News Release

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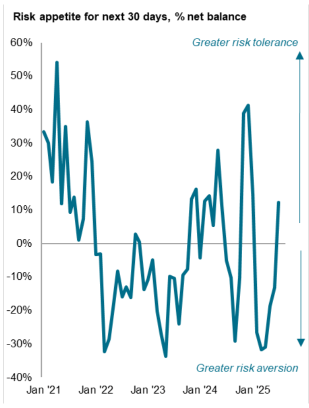
S&P Global Investment Manager Index™ (IMI™)

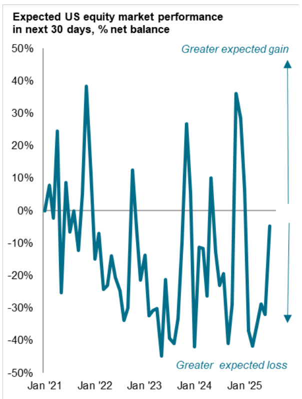
Equities find renewed favor as risk appetite returns in July

- Equity investor risk appetite turns positive for first time since January.
- Equities seen as most favored asset class as sentiment sours toward sovereign debt.
- Risk mood buoyed by improved views on fundamentals and macro landscape.
- Financials and tech most favored by large margin.

Risk appetite



Near-term market outlook



Source: S&P Global IMI survey.

Risk appetite has returned to US equity investors in July for the first time since January, according to the S&P Global Investment Manager Index™ (IMI™) survey.

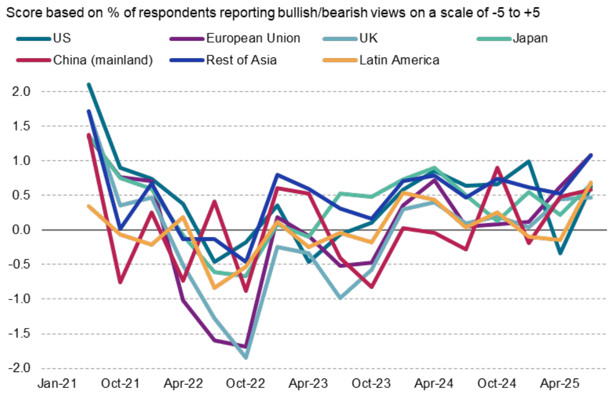
The IMI's Risk Appetite Index rose from -13% in June to +12% in July. The latest reading is the highest since January and signals the return of risk appetite for the first time in six months. The risk-on mood nevertheless remains subdued compared to that seen at the start of the year. Furthermore, although **expectations of US equity return over the coming month have become far less pessimistic** than in the past five months, the respondents still anticipate a fall in returns on average in July.

However, while US equities have found renewed favor in July, the **expectation of US year-end performance fails to beat that of any other region bar the UK and mainland China** (the latter by only a small margin). Most favored are the EU and Asia excluding Japan and mainland China, for which investors are bullish about to degrees not seen since early 2021.

The lagging performance of the US is linked to the US still being perceived as the most likely source of geopolitical risk to investors over 2025 second only (and by a narrow margin) to mainland China. That is despite the Middle East rising sharply as a key source of risk to the highest perceived levels since last October.

Equities as a whole have consequently returned as the most favored global asset class among investors in July, followed by commodities, and corporate credit, which have likewise seen improved sentiment. In contrast, sentiment toward sovereign debt has waned.

Year-end outlooks for equity markets



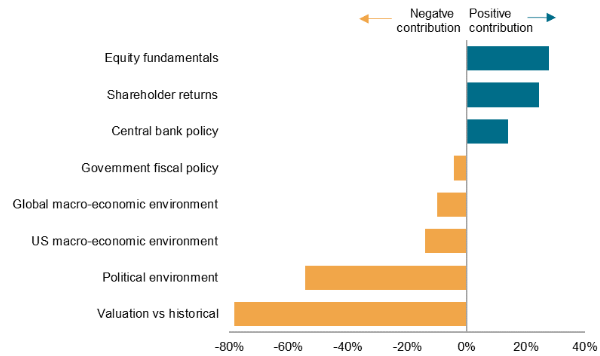
Source: S&P Global IMI survey.

What's driving the market?

Although recent stock market gains mean high valuations have become a greater drag on investors' expectations of US equity returns over the coming month, all other factors have improved.

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.

Countering the strong drag to US equities from the political environment, as well as concerns over high valuations, **equity fundamentals, shareholder value and central bank policy are seen as increasingly positive drivers of the market** to degrees not seen since the turn of the year.

At the same time, the negative impacts on equities from fiscal policy has eased compared to that seen over the prior five months, and economic worries have cooled. The perceived drag from the US macroeconomic environment has moderated to the lowest for five months, while the drag from the global economy is now the weakest for just over a year.

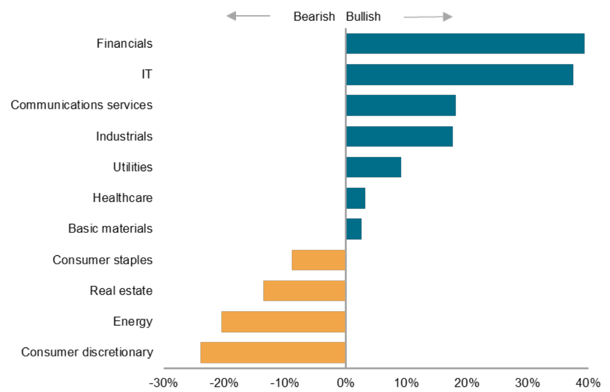
Sector preferences

In terms of sectors, **financials are topping investors' preferences in July, linked to improving financial conditions, pushing tech/IT into second place**. Both are nevertheless enjoying far greater favor than other sectors and the most bullish sentiment seen so far this year, as are industrials. Sentiment toward communications services has meanwhile also improved, up to its highest since January.

A **key mover in July is basic materials**, for which sentiment has lifted into positive territory after bearishness had been reported throughout the first half of the year. Healthcare has also edged back into investor favor.

Sentiment remains most heavily skewed away from consumer discretionary, followed by energy, real estate and consumer staples. However, only energy and consumer staples are seeing increased adverse sentiment. Bearishness toward real estate is notably now at its lowest since last December.

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.

Commentary

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

"Investor sentiment has improved in July to the extent that risk appetite has now returned for the first time since the Presidential inauguration in January. Financials and tech stand out as having found especially strong investor favor.

"Investor appetite has been fueled by greater expectations for fundamentals, with earnings, profits and dividend outlooks improving amid reduced recession worries. Concerns over the adverse impact of tariff policy have also moderated, helping drive renewed investor favor toward US basic materials and industrials.

"Risk appetite nonetheless remains well below that seen at the end of last year, with investor caution lingering first and foremost amid high valuations and concerns over the political environment. While economic growth and recession fears have eased compared to June, the macro environment is also still viewed as adverse for equities on balance, as is fiscal policy, keeping investors particularly wary of consumer discretionary stocks, as well as energy and real estate.

"The revival in sentiment toward US equities follows a broader pattern of investor preferences shifting back towards global equities. In this respect the brighter news on the renewed bullishness toward US equities is marred by all other major markets bar the UK and mainland China having stronger year-end outlooks. This reflects the US continuing to be perceived by investors as one of the most likely sources of disruptive geopolitical risk in 2025."

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

For further information, please contact:

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com
Telephone 212-438-1904

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 July 1-4, 2025.

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