Fidelity® Equity Dividend Income Fund

Key Takeaways

- For the fiscal year ending November 30, 2023, the fund's Retail Class shares gained 2.73%, topping the 1.00% advance of the benchmark Russell 3000® Value Index.
- Portfolio Manager John Sheehy says that after declining for most of 2022, U.S. stocks rebounded the past 12 months, but the rally was driven mainly by a handful of mega-cap growth stocks that were not part of the fund's value benchmark.
- Easing inflationary pressure and the perception that the U.S. Federal Reserve was near the end of its aggressive rate-hike campaign drove the market's advance. Enthusiasm about generative artificial intelligence fueled investors' bullishness toward certain stocks.
- Security selection in the energy, utilities and consumer staples sectors meaningfully contributed to the fund's performance versus the benchmark. An overweight and stock picks in information technology also provided a lift.
- Conversely, investment choices among communication services firms – especially in the media & entertainment industry – detracted most from relative performance.
- As of November 30, John believes valuations in many segments of the market have likely surged to unsustainable levels, with investors assuming the best possible scenario for the U.S. economy and corporate earnings. He sees what he considers better opportunities in utilities, energy and other areas that have largely been ignored lately.

MARKET RECAP

U.S. equities gained 13.84% for the 12 months ending November 30, 2023, according to the S&P 500® index, as a slowing in the pace of inflation and a resilient U.S. economy provided a favorable backdrop for higher-risk assets for much of 2023. After returning -18.11% in 2022, the index's upturn was mostly driven by a narrow set of companies in the information technology and communication services sectors, largely due to excitement for generative artificial intelligence. Monetary tightening by the U.S. Federal Reserve continued until late July, when the Fed said it was too soon to tell if its latest hike would conclude a series of increases aimed at cooling the economy and bringing down inflation. Since March 2022, the Fed has raised its benchmark interest rate 11 times before pausing and twice deciding to hold rates at a 22-year high while it observes the effect on inflation and the economy. After 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 that was due to soaring yields on longer-term government bonds and mixed earnings from some big and influential firms. Favorable data on inflation provided a further boost and the index rose 9.13% in November. By sector for the full 12 months, information technology (+41%) and communications services (+37%) led the way, followed by consumer discretionary (+20%). In contrast, the defensive-oriented utilities (-9%) and consumer staples (-5%) sectors lagged most the past 12 months.

John Sheehy
Portfolio Manager

Fund Facts

Trading Symbol:	FEQTX
Start Date:	August 21, 1990
Size (in millions):	$5,690.48

Investment Approach

- Fidelity® Equity Dividend Income Fund seeks to deliver yield in excess of the equity market with a value approach to capital appreciation.
- We believe that dividends provide a significant percentage of total return over time, and that a portfolio of stocks with above-market dividend yields/growth and below-average valuations can match or exceed the performance of the market over a full market cycle, but with a lower volatility of returns.
- We also believe that lower payout ratios provide safety for a dividend and can be supportive of future dividend growth. We look for companies committed to increasing their payout ratios, as demonstration of good capital management can lead to valuation expansion.
- We focus on high-quality firms with high or improving returns, as well as those with strong balance sheets, including cash on hand or cash the enterprise is reasonably expected to generate in the very near future.

Q&A

An interview with Portfolio Manager John Sheehy

Q: John, how did the fund perform for the fiscal year ending November 30, 2023?

The fund's Retail Class shares gained 2.73% the past 12 months, topping the 1.00% advance of the benchmark Russell 3000® Value Index. The fund also outpaced both the Morningstar and Lipper peer group averages. We consider the latter to be a more relevant group of similar funds.

Q: What was noteworthy about the market environment the past 12 months?

After declining for most of 2022, U.S. stocks rebounded this period, but the rally was driven mainly by a handful of mega-cap growth stocks that were not part of the fund's value-focused benchmark.

Easing inflationary pressure and the perception that the U.S. Federal Reserve was near the end of its aggressive rate-hike campaign drove the market's advance. Enthusiasm about generative artificial intelligence fueled investors' bullishness toward certain stocks.

The so-called Magnificent Seven lineup of market leaders this period included Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia and Tesla. Meta was briefly part of the benchmark early in the period but was removed as the stock rocketed higher.

For some perspective on the wide discrepancy between the performance of growth and value stocks, consider that the Russell 3000® Growth Index rose 24.56% for the period, compared with the benchmark's 1.00% increase. The best-performing sector within the latter was communication services (+31%), followed by information technology (+15%). Industrials (+9%) also posted a decent gain.

All of the other sectors finished with either a loss or a marginal gain. Health care (-11%) was the weakest sector, especially the pharmaceuticals, biotechnology & life sciences segment (-16%).

Within financials (+0.5%), performance among banks (-10%) was particularly weak, reflecting the regional banking crisis in March, in which several lending institutions failed, casting a shadow over the entire group. Although these developments weighed considerably on the industry as a whole, they also presented an opportunity to add value through stock picking, in my view.

Q: How was the fund positioned in this environment?

I maintained a relatively defensive posture within the portfolio amid continued inflationary pressure and five more interest rate increases by the Fed. Since March 2022, the U.S. central bank has hiked its benchmark interest rate 11 times, by a total of five and one-quarter percentage points – one of the fastest-ever campaigns of monetary tightening. The most recent increase of 0.25% occurred in July. So far, the Fed's tightening has not prompted a recession, but I believe the jury is still out on that point.

With this in mind, one of the fund's largest sector overweights this period was consumer staples, a traditionally defensive market segment comprised of companies with relatively stable earnings growth and solid dividend yields. For example, an out-of-benchmark stake in U.K.-based Unilever (-2%) was among the portfolio's largest individual holdings on November 30. This consumer products company has a well-diversified portfolio of offerings, with leading market share in many product categories. As a result, the firm was able to increase prices to offset rising cost inflation the past 12 months, helping to protect its earnings and cash flow. Unilever, which detracted modestly from the portfolio's relative result, sported a dividend yield of about 4% this period.

Q: What factors contributed most to performance versus the benchmark?

Security selection in the energy, utilities and consumer staples sectors meaningfully helped the fund's relative return. An overweight and stock picks in information technology also provided a lift.

Within information technology, I favored the software & services category, another area known for its stable growth and income potential. Here, an out-of-benchmark stake in Microsoft (+49%) stood out to the upside. The firm has several growth drivers, in my view: its Azure cloud business, Windows operating system and Microsoft 365 (formerly Office 365) software suite, as well as the X-Box game franchise. The company also has ties with OpenAI, developer of the ChatGPT software that, in November 2022, caused a stir with its generative AI capabilities. That latter term refers to technologies focused on producing humanlike text, visual and audio responses to users' queries on nearly any topic. The stock also had a dividend yield of roughly 1%.

Also bolstering the portfolio's relative result was non-benchmark exposure to France-based drugmaker Sanofi (+7%). Shares of the company rose in late March after it announced positive data from a late-stage study evaluating its blockbuster drug Dupixent® for the treatment of chronic obstructive pulmonary disease, or COPD. Data from this study showed that the treatment achieved a 30% reduction in moderate or severe acute COPD exacerbations, the primary endpoint of the study. With that said, the stock took a hit in the period's final month, after Sanofi missed Wall Street's third-quarter earnings expectations, along with management announcing a plan to spin off its consumer health division. In addition to lagging third-quarter financial metrics, the drugmaker issued disappointing guidance for both 2024 and 2025. I had reduced the fund's exposure earlier in the period and, given the headwinds just mentioned, lowered it further by the end of November.

Q: What about noteworthy detractors?

Investment choices among communication services firms – especially in the media & entertainment industry – hurt relative performance for the 12 months.

Avoiding Meta Platforms was the largest individual relative detractor, given this benchmark component's 144% advance. I didn't think that the stock was a good fit in terms of my investment process, given its lack of a dividend and uncertain prospects for a rebound in the digital ads powering the firm's Facebook and Instagram businesses. However, investors liked that the company improved its profitability and reduced its head count through successive waves of layoffs totaling more than 20,000 workers. Additionally, Meta executed the successful rollout of Reels, its vehicle for enabling users to create short-form videos using friends and family data stored on the platform, which is anticipated to rival TikTok.

Lastly, outsized positions in three regional banks – M&T Bank (-21%), PNC Financial Services Group (-17%) and Huntington Bancshares (-23%) – proved detrimental to performance. These stocks declined during the March bank scare mentioned earlier. I thought these three lenders were unjustly penalized by market participants compared with other banks that failed for company-specific reasons, not because of factors affecting the entire industry. In fact, M&T Bank was a top-10 holding at period end.

Q: Any final thoughts for shareholders, John?

As of November 30, I believe valuations in many segments of the equity market have likely surged to unsustainable levels, with investors assuming the best possible scenario for both the U.S. economy and corporate earnings. I see what I consider better opportunities, from a valuation standpoint, in utilities, energy and other areas that have largely been ignored lately. ■

John Sheehy on looking for AI opportunities that fit his value-income mandate:

"Generative artificial intelligence was a big driver of the broader stock market's strong performance the past 12 months. However, many of the best-performing stocks, including Nvidia, weren't part of the fund's value-oriented benchmark.

"This doesn't necessarily mean missing out on the generative AI boom, however. My approach is to take a step back and choose companies that should be second-order beneficiaries, rather than focusing on the most obvious plays.

"In taking this approach, I came to the realization that most companies are in the position of wanting, if not needing, to incorporate generative AI into their operations but lacking the in-house expertise to do so. As a result, they must hire consultants to help them, and I've invested in several of what I believe are the most capable firms providing these services.

"France-based Capgemini is one of the largest IT services companies globally. It used to be focused primarily on helping clients cut costs, but in recent years it has shifted to more 'strategic' projects, working alongside C-suite managers to transform businesses for the future, including generative AI. This is driving a structural shift toward higher IT budgets and, given the importance of these projects, they tend to come with better pricing and profit margins. As a result, I increased the fund's share count in Capgemini this period.

"Elsewhere, I've invested selectively in non-benchmark companies that I believe can implement generative AI almost right away, based on products already on the market. Microsoft is the most obvious example. In September, it began selling an add-on AI tool – Microsoft 365 Copilot – for its Microsoft 365 productivity suite, formerly Microsoft Office. Analysts estimate that it could generate $10 billion in annualized revenue by 2026. According to CEO Satya Nadella, 'Customers have told us that once they use Copilot, they can't imagine work without it.' Given the massive user base of Microsoft 365, the potential of Copilot seems compelling to me.

"An additional bonus: both Capgemini and Microsoft have a reasonable dividend yield."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Pfizer, Inc.	Health Care	-1.11%	52
Microsoft Corp.	Information Technology	1.10%	52
Sanofi SA sponsored ADR	Health Care	2.07%	45
Bank of America Corp.	Financials	-0.86%	35
Parker Hannifin Corp.	Industrials	0.85%	35

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Meta Platforms, Inc. Class A	Communication Services	-0.97%	-158
Bristol-Myers Squibb Co.	Health Care	1.22%	-56
Berkshire Hathaway, Inc. Class B	Financials	-3.02%	-35
M&T Bank Corp.	Financials	1.67%	-34
Royalty Pharma PLC	Health Care	0.68%	-33

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	82.40%	98.40%	-16.00%	4.02%
International Equities	15.35%	1.60%	13.75%	-2.84%
Developed Markets	14.14%	1.49%	12.65%	-2.47%
Emerging Markets	1.21%	0.10%	1.11%	-0.37%
Tax-Advantaged Domiciles	0.00%	0.01%	-0.01%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	2.25%	0.00%	2.25%	-1.18%

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
Financials	21.20%	21.87%	-0.67%	0.07%
Health Care	15.61%	14.33%	1.28%	2.17%
Consumer Staples	10.49%	7.84%	2.65%	0.05%
Information Technology	9.15%	9.08%	0.07%	-2.70%
Utilities	8.90%	4.93%	3.97%	2.67%
Industrials	8.00%	13.61%	-5.61%	-4.21%
Energy	7.75%	8.34%	-0.59%	-0.57%
Communication Services	5.45%	4.73%	0.72%	2.79%
Consumer Discretionary	3.94%	5.24%	-1.30%	0.84%
Real Estate	3.82%	5.15%	-1.33%	-0.57%
Materials	3.44%	4.89%	-1.45%	0.61%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Exxon Mobil Corp.	Energy	3.29%	2.86%
Johnson & Johnson	Health Care	3.04%	3.52%
Wells Fargo & Co.	Financials	2.71%	2.67%
Comcast Corp. Class A	Communication Services	2.52%	2.85%
Merck & Co., Inc.	Health Care	2.28%	1.73%
Verizon Communications, Inc.	Communication Services	2.06%	1.93%
Unilever PLC sponsored ADR	Consumer Staples	2.04%	2.28%
U.S. Bancorp	Financials	2.03%	1.78%
Cisco Systems, Inc.	Information Technology	1.90%	2.27%
M&T Bank Corp.	Financials	1.79%	1.88%
10 Largest Holdings as a % of Net Assets		**23.67%**	**23.95%**
Total Number of Holdings		**103**	**107**

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 November 30, 2023

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Equity Dividend Income Fund Gross Expense Ratio: 0.58%[2]	7.64%	5.99%	2.73%	10.10%	8.55%	8.26%
MSCI US Investable Market High Dividend Yield Index	6.44%	0.57%	-2.90%	7.80%	6.60%	8.65%
Russell 3000 Value Index	7.15%	5.41%	1.00%	8.17%	7.34%	7.92%
Lipper Equity Income Funds	7.15%	6.01%	1.80%	8.07%	7.86%	7.95%
Morningstar Fund Large Value	7.86%	5.93%	1.55%	9.18%	8.07%	8.08%

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 08/21/1990.
[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.

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FUND RISKS

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. Fixed income investments entail interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, issuer credit risk and inflation risk. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. Value stocks can perform differently than other types of stocks and can continue to be undervalued by the market for long periods of time.

IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index).

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. Investable Market High Dividend Yield Index is a market-capitalization-weighted index of stocks designed to measure the performance of the high dividend yielding segment of the U.S. large, mid, and small cap equity market. Real Estate Investment Trusts (REITs) are excluded. Eligible companies must have a persistent and sustainable dividend and a dividend yield that is meaningfully higher than average for the parent MSCI U.S. Investable Market 2500 Index.

Russell 3000 Value Index is a market-capitalization-weighted index designed to measure the performance of the broad value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

S&P 500 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.

Russell 3000 Growth Index is a market capitalization–weighted index designed to measure the performance of the broad growth segment of the US equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

LIPPER INFORMATION

Lipper Averages are averages of the performance of all mutual funds within their respective investment classification category. The number of funds in each category periodically changes. Lipper, a Refinitiv company, is a nationally recognized organization that ranks the performance of mutual funds.

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.

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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

John Sheehy is a portfolio manager in the Equity division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Sheehy manages the Fidelity Advisor Equity Income Fund and Fidelity Equity Dividend Income Fund. Additionally, he co-manages the information technology and telecommunication services sleeves of Fidelity Stock Selector Large Cap Value Fund, Fidelity Series Stock Selector Large Cap Value Fund, and Fidelity Advisor Series Stock Selector Large Cap Value Fund.

Prior to assuming his current responsibilities, Mr. Sheehy co-managed Fidelity Select Banking Portfolio until 2017. He also covered various sectors as an analyst at Fidelity, including banking, aerospace and defense, and paper and packaging.

Before joining Fidelity in 2007, Mr. Sheehy worked as an audit manager at Deloitte. He has been in the financial industry since 2007.

Mr. Sheehy earned his bachelor of arts degree in economics and accounting from the College of the Holy Cross and his master of business administration degree in finance from New York University's Stern School of Business. He is also a Certified Public Accountant (CPA).

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Equity Dividend Income Fund Gross Expense Ratio: 0.55%[2]	18.83%	9.76%	11.06%	9.22%

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 08/21/1990.

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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.

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