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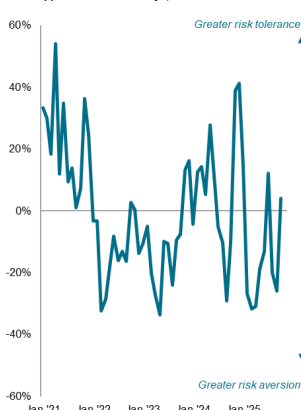
S&P Global Investment Manager Index™ (IMI™)

Interest rate cut boosts equity investor sentiment

- Investor risk appetite returns for first time since July amid rising market expectations
- Sentiment buoyed by central bank rate cut, but still subdued by politics and valuation worries
- Tech stocks see especially bullish favor regained
- Despite US equities gaining favor, it is overshadowed by surge in bullishness for Asian equities

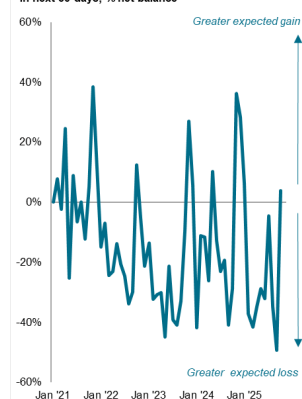
Risk appetite

Risk appetite for next 30 days, % net balance



Near-term market outlook

Expected US equity market performance in next 30 days, % net balance



Source: S&P Global IMI survey.

Risk appetite has returned to US equity investors in October thanks largely to a loosening of policy by the central bank, according to the latest S&P Global Investment Manager Index™ (IMI™) survey. However, the mood remains far more cautious than seen at the start of the year, subdued by concerns over valuations and the political environment.

The IMI's Risk Appetite Index has edged back into positive territory in October after two months of especially widespread risk aversion. However, despite rising sharply from -26% in September to +4%, the index remains well below the elevated readings seen late last year and into January.

Similarly, the October survey has also seen investors anticipate an improved equity market performance over the coming month for the first time since January, but the optimism is far less broad-based than seen prior to February.

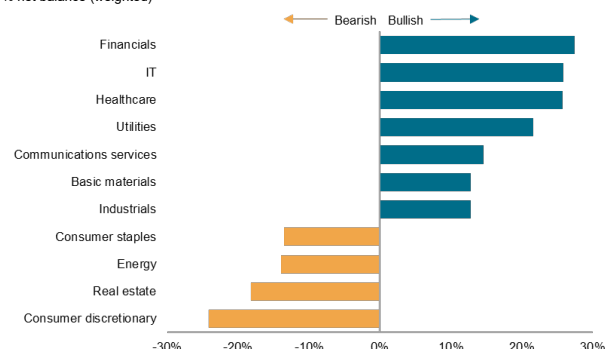
Greater risk appetite is accompanied by signs of a move away from defensives toward cyclicals and more growth

focused stocks. Tech stocks see the sharpest improvement in investor sentiment in October, now elevated to second-most favored just behind financials. Bullishness toward tech is now its second highest so far this year. Sentiment has also moved into positive territory for basic materials and communication services and has likewise improved for industrials.

While sentiment remains bearish for consumer discretionary, the degree of negativity has moderated sharply, accompanied by the biggest shift in investor favor away from consumer staples in three years. Traditional defensive plays such as healthcare and utilities are seeing improved sentiment and bearishness has intensified for real estate, underscoring how, despite the shift to greater risk appetite, the market remains split in terms of investor sentiment and that pockets of strong risk aversion persist.

What is your sector outlook for the next 30 days?

% net balance (weighted)*



* 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.

What's driving the market?

The tentative shift to an overall risk-on mood has been fueled principally by the first lowering of interest rates by the Federal Reserve so far this year. Central bank policy is consequently now perceived as more supportive to US equities than at any time in the past year. The lowering of interest rates has also provided a perceived boost to equity fundamentals and has contributed to the US macro economy exerting its lowest perceived drag on equities since February.

Any perceived stimulus to US stocks from lower rates is being countered, however, by persistent elevated concerns over equity valuations and the political

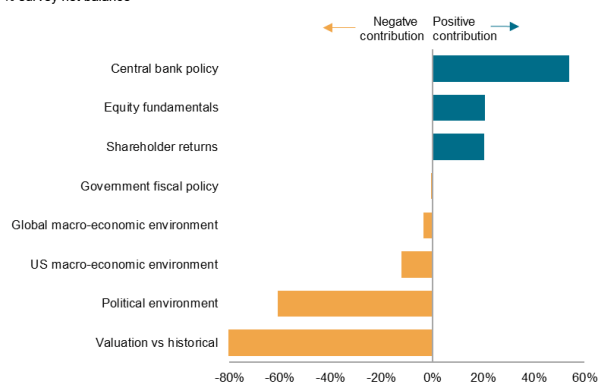
News Release

environment. Worries over the former remain close to a survey high.

More encouragingly, despite the survey being conducted over the start of the US federal government shutdown, fiscal policy is no longer viewed as a drag on equities for the first time in nine months. Easing concerns over the situation in the Middle East has also led to reduced geopolitical spill-over risks from the region to equities. In fact, Russia is now seen as a greater source of geopolitical risk to US equities than the Middle East.

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

% survey net balance*



* The net balance shows the percentage of investors 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.

Regional and asset class preferences

The improving macro theme therefore extends beyond the US, with the global economic environment now dragging on equities to the smallest degree since mid-2024. Hence, despite US equities gaining in favor, Japanese equities are the most highly favored by investors in terms of expected year end performance, followed by mainland China and the rest of Asia markets. UK and Latin American equity markets are seeing the lowest investor expectations.

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 October 6-9, 2025.

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S&P Global

Looking at broader global asset categories, equities are investors' most favored asset, and to the greatest degree since April 2021, followed by commodities, which are seeing the most bullish views since April 2022. In contrast, sovereign and corporate credit have lost favor with investors, the former downgraded to the joint-highest degree seen over the past three years.

Commentary

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

"The first Fed rate cut so far this year has buoyed risk appetite among institutional equity investors in October, with signs of easing tensions in the Middle East also helping to allay some of the heightened nerves seen in September."

"The central bank is doing almost all of the hard work in terms of driving improved investor sentiment, as concerns over the political environment at home in the US and stretched valuations continue to dampen the risk-on mood compared to the buoyancy seen at the start of the year."

"It's also noteworthy to see Asian equities gaining favor so much among investors, reflecting reduced concerns over the impact of US tariffs (though the survey data were collected prior to the latest US-China trade announcements)."

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

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News Release

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