

# Fidelity® Leveraged Company Stock Fund

## Investment Approach

- Fidelity® Leveraged Company Stock Fund is a domestic equity strategy focused on companies with a high level of outstanding debt, or leverage.
- We apply an opportunistic investment approach that allows the co-managers to move across the market-capitalization and credit-quality spectrums, resulting in sector allocations that may differ significantly from the fund's benchmark.
- In particular, we favor companies with an attractive valuation, strong competitive positioning and a management team that can prudently use free cash flow to grow shareholder value and reduce leverage in the intermediate term.
- We rely on in-depth fundamental value and credit analysis of the entire capital structure, working in concert with Fidelity's high-income and global research teams, with the goal of producing favorable risk-adjusted returns over time.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF <sup>1</sup>
Fidelity Leveraged Company Stock Fund Gross Expense Ratio: 0.71% <sup>2</sup>	15.31%	15.31%	35.52%	8.78%	15.28%	9.89%
Fidelity U.S. Leveraged Stock Linked Index	8.12%	8.12%	23.06%	7.65%	10.40%	6.01%
Russell MidCap Index	8.60%	8.60%	22.35%	6.07%	11.10%	9.95%
Morningstar Fund Large Blend	9.95%	9.95%	27.24%	9.88%	13.65%	11.45%
% Rank in Morningstar Category (1% = Best)	--	--	6%	76%	16%	87%
# of Funds in Morningstar Category	--	--	1,422	1,293	1,179	888

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/19/2000.

<sup>2</sup> 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](http://fidelity.com/performance), [institutional.fidelity.com](http://institutional.fidelity.com), or [401k.com](http://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.

## FUND INFORMATION

### Manager(s):

Brian Chang  
Mark Notkin

### Trading Symbol:

FLVCX

### Start Date:

December 19, 2000

### Size (in millions):

\$2,404.22

### Morningstar Category:

Fund Large Blend

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. Leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. In the event of bankruptcy, a company's creditors take precedence over the company's stockholders. Although the companies that the fund invests in may be highly leveraged, the fund itself does not use leverage as an investment strategy.



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Performance Review

For the first quarter, the fund's Retail Class shares gained 15.31%, handily topping the 8.60% advance of the benchmark, the Russell Midcap® Index, and the 8.12% result of the Fidelity U.S. Leveraged Stock Linked Index. Importantly, given our focus, most longer-term comparisons also strongly favor the fund.

The past three months, U.S. stocks were 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, all but two of 11 market sectors in the fund's mid-cap-oriented benchmark advanced for the quarter.

Security selection meaningfully contributed to the fund's wide outperformance of the benchmark in Q1, especially among semiconductor-related stocks and media & entertainment names. Our picks in the utilities and industrials sectors also helped.

The top individual contributor was a sizable non-benchmark stake in chipmaker Nvidia (+82%), as the company continued to capitalize on booming interest in language-generating AI. In February, the firm reported financial results for the fiscal quarter ending January 28 that far exceeded expectations – sales roughly tripled and earnings surged about eightfold – and also raised its forecast for its next quarter. Nvidia was the fund's No. 2 holding as of March 31.

In energy, an outsized position in independent power producer Vistra (+81%) was helpful. In February, the company reported an increase in net income from ongoing operations for 2023. It was among the fund's biggest holdings at quarter end because we think it will benefit from the country's increasing need for clean power.

Among media stocks, it helped to hold a large non-benchmark investment in Meta Platforms (+37%). On February 1, the parent of Facebook and Instagram reported better-than-expected financial results, driven by its highest quarterly sales growth (+25%) in roughly two years and a notable decrease in expenses. We modestly boosted the position the past three months, making Meta the fund's top holding. While the positive earnings revisions and multiple expansion experienced in 2023 may moderate in 2024, we remain positive on Meta, as its valuation is reasonable and growth should benefit from secular tailwinds.

In contrast, the largest individual detractor was a sizable non-benchmark investment in JBS (-16%). The Brazil-based meatpacker, which has operations in the U.S., was hampered by weak trends in supply and demand for protein. Also, the company has faced persistent opposition to its plan for a listing on the New York Stock Exchange because of concerns about corruption settlements. Partly as a result, we notably reduced the fund's investment in JBS. ■

## Outlook and Positioning

The information technology sector represented about 23% of fund assets as of March 31 and was the biggest overweight by a wide margin. Our allocation here reflects long-term tailwinds now accelerated by the emergence of AI as the global economy digitizes, driving strong demand for software, hardware and IT services. Looking to capitalize, in the fourth quarter of 2023 we established positions in semiconductor makers Lam Research and KLA, while in Q1 we added UiPath, a maker of automation software. Software and cloud-services giant Microsoft is a top holding we like as a beneficiary of generative AI.

Other noteworthy sector overweights at quarter end include consumer discretionary, where we meaningfully boosted the fund's stake in e-commerce giant Amazon.com, the fund's No. 7 holding as of March 31. Casino operator Boyd Gaming and Dick's Sporting Goods are also large holdings in the sector. Notably, in March we eliminated the fund's sizable investment in EV maker Tesla.

The fund's allocation to the industrials sector, at roughly 17% of assets, grew the past three months because we see strong secular drivers driven by the buildout of data centers and the electrification of autos, factories and industrial automation, among others.

As April begins, our near-term view of the economy is mixed. Employment is healthy and household balance sheets are in reasonable shape. However, the sustained period of higher interest rates, along with material inflation for most durables and nearly depleted excess savings (from pandemic stimulus), are clear risks.

Progress in disinflationary trends has stalled. A path for core inflation at the Fed's target of 2% may prove difficult. Labor supply is tight, housing markets lack supply and escalating global conflict could disrupt supply chains. If inflation continues to taper, we expect the Fed to turn dovish in 2024, which should support equity and credit markets. However, risk assets already reflect multiple rate cuts, and the path of policy and rates is still hard to predict. ■

## CHARACTERISTICS

	Portfolio	Index
<b>Valuation</b>		
Price/Earnings Trailing	24.1x	23.9x
Price/Earnings (IBES 1-Year Forecast)	20.0x	19.1x
Price/Book	5.6x	3.2x
Price/Cash Flow	14.7x	14.5x
Return on Equity (5-Year Trailing)	18.8%	12.7%
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	13.2%	9.1%
Earnings/Share Growth 1-Year (Trailing)	21.5%	6.5%
Earnings/Share Growth 1-Year (IBES Forecast)	13.9%	11.1%
Earnings/Share Growth 5-Year (Trailing)	25.3%	12.9%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	370.3	27.8
Weighted Median Market Cap (\$ Billions)	54.2	23.4
Median Market Cap (\$ Billions)	35.3	11.1

### MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	22.67%	13.07%	9.60%	-0.09%
Industrials	17.32%	20.32%	-3.00%	2.12%
Consumer Discretionary	16.97%	10.71%	6.26%	2.03%
Financials	13.54%	16.11%	-2.57%	0.84%
Communication Services	8.45%	3.24%	5.21%	-0.41%
Utilities	6.02%	5.09%	0.93%	0.47%
Materials	4.78%	5.75%	-0.97%	1.24%
Energy	4.27%	4.98%	-0.71%	-0.71%
Consumer Staples	2.89%	3.41%	-0.52%	-0.99%
Health Care	2.47%	9.94%	-7.47%	-4.89%
Real Estate	0.00%	7.40%	-7.40%	0.59%
Other	0.00%	0.00%	0.00%	0.00%

### ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	94.33%	98.95%	-4.62%	1.10%
International Equities	5.04%	1.05%	3.99%	-0.89%
Developed Markets	2.73%	0.48%	2.25%	-0.49%
Emerging Markets	2.31%	0.56%	1.75%	-0.40%
Tax-Advantaged Domiciles	0.00%	0.01%	-0.01%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.63%	0.00%	0.63%	-0.21%

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.

### 10 LARGEST HOLDINGS

Holding	Market Segment
Meta Platforms, Inc. Class A	Communication Services
NVIDIA Corp.	Information Technology
Microsoft Corp.	Information Technology
Arthur J. Gallagher & Co.	Financials
Vistra Corp.	Utilities
ON Semiconductor Corp.	Information Technology
Amazon.com, Inc.	Consumer Discretionary
Cheniere Energy, Inc.	Energy
Boyd Gaming Corp.	Consumer Discretionary
Fiserv, Inc.	Financials
<b>10 Largest Holdings as a % of Net Assets</b>	<b>27.55%</b>
<b>Total Number of Holdings</b>	<b>101</b>

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.

### 3-YEAR RISK/RETURN STATISTICS

	Portfolio	Index
Beta	1.04	1.00
Standard Deviation	20.77%	19.50%
Sharpe Ratio	0.29	0.17
Tracking Error	4.20%	--
Information Ratio	0.65	--
R-Squared	0.96	--

## 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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### 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).

### 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.

**Fidelity U.S. Leveraged Stock Linked Index** represents the performance of the Fidelity U.S. Leveraged Stock Index since 10/1/2019, and the Credit Suisse Leveraged Equity Index prior to that date.

**Russell Midcap Index** is a market capitalization-weighted index designed to measure the performance of the mid-cap segment of the U.S. equity market. It contains approximately 800 of the smallest securities in the Russell 1000 Index.

### 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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