

Fidelity® Select Technology Portfolio

Investment Approach

- Fidelity® Select Technology Portfolio is a sector-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- We believe the value of technology stocks is in large part determined by the companies' future potential to generate earnings and cash flow.
- Our investment framework also focuses on identifying themes that impact the largest end markets, determining potential winners/losers, and how certain companies that are technology disruptors can impact incumbents.
- The technology sector is a very specialized part of the market, and our experience allows for proficiency in specific domains, aiding in recognizing investment opportunities when they arise.
- Through bottom-up research and by leveraging Fidelity's vast expertise – in addition to insights from industry experts, technologists, suppliers and competitors – we develop a differentiated view on the fundamentals in seeking to identify companies with compelling risk/reward profiles.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical or strategic-allocation purposes.

FUND INFORMATION

Manager(s):
Adam Benjamin

Trading Symbol:
FSPTX

Start Date:
July 14, 1981

Size (in millions):
\$14,630.20

Morningstar Category:
Fund Technology

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions. 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.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Select Technology Portfolio Gross Expense Ratio: 0.64% ²	13.33%	13.33%	44.13%	10.89%	23.38%	19.92%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%
MSCI US IMI Information Technology 25/50	8.62%	8.62%	37.05%	14.52%	22.41%	20.18%
Morningstar Fund Technology	8.66%	8.66%	31.83%	3.17%	15.26%	16.03%
% Rank in Morningstar Category (1% = Best)	--	--	29%	20%	13%	22%
# of Funds in Morningstar Category	--	--	267	232	204	158

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 07/14/1981.

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.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

In Q1, the information technology sector, as measured by the MSCI U.S. IMI Information Technology 25/50 Index, advanced 8.62%, versus 10.56% for the broadly based S&P 500® index. 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 – in fact, 22 new closing highs were set in the past three months alone. Growth stocks led the broad rally, with all but one of 11 market sectors advancing.

Against this backdrop, information technology recorded the third-best performance among the 11 sectors in the S&P 500®, behind only communication services and energy. As they frequently have recently, semiconductors led the charge higher, with the group climbing roughly 28% in the MSCI sector index. Semiconductor materials & equipment, with a rise of approximately 18%, also strongly outperformed. Chip-related stocks have been one of the primary beneficiaries of the push to invest in generative AI amid an ongoing build-out of the data-center infrastructure necessary to apply the large-language models required by GenAI on a broad scale. Thus, Nvidia was a market leader, rising approximately 82% the past three months. Memory chipmaker Micron Technology (+38%) was another standout, along with Advanced Micro Devices (+22%), a rival of Nvidia in the production of graphics chips suitable for AI applications.

Systems software, rising about 11% for the quarter, also stood out as a segment that outperformed the MSCI index. Within this group, Oracle recorded a solid gain of about 20%. The company is a key provider of enterprise software applications and database software. In Q1, the company announced new AI capabilities for some of its business apps. But many believe the key driver for Oracle is now cloud computing – and the associated opportunity in artificial intelligence. Cybersecurity stock CrowdStrike Holdings, up about 26% for the quarter, also stood out.

Only two tech subsectors finished the quarter with a negative return: technology hardware, storage & peripherals (-7%) and internet services & infrastructure (-5%). With its roughly 19% average weighting in the MSCI index, Apple (-11%) was a meaningful driver of the first group just mentioned, while the latter segment was weighed down by the likes of cloud-based database providers Snowflake (-19%) and MongoDB (-12%). ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
NVIDIA Corp.	Semiconductors	7.76%	465
Apple, Inc.	Technology Hardware, Storage & Peripherals	-5.63%	116
Adobe, Inc.	Application Software	-1.96%	52
Uber Technologies, Inc.	Passenger Ground Transportation	2.43%	39
Astera Labs Inc	Semiconductors	0.06%	38

* 1 basis point = 0.01%.

Performance Review

For the quarter, the fund gained 13.33%, outpacing both the MSCI U.S. IMI Information Technology 25/50 Index and the S&P 500®.

Stock selection and an overweight position in semiconductors were key factors driving the portfolio's outperformance of the MSCI sector index. Another notable plus was our decision to underweight the weak technology hardware, storage & peripherals group.

A sizable overweight in Nvidia (+82%) was the top individual relative contributors. The stock rose steadily as the chipmaker continued to capitalize on booming interest in language-generating artificial intelligence. After years of investment in the development of chips and software for AI, Nvidia dominates the market for advanced graphics chips that are the lifeblood of new generative AI systems. In mid-February, the firm reported financial results for the three months ending January 28 that far exceeded expectations. We trimmed our stake to lock in some profit but Nvidia was our largest holding and overweight as of March 31.

It helped to underweight personal electronics maker Apple. The stock fell beginning in early February even though the company announced quarterly financial results that were better than expected, including revenue growth for the first time since Q3 2022. Instead, impatient investors seemed to focus on when the firm would share specifics about its plan to capitalize on generative artificial intelligence, as well as management's 2024 forecast for lower sales of the firm's flagship iPhone® device in China, a crucial market where Apple has lost market share.

In contrast, out-of-index exposure to interactive media & services and stock selection in communications equipment detracted from the fund's relative result. An underweight and investment choices in semiconductor materials and equipment also weighed on performance versus the MSCI index.

A sizable overweight in onsemi (formerly ON Semiconductor) detracted most the past three months. Shares of the company, which designs and manufactures semiconductors for automotive, industrial, and other applications – returned -12% in Q1. This continued a slide that began in late 2023, after the firm reported weaker-than-expected Q3 earnings while also notably reducing Q4 guidance for its electric-vehicle-related business. In February, though, management announced Q4 revenue and earnings that modestly topped analysts' expectations, boosting the stock, which was a large holding as of March 31. ■

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
ON Semiconductor Corp.	Semiconductors	3.74%	-87
GlobalFoundries, Inc.	Semiconductors	2.72%	-71
Broadcom, Inc.	Semiconductors	-4.10%	-42
Snap, Inc. Class A	Interactive Media & Services	0.64%	-35
Advanced Micro Devices, Inc.	Semiconductors	-2.11%	-26

* 1 basis point = 0.01%.

Outlook and Positioning

As April begins, we remain quite bullish on prospects for technology stocks, particularly the investment in infrastructure and software needed to support the growth of generative AI and the evolving data center architecture. Other key trends include continued digital transformation across all markets, as well as the increasing importance of assuring adequate semiconductor supply and the increasing chip content driven by the further adoption of electric vehicles and autonomous capabilities.

With all of that said, the valuations of many technology stocks have become less attractive due to their substantial increases, especially since the latest rally began in November, and we would not be surprised to see some near-term consolidation in the group, especially if the macroeconomic environment continues to send mixed signals.

We continue to find it useful to look at whether companies in certain end markets are "overearning" or "underearning" relative to what they should be earning under normal circumstances. Personal computers are an example of an industry that was overearning during the pandemic and could face substantial headwinds going forward, especially now that many people have added an extra computer or two at home.

On the other hand, autos are an example of a market segment where unit sales are still running below 2019 levels – first due to a shortage of semiconductors, and more recently because of higher interest rates on car loans. With that said, the chip shortage has eased and auto dealers have been rebuilding their inventories. We are optimistic about this market's prospects, especially given the increasing chip content per car.

As a result of our bottom-up approach, the portfolio's largest industry overweight at quarter end – by a considerable margin – was semiconductors. In fact, the fund's top-four overweights at quarter end were semiconductor stocks: Nvidia, onsemi, Marvell Technology and NXP Semiconductors.

Nvidia was one of the market's hottest stocks in 2023 and the first quarter of 2024. We consider it the most direct beneficiary of the expanding market for GenAI. And while no stock can be relied on to rise without interruption, we continue to like the firm's long-term prospects. Marvell has exposure to communications infrastructure and cloud/data centers, as well as a burgeoning opportunity in the auto market. NXP is a key supplier of chips for the auto industry. Onsemi provides chips for sophisticated electronics in electric and gas cars, as well as industrial automation components.

On the other hand, technology hardware, storage & peripherals and application software ended the quarter as the two largest underweights. We believe many software names have been bought based on overly optimistic assumptions about how quickly GenAI can be implemented, and we are waiting for better opportunities to buy. As mentioned earlier, our relatively light stake in tech hardware is largely driven by the fund's sizable underweight in Apple – the largest as of March 31 – amid what we view as a mediocre fundamental outlook for the company. With that said, Apple was still the portfolio's third-largest holding as of March 31, behind Nvidia and Microsoft.

As always, we thank you for your confidence in our stewardship of the fund, and in Fidelity's investment-management capabilities. ■

10 LARGEST HOLDINGS

Holding	Market Segment
NVIDIA Corp.	Semiconductors
Microsoft Corp.	Systems Software
Apple, Inc.	Technology Hardware, Storage & Peripherals
Salesforce, Inc.	Application Software
Marvell Technology, Inc.	Semiconductors
ServiceNow, Inc.	Systems Software
ON Semiconductor Corp.	Semiconductors
NXP Semiconductors NV	Semiconductors
Cisco Systems, Inc.	Communications Equipment
GlobalFoundries, Inc.	Semiconductors
10 Largest Holdings as a % of Net Assets	72.90%
Total Number of Holdings	96

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	46.0x	42.8x
Price/Earnings (IBES 1-Year Forecast)	30.7x	28.3x
Price/Book	9.1x	8.7x
Price/Cash Flow	30.1x	28.2x
Return on Equity (5-Year Trailing)	17.9%	25.0%
Growth		
Sales/Share Growth 1-Year (Trailing)	19.1%	12.6%
Earnings/Share Growth 1-Year (Trailing)	75.3%	21.2%
Earnings/Share Growth 1-Year (IBES Forecast)	16.0%	20.2%
Earnings/Share Growth 5-Year (Trailing)	32.5%	24.9%
Size		
Weighted Average Market Cap (\$ Billions)	1375.0	1329.0
Weighted Median Market Cap (\$ Billions)	631.2	345.1
Median Market Cap (\$ Billions)	31.4	3.9

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Semiconductors	36.44%	27.19%	9.25%	-2.50%
Internet Services & Infrastructure	4.87%	1.69%	3.18%	-0.25%
Passenger Ground Transportation	2.74%	--	2.74%	0.32%
Hotels, Resorts & Cruise Lines	1.16%	--	1.16%	0.15%
Broadline Retail	1.12%	--	1.12%	1.12%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Technology Hardware, Storage & Peripherals	11.44%	17.37%	-5.93%	0.85%
Application Software	9.16%	14.25%	-5.09%	1.74%
It Consulting & Other Services	0.02%	3.80%	-3.78%	0.13%
Semiconductor Materials & Equipment	2.30%	4.21%	-1.91%	-0.14%
Systems Software	22.16%	23.91%	-1.75%	0.02%

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
NVIDIA Corp.	Semiconductors	6.07%
ON Semiconductor Corp.	Semiconductors	3.91%
Marvell Technology, Inc.	Semiconductors	3.85%
NXP Semiconductors NV	Semiconductors	3.63%
ServiceNow, Inc.	Systems Software	3.04%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Apple, Inc.	Technology Hardware, Storage & Peripherals	-4.98%
Broadcom, Inc.	Semiconductors	-4.25%
Advanced Micro Devices, Inc.	Semiconductors	-2.12%
Adobe, Inc.	Application Software	-1.66%
Accenture PLC Class A	It Consulting & Other Services	-1.58%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	92.29%	100.00%	-7.71%	-0.54%
International Equities	4.56%	0.00%	4.56%	0.75%
Developed Markets	2.59%	0.00%	2.59%	0.65%
Emerging Markets	1.97%	0.00%	1.97%	0.10%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.06%	0.00%	0.06%	-0.01%
Cash & Net Other Assets	3.09%	0.00%	3.09%	-0.20%

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	1.07	1.00
Standard Deviation	25.23%	23.09%
Sharpe Ratio	0.33	0.51
Tracking Error	5.27%	--
Information Ratio	-0.69	--
R-Squared	0.96	--

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 Information Technology 25/50 Index is a modified market capitalization-weighted index of stocks designed to measure the performance of Information Technology 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.

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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