

# Fidelity® Contrafund K6

## Investment Approach

- Fidelity® Contrafund® K6 is an opportunistic, diversified equity strategy with a large-cap growth bias.
- Philosophically, we believe stock prices follow companies' earnings, and those companies that can deliver durable multiyear earnings growth provide attractive investment opportunities.
- As a result, our investment approach seeks firms we believe are poised for sustained, above-average earnings growth that is not accurately reflected in the stocks' current valuation.
- In particular, we emphasize companies with "best of breed" qualities, including those with a strong competitive position, high returns on capital, solid free-cash-flow generation and management teams that are stewards of shareholder capital.
- We strive to uncover these investment opportunities through in-depth bottom-up, fundamental analysis, working in concert with Fidelity's global research team.

## FUND INFORMATION

**Manager(s):**  
William Danoff

**Trading Symbol:**  
FLCNX

**Start Date:**  
May 25, 2017

**Size (in millions):**  
\$23,508.21

**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.*

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF <sup>1</sup>
Fidelity Contrafund K6 Gross Expense Ratio: 0.45% <sup>2</sup>	-9.86%	-9.86%	9.69%	18.65%	--	16.92%
S&P 500 Index	-4.60%	-4.60%	15.65%	18.92%	15.99%	15.91%
Morningstar Fund Large Growth	-10.76%	-10.76%	5.75%	18.74%	17.65%	--
% Rank in Morningstar Category (1% = Best)	--	--	40%	52%	--	--
# of Funds in Morningstar Category	--	--	1,236	1,124	1,025	--

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/25/2017.

<sup>2</sup> 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](http://fidelity.com/performance), [institutional.fidelity.com](http://institutional.fidelity.com), or [401k.com](http://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.



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## Performance Review

The fund returned -9.86% for the quarter, lagging the -4.60% result of the benchmark S&P 500® index. U.S. stocks slid the past three months as investors digested geopolitical unrest, with Russia invading and escalating its attack on Ukraine, and the Fed's accelerated plan to hike interest rates to tame soaring inflation. After a strong 2021 for the market, elevated volatility resurfaced across almost all asset categories as the calendar turned but trended downward toward the end of March. Value stocks topped growth stocks within the S&P 500® the past three months amid a backdrop that was challenging for the faster-growing, best-of-breed companies we prefer.

The S&P 500® struggled in both January (-5.17%) and February (-2.99%) before gaining 3.71% in March. The disappointing quarter followed a year in which the index gained 28.71% and finished just shy of an all-time high amid improved economic growth, strong corporate earnings, widespread COVID-19 vaccination, and accommodative fiscal and monetary stimulus. These tailwinds, among others, have supported the historic rebound for U.S. stocks since the early-2020 outbreak and spread of COVID.

But a different backdrop emerged as the calendar turned, with high and rising inflation proving challenging for U.S. stocks and almost all major asset categories, along with higher bond yields and increased expectations of Fed tightening. Russia's late-February invasion of Ukraine exacerbated these trends, propelled commodity prices even higher and injected a stagflationary flavor into the global economic expansion.

By sector, energy gained 39.03% to lead the way by a wide margin, driven by surging oil prices. The defensive utilities sector rose 4.77%. Notable laggards included three growth-oriented sectors: communication services (-11.92%), consumer discretionary (-9.03%) and information technology (-8.36%).

The fund's relative shortfall for the quarter can be traced to its positioning in these groups, with outsized stakes in lagging tech-related names proving especially problematic. Meta Platforms (formerly Facebook) returned -34% the past three months, falling sharply in early February after the recently rebranded and refocused company announced a sharper-than-expected decline in profits for Q4 2021 and a disappointing financial forecast. Some analysts believed the announcement reflected increasing pressure on the business just months after announcing a new identity and focus on the online digital realm it refers to as the metaverse.

Although Meta is categorized within media & entertainment, we see it as a leading tech company with the ability to generate very healthy operating margins and free cash flow. As of March 31, Meta was the fund's No. 3 holding, as well as its second-biggest overweight.

Also within media & entertainment, an overweight in Netflix (-38%) hurt versus the benchmark, as shares fell in mid-January after the video-streaming service provider said it expects subscriber growth to slow amid heightened competition and lasting business disruption related to the COVID-19 pandemic. This was in addition to the company missing its fourth-quarter subscriber estimate, with management citing an "ongoing COVID overhang," economic difficulty around the world and new streaming platforms, including Disney+ and HBO Max. We reduced our position in Netflix the past three months but continue to view the company favorably.

Underweighting the market-leading energy sector hurt relative performance for the quarter, especially our decision to largely avoid integrated oil and gas companies Exxon Mobil (+36%) and Chevron (+40%). Each of these sizable benchmark components benefited from a favorable macro backdrop that included positive supply-and-demand conditions for energy commodities and elevated prices.

Conversely, the fund's top contributor was Berkshire Hathaway (+17%), as a growing economy boosted the insurance-focused conglomerate's railroad, energy and consumer-oriented businesses. Net earnings rose 11% in the fourth quarter of 2021, bumping this figure to a record \$90 billion for the full year. Operating income, which excludes some investments in the company's vast stock portfolio, increased 45% for the quarter. Berkshire was our No. 2 holding and largest overweight as of March 31.

The stock of managed health care and insurance giant UnitedHealth Group rose 2% the past three months. The quarter began with a sharp leg down when competitor Humana notably reduced growth estimates for its Medicare Advantage enrollment, weighing on health insurers more broadly. However, the stock strengthened after UnitedHealth reported fourth-quarter financial results that topped investors' expectations. Two proposed acquisitions during the first quarter, Change Healthcare and LHC Group, also boosted the share price of UnitedHealth, a big overweight and our No. 6 holding as of March 31. ■

### LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Berkshire Hathaway, Inc. Class A	Financials	4.75%	87
UnitedHealth Group, Inc.	Health Care	3.00%	19
Regeneron Pharmaceuticals, Inc.	Health Care	0.98%	14
Amazon.com, Inc.	Consumer Discretionary	3.26%	9
Eli Lilly & Co.	Health Care	0.88%	8

\* 1 basis point = 0.01%.

### LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Meta Platforms, Inc. Class A	Communication Services	5.69%	-202
Netflix, Inc.	Communication Services	1.09%	-50
Shopify, Inc. Class A	Information Technology	0.35%	-28
Exxon Mobil Corp.	Energy	-0.85%	-27
Chevron Corp.	Energy	-0.69%	-24

\* 1 basis point = 0.01%.

## Outlook and Positioning

As of March 31, warning signs on the horizon that could hurt stock valuations are numerous, in our view. The emergence of surprisingly high inflation for the first time in more than 40 years is the most concerning. Why has inflation resurfaced after so many years? The answer is nuanced, but is a combination of tight labor conditions, COVID-related supply-chain bottlenecks, cautious capital spending and higher import tariffs. In addition, significant government stimulus and record-low interest rates created a boom in the housing market and in spending generally. In sum, demand has exceeded supply and, therefore, prices have risen.

That said, we expect consumer inflation rates to moderate in the next 12 months from the four-decade high of nearly 8% in February. However, tremendous volatility and uncertainty in the commodity markets broaden the range of our estimates. We believe cyclical inflation risk remains to the upside.

Inflation has motivated the U.S. Federal Reserve to tighten monetary policy. During the first quarter, the Fed ended quantitative easing and raised short-term interest rates for the first time since the pandemic began. It again raised its rate-hike guidance for 2022 and 2023, with the 2023 level now above its projected long-term rate. The market expects monetary tightening to be even more aggressive in 2022.

Rising interest rates act to dampen equity valuations because the present value of future cash flow falls. Thus, if rates continue to rise, stock prices are at risk. In addition, rising rates increase costs for borrowing, so demand for housing and other products may slow. The potential slowing of demand could hurt earnings growth, which could also depress equity valuations.

To position the fund for higher interest rates, we recently increased exposure to the financials sector, which stood at 15% on March 31 (our second-largest overweight), up from 12% six months ago (a slight overweight). Outsized holdings here include Berkshire Hathaway, Bank of America and Morgan Stanley, along with non-benchmark stakes in Royal Bank of Canada and Toronto-Dominion Bank. Each of these companies has a strong capital position, a disciplined management team and potential to benefit from an economic recovery.

The fund's allocation to information technology stocks dipped to a slight overweighting as of March 31, due to the sector's weak result the past three months and some paring we did, mostly within the software & services industry. More broadly, we remain bullish on tech-related companies – including founder-led firms Meta and Amazon.com, the latter our top quarter-end holding. And for good reason. The big tech companies are very profitable, have grown at above-average rates, and operate in large and expanding markets. They produce free-cash-flow margins of 15% to 16%, on average, double the average FCF margin of other large-cap companies. This margin advantage, coupled with above-average growth and a huge tech market, makes the tech giants attractive investments even if growth slows modestly.

In other sectors, notable quarter-end underweightings include industrials, consumer staples and energy. The fund has scant exposure to stocks in the utilities and real estate sectors.

The global economic expansion continues, but the outlook for the world's major economies has become more complicated and differentiated. Most countries are in a maturing mid-cycle phase, and the near-term risk of recession in the U.S. remains low.

Working with the Fidelity research department during this volatile time, we continue to look for the very best ideas for the fund. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	28.91%	28.02%	0.89%	-2.77%
Financials	14.85%	11.11%	3.74%	1.69%
Communication Services	14.38%	9.36%	5.02%	-2.32%
Health Care	13.75%	13.61%	0.14%	0.85%
Consumer Discretionary	11.95%	12.02%	-0.07%	-0.58%
Industrials	3.79%	7.86%	-4.07%	0.29%
Consumer Staples	3.18%	6.08%	-2.90%	-0.02%
Materials	3.16%	2.62%	0.54%	0.90%
Energy	1.94%	3.87%	-1.93%	0.39%
Real Estate	0.29%	2.72%	-2.43%	0.13%
Utilities	0.09%	2.74%	-2.65%	-0.20%
Other	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Portfolio	Index
<b>Valuation</b>		
Price/Earnings Trailing	21.6x	22.0x
Price/Earnings (IBES 1-Year Forecast)	22.5x	19.7x
Price/Book	4.7x	4.6x
Price/Cash Flow	19.1x	17.1x
Return on Equity (5-Year Trailing)	17.0%	17.0%
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	28.3%	23.0%
Earnings/Share Growth 1-Year (Trailing)	88.0%	106.6%
Earnings/Share Growth 1-Year (IBES Forecast)	7.3%	10.8%
Earnings/Share Growth 5-Year (Trailing)	29.2%	19.8%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	696.0	642.3
Weighted Median Market Cap (\$ Billions)	318.8	207.4
Median Market Cap (\$ Billions)	41.4	31.9

### LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Berkshire Hathaway, Inc. Class A	Financials	5.19%
Meta Platforms, Inc. Class A	Communication Services	5.12%
Amazon.com, Inc.	Consumer Discretionary	3.28%
UnitedHealth Group, Inc.	Health Care	3.27%
NVIDIA Corp.	Information Technology	1.69%

### LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Apple, Inc.	Information Technology	-2.42%
Tesla, Inc.	Consumer Discretionary	-2.28%
Johnson & Johnson	Health Care	-1.12%
Procter & Gamble Co.	Consumer Staples	-0.88%
Exxon Mobil Corp.	Energy	-0.84%

### 10 LARGEST HOLDINGS

Holding	Market Segment
Amazon.com, Inc.	Consumer Discretionary
Berkshire Hathaway, Inc. Class A	Financials
Meta Platforms, Inc. Class A	Communication Services
Microsoft Corp.	Information Technology
Apple, Inc.	Information Technology
UnitedHealth Group, Inc.	Health Care
NVIDIA Corp.	Information Technology
Alphabet, Inc. Class A	Communication Services
Alphabet, Inc. Class C	Communication Services
Salesforce.com, Inc.	Information Technology
<b>10 Largest Holdings as a % of Net Assets</b>	<b>46.19%</b>
<b>Total Number of Holdings</b>	<b>333</b>

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	90.56%	100.00%	-9.44%	-1.82%
International Equities	5.74%	0.00%	5.74%	0.21%
Developed Markets	5.14%	0.00%	5.14%	0.30%
Emerging Markets	0.60%	0.00%	0.60%	-0.09%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.01%	0.00%	0.01%	-0.01%
Cash & Net Other Assets	3.69%	0.00%	3.69%	1.62%

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	0.98	1.00
Standard Deviation	18.32%	17.76%
Sharpe Ratio	0.98	1.02
Tracking Error	5.69%	--
Information Ratio	-0.05	--
R-Squared	0.90	--

## 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.

**K6 Shares generally are available only to certain employer-sponsored retirement plans.**

### 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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