

# Fidelity Advisor<sup>®</sup> Hedged Equity Fund

## Investment Approach

- Fidelity Advisor<sup>®</sup> Hedged Equity Fund seeks to provide capital appreciation by offering equity exposure while aiming to enhance performance during periods of market volatility – such as during drawdowns, sell-offs and bear markets – by employing an options-based hedging strategy.
- The fund uses a disciplined approach to construct an equity portfolio with similar risk-return characteristics to the S&P 500<sup>®</sup> index. It also employs a disciplined options-based strategy designed to minimize downside capture (offset or mitigate a decrease in the value of the fund's investments) during market fluctuation. The extent of this protection will vary and will be determined primarily based on the cost of the put options in the marketplace.
- This defensive equity strategy can serve as a core portfolio holding and may help reduce detrimental, emotional market-timing decisions.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF <sup>1</sup>
Fidelity Advisor Hedged Equity Fund - Class I Gross Expense Ratio: 0.60% <sup>2</sup>	-4.04%	-4.04%	13.30%	13.67%	--	11.18%
CBOE S&P 500 5% Put Protection Index	-5.74%	-5.74%	10.61%	13.94%	7.27%	11.37%
S&P 500 Index	-4.33%	-4.33%	17.80%	18.32%	12.06%	16.60%
Morningstar Equity Hedged	-1.18%	-1.18%	12.43%	10.02%	5.56%	--
% Rank in Morningstar Category (1% = Best)	--	--	35%	14%	--	--
# of Funds in Morningstar Category	--	--	161	138	--	--

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 09/01/2022.

<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 Class I shares. Class I shares are sold to eligible investors without a sales charge or 12b-1 fee as defined in the fund's Class I prospectus. Other share classes with these fees would have had lower performance. To learn more or to obtain the most recent month-end or other share-class performance, visit [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.

## FUND INFORMATION

### Manager(s):

Zach Dewhirst  
Eric Granat

### Trading Symbol:

FEQJX

### Start Date:

September 01, 2022

### Size (in millions):

\$675.70

### Morningstar Category:

Equity Hedged

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. "Growth" stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks. "Value" stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for long periods of time. The Fund uses investment techniques that are different from the risks ordinarily associated with traditional equity investments and are considered complex trading strategies. The Fund may purchase or write (i.e., sell) put and call options. The notional downside protection offered by the option may be less or greater than the value of the Fund's portfolio. Options may involve economic leverage, which could result in greater volatility in price movement. Certain transaction costs associated with purchasing and writing options may impact the Fund's returns and in highly volatile markets the cost is expected to increase. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly. These alternative investment strategies may not be suitable for all investors and are not intended to be a complete investment program for any investor. There is no assurance that the Fund will be profitable.



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Performance Review

The fund's Class I shares returned -4.04% in the first quarter, versus -4.33% for the benchmark S&P 500® index and -5.74% for the CBOE S&P 500 5% Put Protection Index.

U.S. stocks were challenged in Q1, as concern about the viability of artificial intelligence-related investments began to surface and conflict in the Middle East took center stage in late February, sapping a stock market that entered 2026 with strong momentum.

The Iran war sent a shockwave through oil markets, with the potential to dampen growth and stoke inflation. Against this backdrop, growth stocks widely lagged value in Q1, while small-caps bested large-caps.

This backdrop was in stark contrast to the one underpinning the historically fast rally that began in early April 2025, when U.S. stocks were supported by strong corporate fundamentals, a resilient economy, an ongoing boom in spending on AI and, beginning in September, the Federal Reserve's first interest-rate reductions since December 2024.

As 2026 began, investors expected the uptrend to continue, driven by AI-fueled capital expenditures, fiscal support from the massive tax and spending package passed in July 2025, and strong corporate earnings. Instead, the index moved lower amid geopolitical uncertainty, persistent inflation and elevated asset valuations.

In January, the S&P 500® showed signs of fading momentum, largely due to concern about a potential AI bubble, but still gained 1.45% for the month. A lackluster February produced the index's first monthly decline since April 2025, with stocks returning -0.76% ahead of joint U.S.-Israeli strikes on Iran that began on February 28.

The price of crude oil spiked to as high as \$120 per barrel following the closing of the Strait of Hormuz, which accounts for roughly 35% of global crude exports. As the conflict spread and other nations and militant groups interceded, the S&P 500® returned -4.98% in March.

Against this backdrop, the fund slightly outpaced the S&P 500® for the three months. While the fund's put options helped provide some downside protection during the quarter, the relatively modest market decline did not reach the level at which the strategy is typically most effective – namely, during more pronounced drawdowns exceeding the mid-single-digit range.

As a result, the fund continued to bear much of the cost of this protection, and the downturn was not severe enough for it to meaningfully offset equity losses.

The fund more notably outperformed its supplemental benchmark, the CBOE index, benefiting from active management and timely gains taken on protective positions early in the quarter. ■

### LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Put option on Standard & Poors Indices with an exercise rate 6140 on Chicago Board Options Exchange expires 4/17/2026	Futures and Options	-0.48%	67
S&P 500 Index	Futures and Options	-3.28%	41
S&P 500 Index	Futures and Options	-2.19%	26
S&P 500 Index	Futures and Options	-11.12%	21
Occidental Petroleum Corp	Energy	0.27%	14

\* 1 basis point = 0.01%.

### LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
S&P 500 Index	Futures and Options	-25.59%	-177
S&P 500 Index	Futures and Options	-22.39%	-116
Put option on Standard & Poors Indices with an exercise rate 6500 on Chicago Board Options Exchange expires 5/15/2026	Futures and Options	-11.14%	-111
Put option on Standard & Poors Indices with an exercise rate 4300 on Chicago Board Options Exchange expires 2/19/2027	Futures and Options	-8.91%	-103
S&P 500 Index	Futures and Options	-14.49%	-93

\* 1 basis point = 0.01%.

## Outlook and Positioning

The fund uses S&P 500 put options to provide downside protection under certain market conditions. This approach is implemented through an options-based hedging strategy alongside an equity portfolio designed to have risk-return characteristics similar to those of the S&P 500®.

We have intentionally built the strategy to be more defensive than its benchmark and peers during periods of peak volatility. As markets decline, the portfolio becomes increasingly protective, offering a measure of relative safety during sharp downturns.

Each month, we follow a systematic schedule, purchasing diversified put options that we believe offer strong downside protection. We maintain three short-term puts – one, two and three months – intended to shield the fund through the first 10% of a market decline. The portfolio also holds and rolls longer-dated puts (10, 11 and 12 months).

While these longer-dated options may expire worthless, they meaningfully enhance the fund's defensive profile and serve as contingency protection in periods of pronounced market stress.

We would also like to note that this active and diversified put-buying strategy clearly distinguishes the fund from others in its peer group. Many comparable strategies offer downside protection that is capped at a defined threshold due to a short put allocation, which can re-expose those portfolios to downside risk in the most severe market pullbacks.

Looking ahead, while we cannot predict capital markets, we believe our explicit cost model for put protection should serve the fund well, particularly during periods of rising volatility or sharp dips.

This model supports a disciplined approach to purchasing put options and also may help position the fund effectively in rising markets.

As always, thank you for your faith in our stewardship of the fund. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	31.53%	32.91%	-1.38%	-0.38%
Financials	12.18%	12.60%	-0.42%	-0.22%
Communication Services	10.10%	10.29%	-0.19%	0.70%
Consumer Discretionary	9.15%	9.87%	-0.72%	0.13%
Health Care	8.69%	9.47%	-0.78%	0.01%
Industrials	8.27%	9.02%	-0.75%	-0.31%
Consumer Staples	5.33%	5.25%	0.08%	-0.21%
Energy	3.85%	4.01%	-0.16%	0.17%
Utilities	2.57%	2.54%	0.03%	-0.06%
Materials	2.13%	2.09%	0.04%	0.16%
Real Estate	1.96%	1.95%	0.01%	0.05%
Multi Sector	1.81%	--	1.81%	-1.10%
Other	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Portfolio	Index
<b>Valuation</b>		
Price/Earnings Trailing	24.9x	25.0x
Price/Earnings (IBES 1-Year Forecast)	20.4x	20.2x
Price/Book	5.0x	5.1x
Price/Cash Flow	19.0x	19.9x
Return on Equity (5-Year Trailing)		
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	14.1%	14.0%
Earnings/Share Growth 1-Year (Trailing)	17.1%	15.5%
Earnings/Share Growth 1-Year (IBES Forecast)	21.7%	22.4%
Earnings/Share Growth 5-Year (Trailing)	21.3%	21.0%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	1244.0	1223.0
Weighted Median Market Cap (\$ Billions)	412.6	331.6
Median Market Cap (\$ Billions)	13.1	39.9

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
iShares Core S&P 500 ETF	Multi Sector	1.81%
Occidental Petroleum Corp	Energy	0.31%
Exelon Corp	Utilities	0.30%
Ameren Corp	Utilities	0.29%
Republic Services Inc	Industrials	0.29%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Put option on Standard & Poors Indices with an exercise rate 6140 on Chicago Board Options Exchange expires 4/17/2026	Futures and Options	-27.35%
Put option on Standard & Poors Indices with an exercise rate 6150 on Chicago Board Options Exchange expires 6/18/2026	Futures and Options	-24.48%
Put option on Standard & Poors Indices with an exercise rate 6500 on Chicago Board Options Exchange expires 5/15/2026	Futures and Options	-24.15%
Put option on Standard & Poors Indices with an exercise rate 4300 on Chicago Board Options Exchange expires 2/19/2027	Futures and Options	-20.36%
Put option on Standard & Poors Indices with an exercise rate 4000 on Chicago Board Options Exchange expires 3/19/2027	Futures and Options	-17.70%

## 10 LARGEST HOLDINGS

Holding	Market Segment
NVIDIA Corp	Information Technology
Apple Inc	Information Technology
Alphabet Inc Class A	Communication Services
Microsoft Corp	Information Technology
Amazon.com Inc	Consumer Discretionary
Broadcom Inc	Information Technology
Meta Platforms Inc Class A	Communication Services
Tesla Inc	Consumer Discretionary
iShares Core S&P 500 ETF	Multi Sector
Berkshire Hathaway Inc Class B	Financials
<b>10 Largest Holdings as a % of Net Assets</b>	<b>37.78%</b>
<b>Total Number of Holdings</b>	<b>455</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	98.44%	99.46%	-1.02%	0.11%
International Equities	1.20%	0.54%	0.66%	-0.03%
Developed Markets	0.97%	0.54%	0.43%	-0.06%
Emerging Markets	0.23%	0.00%	0.23%	0.03%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.36%	0.00%	0.36%	-0.08%

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	0.83	1.00
Standard Deviation	9.70%	12.06%
Sharpe Ratio	0.90	1.11
Tracking Error	2.64%	--
Information Ratio	-0.10	--
R-Squared	0.97	--

## Definitions and Important Information

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you.

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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.

### 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.

**Cboe S&P 500 5% Put Protection Index** tracks the value of a hypothetical portfolio of securities (PPUT portfolio) designed to protect an investor from negative S&P 500 returns. The PPUT portfolio is composed of S&P 500® stocks and of a long position in a one-month 5% out-of-the-money put option on the S&P 500 (SPX put).

### 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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