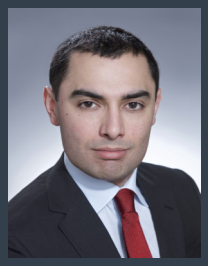
Fidelity® Select Brokerage and Investment Management Portfolio

Key Takeaways

- For the fiscal year ending February 29, 2024, the fund gained 24.95%, topping the 21.98% gain of the MSCI U.S. IMI Capital Markets 5% Capped Linked Index, but trailing the 30.45% advance of the broad-based S&P 500® index.
- On June 15, 2023, Nadim Rabaia assumed co-management responsibilities for the fund, succeeding Charles Ackerman. On December 31, 2023, co-manager Pierre Sorel came off the fund, leaving Nadim as sole portfolio manager.
- Nadim aims to position the fund to capitalize on long-term secular trends, favoring stocks he believes are mispriced relative to their potential earnings growth over a full economic cycle.
- Brokerage and investment management stocks trailed the broader equity market the past 12 months, as continued global economic expansion and a slowing pace of inflation provided a favorable backdrop for higher-growth stocks, according to Nadim.
- Stock selection, particularly in asset management & custody banks and diversified financial services, contributed most to the fund's performance versus the MSCI industry index this period. In contrast, stock picks and industry positioning in the financial exchanges & data segment hurt relative performance most.
- The fund's top individual relative contributor was an out-of-index stake in alternative asset manager Apollo Global Management (+61%), whereas the biggest individual detractor was untimely positioning in credit-rating and analytics company Moody's (+32%).
- As of February 29, Nadim continues to emphasize long-term earnings growth trajectory and corporate quality amid a mixed U.S. economic outlook because he believes this bias should prove beneficial over a full economic cycle.

MARKET RECAP

U.S. equities gained 30.45% for the 12 months ending February 29, 2024, according to the S&P 500® index, as robust earnings, a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy aided risk assets. The index ended February at a record high. Notably, the rally has been driven by a narrow set of firms in the information technology and communication services sectors, largely due to excitement for generative artificial intelligence. This is mostly reflected in semiconductor-related stocks (+113%) and media & entertainment (+68%) names. A likely shift in monetary policy also provided a boost. Aggressive rate hikes by the U.S. Federal Reserve continued until late July, when the Fed decided to pause a series of increases that began in March 2022 at a 22-year high while it observed the effect on inflation and the economy. Following 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 and added 1.68% in January and 5.34% in February. By sector for the full 12 months, information technology (+61%) and communication services (+58%) were standouts, with AI a major tailwind. In sharp contrast, the defensive-oriented utilities sector (-1%) fared worst. Other notable laggards included real estate (+7%) and consumer staples (+8%), each also considered defensive, and energy (+6%).



Nadim Rabaia
Portfolio Manager

Fund Facts

Trading Symbol:	FSLBX
Start Date:	July 29, 1985
Size (in millions):	$836.58

Investment Approach

- Fidelity® Select Brokerage and Investment Management Portfolio is an industry-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- We believe that stocks of high-quality financial companies exhibiting persistent growth and purchased at reasonable prices can outperform the market over time.
- Our investment approach relies on fundamental analysis to help uncover divergences between expectations and underlying growth potential, presenting an opportunity to generate excess returns. In our search for companies that exhibit potential for sustainable growth, we look for higher long-term earnings power and intrinsic value than the current market value reflects.
- Stock selection and idea generation come from bottom-up research that leverages Fidelity's deep and experienced global financials team. We consider attractive financial stocks outside of the benchmark that offer the potential for favorable risk-adjusted returns.
- Sector and industry strategies could be used by investors as alternatives to individual stocks for either tactical- or strategic-allocation purposes.

Q&A

An interview with Portfolio Manager Nadim Rabaia

Q: Nadim, how did the fund perform for the fiscal year ending February 29, 2024?

The fund gained 24.95% the past 12 months, topping the 21.98% result for the MSCI U.S. IMI Capital Markets 5% Capped Linked Index but lagging the 30.45% advance of the broad-based S&P 500® index. The fund handily outpaced its peer group average, which represents a broader group of financial services stocks.

Q: What factors meaningfully influenced the performance of brokerage and investment management stocks the past 12 months?

The group underperformed the broader U.S. equity market as continued global economic expansion and a slowing pace of inflation provided a favorable backdrop for higher-growth stocks, notably those that operate within the broader information technology and communication services sectors that significantly outperformed the financials sector.

The financial exchanges & data segment (+32%) was the top-performing industry, as this sector typically includes more growth-oriented stocks compared to other segments. Asset management & custody banks, the biggest group within the index the past 12 months, also performed well (+23%), driven by strong earnings growth and an improved outlook for alternative asset managers.

In contrast, the interest-rate-sensitive investment banking & brokerage group (+10%) was the weakest-performing category. Here, some companies faced higher funding costs that reduced their net interest margin (the difference between the interest they pay clients and the interest they receive by investing clients' cash in higher-yielding securities), and capital markets revenue remained tepid.

Q: How did you manage the fund this period?

I continued to adhere closely to the fund's long-held investment approach by favoring stocks I view as mispriced relative to their longer-term earnings power. Regardless of the economic backdrop, I manage the portfolio to be relatively balanced from a cyclical perspective – in terms of the outlook for interest rates, credit risk, unemployment and equity market levels. I also strive to balance exposure across five critical factors to manage risk and drive absolute and

relative performance: asset-market volatility, broader equity-market returns, capital markets activity, interest rates and credit risk.

Q: Why did the fund outpace the MSCI industry index the past 12 months?

Security selection within the asset management & custody banks segment helped the most, particularly among alternative asset managers. Stock selection in diversified financial services also meaningfully contributed.

In terms of individual stocks, a favorable out-of-index investment in alternative asset manager Apollo Global Management (+61%) was the fund's top relative contributor by far this period. I believe Apollo is well positioned for asset growth because it targets strong demand for retirement products and high-potential investment-grade private credit as a partial replacement for public investment credit within institutional portfolios. Despite the stock's impressive gain the past 12 months, I continued to think its valuation was attractive relative to its peers. That said, I reduced our holdings in Apollo the past 12 months, but it was still among the fund's top holdings as of February 29.

An overweight stake in Ares Management (+70%), another alternative asset manager, was the fund's second-best contributor and fourth-largest overweight versus the index as of period end. Like Apollo, it's a well-managed company that stands to benefit from continued investor interest in alternative assets, such as private credit. I modestly reduced the fund's stake in Ares to lock in some profit, though it was still the eighth-largest holding as of February 29.

Our underweight positioning in T. Rowe Price Group, an asset manager that returned about 6%, was another key contributor. I reduced the position and no longer held the stock at the end of the period, opting to invest in other asset managers that I believed had better long-term growth potential.

Q: How about noteworthy detractors?

Security selection and industry positioning in the financial exchanges & data group hurt most versus the industry index. Stock picking in investment banking & brokerage also detracted.

In terms of individual stocks, untimely positioning in credit rating and analytics company Moody's (+32%) was the fund's top individual relative detractor. Moody's operates in an industry that I think is structurally attractive. The company and its main competitor, S&P Global (+27%), are the two dominant rating agencies that companies rely on when issuing bonds or financing loans. While the rebound in debt refinancing is taking longer than expected, I believe Moody's should benefit in the near term as debt matures and companies need to refinance. More significantly, the company stands to benefit from a secular trend of growth in outstanding corporate debt over the long term. I increased the fund's position in the stock from a significant underweight at the beginning of the period to a significant overweight at the end, and that adjustment caused the fund to miss out on a portion of the stock's advance this period. Moody's and S&P Global were the fund's largest and fourth-largest holdings, respectively, as of February 29.

The second-biggest individual relative detractor was an overweight position in LPL Financial Holdings (+8%), a wealth management firm providing technology, investment solutions and services to support financial advisors and their clients. LPL was impacted by rising funding costs due to liability mix shifts, which created headwinds for its net interest margin. The company has executed well and gained market share in the wealth management space, which typically grows faster than GDP (gross domestic product). I reduced the fund's stake during the period but maintained a significant overweight for the fund as of Feb. 29.

Q: What notable changes did you make to the fund's positioning the past 12 months?

I think the most significant change I made was to reduce the fund's allocation to the investment banking & brokerage sector, while shifting exposure within the group from large investment banks to some of their smaller, boutique competitors. For example, I opened new positions this period in Evercore (+62%) and Houlihan Lokey (+35%), two global investment banks that I think are well positioned to gain market share over time. Meanwhile, I eliminated exposure to Goldman Sachs (+3%) and notably reduced our stake in Morgan Stanley (-7%), two significant components of the industry index.

Q: What's your outlook as of February 29?

I view the U.S. economy as being in the late-cycle expansion phase, with a wide range of potential outcomes. I want to prepare the fund for most scenarios – from potential recession to a reacceleration of growth, given the prospect of interest rate cuts by the Fed. I aim to position the fund to capitalize on long-term secular trends, rather than temporary macroeconomic dynamics.

In addition, I strive to balance the fund's exposure among companies that generate secular growth. That includes owning companies that do well when interest rates rise, as well as those that do well when interest rates fall; those that are beneficiaries when market conditions are favorable and those that do well amid volatile market conditions; and those that benefit during an accelerating economy, as well as those that are relative outperformers in a decelerating economy. ■

Nadim Rabaia on why he favors alternative asset managers and wealth management firms:

"As of February 29, the fund is overweight alternative asset managers and wealth managers. This positioning reflects my view that both groups can generate above-market revenue and earnings-per-share growth over a full business cycle, and that this dynamic is not fully reflected in the stocks' valuations.

"Alternative asset managers have increased penetration in both institutional and individual investor portfolios, and I believe well-managed alternative asset managers stand to benefit from continued investor interest in alternative assets, such as private credit and infrastructure.

"Regarding wealth management, the long-term trend of advisors moving away from wirehouses is positive for the group, as is the trend of clients moving away from brokerage relationships and toward advisory engagements. In this category, noteworthy overweight fund investments as of February 29 include Ameriprise Financial, LPL Financial Holdings and Raymond James Financial. All were among the fund's top-15 holdings as of February 29.

"Among alternative asset managers, the fund's largest holdings and overweight positions were Apollo Global Management, Ares Management and KKR. During the past 12 months, Apollo (+61%) and Ares (+70%) were the fund's top-two relative contributors versus the MSCI industry index, while KKR (+76%) was the fifth-largest relative contributor.

"Meanwhile, the fund was underweight traditional asset managers because many have experienced flat-to-negative shareholder flows due to competition from cheaper passive alternatives. As of period end, I expect this trend to continue."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Apollo Global Management, Inc.	Diversified Financial Services	3.15%	113
Ares Management Corp.	Asset Management & Custody Banks	2.37%	96
Blue Owl Capital, Inc. Class A	Asset Management & Custody Banks	1.13%	60
T. Rowe Price Group, Inc.	Asset Management & Custody Banks	-1.59%	51
KKR & Co. LP	Asset Management & Custody Banks	1.15%	42

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Moody's Corp.	Financial Exchanges & Data	1.83%	-87
LPL Financial	Investment Banking & Brokerage	1.52%	-35
Bank of New York Mellon Corp.	Asset Management & Custody Banks	-0.73%	-23
Charles Schwab Corp.	Investment Banking & Brokerage	0.01%	-21
Morningstar, Inc.	Financial Exchanges & Data	-0.89%	-19

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	97.94%	100.00%	-2.06%	-0.43%
International Equities	1.82%	0.00%	1.82%	0.54%
Developed Markets	1.13%	0.00%	1.13%	0.65%
Emerging Markets	0.69%	0.00%	0.69%	-0.11%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.24%	0.00%	0.24%	-0.11%

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.

"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
Asset Management & Custody Banks	36.57%	39.47%	-2.90%	3.20%
Financial Exchanges & Data	35.94%	32.56%	3.38%	-1.07%
Investment Banking & Brokerage	23.30%	27.96%	-4.66%	-2.56%
Diversified Financial Services	3.49%	--	3.49%	0.11%
Application Software	0.46%	--	0.46%	0.46%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Moody's Corp.	Financial Exchanges & Data	7.91%	7.84%
KKR & Co. LP	Asset Management & Custody Banks	5.47%	4.61%
BlackRock, Inc. Class A	Asset Management & Custody Banks	5.45%	5.79%
S&P Global, Inc.	Financial Exchanges & Data	5.32%	6.25%
Blackstone, Inc.	Asset Management & Custody Banks	4.97%	5.64%
Intercontinental Exchange, Inc.	Financial Exchanges & Data	4.78%	5.44%
Ameriprise Financial, Inc.	Asset Management & Custody Banks	4.56%	5.73%
Ares Management Corp.	Asset Management & Custody Banks	4.43%	4.16%
Blue Owl Capital, Inc. Class A	Asset Management & Custody Banks	4.40%	1.47%
CME Group, Inc.	Financial Exchanges & Data	4.21%	4.42%
10 Largest Holdings as a % of Net Assets		**51.49%**	**54.70%**
Total Number of Holdings		**43**	**50**

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 February 29, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Select Brokerage and Investment Management Portfolio Gross Expense Ratio: 0.70%[2]	22.13%	5.37%	24.95%	13.84%	17.63%	11.26%
S&P 500 Index	13.93%	7.11%	30.45%	11.91%	14.76%	12.70%
MSCI US IMI Capital Markets 5% Capped Linked Index	19.28%	3.37%	21.98%	12.25%	16.35%	11.42%
Morningstar Fund Financial	15.49%	2.50%	8.79%	5.18%	7.61%	7.83%
% Rank in Morningstar Category (1% = Best)	--	--	5%	8%	1%	11%
# of Funds in Morningstar Category	--	--	102	96	95	79

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 07/29/1985.
[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.**

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.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

FUND RISKS

The value of the fund's domestic and foreign investments will vary from day to day in response to many factors. Stock values fluctuate in response to issuer, political, regulatory, market, or economic developments. You may have a gain or loss when you sell your shares. Investments in foreign securities, especially those in emerging markets, involve risks in addition to those of U.S. investments, including increased political and economic risk, as well as exposure to currency fluctuations. Because FMR concentrates the fund's investments in a particular industry, the fund's performance could depend heavily on the performance of that industry and could be more volatile than the performance of less concentrated funds and the market as a whole. The fund is considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund; thus changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a more diversified fund. The brokerage and investment management industry can be significantly affected by stock and bond market activity, changes in regulations, brokerage commission structure, and a competitive environment combined with the high operating leverage inherent in companies in this industry.

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 Capital Markets 5% Capped Linked Index is a modified market capitalization-weighted index of stocks designed to measure the performance of Capital Markets companies in the MSCI U.S. Investable Market 2500 Index. Index returns shown for periods prior to January 1, 2010 are returns of the MSCI U.S. Investable Market Capital Markets Index.

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

% 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

Nadim Rabaia is a research analyst and 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 his role, Mr. Rabaia provides research coverage on financial services stocks. He is also a portfolio manager on the Select Brokerage and Investment Management Portfolio.

Prior to his current role, he was a research analyst on the financials research team focusing on consumer finance and regional bank stocks. Mr. Rabaia previously worked in Fidelity's High Income & Alternatives division and covered stocks, preferred securities, convertibles, bonds, and loans in the financials, semiconductors, airlines, and wireless industries. Mr. Rabaia joined Fidelity in 2015.

He previously worked in investment banking at Morgan Stanley. He has been in the financial industry since 2011.

Mr. Rabaia earned his bachelor of arts in economics from Harvard College and his master of business administration from the Wharton School.

PERFORMANCE SUMMARY: Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Select Brokerage and Investment Management Portfolio Gross Expense Ratio: 0.70%[2]	38.00%	13.43%	19.28%	11.59%
% Rank in Morningstar Category (1% = Best)	8%	8%	1%	11%
# of Funds in Morningstar Category	102	96	95	79

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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.

Views expressed are through the end of the period stated and do not necessarily represent the views of Fidelity. Views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund. The securities mentioned are not necessarily holdings invested in by the portfolio manager(s) or FMR LLC. References to specific company securities should not be construed as recommendations or investment advice.

Diversification does not ensure a profit or guarantee against a loss.

Information included on this page is as of the most recent calendar quarter.

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