

# Fidelity® Value Discovery K6 Fund

## Investment Approach

- Fidelity® Value Discovery K6 Fund is a large-cap, value-oriented strategy that seeks capital appreciation.
- We focus on companies where there is a significant price dislocation, believing that a stock's market value will move towards its intrinsic (fair) value over time. We seek to purchase securities with a large "margin of safety" and use three different valuation measures to determine a company's intrinsic value.
- We favor firms with both cheap valuations and high-quality franchises – those with above-average returns on invested capital and that operate in businesses protected by strong entry barriers. Our strategy aims to benefit from lower earnings volatility and higher long-term growth. We also like companies with healthy cash-flow generation.
- Capital preservation is as important a factor in investing as is upside potential. The fund is structured to maintain a lower beta (sensitivity to market risk) and a higher-quality orientation than its benchmark, the Russell 3000® Value Index.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF <sup>1</sup>
Fidelity Value Discovery K6 Fund Gross Expense Ratio: 0.45% <sup>2</sup>	-9.12%	-9.12%	-2.69%	10.44%	8.22%	8.41%
Russell 3000 Value Index	-12.41%	-13.15%	-7.46%	6.82%	7.01%	7.14%
Morningstar Fund Large Value	-11.24%	-11.33%	-4.84%	7.95%	7.84%	--
% Rank in Morningstar Category (1% = Best)	--	--	32%	12%	42%	--
# of Funds in Morningstar Category	--	--	1,217	1,145	1,077	--

<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](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):**  
Sean Gavin

**Trading Symbol:**  
FDVKK

**Start Date:**  
May 25, 2017

**Size (in millions):**  
\$132.40

**Morningstar Category:**  
Fund Large Value

*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. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time*



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## Performance Review

For the three months ending June 30, 2022, the fund returned -9.12%, outpacing the -12.41% result of the benchmark Russell 3000® Value Index.

The S&P 500® index returned -16.10% in the second quarter of 2022, as a multitude of crosscurrents challenged the global economy and financial markets. Persistently high inflation, exacerbated by energy price shocks from the Russia-Ukraine conflict, spurred the U.S. Federal Reserve to hike interest rates more aggressively than anticipated. Historically high inflation and tighter financial conditions weighed on consumer and business confidence, and concerns about the outlook for economic growth resulted in a stagflationary backdrop and sent stocks into bear market territory.

Against this volatile backdrop, the index returned -8.72% in April amid clearer signals of the Fed's intension to tighten monetary policy. In early May, the Fed approved a rare half-percentage-point interest rate increase and announced plans to shrink its \$9 trillion asset portfolio. The S&P 500® gained 0.18% for the month. June began with the Fed allowing up to billions in Treasuries and mortgage bonds to mature every month without investing the proceeds. Two weeks later, the central bank raised rates by 0.75 percentage points, its largest increase since 1994, and said it was becoming more difficult to achieve a soft landing, in which the economy slows enough to bring down inflation while avoiding a recession. Partly in reaction, the S&P 500 returned -8.25% in June and -19.96% since the end of 2021 – its worst first-half result to begin a year since 1970.

Compared to the benchmark, security selection contributed most to the fund's result the past three months, especially among health care, consumer discretionary, industrials and energy stocks. The portfolio's positioning also added value, particularly an overweighting in the strong-performing utilities sector.

Within health care specifically, sizable overweights in two managed-care stocks, Cigna (+10%) and Centene (+0.4%), boosted the portfolio's relative return most this past quarter. In terms of the former, we liked the firm's valuation, steady cash flow, and management strategies – all factors that bolstered both its earnings growth and share price. Centene, another stock we found attractively valued, has benefited from a new management team that has improved operations. Both Cigna and Centene were among the portfolio's largest holdings as of midyear.

Also in health care, outsized exposure to pharmaceutical company Bristol Myers Squibb (+6%) – the fund's fifth-largest holding at the end of the quarter – added further value. In our view, the firm has shown efforts to effectively generate cash and repair its balance sheet. Moreover, with several new drugs in its pipeline, Bristol-Myers Squibb has prepared for the eventuality of older drugs going off patent and we think the market is beginning to realize this.

The fund's overweighting in H&R Block (+37%) proved beneficial as well. Shares of this tax-preparation company rose sharply in May after the company reported strong quarterly financial results and raised its earnings guidance for the remainder of the 2022 fiscal year.

Another noteworthy relative contributor was an outsized stake in energy giant Exxon Mobil (+5%), the fund's second-largest position on June 30. In late April, the company reported first-quarter earnings that were lower than Wall Street analysts expected, but the announcement of a large share buyback supported the stock until it declined in the final three weeks of June. Exxon tripled the size of its share-repurchase program to \$30 billion by year-end 2023. As of period end, we continue to like the stock for its strong balance sheet and capable board leadership, which has brought a refreshing new perspective to the company.

On the other hand, modest relative detractors in Q2 included investment choices in materials and smaller-than-benchmark exposure to energy companies. On a stock-specific basis, what largely hurt most were several health care businesses we declined to own in place of others that we believed offered a better risk/reward trade-off.

For example, the fund's largest individual detractor this period was our lack of exposure to benchmark component Johnson & Johnson. Its shares gained 1% the past three months, as the maker of pharmaceuticals, consumer goods and medical devices announced mixed financial results for the first quarter. Earnings came in slightly ahead of expectations, whereas revenue was a bit shy. Additionally, the company reduced its 2022 financial guidance to reflect the impact of a stronger U.S. dollar. Other notable outperforming health care stocks and benchmark components we declined to own were pharmaceutical companies Merck (+12%) and Pfizer (+2%), both of which produced strong first-quarter financial results and saw their shares outpace the benchmark. ■

### LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Cigna Corp.	Health Care	2.27%	46
H&R Block, Inc.	Consumer Discretionary	0.97%	39
Exxon Mobil Corp.	Energy	2.23%	36
Bristol-Myers Squibb Co.	Health Care	1.83%	31
Centene Corp.	Health Care	2.27%	28

\* 1 basis point = 0.01%.

### LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Johnson & Johnson	Health Care	-2.25%	-28
Lundin Mining Corp.	Materials	0.90%	-25
Merck & Co., Inc.	Health Care	-1.05%	-23
Pfizer, Inc.	Health Care	-1.37%	-19
AT&T, Inc.	Communication Services	-0.70%	-18

\* 1 basis point = 0.01%.

## Outlook and Positioning

Our view is that a stock's market value eventually will converge with its intrinsic value – or true underlying worth – over time. This is a crucial aspect of our investment approach. We use four different valuation measures when determining the intrinsic value of a company, and we invest in what we believe are high-quality firms. By high quality, we mean corporations that operate in a specific niche or possess a strong competitive position that provides a "moat," or barrier to entry to their businesses.

We also look for above-average returns on invested capital. We expect the fund's holdings to have a significantly higher return on equity (ROE) – a measure of profitability – than the benchmark because of this focus on quality, which we believe has led to lower earnings volatility over time. We pay close attention to a firm's cash generation, which we think can contribute to faster long-term growth when it's combined with a high ROE. Or, to put it more succinctly: We believe that a stock that is merely cheap doesn't represent a great value, but a quality stock at a low price does.

At the midpoint of 2022, the largest individual overweights within the fund – all of which were stocks that we saw as good fits for our investment strategy – were managed care companies Cigna, Centene and UnitedHealth Group, along with Exxon Mobil; and media and cable company Comcast. Each was among the portfolio's top-10 holdings on June 30. Conversely, our largest stock-specific underweights were pharmaceutical and medical-products company Johnson & Johnson; drug maker Pfizer; Meta Platforms; energy producer Chevron; and scientific-instrument maker Thermo-Fisher Scientific. We avoided these benchmark components in Q2, as we found better matches elsewhere for our investment strategy.

At the end of the quarter, the fund's largest sector-specific overweight was in utilities. This outsized exposure grew a bit during

the three-month period. Here, we've found several attractively valued companies with the opportunity to generate above-average earnings growth, in our view. Although utilities stocks tend to underperform when interest rates go up because their dividend yields become less attractive on a relative basis, they also offer investors a guaranteed rate of return. We believe this can make them more attractive than other yield-oriented segments of the equity market, including real estate, which finished Q2 as the largest underweight. The fund also maintained a meaningful overweight in the health care sector. We particularly saw good potential among managed-care stocks, which, as we mentioned, included some of the fund's biggest relative stakes throughout the period.

Though we don't typically spend much time on macroeconomic analysis, the direction and magnitude of interest rate changes can dramatically affect our valuation analysis as we determine how much stocks are worth. If the Fed continues to pursue its stated objective of lowering inflation through quantitative tightening and higher rates, we'd expect muted total returns for the fund, despite remaining confident about its ability to perform well on a relative basis. If economic conditions deteriorate more rapidly than expected and the Fed changes course, however, we'll be ready to pivot quickly and take advantage of opportunities as they arise.

Market downturns are a normal part of investing; they happen more frequently than people think. Due in large part to the Fed's aggressive policies, we've been able to postpone shifts in the business cycle that used to happen far more regularly, maybe every four to six years. Now, because inflation has risen, the Fed has fewer tools available to try to extend the current cycle. We'd encourage shareholders to accept the inevitability of changes in the business cycle and periodic market declines – and to see them, as we do, as a chance to seek to create value by finding high-quality stocks at newly attractive prices. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Financials	20.41%	20.05%	0.36%	0.35%
Health Care	20.19%	16.86%	3.33%	1.71%
Utilities	11.26%	5.92%	5.34%	0.11%
Communication Services	8.41%	8.43%	-0.02%	-1.26%
Industrials	8.32%	10.07%	-1.75%	-0.13%
Information Technology	8.28%	8.86%	-0.58%	-1.21%
Consumer Staples	7.69%	7.02%	0.67%	-0.31%
Energy	4.72%	7.10%	-2.38%	0.25%
Consumer Discretionary	3.84%	5.98%	-2.14%	-1.39%
Materials	2.90%	4.21%	-1.31%	-0.63%
Real Estate	0.57%	5.49%	-4.92%	-0.34%
Other	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Portfolio	Index
<b>Valuation</b>		
Price/Earnings Trailing	14.5x	14.6x
Price/Earnings (IBES 1-Year Forecast)	12.8x	13.1x
Price/Book	2.2x	2.2x
Price/Cash Flow	10.9x	11.2x
Return on Equity (5-Year Trailing)	13.0%	12.2%
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	14.5%	18.3%
Earnings/Share Growth 1-Year (Trailing)	46.6%	68.7%
Earnings/Share Growth 1-Year (IBES Forecast)	12.3%	9.8%
Earnings/Share Growth 5-Year (Trailing)	12.4%	12.8%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	152.5	130.0
Weighted Median Market Cap (\$ Billions)	76.1	64.7
Median Market Cap (\$ Billions)	45.1	1.9

### LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Cigna Corp.	Health Care	2.51%
Centene Corp.	Health Care	2.43%
UnitedHealth Group, Inc.	Health Care	2.34%
Exxon Mobil Corp.	Energy	2.02%
Comcast Corp. Class A	Communication Services	1.98%

### LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Johnson & Johnson	Health Care	-2.48%
Pfizer, Inc.	Health Care	-1.58%
Meta Platforms, Inc. Class A	Communication Services	-1.55%
Chevron Corp.	Energy	-1.51%
Thermo Fisher Scientific, Inc.	Health Care	-0.99%

### 10 LARGEST HOLDINGS

Holding	Market Segment
Berkshire Hathaway, Inc. Class B	Financials
Exxon Mobil Corp.	Energy
Comcast Corp. Class A	Communication Services
Cigna Corp.	Health Care
Bristol-Myers Squibb Co.	Health Care
Centene Corp.	Health Care
UnitedHealth Group, Inc.	Health Care
JPMorgan Chase & Co.	Financials
Verizon Communications, Inc.	Communication Services
Chubb Ltd.	Financials
<b>10 Largest Holdings as a % of Net Assets</b>	<b>28.67%</b>
<b>Total Number of Holdings</b>	<b>84</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	86.29%	99.76%	-13.47%	-0.56%
International Equities	10.30%	0.24%	10.06%	-2.31%
Developed Markets	9.15%	0.19%	8.96%	-2.15%
Emerging Markets	1.15%	0.04%	1.11%	-0.16%
Tax-Advantaged Domiciles	0.00%	0.01%	-0.01%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	3.41%	0.00%	3.41%	2.87%

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	0.95	1.00
Standard Deviation	19.10%	19.74%
Sharpe Ratio	0.52	0.31
Tracking Error	3.62%	--
Information Ratio	1.00	--
R-Squared	0.97	--

## 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.

**Russell 3000 Value Index** is a market-capitalization-weighted index

designed to measure the performance of the broad value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

### 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.



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**Past performance is no guarantee of future results.**

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