

Fidelity® Select Utilities Portfolio

Investment Approach

- Fidelity® Select Utilities Portfolio is a sector-based, equity-focused strategy that seeks to outperform the benchmark through active management.
- Within the utilities sector, we favor companies with superior business models that are growing their dividends and trading at discounts, as we believe they have potential to outperform the index over time. We perform bottom-up, fundamental research to form a view on utilities regulation and power prices to complement our stock selection process.
- Our investment approach focuses on stocks with lower valuations and that have the best total-return potential. This includes utilities stocks that have been overly discounted due to more-volatile and less-predictable earnings streams. We test our price assumptions through collaborations with Fidelity's experienced research team, while leveraging a network of industry contacts.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical- or strategic-allocation purposes.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Select Utilities Portfolio Gross Expense Ratio: 0.76% ²	5.94%	5.94%	21.34%	11.87%	12.74%	12.15%
S&P 500 Index	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%
MSCI US IMI Utilities 25/50	4.13%	4.13%	18.75%	11.09%	10.98%	11.75%
Morningstar Fund Utilities	4.21%	4.21%	16.29%	10.13%	9.92%	10.50%
% Rank in Morningstar Category (1% = Best)	--	--	8%	13%	1%	1%
# of Funds in Morningstar Category	--	--	60	59	55	47

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/10/1981.

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](https://www.fidelity.com/performance), [institutional.fidelity.com](https://www.institutional.fidelity.com), or [401k.com](https://www.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):
Douglas Simmons

Trading Symbol:
FSUTX

Start Date:
December 10, 1981

Size (in millions):
\$1,231.97

Morningstar Category:
Fund Utilities

The value of the fund's domestic and foreign investments will vary from day to day in response to many factors. Stock values fluctuate in response to issuer, political, regulatory, market, or economic developments. You may have a gain or loss when you sell your shares. Investments in foreign securities, especially those in emerging markets, involve risks in addition to those of U.S. investments, including increased political and economic risk, as well as exposure to currency fluctuations. Because FMR concentrates the fund's investments in a particular industry, the fund's 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 fund is considered non-diversified 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. The utilities industries can be significantly affected by government regulation, financing difficulties, supply and demand of services or fuel, and natural resource conservation.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

For the three months ending March 31, 2022, MSCI U.S. IMI Utilities 25/50 Index rose 4.13%, solidly outperforming the -4.60% result of the broader S&P 500® index.

The U.S. equity market dipped into negative territory in the first quarter of 2022, as uncertainty washed over the market to begin the new year. Stocks slid as investors digested geopolitical unrest, with Russia invading and escalating its attack on Ukraine, and the Fed accelerating its plan to hike interest rates amid soaring inflation.

Utilities – often perceived as defensive investments due to their durable cash flows and dividends – posted the second-strongest result of the 11 sectors in the S&P 500® for the quarter, behind only energy, which rose 39%. In the first quarter, value stocks in the S&P 500 strongly outpaced growth-priced shares.

Multi-utilities (+11%), which represented about 27% of the MSCI index, delivered the strongest return among utilities segments for the three months. Gas utilities (+7%) also pushed notably higher, propelled by rising energy prices. Conversely, construction & engineering (-13%) and water utilities (-11%), two of the index's smaller segments, notably trailed the broader utilities market. ■

Performance Review

For the quarter, the fund's Retail Class shares gained 5.94%, outpacing the sector benchmark, the MSCI U.S. IMI Utilities 25/50 Index. Security selection contributed the most, particularly among electric utilities and multi-utilities. Avoiding water utilities also added value. Unfavorable positioning in renewable energy detracted modestly.

Looking at individual stocks, overweighting electric and natural gas company Sempra Energy (+28%) added value. Sempra's reliable dividend appeared attractive to many investors as they looked for stocks of companies that could potentially ride out this quarter's uptick in market volatility. Sempra's solid regulated businesses in Texas and California drove most of the company's revenue, while allowing management to invest in non-regulated areas of the market, including multiple liquified natural gas export and import terminals, gas pipelines, and other power generating assets.

Overweighting Chicago-based electric utility Exelon (+18%) also contributed. Exelon is the largest regulated utility in the U.S., serving more than 10 million customers. In mid-February, the company delivered higher-than-anticipated revenue.

On the downside, the fund's outsized stake in California-based power generation company PG&E (-2%) detracted more than any other fund holding this quarter. In early February, the company announced weak financial results, weighing on the stock's performance. This quarter, CEO Patti Poppe and her senior management team continued focusing their efforts on risk-mitigation measures, including plans to bury roughly 10,000 miles of electric power lines across California to curb wildfire risks.

Sempra, Exelon and PG&E remained three of the fund's largest holdings as of March 31. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Sempra Energy	Multi-Utilities	3.23%	67
Exelon Corp.	Electric Utilities	4.30%	62
American Water Works Co., Inc.	Water Utilities	-2.56%	48
NiSource, Inc.	Multi-Utilities	2.22%	25
PPL Corp.	Electric Utilities	-1.45%	21

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
PG&E Corp.	Electric Utilities	3.68%	-27
NextEra Energy, Inc.	Electric Utilities	2.25%	-26
Consolidated Edison, Inc.	Multi-Utilities	-2.71%	-21
Duke Energy Corp.	Electric Utilities	-6.17%	-20
DTE Energy Co.	Multi-Utilities	-2.09%	-15

* 1 basis point = 0.01%.

Outlook and Positioning

We continue to favor companies that offer above-average dividend growth that is generated by what we think are solid business models. We believe this could lead to stock investments that could earn better-than-average returns over time. Our ideal stocks trade at discounted valuations at the time of purchase and provide healthy dividend growth.

As of March 31, we overweighted independent power producers & energy traders. Over time, we believe these companies should benefit from power prices that could rise due to the shut-down of many coal-fired plants, as well as proposed reforms we think benefit the economics of low-cost power generation.

We also liked the dividend growth offered by certain electric utilities companies. Several are working to bring power generation by renewable-energy facilities to metropolitan areas. As of March 31, electric utilities represented about 63% of the fund's assets. Most of the growth in the electric utilities industry, measured by megawatts produced, came from the renewables segment, a group that has benefited from federal subsidies and state mandates that promote more-environmentally friendly electric power.

We believe renewable energy remains poised to succeed over the long term, as alternatives such as wind and solar become more economically viable.

At period's end, we still viewed AES and Entergy as renewable-energy companies with long-term opportunities.

Fundamentals for utilities companies remained solid, in our view, especially within renewable energy, as they facilitated the decarbonization of the power fleet at the expense of coal and natural gas. Regulation at both the state and federal levels looked supportive of sector growth as of March 31, in our view.

We see a favorable long-term outlook for utilities. As of March 31, the sector appears historically inexpensive compared with U.S. Treasuries. We see a disconnect between the fundamentals for utilities companies and the sector's stock performance. The average dividend yield for utilities stood at about 3.2% at the end of the first quarter, compared with 2.32% for 10-year Treasuries. For the last decade, the utilities sector has traded at a 5% premium to the market and at period end, it traded at a 4% discount to the market, based on our calculations.

We see utilities as a strong defensive investment in an uncertain market environment. Fundamentals within the sector look solid and valuations are not demanding as of March 31.

Regardless of the market environment, we will remain aligned with our investment process of emphasizing stocks that offer stronger-than-average dividend growth. This approach typically leads us to purchase utilities stocks we think will benefit from higher power prices. We also continue to own energy transmission firms and utilities that are focused on renewable energy. ■

10 LARGEST HOLDINGS

Holding	Market Segment
NextEra Energy, Inc.	Electric Utilities
Southern Co.	Electric Utilities
Sempra Energy	Multi-Utilities
Exelon Corp.	Electric Utilities
PG&E Corp.	Electric Utilities
The AES Corp.	Independent Power Producers & Energy Traders
Public Service Enterprise Group, Inc.	Multi-Utilities
Edison International	Electric Utilities
American Electric Power Co., Inc.	Electric Utilities
FirstEnergy Corp.	Electric Utilities
10 Largest Holdings as a % of Net Assets	65.95%
Total Number of Holdings	29

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.

CHARACTERISTICS

	Portfolio	Index
Valuation		
Price/Earnings Trailing	28.6x	24.7x
Price/Earnings (IBES 1-Year Forecast)	19.6x	20.9x
Price/Book	2.3x	2.3x
Price/Cash Flow	15.6x	15.4x
Return on Equity (5-Year Trailing)	10.0%	10.3%
Growth		
Sales/Share Growth 1-Year (Trailing)	4.0%	6.4%
Earnings/Share Growth 1-Year (Trailing)	78.2%	33.1%
Earnings/Share Growth 1-Year (IBES Forecast)	21.6%	8.4%
Earnings/Share Growth 5-Year (Trailing)	0.6%	1.9%
Size		
Weighted Average Market Cap (\$ Billions)	57.5	55.9
Weighted Median Market Cap (\$ Billions)	35.3	35.3
Median Market Cap (\$ Billions)	22.3	9.1

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Independent Power Producers & Energy Traders	8.18%	2.59%	5.60%	0.44%
Electric Utilities	63.26%	59.51%	3.76%	-0.80%
Construction & Engineering	0.89%	--	0.89%	1.42%
Renewable Electricity	1.84%	1.00%	0.84%	-0.22%
Oil & Gas Storage & Transportation	0.78%	--	0.78%	0.78%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Multi-Utilities	22.72%	27.95%	-5.23%	-2.31%
Water Utilities	--	4.41%	-4.41%	0.65%
Gas Utilities	0.63%	4.55%	-3.91%	0.48%

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
PG&E Corp.	Electric Utilities	3.56%
The AES Corp.	Independent Power Producers & Energy Traders	3.43%
Constellation Energy Corp.	Electric Utilities	2.60%
Edison International	Electric Utilities	2.54%
Sempra Energy	Multi-Utilities	2.54%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Duke Energy Corp.	Electric Utilities	-6.32%
Consolidated Edison, Inc.	Multi-Utilities	-2.78%
WEC Energy Group, Inc.	Multi-Utilities	-2.61%
Eversource Energy	Electric Utilities	-2.52%
American Water Works Co., Inc.	Water Utilities	-2.49%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	98.85%	100.00%	-1.15%	0.99%
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	1.15%	0.00%	1.15%	-0.99%

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	1.00	1.00
Standard Deviation	17.58%	17.15%
Sharpe Ratio	0.63	0.60
Tracking Error	4.12%	--
Information Ratio	0.19	--
R-Squared	0.95	--

Definitions and Important Information

Information provided in this document is for informational and educational purposes only. To the extent any investment information in this material is deemed to be a recommendation, it is not meant to be impartial investment advice or advice in a fiduciary capacity and is not intended to be used as a primary basis for you or your client's investment decisions. Fidelity, and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in, 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.

CHARACTERISTICS

Earnings-Per-Share Growth measures the growth in reported earnings per share over the specified past time period.

Median Market Cap identifies the median market capitalization of the portfolio or benchmark as determined by the underlying security market caps.

Price-to-Book (P/B) Ratio is the ratio of a company's current share price to reported accumulated profits and capital.

Price/Cash Flow is the ratio of a company's current share price to its trailing 12-months cash flow per share.

Price-to-Earnings (P/E) Ratio (IBES 1-Year Forecast) is the ratio of a company's current share price to Wall Street analysts' estimates of earnings.

Price-to-Earnings (P/E) Ratio Trailing is the ratio of a company's current share price to its trailing 12-months earnings per share.

Return on Equity (ROE) 5-Year Trailing is the ratio of a company's last five years historical profitability to its shareholders' equity. Preferred stock is included as part of each company's net worth.

Sales-Per-Share Growth measures the growth in reported sales over the specified past time period.

Weighted Average Market Cap identifies the market capitalization of the average equity holding as determined by the dollars invested in the portfolio or benchmark.

Weighted Median Market Cap identifies the market capitalization of the median equity holding as determined by the dollars invested in the portfolio or benchmark.

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.

Prior to 10/1/06, Select Utilities Portfolio operated under certain different investment policies and compared its performance to a different secondary benchmark. This fund's historical performance may not represent its current investment policy.

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 Utilities 25/50 Index is a modified market-capitalization-weighted index of stocks designed to measure the performance of Utilities 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 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

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% 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.



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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