.
- We seek to generate excess returns through security selection, which is primarily driven by our in-depth fundamental research capabilities.
- Sector and industry strategies could be used by investors as alternatives to individual stocks for either tactical- or strategic-allocation purposes.

# Q&A

## An interview with Portfolio Manager Colin Anderson

### **Q: Colin, how did the fund perform for the fiscal year ending February 29, 2024?**

The fund's Retail Class shares returned -11.78% the past 12 months, underperforming the -0.67% result of the S&P® Global BMI Gold Capped Index 20/45 Linked Index and well behind the 30.45% advance of the broad-market S&P 500® index. The fund also trailed its peer group average, which tracks a broader group of precious metals stocks.

### **Q: What factors influenced the investment backdrop for gold stocks the past 12 months?**

The price of gold bullion rose 10% this period, but the stocks of gold producers failed to participate in that rally, which is a bit unusual. Historically, the stocks of gold producers have outperformed the price of gold when it appreciates, and lagged the price of gold when it declines.

I think there were a few reasons why the relationship between the price of gold and the price of gold producers didn't follow the historical pattern. First, there was high cost inflation for gold producers this period, for labor and equipment. Second, certain gold producers had difficulty achieving profitability targets, given the higher costs, while other gold producers simply didn't execute from an operational standpoint, which caused short-term-minded investors to exit positions or avoid producers altogether.

Lastly, the real (inflation-adjusted) interest rate, as measured by the yield on the 10-year U.S. Treasury Inflation-Protected Security, increased about 50 basis points the past 12 months, which was a headwind for the performance of gold stocks. Real rates historically have been a key driver of the prices of gold and gold stocks. Typically, there is an inverse relationship, meaning that when real rates increase, the price of gold tends to move down, and vice versa.

### **Q: What caused the fund to underperform the S&P gold index this period?**

It came down to stock choices. Early in the period, before I joined the fund's management team, my predecessor had pivoted to less-aggressive positioning for the portfolio, given that his outlook for the price of gold became less attractive.

In particular, the fund had an underweight position in some higher-beta, gold-mining exploration companies, based

primarily in riskier jurisdictions that tend to outperform in a strong environment for gold. Unfortunately, when the environment shifted more favorably for gold, these riskier names got a jolt of life and performed quite well, which detracted from performance versus the S&P gold index.

I'll note that jurisdiction risk is a real thing. For example, consider the fund's sizable position in Franco-Nevada. The company has diversified away much of its jurisdiction risk, given the large number of assets in its portfolio. Nonetheless, this period Franco-Nevada was negatively impacted by the unexpected closure of a copper mine in Panama by the Panamanian government, due largely to political protests by local citizens.

Franco-Nevada is a large royalty company, meaning it provides an investment of capital to mining firms for the purpose of helping them ramp their mining operations, in return for a percentage of the revenue generated from the mine's production. Franco-Nevada's stock price took a hit when the Panamanian government halted production of the mine, which represented about 20% of its quarterly revenue, and the fund's overweight stake in the stock ended the period with a -17% return, detracting from our relative result.

Although the fund's lack of exposure to some gold producers in riskier jurisdictions hurt relative performance this period, given their strong performance, I believe that in the long term the fund will be well-positioned among companies we believe have the best production growth and cost-reduction strategies, as well as those that prudently allocate capital. Companies with these attributes are more likely to hit their production estimates and deliver differentiated results over time, in my view, regardless of the direction of the gold price.

**Q: Which other stocks notably detracted from performance versus the S&P gold index?**

Underweight exposure to South Africa-based Gold Fields (+50%), a large-cap gold-mining company, was the biggest individual relative detractor. The stock was supported by a higher price for gold bullion, particularly in the early part of the period. I meaningfully increased the fund's allocation to Gold Fields in the second half of the period, but it remained a sizable underweight as of February 29.

Elsewhere, a few of the fund's largest relative detractors were gold-mining companies that were part of the industry index and based in what we felt were riskier jurisdictions, so we either didn't own them or notably underweighted them. These included Zijin Mining Group (+11%, China), Buenaventura (+101%, Peru) and Harmony Gold Mining (+95%, South Africa).

Zijin was the fund's second-largest individual relative detractor the past 12 months, due to untimely positioning in the stock. The company operates the largest mine in China

and has produced more copper than gold. When the environment for gold looked more promising at the start of the period, the fund owned a stake in Zijin because the outlook for both copper and gold was favorable. However, as the outlook became less favorable, we eliminated Zijin. When I became sole portfolio manager of the fund, I re-established a small underweight position in the company to help manage portfolio risk. Overall, however, this net result of trading in the stock detracted from the fund's relative result. Zijin was the fund's largest underweight relative to the industry index at period end.

**Q: Which stocks performed well for the fund?**

An out-of-index allocation to Vancouver-based Artemis Gold (+62%) was the largest individual contributor relative to the S&P gold index. Artemis is a gold development company that resumed construction and made progress on its Blackwater Gold project in British Columbia during the period, which was viewed as a positive development after suspending operations for a few weeks in July due to wildfires that prompted evacuation alerts. The company's Blackwater project is approaching gold production, which is expected in the first half of this year. Given the stock's strong gain, I reduced our holdings to lock in some profit.

An overweight position in Toronto-based Wesdome Gold Mines, a junior producer of gold from mines in Ontario and Quebec, contributed to the fund's relative result. Wesdome gained about 40% for the fund, benefiting from steadily improved production after slightly disappointing production in 2022. I reduced our position in the stock to lock in some profit, but it was nonetheless among the fund's largest holdings as of February 29.

**Q: What's your outlook for gold stocks as of February 29, Colin?**

The price of gold bullion is up about 14% year-to-date through February, and gold stocks haven't caught up, which is in contradiction to the historical pattern. I believe this provides an opportunity for gold investors in 2024. A higher gold price makes it easier for gold producers to operate in areas of a mine that are expensive to explore. In addition, inflationary costs have largely stalled and in some areas have marginally improved. Production issues, which weighed on gold stock prices the past 12 months, are unlikely to worsen, in my opinion.

So overall, gold stocks are cheap, on average, relative to history, and I think the backdrop provides a good setup for potentially improved earnings for gold producers for the remainder of 2024. As I continue to evaluate the fund's holdings, I am leveraging Fidelity's global research capabilities, especially as I assess junior gold miners and exploration companies, where I believe our research can add considerable value. ■

### Portfolio Manager Colin Anderson on companies that may benefit from the opening of new gold mines:

"As of February 29, I am optimistic about some small- and mid-cap gold producers in a lower-risk jurisdiction that are expected to open new gold mines in the near future, which should boost their revenue and earnings."

**"Artemis Gold:** The Vancouver-based gold development company is expected to open the Blackwater Gold Project in central British Columbia in the coming months. It owns 60% of the project, and the company said it was 98% complete on December 31, 2023.

**"IAMGOLD:** The Toronto-based intermediate gold producer expects to open its Cote Gold Project mine in northeastern Ontario, Canada. This will be its third mine, similar to the company's Essakane mine in western Africa and another small mine in Ontario.

**"Calibre Mining:** The Vancouver-based gold-mining company that develops gold from properties in Nicaragua, the U.S. and Canada plans to open a new mine in central Newfoundland and Labrador, Canada, called the Valentine Gold Mine. Production from the new mine could potentially represent 40% of the company's production volume. Calibre recently stated that construction of the mine is 50% complete and that it expects mining to commence in the first half of 2025.

**"B2Gold:** The Vancouver-based gold producer operates mines in Mali, Africa, the Philippines and Namibia, and plans to open a new mine, the company's fifth, in Nunavut, Canada. Called the Back River Mine, this would be the company's first mine in what I would classify as a lower-risk jurisdiction.

"The fund owned overweight positions in each of these companies as of February 29. Artemis Gold, IAMGOLD and B2Gold were among the fund's largest holdings. Artemis, Calibre Mining and IAMGOLD were among the fund's 14-largest overweight positions versus the S&P gold index at period end."

## LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Artemis Gold, Inc.	Gold	1.36%	75
Gatos Silver, Inc.	Silver	1.76%	72
Wesdome Gold Mines, Inc.	Gold	1.11%	38
Lundin Gold, Inc.	Gold	1.97%	31
Endeavour Mining PLC	Gold	-1.67%	30

\* 1 basis point = 0.01%.

## LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Gold Fields Ltd.	Gold	-1.74%	-153
Zijin Mining Group Co. Ltd. (A Shares)	Gold	-3.16%	-107
SSR Mining, Inc.	Gold	0.69%	-89
Osisko Development Corp.	Gold	1.01%	-77
Compania de Minas Buenaventura SAA sponsored ADR	Gold	-0.94%	-77

\* 1 basis point = 0.01%.

## 10 LARGEST EQUITY HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Agnico Eagle Mines Ltd. (Canada)	Gold	12.79%	9.79%
Wheaton Precious Metals Corp.	Gold	10.26%	7.87%
Newmont Corp.	Gold	10.11%	8.79%
Franco-Nevada Corp.	Gold	9.73%	10.39%
Barrick Gold Corp. (Canada)	Gold	4.77%	4.64%
Northern Star Resources Ltd.	Gold	4.17%	1.66%
Osisko Gold Royalties Ltd.	Gold	3.18%	2.85%
Alamos Gold, Inc.	Gold	3.06%	2.76%
Gold Fields Ltd.	Gold	2.72%	2.29%
AngloGold Ashanti PLC	Gold	2.34%	--
<b>10 Largest Holdings as a % of Net Assets</b>		<b>63.12%</b>	<b>57.80%</b>
<b>Total Number of Holdings</b>		<b>58</b>	<b>60</b>

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 or underlying bullion investments.

## ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	13.18%	16.41%	-3.23%	-2.42%
International Equities	85.36%	83.59%	1.77%	2.87%
Developed Markets	79.02%	63.37%	15.65%	2.91%
Emerging Markets	6.34%	20.22%	-13.88%	-0.04%
Tax Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Commodities & Related Investments	1.08%	0.00%	1.08%	0.30%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.38%	0.00%	0.38%	-0.75%

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.

## EQUITY MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Gold	92.27%	100.00%	-7.73%	4.98%
Silver	2.64%	--	2.64%	-2.31%
Diversified Metals & Mining	2.13%	--	2.13%	-2.14%
Precious Metals & Minerals	1.17%	--	1.17%	0.04%
Copper	0.33%	--	0.33%	-0.13%

## FISCAL PERFORMANCE SUMMARY: Periods ending February 29, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF <sup>1</sup>
Select Gold Portfolio Gross Expense Ratio: 0.70% <sup>2</sup>	-12.42%	-13.67%	-11.78%	-7.58%	1.66%	-0.40%
S&P 500 Index	13.93%	7.11%	30.45%	11.91%	14.76%	12.70%
S&P Global BMI Gold Capped Index 20/45 Linked Index	-7.80%	-14.63%	-0.67%	-3.84%	5.86%	2.74%
Morningstar Fund Equity Precious Metals	-10.89%	-14.46%	-8.84%	-9.09%	2.54%	-0.59%
% Rank in Morningstar Category (1% = Best)	--	--	74%	47%	65%	61%
# of Funds in Morningstar Category	--	--	69	67	63	56

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/16/1985.

<sup>2</sup> 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 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.fidelity.com), or [401k.com](https://www.fidelity.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.**

## Definitions and Important Information

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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. The gold industry can be significantly affected by international monetary and political developments such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries, as well as supply and demand for gold and operational costs associated with mining. 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.

### 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.

**S&P Global BMI Gold Capped 20/45 Linked Index** is a modified market capitalization-weighted index of stocks designed to measure the performance of companies that produce gold and related products, including companies that mine or process gold and the South African finance houses which primarily invest in, but do not operate, gold mines. Index returns shown for periods prior to April 1, 2017 are returns of the S&P Global BMI Gold Capped Index.

### 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

**Colin Anderson** is a research analyst and 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. Anderson manages Fidelity Select Gold Portfolio and Fidelity Agricultural Productivity Fund. Additionally, his research coverage includes gold, fertilizer, and agricultural equipment companies within the industrial machinery industry.

Prior to assuming his current position, Mr. Anderson covered the communications equipment industry, the medical equipment industry, and the business services industry.

Before joining Fidelity as an equity research associate in 2007, Mr. Anderson was an intern in the U.S. Futures division at ABN AMRO. Previously, Mr. Anderson served as an investment management intern at Fifth Third Bank. He has been in the financial industry since 2007.

Mr. Anderson earned his bachelor of arts degree in philosophy from Princeton University.



**PERFORMANCE SUMMARY:**  
**Quarter ending March 31, 2024**

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF <sup>1</sup>
Select Gold Portfolio Gross Expense Ratio: 0.70% <sup>2</sup>	-8.73%	-3.44%	5.03%	2.17%
% Rank in Morningstar Category (1% = Best)	74%	58%	67%	63%
# of Funds in Morningstar Category	66	64	62	56

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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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