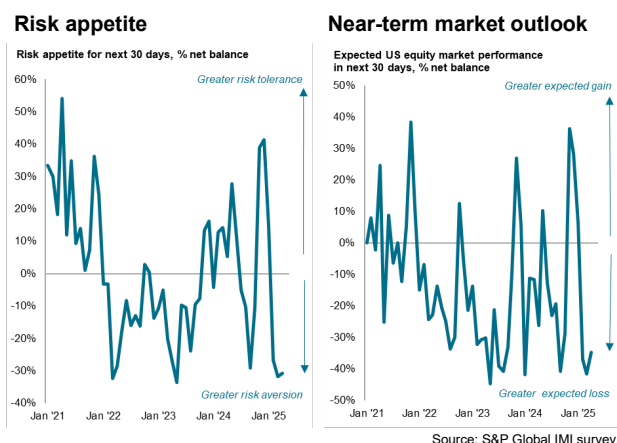


Embargoed until 1000 EDT (1400 UTC) 8 April 2025

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

Investors shun US equities as risk aversion dominates

- Investor risk appetite remains close to survey lows in April amid US market losses.
- Concerns grow regarding the US political environment, economic outlook and fiscal policy, but central bank policy is now seen as supportive for stocks.
- Sector preferences lean more defensive, amid record bearishness toward consumer discretionary and tech.
- Investors now perceive the US to have the gloomiest equity market outlook of all regions.
- The US is now seen as posing the greatest source of geopolitical risk to equity valuations.



Risk appetite among US equity investors remained at one of the lowest levels recorded by S&P Global Investment Manager Index™ (IMI™) survey to date in April amid heightened concerns over the political and economic environment.

The IMI's Risk Appetite Index registered -31% in April, up only marginally from the 22-month low of -32% in March. The data were collected April 1-4, with the vast majority of responses collected prior to the April 2 tariff announcements, yet the weak back-to-back IMI readings for the past two months still represent the most intense period of risk aversion recorded since data were first available in 2020.

In terms of year-end expectations, investors have turned

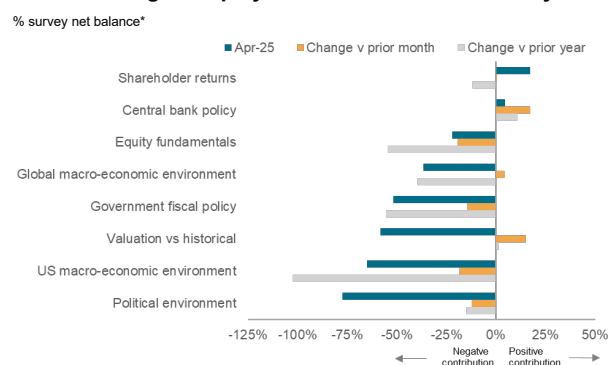
bearish against US equities to a degree not seen for two years. By comparison, the US market was enjoying the highest degree of investor sentiment of all markets back in January. Sentiment has also deteriorated toward Latin American, Japanese, and Rest of Asia equities, but sentiment has improved sharply toward EU equities, which are now most favored, as well as UK and mainland China stocks.

The deterioration in sentiment toward US equities is accompanied by the US also now being perceived as the region posing the greatest geopolitical risk, replacing mainland China, which had been seen as the main source of risk back in January, and the Middle East, which had been seen as the biggest risk to equities late last year.

Political and macro environments worsen

The political environment is now perceived as exerting the biggest drag on equities of all factors tracked by the IMI, followed by the US macro-economic environment. Both had been seen as positive drivers of equity returns at the end of last year, but the adverse impact of politics on equities is now running at its highest for just over three years, while the US macro environment is seen to be its most adverse for just under three years. In both cases, investor concerns are focused on the negative impact of tariffs on economic growth in the US.

What's driving US equity 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.

While the wider global macro environment is also once again perceived as a drag on US equities, this drag is now its lowest since January as investors see the US economy

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being hit disproportionately harder by tariffs. However, tightening fiscal policy in the US – typified by DOGE-related federal spending cuts – is also playing a role in dampening investor sentiment. Having also been seen as a net driver of equity returns at the end of last year, US fiscal policy is now seen as exerting the biggest drag on equities recorded in the history of the IMI.

Buying the dip and rate cut expectations

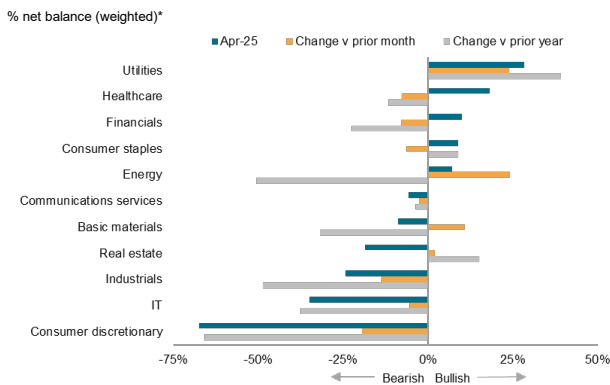
The slight easing in bearishness in the IMI’s Risk Appetite Index can be linked to two factors. First, recent market falls mean that valuations are less of a drag, raising the potential for buying opportunities in some cases. Second, the weaker macroeconomic picture is seen as potentially opening the door for further central bank rate cuts. Valuations are seen as exerting their lowest drag on equities for 10 months, while central bank policy is now seen as supportive to equities for the first time since December.

Sector preferences lean more defensive

From a sector perspective, sentiment has shifted further to the defensive. Topping the rankings are utilities and healthcare, while consumer discretionary sat at the bottom of investor preferences by some margin. As sentiment toward utilities has hit a seven-month high, consumer discretionary is suffering a survey-record level of investor bearishness. Unprecedented bearishness is also recorded for tech, with industrials and communications services also seeing sentiment drop to 31- and 20-month lows, respectively.

Net investor bullishness is recorded for financials, consumer staples, and energy, but real estate and basic materials remain out of favor.

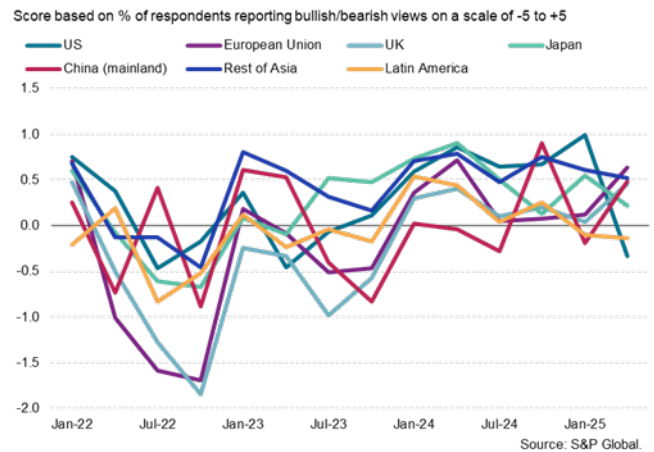
What is your sector outlook for the next 30 days?



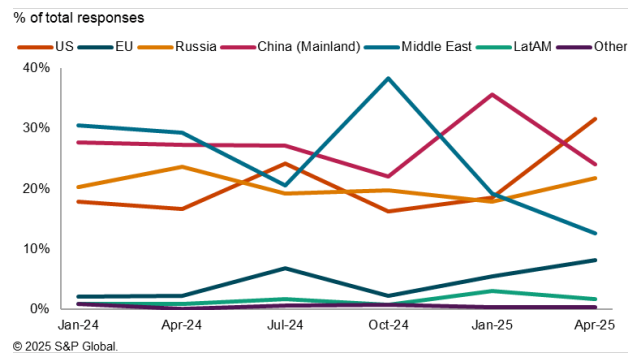
* The net balance shows the percentage of those bullish minus those bearish. Those only reporting a 'slight' bullish or bearish outlook count as half a response, while those reporting a 'strong' bullish or bearish outlook count as one-and-a-half responses.

Source: S&P Global IMI survey.

What is your outlook for the following equity markets?



Where do you see the highest source of geopolitical risk to US equities emanating from?



Commentary

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

“The elevated risk aversion recorded by the IMI at the start of April underscored the nervousness in the markets surrounding US tariff policy. That said, the fact that risk aversion had eased marginally compared to March highlights how many in the markets had been wrong-footed by the higher-than-expected tariff rates announced by President Trump.”

“Not surprisingly, the political environment and concerns over the health of the US economy are front-on-mind concerns. Although investors are hoping that some help may come from the Fed lowering interest rates, by no means are all investors convinced of the central bank being able to cut rates if prices rise sharply due to tariffs.”

“The first clues as to the near-term impact of tariffs and the associated stock market slides on the domestic and global economies will be now eagerly awaited via business and consumer surveys.”

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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 April 1-4, 2025.

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