QUARTERLY FUND REVIEW | AS OF MARCH 31, 2024

Fidelity® Real Estate Investment Portfolio

Investment Approach

- Fidelity® Real Estate Investment Portfolio seeks above-average income and long-term capital growth, consistent with reasonable investment risk, by investing in securities of companies that own and, in most cases, operate commercial real estate properties.
- Investment in real estate securities has the potential to provide portfolio diversification, consistent income generation, total return and the ability to outpace inflation.
- We believe real estate investment trusts (REITs) represent a balance between real estate and stocks, and that recognizing attributes of both is key to identifying opportunities to outperform.
- Through rigorous bottom-up research from both Fidelity's dedicated real estate team and the firm's broader research resources, we strive to add value through security selection within a disciplined risk framework. Our process seeks to determine the relative attractiveness of individual REITs and will try to take advantage of pricing discrepancies in the market.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Real Estate Investment Portfolio Gross Expense Ratio: 0.67%[2]	-1.97%	-1.97%	5.40%	2.83%	3.14%	6.26%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%
MSCI US IMI Real Estate 25/50 Linked Index	-1.15%	-1.15%	8.68%	1.87%	0.99%	4.88%
Morningstar Fund Real Estate	-0.97%	-0.97%	8.45%	1.69%	3.45%	5.85%
% Rank in Morningstar Category (1% = Best)	--	--	84%	35%	66%	46%
# of Funds in Morningstar Category	--	--	250	236	217	160

[1] *Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/17/1986.*
[2] *This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent fiscal year, or estimated amounts for the current fiscal year in the case of a newly launched fund. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.*

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit fidelity.com/performance, institutional.fidelity.com, or 401k.com. Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

FUND INFORMATION

Manager(s):
Steve Buller

Trading Symbol:
FRESX

Start Date:
November 17, 1986

Size (in millions):
$2,583.97

Morningstar Category:
Fund Real Estate

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. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, and the management skill and creditworthiness of the issuer. The fund may have additional volatility because it can invest a significant portion of assets in securities of a small number of individual issuers.

Market Review

For the first quarter of 2023, the U.S. real estate investment trust market, as measured by the MSCI U.S. IMI Real Estate 25/50 Linked Index, returned -1.15%, significantly lagging the 10.56% increase in the broad U.S. stock market, according to the S&P 500® index. Commercial real estate stocks fell this quarter, as investors' high expectations for potential interest rate reductions were delayed and global central banks continued to face higher-than-expected inflation.

Against this backdrop, performance was mixed across industries, with the majority producing a negative return, led by the telecom tower REITs industry (-9%). The diversified (-8%) and self-storage (-5%) REITs groups also lagged. In contrast, the hotel & resort REITs industry (+5%) continued to benefit from the economy's strength, while continued strong demand fueled by the growth of artificial intelligence helped drive the data-center industry (+5%).

Looking at the broader equity market, U.S. stocks gained 10.56% in Q1, as the S&P 500® index achieved its best start to a new year since 2019, driven by resilient corporate profits, a frenzy over generative AI and the Federal Reserve's likely pivot to cutting interest rates later this year. Amid this favorable backdrop for higher-risk assets, the index continued its late-2023 momentum and ended March at its all-time high – in fact, 22 new closing highs were set in the past three months alone. Growth stocks led the broad rally, with all but one of 11 market sectors advancing.

In Q1, the U.S. economy and corporate earnings exhibited signs of broadening stabilization. Although core U.S. inflation remained elevated and investors dialed back their expectation for the pace and magnitude of expected rate cuts, investors remained largely optimistic that the Fed would soon shift to easing after a historic hiking cycle from March 2022 to July 2023.

That sentiment was evident in January, when the S&P 500® index gained 1.68%, and grew even stronger amid widespread optimism the central bank would bring down inflation to its target of 2% without inflicting too much damage to the economy, thereby pulling off a "soft landing." Sure enough, stocks gained 5.34% in February, boosted by strong corporate earnings. On March 20, the central bank held steady its benchmark federal funds rate and affirmed its projection to cut it three times this year, despite firmer-than-anticipated inflation in recent months. The index rose 3.22% for the month. For the quarter, growth (+13%) shares within the index topped value (+8%), while large-caps bested smaller-caps. ■

Performance Review

For the fourth quarter, the fund returned -1.97%, trailing the -1.15% result of the benchmark, the MSCI U.S. IMI Real Estate 25/50 Linked Index.

Security selection among retail REITs detracted the most in Q1, led by our lack of exposure to benchmark component Simon Property Group (+11%), the largest U.S. owner of mall properties. In February, Simon's shares rose after the company announced better-than-expected financial results. Other notable retail challenges for the fund included overweights in Regency Centers (-9%) and Kimco Realty (-6%), both of which reported disappointing earnings guidance for 2024.

Stock picks in the health care REIT sector also detracted, especially an overweight in Ventas (-12%). Shares of this health care properties REIT fell after the company guided earnings below Wall Street analyst expectations despite reporting higher Q4 earnings amid better demand for senior housing.

Another individual relative detractor was CoStar Group (+4%), a provider of information services to the commercial property industry. We added this benchmark component to the portfolio during the quarter, thus missing out on a portion of its roughly 11% gain in the index. Meanwhile, security selection among telecom tower REITs further weighed on the fund's relative result, especially overweights in SBA Communications (-14%) and Crown Castle (-7%). However, partially offsetting this negative impact was an underweight in American Tower (-8%), a stock we added to the fund despite remaining underweight in the name at quarter end. During the quarter, tower stocks underperformed as investors anticipated a delay in interest rate cuts.

On the positive side, stock selection in the so-called other specialized REITs category helped the fund, especially an overweight in Iron Mountain (+15%), a provider of information management services, In February, Iron Mountain reported favorable financial results amid strong demand for its data storage and records services. Also contributing in this category was our lack of exposure to VICI Properties (-5%), a casino and entertainment property company and a component of the index. We reduced our stake.

A benchmark component we avoided this quarter that added relative value was Zillow Group (-16%), a real estate services company. In March, the stock fell sharply after the National Association of Realtors settled various lawsuits that promised to reduce broker commissions on property sales. Investors apparently feared this development could weigh on Zillow's revenue prospects. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
American Tower Corp.	Infrastructure REITs	-6.71%	50
Zillow Group, Inc. Class A	Unknown Industry	-0.84%	13
Iron Mountain, Inc.	Specialty	0.70%	12
WP Carey, Inc.	Diversified	-0.96%	10
VICI Properties, Inc.	Gaming	-2.27%	9

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
SBA Communications Corp. Class A	Infrastructure REITs	4.03%	-55
Ventas, Inc.	Health Care	4.45%	-49
Simon Property Group, Inc.	Regional Malls	-3.54%	-41
CoStar Group, Inc.	Diversified	-1.47%	-26
Crown Castle, Inc.	Infrastructure REITs	2.67%	-16

** 1 basis point = 0.01%.*

Outlook and Positioning

We continued to pursue what we would term a balanced management approach. This entailed investing in industries and individual stocks that we believe could fare well in a variety of interest-rate environments. We felt like the fund was appropriately positioned, given the lack of clear signals about the future direction of the economy. The portfolio was overweight categories we believed could continue to experience relatively consistent cash-flow growth. These included data center, manufactured housing and single-family-housing rental REITs. We balanced those overweights with exposure to value-oriented areas – such as the assisted-living and strip-center industries – whose pandemic-related financial challenges may have positioned them for greater upside.

Meanwhile, we maintained the portfolio's outsized exposure to apartment REITs, because we think the industry is well positioned over the long term. We also boosted exposure to self-storage REITs. In our opinion, the industry's fundamentals have likely troughed, making it possible to invest in the companies at discounted valuations. This creates what we see as an attractive opportunity, given that self-storage REITs, due to their strong growth rates and business models, historically have traded at a premium to the overall REIT market. One exception to our balanced approach was to continue to avoid exposure to mall owners due to the significant long-term business challenges they face. With the rise in e-commerce, consumers increasingly are bypassing physical stores and receiving goods at their homes. We think this trend bodes negatively for many, though not all, retail property owners and well for owners of distribution and logistics facilities. There are no regional mall REITs in the fund as of year-end. However, we did see attractive opportunities among retail strip-center REITs and, as such, maintained an overweight in the industry. As we see it, owners of strip centers have much better businesses than mall owners, benefiting from favorable demand and more limited supply of attractive locations. We maintained a focus on grocery-anchored centers, whose more essential nature we believe makes them less vulnerable to secular trends. We also continued to hold no office REITs as of March 31. We saw offices as a poor business even before the pandemic. Now, we believe the situation has gotten even worse. Meanwhile, we maintained exposure to industrial REITs (about 15% of the fund at quarter end) due to strong demand for specialized distribution facilities, driven in part by rapid growth in e-commerce.

At the same time, we have been overweighting data centers – which made up about 11% of the fund on March 31 – even as we've recently trimmed the fund's exposure as these holdings have grown. It's become increasingly challenging to satisfy the demand for data centers due to constraints on new supply, which include access to power and water resources and the scarcity of optimal locations. Many customers want to be close to the internet's on- and off ramps to make their data connections faster. Thus, well-located data centers are seeing particularly strong growth in their rental income. This situation is creating tremendous pricing power for the industry.

Looking ahead, we're anticipating that the correlation we've been seeing between REITs' performance and the direction of interest rates will likely persist until rates ultimately stabilize or fall. Furthermore, this recent – and, we hope, short-lived – tight relationship represents an undesirable situation for our largely bottom-up (stock-by-stock) investment process. However, we remain hopeful that when rates eventually do decline, REIT performance can once again begin to reflect individual company fundamentals and valuations. Meanwhile, we continue to believe the portfolio's balanced approach – which includes a mix of REITs and industries we'd expect to perform well if rates fall and those that may perform well if rates either stay high or increase – is well-suited to these market conditions. ■

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Shopping Centers	8.79%	4.57%	4.22%	-0.98%
Self Storage	9.91%	6.56%	3.34%	1.88%
Industrial	14.62%	12.56%	2.05%	1.54%
Apartments	10.26%	8.43%	1.83%	0.69%
Data Centers	10.52%	8.81%	1.71%	-0.36%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Office	--	4.62%	-4.62%	0.00%
Regional Malls	--	4.00%	-4.00%	-0.40%
Diversified	4.22%	7.00%	-2.78%	-0.95%
Gaming	0.47%	3.14%	-2.66%	-0.01%
Unknown Industry	--	2.52%	-2.52%	0.26%

10 LARGEST HOLDINGS

Holding	Market Segment
Prologis, Inc.	Industrial
Equinix, Inc.	Data Centers
Ventas, Inc.	Health Care
SBA Communications Corp. Class A	Infrastructure REITs
Public Storage	Self Storage
Crown Castle, Inc.	Infrastructure REITs
CBRE Group, Inc.	Diversified
Kimco Realty Corp.	Shopping Centers
CubeSmart	Self Storage
NNN (REIT), Inc.	Free Standing
10 Largest Holdings as a % of Net Assets	**53.31%**
Total Number of Holdings	**41**

The 10 largest holdings are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Ventas, Inc.	Health Care	4.49%
SBA Communications Corp. Class A	Infrastructure REITs	3.57%
Prologis, Inc.	Industrial	2.98%
NNN (REIT), Inc.	Free Standing	2.84%
CubeSmart	Self Storage	2.70%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
American Tower Corp.	Infrastructure REITs	-4.68%
Simon Property Group, Inc.	Regional Malls	-3.71%
CoStar Group, Inc.	Diversified	-2.87%
Realty Income Corp.	Free Standing	-2.30%
VICI Properties, Inc.	Gaming	-2.24%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	97.91%	100.00%	-2.09%	-0.19%
International Equities	0.00%	0.00%	0.00%	0.00%
Developed Markets	0.00%	0.00%	0.00%	0.00%
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	2.09%	0.00%	2.09%	0.19%

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.

3-YEAR RISK/RETURN STATISTICS

	Portfolio	Index
Beta	0.98	1.00
Standard Deviation	21.37%	21.76%
Sharpe Ratio	0.01	-0.04
Tracking Error	2.46%	--
Information Ratio	0.39	--
R-Squared	0.99	--

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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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.

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.

MSCI US IMI Real Estate 25/50 Linked Index is a modified market capitalization-weighted index of stocks designed to measure the performance of real estate companies in the MSCI US Investable Market 2500 Index. Index returns shown for periods prior to October 1, 2020 are returns of the Dow Jones U.S. Select Real Estate Securities Index (RESI).

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.