Fidelity Viewpoints®

market sense

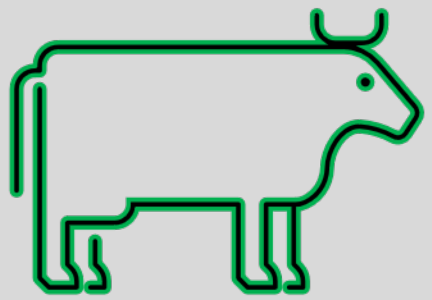
The latest headlines, the current market conditions, and what it all means for you.

Fidelity INVESTMENTS®

Semiconductors: Bull vs. Bear

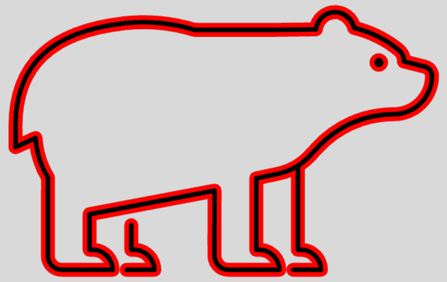
Will the AI demand grow fast enough to absorb the buildout before investors lose patience?

Bull case for semis



- AI demand still supply constrained
- Hyperscalers continue aggressive capex
- Inference demand explodes (agentic AI, enterprise AI, robotics, Industry 4.0)
- New workloads emerge faster than expected

Bear case for semis



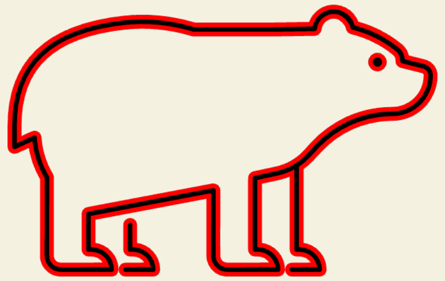
- Compute demand may not justify current buildout
- ROI visibility remains limited
- Token costs fall and monetization disappoints
- Compute efficiency improves faster than demand

Source: Fidelity Capital Markets Strategy Group

The Fed & Rates

The bull vs. bear debate

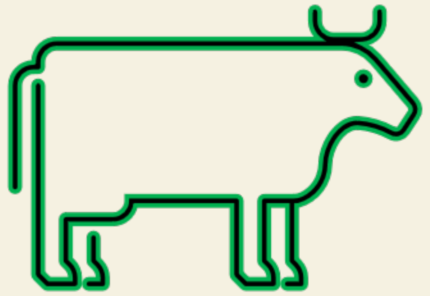
BEAR



"Rates stay higher because inflation is sticky"

- Falling P/E ratios
- Bond volatility
- Market correction

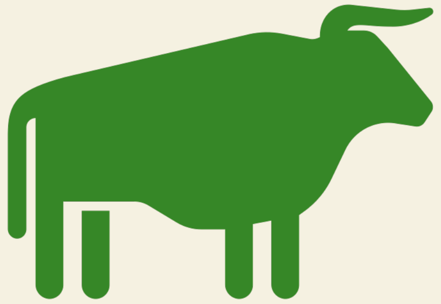
BULL



"Rates stay higher because growth is stronger"

- Better earnings
- Productivity
- Broadening

Strong BULL



"AI productivity begins offsetting inflationary pressures"

- Strong GDP
- Earnings
- Stable inflation

Source: Fidelity Capital Markets Strategy Group

Watch other Market Sense episodes

The 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. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. You cannot invest directly in an index.

Diversification and/or asset allocation do not ensure a profit or protect against loss.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets. These risks are particularly significant for investments that focus on a single country or region.

Fixed income investments entail interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer or counterparty default, issuer credit risk and inflation risk. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks all of which are magnified in emerging markets.

While it may seem appealing to look at bonds that offer higher yields, investors should consider those higher yields to be a sign of potentially greater risk.

Treasury securities typically pay less interest than other securities in exchange for lower default or credit risk. Treasuries are susceptible to fluctuations in interest rates, with the degree of volatility increasing with the amount of time until maturity. As rates rise, prices will typically decline.

The gold industry can be significantly affected by international monetary and political developments such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries. Fluctuations in the price of gold often dramatically affect the profitability of companies in the gold sector. Changes in the political or economic climate, especially in gold producing countries such as South Africa and the former Soviet Union, may have a direct impact on the price of gold worldwide. The gold industry is extremely volatile, and investing directly in physical gold may not be appropriate for most investors. Bullion and coin investments in FBS accounts are not covered by either the SIPC or insurance "in excess of SIPC" coverage of FBS or NFS.

Fidelity INVESTMENTS

Watch other Market Sense episodes

The Chartered Financial Analyst designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA is a trademark owned by the CFA Institute.

Fidelity does not provide legal or tax advice. The information herein is general and educational in nature and should not be considered legal or tax advice. Tax laws and regulations are complex and subject to change, which can materially impact investment results. Fidelity cannot guarantee that the information herein is accurate, complete, or timely. Fidelity makes no warranties with regard to such information or results obtained by its use and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy or sell any securities. Views expressed are as of the date indicated, based on the information available at that time, and may change based on market and other conditions.

Unless otherwise noted, the opinions provided are those of the speakers and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not

assume any duty to update any of the information.

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 clients' 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 them and receive compensation, directly or indirectly, in connection with the management, distribution, or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

Investing involves risk, including risk of loss.

Past performance is no guarantee of future results.

Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Personal and workplace investment products are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

1277016.1.0