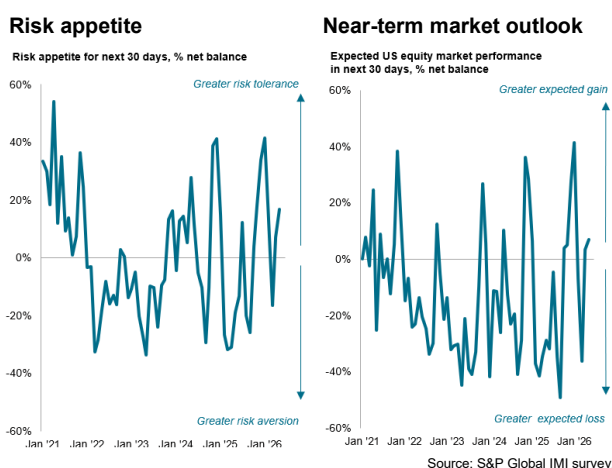


Embargoed until 1000 EDT (1400 UTC) 12 May 2026

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

Fund manager risk appetite shows further cautious return amid brighter earnings outlook

- Investor risk appetite improves for the second month in May, though remains subdued compared to pre-war levels.
- Equity fundamentals seen as strongest since 2021 amid improving earnings expectations.
- Tech favor hits highest for 18 months, but investors still shun consumer-focused and real estate sectors.



Investor risk appetite has risen for a second successive month in May, according to S&P Global's Investment Manager Index™ (IMI™), albeit still running well below levels seen at the start of the year.

The improved mood reflects growing optimism relating to corporate profits in particular, alongside an improved outlook for the US economy. Tech stocks are most highly favored, though consumer-oriented stocks and real estate remain out of favor amid concerns over inflation and interest rates.

The IMI's Risk Appetite Index, the headline indicator from a monthly survey of nearly 300 institutional investors managing funds in excess of \$3,500bn, has risen from +7% in April to +17% in May. While well up from the low of -16% seen in March following the outbreak of war in the Middle East, the latest reading is notably below the buoyant +41% seen in January and reflects widespread caution among fund managers as the conflict extends into its third month.

Cautious optimism also dominates fund managers' views on the outlook for the US equity market over the coming

month. Positive returns are expected, and to a slightly greater degree than in April to indicate rising expectations for a second month after the deep pessimism seen in February and March. However, the expected gain signaled is only modest by standards seen prior to the outbreak of the war.

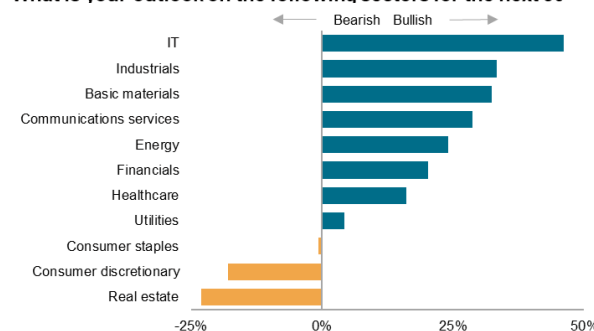
Tech finds favor again

Expected market gains over the coming months are also heavily skewed by sector.

Tech has moved to the top of investor rankings for the first time since last November, enjoying the strongest positive sentiment in 1.5 years. Strong favor is also seen for industrials and basic materials, often linked to conflict-based supply issues easing in the coming months. Likewise, energy remains in positive favor but with sentiment cooling to the lowest since January as profit expectations moderate amid signs of the US resisting further conflict escalation.

Investors remain heavily averse to inflation and interest rate-sensitive stocks, however, reflecting concerns of high prices and ensuing rate hikes resulting from the war. Real estate is hence most out of favor, followed by consumer discretionary. Consumer staples are also seeing marginal negative sentiment. However, in all cases, the degrees of fund managers' adverse sentiment have eased compared to April.

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



Data compiled May 2026.
 * 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 Investment Manager Index survey.
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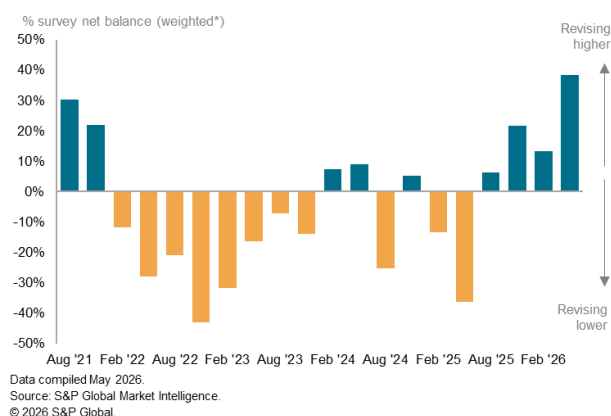
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News Release

Equity fundamentals seen as strongest since 2021

The biggest driver of improved market expectations is greater optimism regarding equity fundamentals, views toward which are now the most upbeat since December 2021. Investors have also revised their profit expectations sharply higher in light of the last earnings season and the gains to be made in certain sectors due to the war in the Middle East. The upward revision to earnings expectations is the highest yet recorded by the survey since data collection began in 2021.

Given the recent US earnings results, how will you be revising your overall expectations for next quarter?

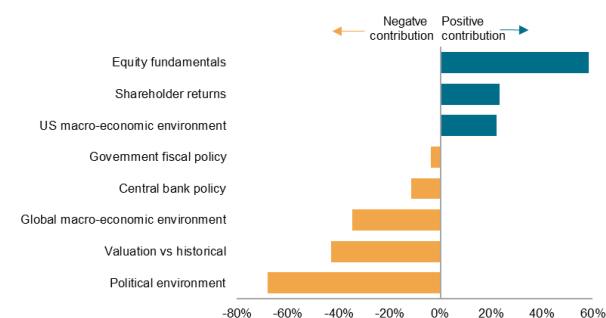


Expectations of improved shareholder returns are playing a secondary role in driving the market, principally reflecting higher dividend payouts. However, May has also seen the US macro environment return as a positive driving force for equities for the first time since the war began, hinting at improved economic projections.

In contrast, the broader global macroeconomic environment remains a heavy drag on US equities, albeit to a lesser degree than valuations and the political environment, the latter representing the largest drag on the market for a fourth straight month amid the ongoing conflict.

Government fiscal policy is meanwhile viewed as a negative factor for equities for the first time since last November, albeit less so than monetary policy. Central bank policy nonetheless remains a drag on equities for a second successive month, contrasting with the positive sentiment seen throughout the prior nine months, reflecting more hawkish prevailing views toward the Fed's interest rate policy given the current war-related inflation worries.

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



Data compiled May 2026.
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 Investment Manager Index survey.
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Commentary

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

“Surveyed over a period when the US showed a clear reluctance to any escalation of military conflict in the Middle East to preserve the ceasefire, fund managers are showing increased – but still only tentative – risk appetite.

“However, there’s a clear dichotomy of investor favor shifting toward sectors that stand to benefit from the likely profits to be made from an environment of tight supply and higher prices, while eschewing those sectors that are likely to be most impacted by declining affordability, especially sectors such as real estate, where the possibility of higher interest rates looms large. That said, there’s also the third play of AI, improving sentiment toward which – after the recent earnings season and easing of military tensions – has bumped the tech sector firmly back to the top of investor preferences.”

Mohammad Hassan, Equities Dividend Forecasting Director at S&P Global Market Intelligence and co-author of the report, added:

“Attitudes to shareholder returns are delicately balanced, with inflation, rising capital spending, and global geopolitical uncertainty prompting companies to take a defensive stance, leaving dividends marginally more relevant than buybacks as Boards prioritize caution over cash distribution.

“Upward revisions to earnings expectations have meanwhile hit the highest seen since comparable data were available in 2021, though the resilience of these numbers will be tested over the coming quarters should the fragile truce in the Middle East unravel.”

Continued ...

News Release

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

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Note to Editors

This edition of the Investment Manager Index survey includes monthly responses from a panel of just under 300 participants employed by firms that collectively represent approximately \$3,500 bn in assets under management. Data were collected between May 5-7, 2026.

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