PORTFOLIO MANAGER Q&A | AS OF JANUARY 31, 2024

Fidelity® OTC Portfolio

Key Takeaways

- For the semiannual reporting period ending January 31, 2024, the fund's Retail Class shares gained 8.97%, topping the 6.12% advance of the benchmark NASDAQ Composite Index®.
- This six-month reporting period began with declining stock prices for the benchmark through late October, followed by a vigorous rally.
- Early-period investor concern about a stalling pattern in disinflationary trends, soaring yields on long-term government bonds and the possibility of higher-for-longer interest rates gave way to optimism about further progress on inflation, a sharp decline in bond yields and a U.S. Federal Reserve pivot toward actively entertaining several rate cuts in 2024.
- According to Portfolio Manager Chris Lin, the NASDAQ Composite Index® was primarily driven by a small group of mega-cap stocks in the top-performing information technology (+10%) and communication services (+9%) sectors.
- Security selection among consumer discretionary and industrials stocks contributed most to the fund's performance versus the benchmark. Positioning in communication services also helped.
- On the other hand, outsized exposure to the lagging energy sector (-7%) notably weighed on the portfolio's relative result. Picks in consumer staples also detracted.
- As of January 31, Chris believes investors are optimistic about the prospect of the Fed cutting interest rates in 2024, possibly paving the way for a soft landing for the U.S. economy. That said, the market's reliance on a handful of stocks to propel it higher is worrisome and may not be sustainable in the longer term, he says.
- On the positive side, corporate revenue and earnings growth among the mega-cap market leaders has been impressive for the most part, making their valuations not all that unreasonable, in Chris's view.

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MARKET RECAP

U.S. equities gained 6.43% for the six months ending January 31, 2024, according to the S&P 500® index, as a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy provided a favorable backdrop for risk assets. The upturn was driven by a narrow set of firms 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 four times deciding to hold rates at a 22-year high while it observes 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 and gained 14.09% through year-end. The index added 1.68% in January, finishing the period just shy of a record close set on January 29. By sector for the full six months, tech and communication services (+12% each) led, followed by financials (+11%). The defensive health care sector rose about 6% and industrials gained roughly 3%. Real estate stocks were up 2%, just ahead of consumer discretionary (+1%). In contrast, utilities (-7%) and energy (-3%) lagged most, with the latter hampered by lower oil prices. Materials (-3%) and consumer staples (-1%) also lost ground.

Christopher Lin
Portfolio Manager

Fund Facts

Trading Symbol:	FOCPX
Start Date:	December 31, 1984
Size (in millions):	$26,817.55

Investment Approach

- Fidelity® OTC Portfolio invests primarily in dynamic growth companies listed on the Nasdaq stock exchange.
- Our investment approach focuses on companies we believe have above-average earnings growth potential with sustainable business models, for which the market has mispriced the rate and/or durability of growth.
- In particular, we look for events that might provide a business catalyst – such as product cycles, a change in management and turnaround situations – that could add to a stock's true value. We believe finding companies with a competitive advantage, pricing power and strong management teams will deliver superior earnings over the long term.
- We look to exploit inappropriate valuations in the market through bottom-up, fundamental analysis, working in concert with Fidelity's global research team.

Q&A

An interview with Portfolio Manager Christopher Lin

Q: Chris, how did the fund perform for the six months ending January 31, 2024?

The fund's Retail Class shares gained 8.97%, outperforming the 6.12% advance of the benchmark NASDAQ Composite Index®. Meanwhile, the portfolio finished slightly ahead of the peer group average.

Looking slightly longer term, the fund was up 34.48% for the trailing 12 months, finishing ahead of both the benchmark and the peer group average.

Q: Please describe the investment environment the past six months.

The reporting period began with the benchmark declining through late October, followed by a vigorous rally in the final three months. Early-period investor concern about a stalling pattern in disinflationary trends, soaring yields on long-term government bonds and the possibility of higher-for-longer interest rates gave way to optimism about further progress on inflation, a sharp decline in bond yields and a U.S. Federal Reserve pivot toward entertaining several rate cuts in 2024.

This period, the NASDAQ Composite Index® was primarily driven by the top-performing information technology (+10%) and communication services (+9%) sectors. Within them, a handful of mega-cap favorites carried most of the load, extending a pattern evident throughout much of 2023. A lot of the buzz surrounding these stocks stemmed from the anticipated benefits of generative artificial intelligence, cloud computing, digital transformation and other tech-related themes.

Q: How did you position the fund in this dynamic environment?

The portfolio had meaningful overweights in energy and communications services, where I had the most success in choosing companies with the kind of durable growth prospects that I prefer.

Even though the world is gradually moving away from fossil fuels and toward alternative energy sources, including solar and wind, I believe this transition will take much longer than expected, because without significant government subsidies, alternative energy remains costly relative to oil and gas. Consequently, for the next five to 10 years, I think conventional energy is a good place to invest, and I've selected a mix of producers, refiners and energy services providers that I think are quite competitive, including India-based Reliance Industries and Exxon Mobil, our two largest positions within the sector.

Turning to communication services, noteworthy positions include Google parent Alphabet, Meta Platforms and Netflix, all of which, in my opinion, offer products and services that users want, in addition to having strong competitive moats and solid growth runways.

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

Security selection among consumer discretionary and industrials stocks was particularly beneficial to the fund's relative performance. Positioning in communication services also helped.

Within consumer discretionary, negligible exposure to electric-vehicle maker Tesla (-30%) provided the biggest boost to the portfolio's relative return the past six months. The firm's profit margin has come under pressure lately, due to a reduction in prices aimed at stimulating demand. Although I like the company and see the promise of EVs, the stock's rich valuation and growing competition from Chinese rivals convinced me to wait for a more favorable entry point.

An out-of-benchmark position in Vertiv Holdings (+120%) also stood out to the upside this period. This was a stock I knew nothing about before one of our analysts, Cameron Maddox, made a strong case for buying it last summer. The firm makes liquid cooling systems for the kind of servers used in AI, which are compute-intensive and generate a lot of heat. The explosion of interest in generative AI has put a premium on servers capable of handling these workloads and, by extension, on Vertiv's cooling systems.

The decision to overweight Meta Platforms also paid off, with the stock climbing roughly 23% the past six months, following a challenging 2022. First, an update to the Apple iPhone® operating system limited Meta's ability to use a person's browsing history to inform what ads to serve them. At the same time, lavish spending on the company's metaverse project weighed on profits, along with increased competition from China-based ByteDance's TikTok application. Lastly, the broader market also was weak, and the culmination of these headwinds led to a -64% return for Meta's stock in 2022.

All of these negative factors flipped to positives in 2023, however. Amid a rising stock market, Meta implemented workarounds for tracking ads, while slowing the growth in metaverse spending and lowering labor costs. The company also rolled out a short-form video offering – dubbed Reels – that has been taking market share from TikTok. All told, investors were pleased to see Meta strike a better balance between long-term investments and short-term profitability.

Q: What notably detracted?

Outsized exposure to the lagging energy sector (-7%) weighed most on the portfolio's relative result the past six months. Picks in consumer staples also detracted.

A non-benchmark stake in Exxon Mobil (-2%), which I considerably added to this period, was the largest relative detractor. Demand has been solid, but excess supply kept a lid on crude oil prices. Nevertheless, I continue to like the outlook for oil companies over the next five years or so.

An overweight in Insulet (-31%), a maker of tubeless insulin pumps used by diabetes patients, hurt relative performance. Around the beginning of the period, there were several announcements related to the sizable potential of GLP-1 drugs in treating not only diabetes, but also obesity and some heart problems. In the wake of these developments, Insulet's shares sold off sharply, as market participants became concerned that a lower incidence of obesity would lead to fewer cases of diabetes and, therefore, weaker demand for the firm's pumps.

I saw this weakness as a buying opportunity and increased the size of the fund's holding. I think the company's latest pump, the Omnipod® 5, is a material improvement over its predecessor, which leads me to believe it could take share in the existing pump market for type 1 diabetes patients and also insulin-intensive type 2 individuals. Also, unfortunately, the number of patients with type 2 diabetes is so large that even if the GLP-1 medications were to lower the incidence of diabetes, there would still be a large potential market for the Omnipod® 5.

Lastly, comparatively light exposure to two semiconductor makers that meaningfully outperformed, Broadcom (+33%) and Advanced Micro Devices (+47%), hurt relative performance. I felt that both stocks were riding the AI-driven coattails of Nvidia, yet their fundamentals didn't merit the valuation being assigned by the market.

Q: Please tell us about your outlook as of January 31, Chris.

I believe investors are optimistic about the Fed cutting interest rates in 2024, possibly paving the way for a soft landing for the U.S. economy. With that said, the market's reliance on a handful of stocks to propel it higher is worrisome and may not be sustainable in the longer term.

On the positive side, revenue and earnings growth among the mega-cap market leaders has been impressive for the most part, making their valuations not all that unreasonable, in my view. ■

Portfolio Manager Chris Lin on opportunities in memory chipmakers:

"Broadly speaking, there are three kinds of semiconductors: logic, memory and analog. Nvidia and Intel are the largest of the logic chipmakers, and recently the former has garnered considerable attention because of its role in enabling generative artificial intelligence applications. However, I'm growing interested in the memory side of the equation. Here's my rationale.

"Memory is used to store the large-scale language models that enable generative AI applications to mimic human communication so effectively. Such models require a large amount of data for training and deployment, and are stored in volatile memory – which retains data only for as long as the device is powered – for the improved data-access speed it provides. DRAM, or dynamic random access memory, is the preferred type of memory for this purpose.

"What this means, I believe, is that as generative AI usage increases in the coming years, DRAM makers could enjoy growing demand for their products.

"As of January 31, the fund had an out-of-benchmark stake in the largest memory chip manufacturer, South Korea-based Samsung Electronics. Moreover, this period I established a small position in Micron Technology, another key player in this field."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Tesla, Inc.	Consumer Discretionary	-3.26%	130
Vertiv Holdings Co.	Industrials	0.96%	53
VinFast Auto PTE Ltd.	Consumer Discretionary	-0.12%	36
Meta Platforms, Inc. Class A	Communication Services	1.54%	27
Taiwan Semiconductor Manufacturing Co. Ltd. sponsored ADR	Information Technology	2.34%	20

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Broadcom, Inc.	Information Technology	-1.40%	-35
Advanced Micro Devices, Inc.	Information Technology	-0.77%	-29
Exxon Mobil Corp.	Energy	1.10%	-27
Insulet Corp.	Health Care	0.70%	-22
Schlumberger Ltd.	Energy	0.93%	-19

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	88.56%	95.84%	-7.28%	-0.12%
International Equities	10.49%	4.16%	6.33%	-0.36%
Developed Markets	4.54%	2.72%	1.82%	-0.08%
Emerging Markets	5.95%	1.43%	4.52%	-0.28%
Tax-Advantaged Domiciles	0.00%	0.01%	-0.01%	0.00%
Bonds	0.29%	0.00%	0.29%	0.01%
Cash & Net Other Assets	0.66%	0.00%	0.66%	0.47%

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
Information Technology	45.11%	48.40%	-3.29%	-0.29%
Communication Services	18.73%	14.46%	4.27%	-1.76%
Consumer Discretionary	13.61%	13.90%	-0.29%	0.27%
Health Care	6.45%	7.49%	-1.04%	1.19%
Energy	4.89%	0.59%	4.30%	-0.35%
Consumer Staples	4.71%	4.01%	0.70%	0.99%
Industrials	3.41%	4.41%	-1.00%	1.16%
Financials	2.14%	3.96%	-1.82%	-1.33%
Real Estate	0.25%	0.95%	-0.70%	0.29%
Materials	0.05%	1.04%	-0.99%	-0.71%
Utilities	0.00%	0.78%	-0.78%	0.09%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Microsoft Corp.	Information Technology	12.84%	11.59%
Apple, Inc.	Information Technology	11.18%	13.55%
Amazon.com, Inc.	Consumer Discretionary	8.36%	7.72%
NVIDIA Corp.	Information Technology	6.16%	4.48%
Alphabet, Inc. Class A	Communication Services	5.97%	6.41%
Meta Platforms, Inc. Class A	Communication Services	4.96%	4.53%
Alphabet, Inc. Class C	Communication Services	2.88%	3.24%
Marvell Technology, Inc.	Information Technology	2.60%	2.64%
Taiwan Semiconductor Manufacturing Co. Ltd. sponsored ADR	Information Technology	2.47%	2.43%
Netflix, Inc.	Communication Services	2.03%	1.58%
10 Largest Holdings as a % of Net Assets		**59.45%**	**58.45%**
Total Number of Holdings		**167**	**170**

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 January 31, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity OTC Portfolio Gross Expense Ratio: 0.79%[2]	8.97%	2.95%	34.48%	7.43%	18.34%	16.20%
NASDAQ Composite Index	6.12%	1.04%	31.99%	5.90%	16.80%	15.11%
Morningstar Fund Large Growth	8.84%	2.54%	29.04%	5.90%	14.32%	12.60%
% Rank in Morningstar Category (1% = Best)	--	--	32%	47%	8%	5%
# of Funds in Morningstar Category	--	--	1,198	1,116	1,039	810

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/31/1984.
[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.**

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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. The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, and competition from new markets, and general economic conditions. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The securities of smaller, less well-known companies can be more volatile than those of larger companies. The fund may have additional volatility because it can invest a significant portion of assets in securities of a small number of individual issuers.

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.

NASDAQ Composite Index is a market capitalization-weighted index that is designed to represent the performance of NASDAQ stocks.

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.

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.

Manager Facts

Christopher Lin 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. Lin is manager of the Fidelity OTC Portfolio and the Fidelity OTC Commingled Pool.

Prior to assuming his current responsibilities, Mr. Lin served as a research analyst responsible for the coverage of large cap internet stocks. He also previously managed Fidelity Select Computers Portfolio and co-managed Fidelity Select Semiconductors Portfolio, Fidelity Advisor Semiconductors Fund, and Fidelity Stock Selector Mid Cap Fund. He also served as a research analyst and as a research associate covering biotechnology and other health care stocks. He has been in the financial industry since joining Fidelity in 2002.

Mr. Lin earned his bachelor of arts degree, with honors, in economics from Harvard University.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity OTC Portfolio Gross Expense Ratio: 0.70%[2]	40.16%	9.81%	19.00%	17.11%
% Rank in Morningstar Category (1% = Best)	37%	42%	8%	4%
# of Funds in Morningstar Category	1,191	1,111	1,037	807

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/31/1984.

[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.

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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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