

# 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):**  
\$24,812.75

**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>	11.68%	23.99%	25.33%	10.54%	11.41%	13.28%
S&P 500 Index	8.74%	16.89%	19.59%	14.60%	12.31%	12.52%
Morningstar Fund Large Growth	10.97%	24.20%	22.89%	9.53%	11.37%	--
% Rank in Morningstar Category (1% = Best)	--	--	38%	49%	55%	--
# of Funds in Morningstar Category	--	--	1,219	1,117	1,032	--

<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.**



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Performance Review

For the quarter, the fund gained 11.68%, handily topping the 8.74% advance of the benchmark S&P 500® index. Continued global economic expansion, falling commodity prices and a slowing in the pace of inflation provided a favorable backdrop for higher-risk assets, especially large-cap U.S. stocks. Aggressive monetary tightening by the U.S. Federal Reserve continued amid signs of consistent pressure on core inflation. Against this dynamic backdrop, our focus on fast-growing, "best of breed" firms contributed to performance versus the benchmark, especially within the communication services sector.

Since March 2022, the Fed has hiked its benchmark interest rate 10 times, by 5 percentage points – the fastest-ever pace of monetary tightening – while also shrinking its massive asset portfolio. The latest bump came in early May, a third consecutive raise of a stepped down 25 basis points.

The S&P 500® rose 1.56% in April, supported by moderating inflation data, a resilient labor market and indications the Fed was nearing the end of its interest rate hikes. Uncertainty about the debt ceiling resulted in some ups and downs in May (+0.43%) but did not meaningfully alter the uptrend. In June, the Fed held interest rates steady – its first pause this cycle – and signaled it was prepared to raise rates if the economy and inflation don't cool more. The index gained 6.61% for the month, raising hopes for a "soft landing" of the economy and bringing the index's year-to-date result to 16.89%.

June saw the long-awaited return of market breadth and lower dispersion. Smaller-cap stocks had a particularly strong month, achieving the best result for the category since January. Within the S&P 500, value stocks (+6.88%) edged growth (+6.38%). All 11 sectors in the index gained strongly in June, with cyclical groups leading the way.

For the full quarter, growth shares outpaced value, while larger-cap stocks topped small-caps. By sector, three growth-oriented groups stood out: Information technology (+17%), consumer discretionary (+15%) and communication services (+13%). In sharp contrast, energy returned -1% amid falling prices for oil. The defensive utilities (-2.5%), consumer staples (+0.5%) and health care (+3%) sectors also notably lagged. Financials rose roughly 5% for the three months, as banks (+5%) recovered from turmoil in March.

The fund's outperformance of the benchmark this quarter primarily reflects security selection in the media & entertainment segment of communication services, led by Meta Platforms (+35%). In April, the parent company of Facebook, Instagram and WhatsApp reported its first quarterly revenue increase in roughly a year, driven by improvement in its advertising business. Although Meta is categorized within media & entertainment, we see it as a leading, founder-led tech firm that generates a healthy operating margin and free cash flow. We added to the fund's commitment to Meta, our top holding and overweight as of midyear.

Stock picking in health care was an area of strength, led by Eli Lilly. The stock rose 37% for the three months, as mixed first-quarter financial results were overshadowed by strong sales of the company's Type 2 diabetes and obesity drug Mounjaro®. Overall, revenue at the firm continued to be pressured by falling sales of COVID-19 antibodies. Lilly, a sizable holding and overweight, revealed that its experimental Alzheimer's treatment, Donanemab, slowed patients' cognitive decline by removing plaque buildup in the brain, known as amyloid, which is seen as closely associated with the debilitating disease.

Our picks among semiconductor companies boosted relative performance, especially a sizable stake in Nvidia (+52%), a maker of graphics chips used in video games, cloud computing and artificial intelligence. Shares surged in May after the chipmaker projected a meaningful jump in sales as it capitalizes on booming interest in language-generating AI. Nvidia dominates the market for advanced graphics chips that are the lifeblood of new generative AI systems, including the viral chatbot ChatGPT. Company management said it has expanded production to meet demand that has come "literally from every corner of the world" as companies "race to apply generative AI into every product, service and business process."

In contrast, the fund's investment in shares of Regeneron Pharmaceuticals returned about -13% in the second quarter, falling after the company reported higher revenues but lower earnings in the first three months of the year. We maintained conviction in the firm and held steady the fund's sizable investment and overweight.

Lastly, essentially avoiding electric-vehicle maker and benchmark component Tesla (+26%) hurt relative performance. We were worried that the firm cut prices in the important Chinese market at the beginning of the year. But the market concentrated on Tesla's meaningful long-term opportunity as a leading maker of EVs. As of midyear, Tesla is the fund's second-largest underweight. ■

### LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Meta Platforms, Inc. Class A	Communication Services	7.82%	189
Eli Lilly & Co.	Health Care	1.54%	38
NVIDIA Corp.	Information Technology	0.99%	37
Amazon.com, Inc.	Consumer Discretionary	1.76%	29
Netflix, Inc.	Communication Services	1.21%	22

\* 1 basis point = 0.01%.

### LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Regeneron Pharmaceuticals, Inc.	Health Care	1.94%	-45
Tesla, Inc.	Consumer Discretionary	-1.49%	-29
Apple, Inc.	Information Technology	-2.65%	-24
UnitedHealth Group, Inc.	Health Care	2.95%	-18
Broadcom, Inc.	Information Technology	-0.69%	-18

\* 1 basis point = 0.01%.

## Outlook and Positioning

Aggressive monetary tightening by the world's major central banks continued in the second quarter, bringing global short-term interest rates to their highest level in more than a decade. Most investors expect the pace of rate hikes to slow and eventually stop later this year, and we believe the impact of a sharp, abrupt departure from ultra-low rates may weigh on financial markets in quarters to come.

Nominal 10-year Treasury yields reversed course and turned upward the past three months, driven by a substantial rise in real yields – the inflation-adjusted cost of borrowing. Both nominal and real yields remained at the upper end of their ranges for the past decade, supported by monetary tightening. Inflation expectations were little changed and have been fairly steady for the past few quarters.

As of midyear, the global business cycle is less synchronized and faces multiple crosswinds, in our view. The U.S. is in the late-cycle expansion phase, with solid near-term momentum but a high probability of a slowdown ahead. The rate of inflation has decelerated, but greater economic slowing may be necessary to bring down core inflation sustainably. The Fed and other central banks are likely nearing the end of their rate-hiking cycles, but global monetary tightening has dampened liquidity and added to growth risk.

Businesses pared their job openings and hiring plans, but unemployment stayed near a multidecade low and labor markets remained very tight. Global earnings growth, which has decelerated since 2021, showed signs of stabilizing in Q2.

The portfolio did not meaningfully change the past three months, as we like the companies held in the fund and did not trade much.

For many years, we have followed the investing tenet that a stock's price follows the actual and expected earnings per share of the underlying company over time. So, as the earnings outlook for the fund's holdings changed this quarter, we made only modest adjustments. We'll note that higher allocations to the communication services and information technology sectors reflect stock appreciation, not active trading. Entering the second half of 2023, the fund's position in communication services, which includes Meta, Alphabet and Netflix, stood at about 18% and was the fund's top sector overweight by a wide margin. Tech represented 25% of assets at the end of June and remained a notable underweight.

Earnings estimates for companies in the S&P 500® totaled \$225.50 for this year, and \$250 for 2024, up from \$219 in 2022. Thus, the market is paying 17.8 times next year's earnings estimate for the index, which has grown earnings 7% to 8% annually over time. It is important to note that the quality of companies in the S&P 500®, as measured by free-cash-flow margin, has significantly improved in the past 33 years. For example, the top quintile of large U.S. companies generated a free-cash-flow margin of 8% from 1950 to 1989, but in the past decade the top decile of U.S. large-caps has improved its free-cash-flow margin to an average of 20%.

Lower interest rates and tax rates provided a boost, and so did rapid growth in high-margin, low-capital-intensive global tech businesses, such as Microsoft, Apple and Meta. Importantly, the 20% free-cash-flow margin is very attractive relative to the 8% free-cash-flow yield for the rest of the large-caps in the developed world. So, even though we consider the U.S. market to be fairly valued at midyear, we believe owning leading companies with well-above-average margins and growth remains a sound strategy for the long term. Against this backdrop, we are concentrating the fund in what we consider 'best of breed' companies with a trustworthy and proven management team, a high free-cash-flow margin, and a decent growth outlook. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	24.94%	28.26%	-3.32%	0.03%
Communication Services	17.56%	8.39%	9.17%	3.10%
Financials	14.88%	12.42%	2.46%	0.12%
Health Care	13.47%	13.42%	0.05%	-0.95%
Consumer Discretionary	9.41%	10.66%	-1.25%	-0.70%
Industrials	5.71%	8.49%	-2.78%	-0.37%
Energy	4.37%	4.11%	0.26%	-1.01%
Materials	2.90%	2.50%	0.40%	-0.08%
Consumer Staples	2.69%	6.67%	-3.98%	0.07%
Utilities	0.28%	2.58%	-2.30%	0.31%
Real Estate	0.03%	2.49%	-2.46%	0.07%
Other	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Portfolio	Index
<b>Valuation</b>		
Price/Earnings Trailing	26.2x	22.9x
Price/Earnings (IBES 1-Year Forecast)	21.5x	19.4x
Price/Book	4.3x	4.4x
Price/Cash Flow	17.1x	16.1x
Return on Equity (5-Year Trailing)	17.8%	18.1%
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	13.4%	13.1%
Earnings/Share Growth 1-Year (Trailing)	-18.9%	-11.1%
Earnings/Share Growth 1-Year (IBES Forecast)	13.6%	8.1%
Earnings/Share Growth 5-Year (Trailing)	23.4%	18.9%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	728.4	676.0
Weighted Median Market Cap (\$ Billions)	305.2	189.6
Median Market Cap (\$ Billions)	40.6	31.1

### LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Meta Platforms, Inc. Class A	Communication Services	8.47%
Berkshire Hathaway, Inc. Class A	Financials	6.59%
UnitedHealth Group, Inc.	Health Care	2.51%
Amazon.com, Inc.	Consumer Discretionary	1.86%
Regeneron Pharmaceuticals, Inc.	Health Care	1.68%

### LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Apple, Inc.	Information Technology	-2.62%
Tesla, Inc.	Consumer Discretionary	-1.86%
Johnson & Johnson	Health Care	-1.00%
Procter & Gamble Co.	Consumer Staples	-0.96%
Broadcom, Inc.	Information Technology	-0.77%

### 10 LARGEST HOLDINGS

Holding	Market Segment
Meta Platforms, Inc. Class A	Communication Services
Berkshire Hathaway, Inc. Class A	Financials
Microsoft Corp.	Information Technology
Apple, Inc.	Information Technology
Amazon.com, Inc.	Consumer Discretionary
NVIDIA Corp.	Information Technology
UnitedHealth Group, Inc.	Health Care
Eli Lilly & Co.	Health Care
Alphabet, Inc. Class A	Communication Services
Alphabet, Inc. Class C	Communication Services
<b>10 Largest Holdings as a % of Net Assets</b>	<b>50.02%</b>
<b>Total Number of Holdings</b>	<b>348</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	91.03%	100.00%	-8.97%	0.77%
International Equities	5.20%	0.00%	5.20%	-0.19%
Developed Markets	4.34%	0.00%	4.34%	-0.20%
Emerging Markets	0.86%	0.00%	0.86%	0.01%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.01%	0.00%	0.01%	0.00%
Cash & Net Other Assets	3.76%	0.00%	3.76%	-0.58%

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	1.02	1.00
Standard Deviation	19.26%	18.19%
Sharpe Ratio	0.48	0.73
Tracking Error	5.40%	--
Information Ratio	-0.75	--
R-Squared	0.92	--

## Definitions and Important Information

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

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### CHARACTERISTICS

**Earnings-Per-Share Growth Trailing** measures the growth in reported earnings per share over trailing one- and five-year periods.

**Earnings-Per-Share Growth (IBES 1-Year Forecast)** measures the growth in reported earnings per share as estimated by Wall Street analysts.

**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 Index** 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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