Fidelity® Select Technology Portfolio

Key Takeaways

- For the fiscal year ending February 29, 2024, the fund gained 55.15%, outpacing the 48.25% advance of the MSCI U.S. IMI Information Technology 25/50 Index, and significantly ahead of the 30.45% result of the broadly based S&P 500® index.
- The U.S. stock market notched a series of new all-time highs during the period, aided by an expanding global economy and cooling inflation, which in July prompted the Federal Reserve to pause its aggressive campaign to raise short-term interest rates.
- Within the broader S&P 500® index, the rally was spearheaded largely by a small group of companies in the information technology (+61%) and communication services (+58%) sectors amid robust demand for generative artificial intelligence across virtually all industries, according to Portfolio Manager Adam Benjamin.
- Versus the MSCI sector index, the fund's performance particularly benefited from a sizable overweight in semiconductors, which was far and away the top-performing industry this period.
- Underweighting the lagging technology hardware, storage & peripherals industry also helped, as did out-of-index exposure to passenger ground transportation stocks and investment choices in the internet services & infrastructure and the transaction & payment processing services groups.
- On the other hand, picks in semiconductor materials & equipment worked against the fund's relative result this period, along with security selection in communications equipment.
- As of February 29, Adam notes that, with valuations for technology stocks relatively elevated, it will be important for companies to come through with earnings that justify this optimism.
- Longer term, he remains quite bullish on the prospects for tech investments – particularly the investment in infrastructure and software needed to support the growth of generative AI and the evolving data center architecture.

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%).

Adam Benjamin
Portfolio Manager

Fund Facts

Trading Symbol:	FSPTX
Start Date:	July 14, 1981
Size (in millions):	$14,310.01

Investment Approach

- Fidelity® Select Technology Portfolio is a sector-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- We believe the value of technology stocks is in large part determined by the companies' future potential to generate earnings and cash flow.
- Our investment framework also focuses on identifying themes that impact the largest end markets, determining potential winners/losers, and how certain companies that are technology disruptors can impact incumbents.
- The technology sector is a very specialized part of the market, and our experience allows for proficiency in specific domains, aiding in recognizing investment opportunities when they arise.
- Through bottom-up research and by leveraging Fidelity's vast expertise – in addition to insights from industry experts, technologists, suppliers and competitors – we develop a differentiated view on the fundamentals in seeking to identify companies with compelling risk/reward profiles.
- Sector 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 Adam Benjamin

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

Quite well, I'm happy to report. The fund gained 55.15% the past 12 months, outpacing the 48.25% advance of the MSCI U.S. IMI Information Technology 25/50 Index, and significantly ahead of the 30.45% result of the broadly based S&P 500® index. The fund also topped its peer group average by a wide margin.

Q: How was the investment environment for technology stocks the past 12 months?

The U.S. stock market notched a series of new all-time highs during the period, aided by an expanding global economy and cooling inflation, which in July prompted the Federal Reserve to pause its aggressive campaign to raise short-term interest rates. In December, the central bank pivoted away from a neutral view of interest rates, with its forecast of several rate cuts in 2024.

The bulk of the gain in the S&P 500® was due to the market-leading information technology (+61%) and communication services (+58%) sectors. Within these two groups, a handful of mega-cap favorites carried most of the load. A lot of the buzz surrounding these stocks was attributable to the anticipated benefits from generative artificial intelligence.

Among the five industry groups in the MSCI index that posted the strongest performance the past 12 months, semiconductors (+95%) topped the field, lifted by Nvidia (+241%) and other AI favorites. The next four consisted of systems software (+64%), application software (+53%), semiconductor materials & equipment (+50%), and IT consulting & other services (+39%).

Q: How did you position the fund in this environment?

I continued to lean heavily on semiconductors, which was the fund's largest industry overweight, by far, during the period. Based on price-earnings multiples, valuations in this group were still reasonable at the end of February, in my view, although less so than when the period began. Moreover, I thought several end markets – including AI, cloud computing/data centers and automobiles – continued to provide powerful long-term growth drivers. Consequently, the fund's top-four individual overweights at the end of

February were chip stocks: Nvidia, onsemi (formerly ON Semiconductor), Marvell Technology and NXP Semiconductors.

I maintained relatively light exposure to Apple, by far the largest component in the MSCI sector index, with an average weighting of roughly 22%. Especially in view of questions about near-term demand from China for the company's smartphone products, I was reluctant to take a more aggressive position in this stock. With that said, Apple was the third-largest holding in the portfolio at period end, behind Microsoft and Nvidia.

Elsewhere, I liquidated the last of the portfolio's holdings in transaction & payment processing services, a group that was formerly part of the data processing & outsourced services category but – following a recent revamping of sector and industry classifications – moved to the financials sector. As part of this shift, I exited the fund's positions in payment processors Mastercard and Visa.

Q: What aided performance most versus the MSCI sector index?

The fund's relative performance particularly benefited from a sizable overweight in semiconductors, which was far and away the top-performing industry in the sector benchmark. Underweighting the lagging technology hardware, storage & peripherals industry also helped, as did out-of-index exposure to passenger ground transportation and investment choices in internet services & infrastructure and in transaction & payment processing services.

Nvidia (+241%), the fund's largest overweight during the period and also our top contributor from the standpoint of both relative and absolute performance, was a focal point of much of the excitement about generative AI because of its considerable head start over the competition.

The company has been investing in AI for about 10 years, and its full-stack solutions of chips, software and systems have positioned it extremely well as the provider of choice for hyperscalers, or large cloud service providers, and enterprises looking to embrace generative AI. I trimmed the position to lock in some profit for the fund.

An underweight position in Apple (+23%) also helped versus the MSCI index. The stock of the personal electronics giant was particularly weak in the third quarter, falling in early August after the company announced a revenue decline for the third consecutive quarter – a first since 2016.

Management noted lower demand, particularly for the firm's iPhone® device, which missed estimates for sales. The flagship smartphone currently accounts for roughly half of Apple's overall sales. I reduced this position in favor of other choices with what I considered better growth prospects.

Q: How about noteworthy relative detractors?

Picks in semiconductor materials & equipment worked against the fund this period, along with security selection in communications equipment.

Dropping down to the stock level, out-of-index exposure to GlobalFoundries (-17%) detracted more than any other individual holding. I consider this semiconductor foundry, with facilities in the U.S., Europe and Singapore, a "scarce asset," given its status as one of only five pure-play foundries without sites in Taiwan or China. As a result, I thought the company was well-positioned to benefit from the global push for domestic production.

During the period, though, its business supplying chips for smartphones slowed, and demand from the data center and communications infrastructure markets also began to decelerate, all of which hurt the stock. I meaningfully increased the fund's share count in GlobalFoundries this period, and it was the 10th-largest holding as of February 29.

Onsemi (+2%), where we had a large overweight, also weighed meaningfully on relative performance. The company designs and manufactures semiconductors for automotive, industrial, medical and other applications. On October 30, onsemi's stock fell about 20% after the company reported weaker-than-expected, third-quarter earnings, while also notably reducing Q4 guidance for its electric-vehicle-related business. I remained confident in the company's prospects and added significantly to this position, the fund's second-largest overweight as of February 29.

Q: What's your outlook as of period end, Adam?

With valuations for technology stocks relatively elevated, it will be important for companies to come through with earnings that justify the prevailing optimism. Short term, I wouldn't be surprised to see choppy action in both the tech sector and the broader U.S. stock market.

However, I continue to like the longer-term prospects for the companies in the portfolio, driven by a number of powerful themes that remain in play, including the investment in infrastructure and software needed to support the growth of generative AI and the evolving data center architecture. Other key trends include digital transformation, as well as the increasing importance of assuring adequate semiconductor supply and the increasing chip content driven by the further adoption of electric vehicles and autonomous driving capabilities. ■

Portfolio Manager Adam Benjamin on chipmakers at the forefront of innovation in the auto industry:

"In early January, the Fidelity tech team attended the Consumer Electronics Show in Las Vegas. We were struck by how the show floor was dominated by all things auto. Innovation was especially evident in electrification, autonomous features and safety capabilities, as well as security, display and lighting technologies. All this innovation is increasingly supporting the concept that automotives have become a 'smartphone on wheels,' which is driving more semiconductor content to support these technological advancements.

"Outside of the cloud/data center end market, which is in the process of being transformed by the impact of generative AI and accelerated computing, the automotive end market has experienced the most significant technological change and disruption. And despite the stock market's concern about slowing electric vehicle sales, EVs are still expected to see roughly 20% annual growth over the next several years. This may be lower than prior years and previous expectations of a more than 30% growth rate, but factoring in the semi content growth opportunities – in many cases, $500 for a vehicle with an internal combustion engine, versus $1,000 to $2,000 for an EV – I continue to see opportunities for semiconductor companies that are leading this innovation, specifically NXP Semiconductors and onsemi, two of the fund's largest holdings as of February 29.

"NXP is a leader in radar for driver safety systems and battery management systems for EVs, and is developing new architectures to simplify auto connectivity and advance the concept of a 'smartphone on wheels.' Onsemi is a leader in providing silicon carbide solutions to power EV traction inverters, as well as image processors needed for cameras for advanced safety systems. I believe both of these companies are well positioned to provide leadership products to benefit from these powerful trends that are disrupting and advancing the auto end market."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
NVIDIA Corp.	Semiconductors	6.64%	866
Apple, Inc.	Technology Hardware, Storage & Peripherals	-4.83%	173
Uber Technologies, Inc.	Passenger Ground Transportation	1.86%	156
MongoDB, Inc. Class A	Internet Services & Infrastructure	0.78%	81
Texas Instruments, Inc.	Semiconductors	-1.32%	79

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
GlobalFoundries, Inc.	Semiconductors	2.53%	-214
Broadcom, Inc.	Semiconductors	-3.18%	-202
ON Semiconductor Corp.	Semiconductors	3.37%	-194
Advanced Micro Devices, Inc.	Semiconductors	-1.62%	-130
Cisco Systems, Inc.	Communications Equipment	1.57%	-97

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	92.06%	100.00%	-7.94%	-2.26%
International Equities	4.46%	0.00%	4.46%	1.17%
Developed Markets	2.61%	0.00%	2.61%	1.17%
Emerging Markets	1.85%	0.00%	1.85%	0.00%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.06%	0.00%	0.06%	-0.05%
Cash & Net Other Assets	3.42%	0.00%	3.42%	1.14%

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
Semiconductors	32.11%	21.41%	10.70%	-0.89%
Systems Software	23.13%	25.99%	-2.86%	1.57%
Technology Hardware, Storage & Peripherals	13.78%	20.70%	-6.92%	-0.54%
Application Software	9.57%	14.63%	-5.06%	-0.35%
Internet Services & Infrastructure	5.21%	1.79%	3.42%	1.07%
Communications Equipment	2.97%	3.15%	-0.18%	-0.32%
Passenger Ground Transportation	2.79%	--	2.79%	0.80%
Semiconductor Materials & Equipment	2.39%	4.12%	-1.73%	-0.06%
Hotels, Resorts & Cruise Lines	1.13%	--	1.13%	0.19%
Broadline Retail	1.02%	--	1.02%	1.02%
Other	2.41%	6.09%	-3.68%	-0.35%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Microsoft Corp.	Systems Software	18.22%	17.34%
NVIDIA Corp.	Semiconductors	13.77%	13.35%
Apple, Inc.	Technology Hardware, Storage & Peripherals	12.84%	17.01%
Salesforce, Inc.	Application Software	4.67%	3.16%
Marvell Technology, Inc.	Semiconductors	4.46%	4.36%
ON Semiconductor Corp.	Semiconductors	4.31%	4.03%
NXP Semiconductors NV	Semiconductors	4.26%	4.18%
ServiceNow, Inc.	Systems Software	4.17%	3.05%
Cisco Systems, Inc.	Communications Equipment	2.92%	3.75%
GlobalFoundries, Inc.	Semiconductors	2.87%	2.43%
10 Largest Holdings as a % of Net Assets		**72.48%**	**72.84%**
Total Number of Holdings		**98**	**85**

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 Technology Portfolio Gross Expense Ratio: 0.64%[2]	18.43%	11.33%	55.15%	10.17%	24.10%	19.22%
S&P 500 Index	13.93%	7.11%	30.45%	11.91%	14.76%	12.70%
MSCI US IMI Information Technology 25/50	16.88%	7.10%	48.25%	14.23%	23.06%	19.97%
Morningstar Fund Technology	17.40%	7.18%	38.84%	1.94%	15.30%	15.58%
% Rank in Morningstar Category (1% = Best)	--	--	26%	21%	11%	24%
# of Funds in Morningstar Category	--	--	267	232	203	158

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 07/14/1981.
[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.

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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 technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The fund may have additional volatility because of its narrow concentration in a specific industry. Non-diversified funds that focus on a relatively small number of stocks tend to be more volatile than diversified funds and the market as a whole.

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 Information Technology 25/50 Index is a modified market capitalization-weighted index of stocks designed to measure the performance of Information Technology companies in the MSCI U.S. Investable Market 2500 Index. The MSCI U.S. Investable Market 2500 Index is the aggregation of the MSCI U.S. Large Cap 300, Mid Cap 450, and Small Cap 1750 Indices.

S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any sector or industry.

RANKING INFORMATION

 The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or redistributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this 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

Adam Benjamin 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.

Mr. Benjamin manages Fidelity Advisor Technology Fund, Fidelity VIP Technology Portfolio, Fidelity Select Semiconductors Portfolio, Fidelity Advisor Semiconductors Fund and the Information Technology sleeves of the Fidelity Institutional Asset Management (FIAM) Large Cap Core and Global Core sector strategies. He also covers the large cap semiconductors industry.

Prior to assuming his current roles, Mr. Benjamin was a research analyst responsible for the coverage of the semiconductor, semiconductor capital equipment, and solar end markets. Most recently he served as global technology sector leader within FIAM.

Before joining Fidelity in 2011, Mr. Benjamin served as managing director and head of semiconductor equity research at Jefferies & Company, Inc. Previously, he held various roles at SG Cowen, including senior research associate focused on the semiconductor space and vice president in the Technology M&A group. Mr. Benjamin was also an associate in the Corporate Law department of Sullivan & Worcester. He has been following the technology sector for over 18 years.

Mr. Benjamin earned his bachelor of arts degree from Cornell University and his juris doctor degree, cum laude, from Suffolk University Law School.

PERFORMANCE SUMMARY: Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Select Technology Portfolio Gross Expense Ratio: 0.64%[2]	44.13%	10.89%	23.38%	19.92%
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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.

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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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