

Fidelity Advisor® Health Care Fund

Investment Approach

- Fidelity Advisor® Health Care Fund is a sector-based, equity-focused strategy that seeks to outperform its benchmark through active management.
- Stock picking is the core of our investment process and relies on fundamental, bottom-up research. We look to leverage Fidelity's deep and experienced global health care team in building a broad portfolio of health care companies, ranging from high-quality, stable earnings growers to opportunistic names producing innovative products that disrupt the marketplace.
- Our fundamental analysis focuses on free cash flow and capital allocation, which we believe are the biggest drivers of long-term shareholder value, and also examines market opportunity, sales growth and margin outlook.
- We seek to concentrate the portfolio in our best ideas, but carefully manage risk through position sizing.
- Sector strategies could be used by investors as alternatives to individual stocks for either tactical- or strategic-allocation purposes.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Fidelity Advisor Health Care Fund - Class I Gross Expense Ratio: 0.69% ²	-0.99%	-0.99%	-3.29%	0.84%	7.32%	6.38%
S&P 500 Index	-4.27%	-4.27%	8.25%	9.06%	18.59%	12.50%
MSCI US IMI Health Care 25/50	4.80%	4.80%	-0.62%	2.89%	11.39%	8.59%
Morningstar Fund Health	-1.46%	-1.46%	-6.28%	-1.28%	6.84%	5.31%
% Rank in Morningstar Category (1% = Best)	--	--	42%	45%	61%	46%
# of Funds in Morningstar Category	--	--	175	165	149	117

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 09/03/1996.

² 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 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.

FUND INFORMATION

Manager(s):
Eddie Yoon

Trading Symbol:
FHCIX

Start Date:
September 03, 1996

Size (in millions):
\$3,738.05

Morningstar Category:
Fund Health

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Focus funds can be more volatile because of their narrow concentration in a specific industry. The health care industries are subject to government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price and availability, and can be significantly affected by rapid obsolescence and patent expirations. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The fund may have additional volatility because it can invest a significant portion of assets in securities of a small number of individual issuers.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Market Review

After significantly underperforming the broad market S&P 500® index in 2024, health care stocks advanced 4.80% in the first quarter, according to the MSCI U.S. IMI Health Care 25/50 Index. The sector topped the -4.27% result of the S&P 500® index. The broader U.S. stock market declined, in part because post-election optimism gave way to investor concern about the impact of a flurry of executive actions by the new administration, disruption to government programs and a spike in uncertainty stemming from shifting policy priorities, especially related to trade and tariffs. Against pronounced market volatility, traditionally defensive sectors, including health care, generally outperformed whereas more cyclical stocks and other areas of the market lagged.

Still, performance was mixed among the industries within the MSCI health care index. The strongest industry performer within the index was health care services (+23%). This segment benefit from optimism that policies from the new administration would support health care services companies. In addition, the Centers for Medicare and Medicaid Services announced higher-than-expected payment rate increases for Medicare Advantage plans in April, lifting the industry. One top-performing stock from this group was Cigna (+20%), as investors noted the company's solid fundamentals, including robust growth in its Evernorth Health Services business and a robust financial position. Another strong-performing group was health care distributors (+18%). Robust demand for specialty and branded pharma drugs boosted stocks like drug distributor McKesson, which gained roughly 18% in Q1.

Conversely, the life science tools & services industry returned -11% during the past three months. Stocks in this industry, such as Thermo Fisher Scientific (-4%) experienced declining demand as people used fewer COVID tests and companies worked through pandemic-related inventory.

Health care supplies (-9%) also fell in the first quarter of 2025, as new tariffs by the Trump administration, announced in March, weighed on suppliers whose business is reliant on import/exports, such as ICU Medical (-16%). ■

Performance Review

For the first quarter of 2025, the fund's Class I shares returned -0.99%, underperforming the MSCI health care index.

Stock selection significantly hurt on the fund's performance versus the MSCI health care index in the first quarter, especially choices in biotechnology and pharmaceuticals. Among individual stocks, avoiding outperforming index components AbbVie (+19%) and Johnson & Johnson (+16%) notably weighed on the fund's relative result. Shares of AbbVie trended higher in January after the drugmaker reported Q4 and full-year financial results that exceeded analysts' consensus expectation. Robust sales for the company's immunology therapies Skyrizi® and Rinvoq® helped the stock, in addition to management raising its sales outlook for these key drugs. Meanwhile, pharmaceutical giant J&J reported favorable quarterly financial results, including revenue growth at both its drug and medical device divisions. Additionally, management offered an upbeat sales forecast for 2025, despite an estimated 2% negative impact from foreign exchange. We preferred higher growth biotech and pharma stocks; thus, we did not own these names in the fund.

Turning to contributors, longtime fund holding Boston Scientific (+13%) was our top relative contributor. The stock of Boston Scientific gained ground through the midpoint of the quarter, when the medical device company released financial results that were better than Wall Street analysts had anticipated. Management attributed the favorable outcome to strong sales in its cardiovascular division, and particularly the successful launch of its Farapulse™ pulsed field ablation system, which relies on electrical pulses to treat abnormal heart rhythm in patients. We reduced the position but Boston Scientific was our No. 2 holding and largest overweight versus the MSCI sector index at quarter end. It also helped to overweight managed health care provider Alignment Healthcare (+64%), a position we reduced this quarter to lock in some profit for the fund. ■

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Boston Scientific Corp	Health Care Equipment	8.88%	68
Alignment Healthcare Inc	Managed Health Care	0.76%	37
Merck & Co Inc	Pharmaceuticals	-2.74%	36
Penumbra Inc	Health Care Equipment	4.88%	36
Cigna Group/The	Health Care Services	1.05%	21

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
AbbVie Inc	Biotechnology	-5.59%	-75
Johnson & Johnson	Pharmaceuticals	-6.14%	-63
Exact Sciences Corp	Biotechnology	1.90%	-60
Glaukos Corp	Health Care Equipment	1.22%	-52
Vaxcyte Inc	Biotechnology	0.77%	-47

* 1 basis point = 0.01%.

Outlook and Positioning

We think many health care stocks are well-positioned for the remainder of the year. Specifically, we're still seeing a lot of green shoots in terms of innovative, viable drug candidates in biotechnology, where the fund is overweight versus the index at quarter end. Just this year, biotech firms have been reporting encouraging clinical data in blockbuster categories that could move the needle for industry sales.

In particular, so-called specialty drugs, which typically are new drug categories that start at higher price points, have recently seen sales expanding by 15% to 17% a year. In particular, Alnylam Pharmaceuticals and argenx – two large fund holdings – have candidates that are fully funded into approval. Alnylam has been a leader in RNA interference, a type of therapeutic treatment that can "silence" or turn off the production of specific genes that contribute to or cause a disease. The company focuses on treating rare diseases and those with unmet medical needs, such as transthyretin amyloid cardiomyopathy, a potentially fatal heart disease that occurs when faulty proteins build up in the heart. Meanwhile, argenx primarily develops antibody-based therapies for autoimmune diseases, including diseases that cause muscle weaknesses. Other tailwinds in biotech include a decrease in the cost of genome sequencing, the expansion of cell-based therapies and the accelerated pace of drug discovery.

The fund remains underweight GLP-1 producers, including Eli Lilly, where we think it's difficult to price in more upside for the stocks.

Capital markets have picked up and we hope to see more mergers and acquisitions in the biotech space. As big pharma stocks face looming patent cliffs stretching out into the late-2020s, we think more of the large-cap pharma firms will try to fill these gaps by acquiring innovative biotechs. We're especially bullish on the small- to mid-cap area of the biotech market, where we own some late-stage clinical assets with attractive risk-reward dynamics.

Some headwinds that held the stocks back in the past 12 months may be poised to fade. For example, the unexpected acceleration in utilization is likely to eventually reverse. Any indication that we've reached the peak of utilization could be positive for the performance of managed-care providers. In addition, the new presidential administration could favor policies that are more advantageous for the sector – particularly for managed care companies – such as allowing for greater flexibility over Medicare Advantage policy prices and risk coding, and by potentially pausing or even reversing some of the previous administration's policies.

As for Danaher and its peers in the life sciences tools & services category, we're hopeful we'll see improvements after the industries prolonged period of COVID-related inventory draw outs. As of quarter end, the fund is underweight in this category. Danaher is the fund's largest position here, and the No. 5 holding overall as of March 31. In health care equipment, the fund's largest industry overweight, we remain positive on stocks such as Boston Scientific, Stryker, Insulet and Penumbra – all of which are top-10 fund holdings at quarter end. These companies are not immune to demand disruption, but we believe they can benefit from idiosyncratic growth trends.

Overall, the sector also sports improving business fundamentals, such as cash flow, and a vast and diverse number of industries with a combination of defensive and growth characteristics that may be attractive in a variety of scenarios. In terms of overall positioning, this quarter we added to our stake in health care services and managed health care, whereas we reduced our exposure to health care distributors, health care facilities and life sciences tools & services. Our biggest individual overweights at quarter end were Boston Scientific, Penumbra, UnitedHealth Group, Masimo and Insulet. Meanwhile, our top-five underweights versus the MSCI sector index were Johnson & Johnson, AbbVie, Eli Lilly, Abbott Laboratories and Merck. ■

10 LARGEST HOLDINGS

Holding	Market Segment
UnitedHealth Group Inc	Managed Health Care
Boston Scientific Corp	Health Care Equipment
Eli Lilly & Co	Pharmaceuticals
Penumbra Inc	Health Care Equipment
Danaher Corp	Life Sciences Tools & Services
Masimo Corp	Health Care Equipment
Insulet Corp	Health Care Equipment
Stryker Corp	Health Care Equipment
Cigna Group/The	Health Care Services
Argenx SE ADR	Biotechnology
10 Largest Holdings as a % of Net Assets	53.15%
Total Number of Holdings	119

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.

CHARACTERISTICS

	Portfolio	Index
Valuation		
Price/Earnings Trailing	78.2x	26.8x
Price/Earnings (IBES 1-Year Forecast)	37.8x	18.7x
Price/Book	4.7x	4.8x
Price/Cash Flow	45.8x	21.1x
Return on Equity (5-Year Trailing)	7.4%	18.4%
Growth		
Sales/Share Growth 1-Year (Trailing)	14.5%	11.5%
Earnings/Share Growth 1-Year (Trailing)		
Earnings/Share Growth 1-Year (IBES Forecast)	149.3%	27.3%
Earnings/Share Growth 5-Year (Trailing)	6.2%	5.1%
Size		
Weighted Average Market Cap (\$ Billions)	149.6	237.7
Weighted Median Market Cap (\$ Billions)	35.4	148.8
Median Market Cap (\$ Billions)	3.2	1.6

LARGEST OVERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Health Care Equipment	30.63%	19.99%	10.63%	0.49%
Biotechnology	25.40%	20.04%	5.36%	-0.61%
Managed Health Care	15.42%	11.13%	4.28%	4.57%
Health Care Services	6.98%	4.54%	2.44%	0.60%
Health Care Technology	3.14%	0.87%	2.26%	0.45%

LARGEST UNDERWEIGHTS BY MARKET SEGMENT

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Pharmaceuticals	10.16%	28.47%	-18.31%	-1.15%
Health Care Distributors	--	2.96%	-2.96%	-2.33%
Life Sciences Tools & Services	6.84%	8.86%	-2.02%	-2.12%
Health Care Facilities	0.64%	1.98%	-1.34%	-0.58%
Health Care Supplies	0.22%	1.15%	-0.93%	0.19%

LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Boston Scientific Corp	Health Care Equipment	8.16%
Penumbra Inc	Health Care Equipment	4.99%
UnitedHealth Group Inc	Managed Health Care	4.40%
Masimo Corp	Health Care Equipment	3.44%
Insulet Corp	Health Care Equipment	2.99%

LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Johnson & Johnson	Pharmaceuticals	-6.57%
AbbVie Inc	Biotechnology	-6.09%
Eli Lilly & Co	Pharmaceuticals	-5.55%
Abbott Laboratories	Health Care Equipment	-3.78%
Merck & Co Inc	Pharmaceuticals	-2.81%

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	89.98%	100.00%	-10.02%	-0.39%
International Equities	9.08%	0.00%	9.08%	-0.29%
Developed Markets	6.99%	0.00%	6.99%	-1.05%
Emerging Markets	2.09%	0.00%	2.09%	0.76%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Bonds	0.52%	0.00%	0.52%	0.24%
Cash & Net Other Assets	0.42%	0.00%	0.42%	0.44%

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	15.17%	13.92%
Sharpe Ratio	-0.24	-0.11
Tracking Error	6.88%	--
Information Ratio	-0.30	--
R-Squared	0.80	--

Definitions and Important Information

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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.

MSCI U.S. IMI Health Care 25/50 Index represents the performance of the MSCI US IM Health Care 25/50 Index since January 1, 2010, and the MSCI US Investable Market Health Care Index prior to that date.

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.

Select Health Care Linked Index represents the performance of the MSCI US IM Health Care 25/50 Index since January 1, 2010, the MSCI US Investable Market Health Care Index from October 2, 2006 to December 31, 2009, and the Goldman Sachs Healthcare Index prior to that date.

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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