

INSIDE THE
Buy • Side
EARNINGS PRIMER®

corbin

Q1'25

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April 10, 2025

INSIDE THE Buy-Side®

EARNINGS PRIMER®

Since 2007, we have surveyed global investors quarterly on the equity markets, world economies, and business climate. At the start of every earnings season, we publish our flagship *Inside The Buy-Side® Earnings Primer®*, which captures real-time *Voice of Investor®* sentiment and trends.

Leveraging our capital markets experience, deep understanding of investor relations, and best practice knowledge, our research and advice is at the nexus of global market trends, investor sentiment, and effective investor communication strategies.

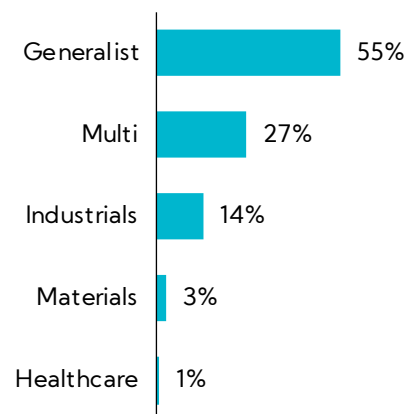
¹Source: FactSet; MTD as of 4/9/25 Market Close

Survey Timeframe: March 6 – April 2, 2025

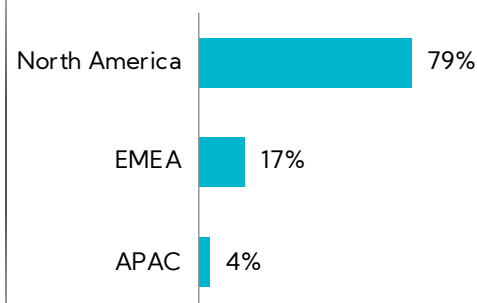
Survey Scope



BY TYPE



BY REGION



Survey Timeframe: April 3 – April 7, 2025

Tariff Pulse Poll

Following the April 2nd reciprocal tariff announcement from the Trump Administration, we surveyed an **additional 40 investors and analysts** to capture real-time views and expectations regarding upcoming earnings communications.

Market Performance ¹	MTD	Q1'25	Q1'24
U.S.			
DJIA	(3.3%)	(1.3%)	5.6%
NASDAQ	(1.0%)	(10.4%)	9.1%
S&P 500	(2.8%)	(4.6%)	10.2%
Russell 2000	(4.9%)	(9.8%)	4.8%
Europe			
FTSE 100	(10.5%)	5.0%	2.8%
Stoxx 600	(12.0%)	5.2%	7.0%
Asia			
Hang Seng	(12.3%)	15.3%	(3.0%)
Shanghai	(4.5%)	(0.5%)	2.2%



Rebecca Corbin
Founder & CEO

Rebecca is the Founder and CEO of Corbin Advisors, Editor-in-Chief of our flagship research platform, Inside The Buy-Side®, and a pioneer in the investor relations industry globally.

Over her 25-year career in capital markets, she has architected a proprietary and proven methodology to rerate, compound, and drive sustained value creation based on extensive and unparalleled Voice of Investor® research and insights-driven strategies that have consistently been validated by the global equity markets.

A Note from our Editor-in-Chief

"In our 62nd edition of Inside The Buy-Side® Earnings Primer®, we see the largest quarter-over-quarter pullback in investor sentiment ever registered, even more than during the onset of COVID-19. When our research has captured significant reductions in optimism of more than 20 points — as seen in Sep. 2015, Mar. 2020, Sep. 2021, and Mar. 2022 — the S&P 500 registered an average 15% peak-to-trough decline within the subsequent six months, ranging from 10% to 22%. During these periods of equity market volatility and duress, public company executives have a prime-time opportunity to lead and build credibility with investors.

Time and time again, our research has conclusively linked transparency with management credibility, and the power of transparency is never more important than during times of radical uncertainty and market distress. Massive market swings, extreme volatility, and minute-by-minute tariff headline changes have dealt public company management teams yet another set of challenges to navigate. Executives who lean into educating investors on their company in the context of the current framework and long-term fundamentals, while remaining thoughtful about near-term uncertainty, will serve to build trust. Importantly, investors are not expecting companies to be prescriptive, conclusive, or have all the answers; rather, they are seeking executives' best efforts to help them understand actual and highly likely impacts and strategies to mitigate risk. And, there is a growing subset of companies proactively communicating in this fashion akin to what we saw in April 2020, at the onset of COVID-19 — a period marked by companies prudently rescinding guidance and instead providing the highest levels of transparency that I've seen in my 25-year career. It served the market well — expectations were managed in Q1'20 and in Q2'20, and when performances weren't "as bad as expected", we entered a period of massive corporate investment, or what I refer to as the Capex Supercycle.

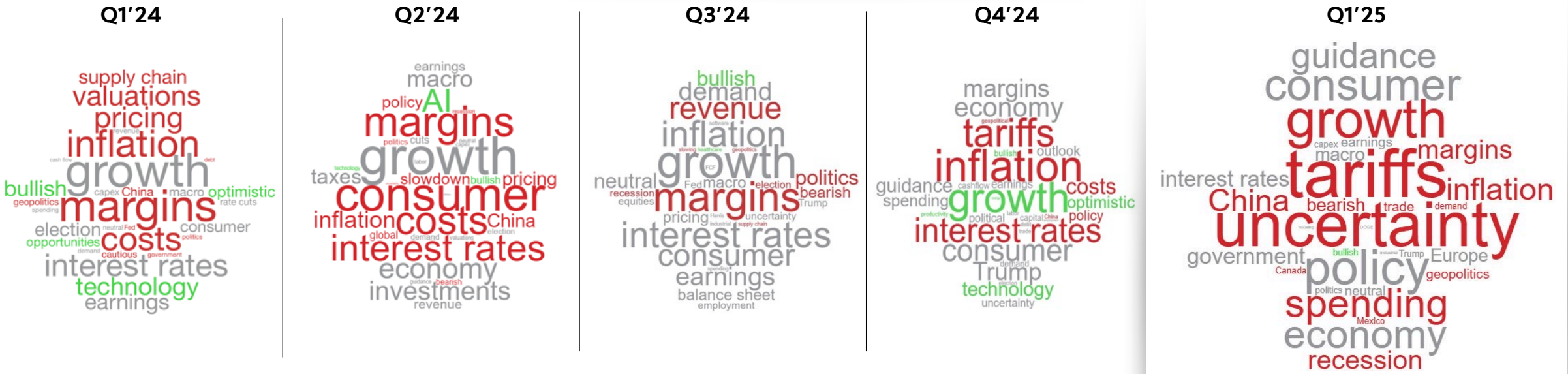
While the 90-day reprieve on reciprocal tariffs excluding China is welcomed, it serves to extend uncertainty in the increasingly psychologically unsafe environment in which we're currently operating. Those companies that will emerge stronger from this period will demonstrate the ability to control the controllable, execute with agility in the near term while not losing sight of advancing the long-term strategy, communicate honestly and straightforwardly, and bring investors along with them.

Despite the ever-fluid environment, we hope you find our research timely, insightful, and actionable. Thank you for your readership."

Tariffs, Uncertainty, and Policy Dominate Mindshare, While Growth Sentiment Inflects Negatively

After a brief surge in optimism following the conclusion of the U.S. Presidential election, investor views sour as acute concerns over tariffs, heightened uncertainty, and policy confusion move to the forefront; growth commentary, a perceived bright spot last quarter, turns negative amid expanding recessionary expectations

VISUAL REPRESENTATION OF SURVEY COMMENTARY: UNDERLYING SENTIMENT ■ Positive ■ Neutral ■ Negative



Quarterly Ranking (1-30)		
Q/Q	Q4'24	Top Mentions
↑ 2	1 st	Tariffs
↑ 12	2 nd	Uncertainty
↓ 1	3 rd	Growth
↑ 17	4 th	Policy
UNCH	5 th	Consumer

Survey Finds Largest Pullback in Investor Sentiment in a Decade amid Radical Uncertainty

Following Largely Bullish Sentiment Captured Last Quarter, Decade-Record Sequential Pullback in Optimism Observed; While Q1 is Largely Anticipated to Be In Line with Consensus, Expectations for Earnings Beats Erode while Annual Guidance is in Flux

- **24%** report current sentiment as *Neutral to Bullish* or *Bullish*, down from 65% in Q4'24, resulting in the largest QoQ pullback on record in a decade; meanwhile, **40%** characterize views as *Neutral to Bearish* or *Bearish*, nearly triple the 15% observed last quarter
- **35%** of investors describe executive tone as *Neutral to Bearish* or *Bearish*, a 28-point increase over Q4'24, with just 29% in the *Bullish* or *Neutral to Bullish* camp, down from 72%
- **53%** expect Q1 earnings results to be *In Line* with consensus; meanwhile, **43%** anticipate *In Line* sequential earnings performances, while those anticipating *Worsening* prints rises to 34% from 14%
- As for Q1 KPIs, expectations suggest a prevailing view of *Worsening over Improving* conditions, particularly for Revenue and EPS; that said, sentiment toward Operating Margins and FCF is more neutral, with a larger portion of respondents foreseeing sequential *Stability* in the near term
- More anticipate companies to *Maintain* annual guides, though ~**40%** expect executives to *Lower* forecasts
 - While a majority, **77%**, prefer companies include the impact of tariffs in guidance updates, **60%** of investors exhibit understanding if companies elect to rescind annual guides; if doing so, scenario analysis is strongly encouraged

Diminishing 2025 GDP Projections Lead to Nearly 6 in 10 Investors Expecting a U.S. Recession; Tariffs is the Leading Topic of Interest and Area of Concern on Upcoming Calls, While Growth Commentary Inflects Negative and Margins Gain Prioritization

- Growth expectations have reversed QoQ, as **64%** now anticipate 2025 U.S. GDP to be *Lower* YoY versus 22% last quarter, while only 22% expect it to be *Higher*, down from 46%; as such, **59%** expect the U.S. to enter a recession, up from 22% QoQ, which was the lowest level of concern captured in two years
- Tariffs and Growth / Demand trends register as the leading focus areas for earnings, followed by Margins; Tariffs also tops the list among unaided concerns, while those citing Economic Slowdown sees a sharp, 41-point uptick
 - **57%** anticipate a meaningful downgrade to earnings forecasts across sectors as a result of the April 2nd reciprocal tariff announcement
 - In terms of specific tariff topics, investor interest centers around Mitigation Efforts such as pricing, Impact Disclosure / Exposure, and Demand / Customer Conversations
 - While there is a general expectation for companies to quantify tariff impacts, **69%** favor a *Qualitative* approach
- Investors are prioritizing Margins to Growth **71%** to **29%**, respectively, the highest disparity observed since tracking began in Dec. '23

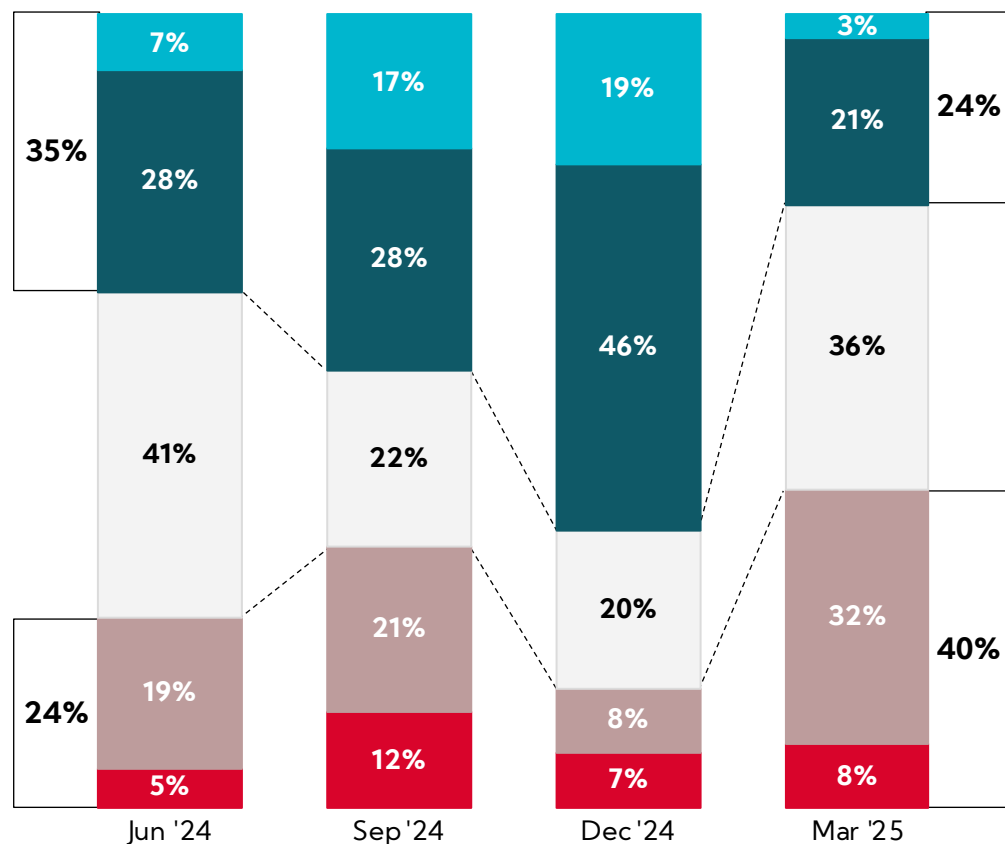
Preference for Debt Paydown Reignites and More Support Hoarding Cash; As Expectations for Key Economic Indicators Over the Next Six Months Flash Red, Mid-Caps are Increasingly Favored, and Investors Pile into Defensive Healthcare

- Debt Paydown emerges as the top preferred cash use, supported by **64%** of investors, overtaking reinvestment at **49%**; backing for dry powder also climbs, now favored by **32%**, up from 25%, while only 13% favor M&A at this time, down 19 points QoQ
- U.S. Unemployment and Inflation draw the most concern, with 77% and 67% of respondents expecting *Worsening* conditions over the next six months, respectively
- Mid-caps are viewed as *Most Compelling* of the market caps, garnering **42%** support and overtaking Small-caps (24%); Mega-caps register the lowest level of support (17%)
- Healthcare sees a significant surge in optimism, up 42 points QoQ, now the most favored sector; despite a 19-point increase in bearish sentiment, Tech still ranks among the top preferred sectors, in the #2 position
- Consumer Discretionary pessimism rises to its highest level since 2020, displacing Clean Energy as the sector seeing the highest level of bears; REITs also experience a net negative shift in sentiment

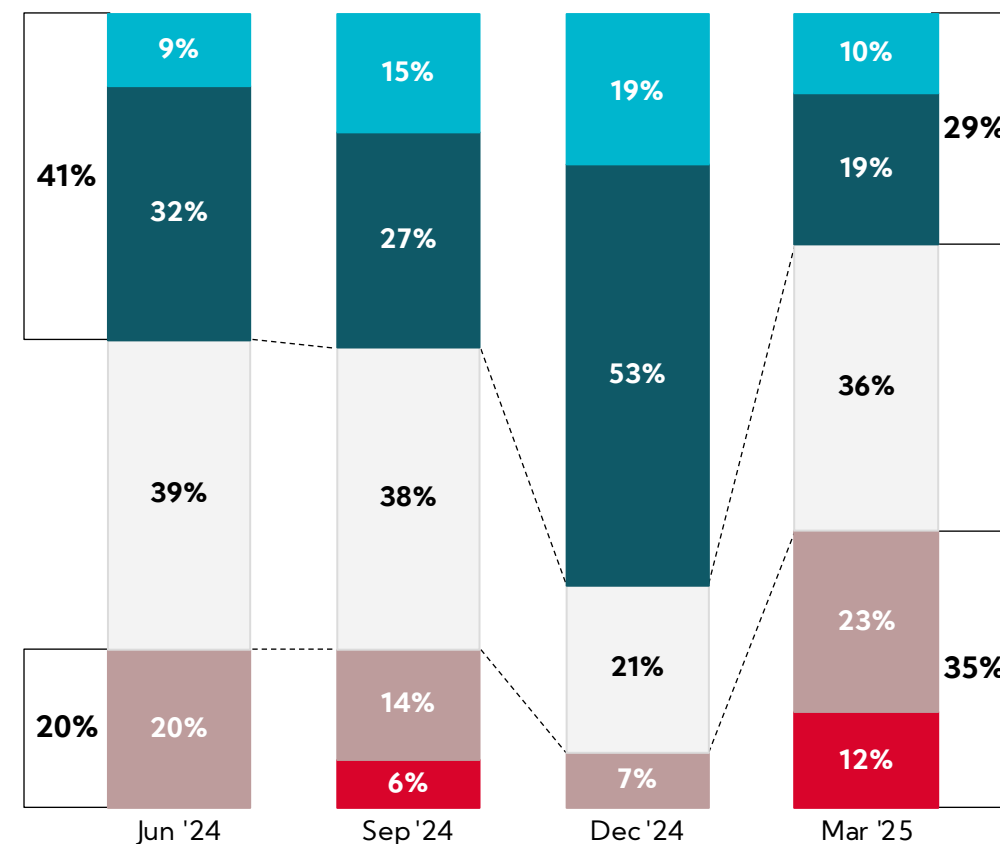
'Trump Bump' Exuberance Registered Last Quarter Sees a Stark Reversal; Results Reflect Largest QoQ Pullback in *Bullish / Neutral to Bullish* Sentiment in a Decade

Following the U.S. Presidential Election, 81% of respondents report a *negative shift* in sentiment

INVESTOR SENTIMENT

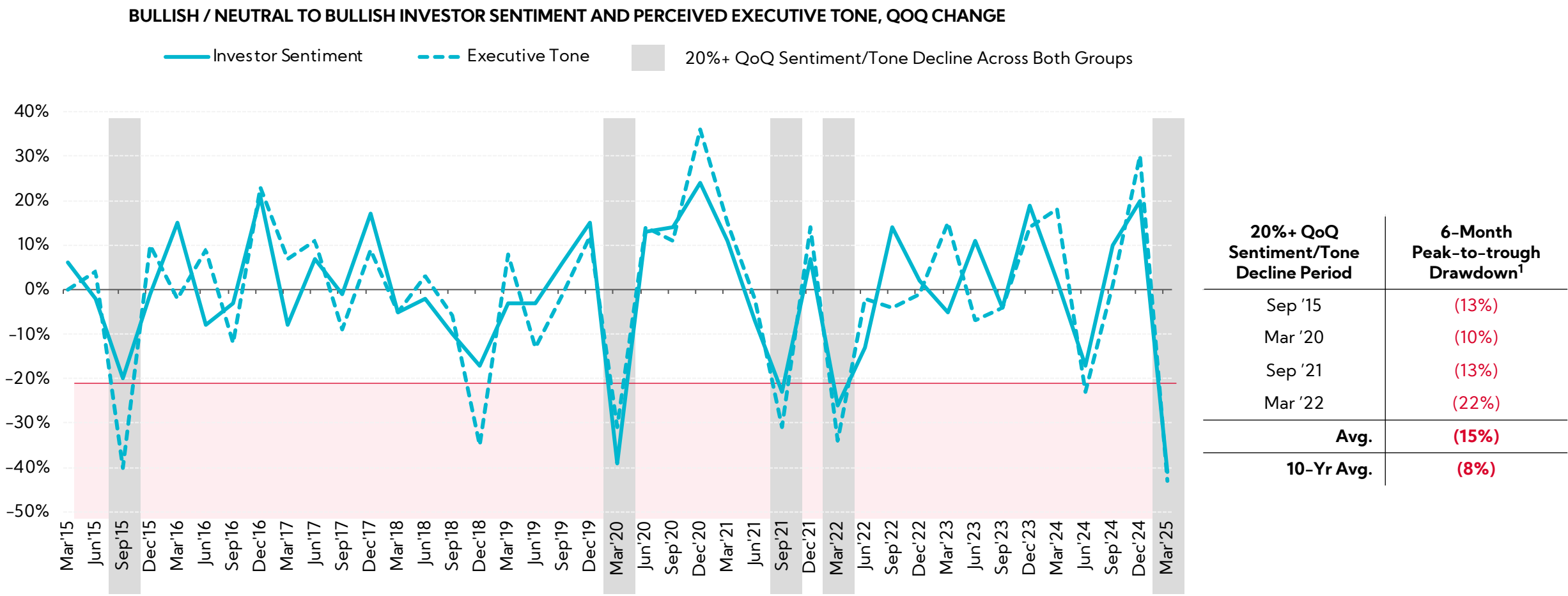


PERCEIVED EXECUTIVE TONE



Pullbacks in *Bullish / Neutral to Bullish* Sentiment Often Serve as an Indicator for What's Ahead

Historically, following 20%+ declines in *bullish / neutral to bullish* investor sentiment and executive tone, the S&P 500 experiences an average peak-to-trough drawdown of 15% at some point within the following six months, nearly double the 10-year average of 8%



¹Peak-to-trough calculations based on S&P 500 price movements 6 months following the last day of the period (e.g., September 30th, 2015 – March 30th, 2016)

'Minute-by-Minute' Changes in Headlines Resulting in Sentiment Wavering 'Day-by-Day'; Investor Fatigue Evident throughout Responses, with Heightened Anxiety for What Lies Ahead

Bullish / Neutral to Bullish

"I like to hold a contrary opinion." **Buy Side, N. America, Generalist**

"Opportunity may be, will be, presented within the current fluid, volatile environment."

Buy Side, N. America, Generalist

"While there was some downward movement in revenue and earnings expectations for the coming quarters, it wasn't a large movement. It felt more like fine-tuning rather than a drastic downward movement." **Buy Side, N. America, Generalist**

Neutral

"Hope for lower taxes and deregulation offset by erratic government policy / tariff policy."

Buy Side, N. America, Generalist

"I am bearish on the very near term and bullish over the longer term. The firm's bearish near-term view is DOGE cuts are one half of what is going to happen. We are seeing a lot on the private layoff side as well, so jobs numbers are going to be quite weakened. We will get near-term softening in the economy, which is not great for equities. Also, we are big believers in the Fed thesis and once we see the softening and the rate cuts are not going to resume, equities continue higher after that. The things that Trump and DOGE like are going to be doing well, and the other things are not going to do well. A lot of management is neutral. Some of them are scared...no one thinks the economy is growing hot." **Buy Side, N. America, Generalist**

"There is a great deal of near-term volatility that will create opportunity at some point. However, we have a lot of chop to get through and those risks are more to the downside in the near term than to the upside. In regard to management, it is not a negative sentiment; it is somewhat a neutral sentiment. The quality management teams I talk to are focused on what they can control and trying to run their businesses the best way they can given the volatility and not allowing it to make decisions for them." **Sell Side, N. America, Generalist**

Neutral to Bearish / Bearish

"I have an increasing concern that there could be an economic slowdown that could possibly turn into a recession." **Buy Side, N. America, Generalist**

"It is a very uncertain time for many reasons. Policy uncertainty makes a lot of companies nervous and so they do not spend money. It is a disastrous circle because consumers are nervous and companies are nervous, people do not spend, the economy does not grow, and inflation picks up." **Buy Side, N. America, Generalist**

"The market sentiment is definitely more downbeat compared to where we were a couple months ago. Everybody is grappling with the uncertainty out there and the changes in the headlines on a minute-by-minute basis." **Buy Side, N. America, Generalist**

"There is a lot of uncertainty, which the market is never going to like, but ultimately, at least for U.S. equity markets, you have a very business-friendly administration in office, pent-up demand for things like housing and automobiles that eventually will show up in terms of economic activity, and a relatively strong U.S. consumer. All the pieces are there that once you get past the period of uncertainty the market can perform well, even if that is off a lower level that we came to the year in. In terms of the management teams we cover, sentiment is overall neutral but with a bearish lean. The industrial economy has been in or near recession for a couple years. People are tired of waiting for the inflection to come. There is a fatigue in terms of waiting for things to get better that has turned sentiment negative in a lot of businesses." **Buy Side, N. America, Materials**

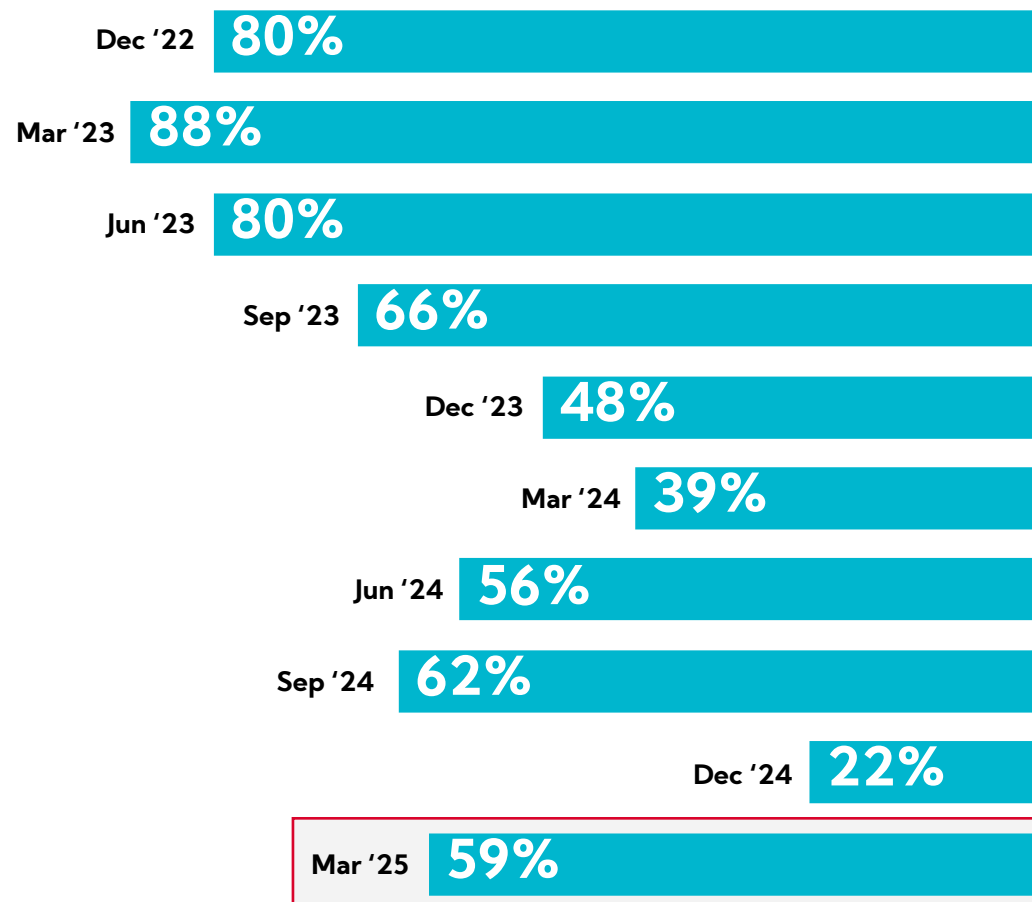
"Long term, there are reasons to be optimistic in theory but there is so much policy uncertainty, it waivers day-by-day. There are times when it feels very negative. Given the volatility, I am leaning more bearish than bullish, slightly negative." **Buy Side, N. America, Industrials**

"My total market sentiment is weak. There is more concern. The geopolitical things have taken over and the 10-year rates have been reacting to a shift in macro expectations, which is a little too harsh." **Buy Side, N. America, Industrials**

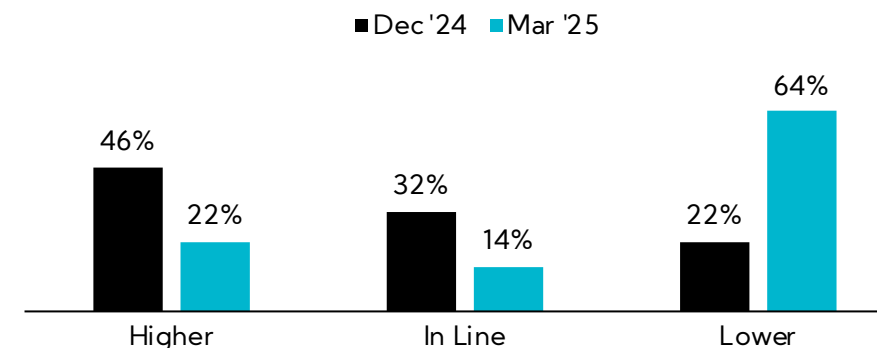
Recession Expectations Spike as 2025 GDP Growth Outlooks Deteriorate Precipitously QoQ

Majority of those expecting a recession anticipate landfall in the second half of the year; as such, investor KPI preferences for margin preservation over growth skyrocket to the highest disparity observed since tracking began in Dec '23

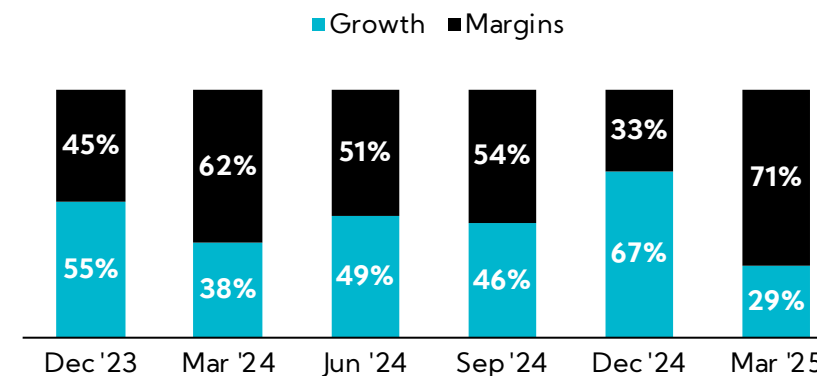
RECESSION EXPECTATIONS



2025 U.S. GDP GROWTH EXPECTATIONS
RELATIVE TO 2024

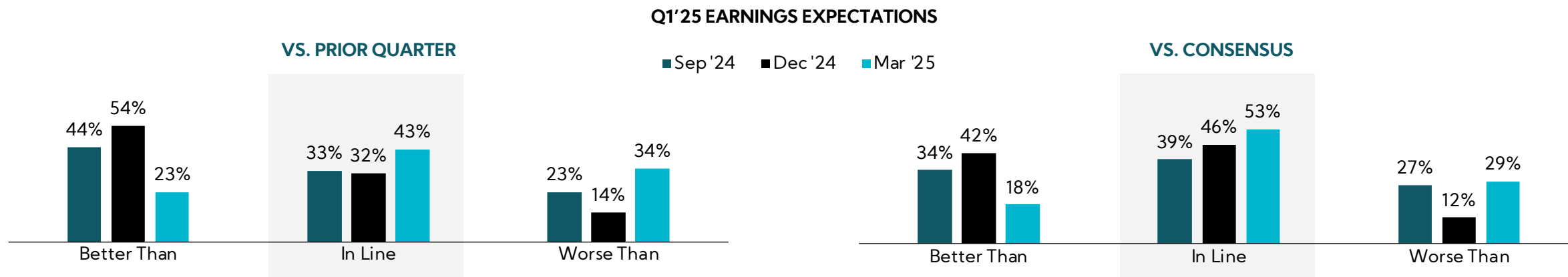


KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



Most Expect Results to Be Flat QoQ and In Line with Consensus though Expectations for Beats Fall More Than Two-fold and Misses More Than Double

Still, 41% anticipate Q1'25 results will *outpace* Q1'24, well above the 27% expecting *lower* YoY prints



Better Than

"Earnings are still stable in Q1." **Buy Side, Europe, Generalist**
 "The economy is doing okay." **Buy Side, N. America, Multi**
 "There is strong momentum exiting 2024 and good visibility given previous quarterly earnings timing." **Sell Side, N. America, Tech**

In Line

"Analysts have been tweaking their estimates given corporate guidance coupled with macro factors." **Buy Side, N. America, Generalist**
 "Executives are trying to slow staff hiring / investment." **Buy Side, N. America, Generalist**
 "Sequentially, EPS will increase, albeit at a rate below that of Q4'24. While analysts have been ratcheting estimates for Q1'25 down, I anticipate reported to consensus to be in-line." **Buy Side, N. America, Generalist**
 "There is just so much uncertainty in the economy." **Buy Side, N. America, Generalist**
 "I don't think Q1 will see the full impact of DOGE and I think analysts have adjusted estimates for the spending cuts." **Sell Side, N. America, Tech**
 "Uncertain economy, tariffs, and a new President." **Sell Side, N. America, Consumer Discretionary**

Worse Than

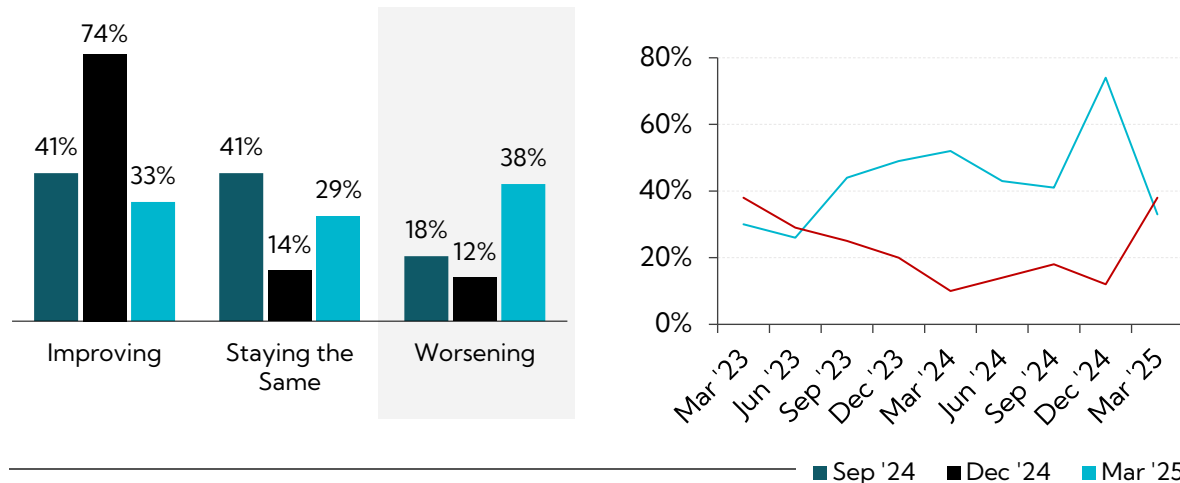
"Consumer boycotts, tariffs, economic uncertainty, and geopolitical conflict." **Buy Side, N. America, Generalist**
 "Uncertainty around tariffs." **Buy Side, N. America, Generalist**
 "Tariffs." **Buy Side, N. America, Multi**
 "Things have worsened since start of the year, sentiment weakened, and many are sitting on their hands to see how Trump policies take shape." **Buy Side, Europe, Generalist**
 "Uncertain consumer." **Sell Side, N. America, Healthcare**
 "Rising economic uncertainty." **Sell Side, Asia, Tech**

For KPIs, More Expect Worsening Conditions than Improving

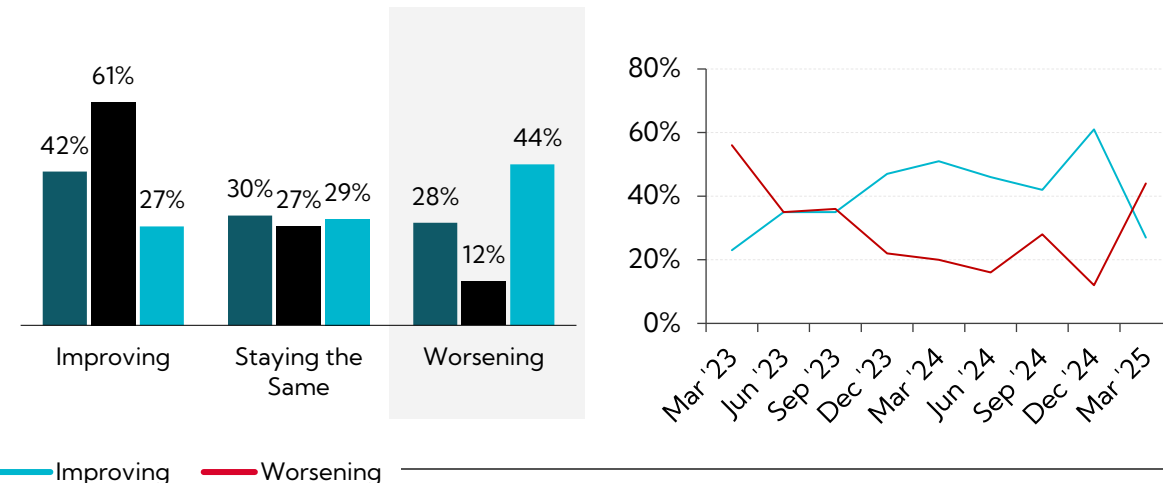
Institutional investors and analysts adopt neutral stances on sequential operating margins and FCF, but are significantly more downbeat on Revenue and EPS

Q1'25 SEQUENTIAL PERFORMANCE EXPECTATIONS

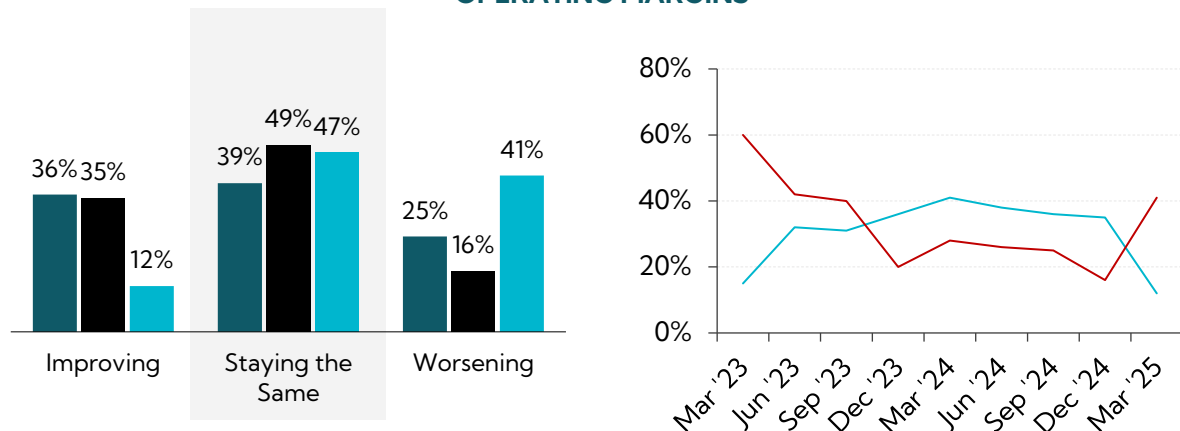
REVENUE



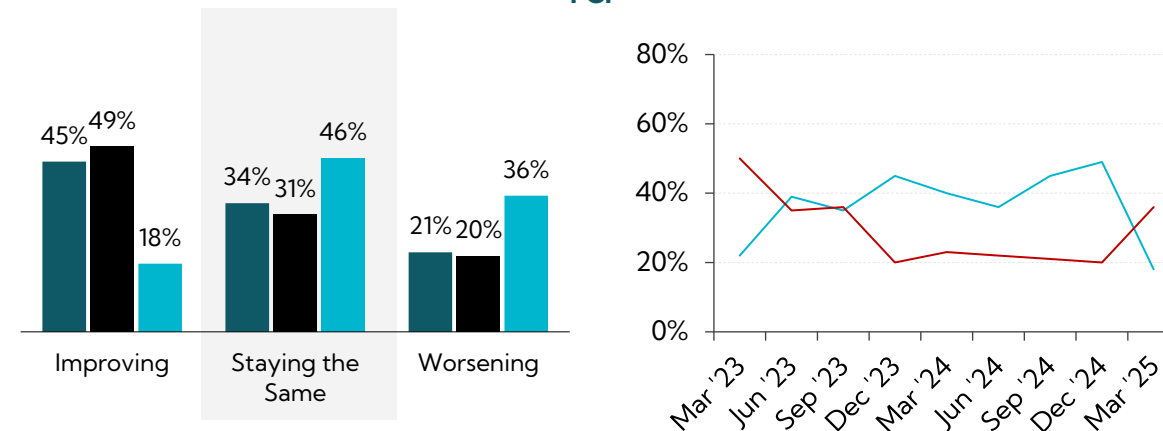
EPS



OPERATING MARGINS



FCF

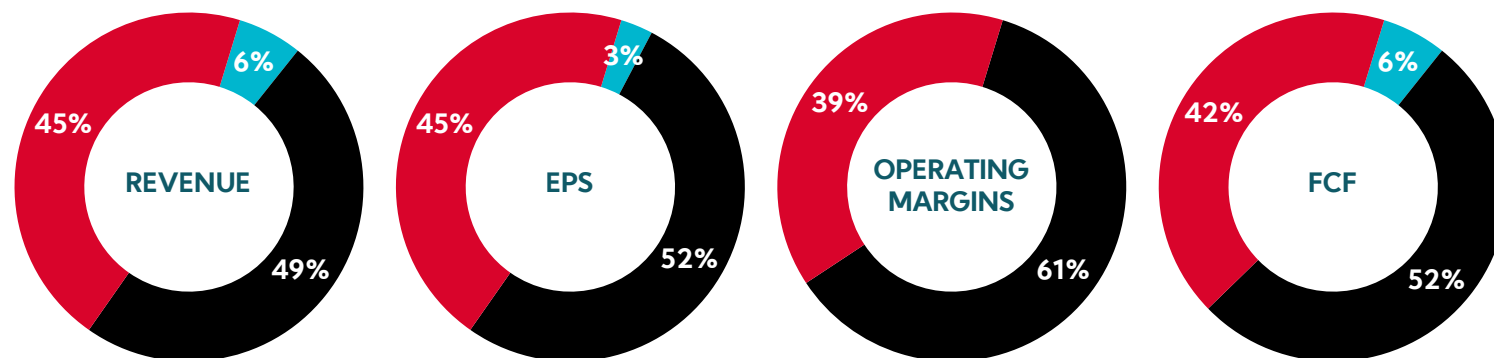


Views Are Relatively Divided on Whether Companies Will Maintain or Lower Guides; That Said, Including Tariff Impacts in Guidance Is Expected...Provided They Can Be Responsibly Procured

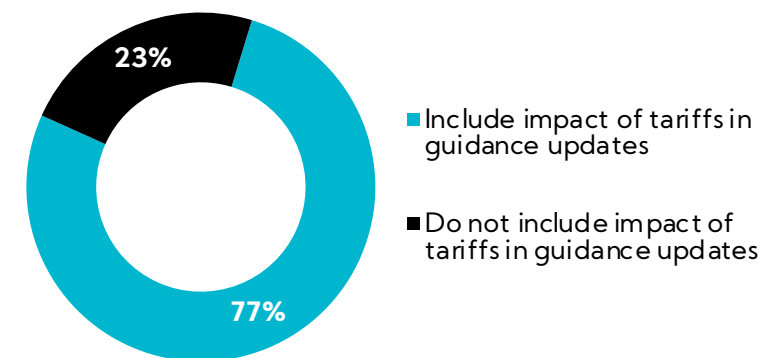
Majority of investors support rescinding guidance in a "tariff on" situation where companies can not quantify impact; if doing so, scenario analysis is strongly encouraged

FULL-YEAR 2025 GUIDANCE EXPECTATIONS¹

■ Raise ■ Maintain ■ Lower

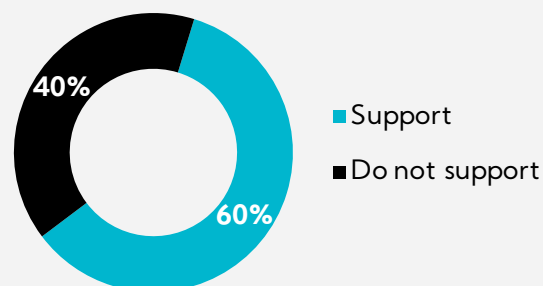


ANNUAL GUIDANCE EXPECTATIONS REGARDING TARIFFS



TARIFF PULSE POLL

SUPPORT FOR RESCINDING GUIDANCE IN NEAR TERM UNTIL COMPANIES CAN RESPONSIBLY QUANTIFY TARIFF IMPACTS



"I do support it; what is this guidance going to be based off? The macro environment right now is like a giant game of 52-card pick-up, so congratulations, you told me you were holding two kings, and we threw all the cards in the air. Am I going to hold you to still having two kings? Probably not." **Buy Side, N. America, Generalist**

"Somewhat similar to COVID when there was a lot of moving pieces and it created too much uncertainty." **Buy Side, N. America, Generalist**

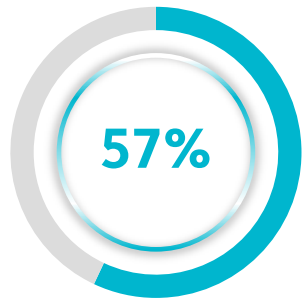
"There would be an adverse reaction if you rescind guidance. A better way would be if you kept guidance and incorporate that into guidance, if possible. Option B, have sensitivity to the guidance based on different tariff situations. Make a wider guidance range based on tariffs; I do worry that if you completely got rid of guidance that there would be a more adverse reaction to the stock than necessary." **Buy Side, N. America, Generalist**

¹Survey responses captured prior to April 2nd reciprocal tariff announcement

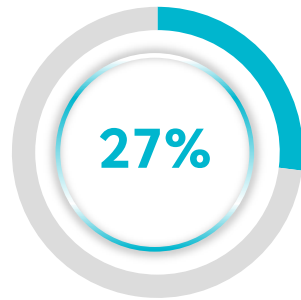
Tariff Spotlight: Shifts in Earnings Outlooks

Majority of respondents polled since the April 2nd reciprocal tariff announcement are anticipating a meaningful downgrade to earnings forecast across most sectors

SHIFTS IN 2025 EARNINGS OUTLOOKS FOLLOWING THE APRIL 2ND RECIPROCAL TARIFF ANNOUNCEMENT¹



I now expect a meaningful downgrade to earnings forecasts across most sectors



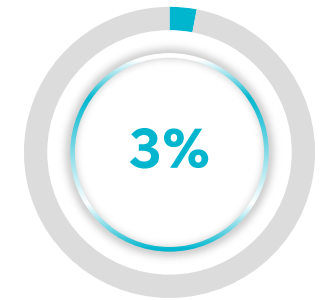
I expect modest downside to earnings, but limited to select sectors with high import exposure



Too early to say – I need more clarity from companies before adjusting expectations



I see elevated risk and will be closely watching company commentary



I believe companies will offset most of the impact through pricing or other mitigation strategies

"I believe we have clowns running the government and only care about themselves, not the American people. The economy was fine before the Tariffs and now we will all suffer." **Buy Side, N. America, Generalist**

"Slowing economy will be exacerbated by tariff uncertainty and will mute any real revenue and earnings visibility. The market is starting to get this message." **Buy Side, N. America, Generalist**

"I expect earnings forecast cuts as a function of supply chain disruptions, lower demand from consumers / businesses, and higher input prices." **Buy Side, N. America, Generalist**

"A pullback in corporate investment will have a cascading effect in many sectors of the economy." **Buy Side, N. America, Generalist**

¹Survey responses captured prior to April 2nd reciprocal tariff announcement

Tariff Spotlight: Topics to Address on Upcoming Calls

Mitigation efforts are top of mind – demonstrating control of the controllables is critical

Topics to Address on Earnings Calls (Unaided)

- 1 Impact / Exposure Disclosure (Cost, Revenue, Margin)
- 2 Mitigation Efforts, Including Pricing Actions and Cost Savings to Offset Impact
- 3 Demand, Customer Conversations
- 4 Guidance and Scenario Analysis (Base, Best, Worst Case)
- 5 Capex Shifts
- 6 Manufacturing Footprint Adjustments

"The main thing is how much direct tariff exposure do you have and then what you are hearing from customers in terms of how that is impacting demand for them." **Buy Side, N. America, Generalist**

"Companies will quantify their tariff exposure to some extent. On some level, we want a framework. I want to know what the rough impact is. It is not a precise number but provide a range. Nobody knows what the numbers will be, when, or if they are going into effect, what the reciprocal reaction will be, and whether it will be passed along or if the suppliers will eat it. Understanding revenue or cost impact is helpful." **Buy Side, N. America, Generalist**

"Earnings impact over the next 2-3 quarters." **Buy Side, N. America, Generalist**

"Selected sectors will announce price increases to maintain their margins." **Buy Side, N. America, Generalist**

"Capex plans." **Buy Side, N. America, Generalist**

"What their plans are to increase domestic manufacturing?" **Buy Side, N. America, Generalist**

"Detail around self-help initiatives and an articulation of what the second derivative impacts might be such as a much slower decision-making process by the company's customers." **Buy Side, N. America, Generalist**

"Disclosures on the impact." **Buy Side, N. America, Generalist**

"What impact they are seeing on orders and why." **Buy Side, N. America, Generalist**

"An honest opinion." **Buy Side, N. America, Generalist**

"Direct and derivative import exposure and expected effect on market share dynamics and end market health." **Buy Side, N. America, Generalist**

64% Tariffs
(↑ 41pts)

64% Growth, Demand
(↓ 3pts)

41% Margins, Pricing
(↑ 4pts)

30% Policy Impacts,
Uncertainty
(↑ 16pts)

27% Capex, Capital
Priorities
(↓ 2pts)

16% Consumer
Behavior
(↑ 9pts)

Topics of Interest for Upcoming Earnings Calls

Tariffs leap to the top of the leaderboard among topics to address on upcoming earnings calls; investors are also keen to understand the current environment's impact on customer behavior

Views from N. America

"Executive teams are going to have to speak to what they are seeing on the ground in terms of demand and how it compares to their expectations coming into the year and how exposed they are to tariffs and has it changed their behavior or the behavior of their customers or suppliers. In terms of waiting for this inflection point, has their expectation for an improvement in demand conditions materially changed in the last three months, since we last heard from them? Have they pushed out the timeline to recovery?" **Buy Side, Generalist**

"Tariffs, their confidence level, the confidence level of their customers, if this is creating distortion in supply chains as people try to either import ahead of tariffs and learning more about how they plan for the future in this kind of environment." **Buy Side, Generalist**

"Expense controls, tariff impact, immigration reform impact." **Buy Side, Generalist**

"Ability to maintain / enhance organic growth, ability to sustain / enhance margins, macro, geopolitical events and their impact on guidance / outlook." **Buy Side, Generalist**

"Orders, trade barriers, deglobalization." **Buy Side, Generalist**

"Pipeline - what does the year look like now? Tariffs - are there plans to mitigate them in your business? New products - are you moving forward?" **Buy Side, Generalist**

"Capital outlays, capability to sustain / enhance margins, cash return to investors." **Buy Side, Generalist**

"Tariffs, margins, top-line growth." **Buy Side, Generalist**

"Pipeline changes, acquisition plans, margin gains." **Buy Side, Generalist**

"Tariff, demand outlook, pricing strategy." **Buy Side, Multi**

"Tariffs, global uncertainty, capex plans." **Buy Side, Multi**

"Tariffs, DOGE, orders." **Buy Side, Multi**

"Economy, M&A, tariffs." **Buy Side, Multi**

"Interest rates, tariffs, conflict zones." **Buy Side, Multi**

"Tariffs, funding pressures, what they are seeing in real time in the markets." **Buy Side, Industrials**

"Revenue trends, margins, EPS." **Sell Side, Healthcare**

"Impact of Fed cuts, impact of tariffs, expectation for how long pressure could last." **Sell Side, Tech**

"Tariffs, consumer sentiment, international expansion." **Sell Side, Consumer Discretionary**

"Growth prospects, macro exposure / ability to weather a downturn, expense management." **Sell Side, Tech**

Views from Abroad

"Order book, margin, sentiment." **Buy Side, Europe, Generalist**

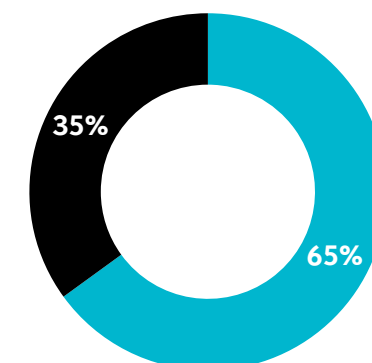
"Consumer confidence, impact of inflation from tariffs, Ukraine peace talks." **Buy Side, Europe, Generalist**

"Outlook on the macro, and tariffs, tariffs, tariffs." **Buy Side, Europe, Generalist**

"Capex, consumer spending, orders." **Buy Side, Europe, Generalist**

EVIDENCE OF PULL-FORWARD PURCHASING

■ Yes ■ No



Top Concerns from Around the Globe

Tariffs continue to top the list, followed by economic slowdown, which sees a sharp uptick

	Unaided								
QoQ Change	1	55% (↑ 10pts)	Tariffs	2	53% (↑ 41pts)	Economic Slowdown	3	47% (↓ 13pts)	Policy Uncertainty
	4	23% (↓ 3pts)	Monetary Policy	5	20% (↓ 8pts)	Inflation	6	19% (↑ 4pts)	Consumer Health

Views from N. America

"Tariffs & Immigration, inflation, chaotic policy implementation." **Buy Side Generalist**

"Reactionary sentiment to all things geopolitical, including U.S. executive policy communications and geopolitical situations throughout the globe. The sustainability of spending by U.S. consumers, the fiscal and monetary policies by China within its borders, and impact on commitments outside its borders." **Buy Side, Generalist**

"Uncertainty, policies, recession." **Buy Side, Generalist**

"Erratic government policy / tariffs, margin pressure, slowing sales." **Buy Side, Generalist**

"Tariffs, tariffs, tariffs." **Buy Side, Generalist**

"Unemployment – it's low now, but will the government layoffs drive it up? Tariffs – will they actually impact the economy in a meaningful way? General political chatter – neither side helps the economy by the current level of meaningless chatter." **Buy Side, Generalist**

"This entire lack of consumer spending, all this consternation caused by DOGE, and yo-yoing on policy is causing concern." **Buy Side, Generalist**

"Monetary policy, fiscal policy, inertia." **Buy Side, Generalist**

"U.S. government cutting spending, political uncertainty, tariffs." **Buy Side, Generalist**

"Tariffs, consumer demand, supply chain issues." **Buy Side, Generalist**

"Inflation, global economy, U.S. economy." **Buy Side, Generalist**

"Tariffs, weakening demand, U.S. political instability." **Buy Side, Multi**

"Tariffs, consumer weakness, high rates." **Buy Side, Multi**

"Tariffs, global slowdown, political." **Buy Side, Multi**

"Interest rates, tariffs, WWII." **Buy Side, Multi**

"Geopolitical landscape, inflation, interest rates." **Buy Side, Industrials**

"Growth, margin, earnings." **Sell Side, Healthcare**

"Growth, possible recession, margin impact of lower revenue." **Sell Side, Tech**

"Weak consumer, tariffs, spending going down." **Sell Side, Consumer Discretionary**

"Growth, earnings, debt." **Sell Side, Industrials**

"A decline in consumer spending, pullback in IT investments, negative estimate revisions." **Sell Side, Tech**

"High interest rates, sticky inflation, a very poor industrial backdrop." **Sell Side, Industrials**

Views from Abroad

"U.S. recession, rising inflation, tariffs." **Buy Side, Europe, Generalist**

"Tariffs, inflation, margin." **Buy Side, Europe, Generalist**

"Inflation, global political situation (Trump, Putin, etc.), neglecting environmental topics." **Buy Side, Europe, Generalist**

"Deglobalization, war, growth." **Buy Side, Europe, Generalist**

"Global growing trade tariffs turning into stagflation, a global recession." **Buy Side, Europe, Generalist**

"Uncertainty created by erratic, non-economic driven policy, recession, overvaluation of U.S. market." **Buy Side, Europe, Generalist**

"Global financial meltdown due to tariff war, increased consumer spends on necessities, travel restrictions." **Buy Side, Asia, Multi**

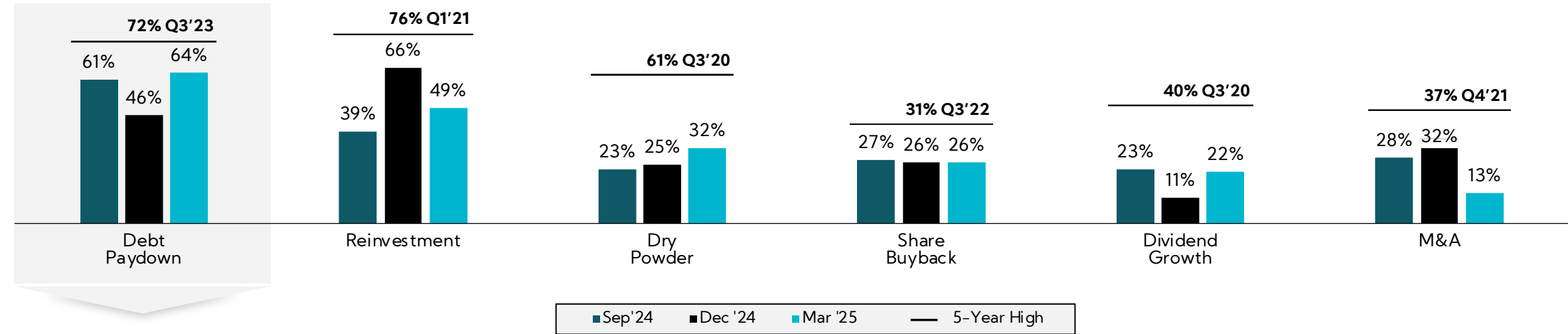
"Tariffs, wage-inflation spiral, industrial policy." **Sell Side, Asia, Tech**

"Macro, tariff risk where relevant, rising need for state actor." **Sell Side, Asia, Communications**

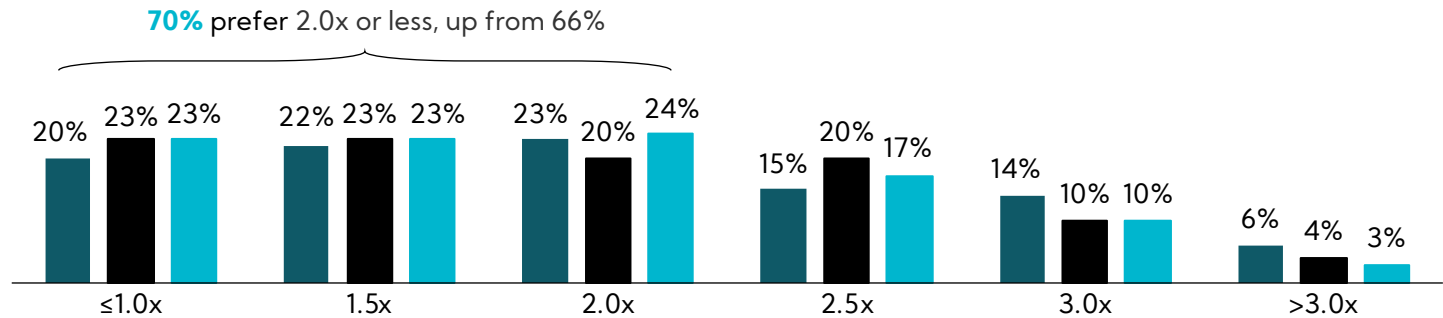
Debt Paydown Reignites as the Leading Preferred Cash Usage; Reinvestment Holds Firm in Second Place, Followed by Renewed Interest in Dry Powder, Underscoring Recessionary Concerns

A slight majority see none of their portfolio companies maintaining or increasing growth capex; support for M&A is cut by more than half QoQ

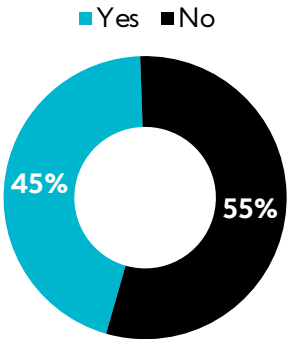
PREFERRED USES OF CASH
In Descending Order of Top Two Preferences



THRESHOLDS FOR IDEAL NET DEBT-TO-EBITDA



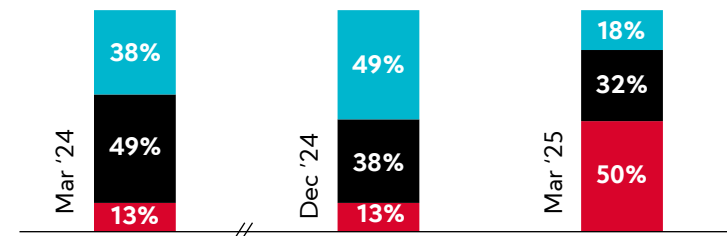
OBSERVATIONS OF COMPANIES INCREASING GROWTH CAPEX



Views on Key Economic Indicators Over the Next Six Months

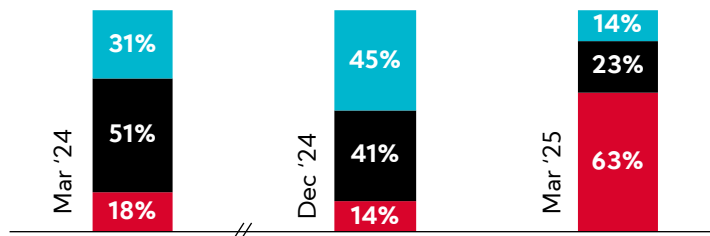
Optimism captured last quarter deteriorates across the board, with the most pronounced pessimism seen in U.S. Unemployment

GLOBAL CAPEX



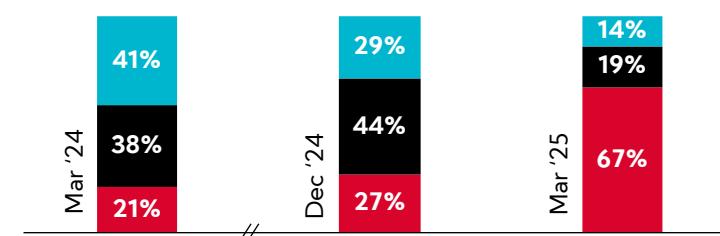
Staying the Same: "Global capex will be flat to down." **Buy Side, N. America, Industrials**

GLOBAL PMI



Worsening: "Trade wars are a negative." **Sell Side, N. America, Multi**

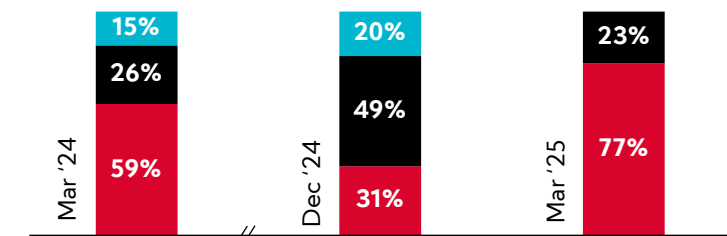
INFLATION



Worsening: "Tariffs driving higher prices overall." **Sell Side, N. America, Multi**

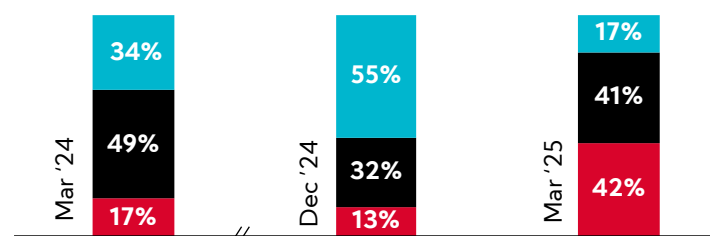
■ Improving ■ Staying the Same ■ Worsening

U.S. UNEMPLOYMENT



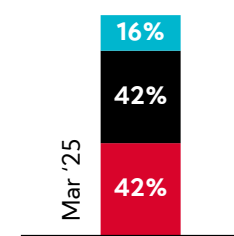
Worsening: "Expecting more layoffs and expense reductions." **Sell Side, N. America, Tech**

U.S. RESI CONSTRUCTION

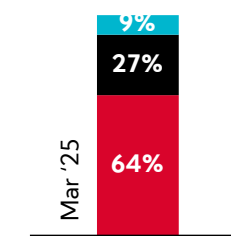


Staying the Same: "Lower rates could spur more building." **Sell Side, N. America, REITs**

FOREIGN DIRECT INVESTMENT

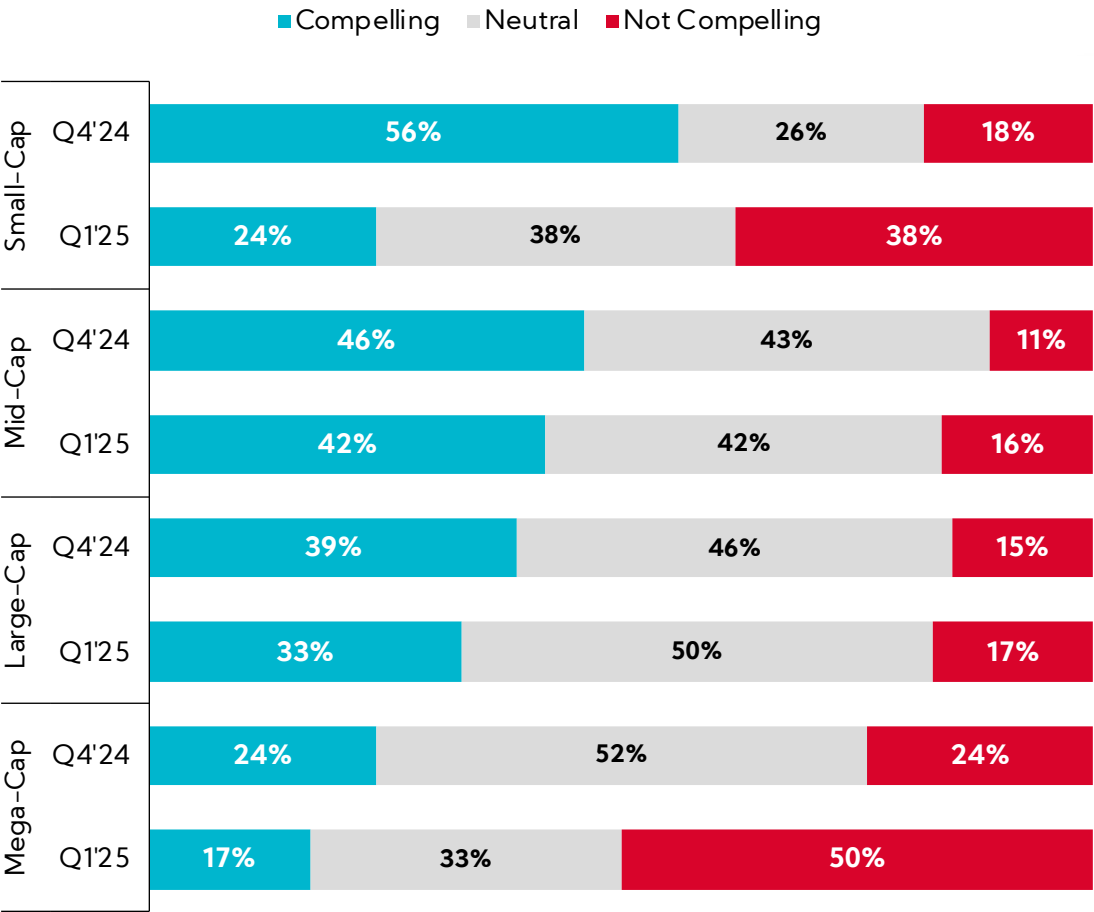


FX VOLATILITY



Mid-cap Companies Overtake Small-caps as Most Compelling to Investors at this Time; Common Tailwinds Seen Include Deregulation, Lower Taxes, and AI

MARKET CAP PREFERENCES



TAILWINDS

"Deregulation, lower taxes." **Buy Side, N. America, Generalist**

"Fewer regulations." **Buy Side, N. America, Generalist**

"Prospect for deregulation." **Buy Side, N. America, Generalist**

"AI." **Buy Side, N. America, Multi**

"AI spending." **Sell Side, N. America, Tech**

"Less regulation." **Sell Side, N. America, Industrials**

"Taxes, less regulation." **Sell Side, N. America, Healthcare**

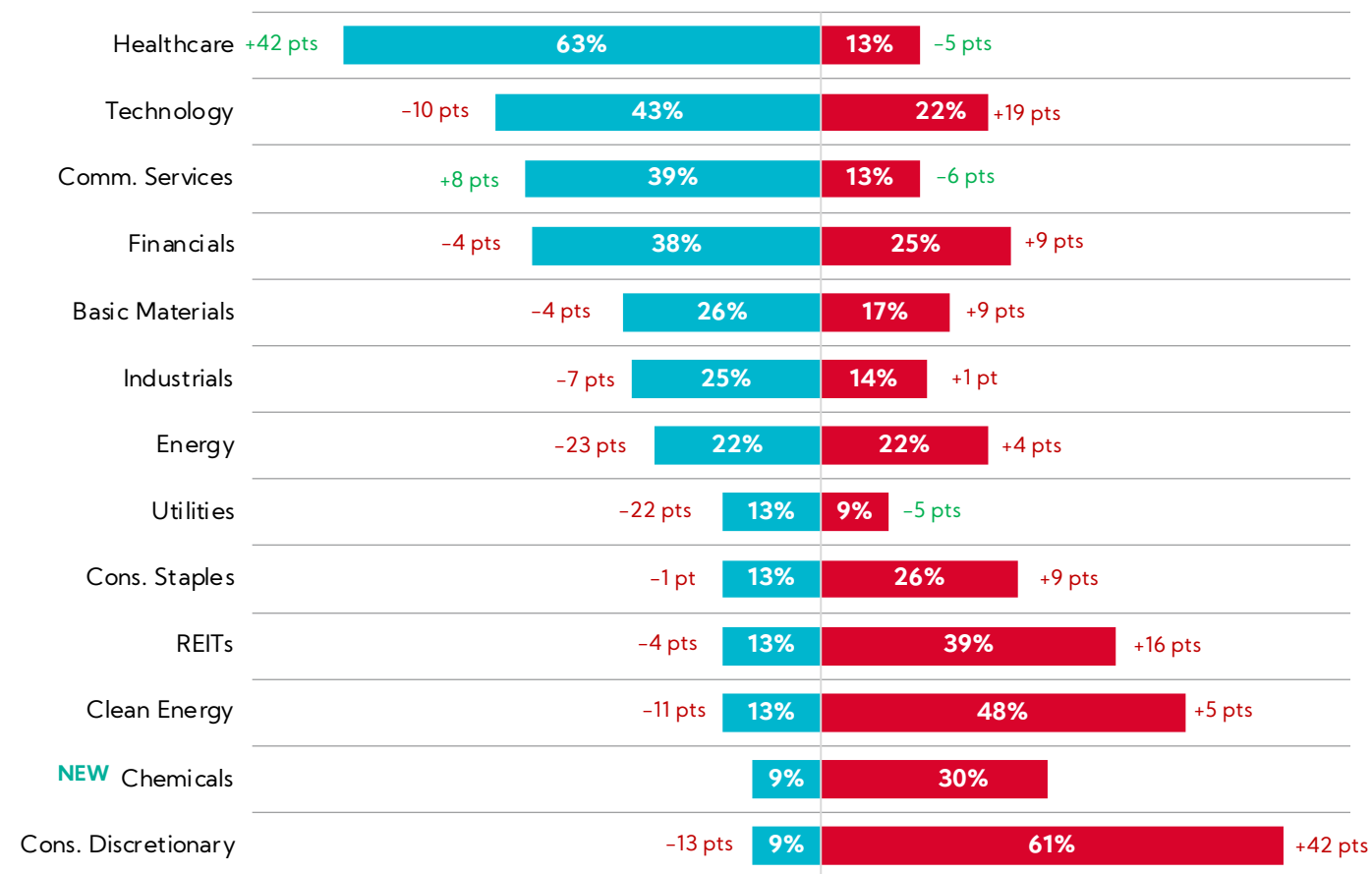
"More defense spending, infrastructure spending in Europe."
Buy Side, Europe, Generalist

Investors Pile into More Resilient Healthcare, While Consumer Discretionary, Clean Energy, and REITs Are Left Behind; Tech Remains Among the Top Preferred Sectors Despite Bear Movement

Healthcare receives the most bullish support since 2020, while Consumer Discretionary pessimism rises to its highest level over the same timeframe

BULLS VS BEARS

■ Bulls ■ Bears



Q1'25 S&P 500 SECTOR PERFORMANCE¹

+2.0%

(8.5%)

+3.9%

+0.3%

(1.2%)

(2.5%)

+7.6%

+6.1%

+2.3%

+1.3%

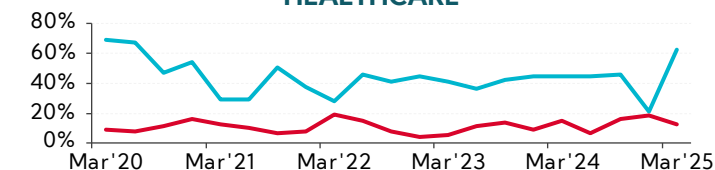
(15.1%)

(1.5%)

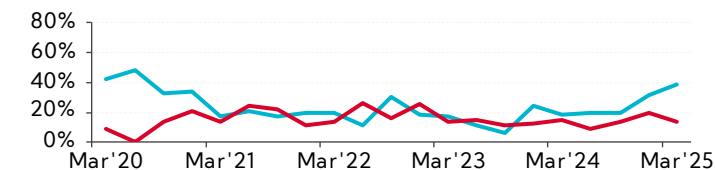
(6.1%)

LARGEST BULL AND BEAR MOVERS

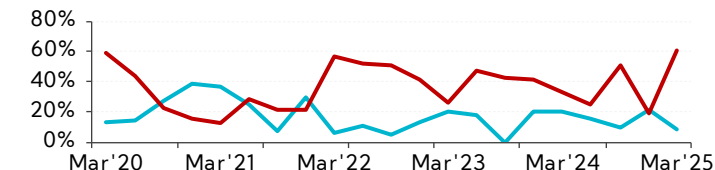
HEALTHCARE



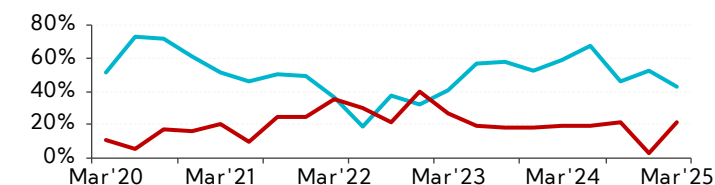
COMM. SERVICES



CONS. DISCRETIONARY



TECHNOLOGY



¹Source: FactSet



A Leading Investor Research and Investor Communications Advisory Firm

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contactus@corbinadvisors.com

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