

Fidelity® Select Chemicals Portfolio

Key Takeaways

- For the semiannual reporting period ending August 31, 2025, the fund returned -3.30%, trailing the 0.55% gain of the MSCI U.S. IMI Chemicals 25/50 Linked Index and the 9.21% advance of the broad-based S&P 500® Index.
- Despite the S&P 500® making a series of fresh all-time highs, chemical stocks considerably lagged during the period, as weak demand, higher-for-longer interest rates and uncertainty about tariffs clouded the business outlook.
- Given persistent weakness in demand, Portfolio Manager Emma Baumgartner reduced the fund's overweight in commodity chemicals and increased exposure to specialty chemicals, a more-defensive group.
- Performance versus the MSCI index suffered due to both stock selection and market selection. Picks in specialty chemicals notably detracted, as did an underweight in fertilizers & agricultural chemicals and investment choices in commodity chemicals.
- Among individual holdings, an underweight in Mosaic (+42%) and overweights in Axalta Coating Systems (-13%) and Westlake (-19%) detracted most versus the MSCI industry index.
- On the positive side, avoiding index component Dow (-33%) contributed most on a relative basis. Timely ownership of Ingevity (+33%) also helped.
- As of August 31, Emma says she's somewhat more cautious about the chemicals industry and has therefore moved the fund to a more defensive stance. With that said, she believes there are still good opportunities for picking individual stocks where the market is missing or underappreciating attractive business fundamentals.

MARKET RECAP

U.S. equities gained 9.21% for the six months ending August 31, 2025, according to the S&P 500® index, reaching period end just shy of a record. U.S. stocks erased a sharp decline that began on February 20, as post-election optimism gave way to investor concern about a flurry of executive actions by the new administration, disruption to government programs and a rise in uncertainty stemming from shifting policy priorities, especially related to tariffs. The downtrend steepened on April 2, upon the announcement of a sweeping tariff plan. Amid rising volatility and concern about a global trade war, the index returned -12.12% through April 8, but then sharply reversed course and gained 30.31% through period end. The historically fast rebound was set off by a 90-day pause on most planned tariffs, and sustained by robust corporate profits, a solid economy, inflation trending around the Federal Reserve's 2% target and renewed expectations for rate cuts. By sector for the full six months, information technology (+19%) led the way, boosted by exuberance for artificial intelligence. Communication services (+15%) and industrials (+12%) also topped the index, helped by AI and trends related to power generation and reshoring. Conversely, health care (-7%), consumer staples (-2%) and real estate (-0.44%) lagged most, while consumer discretionary and utilities (+8% each), materials (+6%), financials (+4%), and energy (+1%) all gained but lagged the index for the six months.



Emma Baumgartner
Portfolio Manager

Fund Facts

Trading Symbol:	FSCHX
Start Date:	July 29, 1985
Size (in millions):	\$447.25

Investment Approach

- Fidelity® Select Chemicals Portfolio is an industry-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- We conduct in-depth fundamental research, supported by Fidelity's deep and experienced global cyclicals team, to develop a differentiated view from consensus on product- and end-market trends.
- We follow a contrarian investment approach and focus on companies in which we anticipate a positive change in business fundamentals before it is recognized and properly valued in the company's stock price.
- We also look for reasonably valued stocks of firms with improving returns on capital, healthy free-cash-flow yields, the potential for price-earnings multiple expansion, or defensive-growth characteristics.
- 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 Emma Baumgartner

Q: Emma, how did the fund perform for the six months ending August 31, 2025?

The fund returned -3.30%, trailing the 0.55% gain of the MSCI U.S. IMI Chemicals 25/50 Linked Index and the 9.21% advance of the broadly based S&P 500® index. The fund also finished behind its peer group average, which tracks the natural resources segment.

Looking a bit longer term, the fund returned -10.95% for the trailing 12 months, which fell short of the MSCI index, the S&P 500® and the peer group average.

Q: What was the environment like for chemical stocks the past six months?

Despite the S&P 500® making a series of fresh all-time highs, chemical stocks considerably lagged during the period, as weak demand, higher-for-longer interest rates and uncertainty about tariffs clouded the business outlook.

Persistent weakness in China was also a problem for chemical stocks. China is the incremental buyer for many chemicals, so subpar industrial activity in China was felt throughout the chemicals food chain. At the same time, China pushed ahead with new production capacity for commodity chemicals – especially polyethylene – with the aim of becoming self-sufficient in that area. This weighed on product prices and profits.

Meanwhile, high interest rates and elevated house prices dampened the U.S. housing market, where many potential sellers and buyers remained on the sidelines. As a result, existing home sales were depressed, translating to lower demand for TiO₂, or titanium dioxide, a key element of paints and coatings.

Against this backdrop, fertilizers & agricultural chemicals (+17%) was one of the stronger-performing subindustries in the MSCI industry index. The price of fertilizer, especially phosphate fertilizer, has been on the rise, particularly in response to China's decision to stop exporting phosphates at the end of 2024. Specialty chemicals and industrial gases (both +1%) narrowly topped the break-even level.

Commodity chemicals (-15%) and diversified chemicals (-11%) were the weakest categories, while life sciences tools & services (+59%) strongly outperformed but represented a negligible part of the index.

Q: How did you position the fund?

Given the persistent weakness in demand that I mentioned earlier, I reduced the fund's overweight in commodity chemicals and increased exposure to specialty chemicals, a defensive group. As I did further analysis on commodity chemicals, I concluded that China's persistence in adding production capacity, even in the face of a weak economic backdrop, would likely represent a headwind for companies in that segment by pressuring pricing and profits in the group. Thus, commodity chemicals was an underweight in the fund by period end.

Meanwhile, I considerably narrowed the fund's underweight in specialty chemicals during the period. New positions in this category included Eastman Chemical and Ingevity, the latter of which I'll discuss later in this report. I also meaningfully increased the fund's stakes in Ecolab, PPG Industries and International Flavors & Fragrances – companies that are typically less affected by broad economic trends.

Industrial gases remained the portfolio's largest subindustry overweight, even though I trimmed the fund weight in this group due to a benchmark rebalance. Linde, a member of this group, is highlighted in the callout portion of this review.

Q: What detracted most from performance versus the MSCI industry index?

Relative performance suffered due to both stock selection and market selection. Picks in specialty chemicals notably detracted, as did an underweight in fertilizers & agricultural chemicals and investment choices in commodity chemicals.

Underweighting fertilizer producer Mosaic (+42%) detracted most from relative performance among individual holdings. The company is the largest U.S. maker of potash and phosphate fertilizer. Tariffs imposed under President Trump have hit key suppliers, including Saudi Arabia, Jordan, and Egypt, which provided 86% of U.S. phosphate shipments last year. At the same time, as mentioned earlier, the supply of phosphates from China has dried up. Although this is hurting farmers, it benefits fertilizer companies, which are enjoying greater pricing power. During the period, I established a roughly market-weight position in Mosaic.

A sizable overweight in Axalta Coating Systems (-13%) also worked against the fund. The company manufactures coatings for light and commercial vehicles, industrial, and refinish applications. During the period, the stock was hurt by concern that an increasing number of auto safety features might result in fewer accidents, meaning lighter demand for refinishing work. Some observers also speculated that strained consumer finances could lead people to delay or avoid vehicle repairs after an accident. I felt the concerns about safety features were exaggerated and expected Axalta's demand to strengthen as consumer confidence

improved. Also, the stock seemed attractively valued. I added modestly to this position.

I'll also mention Westlake (-19%). The company is an international manufacturer of petrochemicals, polymers and fabricated building products, which are fundamental to various consumer and industrial markets. Those markets were relatively weak the past six months and are part of the commodity chemicals segment, a group I decreased exposure to during the period. Nevertheless, I viewed Westlake as a higher-quality company in this segment, mainly because of its exposure to building products. Therefore, even though I significantly reduced the position, it remained a modest overweight at period end.

Q: What about noteworthy contributors?

Avoiding poorly performing index component Dow (-33%) provided the biggest boost to performance in relative terms. The company is a major supplier of polyethylene, which is used for packaging film, trash bags and grocery bags, among other applications. I was concerned about the demand outlook for this commodity, as the company was directly exposed to pressure from China's additions to production capacity in this area. The second quarter of 2025 was particularly challenging, as the company reported lower-than-expected EBITDA (earnings before interest, taxes, depreciation and amortization) and halved its dividend. Sales declined across all the firm's operating segments.

Among fund overweights, timely ownership of Ingevity (+33%) stood out as a contributor. The company manufactures activated carbon products, derivative specialty chemicals, and engineered polymers. The fund didn't own this stock to start the period, but I established a position during the spring market downturn, as I thought the valuation looked compelling. Additionally, the firm plans to sell off its underperforming Industrial Specialties segment, which includes chemicals used in a broad range of applications, such as rubber manufacture, crop protection and mining. In my view, that should result in improving margins and stronger earnings growth.

Q: What's your outlook as of August 31, Emma?

I'm somewhat more cautious about the chemicals industry and have therefore moved the fund to a more defensive stance. With that said, I believe there are still good opportunities for picking individual stocks where the market is missing or underappreciating attractive business fundamentals. ■

Portfolio Manager Emma Baumgartner on stock picking in a challenging environment:

"Given the mediocre macroeconomic backdrop and China's determination to expand commodity chemical production capacity to achieve self-sufficiency, many chemical stocks struggled during the period. With that said, I firmly believe there are still bargains out there, but you have to dig deep to find them. This means speaking with industry participants, analyzing historical growth in key end markets, and evaluating whether a company's projected growth is reflected in its share price.

"Element Solutions stood out as a stock the market appeared to undervalue. About 70% of the company's business is in chemicals for various electronics markets, including mobile phones, consumer electronics and communication infrastructure. These markets tend to be somewhat less cyclical than other chemicals markets, and they are also somewhat insulated from China's decision to continue piling on commodity chemical capacity. Yet, the stock trades about in line with the specialty chemical group as a whole. The stock was one of the fund's top overweights at period end.

"I'll also mention Linde, the world's largest supplier of industrials gases, as measured by market share and revenue. As I've noted previously, I like industrial gas companies because of their attractive mix of offensive and defensive qualities, which make them an especially good fit in the current uncertain economic environment. They have pricing power, low earnings volatility and a potential new source of demand in clean hydrogen. In Linde's case, roughly 30% of its business is tied to long-term take-or-pay contracts, which specify that the buyer will either take delivery of goods from the seller or pay a penalty for not taking them. What's more, the extensive pipeline network Linde operates provides the company with a solid moat against would-be competitors. Linde was a core overweight as of August 31."

LARGEST CONTRIBUTOR VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Dow Inc	Commodity Chemicals	-3.10%	125
Eastman Chemical Co	Specialty Chemicals	-1.50%	52
Huntsman Corp	Diversified Chemicals	-0.52%	20
Ingevity Corp	Specialty Chemicals	-0.04%	14
Avient Corp	Specialty Chemicals	-0.71%	9

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Mosaic Co/The	Fertilizers & Agricultural Chemicals	-0.84%	-74
Axalta Coating Systems Ltd	Specialty Chemicals	4.71%	-64
Westlake Corp	Commodity Chemicals	1.25%	-63
Albemarle Corp	Specialty Chemicals	-0.90%	-56
Perimeter Solutions Inc	Specialty Chemicals	-0.61%	-52

* 1 basis point = 0.01%.

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	73.38%	77.88%	-4.50%	-0.54%
International Equities	24.87%	22.12%	2.75%	1.06%
Developed Markets	24.87%	22.12%	2.75%	1.06%
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	1.75%	0.00%	1.75%	-0.52%

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
Specialty Chemicals	48.87%	51.00%	-2.13%	4.27%
Industrial Gases	29.67%	26.57%	3.10%	-0.28%
Fertilizers & Agricultural Chemicals	10.70%	10.63%	0.07%	3.12%
Commodity Chemicals	8.41%	10.41%	-2.00%	-4.10%
Diversified Chemicals	0.59%	1.39%	-0.80%	-2.50%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Linde PLC	Industrial Gases	24.87%	26.05%
Sherwin-Williams Co/The	Specialty Chemicals	15.67%	13.17%
Ecolab Inc	Specialty Chemicals	8.91%	4.87%
Axalta Coating Systems Ltd	Specialty Chemicals	5.01%	4.91%
Element Solutions Inc	Specialty Chemicals	4.93%	4.90%
Corteva Inc	Fertilizers & Agricultural Chemicals	4.92%	4.86%
DuPont de Nemours Inc	Specialty Chemicals	4.81%	4.85%
Air Products and Chemicals Inc	Industrial Gases	4.81%	8.93%
PPG Industries Inc	Specialty Chemicals	3.56%	2.36%
LyondellBasell Industries NV Class A1	Commodity Chemicals	2.63%	2.68%
10 Largest Holdings as a % of Net Assets		80.13%	78.56%
Total Number of Holdings		25	25

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 August 31, 2025

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Select Chemicals Portfolio Gross Expense Ratio: 0.69% ²	-3.30%	0.01%	-10.95%	2.53%	7.37%	7.05%
S&P 500 Index	9.21%	10.79%	15.88%	19.54%	14.74%	14.60%
MSCI US IMI Chemicals 25/50 Linked Index	0.55%	4.25%	-5.82%	5.29%	8.17%	8.80%
Morningstar Fund Natural Resources	18.59%	19.38%	12.20%	7.82%	13.43%	8.79%
% Rank in Morningstar Category (1% = Best)	--	--	100%	84%	90%	73%
# of Funds in Morningstar Category	--	--	126	113	105	89

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 07/29/1985.

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, institutional.fidelity.com, or 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.

Definitions and Important Information

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FUND RISKS

The value of the fund's domestic and foreign investments will vary from day to day in response to many factors. Stock values fluctuate in response to issuer, political, regulatory, market, or economic developments. You may have a gain or loss when you sell your shares. Investments in foreign securities, especially those in emerging markets, involve risks in addition to those of U.S. investments, including increased political and economic risk, as well as exposure to currency fluctuations. Because FMR concentrates the fund's investments in a particular industry, the fund's performance could depend heavily on the performance of that industry and could be more volatile than the performance of less concentrated funds and the market as a whole. The fund is considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund; thus changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a more diversified fund. The chemical industry can be significantly affected by intense competition, product obsolescence, raw materials prices, and government regulation, and can be subject to risks associated with the production, handling, and disposal of hazardous components.

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 Chemicals 25/50 Index is a modified market-capitalization-weighted index of stocks designed to measure the performance of Chemicals 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. Index returns shown for periods prior to January 1, 2010 are returns of the MSCI U.S. Investable Market

Chemicals 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.

Manager Facts

Emma Baumgartner is a research analyst 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, Ms. Baumgartner focuses on housing-related stocks both within the consumer discretionary and REIT sectors and is responsible for providing investment objectives for Fidelity portfolio managers.

Prior to assuming her current position in September 2019, Ms. Baumgartner held various roles within Fidelity's Equity division, including mega cap research analyst, mega cap research associate, and business associate. She has been in the financial industry since joining Fidelity in 2008.

Ms. Baumgartner earned her bachelor of arts degree, magna cum laude, in economics from Dartmouth College. She is also a CFA® charterholder. The Chartered Financial Analyst (CFA) designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® is a trademark owned by CFA Institute.

PERFORMANCE SUMMARY:

Quarter ending December 31, 2025

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Select Chemicals Portfolio Gross Expense Ratio: 0.69% ²	-8.87%	-1.18%	1.88%	5.38%
% Rank in Morningstar Category (1% = Best)	100%	97%	92%	96%
# of Funds in Morningstar Category	128	113	104	92

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 07/29/1985.

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.

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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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Diversification does not ensure a profit or guarantee against a loss.

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