Fidelity® Trend Fund

Key Takeaways

- For the year ending December 31, 2023, the fund gained 44.39%, outperforming the 42.68% advance of the benchmark Russell 1000® Growth Index.
- Portfolio Manager Shilpa Mehra says 2023 was a volatile year for the U.S. equity market, but that two major factors drove stocks materially higher: the easing of the U.S. Federal Reserve's monetary tightening campaign and the emergence of generative artificial intelligence as a powerful secular trend.
- By sector, market selection was the biggest contributor to the fund's performance versus the benchmark, with a significant underweight in consumer staples helping most. Within the fund's security selection, picks in industrials provided the biggest boost.
- Among individual stocks, an overweight holding in semiconductor firm Nvidia (+238%) was the top relative contributor.
- An underweight in health insurer UnitedHealth Group (+1%) and an overweight in ride-share service Uber Technologies (+148%) also notably helped.
- Conversely, stock selection in information technology detracted the most. Much of the detraction was due to the fund's underweight in Apple (+49%) and the non-holding of semiconductor equipment company and benchmark component Broadcom (+104%).
- An underweight in electric-vehicle maker Tesla was the largest individual relative detractor, as the stock gained roughly 102% this past year.
- As of December 31, Shilpa thinks the coming year will be a stock-picker's market, with low market correlation. But she sees notable tailwinds, including ongoing U.S. economic strength, the likelihood of interest rate cuts during 2024, and the continued growth of generative AI as a driver of investment spending and earnings.

MARKET RECAP

U.S. equities gained 26.29% in 2023, 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 year. After returning -18.11% in 2022, the index's sharp reversal 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 three 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 due to soaring yields on longer-term government bonds and mixed earnings from some big and influential firms. Favorable data on inflation provided a further boost and the index rose 14% in the final two months. By sector for the year, tech (+61%) and communication services (+56%) led the way, followed by consumer discretionary (+43%). In contrast, the defensive-oriented utilities (-7%) and consumer staples (+1%) sectors notably lagged, as did energy (-1%), hampered by lower oil prices.

Shilpa Mehra
Portfolio Manager

Fund Facts

Trading Symbol:	FTRNX
Start Date:	June 16, 1958
Size (in millions):	$2,868.46

Investment Approach

- Fidelity® Trend Fund is a domestic equity large-cap growth strategy.
- Our philosophy is anchored in the belief that the market often misjudges either the durability or magnitude of growth, presenting an opportunity to generate alpha (risk-adjusted excess returns).
- Our investment process focuses on building a mosaic around key drivers via fundamental research to help identify when growth expectations are mispriced.
- Through this approach, we attempt to uncover quality companies that exhibit persistent, above-average growth. When purchased at sensible valuations, we believe these stocks can outperform over time.

Q&A

An interview with Portfolio Manager Shilpa Mehra

Q: Shilpa, how did the fund perform in 2023?

The fund gained 44.39% for the year, outperforming the 42.68% advance of the benchmark Russell 1000® Growth Index, and outpacing the fund's peer group average by a larger margin.

Q: What contributed to the strong backdrop for growth stocks this year?

It was a volatile, up-and-down year, but obviously mostly up, given the end result. There were two major factors that drove the market, and especially growth stocks, materially higher.

First, 2023 saw equities bounce back from a difficult 2022, when the U.S. Federal Reserve undertook an aggressive monetary tightening program to fight inflation, raising its benchmark interest rate in steep increments. In contrast, in 2023 inflation gradually cooled and the Fed slowed its pace, raising rates in smaller steps from February through July, stoking market hopes that it would end its hiking cycle in the second half of the year.

After mostly gaining through July, though, stocks dipped from August through October, as surprisingly strong jobs and spending data, and unexpectedly hawkish comments from the Fed, led investors to believe rates could continue rising for longer than was expected. But in the year's final two months, more markedly easing inflation data gave the Fed clearance to signal to investors that, if current trends hold, it had reached its terminal rate and could begin cutting in the first half of 2024. The fund's growth benchmark advanced 10.90% in November and 4.43% in December.

The second big factor driving gains this year was the emergence of generative artificial intelligence as a powerful secular trend. Many tech companies, of course, had long-running AI initiatives. But when ChatGPT launched in late 2022 and quickly became a sensation, it focused the market on the idea that generative AI had arrived, and that it was a huge, game-changing technology that could revolutionize many industries in the years to come.

So, throughout 2023, companies perceived as being well-positioned in AI saw strong growth in their share prices. The flip side of that was that much of the broad market's gain was concentrated in a small number of mega-cap stocks, including Microsoft, Meta Platforms, Nvidia and Amazon.

This resulted in some equity sectors delivering sluggish returns but provided a very favorable environment for the tech-heavy Russell benchmark – and for the fund.

Q: What specific stocks and sectors helped the fund outperform the benchmark?

By sector, market selection was the biggest contributor, with a significant underweight in consumer staples helping most. Within the fund's security selection, stock picks in industrials provided, by far, the biggest boost.

Among individual stocks, an overweight in semiconductor equipment firm Nvidia was the top relative contributor. The fund's holdings in the stock grew an extraordinary 238% in 2023 due to the company's unique position in the development of generative AI. Nvidia's high-capacity graphics processing units are state-of-the-art and considered essential for data-heavy AI applications, and the company is the only provider of GPUs integrated with software, offering customers a complete platform for their data centers.

In short, Nvidia appears to be years ahead of its competition, and it's not sitting still. The valuation may be a little ahead of itself, but if you believe that companies will continue to invest in AI capability, the stock still looks compelling. I added to the position, and Nvidia is the fund's fourth-largest holding and No. 2 overweight at year-end.

Ride-share service Uber Technologies (+148%) was another top contributor. I've liked this company for a while – it's a network-based model, with the potential for excellent margins and free cash flow, in a duopoly industry with Lyft. After a few tumultuous years, Uber got its act together in 2023. It benefited from a more robust recovery in post-pandemic demand than in 2022, its capital allocation improved, and it achieved profitability for the first time. I trimmed the stake to take some profit, but at year-end I think the stock is still attractively priced. It's a top-20 holding.

The fund's sizable underweight in health insurer UnitedHealth Group (+1%) and avoidance of pharmaceutical firm AbbVie (0%) were the second- and fourth-largest relative contributors, respectively. I exited the position in UnitedHealth early in the year – it's a stable, well-managed business, but I viewed it as non-competitive in a high-growth environment. Meanwhile, benchmark component AbbVie struggled after its long-time blockbuster drug, Humira®, fell out of full patent protection and several less-expensive, biosimilar competitor drugs became available in the U.S.

Q: Conversely, what hurt relative performance?

Stock selection in information technology – which, on average, represented about 44% of the fund and 42% of the benchmark – detracted the most. Much of the detraction was due to the fund's average underweights in big tech names Apple (+49%), Broadcom (+104%) and Microsoft (+58%).

Apple did well despite several quarters of declining year-over-year revenue, helped by the AI boom and by its always-strong cash flow and consistent profitability. It's been a tremendous stock for many years, but at this point I don't find it very attractive. The valuation has come up materially, and a lot of Apple's products already have high market penetration. Despite the notable underweight, Apple is the fund's third-largest holding at year-end, after I modestly increased the position.

Broadcom is, like Nvidia, a semiconductor equipment manufacturer. The two companies' approaches, however, are very different. While Nvidia develops internally, Broadcom has more of a merger-and-acquisition approach – it likes to buy other semi companies and bring them under its umbrella in large deals. I'm not a huge fan of that process, and it's largely why we chose not to own the stock. I'd rather see a company build its own knowledge and acumen, so I have a better idea of how it will progress over the long term.

Microsoft started 2023 as a fund underweight, but I increased the position and it's the fund's top holding and overweight at year-end. Microsoft has arguably emerged as the best-positioned of all the big consumer-facing tech names in generative AI – it has made significant investments and is now in position to benefit from them. This year, the company launched its new Copilot product, which integrates AI capabilities across the Office 365 suite. Microsoft's huge base of existing business clients is a big advantage here.

A big underweight in electric-vehicle maker Tesla (+102%) was the largest individual detractor, as the stock rebounded from a tough 2022. The company increased sales this year by discounting prices on its vehicles but, to me, it's not a good sign when a high-end brand like Tesla cuts prices to move units. I also believe a lot of new competition will be coming into the EV space over the next few years. I sold Tesla in the first half of the year then re-established a stake in the second half, but it remains a notable underweight.

Q: What's your outlook for the equity market at the end of 2023, Shilpa?

On the macro side, while there is still the risk of a recession as the impact of higher interest rates works its way through the U.S. economy, the Fed appears to be threading the needle quite well, and measures like job growth and consumer spending remain robust. I also believe generative AI will continue to be a strong driver of investment spending and earnings, especially for the "picks and shovels" equipment providers that are enabling AI development.

So, I'm feeling positive, but I think it will be a stock-picker's market and we will need to dig into the drivers of earnings in a very detailed way and be highly cautious of valuations. As always, I'm focused on stock-specific ideas and choosing companies with multiyear growth trajectories and competitive moats, driven by core trends in the market. ■

Shilpa Mehra on the fund's investments in aerospace suppliers:

"The fund's holdings in industrials were, by sector, the biggest contributor to performance versus the benchmark in 2023, led by Uber's 148% gain. But several other strong industrials performers were located within the sub-group I've developed over the past couple of years in the aerospace supplier industry.

"Twelve months ago in this space, I described the market dynamics that I thought would help these companies, and this past year things worked out much as I expected. First, we continued to see a post-COVID recovery in global travel. Domestic U.S. travel rebounded in 2022; international travel followed in 2023. So, there was ongoing acceleration of demand in the airline industry, while at the same time the industry was dealing with a serious shortage of new planes – one that is expected to last for years.

"That means the airlines need to use their existing planes more, and so need to replace parts on them more aggressively. That benefits aftermarket specialty parts suppliers, including TransDigm Group and HEICO, two overweight fund holdings. Another position, Howmet Aerospace, is more levered toward supplying to the manufacturers producing new planes. At year-end, all three companies are top-20 holdings and overweights.

"These are strong businesses with competitive moats and pricing power – there are not a lot of alternatives in the market for what they do. So, when inflation rose over the past two years, they were able to pass their cost increases on to their customers. In fact, inflation helped improve their margins.

"In 2023, TransDigm's stock gained roughly 67% for the fund; Howmet's advanced 38%; and HEICO's shares grew about 20%. In the context of the benchmark's big advance, only TransDigm outperformed. But those are strong gains by most measures, and I believe these companies are on a multiyear growth path, which is of course what I am always on the lookout for in managing Trend Fund."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
NVIDIA Corp.	Information Technology	1.52%	96
UnitedHealth Group, Inc.	Health Care	-1.95%	95
Uber Technologies, Inc.	Industrials	1.11%	83
AbbVie, Inc.	Health Care	-1.28%	71
Amazon.com, Inc.	Consumer Discretionary	1.85%	61

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Tesla, Inc.	Consumer Discretionary	-2.32%	-115
Apple, Inc.	Information Technology	-4.01%	-83
Broadcom, Inc.	Information Technology	-1.52%	-83
EPAM Systems, Inc.	Information Technology	0.37%	-74
Flywire Corp.	Financials	0.71%	-62

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	92.15%	99.66%	-7.51%	3.34%
International Equities	7.68%	0.34%	7.34%	-3.42%
Developed Markets	6.56%	0.13%	6.43%	-2.69%
Emerging Markets	1.12%	0.21%	0.91%	-0.73%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.17%	0.00%	0.17%	0.08%

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
Information Technology	49.27%	43.52%	5.75%	1.68%
Consumer Discretionary	16.13%	15.79%	0.34%	0.48%
Industrials	11.71%	5.90%	5.81%	0.29%
Communication Services	10.80%	11.40%	-0.60%	0.47%
Health Care	5.65%	10.63%	-4.98%	-1.95%
Financials	5.17%	6.41%	-1.24%	-1.34%
Real Estate	1.10%	0.95%	0.15%	0.05%
Consumer Staples	0.01%	4.14%	-4.13%	0.28%
Energy	0.00%	0.50%	-0.50%	-0.01%
Materials	0.00%	0.70%	-0.70%	0.00%
Utilities	0.00%	0.05%	-0.05%	0.00%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Microsoft Corp.	Information Technology	14.22%	12.84%
Amazon.com, Inc.	Consumer Discretionary	7.77%	7.30%
Apple, Inc.	Information Technology	7.30%	11.02%
NVIDIA Corp.	Information Technology	7.09%	6.07%
Meta Platforms, Inc. Class A	Communication Services	4.71%	3.50%
Alphabet, Inc. Class A	Communication Services	4.04%	3.53%
Eli Lilly & Co.	Health Care	2.22%	1.95%
MasterCard, Inc. Class A	Financials	2.22%	2.82%
Fair Isaac Corp.	Information Technology	1.90%	0.73%
Lattice Semiconductor Corp.	Information Technology	1.72%	1.82%
10 Largest Holdings as a % of Net Assets		**53.19%**	**53.08%**
Total Number of Holdings		**78**	**88**

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 December 31, 2023

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Trend Fund Gross Expense Ratio: 0.58%[2]	8.71%	44.39%	44.39%	5.59%	18.65%	13.85%
Russell 1000 Growth Index	10.59%	42.68%	42.68%	8.86%	19.50%	14.86%
S&P 500/Russell 1000 Growth Trend Fund Link	10.59%	42.68%	42.68%	8.86%	19.50%	14.86%
Morningstar Fund Large Growth	9.71%	36.74%	36.74%	4.68%	15.74%	12.03%
% Rank in Morningstar Category (1% = Best)	--	--	25%	53%	16%	17%
# of Funds in Morningstar Category	--	--	1,200	1,118	1,031	810

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 06/16/1958.
[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. Growth stocks can perform differently from the market as a whole and can be more volatile than other types of stocks. Non-diversified funds that focus on a relatively small number of issuers 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.

Russell 1000 Growth Index is a market capitalization-weighted index designed to measure the performance of the large-cap growth segment of the U.S. equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

S&P 500/Russell 1000 Growth - 12/31/1990 represents the performance of the Russell 1000 Growth Index which is a market capitalization-weighted index designed to measure the performance of the large-cap growth segment of the US equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates. Index returns shown for periods prior to February 1, 2007 are returns of the S&P 500 Index.

S&P 500/Russell 1000 Growth represents the performance of the Russell 1000 Growth Index since February 01,2007, and S&P 500 Index prior to that date.

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

 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

Shilpa Mehra 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 this role, Ms. Mehra manages the Fidelity Trend Fund.

Prior to assuming her current responsibilities, Ms. Mehra was responsible for analyzing and rating stocks, supporting portfolio managers, and for the coverage of payments and processors within the financial sector. Previously, she worked as a research analyst intern covering the generic pharmaceuticals industry.

Before joining Fidelity in 2009, Ms. Mehra interned at Gabelli Asset Management as a research analyst responsible for analyzing trends in the food industry. Previously, she worked in various startup companies as well as venture capital, where she was primarily responsible for business development and strategy. She has been in the financial industry since 2009.

Ms. Mehra earned her bachelor of arts degree in finance from New York University and her master of business administration degree in finance and accounting from Columbia University.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Trend Fund Gross Expense Ratio: 0.49%[2]	43.94%	11.87%	18.99%	15.50%
% Rank in Morningstar Category (1% = Best)	18%	17%	8%	13%
# of Funds in Morningstar Category	1,191	1,111	1,037	807

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 06/16/1958.

[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.

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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