PORTFOLIO MANAGER Q&A | AS OF JANUARY 31, 2020

Fidelity® Dividend Growth Fund

Key Takeaways

- For the semiannual reporting period ending January 31, 2020, the fund's Retail Class shares gained 6.27%, trailing the 9.31% advance of the benchmark S&P 500® index.
- The broader stock market benefited from several factors the past six months, including easing concerns about U.S. economic growth, more-accommodative Federal Reserve policies, and progress on U.S.–China trade relations and Brexit.
- With that said, growth stocks benefited disproportionately from these developments and value stocks lagged, especially in the large-cap category. This held back the fund's performance versus the S&P 500 and was a headwind for Portfolio Manager Gordon Scott's strategy of investing in higher-quality businesses with both attractive valuations and increasing dividend yields.
- Additionally, overweighting mid-cap stocks and underweighting mega-caps – those with market capitalizations larger than $100 billion – detracted from the fund's performance, as the latter outperformed the former this period, despite increasingly stretched valuations.
- Looking at market sectors, security selection in communication services and an underweighting in information technology detracted most the past six months. Overweighting industrials also worked against relative performance.
- Conversely, picks in health care and an underweighting in the lagging materials sector aided relative performance.
- As of January 31, Gordon sees opportunity in some parts of the market that he believes are underappreciated – especially in the financials and industrials sectors, where the fund has sizable overweightings.
- With that said, elevated valuations in some parts of the market and potential risk factors such as the coronavirus outbreak, the presidential campaign season and further acrimony on trade with China could set the stage for increased market volatility.

MARKET RECAP

U.S. stocks continued to roll for the six months ending January 31, 2020, with the bellwether S&P 500® index gaining 9.31% and marking history as the longest and strongest bull market ever, despite persistent, nagging concerns about global economic growth and trade. The period began with a volatile month of August, however, as the U.S. Treasury yield curve inverted for the first time since 2007, which some investors viewed as a sign the world's biggest economy could be heading for a recession. The market proved resilient, however, achieving a new high on October 30, when the Fed lowered rates for the third time in 2019, and moving even higher through December 31. The new year began with a roughly flat January, amid uncertainty related to the new coronavirus outbreak and potential implications for global economic growth. By sector, information technology gained 19% to lead the way, driven by strong growth trends, particularly for the hardware & equipment industry. The defensive-oriented utilities sector (+18%) also stood out, while health care rose about 11%. In contrast, energy (-11%) was by far the weakest category, struggling due to sluggish oil prices. Materials finished at about breakeven, followed by several solid gainers that still fell short of the broader market: consumer discretionary and industrials (+5% each), real estate and financials (+7% each), consumer staples (+8%), and communication services (+9%).

Gordon Scott
Portfolio Manager

Fund Facts

Trading Symbol:	FDGFX
Start Date:	April 27, 1993
Size (in millions):	$7,217.60

Investment Approach

- Fidelity® Dividend Growth Fund is a diversified domestic equity strategy with a large-cap core orientation. The fund seeks risk-aware capital appreciation.
- Our investment philosophy centers on comparing price and value. We believe price will converge with value over time in a competitive market.
- The concept of "quality" is closely linked with our assessment of value. Ultimately the value of a business is the present value of the future cash flow it can return to shareholders through dividends and buybacks.
- A disciplined approach combining quality and valuation can lead to outperformance over time.
- As a result, the fund tends to have higher-quality characteristics and lower risk metrics for equivalent or lower valuation than the market.

Q&A

An interview with Portfolio Manager Gordon Scott

Q: Gordon, how did the fund perform for the six months ending January 31, 2020?

The fund's Retail Class shares gained 6.27%, trailing the 9.31% advance of the benchmark S&P 500® index. However, the fund outpaced its peer group average.

Looking back a bit longer term, the fund was up 14.30% for the trailing 12 months, well behind the S&P 500 but ahead of the peer group average.

Q: What was noteworthy about the market environment the past six months?

The broader stock market benefited from several factors, including easing concerns about U.S. economic growth, more-accommodative Federal Reserve policies, and progress on U.S.–China trade relations and Brexit.

The Fed had a particularly important role to play in the rally, as investors had come into 2019 fearing more increases in the central bank's key policy interest rate after four hikes in 2018. However, the Fed backpedaled on that strategy and implemented three 0.25% rate cuts between July and October. Additionally, in October the Fed announced plans to grow its balance sheet for reserve-management purposes, mainly through the purchase of Treasury bills.

More-lenient credit conditions helped ease investor concerns about the sustainability of U.S. economic growth and helped fuel the stock market's advance. With that said, growth stocks benefited disproportionately from these developments and value stocks lagged, especially in the large-cap category. This held back the fund's performance versus the S&P 500 and was a headwind for my strategy of investing in higher-quality businesses with both attractive valuations and increasing dividend yields.

Near period end, stock prices weakened modestly in response to investor concerns about the spread of the new coronavirus disease that first appeared in Wuhan, China, late in 2019. Overall, though, it was quite a favorable six months for U.S. stocks.

Q: Aside from the underperformance of value stocks, what detracted versus the benchmark?

Overweighting mid-cap stocks and underweighting mega-caps – those with a market capitalization larger than $100 billion – hurt the fund's relative result, as the latter outperformed the former this period, despite increasingly stretched valuations.

Looking at market sectors, security selection in communication services and an underweighting in information technology detracted most the past six months.

Technology was the top-performing sector in the benchmark this period, although many of the market leaders in that group reached valuations that seemed quite high to me. Overweighting industrials also worked against us.

Among individual holdings, an overweighted position in shares of Exxon Mobil (-14%) made it our largest detractor compared with the benchmark. The stock was near breakeven for most of the period, but tailed off in January, as concerns mounted that economic activity – and, therefore, demand for fossil fuel – in China would be curtailed because of the spreading coronavirus disease. I added to our share count here.

Sinclair Broadcast Group (-40%), a non-benchmark holding and a significant detractor, is a television broadcaster that bought the regional sports networks (RSNs) of 21st Century Fox as part of the antitrust review of Disney's merger with Fox. I thought combining the negotiating leverage of broadcasting with the RSNs would make the new company a more formidable negotiator in content renewals. I still think that as of period end.

In the meantime, however, satellite broadcast provider DISH Network took advantage of the integration period to take a hard line and drop the RSNs from their network, and the market was understandably worried that dropping RSNs could become a broader trend.

My view is that when the broadcast networks and RSNs eventually renew content deals together, Sinclair's negotiating leverage will be significantly higher with DISH and the other pay-TV companies, and Sinclair will ultimately strike a renewal deal with DISH.

Q: What was the story within tech?

Microsoft (+26%) and Apple (+46%) hurt this period. We didn't own Microsoft to start the period and were considerably underweight Apple. Both of these benchmark components led the charge higher in technology stocks and the broader market.

For risk-management and portfolio-construction purposes, I typically try to limit how much the fund diverges from the benchmark's sector weightings, and as information technology increased as a percentage of the benchmark, we ran up against that limit.

I therefore added to our stake in Apple and established an underweight position in Microsoft, as I thought both were more attractive than other choices in the group. With that said, finding bargains in technology was quite difficult the past six months.

Q: What about contributors?

My picks in health care and an underweighting in the lagging materials sector aided relative performance.

In health care, Bristol-Myers Squibb, a pharmaceutical firm focused on oncology, virology, cardiovascular and fibrotic diseases, stood out as the fund's top individual relative contributor. The stock, which gained 44% for the six months overall, enjoyed an especially strong fourth quarter of 2019.

In late October, the company reported quarterly financial results that exceeded consensus expectations, driven by its Eliquis® anticoagulant, as well as immunology drug Orencia® and chemotherapy medication Sprycel®. Shares of Bristol-Myers rose further following the mid-November completion of the company's $74 billion acquisition of cancer-drug specialist Celgene.

General Electric (+19%), the fund's second-largest position, also figured prominently in our list of contributors. GE's stock rose in late October, after the industrial conglomerate exceeded expectations for quarterly earnings and revenue.

In addition, the company increased its 2019 forecast for industrial free cash flow, a closely watched gauge of efficiency. Investors seemed to agree with CEO Larry Culp's assessment that "our results reflect another quarter of progress in the transformation of GE." I took advantage of the stock's strength to take some profits but maintained a large overweight here at period end.

Q: What's your outlook as of January 31, Gordon?

I see opportunity in some parts of the market that I believe are underappreciated – especially in the financials and industrials sectors, where the fund has sizable overweightings. I'll have more to say about this in the callout portion of this review.

With that said, elevated valuations in some parts of the market and potential risk factors such as the coronavirus outbreak, the presidential campaign season and further acrimony on trade with China could set the stage for increased market volatility.

Against this backdrop, I'll remain alert for opportunities to invest in high-quality businesses with increasing dividends at reasonable valuations. ■

Gordon Scott on the opportunity in high-quality financials and industrials:

"Throughout the past six months, I've remained optimistic about the potential for many stocks in the industrials and financials sectors, despite the market's near-term worries about broader economic activity. The U.S. consumer continued to spend at a healthy pace over time, and the Federal Reserve's recent move to lower interest rates should help ensure that borrowing costs on revolving credit accounts will not be too burdensome.

"Household leverage has declined meaningfully since the financial crisis, and there are few signs of excess in U.S. consumers' spending habits.

"Our large position in General Electric is driving a lot of the fund's overweight in the capital goods segment of the industrials sector, and we continue to be impressed by the turnaround efforts of CEO Larry Culp.

"Elsewhere in industrials, the portfolio also carries a meaningful overweight in the transportation group, where we own a mix of stocks in airlines, trucking, and air freight & logistics.

"The common thread among these businesses is good returns on investor capital, strong free-cash-flow generation, growing dividends and very reasonable valuations relative to our outlook for the next three to five years.

"Within financials, our sizable stake in Berkshire Hathaway explains part of the overweight, and the portfolio also has a generous allocation of bank stocks. I believe the largest banks continue to see increasing benefits from their economies of scale, and these banks already display excellent returns on tangible equity.

"Combined with very reasonable valuations and healthy dividend growth, I'm optimistic about the long-term return potential I see for U.S. banks."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Bristol-Myers Squibb Co.	Health Care	1.97%	55
General Electric Co.	Industrials	7.62%	54
Cisco Systems, Inc.	Information Technology	-0.57%	19
Chevron Corp.	Energy	-0.88%	19
Bayer AG	Health Care	1.31%	17

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Exxon Mobil Corp.	Energy	2.84%	-75
Sinclair Broadcast Group, Inc. Class A	Communication Services	1.14%	-73
Microsoft Corp.	Information Technology	-3.56%	-37
Apple, Inc.	Information Technology	-1.44%	-36
Comcast Corp. Class A	Communication Services	5.17%	-34

** 1 basis point = 0.01%.*

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Domestic Equities	97.14%	100.00%	-2.86%	-0.23%
International Equities	2.28%	0.00%	2.28%	0.47%
Developed Markets	2.28%	0.00%	2.28%	0.47%
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	0.58%	0.00%	0.58%	-0.24%

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
Financials	23.43%	12.60%	10.83%	-1.32%
Industrials	20.70%	9.02%	11.68%	-2.74%
Health Care	13.27%	13.79%	-0.52%	1.96%
Information Technology	13.11%	24.19%	-11.08%	5.24%
Communication Services	11.04%	10.47%	0.57%	-1.87%
Consumer Discretionary	7.39%	9.82%	-2.43%	-2.45%
Energy	5.46%	3.87%	1.59%	0.94%
Consumer Staples	5.03%	7.23%	-2.20%	0.66%
Materials	0.00%	2.49%	-2.49%	0.25%
Utilities	0.00%	3.55%	-3.55%	-0.53%
Real Estate	0.00%	2.97%	-2.97%	0.09%
Other	0.00%	0.00%	0.00%	0.00%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Berkshire Hathaway, Inc. Class B	Financials	7.24%	9.65%
General Electric Co.	Industrials	6.62%	8.51%
Comcast Corp. Class A	Communication Services	5.15%	6.32%
Apple, Inc.	Information Technology	4.54%	1.54%
Bank of America Corp.	Financials	4.01%	3.68%
JPMorgan Chase & Co.	Financials	3.99%	3.53%
Exxon Mobil Corp.	Energy	3.92%	3.87%
Microsoft Corp.	Information Technology	3.59%	--
Altria Group, Inc.	Consumer Staples	2.88%	1.63%
UnitedHealth Group, Inc.	Health Care	2.71%	2.03%
10 Largest Holdings as a % of Net Assets		**44.65%**	**44.13%**
Total Number of Holdings		**71**	**83**

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 January 31, 2020

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Dividend Growth Fund Gross Expense Ratio: 0.50%[2]	6.27%	-3.49%	14.30%	11.10%	8.92%	11.58%
S&P 500 Index	9.31%	-0.04%	21.68%	14.54%	12.37%	13.97%
Morningstar Fund Large Value	4.89%	-2.80%	12.86%	8.61%	8.13%	10.91%
% Rank in Morningstar Category (1% = Best)	--	--	41%	15%	36%	35%
# of Funds in Morningstar Category	--	--	1,207	1,090	941	688

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 04/27/1993.

[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. 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

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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. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks.

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 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.

Manager Facts

Gordon Scott is a 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, Mr. Scott manages Fidelity and Fidelity Advisor Dividend Growth Funds, Fidelity Export and Multinational Fund, and is a member of the fund management team for Fidelity Advisor Stock Selector Mid Cap Fund.

Prior to assuming his current responsibilities, Mr. Scott managed Fidelity Select Consumer Discretionary Portfolio, Fidelity Advisor Consumer Discretionary Fund, VIP Consumer Discretionary Portfolio, and Fidelity Consumer Discretionary Central Fund. He was also a member of the fund management team for Fidelity and Fidelity Advisor Stock Selector All Cap Funds, and Fidelity Series Broad Market Opportunities Fund. Previously, Mr. Scott was a research associate and research analyst at Fidelity. He has been in the financial industry since joining Fidelity in 2005.

Mr. Scott earned his bachelor of business administration degree and his master of science degree in finance from the University of Wisconsin-Madison. He is also a CFA® charterholder.

PERFORMANCE SUMMARY:
Quarter ending June 30, 2020

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Dividend Growth Fund Gross Expense Ratio: 0.50%[2]	-7.82%	3.49%	4.78%	10.28%

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 04/27/1993.

[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. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.

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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.

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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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