PORTFOLIO MANAGER Q&A | AS OF OCTOBER 31, 2023

Fidelity® Small Cap Stock Fund

Key Takeaways

- For the semiannual reporting period ending October 31, 2023, the fund returned -4.54%, outpacing the -5.29% result of the benchmark Russell 2000® Index.
- Portfolio Manager Marc Grow was disappointed with the fund's negative return for the six-month reporting period, but pleased to see the portfolio adhere to its historical trend of outperformance in a down market.
- Versus the benchmark, investment choices among industrials – capital goods firms, in particular – consumer discretionary and financials stocks contributed most. Sector allocations, especially an underweight in the lagging health care category, also helped.
- The fund's top individual relative contributor this period was Vertiv Holdings (+164%), a provider of thermal- and power-management products for data centers. As optimism about the market opportunity for artificial intelligence has grown, the company has been among the beneficiaries.
- On the other hand, stock picks in health care and real estate, as well as the portfolio's positioning in energy, detracted compared with the benchmark this period.
- The largest individual relative detractor for the six months was Brookfield Infrastructure (-38%), a utility focused on alternative-energy projects that struggled amid higher interest rates.
- As of October 31, Marc emphasized his flexibility and willingness to buy and sell stocks more often than usual to take advantage of price volatility in the market. He remained focused on individual stocks' risk-and-return balance.

MARKET RECAP

U.S. equities gained 1.39% for the six months ending October 31, 2023, according to the S&P 500® index, as the year-to-date rally in equities sputtered amid a stalling pattern in disinflationary trends, soaring yields on longer-term government bonds and concern that U.S. Federal Reserve will keep interest rates higher for longer than expected. These factors, among others, slowed the advance of a stock market that had been powered by richly valued stocks in the information technology and communication services sectors, largely due to excitement for generative artificial intelligence. The S&P 500® closed at its 2023 high on July 31 before returning -8.25% through the end of October, as an uncertain global economic outlook and climbing oil prices added to the choppy backdrop for stocks. Meanwhile, monetary tightening by the U.S. Federal Reserve continued amid consistent pressure on core inflation. Since March 2022, the Fed has hiked its benchmark interest rate 11 times. The latest bump came in late July, a fourth consecutive raise of 25 basis points, followed by the decision to hold rates steady in September at a 22-year high so the Fed can observe the pause's effect on inflation and the economy. Despite the recent downturn, U.S. stocks ended October up 10.69% year to date. By sector for the full six months, communications services and tech (+10% each) led. In contrast, two defensive, rate-sensitive sectors lagged most: utilities (-12%) and real estate (-10%).

Fidelity INVESTMENTS

Marc Grow
Portfolio Manager

Fund Facts

Trading Symbol:	FSLCX
Start Date:	March 12, 1998
Size (in millions):	$1,031.18

Investment Approach

- Fidelity® Small Cap Stock Fund is a diversified domestic small-cap core strategy with a valuation and quality bias.
- We believe that buying higher-quality businesses with capable and honest management teams at reasonable prices has the potential to yield superior risk-adjusted returns over time.
- We seek companies trading at a discount to our assessment of their intrinsic (fair) value, based on in-depth fundamental and valuation analysis; however, we will consider fast growers and lower-quality cyclicals when the market misprices earnings duration.
- We focus on investment opportunities where there is a perceived margin of safety and a long-term time horizon, which, in our view, enables the power of compounding.

Q&A

An interview with Portfolio Manager Marc Grow

Q: Marc, how did the fund perform for the six months ending October 31, 2023?

The fund returned -4.54%, outpacing the -5.29% result of the benchmark, the Russell 2000® Index, and modestly lagging the peer group average.

Security selection among industrials – capital goods firms, in particular – consumer discretionary and financials stocks contributed most versus the benchmark. Sector allocation, especially an underweight in the lagging health care category, also helped.

In contrast, picks in health care and real estate, as well as the portfolio's positioning in the energy sector, detracted compared with the benchmark.

Taking a slightly longer-term view, the fund returned -4.86% for the past 12 months, notably topping the benchmark and matching the peer group average.

Q: How would you describe the market environment the past six months?

It was a volatile period for stocks, reflecting investors' evolving outlook for inflation and changes in interest rates. Although the small-cap market returned about -5% the past six months, that result masks the dramatic ups and downs experienced throughout the full period. For example, the benchmark Russell 2000® Index rose 13.68% in the first half of this six-month span. In the second half, however, small-cap stocks returned -16.89% in almost uninterrupted fashion.

Against this backdrop, I'm disappointed the fund lost value. At the same time, I am pleased to see the portfolio adhere to its historical trend of outperformance in a down market, due to my investment process, which assumes that stocks of high-quality businesses trading at a reasonable valuation should, over time, yield a superior risk-adjusted return.

In my view, the high-quality businesses I favor generally have an honest and capable management team, produce a superior return on investment and generate strong free cash flow. I'll sometimes consider fast-growing and low-quality cyclical stocks for investment, though only when I believe they are being meaningfully mispriced by the broader market. In short, my investment framework tends to be value-oriented and is biased toward high-quality businesses.

Q: Which stocks notably helped the fund's relative performance this period?

The largest contributor by far was an out-of-benchmark stake in Vertiv Holdings (+164%), which provides thermal- and power-management products for data centers. The firm has been a clear beneficiary of the emerging artificial intelligence trend. As AI grows out of its infancy, Vertiv stands to benefit from meaningfully increased demand for data production and consumption. As such, the business has seen improved profitability and cash flow, as well as a strengthened balance sheet. I continue to be optimistic about Vertiv's market opportunity, especially since we seem to be in the very early days of AI. That said, its market capitalization has risen sharply, making it the fund's third-largest holding on October 31. Staying mindful of the stock's increased risk, this period I trimmed the fund's stake.

Another noteworthy relative contributor was the portfolio's outsized exposure to Murphy USA (+33%), an operator of convenience stores. Management has done an exceptional job of creating value for its shareholders through disciplined business execution and strong capital allocation. The past six months, Murphy benefited from fuel sales that were more profitable than expected. As the company's valuation rose, I trimmed the fund's exposure, though the stock was a top-10 holding as of October 31.

Also helping this period was a non-benchmark position in XPO (+61%), a less-than-truckload shipping company. The freight market has been depressed for some time, leaving the stock attractively priced relative to what I saw as its upside. The firm has been a perennial underperformer, but recent management changes have made investors more optimistic about its opportunity to close the gap with its higher-quality peers.

Lastly, Antero Resources (+28%), a natural gas exploration and production company and out-of-benchmark holding, contributed to the portfolio's relative result. As the price of natural gas rose this period, Antero's shares followed suit. The stock was the fund's No. 4 holding as of October 31.

Q: What meaningfully detracted?

An overweight in Brookfield Infrastructure (-38%) hurt relative performance most this period. While utilities tend to be highly sensitive to changes in interest rates, Brookfield is even more so than its peers, given the firm's emphasis on faster-growing, less-traditional energy projects.

For the past six months, concerns about interest rates staying higher for longer weighed on the stock, especially in mid-October, when it lost 27% in just a bit over two weeks.

Despite the business's poor recent performance, the fund remained invested in Brookfield. While recognizing how a higher cost of capital will challenge the company, I expect management to figure out how to effectively deploy capital and generate an above-average return in the long term.

Another notable relative detractor was the portfolio's larger-than-benchmark position in Forward Air (-38%), a freight and logistics company. This period, management decided to pursue a large corporate acquisition. Market participants largely saw this transaction as extraneous to the firm's core business, and worried it would weaken the company's financial position. Although I agreed with this negative assessment of the deal, I also concluded its concerning aspects were already more than reflected in Forward Air's share price. Consequently, I added a bit to the fund's holding at what I perceived to be a favorable valuation.

Also weighing on performance compared with the benchmark was outsized exposure to LGI Homes (-20%), a homebuilder that saw its stock fall as the market wrestled with the impact of higher mortgage rates on new construction. Although I trimmed exposure to the company early this period, I continue to see its long-term opportunity and maintain a large holding in the stock as of period end. LGI has created a ton of value for shareholders over time, and I believe it has the potential to continue doing so throughout the homebuilding cycle.

Q: Any closing thoughts for shareholders as of October 31, Marc?

I'm regularly seeking businesses of above-average quality at a reasonable to below-average price. My expectation is that if you're able to do that consistently over time, those efforts will be rewarded.

I prefer to hold investments over an extended time frame, a strategy that honestly can be challenging in today's volatile market environment. That's because it's difficult to assess how much businesses are likely to be worth over a multiyear time frame when the market is being excessively driven by short-term factors.

So, my approach is to stay focused on individual stocks' risk-and-return balance. This can be a moving target, given how extraordinary some firms' share-price moves have been.

Thus, I'm being even more flexible than usual and willing to adjust my approach, given the prevailing market backdrop. As a result, I've bought and sold positions a bit more often than I'd expect in a normal market environment.

At the same time, I'm remaining patient amid this volatility as I await opportunities for the market to provide what I believe are mispriced investments with good long-term prospects. ■

Marc Grow on opportunities in 'beaten-down' cyclical sectors:

"Increasingly, I've found compelling investment opportunities in cyclically oriented parts of the market, including technology, industrials and consumer durables. As economic indicators have weakened, the market has become increasingly concerned about some of these areas, and stock prices have pulled back.

"In certain businesses, end markets have already been depressed for a year or two, and market participants have become pessimistic about the firms' prospects. As long as you can maintain a long-term time horizon, however, I think one can expect demand in these industries – having already been at a low point – to accelerate, and for fundamentals to improve.

"In turn, this should allow these companies' valuations to more appropriately reflect their business prospects. Essentially, it provides an opportunity for investors to be 'paid twice' – once for the improved industry fundamentals, and a second via multiple expansion as market participants become more optimistic and potentially willing to pay more for the stocks' growth.

"Along these lines, this period I established a position in MKS Instruments, a provider of equipment for semiconductor production. Also, I increased the fund's exposure to Silicon Motion Technology, a maker of chips for computers and smartphones, and initiated a stake in Generac Holdings, a maker of generators.

"What these stocks have in common is that they have already experienced a significant decline as the market continued to see weak demand in these industries. Moreover, I believe their stock prices have overcorrected and may offer patient investors compelling long-term opportunity."

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	94.60%	98.17%	-3.57%	0.17%
International Equities	4.78%	1.83%	2.95%	0.75%
Developed Markets	3.98%	1.27%	2.71%	0.57%
Emerging Markets	0.80%	0.45%	0.35%	0.23%
Tax-Advantaged Domiciles	0.00%	0.11%	-0.11%	-0.05%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.62%	0.00%	0.62%	-0.92%

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
Industrials	21.64%	17.09%	4.55%	1.71%
Financials	16.76%	16.62%	0.14%	1.30%
Consumer Discretionary	14.15%	10.52%	3.63%	-1.14%
Information Technology	11.63%	12.95%	-1.32%	1.13%
Health Care	11.49%	14.36%	-2.87%	-0.55%
Energy	8.05%	8.65%	-0.60%	0.17%
Consumer Staples	6.12%	3.73%	2.39%	0.11%
Materials	4.00%	4.53%	-0.53%	0.99%
Real Estate	3.37%	6.14%	-2.77%	-1.18%
Communication Services	1.27%	2.45%	-1.18%	-1.03%
Utilities	0.89%	2.95%	-2.06%	-0.59%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Performance Food Group Co.	Consumer Staples	2.78%	2.47%
Grand Canyon Education, Inc.	Consumer Discretionary	2.58%	2.48%
Vertiv Holdings Co.	Industrials	2.55%	1.35%
Antero Resources Corp.	Energy	2.21%	1.50%
FirstCash Holdings, Inc.	Financials	2.16%	--
LGI Homes, Inc.	Consumer Discretionary	2.06%	2.77%
Murphy U.S.A., Inc.	Consumer Discretionary	2.04%	2.10%
Selective Insurance Group, Inc.	Financials	1.69%	1.95%
Insight Enterprises, Inc.	Information Technology	1.68%	1.47%
Boston Beer Co., Inc. Class A	Consumer Staples	1.68%	2.12%
10 Largest Holdings as a % of Net Assets		**21.42%**	**21.02%**
Total Number of Holdings		**133**	**118**

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 October 31, 2023

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Small Cap Stock Fund Gross Expense Ratio: 0.78%[2]	-4.54%	-2.02%	-4.86%	3.56%	4.07%	5.91%
Russell 2000 Index	-5.29%	-4.45%	-8.56%	3.95%	3.31%	5.63%
Morningstar Fund Small Blend	-4.13%	-2.99%	-4.86%	7.97%	4.61%	5.83%
% Rank in Morningstar Category (1% = Best)	--	--	51%	93%	64%	55%
# of Funds in Morningstar Category	--	--	615	595	556	387

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 03/12/1998.

[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

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks.

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.

Russell 2000 Index is a market capitalization-weighted index designed to measure the performance of the small-cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.

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

 Fidelity does not review the Morningstar data and, for mutual fund performance, you should check the fund's current prospectus for the most up-to-date information concerning applicable loads, fees and expenses.

% 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

Marc Grow is a research analyst 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. Grow is responsible for the coverage of U.S. small-cap industrials stocks. Previously, Mr. Grow was on the equity research team covering small-cap consumer stocks and auto dealerships.

Prior to joining Fidelity, Mr. Grow was the chief financial officer of Lakeside Capital Group and was also an equity analyst at the value- focused hedge fund V.I .Capital Management. He has been in the financial industry since 2010.

Mr. Grow earned his bachelor of arts in accounting from Whitworth University and his master of business administration degree with a focus on value investing from Columbia University. He is also a CFA® charterholder.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Small Cap Stock Fund Gross Expense Ratio: 0.74%[2]	21.66%	2.03%	8.56%	7.93%
% Rank in Morningstar Category (1% = Best)	29%	70%	70%	49%
# of Funds in Morningstar Category	610	584	552	384

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 03/12/1998.

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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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