News Release

Embargoed until 1000 EDT (1400 UTC) 13 June 2023

S&P Global Investment Manager Index™ (IMI™)

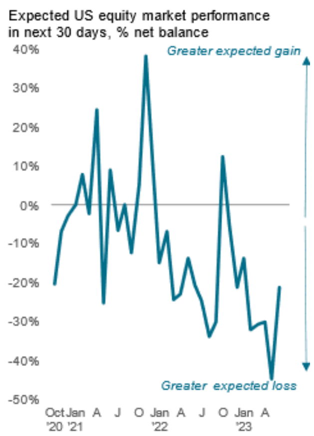
Risk appetite lifts from survey low but mood remains risk averse

- Risk appetite lifts from survey low but continues to signal risk aversion.
- Views on market returns become less negative.
- Sentiment buoyed by US debt ceiling resolution, reduced banking sector worries, and easing drags from policy and the macro environment.
- Tech sector jumps to second highest in investor rankings, behind healthcare. Real estate and consumer discretionary remain least in favor.

Data collected 6-11 June 2023

Risk appetite

Near-term market performance



Source: S&P Global IMI survey.

Risk aversion has eased sharply among US equity investors in June, having sunk to a survey low in May, though the overall mood remains bearish.

The Risk Appetite Index from S&P Global's Investment Manager Index™ (IMI™) monthly survey rose from -34% in May to -10% in June, buoyed in particular by easing concerns over the US debt ceiling and fading concerns over the banking sector. Sentiment towards tech stocks has also improved. However, the index remains in negative territory, pointing to an overall risk-averse mood.

The survey is based on data from around 300 US institutional investors operating funds with assets under management of around $3.5 trillion.

Similarly, the survey's near-term returns index remained subdued, continuing to signal an expectation of a falling market over the coming month, albeit to the least extent since January.

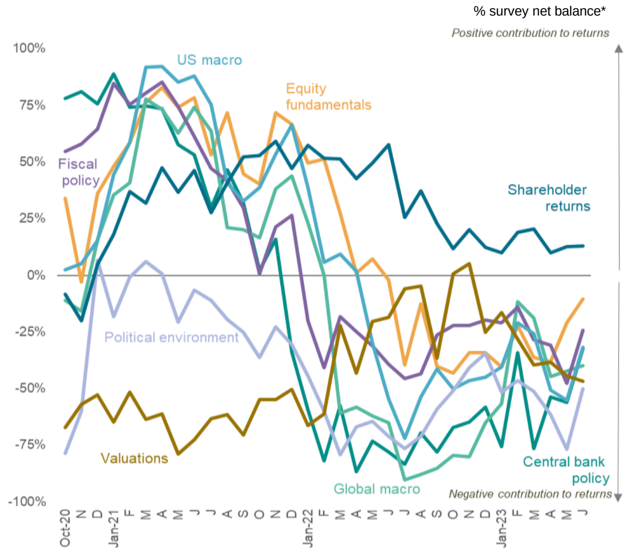
Thus, while the survey gauges of risk appetite and expected returns have both pulled off the survey lows seen in May, both gauges point to ongoing investor caution amid a net-bearish mood.

What's driving the market?

A key development since May has been the resolution of the US debt ceiling impasse, which helped ease the perceived drags on the market from the political environment and fiscal policy (drags from both of which had hit survey highs in May). However, the political environment notably remains the largest drag on the market, reflecting ongoing concerns both at home and internationally.

The second biggest drag on the market is valuations, which is the only factor to have risen as a concern in June amid further market gains in recent weeks.

What's driving US equity market returns over the next 30 days?



* The net balance shows the percentage of those reporting an expected positive contribution minus those expecting a negative contribution. Those only reporting a 'slight' positive or negative contribution count as half a response, while those reporting a 'strong' positive or negative contribution count as one-and-a-half responses.

Source: S&P Global IMI survey.

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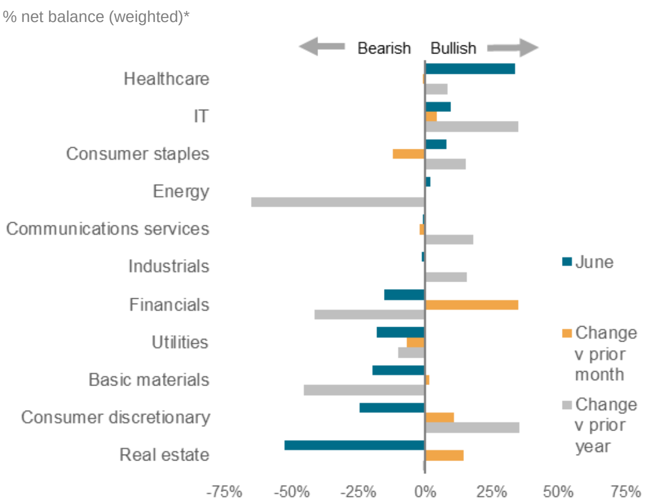
More encouragingly, the perceived negative pull on the market from central bank policy has cooled to the lowest since November 2021, and drags from macro environment both at home and globally has pulled back to three-month lows. Similarly, the drag from equity fundamentals also moderated and is now perceived to be the weakest for the year. However, both FOMC policy and the macro environment remain averse to equities on balance, as do equity fundamentals to a modest extent.

Although all factors bar valuations showed some improvement in June, only shareholder returns are viewed as supportive to the market, albeit considerably less so than a year ago.

Sector preferences

Looking at sector preferences, healthcare remains the most-favored market segment for a third straight month, followed by tech, which has seen the biggest improvement in sentiment over the past year with a further gain evident in June. However, it was financials that saw the biggest positive change in ranks in the latest survey, followed by some easing of bearishness towards both real estate and consumer discretionary, though these latter sectors remain lowest in the investor sector rankings, with real estate the most shunned by a considerable margin.

What is your outlook on the following sectors for the next 30 days?



* The net balance shows the percentage of those bullish minus those bearish. Those only reporting a 'slight' bullish or bearish outlook count as half a response, while those reporting a 'strong' bullish or bearish outlook count as one-and-a-half responses.

Source: S&P Global IMI survey.

Commentary

Commenting on the results, **Chris Williamson, Executive Director at S&P Global Market Intelligence and author of the report**, said:

"There has been a marked thawing of concerns among US equity investors since May. The debt ceiling deal has made a material difference to sentiment, and there is less fear regarding the health of the banking sector. An improving tech sector outlook has also become evident, in part due to less pessimism about the macroeconomic outlook.

"Sector preferences nevertheless remain skewed to the defensive, as the overall mood remains one of net risk aversion. Rising market prices had added further nervousness, with the prospect of higher interest rates continuing to dampen appetite for real estate and consumer discretionary stocks in particular."

For a copy of the full report and data, please contact economics@spglobal.com.

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Note to Editors

This 33rd edition of the Investment Manager Index™ (IMI™) survey includes data collected between 6-11 June 2023 from a panel comprising approximately 300 participants employed by firms that collectively represent approximately $3,500 bn assets under management.

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