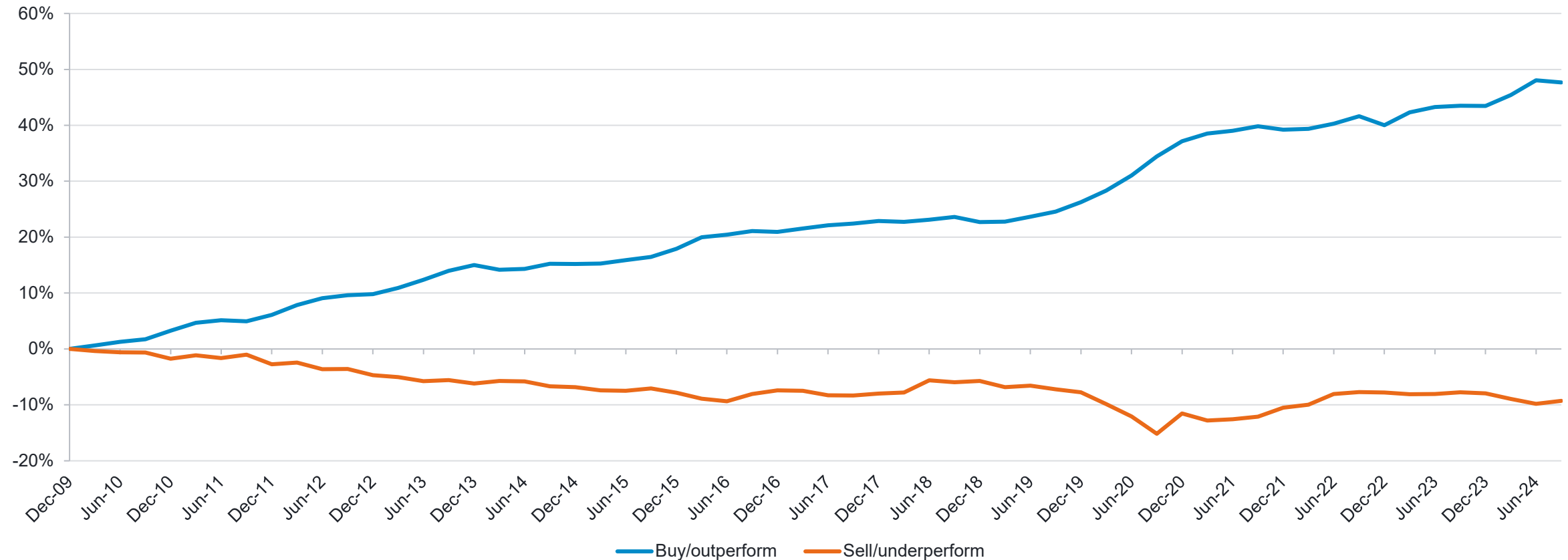




New regimes
Analyst Survey 2025

Research has delivered over the long term

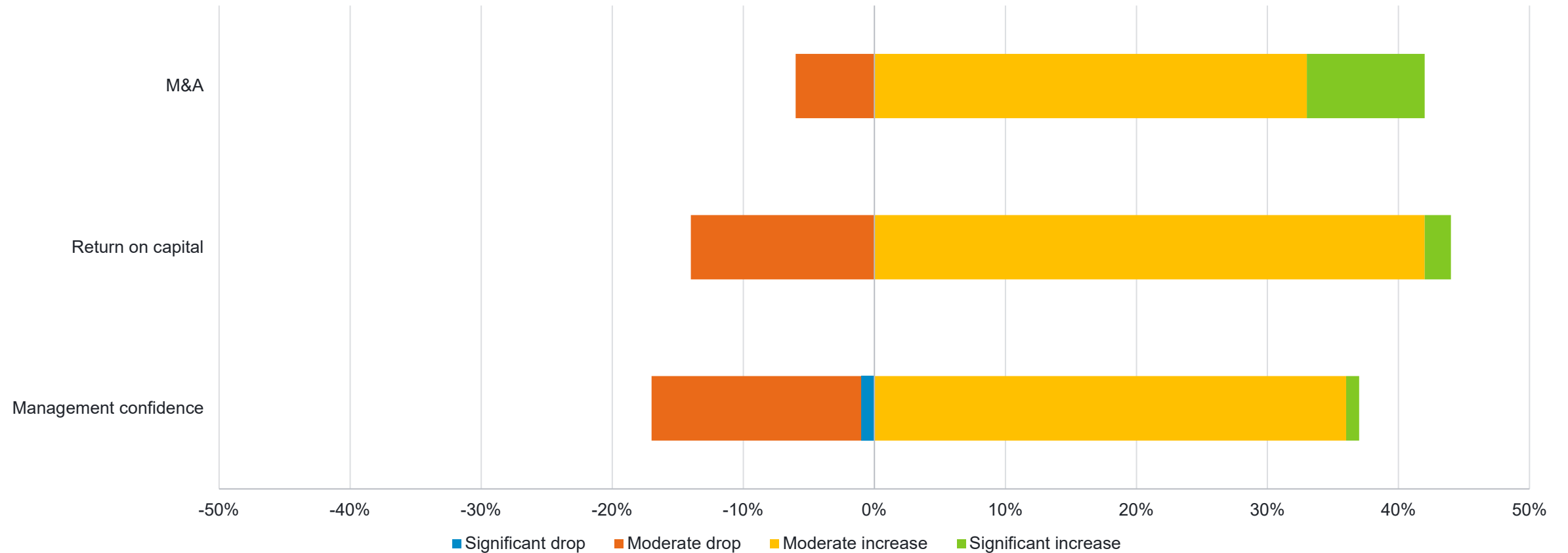
Research analysts' 'buy' recommendations have outperformed historically



Note: Regional returns weighted by market cap of companies rated either buy/outperform or sell/underperform. Value add calculated vs regional indices. Past performance is not a reliable indicator of future returns. Source: Fidelity International, September 2024.

Optimism on top

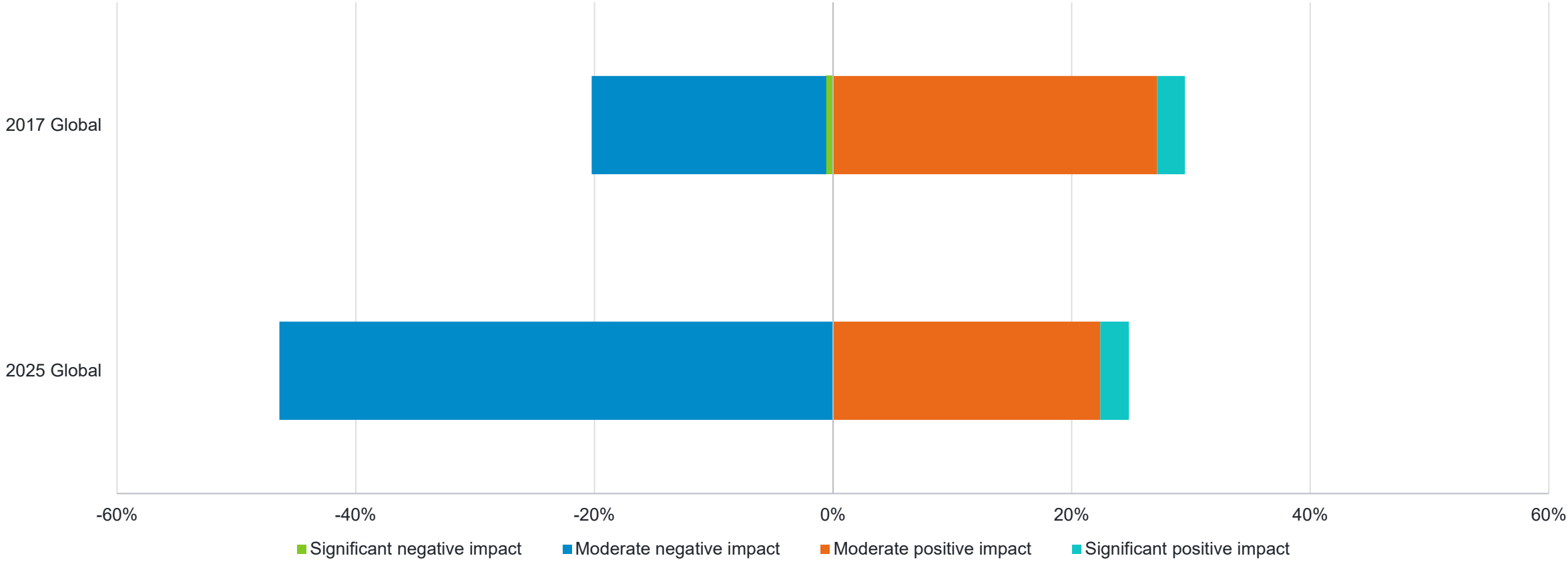
Management teams positive on returns on capital, M&A, and management confidence



Note: Chart shows percentage of analysts responding to the questions "How would you describe the confidence level of your companies' management teams to invest in their businesses over the next 12 months, compared to the previous 12 months?", "What is the outlook for overall returns on capital for your companies for the next 12 months?", and "Do you think M&A will be any more or less prevalent among your companies over the next 12 months?". Responses that indicated an expectation of no or little change are not shown. Source: Fidelity International, January 2025.

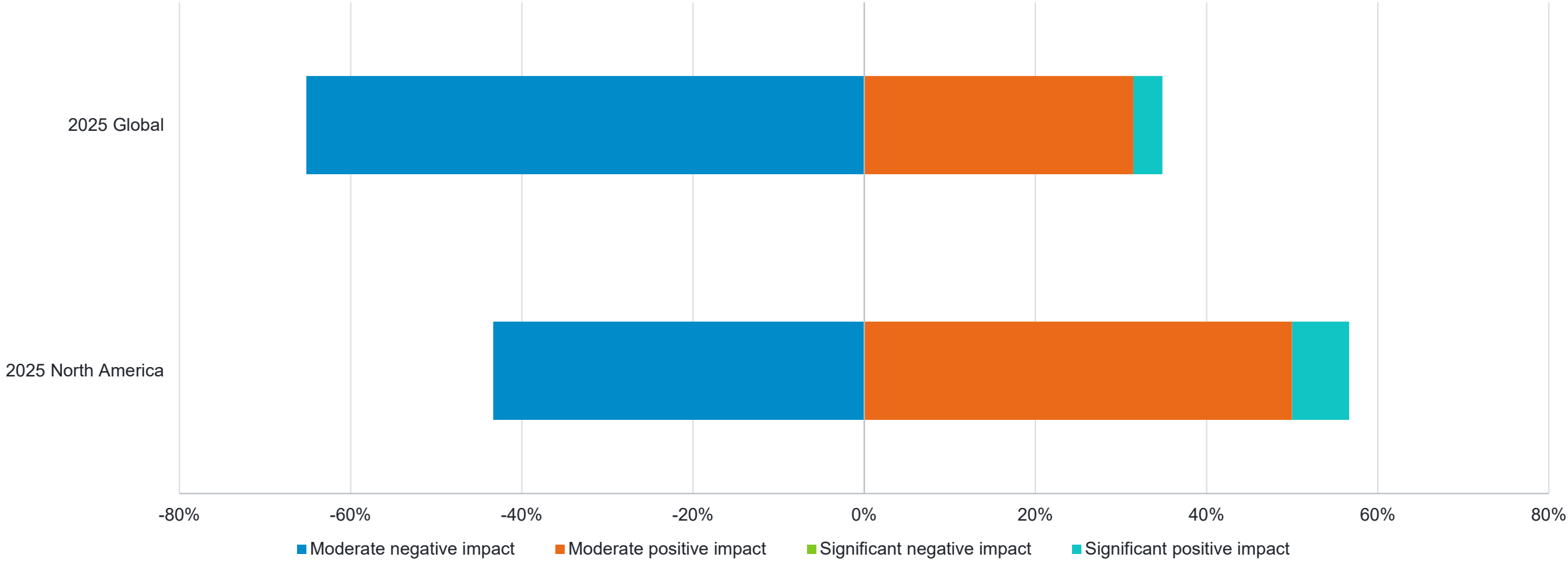
Trump 2.0

Analysts are expecting more impact from this Trump presidency than in 2017



Note: Chart shows percentage of analysts responding to the question "What impact are your companies expecting from Trump's presidency over the next two years?" Analysts who responded "No impact" are not shown on the chart. Source: Fidelity International, January 2025.

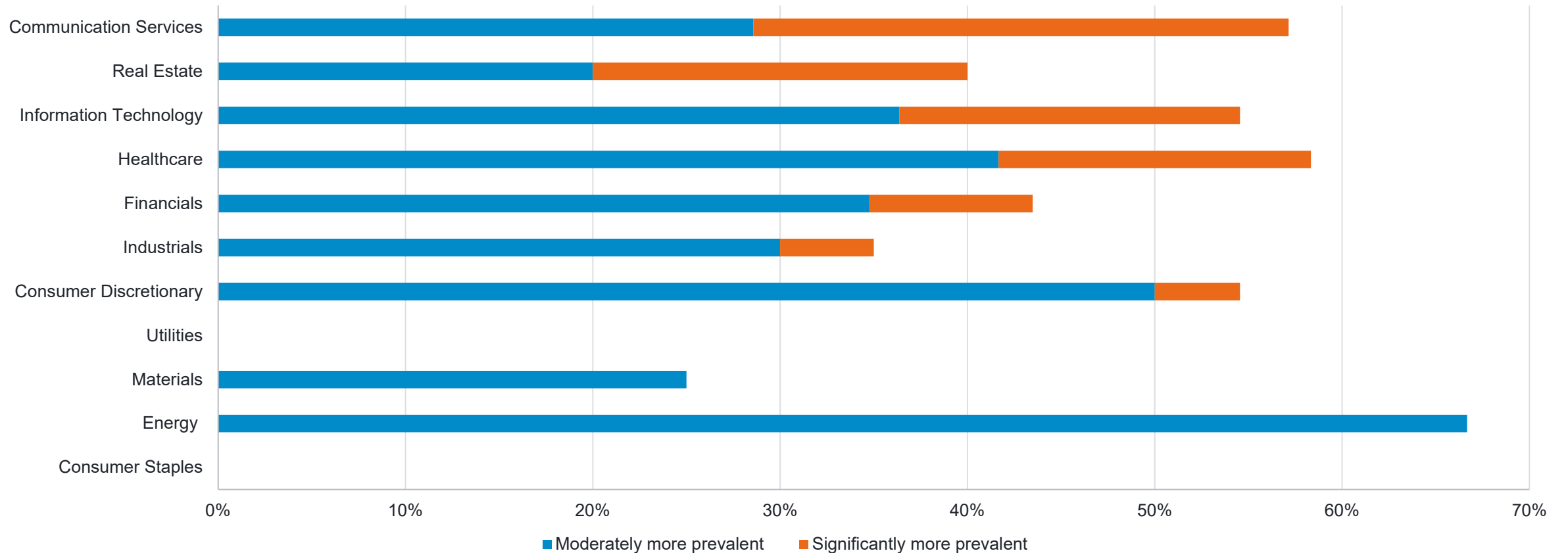
But it's a more positive picture from our analysts focusing on North America



Note: Chart shows percentage of analysts responding to the question "What impact are your companies expecting from Trump's presidency over the next two years?" Analysts who responded "No impact" are not shown on the chart. Source: Fidelity International, January 2025.

Hints of an M&A boom

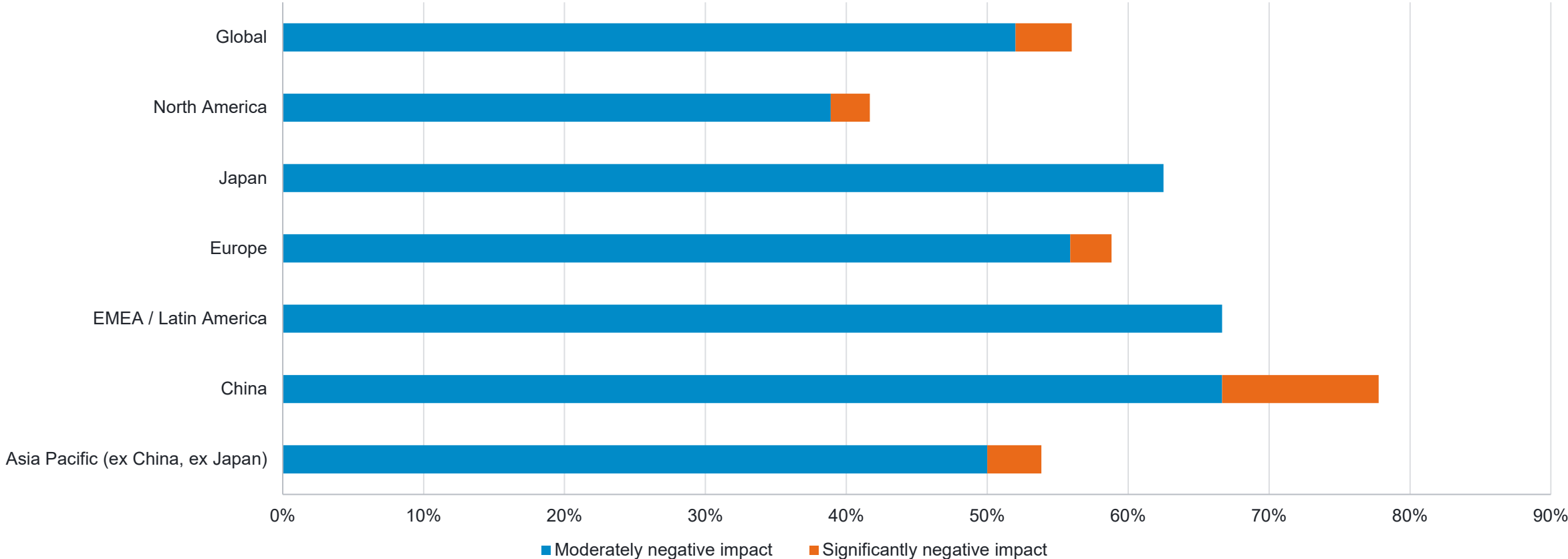
Analysts are expecting takeovers to feature more prevalently across sectors



Note: Chart shows percentage of analysts responding "Moderately more prevalent" or "Significantly more prevalent" to the question "Do you think M&A will be any more or less prevalent among your companies over the next 12 months?" Source: Fidelity International, January 2025.

Tariffs mean trouble

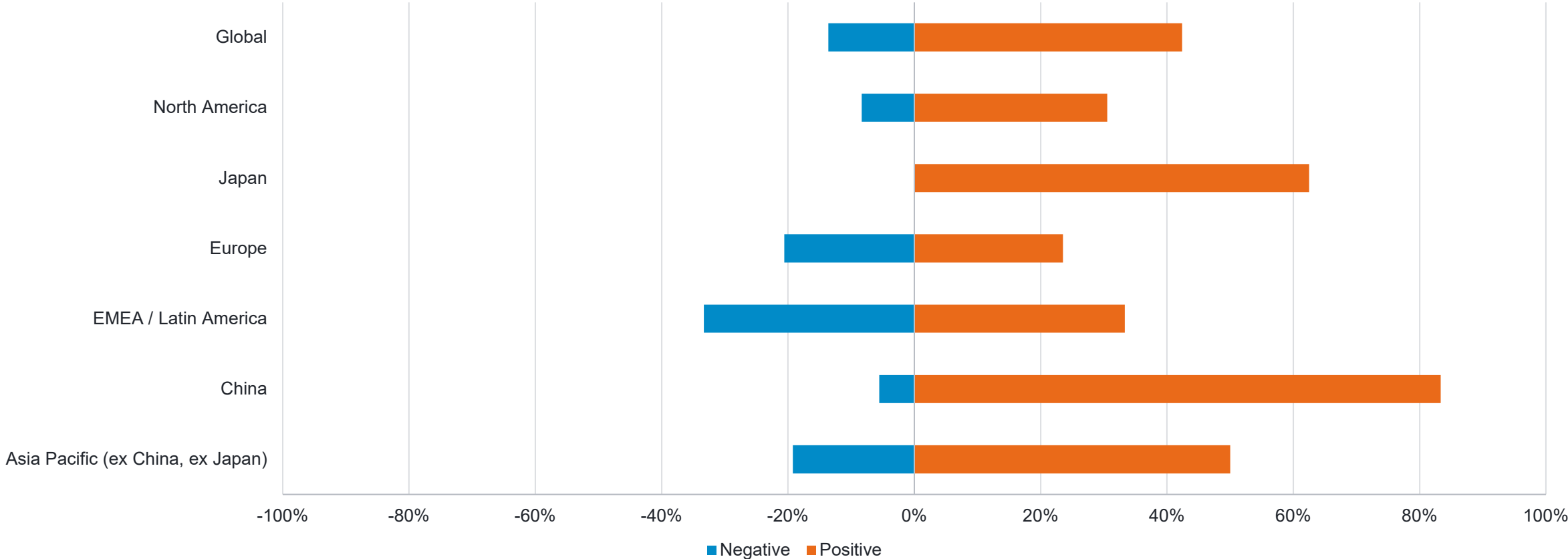
Most analysts are expecting a negative impact from geopolitical risk



Note: Chart shows percentage of analysts responding "Moderately negative impact" or "Significantly negative impact" to the question "What impact do you expect geopolitical risk will have on your companies' profitability over the next 12 months?"
Source: Fidelity International, January 2025.

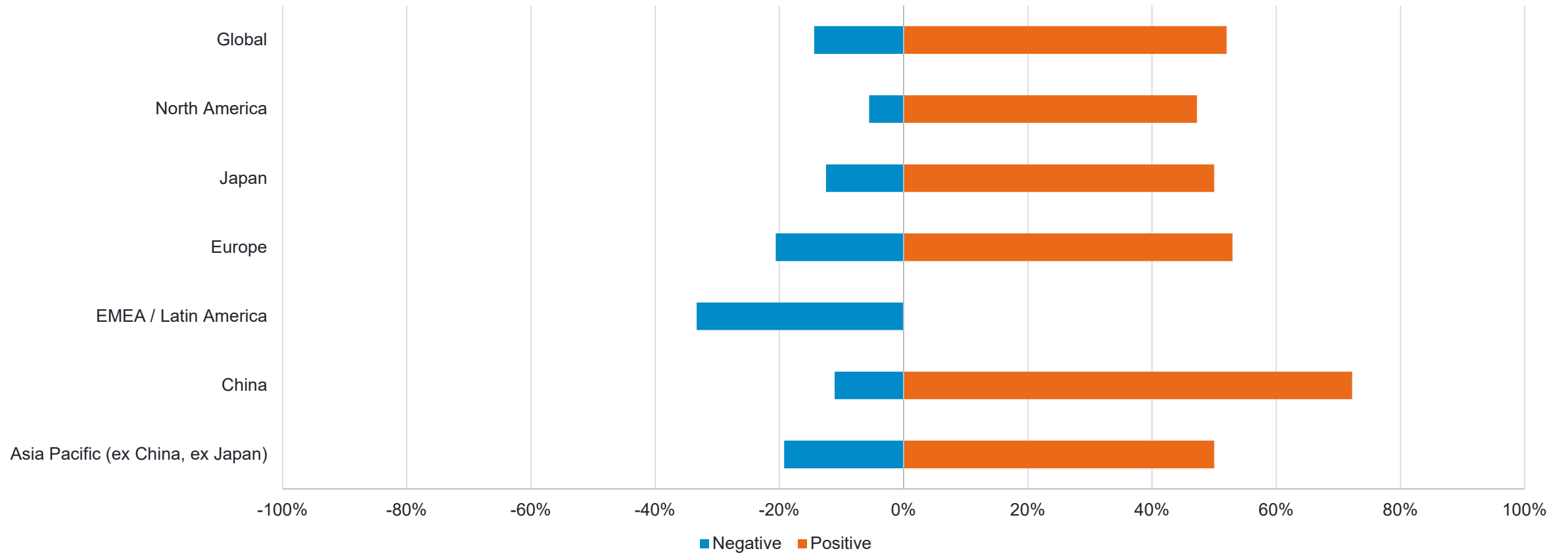
China - where to look now

China analysts are anticipating positive impacts from both fiscal policy...



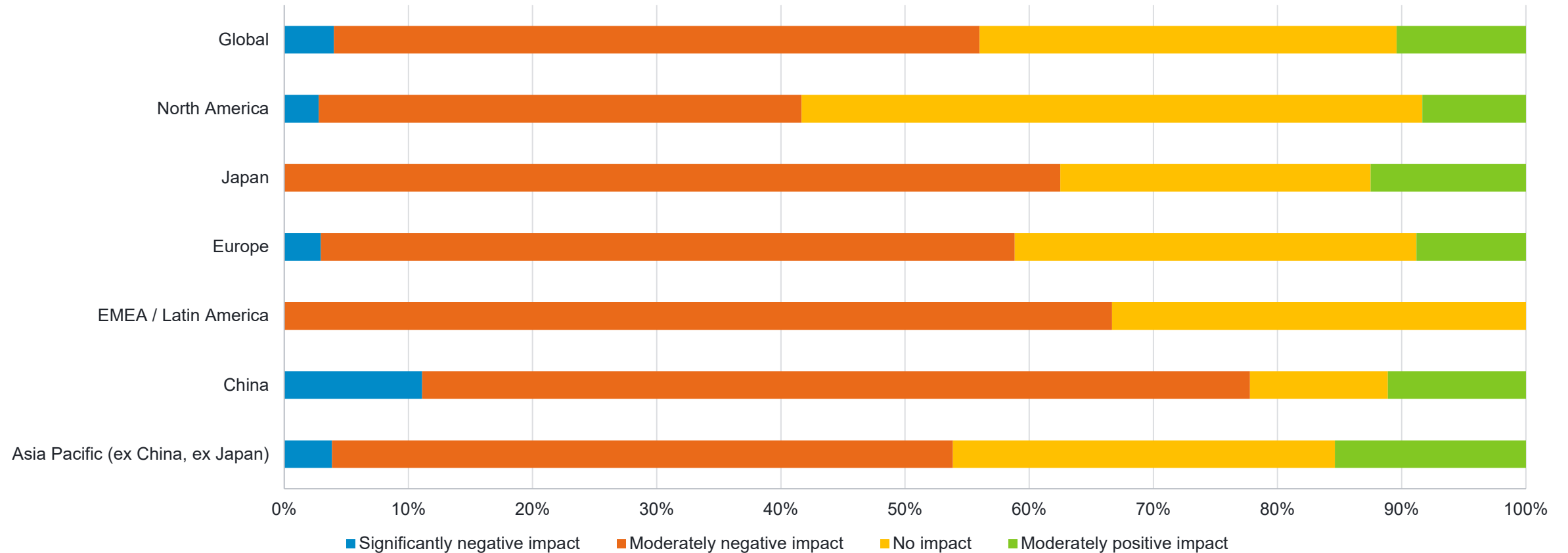
Note: Chart shows percentage of analysts responding to the question "What are your expectations for how fiscal policy will impact your companies?" Analysts who responded "No impact" are not shown on the chart. Source: Fidelity International, January 2025.

...and monetary policy



Note: Chart shows percentage of analysts responding to the question "What are your expectations for how monetary policy will impact your companies?" Analysts who responded "No impact" are not shown on the chart. Source: Fidelity International, January 2025.

But China analysts expect more downside from geopolitics

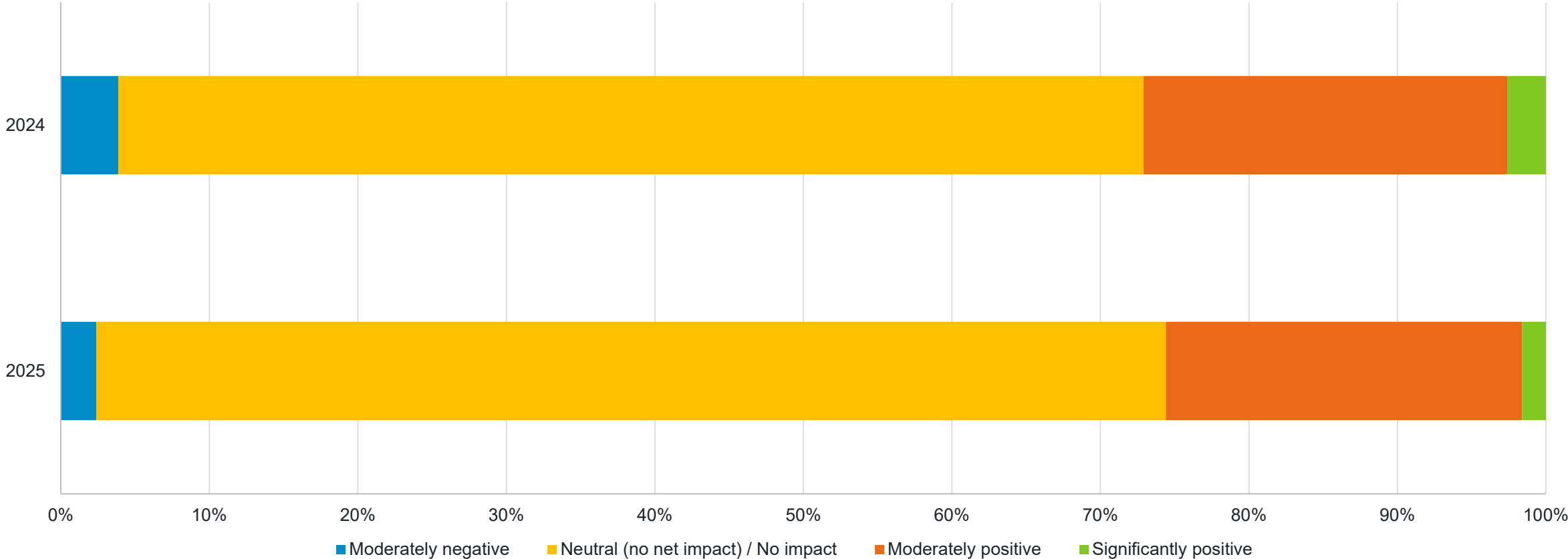


Note: Chart shows percentage of analysts responding to the question "What impact do you expect geopolitical risk will have on your companies' profitability over the next 12 months?" No analyst selected 'significantly positive impact'. Source: Fidelity International, January 2025.

An AI breakthrough? Not this year

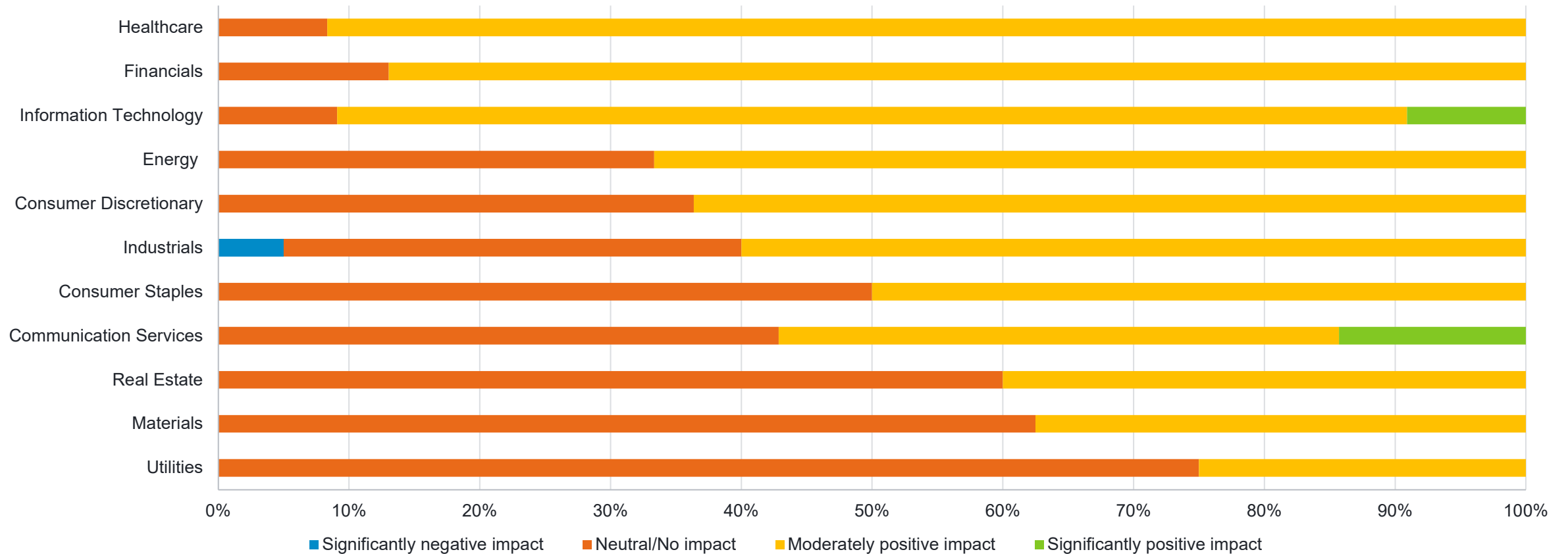
A stagnant buzz

Analysts' views around AI's impact on near-term profitability have changed little since this time last year



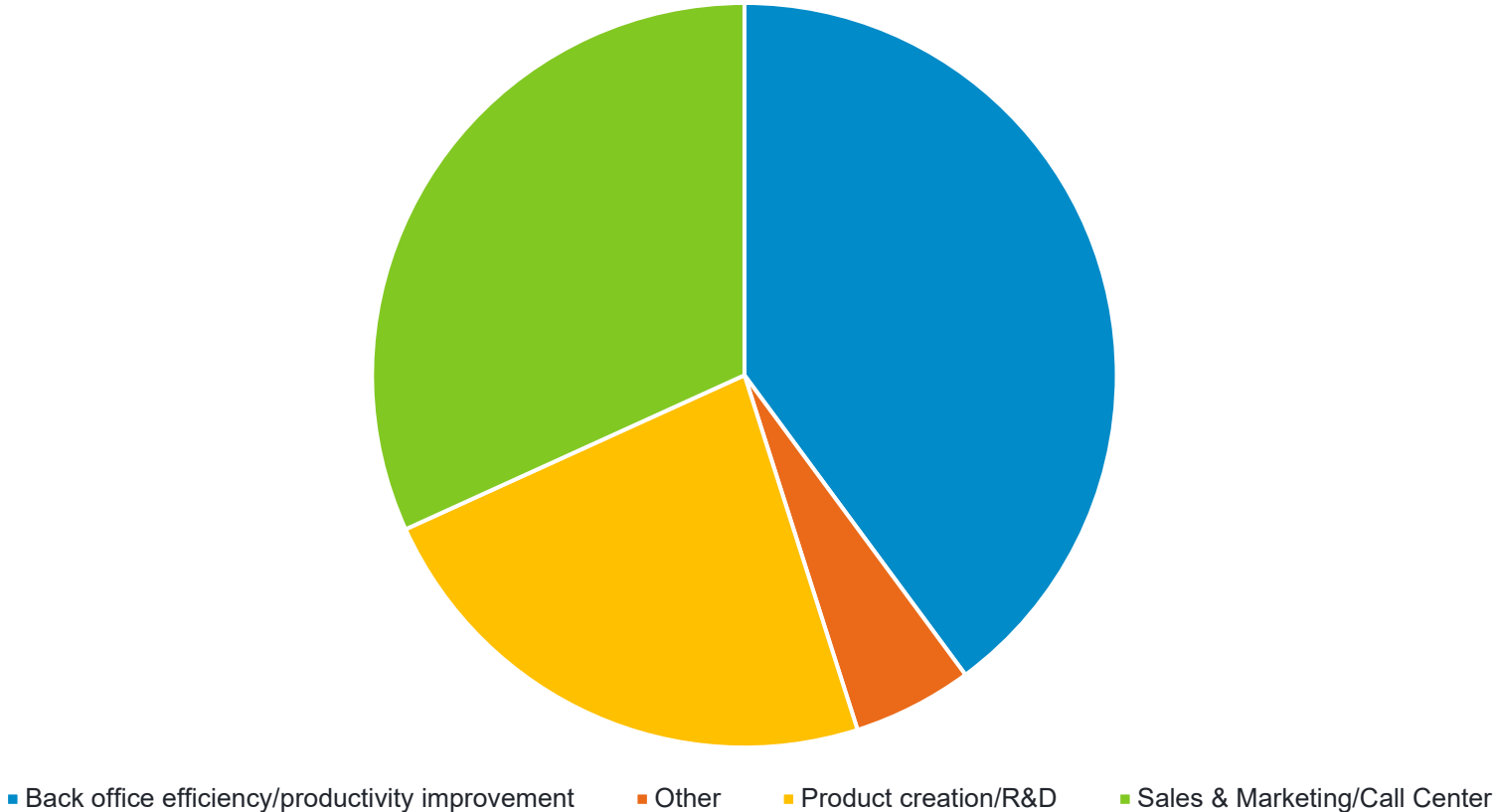
Note: Chart shows percentage of analysts responding to the question "What impact, if any, do you expect AI will have on your companies' profitability over the next 12 months?" Source: Fidelity International, January 2025.

But analysts are more positive on AI's impact over the next 5 years



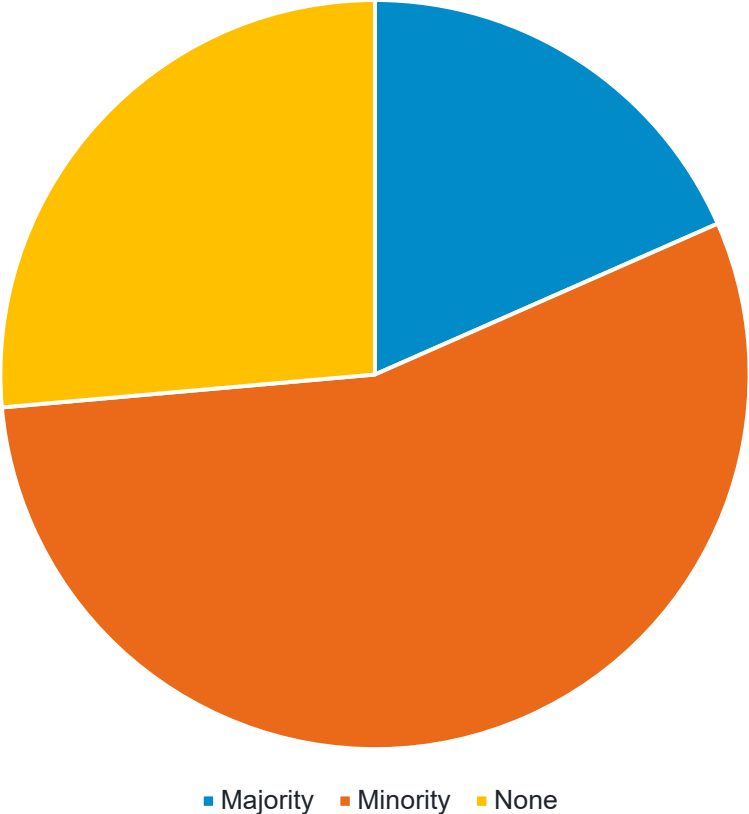
Note: Chart shows percentage of analysts responding to the question "What impact, if any, do you expect AI will have on your companies' profitability over the next five years?". No analysts selected 'moderately negative impact'. Source: Fidelity International, January 2025.

How are companies using AI?



Note: Chart shows percentage of responses to the question "Which parts of your companies are seeing material benefits from the use of AI?" Analysts could choose more than one option. Source: Fidelity International, January 2025.

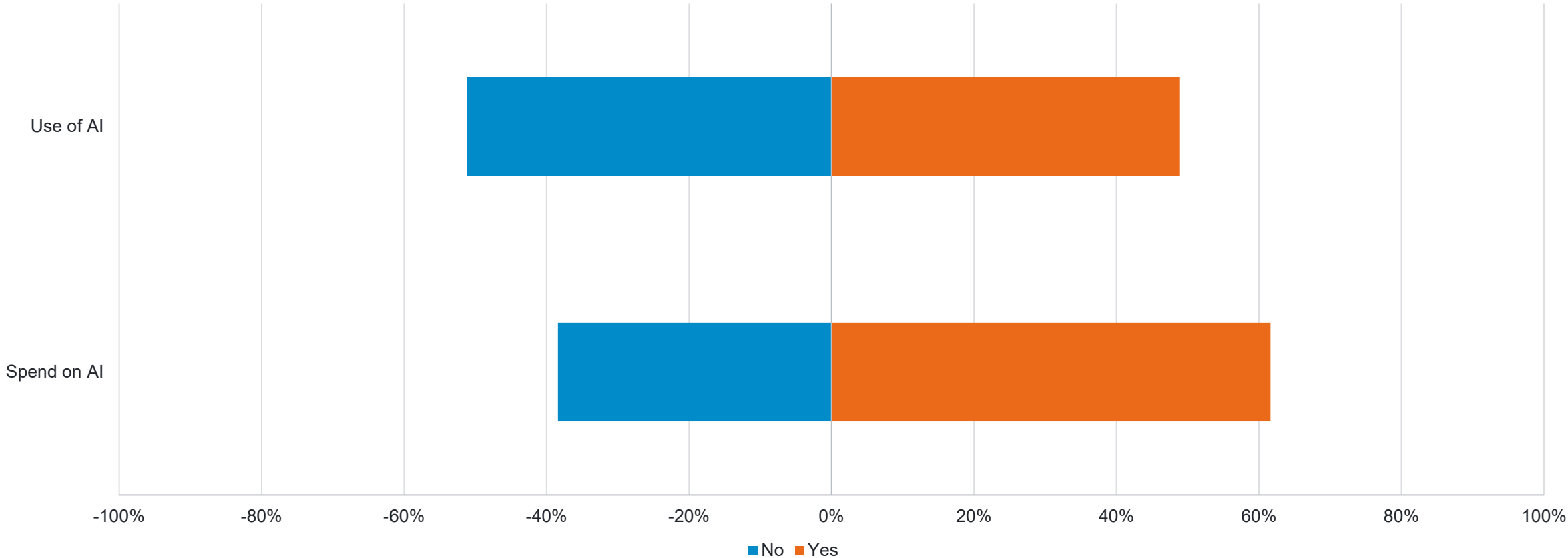
Some companies are seeing AI productivity benefits, but they're in the minority



Note: Chart shows percentage of analysts responding to the question "What share of your companies are seeing productivity benefits from AI?" Source: Fidelity International, January 2025.

AI costs expected to outpace usage

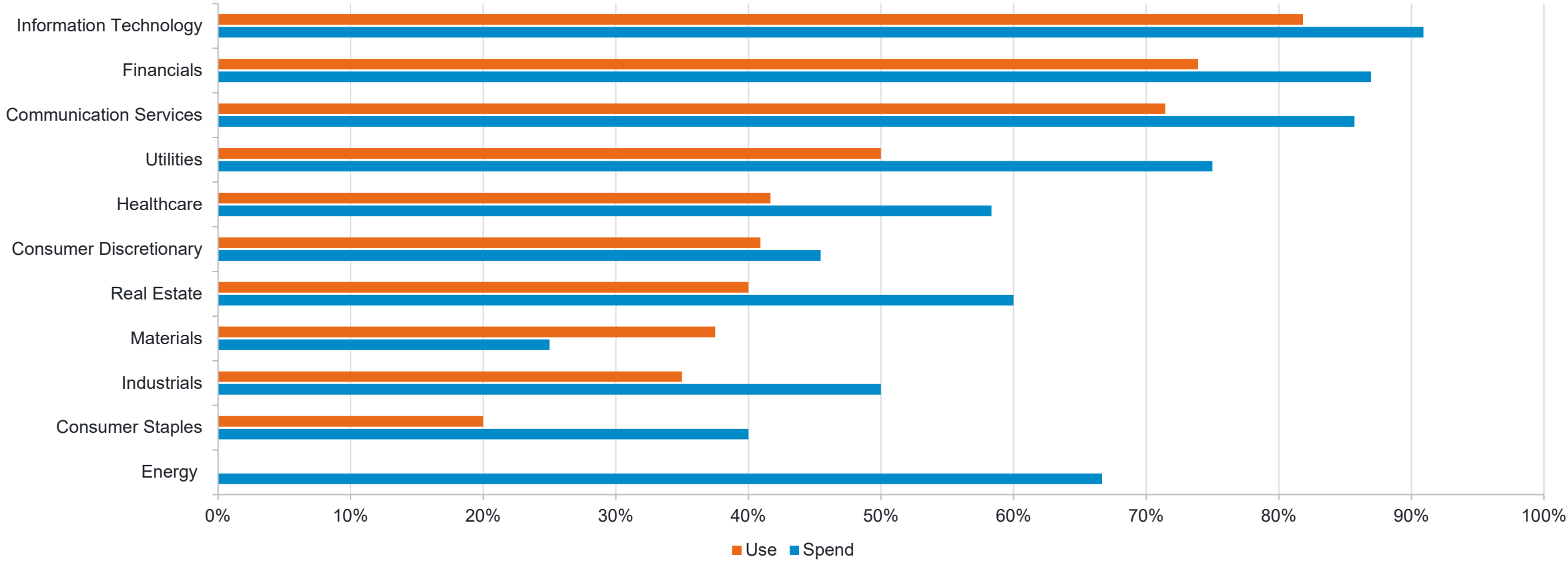
Chart compares percentage of analysts expecting companies to materially increase their use of AI vs spend



Note: Chart shows percentage of analysts responding to the questions "Do you expect your companies to materially increase their use of AI over the next 12 months?" and "Do you expect your companies to increase their spend on AI over the next 12 months?" Source: Fidelity International, January 2025.

Tech, financials, and others are making big bets on AI

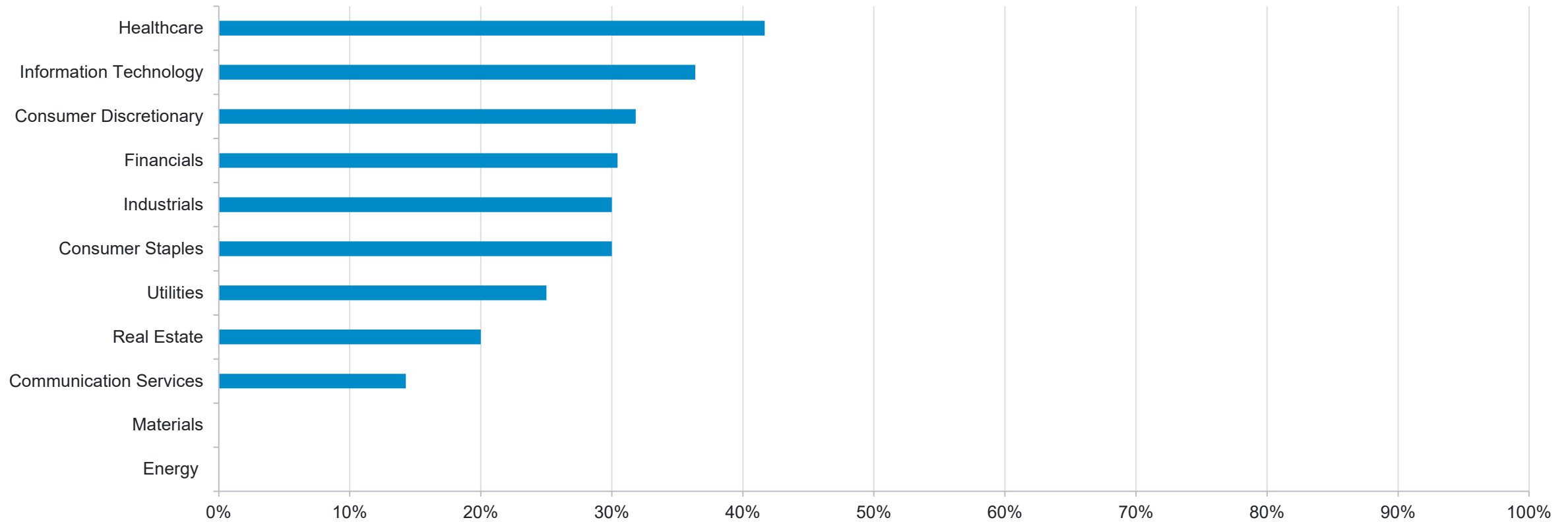
Chart compares percentage of analysts expecting companies to materially increase their use of AI vs spend



Note: Chart shows percentage of analysts responding to the questions "Do you expect your companies to materially increase their use of AI over the next 12 months?" and "Do you expect your companies to increase their spend on AI over the next 12 months?" Source: Fidelity International, January 2025.

Be selective when picking AI winners – divergence in valuations is high

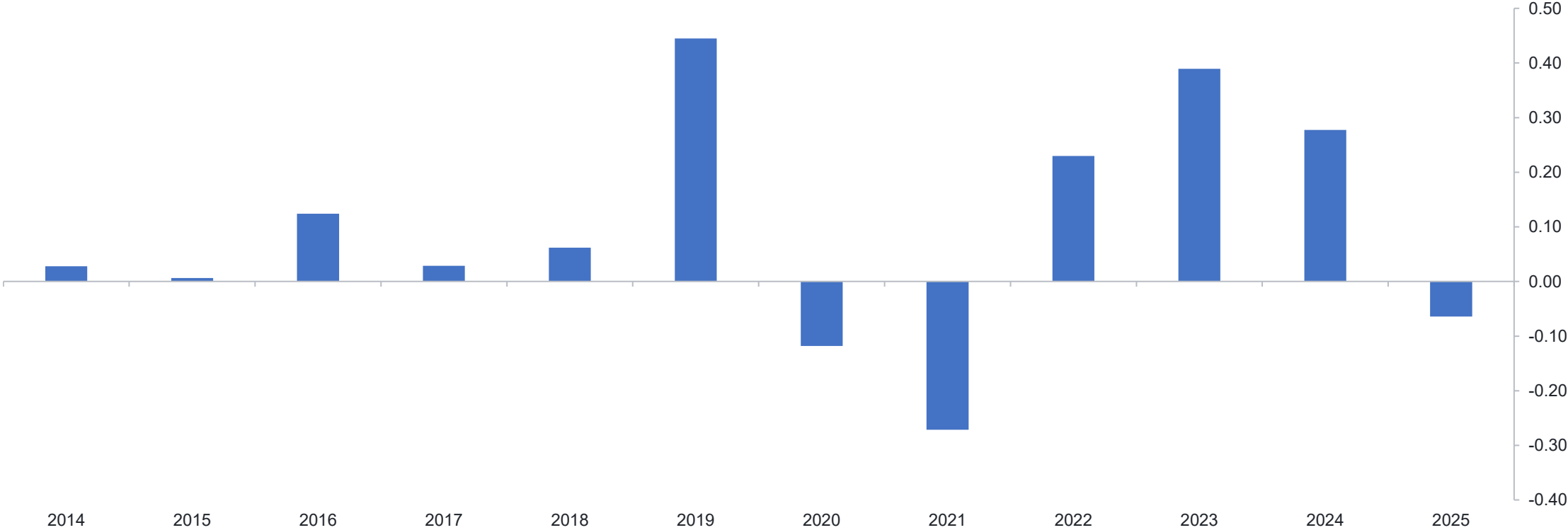
Chart shows percentage of analysts who say there is a high disparity of valuations among their companies



Note: Chart shows percentage of analysts responding "High" to the question "Looking at valuations as we head into 2025, would you say the disparity in valuations among your companies is high, medium, or low?" Source: Fidelity International, January 2025.

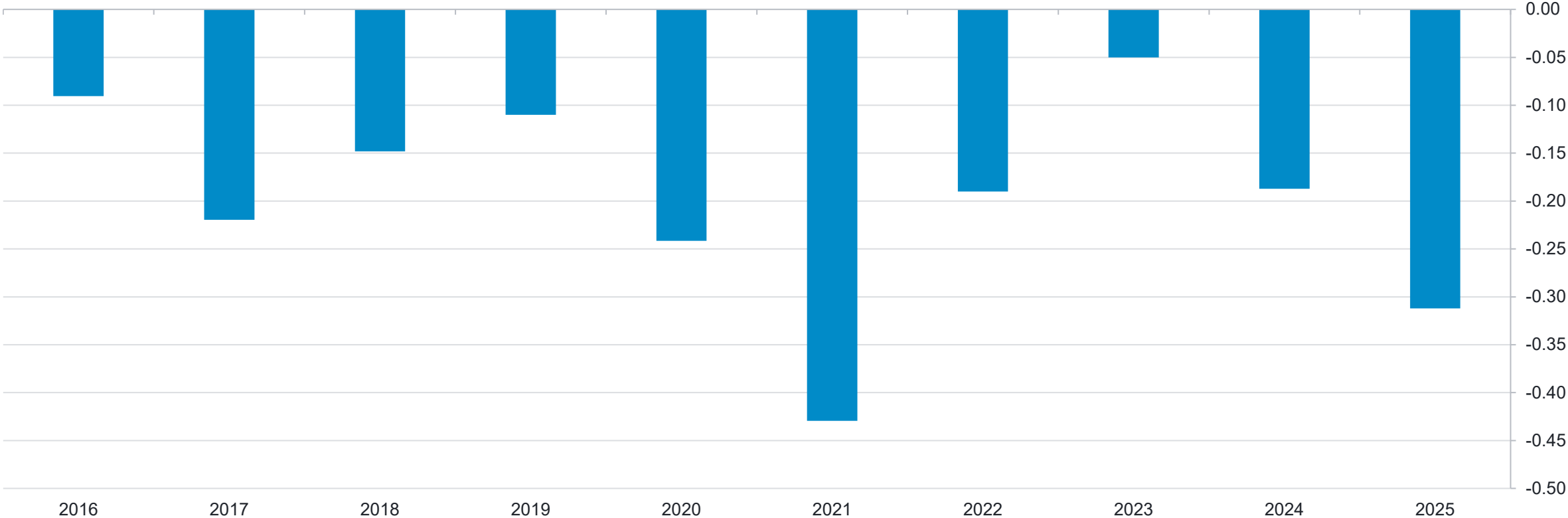
Appendix

Funding costs



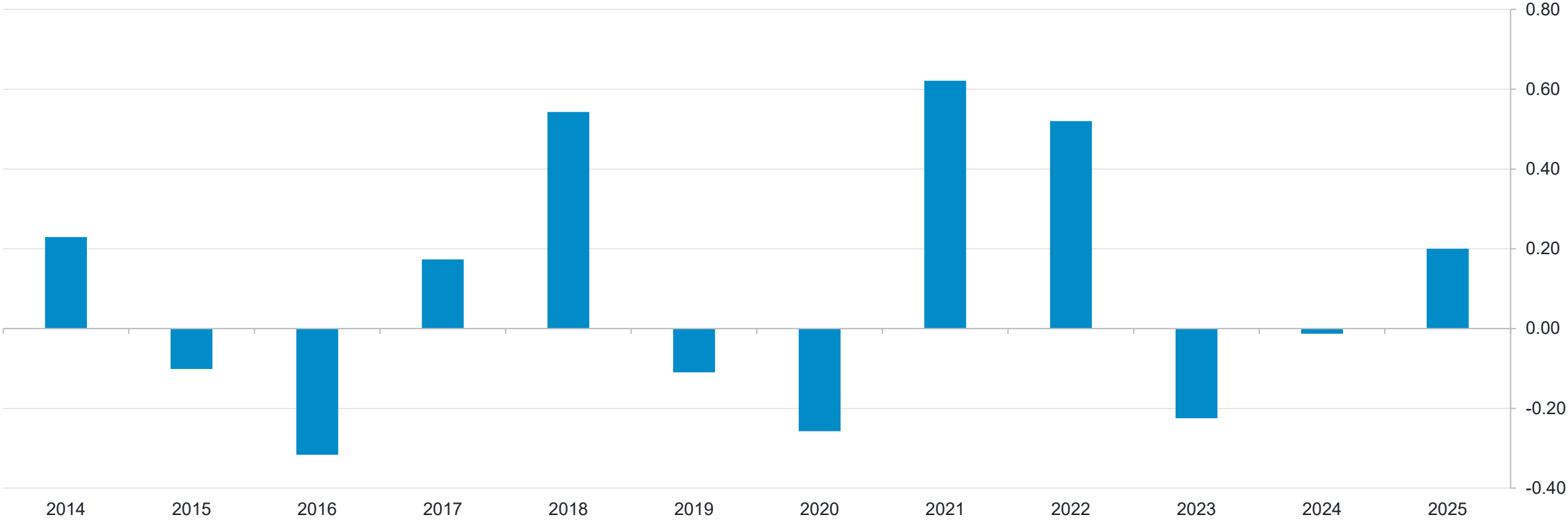
Question: "How, if at all, do you expect funding costs for your companies to change over the next 12 months?" Chart shows proportion of responses expecting funding costs will increase minus those that expect they will decrease. Strong positive and strong negative values receive a double weighting. Higher values show analysts on balance expect funding costs will increase. Source: Fidelity International, January 2025

Leverage



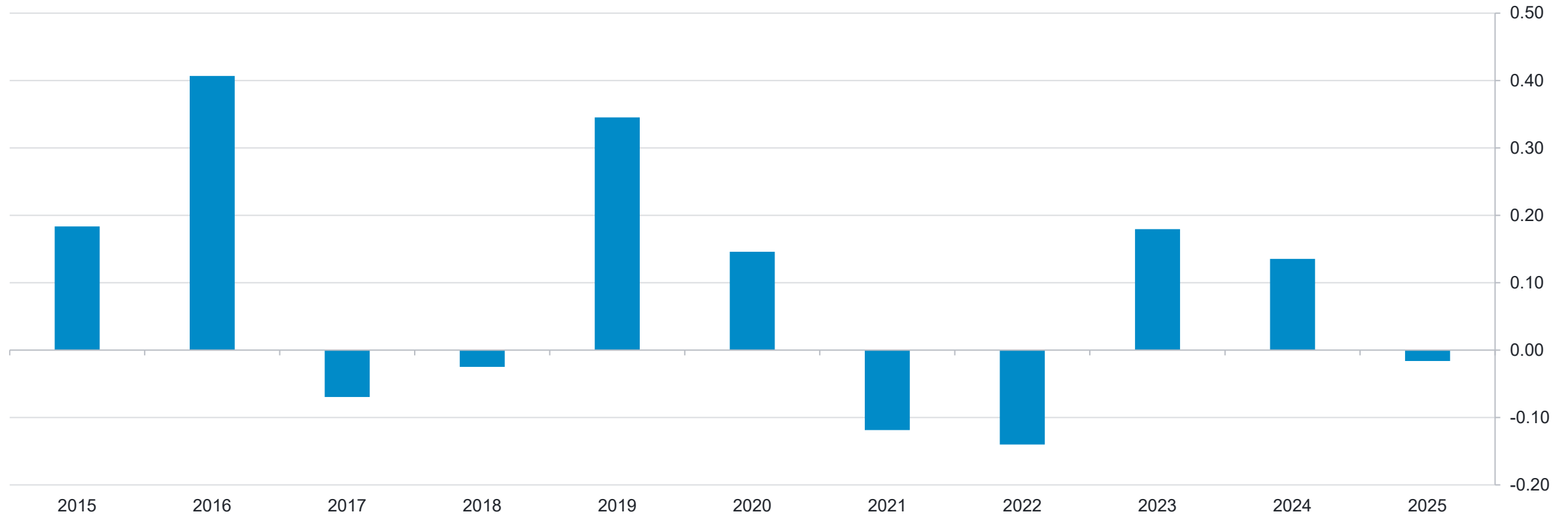
Question: "What do you expect to happen to leverage at your companies over the next 12 months?" Chart shows proportion of responses expecting leverage will increase minus those that expect it will decrease. Strong positive and strong negative values receive a double weighting. Higher values show analysts on balance expect leverage will increase. Source: Fidelity International

Management confidence



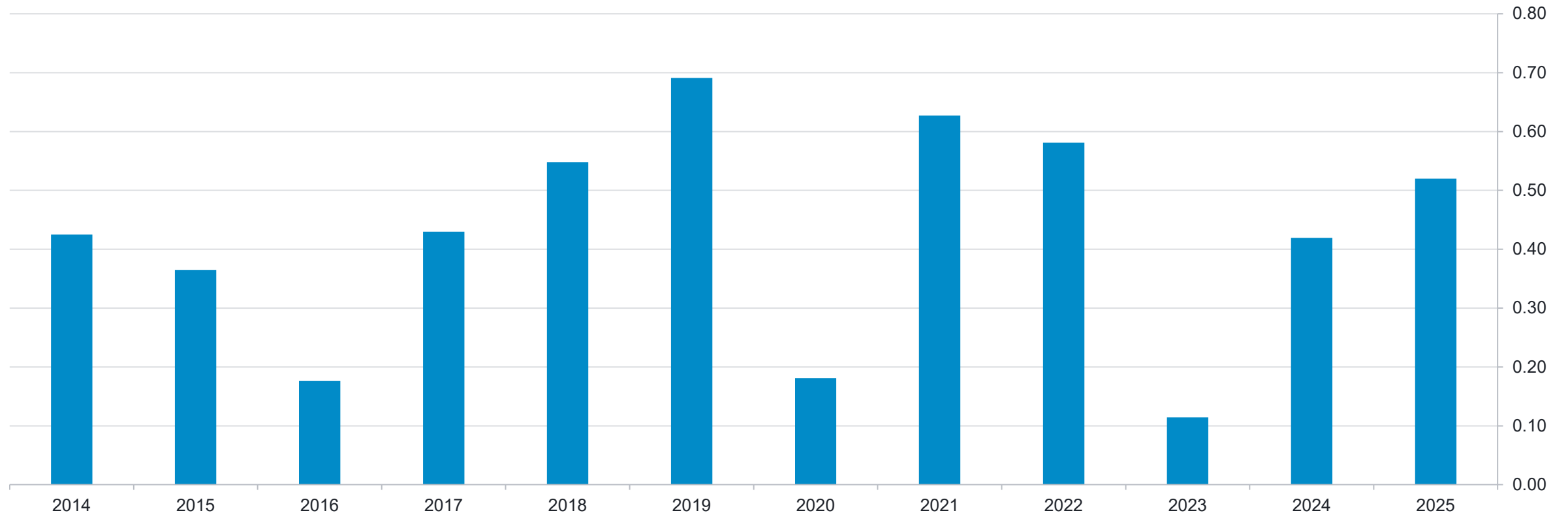
Question: “How would you describe the confidence level of your companies' management teams to invest in their businesses over the next 12 months, compared to the previous 12 months?” Chart shows proportion of responses expecting management confidence will increase minus those that expect it will decrease. Strong positive and strong negative values receive a double weighting. Higher values show analysts on balance expect management confidence will increase. Source: Fidelity International, January 2025

Default rates



Question: "What do you expect to happen to default rates in your sector over the next 12 months?" Chart shows proportion of responses expecting default rates will increase minus those that expect they will decrease. Strong positive and strong negative values receive a double weighting. Higher values show analysts on balance expect default rates will increase. Source: Fidelity International, January 2025

Dividends



Question: "How, if at all, do you expect your companies' dividend payments to investors (in absolute terms) to change over the next 12 months?" Chart shows proportion of responses expecting dividend payments will increase minus those that expect they will decrease. Strong positive and strong negative values receive a double weighting. Higher values show analysts on balance expect dividend payments will increase. Source: Fidelity International, January 2025

Important Information

All information is current as at 24 January 2025 unless otherwise stated. Not for use by or distribution to retail investors. Only available to a person who is a "wholesale client" under section 761G of the Corporations Act 2001 (Commonwealth of Australia) ("Corporations Act").

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