Fidelity Investments Sector Portfolios

A suite of mutual funds and ETFs for investors looking for targeted exposure to sectors.

APPROPRIATE INVESTORS:

Sector investments may be appropriate for investors looking to pursue growth and manage risk, including those investors who:

Want to Know What They Own

While style groupings can change (e.g., a company can go from growth to value), a company's sector classification usually stays the same, making it easier to understand and analyze your portfolio.

Want to Diversify

Sectors don't always respond to the economy in the same way and can regularly move out of sync with each other, giving them a low correlation that can potentially add diversification to a portfolio. In addition, sectors may help diversify against single stock exposure risk.

Want to Easily Identify Risk Exposure

Because sector performance is typically tied to the economic environment, sectors often have clear patterns of volatility.

DESCRIPTION:

In 1981, Fidelity launched its first sector fund, showcasing the breadth and depth of our research and investment capabilities. Today, sector-based research remains the foundation of our asset management approach.

1. What are sectors?

The equity market is composed of stocks of thousands of companies. To analyze and better understand market dynamics, professional investors often group companies based on their type of business. These groupings of stocks with similar characteristics are typically called sectors, and there are generally 11 recognized sectors.

2. Generally intuitive

Most investors are more comfortable owning something that makes sense to them, and sector classification is far more intuitive and stable than growth versus value or small- versus large-capitalization groupings. A stock rarely moves from its sector classification, but stocks will move from growth to value, and from small to large capitalization, many times during their lifecycle.

3. Used to employ multiple strategies

Sectors can be used in many ways to help achieve the results you are looking for. They can be used to focus on opportunistic growth; as various investing solutions, including increasing income or hedging against inflation; or as a way to manage a tax-loss harvesting strategy.

How it works:

THE VARIOUS WAYS CLIENTS MAY USE SECTORS

By adding specific sectors to your existing portfolio, your financial consultant can offer an opportunity to enhance returns, manage risk, and protect against inflation. It's important to keep in mind that, because of their narrow focus, some sector funds can be more volatile than diversified equity funds.

BUSINESS CYCLE INVESTING[1]

One of the most common ways investors tend to analyze and assess sector opportunities is alongside the business or economic cycle. Over long periods of time, certain equity sectors have tended to assume repeatable patterns of performance leadership at different points in an economic cycle.

EARLY Acceleration in economic growth	MID Positive, but moderating growth	LATE Growth rate slows to stall speed	RECESSION Growth contracts
Consumer Discretionary Financials Industrials Information Technology Materials Real Estate	Communication Services Information Technology	Consumer Staples Energy Health Care Materials Utilities	Consumer Staples Health Care Utilities
Energy Health Care Utilities	Consumer Discretionary Materials Utilities	Consumer Discretionary Information Technology	Communication Services Industrials Information Technology Real Estate

This chart illustrates a typical business cycle for the U.S. economy, broken into four stages—early, mid, late, and recession. The horizontal line separates sectors that tend to outperform (those in white) from the sectors that will underperform the market during each phase (those in gray).

Depending on where investors believe we are in the business cycle, they may choose to use the business cycle framework to develop opportunistic, preemptive, or defensive strategies.

[1]The typical business cycle shown above is a hypothetical illustration. There is not always a chronological progression in this order, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source for sector performance during business cycle: Fidelity Investments (AART), as of 3/31/2019. Sectors shown in the shaded areas of the business cycle have either over- or underperformed versus the U.S. equities market during a particular phase of the business cycle, from 1962–2016. Annualized returns are represented by the performance of the top 3,000 U.S. stocks measured by market capitalization, and sectors are defined by the Global Industry Classification Standard (GICS®). Past performance is no guarantee of future results.

Definitions of Sectors:

Communication Services
Companies that facilitate communication or provide access to entertainment content and other information through various types of media

Consumer Discretionary
Goods or services that people want, but don't necessarily need

Consumer Staples
Goods and services that people use on a daily basis

Energy
Energy resources such as oil, gas, and coal

Financials
Businesses such as banking and brokerage, mortgage finance, insurance, and real estate development

Health Care
Production and delivery of medicine and health care–related goods and services

Industrials
Manufacturing and distribution of capital goods in support of industries

Materials
Manufacturing, extracting or processing of chemicals, plastics, forests, metals, and minerals

Real Estate
Companies that own, operate, or develop commercial real estate properties such as offices, malls, or warehouses

Utilities
Electric power, natural gas, water, and other utility services

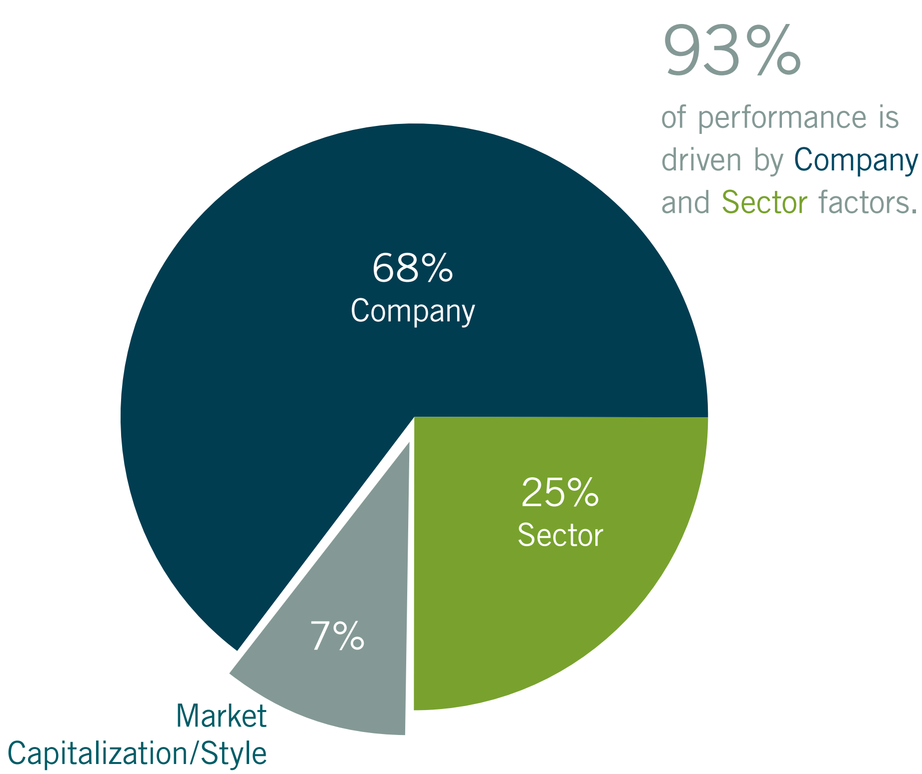
Technology
Goods and services, including hardware, software, semiconductors, and consulting services

Features and benefits:

SECTOR EXPOSURE HAS DRIVEN RETURNS*

Sector exposure has been a significant driver of returns. Investors often ignore key performance drivers when constructing portfolios. But as you can see from the chart below, sectors may matter more than market capitalization and style when designing your portfolio.

This example is based on a statistical analysis of all stocks in the Russell 3000 Index and defined by the Global Industry Classification System (GICS®), over nearly 30 years.



Why Fidelity

Fidelity invests heavily in our capabilities, and our sector funds are evidence of that investment.

Today Fidelity has:

- One of the largest U.S. sector offerings — 54 funds and ETFs covering nearly every sector and industry
- Expert insight and ideas, and nearly 40 years of sector fund investing experience
- Some of the lowest-priced sector ETFs available
- Powerful sector research, education, and tools

We offer clients the following resources:

- Quarterly Sector Update — a research brief that highlights five different viewpoints from the Fidelity Research teams on the various sectors available at Fidelity.com/QSU
- Online research — A multitude of educational programs and resources available at Fidelity.com/sectors

Communication Services
Fidelity Select Communication Services (FBMPX)
Fidelity Select Telecommunications (FSTCX)
Fidelity MSCI Communication Services Index ETF (FCOM)
Fidelity Select Wireless (FWRLX)

Consumer Discretionary
Fidelity Select Consumer Discretionary (FSCPX)
Fidelity MSCI Consumer Discretionary Index ETF (FDIS)
Fidelity Select Automotive (FSAVX)
Fidelity Select Leisure (FDLSX)
Fidelity Select Retailing (FSRPX)
Fidelity Select Construction and Housing (FSHOX)

Consumer Staples
Fidelity Select Consumer Staples (FDFAX)
Fidelity MSCI Consumer Staples Index ETF (FSTA)

Energy
Fidelity Select Energy (FSENX)
Fidelity MSCI Energy Index ETF (FENY)
Fidelity Select Energy Service (FSESX)
Fidelity Select Natural Gas (FSNGX)
Fidelity Select Natural Resources (FNARX)

Financials
Fidelity Select Financial Services (FIDSX)
Fidelity MSCI Financials Index ETF (FNCL)
Fidelity Select Consumer Finance (FSVLX)
Fidelity Select Banking (FSRBX)
Fidelity Select Insurance (FSPCX)
Fidelity Select Brokerage & Inv Management (FSLBX)

Health Care
Fidelity Select Health Care (FSPHX)
Fidelity MSCI Health Care Index ETF (FHLC)
Fidelity Select Biotechnology (FBIOX)
Fidelity Select Health Care Services (FSHCX)
Fidelity Select Medical Technology and Devices (FSMEX)
Fidelity Select Pharmaceuticals (FPHAX)

Industrials
Fidelity Select Industrials (FCYIX)
Fidelity MSCI Industrials Index ETF (FIDU)
Fidelity Select Air Transportation (FSAIX)
Fidelity Select Defense and Aerospace (FSDAX)
Fidelity Select Transportation (FSRFX)
Fidelity Select Environment and Alternative Energy (FSLEX)

Information Technology
Fidelity Select Technology (FSPTX)
Fidelity MSCI Information Technology Index ETF (FTEC)
Fidelity Select Computers (FDCPX)
Fidelity Select Communications Equipment (FSDCX)
Fidelity Select Semiconductors (FSELX)
Fidelity Select IT Services (FBSOX)
Fidelity Select Software and IT Services (FSCSX)

Materials
Fidelity Select Materials (FSDPX)
Fidelity MSCI Materials Index ETF (FMAT)
Fidelity Select Chemicals (FSCHX)
Fidelity Select Gold (FSAGX)
Fidelity Global Commodity Stock (FFGCX)

Real Estate
Fidelity Real Estate Investment (FRESX)
Fidelity MSCI Real Estate Index ETF (FREL)
Fidelity Real Estate Income (FRIFX)
Fidelity International Real Estate (FIREX)

Utilities
Fidelity Select Utilities (FSUTX)
Fidelity MSCI Utilities Index ETF (FUTY)
Fidelity Telecom and Utilities (FIUIX)

ETFs are listed in italics.

For more information, please contact your Fidelity investment professional.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

*Source: FactSet, Fidelity Investments, as of 3/31/2020. Based on a stepwise regression analysis of 52-week returns (annualized). Sector returns are a cap-weighted average returns of all GICS sectors. Results based on the average of all stocks in the Russell 3000 Index. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. Index performance is not meant to represent that of any Fidelity mutual fund.

Because of their narrow focus, sector funds tend to be more volatile than funds that diversify across many sectors and companies. Nondiversified sector funds may have additional volatility because they can invest a significant portion of assets in securities of a small number of individual issuers. Because FMR concentrates the funds' investments in a particular industry, the funds' performance could depend heavily on the performance of that industry and could be more volatile than the performance of less concentrated funds and the market as a whole.

The funds are considered nondiversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund; thus, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a more diversified fund.

Global Industry Classification Standard—GICS®—is a standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS hierarchy begins with 11 sectors and is followed by 24 industry groups, 68 industries, and 157 sub-industries. Each stock that is classified will have a coding at all four of these levels.

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

Standard & Poor's 500® Index (S&P 500® Index) is an unmanaged market capitalization–weighted index of 500 widely held U.S. stocks and includes reinvestment of dividends. It is not possible to invest in an index.

Before investing in any mutual fund or exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

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