

Fidelity® Select Consumer Staples Portfolio

Investment Approach

- Fidelity® Select Consumer Staples Portfolio is a sector-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- Our core philosophy is that stock prices follow earnings and returns over the long term. We look for durable franchises capable of compounding value and delivering above-average earnings growth over time.
- Investment opportunities arise when there is a differentiated view with regard to the long-term earnings power of a company. We focus on stocks where the market underestimates the magnitude or duration of growth and the valuation is attractive.
- Fundamental research is key to our approach, as we build the portfolio stock by stock and take a multiyear investment perspective to get a differentiated view on long-term performance drivers. We also look to capitalize on short-term market opportunities, with the goal of optimizing risk-adjusted returns for shareholders.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical or strategic-allocation purposes.

FUND INFORMATION

Manager(s):
Ben Shuleva

Trading Symbol:
FDFAX

Start Date:
July 29, 1985

Size (in millions):
\$1,045.38

Morningstar Category:
Fund Consumer Defensive

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The consumer staples industries can be significantly affected by demographic and product trends, competitive pricing, food fads, marketing campaigns, environmental factors, and government regulation, the performance of overall economy, interest rates, and consumer confidence. 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 Consumer Staples Portfolio Gross Expense Ratio: 0.68% ² | 1.96% | -2.95% | -2.95% | 1.80% | 3.76% | 5.57% |
| S&P 500 Index | 2.66% | 17.88% | 17.88% | 23.01% | 14.42% | 14.82% |
| MSCI US IMI Consumer Staples 25/50 | -0.66% | 2.15% | 2.15% | 5.86% | 6.53% | 7.77% |
| Morningstar Fund Consumer Defensive | -1.62% | -1.28% | -1.28% | 2.15% | 4.26% | 6.25% |
| % Rank in Morningstar Category (1% = Best) | -- | -- | 67% | 49% | 66% | 57% |
| # of Funds in Morningstar Category | -- | -- | 24 | 24 | 24 | 20 |

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 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, 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.

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

The consumer staples sector returned -0.66% in the fourth quarter, according to the MSCI U.S. IMI Consumer Staples 25/50 Index, underperforming the 2.66% gain of the broad-based S&P 500® index.

In Q4, stocks extended a historically fast rebound that began in early April, but at a slower pace. The advance has been supported by strong corporate fundamentals, a resilient economy, an ongoing boom in spending on artificial intelligence and the Federal Reserve's first interest-rate reductions since December 2024. Amid this favorable backdrop for higher-risk assets, the index closed the year just shy of its all-time high. Value stocks modestly outpaced growth in Q4, while large-caps had only a slight advantage over small-caps, as investors' appetite for risk waned versus the prior three months.

Within this environment, the underperformance of the consumer staples sector was largely due to a modest rotation away from defensive sectors toward cyclical and higher-growth stocks. The MSCI consumer staples index returned -2.64% in October, whereas the S&P 500® notched a 2.34% gain. On October 29, the central bank lowered its benchmark federal funds rate by 0.25 percentage points at its second consecutive meeting. Staples stocks then gained in November (+3.77%) before losing steam in December (-1.68%), when the focus returned to a U.S. economy largely driven by massive AI-related outlays by big tech companies. Meanwhile, the Fed cut rates by another quarter point on December 10.

Among the biggest segments in the sector, consumer staples merchandise retail (+3%), making up 31% of the index, gained ground, aided by some of its largest components, including Walmart (+8%) and Target (+10%). Soft drinks & non-alcoholic beverages (+7%), making up about 18% of the index, also helped the sector's result, with Keurig Dr Pepper (+10%) and Coca Cola (+6%) leading the way. Conversely, household products, constituting roughly 16% of the benchmark, returned -7%, hindered by Kimberly Clark (-18%) and Energizer Holdings (-19%). Packaged foods & meats (-6%) also lagged, with underperformers including Mondelez International (-13%) and JM Smucker (-9%). ■

LARGEST CONTRIBUTORS VS. BENCHMARK

| Holding | Market Segment | Average Relative Weight | Relative Contribution (basis points)* |
|----------------------|---------------------------------------|-------------------------|---------------------------------------|
| Keurig Dr Pepper Inc | Soft Drinks & Non-Alcoholic Beverages | 7.71% | 81 |
| Bunge Global SA | Agricultural Products & Services | 2.32% | 55 |
| Kenvue Inc | Personal Care Products | 2.82% | 43 |
| Altria Group Inc | Tobacco | -3.53% | 40 |
| TreeHouse Foods Inc | Packaged Foods & Meats | 1.50% | 39 |

* 1 basis point = 0.01%.

Performance Review

For the quarter, the fund's Retail Class shares gained 1.96%, outpacing the -0.66% result of the MSCI U.S. IMI Consumer Staples 25/50 Index.

Both industry positioning and security selection contributed to the fund's performance versus the sector index for the quarter, especially picks within personal care products and positioning in soft drinks & non-alcoholic beverages.

From the latter group, an outsized stake in Keurig Dr Pepper (+10%) was the biggest individual relative contributor, as the stock rebalanced the past three months following a late-August plunge after the firm's announcement of a deal to buy JDE Peet's for nearly \$18 billion, a move intended to bolster its coffee business. Though we viewed the deal as strategically questionable, we remained bullish on Keurig Dr Pepper. The company was our fourth-largest holding, at approximately 8% of total fund assets, and the top overweight position at year-end, though we modestly reduced the holding in Q4.

From the tobacco group, avoiding tobacco product producer and sizable benchmark component Altria (-11%) helped relative performance. The stock fell after weaker-than-expected Q3 sales reported in late October. We have avoided Altria, preferring other tobacco firms, specifically British American Tobacco (+10%), a non-index holding that contributed for the quarter.

Conversely, positioning in consumer staples merchandise retail detracted most, followed by picks in household products. A timely overweight stake in battery manufacturer Energizer (-19%) was the biggest individual detractor. The company's shares fell after the firm reported weak guidance for quarterly adjusted earnings per share and gross margin. When the stock was down earlier in the year, we built a large stake in Energizer because we viewed it as a potential value play for the fund, as it was quite cheap despite steady financial performance. We still hold this view, and it was the fund's No. 9 position as of year-end. ■

LARGEST DETRACTORS VS. BENCHMARK

| Holding | Market Segment | Average Relative Weight | Relative Contribution (basis points)* |
|--------------------------------|-------------------------------------|-------------------------|---------------------------------------|
| Energizer Holdings Inc | Household Products | 3.62% | -75 |
| Walmart Inc | Consumer Staples Merchandise Retail | -6.93% | -61 |
| Dollar General Corp | Consumer Staples Merchandise Retail | -0.95% | -27 |
| Dollar Tree Inc | Consumer Staples Merchandise Retail | -0.75% | -21 |
| Boston Beer Co Inc/The Class A | Brewers | 2.14% | -14 |

* 1 basis point = 0.01%.

Outlook and Positioning

As the new year begins, we believe the sector could benefit from an improved investment environment, driven by lower interest rates and moderating inflation. A key development will be the impact of the One Big Beautiful Bill Act, a massive tax and spending package that passed in July. Many key provisions will take effect in 2026, and we expect them to deliver a significant income boost to middle-income consumers and potentially translate into stronger discretionary spending.

In addition, several sector-specific challenges appear to be stabilizing. For example, we believe the alcohol-consumption reset among certain segments of the population has largely played out, reducing the likelihood of further downside in sector industries related to alcohol. Similarly, the headwind for certain food and beverage segments, due to the rapid adoption of GLP-1 drugs, is subsiding. In our view, these factors suggest a more balanced operating backdrop for consumer staples companies in 2026, with fewer disruptive dynamics and improved consumer spending.

Valuations for stocks in the sector remain compelling, based on our analysis, especially relative to segments that are heavily exposed to AI. While the sector's performance in 2026 will hinge to some extent on broader market dynamics, we believe the risk-reward picture within staples appears attractive heading into the new year. Overall, we see a more constructive backdrop for consumer staples stocks, with support from fiscal stimulus, easing headwinds and compelling valuations. With the sector offering rich opportunities for stock selection, we are focused on undervalued names and turnaround stories, especially those with stabilizing business fundamentals and high potential for mean reversion.

Regardless of the market backdrop, we expect the fund's positioning and our core investment strategy to remain unchanged. We will continue to focus on distinguishing between relative "winners" and "losers" within each industry. This stock selection process is based on building robust financial and operating models that we believe give us an edge in forecasting earnings revisions for companies. We supplement this fundamental work with industry-level analysis to get ahead of broader trends that could influence the sector.

In managing the fund, we also plan to focus on core fundamentals and traditional industry drivers, with a preference for companies operating in a favorable market structure and maintaining a strong underlying growth profile. We also continue to be optimistic about stocks that we consider undervalued because investors have overreacted to company-specific challenges. For example, Mondelez International was pressured by the rising cost of cocoa in 2025, but we foresee the potential for profit-margin recovery now that costs for the multinational snack maker have eased.

Other value-oriented stocks we like include Kenvue, maker of Tylenol, which has been hurt by recent product safety claims. The stock is extremely cheap, based on our estimate, and with Kimberly-Clark recently announcing plans to acquire the company, we see a clear path to improved performance in 2026. We increased the positions in Mondelez and Kenvue in Q4, and both are among the portfolio's top-10 holdings at year-end.

Meanwhile, we maintained the fund's large overweight positions in soft drinks & non-alcoholic beverages and distillers & vintners. We believe the beverages segment, particularly non-alcoholic beverages, is the best market structure in consumer staples, based on its high barriers to entry, relatively tepid competitive pressure and fragmented customer base. ■

10 LARGEST HOLDINGS

| Holding | Market Segment |
|---|--|
| Coca-Cola Co/The | Soft Drinks & Non-Alcoholic Beverages |
| Procter & Gamble Co/The | Household Products |
| Costco Wholesale Corp | Consumer Staples Merchandise Retail |
| Keurig Dr Pepper Inc | Soft Drinks & Non-Alcoholic Beverages |
| Walmart Inc | Consumer Staples Merchandise Retail |
| Kenvue Inc | Personal Care Products |
| Mondelez International Inc | Packaged Foods & Meats |
| Target Corp | Consumer Staples Merchandise Retail |
| Energizer Holdings Inc | Household Products |
| Philip Morris International Inc | Tobacco |
| 10 Largest Holdings as a % of Net Assets | 68.58% |
| Total Number of Holdings | 41 |

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.

ASSET ALLOCATION

| Asset Class | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Prior Quarter |
|--------------------------|------------------|--------------|-----------------|------------------------------------|
| Domestic Equities | 95.24% | 100.00% | -4.76% | 0.25% |
| International Equities | 4.67% | 0.00% | 4.67% | -0.37% |
| Developed Markets | 4.67% | 0.00% | 4.67% | -0.37% |
| 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 | 0.09% | 0.00% | 0.09% | 0.12% |

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.

LARGEST OVERWEIGHTS BY MARKET SEGMENT

| Market Segment | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Prior Quarter |
|---------------------------------------|------------------|--------------|-----------------|------------------------------------|
| Soft Drinks & Non-Alcoholic Beverages | 26.66% | 17.71% | 8.94% | -0.54% |
| Distillers & Vintners | 4.73% | 1.18% | 3.55% | -0.32% |
| Personal Care Products | 6.47% | 3.58% | 2.89% | 1.84% |
| Brewers | 2.14% | 0.60% | 1.54% | -0.51% |
| Food Retail | 4.35% | 3.92% | 0.43% | 0.07% |

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

| Market Segment | Portfolio Weight | Index Weight | Relative Weight | Relative Change From Prior Quarter |
|------------------------|------------------|--------------|-----------------|------------------------------------|
| Consumer Staples | 21.46% | 31.30% | -9.85% | 1.94% |
| Merchandise Retail | 21.46% | 31.30% | -9.85% | 1.94% |
| Tobacco | 5.70% | 8.48% | -2.78% | 0.46% |
| Packaged Foods & Meats | 8.88% | 11.51% | -2.62% | -0.95% |
| Food Distributors | 1.40% | 3.32% | -1.91% | 0.36% |
| Household Products | 15.58% | 15.90% | -0.32% | -0.07% |

LARGEST OVERWEIGHTS BY HOLDING

| Holding | Market Segment | Relative Weight |
|----------------------------------|---------------------------------------|-----------------|
| Keurig Dr Pepper Inc | Soft Drinks & Non-Alcoholic Beverages | 6.78% |
| Coca-Cola Co/The | Soft Drinks & Non-Alcoholic Beverages | 6.18% |
| Kenvue Inc | Personal Care Products | 3.33% |
| Energizer Holdings Inc | Household Products | 3.32% |
| British American Tobacco PLC ADR | Tobacco | 2.33% |

LARGEST UNDERWEIGHTS BY HOLDING

| Holding | Market Segment | Relative Weight |
|-----------------------|--|-----------------|
| Walmart Inc | Consumer Staples Merchandise Retail | -7.50% |
| Altria Group Inc | Tobacco | -3.42% |
| Costco Wholesale Corp | Consumer Staples Merchandise Retail | -3.15% |
| PepsiCo Inc | Soft Drinks & Non-Alcoholic Beverages | -2.99% |
| Colgate-Palmolive Co | Household Products | -2.09% |

3-YEAR RISK/RETURN STATISTICS

| | Portfolio | Index |
|--------------------|-----------|--------|
| Beta | 0.92 | 1.00 |
| Standard Deviation | 10.73% | 10.47% |
| Sharpe Ratio | -0.30 | 0.08 |
| Tracking Error | 4.72% | -- |
| Information Ratio | -0.86 | -- |
| R-Squared | 0.81 | -- |

Definitions and Important Information

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you. Accordingly, nothing in this material constitutes impartial investment advice or advice in a fiduciary capacity, as defined or under the Employee Retirement Income Security Act of 1974 or the Internal Revenue Code of 1986, both as amended. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in the products or services and may receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services. Before making any investment decisions, you should take into account all of the particular facts and circumstances of your or your client's individual situation and reach out to a professional adviser, if applicable.

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.

Select Consumer Staples Linked Index represents the performance of the MSCI US IM Consumer Staples 25/50 Index since January 01, 2010 and MSCI US Investable Market Consumer Staples Index since October 02, 2006. The composition differed in periods prior to October 02, 2006.

MSCI U.S. IMI Consumer Staples 25/50 Index represents the performance of the MSCI US IM Consumer Staples 25/50 Index since January 1, 2010, and the MSCI US Investable Market Consumer Staples Index prior to that date.

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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prospectus for the most up-to-date information concerning applicable loads, fees and expenses.

% 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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