

Fidelity® Select Consumer Discretionary Portfolio

Investment Approach

- Fidelity® Select Consumer Discretionary Portfolio is a sector-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- We believe that the market is inherently inefficient and often too short-term-focused, which affords opportunities to generate excess returns with fundamental research utilizing a long-term investment horizon.
- We prefer companies where business quality or forward prospects seem underappreciated by the market and focus on identifying attractive relative value, including considering opportunities created by temporary issues or turnarounds.
- Stock selection and idea generation come from bottom-up research that leverages Fidelity's deep and experienced global consumer team. We also consider attractive consumer stocks outside of the benchmark that offer the potential for favorable risk-adjusted returns.
- Position sizing is based on conviction in the fundamental thesis and assessment of risk/reward.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical or strategic-allocation purposes.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF ¹
Select Consumer Discretionary Portfolio Gross Expense Ratio: 0.71% ²	7.22%	7.22%	31.50%	3.55%	12.06%	11.58%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%
MSCI US IMI Consumer Discretionary 25/50	4.68%	4.68%	27.01%	3.57%	14.48%	13.34%
Morningstar Fund Consumer Cyclical	7.83%	7.83%	25.66%	1.14%	11.94%	10.34%
% Rank in Morningstar Category (1% = Best)	--	--	23%	39%	52%	40%
# of Funds in Morningstar Category	--	--	50	45	43	37

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 06/29/1990.

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):

Jordan Michaels

Trading Symbol:

FSCPX

Start Date:

June 29, 1990

Size (in millions):

\$554.32

Morningstar Category:

Fund Consumer Cyclical

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The consumer discretionary industries can be significantly affected by the performance of the overall economy, interest rates, competition, consumer confidence and spending, and changes in demographics and consumer tastes. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The fund may have additional volatility because of its narrow concentration in a specific industry. Non-diversified funds that focus on a relatively small number of stocks tend to be more volatile than diversified funds and the market as a whole.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

Consumer discretionary stocks advanced 4.68% in the first quarter of 2024, according to the MSCI U.S. IMI Consumer Discretionary 25/50 Index, lagging the 10.56% gain of the broad-based S&P 500® index. U.S. stocks, including consumer discretionary shares, started off the year strong, driven in large part by the Federal Reserve's likely pivot to cutting interest rates later this year.

On the consumer front, confidence stabilized and spending grew at a healthy clip in early 2024, even amid still-elevated inflation and borrowing costs. A strong labor backdrop, including low unemployment and solid wage growth, helped support spending even as consumer savings have fallen off their pandemic-era peaks.

Despite these positives, the sector underperformed the broad market, as industries within the MSCI consumer discretionary index produced mixed results during the past three months. Among the industry components of the MSCI sector index that underperformed, automobile manufacturers returned -24%. In particular, index component and EV maker Tesla (-29%) came under pressure in January, as Q4 financial results failed to meet consensus expectations. Some apparel retailers also struggled this quarter, including the apparel, accessories & luxury goods (-7%) and footwear (-4%) groups. Firms in these markets, such as athletic-apparel maker lululemon (-24%), began to express concerns over consumer demand.

Conversely, homefurnishing retail (+31%) and home improvement retail (+12%), including Williams-Sonoma (+58%) and Lowe's (+15%), respectively, were standouts to the upside. Strong demand for housing and tight supply was a boon for the new home market, which also supported the homebuilding industry (+14%), where PulteGroup (+17%) and Lennar (+16%) benefited from stronger-than-expected quarterly financial results.

In addition, the index's large holding in e-commerce giant Amazon.com (+19%) – which accounted for almost a quarter of its assets, on average, this quarter – was boosted by strong Q4 2023 financial results, reported in February. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Dick's Sporting Goods, Inc.	Other Specialty Retail	2.04%	85
Tesla, Inc.	Automobile Manufacturers	-1.38%	55
Williams-Sonoma, Inc.	Homefurnishing Retail	1.04%	51
Deckers Outdoor Corp.	Footwear	1.24%	40
Tapestry, Inc.	Apparel, Accessories & Luxury Goods	1.15%	25

* 1 basis point = 0.01%.

Performance Review

For the quarter, the fund advanced 7.22%, outperforming the MSCI U.S. IMI Consumer Discretionary 25/50 Index.

Favorable stock choices contributed to the fund's performance versus the MSCI sector index the past three months, with industry positioning also helping to a much lesser degree. The fund was well-positioned among strong-performing retailers, especially the specialty retail and homefurnishing retail categories, including Dick's Sporting Goods (+53%) and Williams-Sonoma (+58%) – two top-20 holdings in the fund. The stock of Dick's rallied in Q1, rising in mid-March after the retailer announced record revenue and improved earnings for its fiscal quarter ending February 3, along with a 10% boost in its dividend. Management called it "an incredibly strong fourth quarter and holiday season," noting its recent business-optimization plan to streamline the company's cost structure and tighten its focus on the most critical strategies.

It also helped to underweight index component Tesla, as shares of electric-vehicle maker returned -29% for the three months. The stock came under pressure in January, as fourth-quarter financial results failed to meet consensus expectations. The company reported that total revenue increased 3%, while auto revenue was up 1%, stemming from a reduced average selling price following heavy discounting in the second half of 2023. Moreover, the firm stated that "vehicle volume may be notably lower than the growth rate achieved in 2023." Although an underweight, Tesla was the fund's No. 2-largest holding at the end of the quarter.

Conversely, an overweight position in automotive technology supplier Aptiv (-11%) was the fund's top relative detractor and our 11th-largest holding as of March 31. The stock was negatively impacted overall by slowing content growth influenced by less robust growth expectations for EVs. Also detracting from relative performance was an overweight in lululemon athletica. ■

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Aptiv PLC	Automotive Parts & Equipment	1.65%	-29
lululemon athletica, Inc.	Apparel, Accessories & Luxury Goods	0.73%	-23
Airbnb, Inc. Class A	Hotels, Resorts & Cruise Lines	-1.26%	-19
Doordash, Inc.	Restaurants	-0.60%	-18
AutoZone, Inc.	Automotive Retail	-1.01%	-16

* 1 basis point = 0.01%.

Outlook and Positioning

It appears the market has entered 2024 on a more-optimistic note than it was on the precipice of 2023. Consumer confidence is up, gasoline prices are in check, and, in general, investors seem to anticipate the economic cycle's direction will veer toward a "soft landing" (slowing growth) rather than a "hard landing" (recession).

Still, risks remain. We remain cognizant of the upcoming election cycle in 2024 and any rhetoric could impact the consumer and stock market. Earnings expectations for consumer discretionary stocks are higher than they were a year ago, and the sector has rallied strongly – two factors that make valuations (from an absolute standpoint) less compelling.

Fortunately, we're still seeing many instances where valuations in the sector are attractive, especially considering a longer-term view. Overall, we believe the portfolio's holdings strike a good balance of risk and reward, with stocks that I think can perform well in a range of market environments.

This quarter we established several new fund holdings, including modest stakes in MercadoLibre, an Argentina-based e-commerce platform; Restaurant Brands International, the owner of several fast-food chains including Tim Hortons and Burger King; homebuilder TopBuild; and Advance Auto Parts.

Conversely, we exited two small positions in retailer Bath & Body Works and coffee retail chain Dutch Bros.

At the end of March, the fund's top overweight positions versus the MSCI industry index are Dick's Sporting Goods, Lowe's and Hilton Worldwide Holdings.

We believe these companies are very well positioned competitively with company-specific advantages in the context of favorable industry dynamics and with the ability to gain significant market share. The stocks are attractively valued with very favorable risk/reward profiles, including considerable upside potential.

Specifically, Dick's has the superior ability not just to sell products but importantly to effectively display them. Its competitive position has improved considerably with enhanced vendor relationships. In sharp contrast to many of its competitors losing access to product, primary vendors are increasingly aligned with Dick's, viewing the retailer as a key strategic partner for physical distribution and a superior ability to bring product to life.

Lowe's is making good progress on operational improvement under the leadership of a CEO, who along with others on the senior management team were previously involved with the successful turnaround of Home Depot some years back.

Lastly, Hilton should continue to benefit from an ongoing recovery in travel and the superior value proposition it provides to hotel owners, gaining share by signing on additional hotel partners even in the event of a potential slowdown in new development. ■

10 LARGEST HOLDINGS

Holding	Market Segment
Amazon.com, Inc.	Broadline Retail
Tesla, Inc.	Automobile Manufacturers
The Home Depot, Inc.	Home Improvement Retail
Lowe's Companies, Inc.	Home Improvement Retail
TJX Companies, Inc.	Apparel Retail
Hilton Worldwide Holdings, Inc.	Hotels, Resorts & Cruise Lines
McDonald's Corp.	Restaurants
NIKE, Inc. Class B	Footwear
Dick's Sporting Goods, Inc.	Other Specialty Retail
Booking Holdings, Inc.	Hotels, Resorts & Cruise Lines
10 Largest Holdings as a % of Net Assets	59.16%
Total Number of Holdings	58

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.

CHARACTERISTICS

	Portfolio	Index
Valuation		
Price/Earnings Trailing	26.7x	26.9x
Price/Earnings (IBES 1-Year Forecast)	23.0x	23.0x
Price/Book	7.4x	6.8x
Price/Cash Flow	16.2x	16.7x
Return on Equity (5-Year Trailing)	25.6%	24.3%
Growth		
Sales/Share Growth 1-Year (Trailing)	10.8%	11.6%
Earnings/Share Growth 1-Year (Trailing)	37.6%	166.7%
Earnings/Share Growth 1-Year (IBES Forecast)	16.3%	16.5%
Earnings/Share Growth 5-Year (Trailing)	21.2%	19.7%
Size		
Weighted Average Market Cap (\$ Billions)	567.0	548.3
Weighted Median Market Cap (\$ Billions)	124.8	124.8
Median Market Cap (\$ Billions)	14.0	3.1

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Apparel, Accessories & Luxury Goods	5.31%	2.27%	3.04%	0.13%
Other Specialty Retail	4.38%	2.44%	1.94%	-0.14%
Footwear	4.75%	3.10%	1.65%	-0.16%
Home Improvement Retail	11.67%	10.17%	1.51%	0.20%
Home Furnishings	1.89%	0.55%	1.34%	-0.04%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Automotive Retail	1.20%	4.07%	-2.88%	-0.06%
Restaurants	8.44%	11.11%	-2.67%	0.43%
Automobile Manufacturers	9.74%	11.83%	-2.08%	0.65%
Homebuilding	2.78%	4.70%	-1.92%	0.22%
Distributors	--	1.02%	-1.02%	-0.06%

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Dick's Sporting Goods, Inc.	Other Specialty Retail	2.10%
Lowe's Companies, Inc.	Home Improvement Retail	2.07%
Hilton Worldwide Holdings, Inc.	Hotels, Resorts & Cruise Lines	2.03%
Amazon.com, Inc.	Broadline Retail	1.70%
Tempur Sealy International, Inc.	Home Furnishings	1.68%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
The Home Depot, Inc.	Home Improvement Retail	-1.93%
Airbnb, Inc. Class A	Hotels, Resorts & Cruise Lines	-1.35%
Tesla, Inc.	Automobile Manufacturers	-1.31%
AutoZone, Inc.	Automotive Retail	-1.08%
Ford Motor Co.	Automobile Manufacturers	-0.98%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	96.82%	98.72%	-1.90%	-0.38%
International Equities	3.14%	1.28%	1.86%	1.35%
Developed Markets	2.68%	0.00%	2.68%	0.79%
Emerging Markets	0.46%	1.28%	-0.82%	0.56%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.04%	0.00%	0.04%	-0.97%

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	1.00	1.00
Standard Deviation	25.21%	25.04%
Sharpe Ratio	0.03	0.03
Tracking Error	3.25%	--
Information Ratio	-0.00	--
R-Squared	0.98	--

Definitions and Important Information

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

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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.



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Past performance is no guarantee of future results.

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