Fidelity® Real Estate Investment Portfolio

Investment Approach

- Fidelity® Real Estate Investment Portfolio seeks above-average income and long-term capital growth, consistent with reasonable investment risk, by investing in securities of companies that own and, in most cases, operate commercial real estate properties.
- Investment in real estate securities has the potential to provide portfolio diversification, consistent income generation, total return and the ability to outpace inflation.
- We believe real estate investment trusts (REITs) represent a balance between real estate and stocks, and that recognizing attributes of both is key to identifying opportunities to outperform.
- Through rigorous bottom-up research from both Fidelity's dedicated real estate team and the firm's broader research resources, we strive to add value through security selection within a disciplined risk framework. Our process seeks to determine the relative attractiveness of individual REITs and will try to take advantage of pricing discrepancies in the market.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Real Estate Investment Portfolio Gross Expense Ratio: 0.65%[2]	17.19%	14.16%	33.41%	3.55%	4.44%	7.42%
S&P 500 Index	5.89%	22.08%	36.35%	11.91%	15.98%	13.38%
MSCI US IMI Real Estate 25/50 Linked Index	17.23%	13.71%	34.38%	2.63%	2.33%	5.95%
Morningstar Fund Real Estate	15.79%	13.77%	32.06%	2.58%	4.53%	6.94%
% Rank in Morningstar Category (1% = Best)	--	--	46%	33%	64%	40%
# of Funds in Morningstar Category	--	--	238	229	210	152

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/17/1986.
[2] This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent 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.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

FUND INFORMATION

Manager(s):
Steve Buller

Trading Symbol:
FRESX

Start Date:
November 17, 1986

Size (in millions):
$3,292.48

Morningstar Category:
Fund Real Estate

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, and the management skill and creditworthiness of the issuer. The fund may have additional volatility because it can invest a significant portion of assets in securities of a small number of individual issuers.

Market Review

For the third quarter of 2024, the U.S. real estate investment trust market, as measured by the MSCI U.S. IMI Real Estate 25/50 Linked Index, gained 17.23% on the potential for lower borrowing costs amid an environment of falling interest rates. This index far outpaced the 5.89% gain of the broad U.S. stock market, according to the S&P 500® index.

In a strong environment for REIT performance, every industry represented in the index gained ground, with most generating a double-digit return. Office REITs (+28%) fared especially well and continued to regain some value previously lost during the COVID-19 pandemic, while the real estate services (+26%), self-storage (+23%), other specialized (+22%) and telecom tower (+21%) categories also generated strong results. The hotel & resort (+1%) and single-family residential (+6%) REIT industries produced the smallest gains in Q3.

During the period, the REIT market benefited from the shift toward global monetary easing, which gained steam when the Fed lowered its benchmark federal funds rate after a historic hiking cycle that began in March 2022 to combat persistently high inflation. On September 18, the central bank cut rates by 0.50 percentage points, opting for a bolder start in making its first rate reduction since March 2020. The Fed's stated goal is to achieve a soft landing for the economy: bring down inflation amid a gradual cooling in the labor market while neither spurring nor slowing economic activity. The Fed has projected the equivalent of two more quarter-point cuts this year.

Meanwhile, continued gains in the S&P 500® index in Q3 reflected resilient corporate profits, the promise of artificial intelligence and the Federal Reserve's long-anticipated pivot to cutting interest rates. Amid this favorable backdrop for higher-risk assets, the index continued its late-2023 momentum and ended September at its all-time closing high. Value stocks led the way, while smaller-cap shares outpaced large-caps in what was a broad rally, with eight of 11 sectors outpacing the market.

Almost all asset categories gained sharply in Q3. The S&P 500® rose 1.22% in July, with the top-heavy index marking a fresh all-time high before a sharp three-week reversal as investors rotated into small-cap, value and cyclical shares due to concern about a recession in the U.S. Volatility spiked, but the index rallied as August (+2.43%) unfolded. In September (+2.14%), stocks rose in anticipation of the Fed's mid-month meeting and continued to climb after the rate cut. ■

Performance Review

For the third quarter, the fund gained 17.19%, versus 17.23% for the benchmark, the MSCI U.S. IMI Real Estate 25/50 Linked Index.

Versus the real estate industry index in Q3, the fund's lack of exposure to the market-leading office REIT category and an overweight among single-family residential REITs detracted the most from relative performance. Within the latter category, an overweight in American Homes 4 Rent (+4%) was a notable relative detractor. During the period, a drop in mortgage rates making home purchases more affordable pressured shares of this company focused on single-family-home rentals.

Another stock that detracted for the fund in relative terms was Americold Realty Trust, an industrial REIT specializing in temperature-controlled storage facilities. The stock managed a roughly 12% gain during the quarter that nevertheless trailed the benchmark, partly reflecting operating challenges and reduced financial expectations at the company. Also hampering the fund's performance compared with the industry index was lacking exposure to strong-performing benchmark component Realty Income (+22%). Like other triple-net REITs, Realty Income tends to be sensitive to shifts in interest rates. As rates fell this period and as the market expected further reductions down the road, this company saw its stock outperform.

On the positive side, stock picking in the health care REIT and real estate services groups aided the fund's relative result, as did a combination of an overweight and security selection among self-storage REITs. In health care, our biggest relative contributor was an overweight in Ventas (+26%). This industry generally performed well this period as it continued to recover following the pandemic. As the supply picture improved and demand for assisted-living space grew, rents rose while labor inflation subsided, leading to tremendous cash-flow growth among these businesses.

In real estate services, the fund's overweight in CBRE Group (+40%) contributed. On July 25, the real-estate services firm released favorable financial results for Q2 and boosted its full-year earnings forecast. Also boosting the fund was an overweight in Public Storage (+28%), which like other self-storage operators this quarter benefited from increased optimism about the industry's supply/demand backdrop. As of September 30, Ventas, CBRE and Public Storage all were top-10 portfolio holdings. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Ventas, Inc.	Health Care	4.13%	37
CBRE Group, Inc.	Diversified	1.54%	31
Public Storage Operating Co.	Self Storage	2.21%	22
Alexandria Real Estate Equities, Inc.	Health Care	-1.28%	20
Compass, Inc. Class A	Unknown Industry	0.42%	18

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
American Homes 4 Rent Class A	Single Family Homes	1.25%	-17
Americold Realty Trust	Industrial	1.43%	-17
Realty Income Corp.	Free Standing	-3.50%	-15
Zillow Group, Inc. Class A	Unknown Industry	-0.77%	-15
UDR, Inc.	Apartments	2.52%	-14

** 1 basis point = 0.01%.*

Outlook and Positioning

During the period, we increasingly favored "cyclical recovery" industries we believe stand to benefit from limited new supply. This involved investing in industries and stocks that we felt were poised for a cyclical recovery, especially those areas where, until recently, we saw the most supply that needed to be absorbed. Sunbelt apartments, industrial properties and self-storage facilities are three areas that particularly stand out to us. Assisted-living is another, although constraints on new building in that category have been in place for longer. Many of these market segments have struggled in recent years but have started to perform better of late, as investors have recognized some of the opportunities. Market participants are looking ahead to the next 12 months, and because it will take some time to resolve the supply-related imbalances, we feel good about the investment potential to be found in these areas.

Our exposure to self-storage, which grew very slightly during the quarter and finished September at 11% of the portfolio, reflected our view that the industry's fundamentals have likely troughed, making it possible to invest in the companies at discounted valuations. This creates what we see as an attractive opportunity, given that self-storage REITs, due to their strong growth rates and business models, historically have traded at a premium to the overall REIT market. Meanwhile, the fund's outsized exposure to apartment REITs reflected our view that the industry is well positioned over the long term. On September 30, about 10% of the fund was invested in the apartment industry.

Meanwhile, we maintained substantial exposure to industrial REITs (about 14% of the fund at quarter end) due to continued strong demand for specialized distribution facilities, driven in part by rapid growth in e-commerce. Meanwhile, we maintained minimal exposure to mall owners, given the significant long-term business challenges they face. With the rise in e-commerce, consumers Increasingly are bypassing physical stores and receiving goods at their homes. We think this trend bodes negatively for many, though not all, retail property owners and well for owners of distribution and logistics facilities. However, we did see attractive opportunities among retail strip-center REITs and, as such, maintained an overweight in the industry. As we see it, owners of strip centers have much better businesses than mall owners, benefiting from favorable demand and more limited supply of attractive locations. We kept a focus on grocery-anchored centers, whose more essential nature we believe makes them less vulnerable to long-term trends.

We also continued to hold no office REITs as of September 30. We saw offices as a poor business even before the pandemic. Now, we believe the situation has gotten even worse.

At the same time, we remain overweight data centers – which made up about 11% of the fund on September 30. It's become increasingly challenging to satisfy the demand for data centers due to constraints on new supply, which include access to power and water resources and the scarcity of optimal locations. Many customers want to be close to the internet's on- and off ramps to make their data connections faster. Thus, well-located data centers are seeing particularly strong growth in their rental income. This situation is creating tremendous pricing power for the industry.

Looking ahead, the Fed has cut interest rates, as expected, and the potential remains for additional rate cuts – moves that should result in a reduction in the cost of capital. Given the capital-intensive nature of real estate, we'd expect that to continue to provide a tailwind for the asset class. Another potential boost for REITs is the fact that across most real estate industries – data centers being the notable exception – new competitive supply is coming down.

In short, we're feeling positive about REITs these days and optimistic about their opportunity over the medium to long term. ■

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Shopping Centers	9.15%	4.71%	4.43%	0.42%
Self Storage	11.04%	7.10%	3.94%	-0.17%
Industrial	14.25%	11.33%	2.93%	0.78%
Data Centers	10.63%	8.73%	1.91%	0.19%
Single Family Homes	3.66%	2.18%	1.48%	0.41%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Regional Malls	0.40%	3.79%	-3.39%	0.58%
Office	--	3.27%	-3.27%	-0.25%
Gaming	--	3.11%	-3.11%	0.04%
Unknown Industry	0.57%	2.91%	-2.34%	-0.29%
Specialty	1.30%	3.50%	-2.20%	-2.75%

10 LARGEST HOLDINGS

Holding	Market Segment
Prologis, Inc.	Industrial
American Tower Corp.	Infrastructure REITs
Equinix, Inc.	Data Centers
Public Storage Operating Co.	Self Storage
Ventas, Inc.	Health Care
Welltower, Inc.	Health Care
CBRE Group, Inc.	Diversified
Kimco Realty Corp.	Shopping Centers
NNN (REIT), Inc.	Free Standing
UDR, Inc.	Apartments
10 Largest Holdings as a % of Net Assets	**59.29%**
Total Number of Holdings	**41**

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.

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Ventas, Inc.	Health Care	4.06%
NNN (REIT), Inc.	Free Standing	3.21%
Kimco Realty Corp.	Shopping Centers	2.90%
American Tower Corp.	Infrastructure REITs	2.75%
UDR, Inc.	Apartments	2.65%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Realty Income Corp.	Free Standing	-3.52%
Simon Property Group, Inc.	Regional Malls	-3.52%
Iron Mountain, Inc.	Specialty	-2.22%
VICI Properties, Inc.	Gaming	-2.22%
AvalonBay Communities, Inc.	Apartments	-2.04%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	98.72%	100.00%	-1.28%	-0.25%
International Equities	0.00%	0.00%	0.00%	0.00%
Developed Markets	0.00%	0.00%	0.00%	0.00%
Emerging Markets	0.00%	0.00%	0.00%	0.00%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	1.28%	0.00%	1.28%	0.25%

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.

3-YEAR RISK/RETURN STATISTICS

	Portfolio	Index
Beta	0.97	1.00
Standard Deviation	21.74%	22.22%
Sharpe Ratio	-0.00	-0.05
Tracking Error	2.50%	--
Information Ratio	0.37	--
R-Squared	0.99	--

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.

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.

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.

MSCI US IMI Real Estate 25/50 Linked Index is a modified market capitalization-weighted index of stocks designed to measure the performance of real estate companies in the MSCI US Investable Market 2500 Index. Index returns shown for periods prior to October 1, 2020 are returns of the Dow Jones U.S. Select Real Estate Securities Index (RESI).

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.

3-YEAR RISK/RETURN STATISTICS

Beta is a measure of the volatility of a fund relative to its benchmark index. A beta greater (less) than 1 is more (less) volatile than the index.

Information Ratio measures a fund's active return (fund's average monthly return minus the benchmark's average monthly return) in relation to the volatility of its active returns.

R-Squared measures how a fund's performance correlates with a benchmark index's performance and shows what portion of it can be explained by the performance of the overall market/index. R-Squared ranges from 0, meaning no correlation, to 1, meaning perfect correlation. An R-Squared value of less than 0.5 indicates that annualized alpha and beta are not reliable performance statistics.

Sharpe Ratio is a measure of historical risk-adjusted performance. It is calculated by dividing the fund's excess returns (the fund's average annual return for the period minus the 3-month "risk free" return rate) and dividing it by the standard deviation of the fund's returns. The higher the ratio, the better the fund's return per unit of risk. The three month "risk free" rate used is the 90-day Treasury Bill rate.

Standard Deviation is a statistical measurement of the dispersion of a fund's return over a specified time period. Fidelity calculates standard deviations by comparing a fund's monthly returns to its average monthly return over a 36-month period, and then annualizes the number. Investors may examine historical standard deviation in conjunction with historical returns to decide whether a fund's volatility would have been acceptable given the returns it would have produced. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. Standard deviation does not indicate how the fund actually performed, but merely indicates the volatility of its returns over time.

Tracking Error is the divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, creating an unexpected profit or loss.

Fidelity INVESTMENTS

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.

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