PORTFOLIO MANAGER Q&A | AS OF JANUARY 31, 2024

Fidelity® Mid Cap Value Fund

Key Takeaways

- For the fiscal year ending January 31, 2024, the fund's Retail Class shares gained 9.20%, notably outperforming the 2.42% advance of the benchmark, the Russell Midcap® Value Index.
- According to Lead Manager Neil Nabar, the past 12 months "wasn't the greatest backdrop for mid-cap value stocks," as the fund's benchmark achieved only a modest gain.
- He cites decelerating inflation, the prospect of lower interest rates and the boom in artificial intelligence as positive developments that outweighed concern about last spring's regional bank failures, GLP-1 weight-loss drugs and the possibility of a recession in the U.S.
- Neil says bottom-up security selection was the key to the fund's notable outperformance of its benchmark this period. He and Co-Manager Anastasia Zabolotnikova remained focused on companies with underappreciated earnings power, above-average quality, good capital allocation and an attractive valuation.
- Security selection in the real estate, utilities, materials, industrials and health care sectors were the top contributors versus the benchmark.
- The biggest individual relative contributors for the six months were building-products supplier Builders FirstSource (+117%), less-than-truckload carrier XPO (+114%) and health care retail estate investment trust Welltower (+19%).
- Conversely, stock picks in the energy sector nicked the fund's result versus the benchmark this period.
- Notable individual relative detractors were Signature Bank (-100%), a regional bank that failed, and a non-benchmark investment in AdaptHealth (-66%), a medical-products provider.
- Neil says there is much uncertainty weighing on the market as of January 31, but nonetheless he and Anastasia are optimistic about mid-cap value stocks and the fund's positioning.

MARKET RECAP

U.S. equities gained 20.82% for the 12 months ending January 31, 2024, according to the S&P 500® index, as a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy provided a favorable backdrop for higher-risk assets for much of the period. The upturn was driven by a narrow set of firms in the information technology and communication services sectors, largely due to excitement for generative artificial intelligence. Monetary tightening by the U.S. Federal Reserve continued until late July, when the Fed said it was too soon to tell if its latest hike would conclude a series of increases aimed at cooling the economy and bringing down inflation. Since March 2022, the Fed has raised its benchmark interest rate 11 times before pausing and four times deciding to hold rates at a 22-year high while it observes inflation and the economy. After 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. The index added 1.68% in January, finishing the period just shy of a record close set on January 29. By sector for the full 12 months, tech (+53%) and communication services (+43%) led the way, followed by consumer discretionary (+20%). Industrials rose about 13% and the rate-sensitive financials sector gained 10%. In sharp contrast, utilities (-8%) and energy (-4%) lagged most, with the latter hampered by lower oil prices. Real estate (-2%) and materials (-1%) also lost ground for the period.

Neil Nabar
Lead Manager

Fund Facts

Trading Symbol:	FSMVX
Start Date:	November 15, 2001
Size (in millions):	$1,682.99

Investment Approach

- Fidelity® Mid Cap Value Fund seeks long-term growth of capital in a valuation-conscious manner with a bias toward higher-quality companies.
- We believe that bottom-up fundamental research has the potential to deliver long-term outperformance. Core to our investment philosophy is the belief that buying strong franchises trading at a discount to the intrinsic (fair) value of their business can add value, so long as the margin of safety is sufficient to compensate for idiosyncratic risks.
- We use quantitative models to narrow down the investment universe to a more manageable size, maintain style consistency and manage risk in the portfolio.
- Combining Fidelity's fundamental research strengths with proprietary investment models and tools provides a sound basis for identifying attractive opportunities in the mid-cap value space.
- The fund is run in a fully invested, near-sector-neutral manner, so potential investments are scrutinized against similar stocks in the same sector.

Q&A

An interview with Lead Portfolio Manager Neil Nabar

Q: Neil, how did the fund perform for the fiscal year ending January 31, 2024?

The fund had a good year. Its Retail Class shares gained 9.20% the past 12 months, notably topping the 2.42% advance of the benchmark, the Russell Midcap® Value Index, as well as the peer group average.

Q: What was the market environment like for mid-cap value stocks this period?

It wasn't the greatest backdrop for the category. Decelerating inflation, the prospect of lower interest rates, and the artificial intelligence boom helped the broader market, outweighing concern about last spring's regional bank failures, GLP-1 weight-loss drugs and the possibility of a recession in the U.S. This left the benchmark with a modest gain for the 12 months.

Mid-cap stocks notably lagged large-cap issues, largely due to certain technology giants that delivered an outsized gain. Value stocks also significantly underperformed growth securities, which gained from investor enthusiasm for AI and the prospect of lower interest rates.

The benchmark was led by industrials (+19%), the biggest sector allocation, and information technology (+7%). Conversely, the health care (-7%), consumer staples and materials (-6% each) sectors notably lagged the index.

Q: What helped the fund top its benchmark?

Co-Manager Anastasia Zabolotnikova and I take a bottom-up approach to choosing stocks of mid-cap companies that we think have underappreciated earnings power, above-average quality, good capital allocation and an attractive relative valuation. This focus worked well in what was largely a stock picker's market.

By sector, security selection in real estate, utilities, materials, industrials, and health care drove the fund's strong relative result. The top individual contributor this period was an overweight in building-products supplier Builders FirstSource (+117%), which fit our strategy, given what we viewed as its underappreciated earnings power. Demand for housing exceeded supply, giving a lot of pricing power to home builders focused on new single-family construction. In turn, the company benefited from strong demand for its valueoriented building products. Easing supply-chain issues and management initiatives to improve operational efficiency also propelled the stock. Although we roughly halved our share count this period, the stock was the fund's No. 2 holding and third-largest overweight on January 31.

Another top contributor from the industrials sector was a sizable overweight in less-than-truckload transportation company XPO (+114%). The logistics of filling a truck with different customers' goods can be labor intensive, which gives LTL carriers pricing power. Moreover, stocks in the industry had been weak in 2022, so valuations looked interesting to us. We targeted XPO because founder and executive chairman Brad Jacobs has a track record of creating value. Plus, we believed the company had the potential for improvement, given that it had one of the lowest profit margins in the business and below-average customer satisfaction scores. Although economic uncertainty generally weighed on shipping volume in 2023, a new management team began implementing practices from more-established peers, helping the company's turnaround to gain traction, in turn boosting the share price. Lastly, the recent bankruptcy of rival LTL carrier Yellow fueled expectations that XPO's shipping volume would increase.

Q: Which other stocks stood out?

A large overweight in senior housing real estate investment trust Welltower (+19%) helped the fund outperform its benchmark. At the time of purchase, we viewed Welltower's earnings as underappreciated, and its stock as undervalued based on our expectation that occupancy rates would recover post pandemic. Plus, during the pandemic, management had restructured contracts, invested in data analytics and made some good operational hires. These initiatives and improved occupancy rates helped the firm's bottom line the past 12 months. We significantly reduced exposure this period, but Welltower was nonetheless the fund's top holding and overweight on January 31.

A new position in Constellation Energy (+62%), within the utilities sector, also worked out well. We'd been following the stock of the operator of nuclear power plants for some time and pounced when we saw an attractive entry point in March. We believe Constellation, an overweight as of January 31, is well-positioned to benefit from its green energy offerings, growing demand for electricity and limited capacity. Volatile power prices, shareholder-friendly initiatives and provisions in the 2023 Inflation Reduction Act fueled the stock's gain this period.

Q: What about noteworthy detractors?

Security selection in the energy sector nicked relative performance. The biggest individual detractor was a tiny early-period position in Signature Bank (-100%), a regional bank that collapsed in March 2023. At the time of purchase, we thought the bank was well run and had adequate capital. We also liked its blockchain-enabled platform, which seemed to us undervalued.

Elsewhere, a non-benchmark stake in medical-products distributor AdaptHealth (-66%) detracted from relative performance. The shares sank amid a market-share loss for the firm's sleep apnea machines and turnover in its CEO position. Despite the stock's disappointing result, we believe the company has the potential to grow once a new CEO comes on board. This gave us confidence to meaningfully add to the stock, which we considered attractively valued.

Lastly, untimely ownership of Citizens Financial Group (-43%) hindered relative performance. We initially liked that the parent to Citizens Bank was integrating an acquisition and expanding into other areas, such as wealth management. However, the stock fell sharply during the regional banking crisis last spring. Then the company started hiring bankers from First Republic, another regional bank that had failed. We thought this hiring initiative entailed significant execution risk, so in October we decided to sell our stake in Citizens and focus on better opportunities elsewhere.

Q: What's your outlook, Neil, and how is the fund positioned as of January 31?

There is much uncertainty weighing on the market, with investors primarily focused on how long inflation will exceed its historical average, how long the Federal Reserve will keep interest rates elevated, the likelihood of a recession and who will be our next President.

Nevertheless, we remain optimistic about prospects for mid-cap value stocks generally and the fund's holdings specifically. We think the fund has two ways to win. First, the fund is well-positioned if mid-cap value stocks move back into favor with investors. Value has largely underperformed growth in recent years, resulting in a wide valuation disparity by period end. Historically, however, value has outperformed growth over long periods. We think the wide valuation disparity we've seen could spur renewed investor interest in mid-cap businesses, which are typically more profitable than smaller-caps and have a share price that is less expensive than large-caps. The second way the fund can win is through security selection. To that end, we plan to invest selectively and opportunistically in what we view as the best mid-cap value stocks.

We remain focused on bottom-up security selection to drive performance, while keeping the portfolio roughly sector-neutral with the benchmark. However, the fund ends January with a notable underweight in information technology because we've had difficulty finding stocks here that meet our valuation criteria. The fund's widest overweight is in materials, largely due to a new position in Steel Dynamics, a steel producer and our No. 3 holding and fourth-largest overweight as of period end. ■

Neil Nabar on finding backdoor beneficiaries of the AI boom:

"Tech giants Nvidia and Microsoft, among others, have seen their stock prices soar amid growing interest in artificial intelligence. Anastasia and I believe there are beneficiaries down the AI chain with a much cheaper share price. We call these mid-cap companies neglected AI winners because they are typically overlooked by investors, mostly due to their lower profile, but stand to gain as AI grows rapidly in the coming years.

"As of January 31, the fund owns Digital Realty Trust, for example, a real estate investment trust with a commanding position among large data centers in Ashburn, Va., home to an estimated 70% of the world's daily internet traffic. Demand for data centers in this market is off the charts, and we believe DLR stands to benefit.

"Data centers that support AI rely heavily on electricity to power their computing functions and cool the buildings so the processing machines can operate. The power that data centers require is expected to rise sharply as companies rely on bigger – and more electrically demanding – AI models that can perform more functions. At the same time, power supply will likely remain constrained, with no new nuclear power plants and few new electric power plants in the works.

"To capitalize on this imbalance, this period we added an overweight stake in Constellation Energy, the country's largest producer of carbon-free energy and biggest operator of nuclear power plants. Nuclear power is green energy, putting the firm in the sweet spot among large tech companies committed to meeting net zero-carbon targets.

"Lastly, we've found opportunities among mid-cap companies that facilitate the high-speed information exchange AI requires. Among fund overweights on January 31 are Coherent, a company that makes high-speed transceivers; Lumentum, a supplier of fiber optics; and Wesco International, which distributes cable and hardware needed for AI applications with tight specifications. None of these stocks was expensive at the time of purchase, but each has an important role to play as AI expands."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Builders FirstSource, Inc.	Industrials	0.94%	80
XPO, Inc.	Industrials	0.86%	72
Welltower, Inc.	Real Estate	2.97%	65
Constellation Energy Corp.	Utilities	0.63%	45
First Republic Bank	Financials	-0.05%	42

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Signature Bank	Financials	0.08%	-94
AdaptHealth Corp.	Health Care	0.41%	-45
Citizens Financial Group, Inc.	Financials	0.44%	-36
Phillips 66 Co.	Energy	-0.69%	-26
Concentrix Corp.	Industrials	0.49%	-23

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	95.38%	99.32%	-3.94%	-0.66%
International Equities	4.53%	0.68%	3.85%	0.60%
Developed Markets	4.53%	0.49%	4.04%	0.60%
Emerging Markets	0.00%	0.18%	-0.18%	0.01%
Tax-Advantaged Domiciles	0.00%	0.01%	-0.01%	-0.01%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.09%	0.00%	0.09%	0.06%

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	20.27%	19.54%	0.73%	0.11%
Financials	18.05%	18.02%	0.03%	-0.50%
Real Estate	10.02%	10.27%	-0.25%	0.93%
Materials	9.93%	7.47%	2.46%	0.17%
Consumer Discretionary	9.61%	9.18%	0.43%	0.86%
Utilities	7.12%	7.06%	0.06%	0.14%
Health Care	6.73%	6.82%	-0.09%	0.40%
Information Technology	6.42%	9.46%	-3.04%	-1.10%
Energy	5.98%	5.22%	0.76%	-0.96%
Consumer Staples	3.74%	3.71%	0.03%	0.48%
Communication Services	2.04%	3.26%	-1.22%	-0.60%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Welltower, Inc.	Real Estate	2.53%	3.37%
Builders FirstSource, Inc.	Industrials	1.33%	1.14%
Steel Dynamics, Inc.	Materials	1.23%	1.27%
PG&E Corp.	Utilities	1.22%	1.35%
Camden Property Trust (SBI)	Real Estate	1.22%	--
Constellation Energy Corp.	Utilities	1.18%	1.30%
Edison International	Utilities	1.10%	1.30%
Raymond James Financial, Inc.	Financials	1.10%	1.44%
Sun Communities, Inc.	Real Estate	1.06%	--
PACCAR, Inc.	Industrials	1.05%	1.20%
10 Largest Holdings as a % of Net Assets		**13.02%**	**15.07%**
Total Number of Holdings		**177**	**158**

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 January 31, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Mid Cap Value Fund Gross Expense Ratio: 0.79%[2]	4.64%	-1.61%	9.20%	12.87%	10.15%	8.24%
Russell Midcap Value Index	0.80%	-1.79%	2.42%	7.80%	8.61%	8.25%
Morningstar Fund Mid-Cap Value	1.95%	-1.37%	3.80%	9.65%	9.27%	7.90%
% Rank in Morningstar Category (1% = Best)	--	--	11%	13%	31%	40%
# of Funds in Morningstar Category	--	--	397	383	363	277

[1] *Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/15/2001.*

[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. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

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 Midcap Value Index is a market-capitalization-weighted index designed to measure the performance of the mid-cap value segment of the U.S. equity market. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

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

% 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

Neil Nabar is a 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 this role, Mr. Nabar is the lead manager of the Fidelity and Fidelity Advisor Mid Cap Value Funds and Fidelity Mid Cap Value K6 Fund.

Prior to assuming his current position from 2012-2021 he was an analyst responsible for covering Real Estate Investment Trusts (REITs) across a variety of property types and managing the Fidelity Select Construction and Housing Portfolio (2016-2021). In addition, he worked as a quantitative analyst from 2009 to 2012 and as an intern in 2008.

Prior to joining Fidelity, he worked as an investment associate at Putnam Investments from 2004 to 2007. He has been in the financial industry since 2004.

Mr. Nabar earned his bachelor of arts degree in economics from Harvard University and his master of business administration from Columbia Business School. 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 Mid Cap Value Fund Gross Expense Ratio: 0.87%[2]	33.55%	11.64%	12.52%	8.88%
% Rank in Morningstar Category (1% = Best)	8%	9%	21%	34%
# of Funds in Morningstar Category	399	380	363	281

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/15/2001.

[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.

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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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