

Fidelity® Magellan® Fund

FUND INFORMATION

Manager(s):
Sammy Simnagar

Trading Symbol:
FMAGX

Start Date:
May 02, 1963

Size (in millions):
\$19,025.45

Morningstar Category:
Fund Large Growth

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.

Investment Approach

- Fidelity® Magellan® Fund is a diversified domestic equity strategy with a large-cap growth orientation and that seeks capital appreciation.
- The fund's mandate is highly flexible, giving us the ability to invest in domestic and foreign issuers across all market capitalizations and styles.
- Our investment approach seeks to identify high-quality growth stocks benefiting from long-term "mega trends," as well as the three "B's" – brands, barriers to entry and "best in class" management teams – using a proprietary quantitative screen and bottom-up fundamental analysis.
- The fund employs a unique risk-managed portfolio construction process that attempts to optimize alpha (risk-adjusted excess return). Rather than adjusting security weights according to conviction, we use an equal-active-weight approach, which limits the impact of dramatic fluctuations in any single position, while still allowing for high active share (benchmark differentiation).

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF ¹
Fidelity Magellan Fund	23.95%	7.06%	16.77%	14.77%	12.05%	13.76%
Gross Expense Ratio: 0.77% ²						
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%
Morningstar Fund Large Growth	27.43%	7.84%	17.34%	15.95%	12.84%	15.12%
% Rank in Morningstar Category (1% = Best)	--	--	53%	61%	60%	73%
# of Funds in Morningstar Category	--	--	1,343	1,237	1,084	809

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/02/1963.

² This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent 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.

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



Not FDIC Insured • May Lose Value • No Bank Guarantee

Performance Review

For the three months ending June 30, 2020, the fund's Retail Class shares gained 23.95%, considerably outpacing the 20.54% advance of the benchmark S&P 500® index.

The S&P 500® registered its highest three-month result since 2009 amid signs of an early recovery in economic activity following a steep but brief decline due to the early-2020 outbreak and spread of the coronavirus. Declared a pandemic on March 11, the COVID-19 crisis and containment efforts caused broad economic contraction, along with extreme uncertainty, volatility and dislocation in financial markets. By mid-March, U.S. stocks had entered bear-market territory less than a month after hitting an all-time high and extending the longest bull market in American history. The S&P 500® returned -19.60% for the first quarter, its worst three-month result since 2008.

A historically rapid and expansive U.S. monetary/fiscal-policy response provided a partial offset to the economic disruption and fueled a sharp uptrend beginning March 23. Aggressive support for financial markets by the U.S. Federal Reserve, plans for reopening the economy and improving infection data boosted stocks in April (+13%) and May (+5%). High unemployment remained a concern, but in June the index gained 2% amid progress on potential treatments, improved jobs data and hopeful expectations about reopening after global shutdowns to limit the spread of COVID-19.

Against this backdrop, the portfolio's positioning in the information technology and financials sectors, along with strong picks among health care stocks, aided performance most versus the benchmark.

Within tech specifically, PayPal Holdings was the fund's top individual relative contributor. Shares of the online payment processor gained 82% for the quarter, as the coronavirus pandemic brought new users to mobile-payment platforms, including PayPal's Venmo peer-to-peer transactions network. PayPal added more than 20 million net new active accounts in May, roughly half of which it obtained from its January acquisition of online savings platform Honey Science. In addition, consumers' ongoing move to e-

commerce – already a growth area for PayPal before the coronavirus outbreak – has accelerated as more people shop online, lifting the company's projected growth rates.

Avoiding benchmark component Berkshire Hathaway also paid off. The stock returned roughly -2% the past three months, as the outbreak and spread of the coronavirus resulted in the insurance-focused conglomerate reporting a quarterly net loss of roughly \$50 billion. Operating profit rose 6%. At its early-May annual meeting, the company announced that most of its operating businesses – even those deemed essential – have been hurt by the pandemic, which also hampered Berkshire's vast portfolio of stock investments, including several airlines.

Graphics chipmaker Nvidia was another key contributor. The portfolio's overweight stake advanced 44% for the three months, as shelter-in-place orders led to more people playing video games and working from home, which boosted demand for the company's products. Fiscal first-quarter revenue increased 39% year-over-year, and per-share earnings rose 130%. Each beat analysts' expectations.

On the other hand, avoiding the energy sector detracted this quarter, as stocks in the group rebounded along with the price of oil. A cash position of roughly 1%, on average, detracted as well amid the notable rally in global equity markets this past quarter.

An overweighted position in CME Group proved to be the fund's largest relative detractor. Shares of the futures exchange operator returned -6% for the three months, largely due to a decline in year-over-year trading volumes. In particular, expectations for continued-low interest rates in the U.S. resulted in diminished rate volatility, which reduced demand for CME's hedging products. Futures on agricultural commodities, currency exchange and metals also declined from the same quarter a year earlier.

Two other detractors – utility Nextera Energy and big-box retailer Walmart, which returned 0% and 3% in the portfolio, respectively – suffered when investors turned their attention to more cyclically sensitive stocks that may potentially stand to outperform as the U.S. economy emerges from its COVID-19-induced recession. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
PayPal Holdings, Inc.	Information Technology	0.78%	40
Berkshire Hathaway, Inc. Class B	Financials	-1.48%	39
Autodesk, Inc.	Information Technology	0.78%	23
Veeva Systems, Inc. Class A	Health Care	0.83%	22
Synopsys, Inc.	Information Technology	0.80%	22

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
CME Group, Inc.	Financials	0.81%	-24
NextEra Energy, Inc.	Utilities	0.84%	-19
Walmart, Inc.	Consumer Staples	0.60%	-18
Edwards Lifesciences Corp.	Health Care	0.47%	-15
Procter & Gamble Co.	Consumer Staples	0.55%	-15

* 1 basis point = 0.01%.

Outlook and Positioning

We continue to seek stock-specific investment opportunities across the four key factors we look for: quality, growth, momentum and free cash flow. We filter these factors through the lens of longer-term mega-trends and what we call the "three B's": brands, barriers to entry and "best in class" management.

Some current examples of megatrends include everything-as-a-service, health and wellness, and digitalization. We believe this long-term, growth-oriented approach, in conjunction with our focus on downside protection, is as important as ever, now that a global recession looks to be in progress.

By owning a mix of companies across sectors – with the exception of energy – we hope to achieve enough stability so the fund can outperform the benchmark S&P 500® index in rising markets and not lose as much in downturns. Although we can't guarantee that it will always work this well, our strategy did offer meaningful protection from market volatility during the weak first quarter and enabled the portfolio to fully participate in the strong second-quarter advance.

On June 30, the fund's largest overweighting by far continued to be the technology sector. This was mainly driven by heavier-than-benchmark exposure to the software & services segment, which we believe includes many high-quality companies with recurring revenue and strong balance sheets.

The largest position in software & services, by far, was Microsoft, although ServiceNow was an equally large overweight. The latter assists companies with managing digital workflows. Other overweights in this group included Synopsis and Cadence Design Systems. Overall, the portfolio's two largest individual

overweightings were Germany-based industrial gases supplier Linde and S&P Global, a provider of financial data and analytics.

Conversely, financials and energy were the largest sector underweightings at the end of the period. Among specific stocks, the fund's top underweighted positions were drug and medical device maker Johnson & Johnson, insurance conglomerate Berkshire Hathaway and diversified bank JPMorgan Chase.

The sharp recovery in prices for riskier assets reflected abundant liquidity and hopeful expectations about reopening after the global shutdown. Economic conditions have sequentially improved from extremely low levels, but progress has been uneven and will largely depend on the trajectory of COVID-19 and on continued policy support. Uncertainty and volatility are likely to remain high, thus, a diversified approach and rigorous fundamental research may be as important as ever. In managing the fund, we maintain our investor mindset, which means staying focused on the long term and using a decision process that is analytical, logical and grounded in empirical data. We've adapted well to a remote working environment and are striving as hard as ever on behalf of shareholders to identify the best investment ideas for the fund.

We continue to leverage our stability and vast resources – especially our technology, our research expertise across asset classes and our relationships with corporations and other entities – to closely monitor the pandemic, gain insight into market dynamics as they evolve, and choose securities we think have the potential to outperform over time. Thank you for your confidence in Fidelity's investment-management capabilities. ■

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	34.94%	27.46%	7.48%	-6.22%
Health Care	13.15%	14.63%	-1.48%	1.15%
Communication Services	10.26%	10.78%	-0.52%	0.89%
Consumer Discretionary	9.01%	10.83%	-1.82%	-0.27%
Industrials	8.84%	7.99%	0.85%	-1.25%
Financials	7.76%	10.08%	-2.32%	3.10%
Consumer Staples	5.28%	6.97%	-1.69%	4.02%
Real Estate	5.16%	2.84%	2.32%	-0.46%
Materials	3.09%	2.52%	0.57%	-0.98%
Utilities	2.07%	3.07%	-1.00%	0.11%
Energy	0.00%	2.83%	-2.83%	-0.18%
Other	0.00%	0.00%	0.00%	0.00%

CHARACTERISTICS

	Portfolio	Index
Valuation		
Price/Earnings Trailing	36.9x	22.3x
Price/Earnings (IBES 1-Year Forecast)	31.2x	21.6x
Price/Book	7.4x	3.6x
Price/Cash Flow	24.2x	14.4x
Return on Equity (5-Year Trailing)	16.2%	15.7%
Growth		
Sales/Share Growth 1-Year (Trailing)	11.4%	8.8%
Earnings/Share Growth 1-Year (Trailing)	22.9%	21.2%
Earnings/Share Growth 1-Year (IBES Forecast)	10.9%	-5.4%
Earnings/Share Growth 5-Year (Trailing)	17.7%	13.2%
Size		
Weighted Average Market Cap (\$ Billions)	429.7	386.1
Weighted Median Market Cap (\$ Billions)	133.9	137.2
Median Market Cap (\$ Billions)	68.4	21.6

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Linde PLC	Materials	0.82%
S&P Global, Inc.	Financials	0.81%
Apple, Inc.	Information Technology	0.81%
Intercontinental Exchange, Inc.	Financials	0.80%
Moody's Corp.	Financials	0.79%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Johnson & Johnson	Health Care	-1.45%
Berkshire Hathaway, Inc. Class B	Financials	-1.35%
JPMorgan Chase & Co.	Financials	-1.12%
Intel Corp.	Information Technology	-0.99%
Verizon Communications, Inc.	Communication Services	-0.89%

10 LARGEST HOLDINGS

Holding	Market Segment
Microsoft Corp.	Information Technology
Apple, Inc.	Information Technology
Amazon.com, Inc.	Consumer Discretionary
Facebook, Inc. Class A	Communication Services
Visa, Inc. Class A	Information Technology
Alphabet, Inc. Class C	Communication Services
Alphabet, Inc. Class A	Communication Services
Procter & Gamble Co.	Consumer Staples
UnitedHealth Group, Inc.	Health Care
The Home Depot, Inc.	Consumer Discretionary
10 Largest Holdings as a % of Net Assets	32.98%
Total Number of Holdings	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.

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	99.55%	100.00%	-0.45%	-0.10%
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	0.45%	0.00%	0.45%	0.10%

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	16.93%	16.95%
Sharpe Ratio	0.77	0.53
Tracking Error	4.31%	--
Information Ratio	0.94	--
R-Squared	0.94	--

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.

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.

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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