Fidelity® Select Leisure Portfolio

Key Takeaways

- For the fiscal year ending February 29, 2024, the fund gained 23.47%, outpacing the 22.58% advance of the MSCI U.S. IMI Consumer Services 25/50 Index but lagging the 30.45% result of the broad-based S&P 500® index.
- Leisure stocks produced a strong gain the past 12 months, as consumers largely prioritized spending on experiences over things, according to Portfolio Manager Kevin Francfort.
- Still, the industry lagged the broad-market S&P 500® index, due partly to the strong outperformance of the information technology sector, which was driven by excitement about artificial intelligence.
- Security selection in the hotels, resorts & cruise lines category drove the fund's outperformance of the MSCI industry index the past 12 months, as did stock choices and underweight positioning in the leisure facilities and restaurants industries.
- In the restaurants industry, an underweight stake in retail coffee giant Starbucks (-5%) and an overweight in fast-food chain Domino's Pizza (+54%) were among the fund's top contributors versus the MSCI index this period.
- Conversely, underweight positions in food-delivery platform DoorDash (+91%) and digital sports betting and entertainment company DraftKings Holdings (+130%) meaningfully detracted from the fund's relative performance.
- As of February 29, Kevin sees opportunities among the stocks of companies with high-return businesses and robust growth prospects that are trading roughly in line with the leisure index.
- On March 1, 2023, Will Hilkert came off the fund, leaving Kevin Francfort as sole manager of the fund.

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%).

Kevin Francfort
Portfolio Manager

Fund Facts

Trading Symbol:	FDLSX
Start Date:	May 08, 1984
Size (in millions):	$676.74

Investment Approach

- Fidelity® Select Leisure Portfolio is an industry-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- The fund is constructed to maximize ownership of companies with characteristics we believe can drive outperformance over a multiyear period: have competitive "moats" or secular tailwinds; are in subindustries where demand is strong and supply growth is constrained; and have either strong cash generation or high-return investment opportunities. These attributes are generally slow to change, giving us conviction that over three to five years, we can see earnings and free-cash-flow growth that can significantly outpace any valuation-multiple compression that may occur.
- Position sizes and fund concentration are a function of our conviction level in our investment ideas, weighed against the probability of upside to a stock's intrinsic (fair) value and the time horizon needed to capture it.
- Stock selection and idea generation come from bottom-up research that leverages Fidelity's deep and experienced global consumer team. We consider attractive consumer stocks outside of the benchmark that offer the potential for favorable risk-adjusted returns.
- 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 Kevin Francfort

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

The fund gained 23.47% the past 12 months, outpacing the 22.58% advance of the MSCI U.S. IMI Consumer Services 25/50 Index but lagging the 30.45% result of the broad-based S&P 500® index. The fund performed roughly in line with the peer group average, which represents a broader group of consumer cyclical stocks.

Security selection drove the fund's outperformance of the MSCI industry index, especially my choices in the hotels, resorts & cruise lines group. Stock picking and underweight positioning in the leisure facilities and restaurants industries also lifted the fund's relative result. These positives more than offset stock picking and an overweight in the lagging casinos & gaming segment.

Q: Please describe the backdrop for leisure stocks the past 12 months.

The industry produced a strong gain this period, as consumers continued to prioritize spending on experiences over things, even amid the persistent headwinds of high inflation and interest rates. The prospect of lower rates boosted leisure stocks later in the period, when the U.S. Federal Reserve signaled at its November meeting that disinflationary trends were sufficient to project a shift to monetary easing in 2024. This news, along with resilient late-cycle expansion of the U.S. economy and a sharp decline in U.S. Treasury yields, provided a favorable backdrop for cyclical areas of the market, including leisure.

Within the MSCI industry index, performance was led by the hotels, resorts & cruise lines (+36%) industry, which continued to benefit from the ongoing recovery in travel. Restaurants (+19%) also stood out, as consumer spending on eating out continued at a healthy clip.

Still, leisure stocks lagged the broad S&P 500® index, due partly to the strong outperformance of the information technology sector, which was driven largely by excitement about artificial intelligence. The tech rally came at the expense of other areas of the market, including leisure.

In addition, the casinos & gaming group (+9%) – another notable component of the leisure index – advanced but lagged the broader market. Lingering concerns about the economy in China adversely affected casinos & gaming companies with exposure to Macau, China's gaming hub.

Q: How did you position the fund this period?

My investment process is based on using fundamental analysis to choose high-quality companies with durable competitive advantages that are mispriced on a two- to three-year view of fair value. This strategy results in the fund owning companies growing slightly faster than the industry index, often with stronger return metrics and at a valuation that is about in line with the index.

Since taking over sole management of the fund in March 2023, I sold some non-index holdings in which I had low conviction and added to other positions, such as Red Rock Resorts (+39%) and Aramark (+13%), because I believed there was more-compelling growth. At the end of February, the fund's top-three overweight positions were Hilton Worldwide Holdings, Yum Brands and Restaurant Brands International – all of which boast strong consumer brands and favorable unit economics for franchisees. These stocks fit well into my investment process.

Q: What investments contributed most to the fund's performance versus the industry index?

My decision to underweight coffee giant Starbucks (-5%), a large index component, was the fund's top individual relative contributor the past 12 months. I was concerned about the firm's ability to sustain strong same-store sales in the U.S., and it appeared investors began to feel the same. Also, the company's international business was crimped by slowing sales in the Middle East and increasing competition in China, the firm's second-largest market. In January, Starbucks reduced its fiscal 2024 sales outlook, citing these challenges and political boycotts. I increased our stake based on the stock's attractive valuation. Starbucks was the fund's No. 4 holding but a sizable underweight at period end.

Another restaurant stock that contributed was Domino's Pizza (+54%), a high-quality franchisor with an attractive value proposition for its customers. I thought the company's decision to utilize third-party delivery via a partnership with UberEats was encouraging and should drive improved unit economics for franchisees, and could enable acceleration in unit growth in the next few years. The stock rose sharply in late February after Domino's reported a jump in U.S. same-store sales for the fourth quarter of 2023 and affirmed its long-term growth outlook. I trimmed the position through the end of February, given greater appreciation for these drivers, but Domino's was a top holding on February 29.

It also helped to own hotel giant Hilton Worldwide Holdings (+42%) and to largely avoid index component Marriott Vacations Worldwide (-37%), which runs timeshare resorts and a vacation club. Shares of Hilton benefited in February from a Q4 profit beat and its announced partnership with a global boutique hotelier. Hilton was the fund's No. 3 holding and top overweight on February 29. Meanwhile, I established a small position in Marriott this period, but remained notably underweight, which was a good decision because the stock was hurt by disappointing financial results in 2023, largely due to a drop in volume per guest and the negative sales impact of the August wildfires in Maui on its properties.

Q: What hurt most this period?

I established a small position in food-delivery platform DoorDash, but the fund remained underweight the stock, missing out on much of its 91% gain in the index. Shares of DoorDash advanced on robust growth in the company's core restaurant delivery business and its newer grocery-delivery unit. Elsewhere in the restaurants group, a non-index stake in fast-casual chain Noodles (-57%) was a meaningful relative detractor. The company dealt with management changes, increasing competition and economic challenges this period. I sold the holding from the fund by the end of February.

Another underweight that hurt relative performance this period was digital sports betting and entertainment company DraftKings Holdings (+130%). The firm took meaningful market share – beyond my and the market's expectations – the past 12 months, driving the stock's outperformance. Instead, I chose to position the fund in another online gaming firm, Flutter Entertainment (+34%), a non-index holding and relative contributor this period.

Q: What's your outlook as of February 29?

There's a lot to be optimistic about. Consumer confidence is up, gasoline prices are in check and, in general, investors seem to anticipate the economic cycle's direction will veer toward slowing growth rather than an outright recession. The Fed indicated that it was considering lowering interest rates down the road, a pivot that most market participants weren't expecting to happen so soon. I'm watching inflation, interest rates and unemployment very closely to monitor the health of the U.S. consumer. Any drop in inflation and interest rates would be a positive for the industry, in my view.

Yet, risk remains. I remain cognizant of any rhetoric around the upcoming U.S. election cycle in 2024 that could impact consumers and the stock market. Earnings expectations for consumer discretionary stocks overall are higher than they were a year ago, so I'm keeping an eye on valuations among some of the leisure stocks that have rallied strongly.

Still, I continue to find attractive opportunities among firms with high-return businesses and robust growth prospects that are trading roughly in line with the leisure index, and are well-positioned to potentially outperform, regardless of the macroeconomic environment. Examples include certain turnaround stories and restaurant franchisors. ■

Kevin Francfort on the effects of rising food costs on restaurants:

"Consumers have remained remarkably resilient through the recent period of macroeconomic headwinds, but some major fast-food restaurants are beginning to wonder if they are losing lower-income consumers. McDonalds, Wendy's and Darden Restaurants (parent of casual dining chains Olive Garden and fine-dining establishment Capital Grille) recently voiced concerns over a drop in spending from the lower-income segment, which generally refers to people making roughly less than $50,000 per year.

"These fears don't seem unfounded: a February poll conducted by consulting company Revenue Management Solutions found that about 50% of lower-income consumers reported they were making fewer trips to fast-food and casual restaurants. Unsurprisingly, the surging cost of eating out is the likely reason. Food prices have risen steadily since 2020, due to inflation, supply-chain issues stemming from the pandemic, labor costs and the war in Ukraine, which crimped exports of wheat and corn from Europe's so-called 'breadbasket.'

"Strikingly, from January 2021 to January of this year, food prices jumped 20%. In 2022, the cost of food at home spiked, making it notably cheaper to eat at restaurants. While prices appear to be moderating, the cost of eating out began to outpace eating at home in mid-2023, and the gap between the two has since widened. In response, some fast-food chains have offered selective discounts through loyalty programs in their apps or lower-priced limited-time offerings, for example, rather than sweeping price reductions.

"According to the USDA Economic Research Service, food prices are expected to rise in 2024 – with the cost of dining out climbing in concert with the 5.2% increase of 2023. On the other hand, the USDA thinks grocery prices could abate.

"Despite these potential headwinds, I've prioritized idiosyncratic opportunities in the restaurant space that I think have the potential to succeed in different economic scenarios. For instance, the fund holds large positions in Restaurant Brands (Burger King, Tim Hortons) and Brinker International (Chili's), two turnarounds involving a new CEO/board member taking action to drive shareholder value. I prefer restaurant franchisors that have less cyclicality and

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Starbucks Corp.	Restaurants	-4.05%	121
Hilton Worldwide Holdings, Inc.	Hotels, Resorts & Cruise Lines	3.85%	78
Domino's Pizza, Inc.	Restaurants	1.90%	69
Marriott Vacations Worldwide Corp.	Hotels, Resorts & Cruise Lines	-0.45%	42
Red Rock Resorts, Inc.	Casinos & Gaming	1.45%	36

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Doordash, Inc.	Restaurants	-1.38%	-105
Draftkings Holdings, Inc.	Casinos & Gaming	-1.02%	-72
Noodles & Co.	Restaurants	0.31%	-54
Las Vegas Sands Corp.	Casinos & Gaming	1.42%	-45
The Coca-Cola Co.	Soft Drinks & Non-Alcoholic Beverages	1.72%	-34

** 1 basis point = 0.01%.*

less operating leverage than the index."

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	95.07%	100.00%	-4.93%	-1.62%
International Equities	4.04%	0.00%	4.04%	1.10%
Developed Markets	4.04%	0.00%	4.04%	1.10%
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	0.89%	0.00%	0.89%	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
Restaurants	45.61%	47.66%	-2.05%	2.75%
Hotels, Resorts & Cruise Lines	33.26%	35.45%	-2.19%	-0.73%
Casinos & Gaming	12.55%	9.52%	3.03%	-0.15%
Food Distributors	1.85%	--	1.85%	-0.46%
Soft Drinks & Non-Alcoholic Beverages	1.24%	--	1.24%	-0.51%
Specialized Consumer Services	1.15%	2.32%	-1.17%	-1.23%
Movies & Entertainment	1.03%	--	1.03%	1.03%
Leisure Facilities	0.86%	1.97%	-1.11%	-0.83%
Packaged Foods & Meats	0.60%	--	0.60%	0.60%
Leisure Products	0.49%	--	0.49%	0.49%
Other	0.46%	0.00%	0.46%	-0.91%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
McDonald's Corp.	Restaurants	15.95%	16.71%
Booking Holdings, Inc.	Hotels, Resorts & Cruise Lines	10.65%	11.68%
Hilton Worldwide Holdings, Inc.	Hotels, Resorts & Cruise Lines	8.65%	7.96%
Starbucks Corp.	Restaurants	7.56%	6.95%
Yum! Brands, Inc.	Restaurants	6.41%	6.17%
Airbnb, Inc. Class A	Hotels, Resorts & Cruise Lines	5.05%	4.83%
Chipotle Mexican Grill, Inc.	Restaurants	4.93%	4.34%
Marriott International, Inc. Class A	Hotels, Resorts & Cruise Lines	4.89%	4.78%
Royal Caribbean Cruises Ltd.	Hotels, Resorts & Cruise Lines	3.34%	2.73%
Las Vegas Sands Corp.	Casinos & Gaming	2.82%	3.41%
10 Largest Holdings as a % of Net Assets		**70.25%**	**70.12%**
Total Number of Holdings		**46**	**42**

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 February 29, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Select Leisure Portfolio Gross Expense Ratio: 0.70%[2]	13.77%	4.74%	23.47%	9.83%	13.76%	11.65%
S&P 500 Index	13.93%	7.11%	30.45%	11.91%	14.76%	12.70%
MSCI US IMI Consumer Services 25/50	12.96%	3.81%	22.58%	6.48%	9.86%	10.83%
Morningstar Fund Consumer Cyclical	13.07%	5.22%	23.46%	1.54%	11.58%	9.77%
% Rank in Morningstar Category (1% = Best)	--	--	44%	13%	32%	36%
# of Funds in Morningstar Category	--	--	50	45	43	37

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/08/1984.
[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

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and 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.

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 leisure industry can be significantly affected by the performance of the overall economy, changing consumer tastes, intense competition, technological developments, and government regulation.

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 Consumer Services 25/50 Index is a modified market-capitalization-weighted index of stocks designed to measure the performance of Consumer Services 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

 Fidelity does not review the Morningstar data and, for mutual fund performance, you should check the fund's current 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.

Manager Facts

Kevin Francfort 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, Mr. Francfort is responsible for covering gaming and leisure companies. He also co-manages the Fidelity Select Leisure Portfolio.

Prior to assuming his current responsibilities, Mr. Francfort covered software companies. He was also an equity research associate at Fidelity Management and Research Company. He has been in the financial industry since 2014.

Mr. Francfort earned his bachelor of science degree in engineering sciences and economics from Dartmouth College.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Select Leisure Portfolio Gross Expense Ratio: 0.70%[2]	22.89%	9.85%	13.90%	11.94%
% Rank in Morningstar Category (1% = Best)	63%	10%	30%	36%
# of Funds in Morningstar Category	50	45	43	37

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/08/1984.

[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.

Fidelity INVESTMENTS

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.

Views expressed are through the end of the period stated and do not necessarily represent the views of Fidelity. Views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund. The securities mentioned are not necessarily holdings invested in by the portfolio manager(s) or FMR LLC. References to specific company securities should not be construed as recommendations or investment advice.

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

Information included on this page is as of the most recent calendar quarter.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917.

Fidelity Distributors Company LLC, 500 Salem Street, Smithfield, RI 02917.

739463.20.0