News Release

Embargoed until 1000 EDT (1400 UTC) 11 October 2022

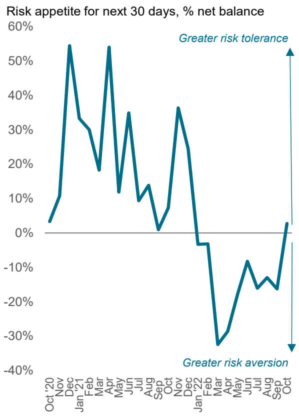
S&P Global Investment Manager Index™ (IMI™)

US equity investor risk appetite returns in October amid lower valuations

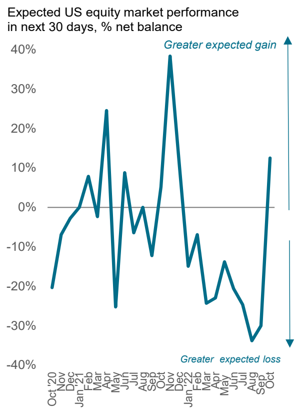
- Risk appetite revives after nine months of risk aversion and near-term market seen as improving.
- Market being driven by renewed interest amid lower prices, with macro factors and monetary policy still acting as biggest drags.
- Real estate becomes least favored sector.
- Concerns grow over fundamentals.
- Year-end picture remains downbeat, albeit with US equities outperforming other regions and other major asset classes.

Data collected 4-7 October 2022

Risk appetite



Near-term market performance



Source: S&P Global.

Risk appetite has returned among US equity investors in October, fueled in the main by more attractive valuations. However, investors perceive an increasing drag from equity fundamentals amid concerns over earnings amid ongoing headwinds from slower economic growth, inflation and tighter central bank policy. The latter has propelled real estate to the foot of investor sector preferences, displacing consumer discretionary as the least-favored sector.

Despite the improved immediate outlook, US equities are nonetheless expected to lose value by year end, according to the survey panel, albeit faring better than equities for other regions and outperforming credit and commodities.

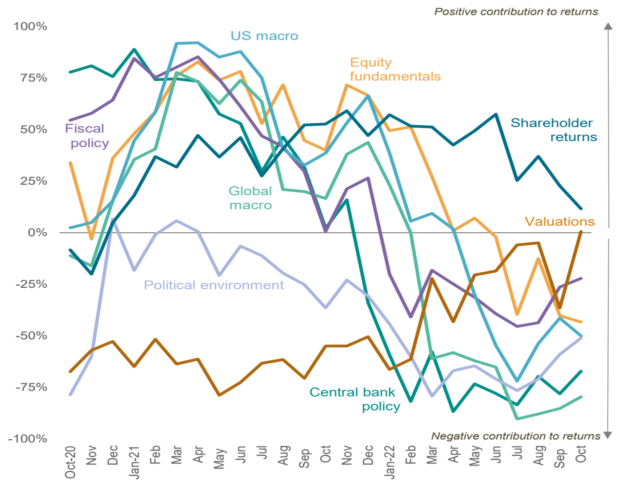
The **Risk Appetite Index** from S&P Global's [Investment Manager Index™] (IMI™) monthly survey, which is based on data from around 300 institutional investors operating funds with assets under management of around $3.5 trillion, rose from -16% in September to +3% in October. The return to positive territory for the index represents the most optimistic outlook for US equities recorded since last December, and contrasts with net risk aversion seen over the rest of the year to date.

Expectations of near-term US equity market returns likewise moved back into positive territory for the first time this year, with the degree of optimism the highest since last November, albeit coming at a time of the main US equity market indices touching some of the lowest levels seen since 2020.

Recent market losses mean that, for the first time since data were first collected in October 2020, valuations are no longer seen as a drag on the US equity market. However, the only other support to the market is coming from shareholder returns, and even here the degree of support has slipped to the lowest since late 2020.

Expected drivers of equity market returns over next 30 days

% net balance (weighted)*

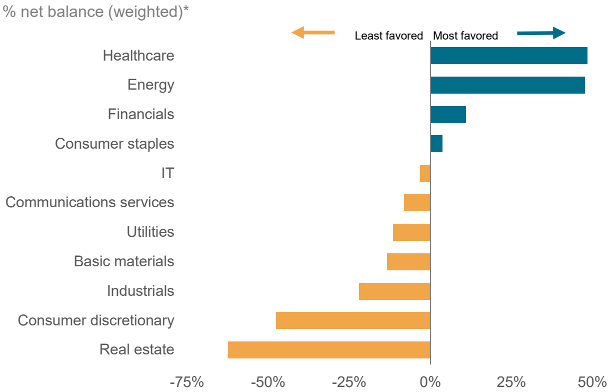


Source: S&P Global

The biggest drags on the markets are again perceived to be the global macroeconomic environment and central bank policy, albeit with the extent of the drags moderating slightly. The political environment and US economy remain widely cited adverse factors to the market. However, a notable change has been a further increase in the perceived drag coming from equity fundamentals, which has risen to the highest yet recorded by the survey to indicate growing concerns over corporate earnings.

In terms of **sector preferences**, real estate has displaced consumer discretionary as the least favored, though the latter remains highly unpopular. Tech is meanwhile suffering from renewed bearish sentiment, but financials and consumer staples are attracting net positive outlooks again. Energy and healthcare nevertheless remain most in favor, the former continuing to be buoyed by energy market uncertainty caused by the Ukraine war.

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

Global perspectives to year-end

The improvement in near-term market performance is not expected to last, however, with the survey panel on average expecting the US equity market to lose further value by the end of the year. The degree of pessimism recorded for US equities is nevertheless the least marked for any major market. The UK is suffering the greatest extent of bearish views, followed by the EU and then China, the latter notably seeing a reversal of prior bullishness recorded in the summer.

The year-end outlook for equities is also less downbeat than for commodities and credit, with the steepest pessimism recorded for corporate debt followed by sovereign debt.

Commentary

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

"With the S&P 500 recently hitting some of its lowest levels since 2020, lower prices are encouraging greater risk appetite for the first time this year. The broader picture nevertheless remains one of concern over the economic outlook both in the US and globally, with monetary and fiscal policy as well as pollical uncertainty continuing to act as drags on equity returns to lead all asset classes lower by the end of the year, albeit with US equities outperforming other regions and other major asset classes."

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

For further information, please contact:

Katherine Smith, Public Relations
Telephone +1 781 301 9311
E-mail katherine.smith@spglobal.com

Note to Editors

This 24th edition of the Investment Manager Index™ (IMI™) survey includes data collected between 4-7 October 2022 from a panel comprising approximately 300 participants employed by firms that collectively represent approximately $3,500 bn assets under management.

If you would like to receive this report on a regular basis, please email economics@spglobal.com or Investment Manager Index™ to participate in the survey and be placed on the distribution list.

For more information on our products, including economic forecasting and industry research, please visit www.ihsmarkit.com.

S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

It is expressly prohibited to use any data from the IMI press release or report as reference in financial contracts, financial instruments, financial products, indices or as a benchmark (as defined in the Regulatory Framework).

About S&P Global (www.spglobal.com)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

S&P Global Market Intelligence

At S&P Global Market Intelligence, we understand the importance of accurate, deep and insightful information. Our team of experts delivers unrivaled insights and leading data and technology solutions, partnering with customers to expand their perspective, operate with confidence and make decisions with conviction. S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI).

S&P Global