

Fidelity® Strategic Dividend & Income® Fund

Investment Approach

- Fidelity® Strategic Dividend & Income® Fund is a multi-asset-class strategy that seeks to provide reasonable income, and potentially also capital appreciation, by investing in a diversified mix of dividend-oriented equity and hybrid securities.
- The fund's assets are allocated among high dividend-yielding stocks, preferred stocks, real estate investment trusts (REITs) and convertible securities, using a target weighting of 50%, 20%, 15% and 15%, respectively. This strategic allocation attempts to take advantage of the low correlation among these equity/hybrid classes with a goal of optimizing total returns while containing volatility over time.
- Specialized subportfolio managers are responsible for security selection in their respective areas of expertise and represent the primary source of alpha (risk-adjusted excess return), while the lead portfolio managers have the flexibility to make tactical allocation shifts around the target mix to help manage risk and capitalize on relative-value opportunities.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Fidelity Strategic Dividend & Income Fund Gross Expense Ratio: 0.63% ²	2.27%	13.05%	13.05%	11.32%	8.16%	9.31%
S&P 500 Index	2.66%	17.88%	17.88%	23.01%	14.42%	14.82%
Fidelity Strategic Dividend & Income Composite Index	0.67%	10.15%	10.15%	10.03%	6.94%	8.62%
Morningstar Fund Moderately Aggressive Allocation	2.32%	14.02%	14.02%	14.85%	8.71%	9.48%
% Rank in Morningstar Category (1% = Best)	--	--	66%	75%	55%	48%
# of Funds in Morningstar Category	--	--	125	124	118	100

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/23/2003.

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):

Rick Gandhi
Adam Kramer
Ford O'Neil

Trading Symbol:

FSDIX

Start Date:

December 23, 2003

Size (in millions):

\$5,289.43

Morningstar Category:

Fund Moderately Aggressive
Allocation

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. 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. 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. 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.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

U.S. stocks gained 2.66% in the fourth quarter, according to the S&P 500® index, extending a historically fast rebound that began in early April, but at a slower pace. The advance has been supported by strong corporate fundamentals, a resilient economy, an ongoing boom in spending on artificial intelligence and the U.S. Federal Reserve's first interest-rate reductions since December 2024. Amid this favorable backdrop for risk assets, the index closed the year just shy of its all-time high. Value stocks modestly outpaced their growth counterparts in Q4, while large-caps had only a slight advantage over small-caps, as investors' appetite for risk waned versus the prior three months.

Stocks entered October on an uptrend, but with the federal government in a shutdown that would last until November 12. Equity markets rose nonetheless, boosted by earnings momentum and a constructive expansionary backdrop. On October 29, the U.S. central bank lowered its benchmark federal funds rate by 0.25 percentage points at its second consecutive meeting, as it looked to balance a recent slowdown in hiring and inflation running higher than its 2% target. The S&P 500® rose 2.34% for the month, with the Fed pushing back against market expectations for a further rate cut in 2025.

Momentum faded a bit in November (+0.25%), as stocks weathered the shutdown and a brief mid-month sell-off that mostly reflected concern about a potential AI bubble. However, the focus returned to a U.S. economy largely driven by massive AI-related outlays among big tech firms. Meanwhile, the Fed cut rates by another quarter point on December 10. The index achieved a record close on Christmas Eve before a sluggish final week resulted in a flattish advance for the month, a 17.88% gain for the year and a 38.65% increase since the April 8 market low.

In the fourth quarter, the index's narrow advance was driven by the defensively-oriented health care sector (+12%), which particularly shined in November. The growth-leaning communication services sector rose about 7%, benefiting from the transformative potential of generative AI, as media & entertainment stocks rose 9%. All other groups lagged the index. Real estate (-3%) and utilities (-1%) – both small components of the S&P 500 – lost ground, while consumer staples finished at roughly breakeven. Materials, industrials and consumer discretionary stocks all gained roughly 1%, as did information technology, which represented 35% of the index in Q4. Financials (+2%) stocks reflected a strong showing by banks (+7%) but exhibited weakness (-1%) among insurers. Energy (+2%) was held back by a sharp decline in the price of oil.

Within this environment, the Fidelity Strategic Dividend & Income Composite IndexSM was up 0.67% for the final three months of 2025. The index consists of four asset classes: high-dividend-yielding stocks, preferred stocks, real estate investment trusts and convertible securities. Dividend-paying equities, as measured by the MSCI USA High Dividend Yield Index, advanced 1.30% this quarter, propelled by the information technology, health care and energy sectors. In contrast, consumer discretionary, communication services and materials stocks fared the worst, finishing Q4 in the red. Meanwhile, REITs, according to the FTSE NAREIT Equity REITs Index, returned -1.56%. Most categories lost ground during the quarter, with office REITs performing especially poorly, whereas industrial REITs, however, had a strong showing. Elsewhere, convertible securities – hybrid investments that combine the features of both stocks and bonds – gained 1.97% this period, per the ICE BofA All U.S. Convertibles Index, whereas preferred stocks, as measured by the ICE BofA® Fixed Rate Preferred Securities index, returned -0.31%. ■

THREE-MONTH RETURNS

Asset Class	Total Return
Dividend-Paying Equities ¹	1.30%
Preferred Stocks ²	-0.31%
Convertible Securities ³	1.97%
REITs ⁴	-1.56%

¹MSCI USA High Dividend Yield Index

²ICE BofA Fixed Rate Preferred Securities Index

³ICE BofA All US Convertibles Index

⁴FTSE NAREIT Equity REITs Index

Performance Review

DETAILED FUND ATTRIBUTION RELATIVE TO BENCHMARK

Strategy: Asset Allocation

Dividend-Paying Equities

The fund's moderate overweight among large-cap, dividend-paying stocks boosted the fund's relative result a bit in Q4. **(Slight Positive)**

Preferred Stocks

A sizable underweight in preferreds contributed to the fund's return versus the Composite index. **(Positive)**

Convertible Securities

Outsized exposure to this asset class proved advantageous as convertibles topped the broader index this period. **(Slight Positive)**

REITs

The fund's small underweight in these investments led to incrementally positive outperformance the past three months. **(Slight Positive)**

Infrastructure

An out-of-index stake in this category lifted the portfolio's outcome in the fourth quarter. **(Slight Positive)**

MLPs

Modest non-Composite exposure to these securities slightly helped, given that MLPs

Strategy: Security Selection

Dividend-Paying Equities

Security selection – especially in the health care and consumer discretionary sectors – aided the fund's relative performance. **(Positive)**

Preferred Stocks

Investment choices among these holdings modestly hampered the portfolio's relative result in Q4. **(Slight Negative)**

Convertible Securities

Picks in convertibles hurt compared with the category index in the three months of 2025. **(Negative)**

REITs

Security selection among real estate stocks boosted the portfolio's relative return this past quarter. **(Positive)**

Infrastructure

These holdings collectively outpaced the S&P Global Infrastructure Index, bolstering the fund's performance. **(Positive)**

MLPs

The portfolio's MLP investments had little overall effect on its result this period. **(Neutral)**

ASSET ALLOCATION PERFORMANCE SUMMARY

Asset Class	Benchmark	Average Relative Weight	Relative Contribution (basis points)*
Dividend-Paying Equities	MSCI USA High Div Yield	1.1%	147
Preferred Stock	ICE BofA Fix Rt Pref Sec	-4.9%	1
Convertibles	ICE BofA All US Convt	1.8%	-10
REITs	FTSE NAREIT Eq REIT Comp	-0.4%	23
Master Limited Partnerships	Alerian MLP Index	0.5%	2
Top-Level ETFs, Futures, Options & Swaps	S&P 500	--	0
Invested Assets Subtotals	FID Strat D & I Comp Idx	-1.9%	163
Top-Level Cash & Net Other Assets	--	-0.2%	1
Net Expenses	--	0.0%	-18
Total Value Added			146

*1 basis point = 0.01%.

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.

Outlook and Positioning

The fund employs a lead portfolio-manager/subportfolio-manager structure. The two co-lead portfolio managers make allocation decisions across the fund's major asset classes. Individual picks in each are made by experienced and specialized managers within their respective areas of expertise. Our asset allocation investment process begins with strategic weightings across the fund's asset classes. Depending on the co-lead portfolio managers' outlook for each type of investment, they may over- or underweight an asset class versus the neutral mix. This is done judiciously, with an eye toward long-term trends and in a strategic manner that aims to help preserve the integrity of the portfolio. Beyond that, each subportfolio has its own dedicated manager who employs an asset class-specific process for security selection. This process is designed to provide a well-diversified strategy with the potential to generate income regardless of the interest-rate environment. Based on Fidelity research, we have established a target mix of 50% dividend-paying stocks, 20% preferred stocks, 15% convertible securities and 15% REITs. As the fund's neutral positioning, this is the combination of asset classes and weightings that, over time, we believe should provide the most favorable risk/reward for our shareholders. Our approach to managing the portfolio always is highly tactical, meaning we make shifts to the asset mix based on where we see opportunities in the marketplace at any given time.

The fund's investable universe also includes non-Composite asset classes – including master limited partnerships and infrastructure stocks – both of which provide additional opportunities to broaden the portfolio's dividend-paying-equity exposure. The out-of-index allocation to infrastructure securities averaged about 2% for the

fourth quarter, while we also maintained a small non-index stake in MLPs totaling roughly 0.5% of net assets, on average, the past three months. In Q4, we continued to reallocate the fund's risk exposures. For example, we halved our overweight in infrastructure equities, given other opportunities we identified within our investment universe, coupled with the recent significant outperformance of this asset class.

With these proceeds, we added to REITs, bringing the fund's relative exposure up to neutral, while also increasing our existing overweight positioning in dividend-paying equities. The shift in REITs reflected investors' apparently deep pessimism about the asset class, given its weak performance of late. Still, we remained unconvinced about the valuation opportunity relative to other segments of the market, so we remained neutrally positioned here. Meanwhile, we upped the portfolio's allocation to equities – historically a main driver of the fund's relative result – because we see a potentially favorable stock picking environment. In short, we would characterize the fund as overweight risk, which is further reflected in our continued large underweight in preferred securities.

As of year-end, we are in "wait-and-see" mode, as various uncertainties weigh on investor sentiment. For example, market participants are wondering about where inflation and employment may be headed, and what that implies for further Fed interest rate cuts. Also, because many asset classes are seeing valuations at or near their historical highs, good news may already be fully priced into certain securities, as we see it. Against this backdrop, we are picking our spots when determining where to invest. As always, we will not hesitate to adjust the portfolio's allocations as conditions evolve, based on where we find value in the marketplace. ■

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Change From Prior Quarter
Real Estate	15.98%	0.71%
Financials	14.30%	1.38%
Information Technology	13.15%	0.09%
Health Care	11.25%	1.35%
Industrials	8.56%	-0.67%
Consumer Staples	7.40%	0.23%
Consumer Discretionary	6.75%	0.27%
Utilities	6.56%	-0.94%
Energy	5.71%	-0.09%
Communication Services	3.65%	0.42%
Materials	1.24%	-0.19%
Other	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment
Exxon Mobil Corp	Energy
AbbVie Inc	Health Care
Johnson & Johnson	Health Care
Procter & Gamble Co/The	Consumer Staples
Coca-Cola Co/The	Consumer Staples
Cisco Systems Inc	Information Technology
Prologis Inc	Real Estate
Merck & Co Inc	Health Care
Equinix Inc	Real Estate
Ventas Inc	Real Estate
10 Largest Holdings as a % of Net Assets	19.42%
Total Number of Holdings	737

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.

SUBPORTFOLIO COMPOSITION

Asset Class	Portfolio Weight	Strategic Allocation	Relative Weight	Relative Change From Prior Quarter
Dividend-Paying Equities	51.96%	50.00%	1.96%	1.55%
Domestic Equities	44.26%	--	--	--
International Equities	7.10%	--	--	--
Cash & Net Other Assets	0.60%	--	--	--
Preferred Stock	15.25%	20.00%	-4.75%	0.12%
Preferred Stock/Convertible Preferred	10.26%	--	--	--
Corporate Bonds	4.82%	--	--	--
Cash & Net Other Assets	0.16%	--	--	--
Convertibles	16.92%	15.00%	1.92%	-0.21%
Convertibles	15.15%	--	--	--
Domestic Equities	1.14%	--	--	--
International Equities	0.27%	--	--	--
Corporate Bonds	0.04%	--	--	--
Cash & Net Other Assets	0.32%	--	--	--
REITs	15.03%	15.00%	0.03%	1.17%
REITs & Related Investments	14.43%	--	--	--
Cash & Net Other Assets	0.59%	--	--	--
MLPs	0.51%	--	0.51%	0.02%
MLPs & Related Investments	0.50%	--	--	--
Cash & Net Other Assets	0.01%	--	--	--
Global Infrastructure Equities	1.44%	--	1.44%	-1.70%
Global Infrastructure Equities & Related Investments	1.43%	--	--	--
Cash & Net Other Assets	0.02%	--	--	--
Top Level Fund	-1.11%	--	-1.11%	-0.94%
Top-Level Cash & Net Other Assets	-1.11%	--	--	--

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.

Definitions and Important Information

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you.

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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.

Fidelity Strategic Dividend & Income Composite Index is a customized blend of unmanaged indices, weighted as follows: MSCI USA High Dividend Yield - 50%; ICE BofA Fixed Rate Preferred Index - 20%; FTSE NAREIT Equity REITs - 15% and ICE BofA U.S. Convertibles Index - 15%. The composition differed in periods prior to December 18, 2010.

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.

Bloomberg U.S. Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs) ABS, and CMBS.

FTSE NAREIT Equity REITs Index is a market-capitalization-weighted index that is designed to measure the performance of tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List with more than fifty percent of total assets in qualifying real estate assets secured by real property. Mortgage and timber REITs are excluded.

MSCI USA 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- and mid-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 ACWI (All Country World Index) USA

Index.

The ICE BofA Fixed Rate Preferred Securities Index is a market-capitalization-weighted index of fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. Qualifying securities must have an investment-grade rating (based on an average of Moody's, S&P and Fitch) and an investment-grade-rated country of risk. In addition, qualifying securities must be issued as public securities or through a 144a filing, must be issued in \$25, \$50 or \$100 par/liquidation preference increments, must have at least one year until final maturity, a fixed coupon or dividend schedule, and must have a minimum amount outstanding of \$100 million.

The ICE BofA All U.S. Convertibles Index is a market-capitalization-weighted index of domestic U.S. corporate convertible securities including mandatory convertible preferreds.

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

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.



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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