

INSIDE THE
Buy • Side[®]

EARNINGS PRIMER[®]



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Q1'26

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INSIDE THE Buy-Side

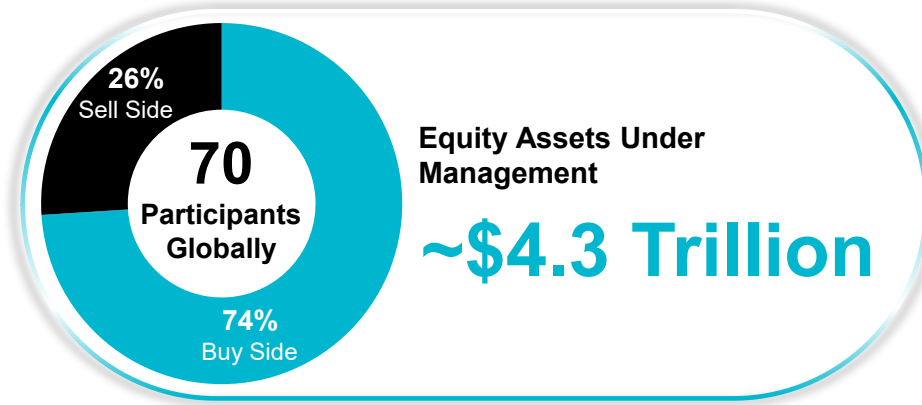
EARNINGS PRIMER®

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

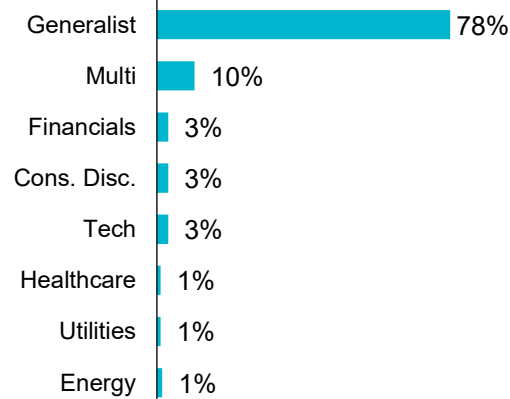
At the nexus of institutional investors and public companies globally, our thought leadership and guidance, grounded in trusted data and best practice, support outperformance.

Survey Timeframe: March 5 – April 1, 2026

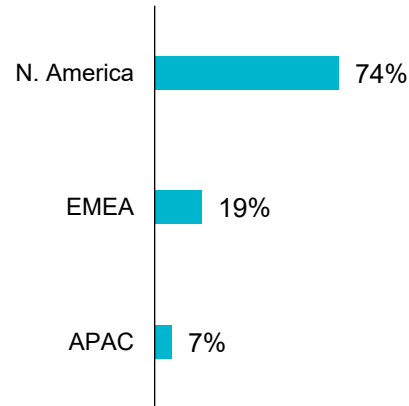
Survey Scope



BY TYPE



BY REGION



Market Performance¹

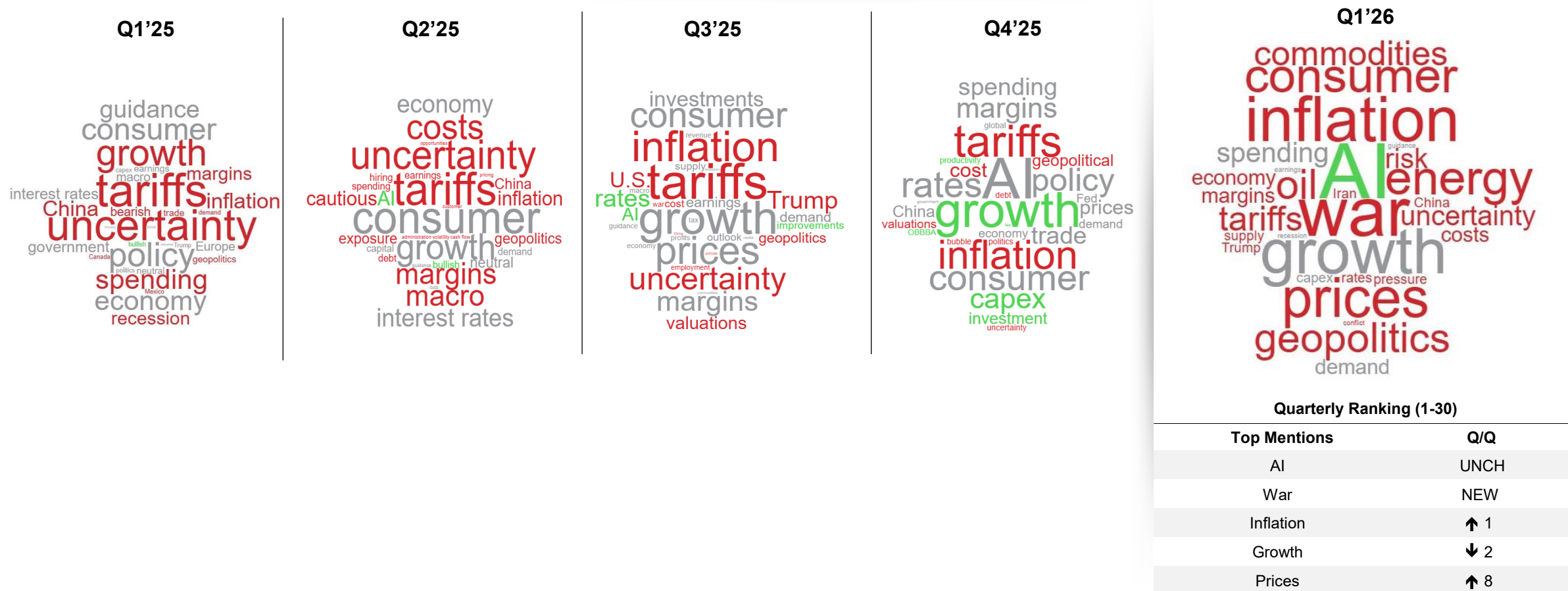
	YTD	Q1'26	Q1'25
U.S.			
DJIA	(0.3%)	(3.6%)	(1.3%)
NASDAQ	(2.6%)	(7.1%)	(10.4%)
S&P 500	(0.9%)	(4.6%)	(4.6%)
Russell 2000	5.6%	0.6%	(9.8%)
Europe			
FTSE 100	6.8%	2.5%	5.0%
Stoxx 600	2.6%	(3.4%)	9.7%
Asia			
Hang Seng	1.0%	(4.0%)	15.0%
Shanghai	0.7%	(0.8%)	(0.2%)

Geopolitical and Heightened Consumer Uncertainty Drive More Downbeat Views QoQ

Amid Iran War, energy, oil, and inflation rise to the forefront, though AI optimism remains intact

VISUAL REPRESENTATION OF SURVEY COMMENTARY: UNDERLYING SENTIMENT

■ Positive ■ Neutral ■ Negative



“War, huh” ...Predictably, After Three Quarters of Steady Optimism, Investor Sentiment Withdraws with Signs of Fallout Beginning to Emerge; Companies Must Continue to Don a Full Metal Jacket

Optimistic Investor Sentiment Calibrated for Black Swan Induced Uncertainty but Bearishness Remains Below Post-Tariff Levels; While Bracing for Heightened Consensus Misses, Guidance Expected to Stick for Now

- **35%** characterize sentiment as *Neutral to Bullish* or *Bullish*, down from 50% last quarter, while *Neutral to Bearish* or *Bearish* views see an uptick to 41% from 23%
- **41%** of investors characterize executive tone as *Neutral to Bullish* or *Bullish*, compared to 66% last quarter, a notable stepdown
- **39%** expect Q1'26 earnings to be *Better Than* consensus, while 17% anticipate misses, up 4x QoQ
- Revenue, EPS, and FCF still expected to *Improve* sequentially, but at lower support levels; all KPIs see an increase in *Worsening* expectations, particularly Margins
- Companies expected to *Maintain* full-year 2026 guidance across all KPIs; fewer expect lowered annual outlooks due to the current global crisis relative to other recent Black Swan events
- Regarding tariffs, 58% expect the current level to *Stay the Same*
 - A majority, 78%, characterize their belief that tariff refunds will be issued as *Not at All Confident* or *Not so Confident*

War-Induced Uncertainty and Second-Order Effects, Namely Next-Level Inflation, Chill Growth Optimism with Emphasis Back on Margin Preservation for First Time in a Year...All Eyes on Consumer Health

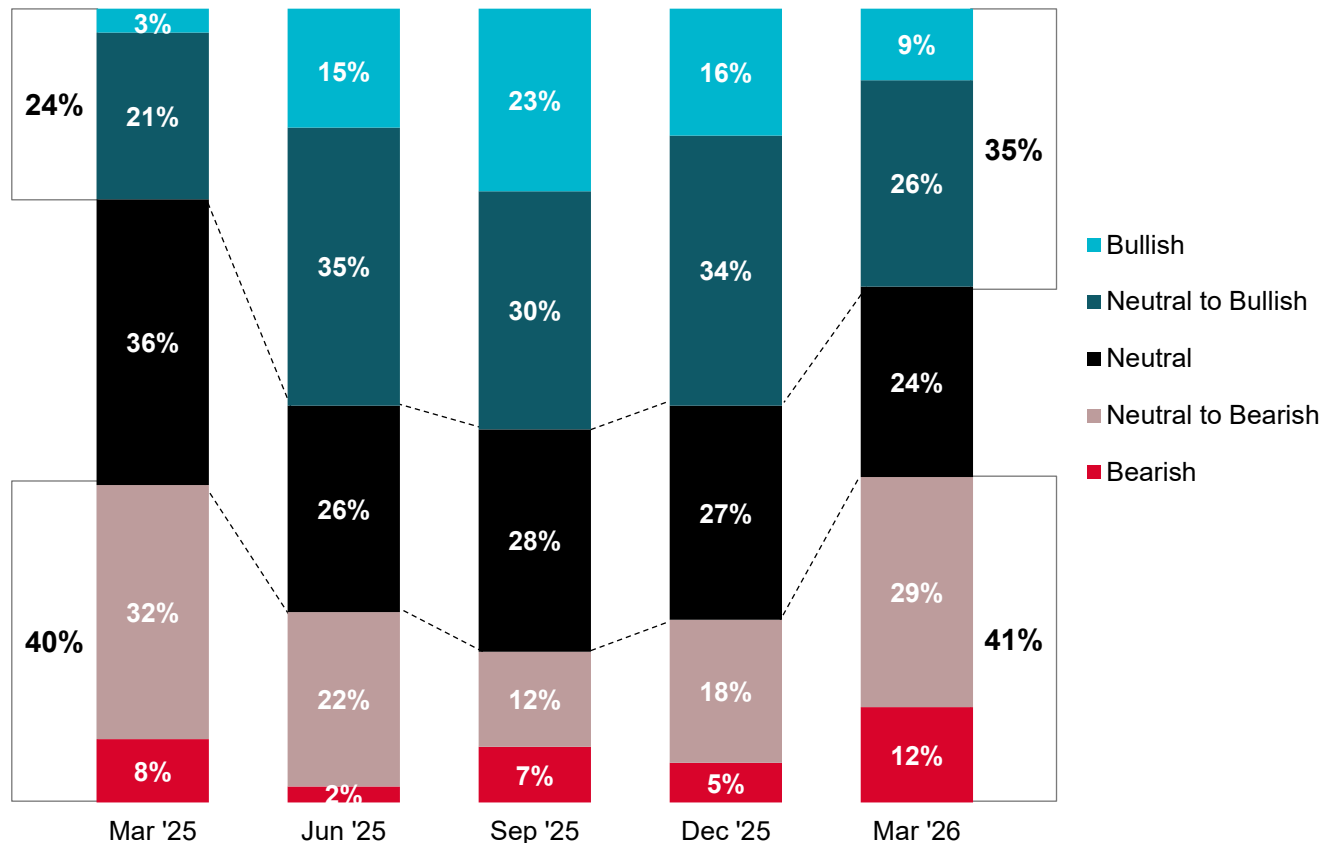
- Investors now prioritize margin defense over growth offense **55%** to **45%**; pause on expansion exuberance mirrors shifts seen during previous Black Swan events (COVID, Tariff announcement, Ukraine invasion)
- AI and Iran War impacts are the leading earnings call topics of interest, with investors seeking details on the latter's impact on energy, inflation, the consumer, and strategies to adapt
- Regions that are net oil exporters see the largest gains in positive sentiment at the expense of those that produce or otherwise import oil from the Middle East
 - Brazil continues to catapult to the forefront with 60% reporting an improving outlook over the next six months
 - India falls two places to third amid economic instability impacts from Middle East conflicts
- 45% project 2026 U.S. GDP growth to *Worsen* over the next six months; investors are now split on recession expectations
- With AI optimism intact, 53% of surveyed investors consider a company's AI strategy *Very Important* or *Critical* to their investment selection process

Despite More Defensive Stance, Reinvestment Continues as Top Cash Use as AI-Fueled Capex Thesis Remains Intact; Energy Bulls Steaming while Consumer Discretionary Takes It on the Chin

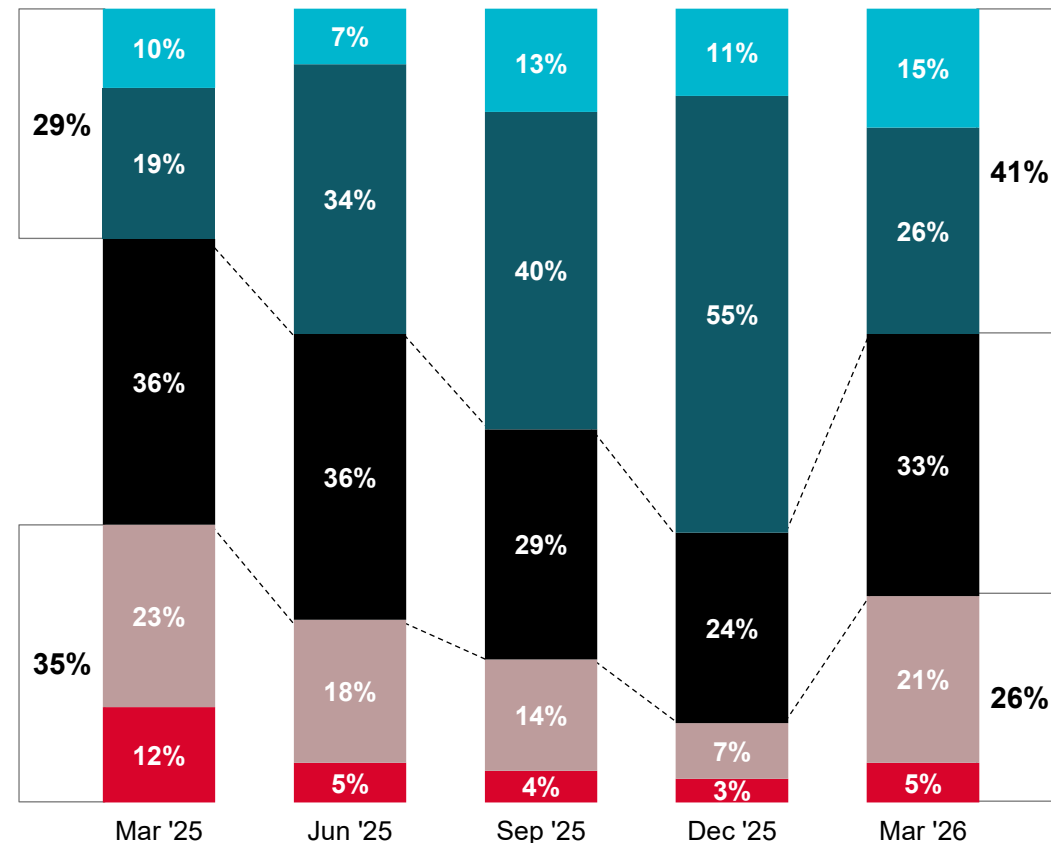
- Reinvestment remains the top preferred use by **50%**, although sees a slide from **61%** support last quarter, followed by debt reduction at **41%**
 - In a nod to market dislocation and defense strategy, investors favor dividend growth and dry powder at high levels QoQ
- Amid heightened opacity and expectations for higher inflation, investor support for bolt-on acquisitions, while still largely *Highly in Favor* or *In Favor* at **57%**, sees a pullback from **71%** last quarter
 - Nearly half, **45%**, report being *Not in Favor* of large transformational acquisitions, consistent with the previous quarter
- An event-driven tale of two cities emerges, as global energy prices soar and gas prices in the U.S. climb over \$4 for the first time since 2022; still, survey sees more sector bulls than bears in aggregate
 - Bullish sentiment running high on Energy with the sector seeing its largest sequential improvement in support in survey history, at **71%**
 - Consumer Discretionary sees 2x the level of bears QoQ and is the most downbeat sector in survey as concerns around sentiment and health spike

Iran War-related Uncertainty Shifts Investor Sentiment Into More-Bearish-than-Bullish Territory; Executive Optimism Pulls Back But Still Not as Downbeat as Following 2025 Tariff Announcements

INVESTOR SENTIMENT



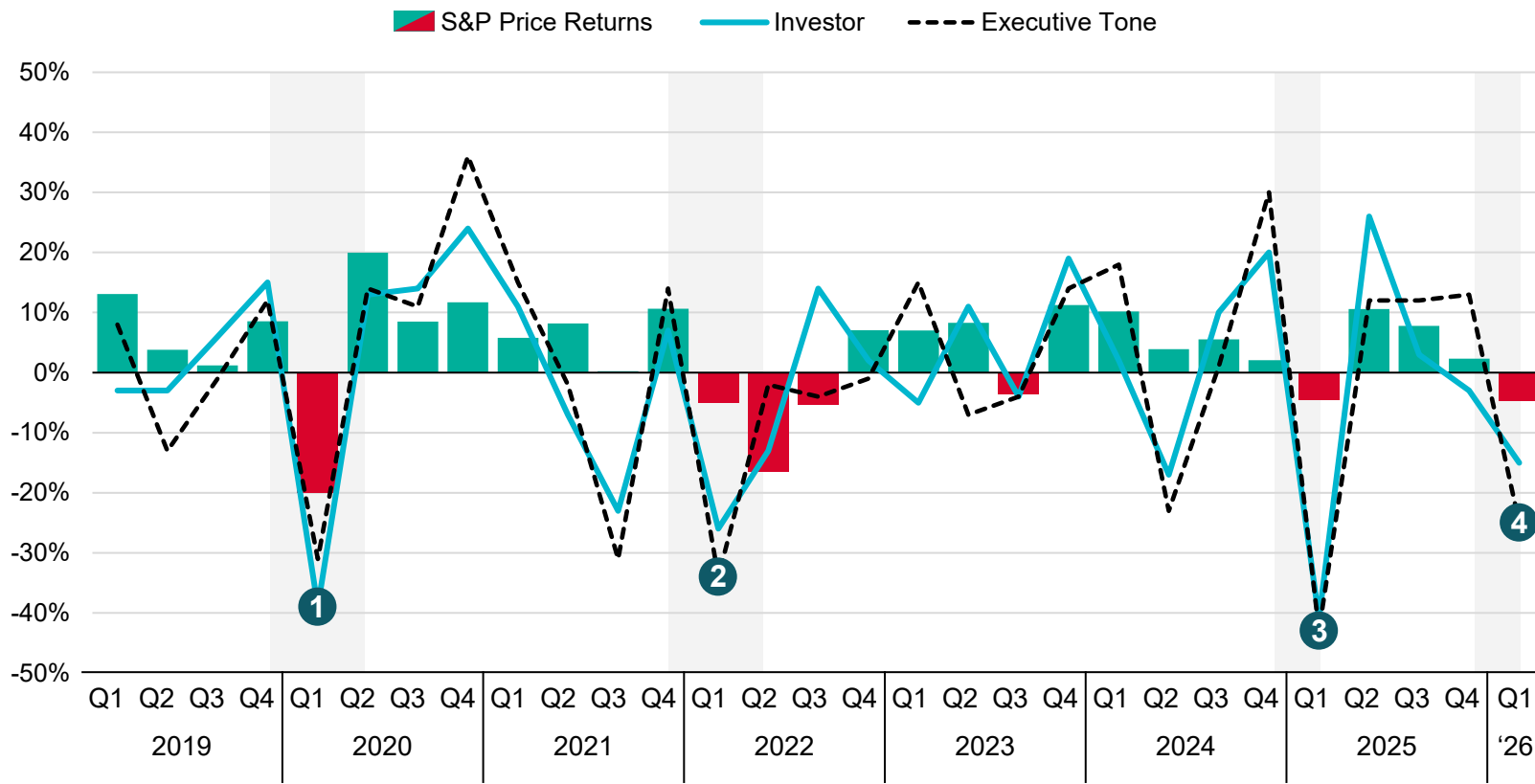
PERCEIVED EXECUTIVE TONE



A Comparison of Black Swan Events: Iran War Sentiment Swing Not as Outsized as Recent Instances

In all but one case, S&P 500 returns and investor sentiment rebounded favorably within one quarter and sustained positive returns for at least three consecutive quarters

**BULLISH / NEUTRAL TO BULLISH INVESTOR SENTIMENT AND PERCEIVED EXECUTIVE TONE
RELATIVE TO S&P 500 RETURNS, QOQ CHANGE¹**



Event	QoQ Δ	S&P 500 Performance ²
1 COVID-19	Investor Sentiment	(20%)
	Executive Tone	
	QoQ Δ	
2 Ukraine-Russia War	Investor Sentiment	(5%)
	Executive Tone	
	QoQ Δ	
3 Tariff Announcement	Investor Sentiment	(5%)
	Executive Tone	
	QoQ Δ	
4 Iran War	Investor Sentiment	(5%)
	Executive Tone	
	QoQ Δ	

Underlying Economy Described as “Still Solid” but with Increased Uncertainty amid Accumulating Headwinds; Inflation and Further Knocks to Consumer in Focus

Bullish

"The truth is stronger than the media narrative." **Buy Side, N. America, Generalist**

"Opponents of the current administration are driving overly negative sentiment. I think AI starts to be useful to companies this year, driving down SG&A and increasing margins." **Buy Side, N. America, Generalist**

"Strong underlying economy, many industrials are finally catching up on supply chain disruption from the COVID shutdown. Massive spend on AI infrastructure." **Buy Side, N. America, Generalist**

"Improving productivity, economy has shown remarkable resilience." **Buy Side, N. America, Generalist**

Neutral to Bullish

"Industrial production, architectural billings, etc., are getting better. Outside of Iran, things are on solid footing." **Buy Side, N. America, Generalist**

"While no one knows when the Middle East conflict will abate, I think the powers who are determining the timing are heavily incentivized to end this in the next 2 to 4 weeks." **Buy Side, N. America, Generalist**

"If you had asked me two weeks ago, before this Middle East conflict, I would say generally it is pretty positive. ISM was trending better. Companies are feeling pretty good about 2026. Order trends had been good coming out of Q4, but now there is this whole new level of uncertainty. It is generally pretty favorable, but that could be changing." **Buy Side, Europe, Generalist**

"Retail sales have held up well despite tariffs and low consumer confidence." **Sell Side, N. America, Consumer Discretionary**

Neutral

"It was cautiously optimistic. Now with this Iran war, I do not know. I am seeing worries." **Buy Side, N. America, Generalist**

"There are a lot of uncertainties, but not necessarily where the companies have seen the negatives in their business yet." **Buy Side, N. America, Generalist**

"Geopolitical uncertainty." **Buy Side, N. America, Generalist**

"I would describe executive tone as frustrated due to the Middle East, product issues, and some of their stocks not behaving the way they thought. It is generally just frustration." **Buy Side, N. America, Generalist**

"One-time shock from Iran, not permanent change. But weakness in consumer starting to show." **Buy Side, N. America, Generalist**

"Need for market correction, overvaluations." **Buy Side, N. America, Generalist**

"Economic foundation remains solid but future outlook has significant uncertainties." **Buy Side, N. America, Financials**

"Geopolitical assessment, macro assessment, earnings call of companies under our coverage in our portfolio." **Buy Side, Asia, Generalist**

"Geopolitical risk, budget scrutiny, and increased competition for new logos." **Sell Side, N. America, Tech**

"Geopolitical issues." **Sell Side, Asia, Energy**

Neutral to Bearish / Bearish

"I feel like there's a wide range of outcomes, the valuations are high. There is a lot of volatility, and a lot of geopolitical risk, inflationary risk, and consumer health risk." **Buy Side, N. America, Generalist**

"Geopolitical tensions." **Buy Side, N. America, Generalist**

"Inflation, war, government debt." **Buy Side, N. America, Generalist**

"Rising oil prices, potential job losses from AI, recent hot inflation data." **Buy Side, N. America, Generalist**

"Too many uncertainties cropping up -- war, oil, inflation, public policy -- in a market where valuations already seemed full." **Buy Side, N. America, Generalist**

"Unpredictably driven by aimless politics." **Buy Side, N. America,**

"I am more negative about the near-term sentiment driven by macroeconomic and also geopolitical risk." **Buy Side, Europe, Generalist**

"The disruption of global energy supply is too long to blow over without impacts." **Buy Side, Europe, Generalist**

"Iran conflict, higher oil prices, higher inflation." **Sell Side, N. America, Energy**

"Corporate earnings near all-time highs as percent of GDP, potential AI bubble, slowing employment growth, slight uptick in inflation keeps Fed steady to hawkish." **Sell Side, N. America, Consumer Discretionary**

"Inflation rising." **Sell Side, Europe, Energy**

"Iran War." **Buy Side, Asia, Multi**

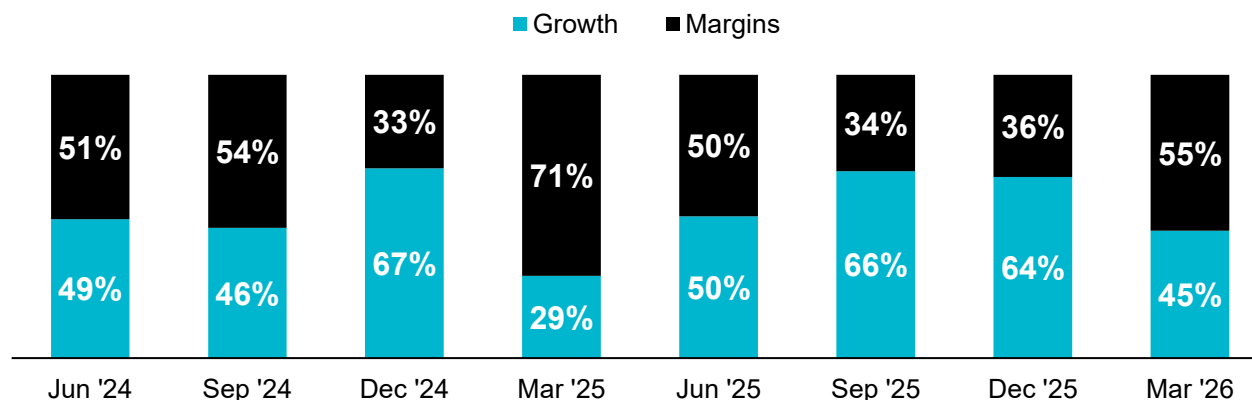
"The tone from executives has been pretty good in my space; that usually means not great for other spaces, so my sentiment is leaning bearish." **Sell Side, N. America, Energy**

"War in Middle East." **Sell Side, N. America, Financials**

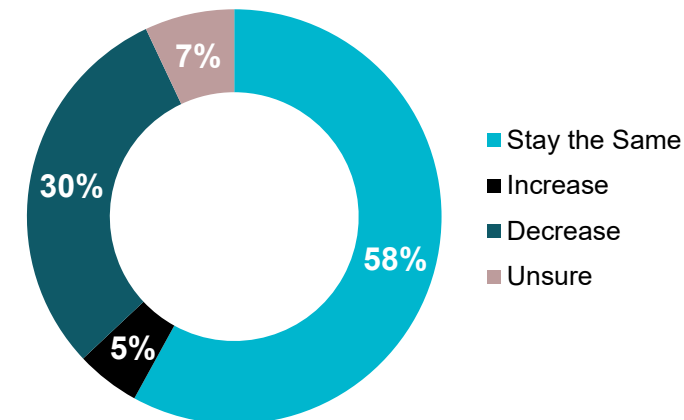
Investors Recalibrating as Conflict Chills Growth Exuberance; Tariff Landscape Expected to Remain As-Is with Little Hope for Refund

More than half, 55%, are prioritizing margins over growth at this time, the highest level in a year, as investors resume a defensive position

KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



2026 TARIFF EXPECTATIONS



"Margins come with growth." **Buy Side, N. America, Generalist**

"Growth will be challenged given our outlook and tightened capex." **Buy Side, N. America, Generalist**

"Growth is what we really want, but that is limited by the economy." **Buy Side, N. America, Generalist**

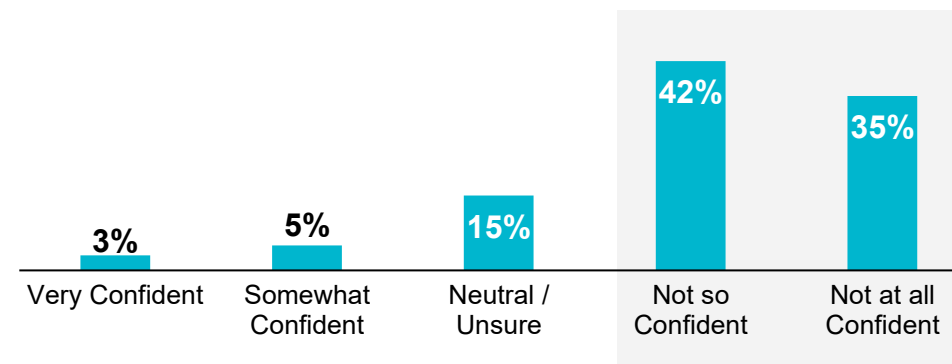
"Pursue sustainable growth with limitations on risk and protection of profits." **Sell Side, N. America, Financials**

"Acceleration is all that investors care about given terminal value concerns." **Sell Side, N. America, Tech**

"We are in a multi-year process of investors shifting focus from stories to balance sheets. This means more focus on cash flow generation and margins, unit profitability. Growth will be increasingly hard to come by with federal spending maxed out, consumer stretched, more scrutiny over AI, etc." **Sell Side, N. America, Consumer Discretionary**

"Margins are a bigger driver of value." **Sell Side, N. America, Consumer Discretionary**

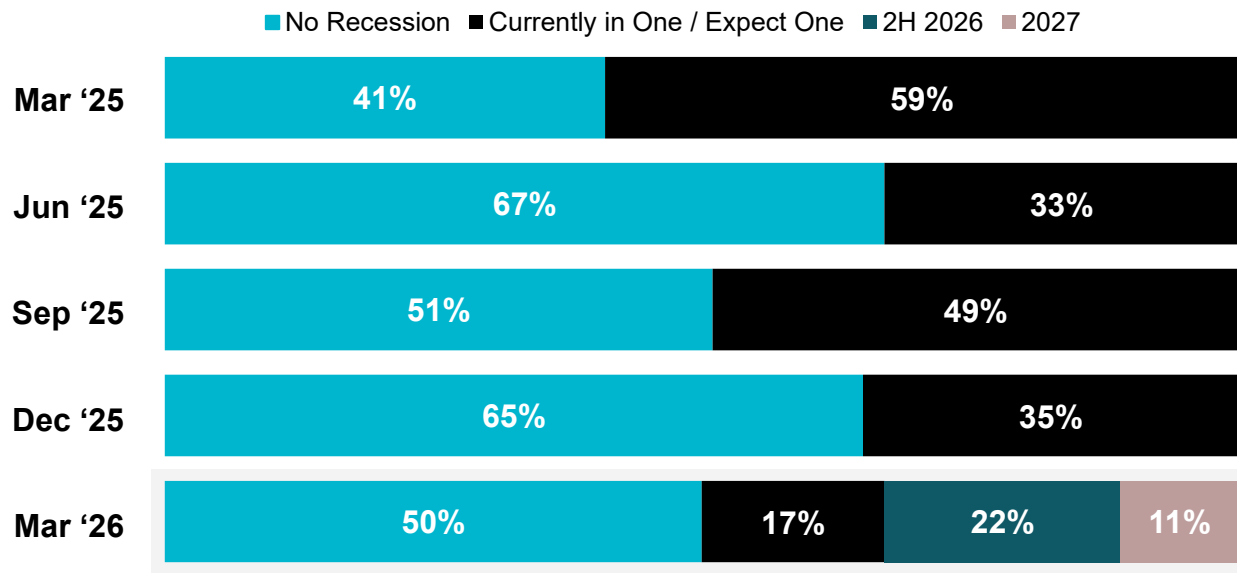
LEVEL OF CONFIDENCE TARIFF REFUND WILL BE ISSUED



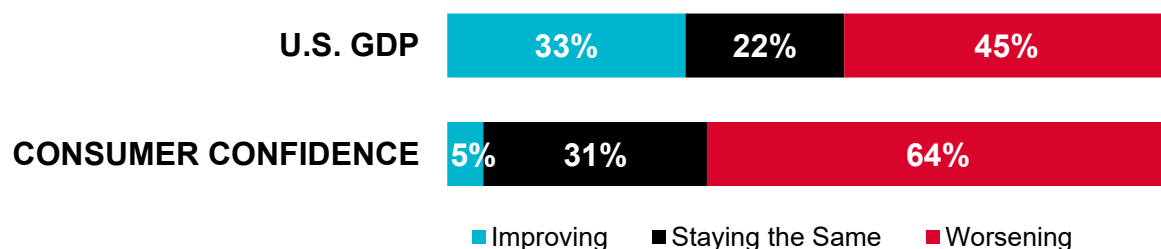
With U.S. GDP Expected to *Worsen* Over the Next Six Months, Recessionary Concerns Reemerge

Worries over Bottom-of-the-K cohort amplify with stock market dislocation putting newfound pressure on the Top-of-the-K

RECESSION EXPECTATIONS



EXPECTATIONS OVER THE NEXT SIX MONTHS



Do Not Expect a Recession

"Rolling industry recessions have prevented full blown contagion." **Buy Side, N. America, Generalist**

"If economy takes a turn for the worst, I expect a Trump course reversal." **Buy Side, N. America, Generalist**

"The U.S. Government will keep spending to prevent a recession." **Sell Side, N. America, Consumer Discretionary**

"The base case remains slower growth, not contraction. The labor market is still relatively stable, and consumer and corporate balance sheets are holding up." **Sell Side, N. America, Financials**

We Are Currently in One

"Ex-data center/AI growth, the rest of the economy seems to be in recession." **Buy Side, N. America, Generalist**

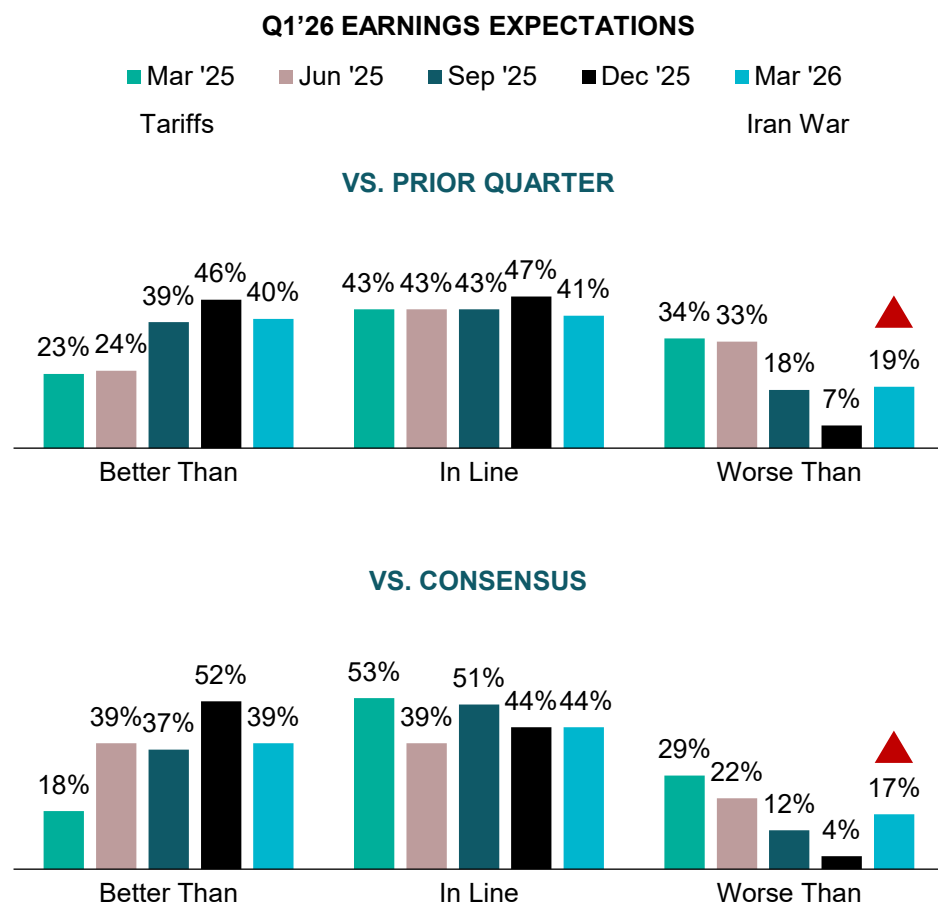
"We have seen rolling recessions over the past couple of years depending on sectors." **Sell Side, N. America, Energy**

2H 2026

"Whether or not there is a formally-declared recession doesn't really matter. We had a bear market, bear housing market, negative real consumer spending for much of 2022. In other words, it looked and felt like a recession even though the NBER never declared it one. So, it may not be a recession, but the consumer is telling you they are not feeling good right now. When that happens, they tend to spend less." **Sell Side, N. America, Consumer Discretionary**

Over 4x Increase in Investors Expecting Consensus Misses; Still, More Anticipate Q1 Prints Will be *In Line* to *Better Than* Analyst Benchmarks

65% believe Q1'26 results will surpass Q1'25 prints



Better Than

"Consensus is weak." **Buy Side, N. America, Generalist**

"OBBBA, tax refunds, Trump about face when markets correct." **Buy Side, N. America, Generalist**

"Better industrial volumes and pricing." **Buy Side, N. America, Generalist**

"Companies are doing well." **Buy Side, N. America, Generalist**

"AI Arbitrage." **Buy Side, N. America, Tech**

"Resilient U.S. economy, supported by lower input costs than prior year." **Buy Side, Europe, Generalist**

"Strong earnings growth up until start of war." **Buy Side, Europe, Generalist**

"Expect to see minimal impacts from world events and continuation of momentum coming out of YE." **Sell Side, N. America, Tech**

"Better earnings for companies." **Sell Side, Asia, Tech**

In Line

"Energy profits." **Buy Side, N. America, Generalist**

"Tariff sentiment calming down, but slower economy overall." **Buy Side, N. America, Generalist**

"The lagging effects of the government shutdown are well known and in the models at this point." **Buy Side, N. America, Generalist**

"War." **Buy Side, N. America, Generalist**

"I don't believe the AI euphoria has passed yet." **Buy Side, N. America, Multi**

"Potential margin compression." **Buy Side, N. America, Generalist**

"Current inflationary pressures won't have hit numbers yet." **Buy Side, N. America, Financials**

Worse Than

"Deteriorating consumer." **Buy Side, N. America, Generalist**

"End of cycle." **Buy Side, Europe, Generalist**

"Iran War." **Buy Side, Asia, Multi**

"Weather impacts in Q1, housing remains soft, consumer spending appears to be slowing." **Sell Side, N. America, Consumer Discretionary**

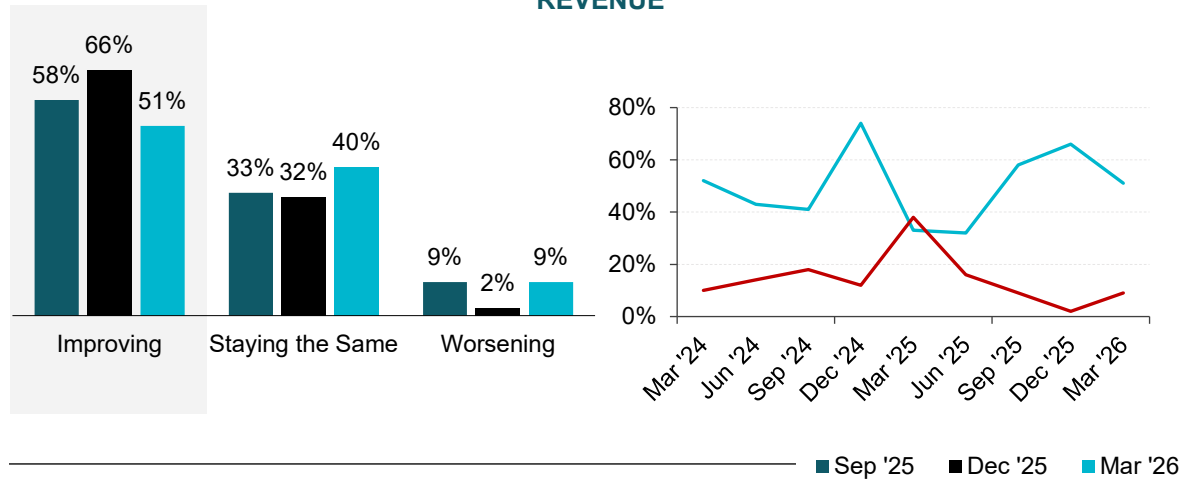
"War." **Sell Side, N. America, Financials**

Revenue, EPS, and FCF Still Expected to Improve Sequentially, but at Lower Support Levels; All KPIs See an Increase in *Worsening* Expectations, Particularly Margins

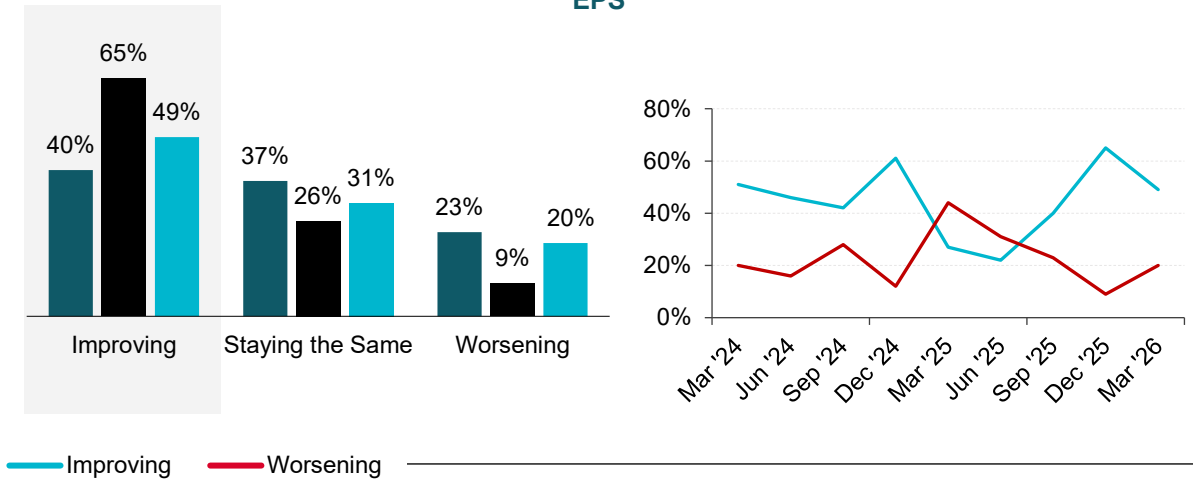
Expectations for *Improving* EPS and Revenue growth wane, albeit at levels less stark than following the tariff announcement and the Ukraine invasion

Q1'26 PERFORMANCE EXPECTATIONS

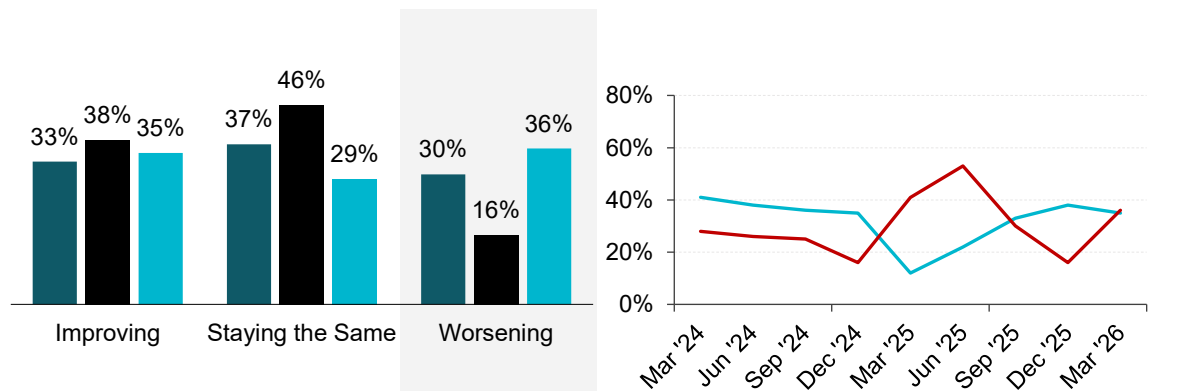
REVENUE



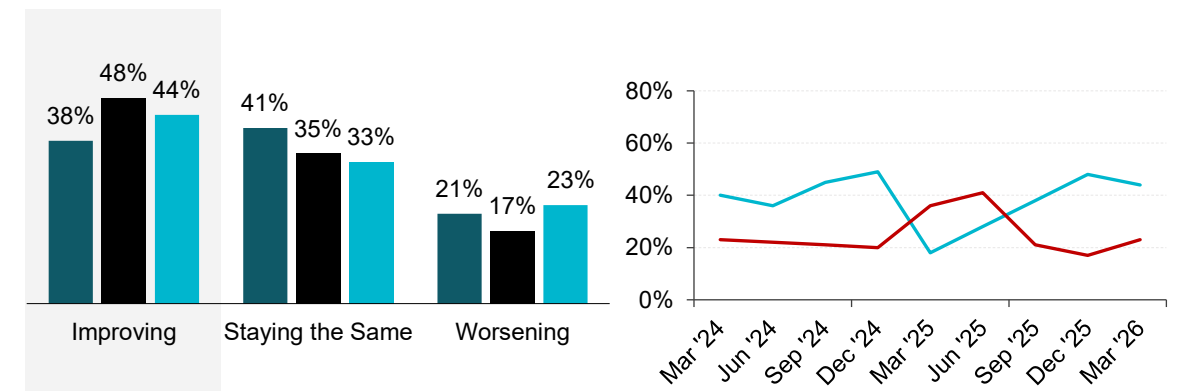
EPS



OPERATING MARGINS



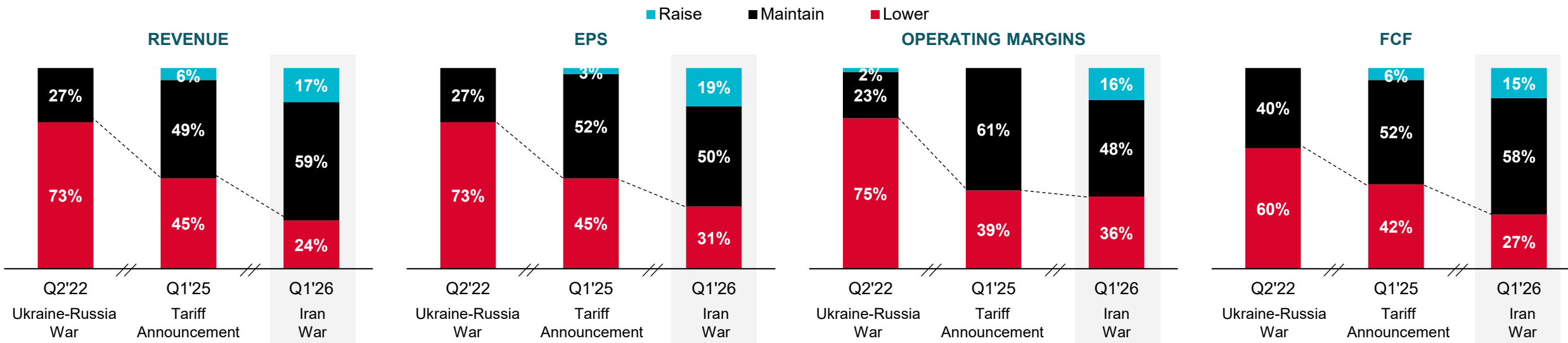
FCF



“Too Early” for Companies to Change 2026 Guidance; Fewer Expecting Lowered Guidance When Comparing to Other Black Swan Events

63% of respondents say Full-Year 2026 guides were *In Line* with expectations and nearly a quarter report being positively surprised

FULL-YEAR 2026 GUIDANCE EXPECTATIONS



"Too much uncertainty to increase guidance." **Buy Side, N. America, Generalist**

"I think they will raise guidance or be more optimistic in Q2." **Buy Side, N. America, Generalist**

"End of Q1 not a time to raise guidance with war." **Buy Side, N. America, Generalist**

"Oil shock costs are going to be included in estimates." **Buy Side, N. America, Generalist**

"Companies no longer want to go out on their skis." **Buy Side, N. America, Generalist**

"Tariff effects still working through." **Buy Side, N. America, Multi**

"Management staying on the conservative side, FCF might be lower due to higher." **Buy Side, Europe, Generalist**

"Companies will maintain given energy shock and geopolitical uncertainty offset by favorable demand trends." **Sell Side, N. America, Consumer Discretionary**

"I think it's too early in the year to change guidance. Companies will be cautious." **Sell Side, N. America, Consumer Discretionary**

"Visibility is still limited. Companies are dealing with uncertainty around rates, demand, and geopolitical risk, so they prefer to wait for more data before changing guidance." **Sell Side, N. America, Financials**

"Expect most companies to show improving margins but maintain full year revenue guide given uncertainty." **Sell Side, N. America, Tech**

36%

AI
(↓ 11pts)

32%

Geopolitical
Impacts
(↑ 25pts)

32%

Energy Prices /
Volatility
(NEW)

27%

Inflation
(↑ 1pt)

27%

Consumer
Behavior
(↑ 9pts)

26%

Growth,
Demand
(↓ 20pts)

Topics of Interest for Upcoming Earnings Calls

Iran War impacts on energy costs, broader inflation, and the consumer

Views from N. America

"AI, balance sheets, supply chains." **Buy Side, Generalist**

"AI, Iran, oil." **Buy Side, Generalist**

"Impact of higher energy costs, impact of consumer behavior, advancements in AI." **Buy Side, Generalist**

"State of the consumer, supply chain diversification, ability to offset tariffs." **Buy Side, Generalist**

"Geopolitical effect on their company, customer mood and feedback, AI." **Buy Side, Generalist**

"Effects of war on inflation and pricing, impact of AI on your business, hiring mode." **Buy Side, Generalist**

"Impact of AI, impact of war, tariffs." **Buy Side, Generalist**

"Inflation impact, profit margin forecast, tariff impact." **Buy Side, Generalist**

"How AI is being incorporated and/or improving productivity, revenue quality & growth visibility, margin pressures/expansion and cost discipline." **Buy Side, Generalist**

"Tariffs, FX, energy." **Buy Side, Generalist**

"War, weather, Trump." **Buy Side, Generalist**

"Security of supply chains, efficiency improvements, cost reductions and efficient use of capital." **Buy Side, Generalist**

"Efficiencies from AI, employment outlook (workforce changes), inflationary pressures." **Buy Side, Financials**

"Uncertainty, tariffs, AI." **Buy Side, Tech**

"Oil energy concerns, customer appetite, inventories." **Buy Side, Utilities**

"Inflation, growing or shrinking employees, product line expansion or contraction." **Sell Side, Generalist**

"Inflation concerns, impact of AI, catalysts for future growth." **Sell Side, Energy**

"Geopolitical events, pricing power to offset increased energy costs, capital allocation (buyback vs. decisions)." **Sell Side, Consumer Discretionary**

"AI risk, health of consumer given oil prices, stable coins." **Sell Side, Financials**

"Tariffs, consumer sentiment, ability to raise prices." **Sell Side, Consumer Discretionary**

"Are higher costs affecting margins, what does consumer demand look like, are shoppers responding to new products?" **Sell Side, Consumer Discretionary**

"Reg and compliance risk, AI and tech investments, capital allocation priorities." **Sell Side, Financials**

"How are you thinking about your pricing and packaging strategy to monetize AI and agentic usage, how has the competitive landscape changed over the last year, what are your assumptions on new logo growth going forward." **Sell Side, Tech**

Views from Europe

"Order rates month-by-month through Q1, inflation and tariffs costs, what will happen with \$100 oil, and what impact will that have on cost and future demand. Particularly for companies that have more exposure to the consumer." **Buy Side, Generalist**

"Dependence on energy prices, compared to 2022 scenario, inflation and interest sensitivity with potentially increasing interest rates rather than reductions, upside due to supreme court ruling on tariffs." **Buy Side, Generalist**

"How the war is affecting the company earnings, elevated oil prices - will that have drag on revenue, are you seeing slowing customer demand due to war." **Buy Side, Generalist**

"Pressure from geopolitical risks on margins, risks on demand, hedging." **Buy Side, Generalist**

Views from APAC

"Impact from rising commodity prices on input on COGS, investments in AI, impact of AI on their business, outlook on their specific markets." **Buy Side, Generalist**

"Mitigating the effects of Trump's [decisions], preventing oil shock, ensuring supply chain resilience." **Buy Side, Multi**

"Operating cost, FCF, or investment in technology advancement." **Sell Side, Asia, Tech**

Top Concerns from Around the Globe

Continuing consistent themes of geopolitics, war, and inflation concerns dominate investor mindshare; not surprisingly, new on the board – energy prices – with consumer health risk continuing to tick higher

Unaided									
QoQ Change	1	65% (↑ 20pts)	Geopolitics / War	2	41% (↑ 14pts)	Inflation	3	33% (NEW)	Oil / Energy Prices
	4	24% (↓ 9pts)	AI	5	20% (↑ 7pts)	Consumer Health	6	19% (↓ 9pts)	Interest Rates

Views from N. America

"Iran, inflation, fiscal sustainability." **Buy Side, Generalist**

"Geopolitics, tech driven deflation, private credit." **Buy Side, Generalist**

"Energy prices, inflation, war." **Buy Side, Generalist**

"GDP growth in Asian countries, sustained higher energy prices, Asian contagion." **Buy Side, Generalist**

"Consumer uncertainty, AI hype doesn't live up to expectations, protracted military action in Iran." **Buy Side, Generalist**

"Opening the Strait of Hormuz, rising inflation due to high energy prices, Canadian LNG exports increasing." **Buy Side, Generalist**

"Inflation, government debt, AI." **Buy Side, Generalist**

"War goes wrong more inflation, ridiculous politics hurting economy." **Buy Side, Generalist**

"Oil price staying elevated for a long time, job losses from AI may initially grow faster than new AI-related employment opportunities emerge, rates increasing too much because of fiscal largess or Fed dovishness." **Buy Side, Generalist**

"Resolution of some of the ongoing wars - Cuba, Venezuela and then Iran, oil costs, interest rates - they need to go down to make housing pick up. It really is that simple." **Buy Side, Generalist**

"Structural issues to oil/energy markets, inflation being sticky, AI deceleration." **Buy Side, Generalist**

"Valuation, public policy errors, consumer fatigue." **Buy Side, Generalist**

"War length, tariffs, inflation." **Buy Side, Multi**

"Energy Prices, mid-term elections, declining population." **Buy Side, Financials**

"War, tariffs, AI." **Buy Side, Tech**

"Inflation, unemployment, China emerging leadership." **Sell Side, Generalist**

"Impact from Iran conflict, interest rate levels, AI disruption." **Sell Side, Energy**

"Health of consumer given war and tariffs, AI risk, needing more reinvestment to sustain current growth (margins)." **Sell Side, Consumer Discretionary**

"Margins, consumer sentiment, overall spending." **Sell Side, Consumer Discretionary**

"Rising fascism, war, corruption and incompetence." **Sell Side, Consumer Discretionary**

"Sticky inflation (driven by energy and supply shocks), geopolitical risk, higher for longer interest rates - pressuring valuations, consumer spending, and capital investment." **Sell Side, Financials**

"AI disruption, macro worsening, broader implications of higher input costs." **Sell Side, Tech**

Views from Rest of World

"War, inflation, uncertainty." **Buy Side, Europe, Generalist**

"Direction of interest rates, inflation, geopolitical concerns." **Buy Side, Europe, Generalist**

"Geopolitics, inflation, fiscal spending." **Buy Side, Europe, Generalist**

"Feedstock supply chain for Europe with already low gas inventories, rising inflation and interest rates, trade conflicts created by Trump due to countries not supporting his military actions." **Buy Side, Europe, Generalist**

"War, oil prices, consumer demand." **Buy Side, Europe, Generalist**

"Oil/gas prices stay at elevated level for a while, inflation, geopolitics." **Buy Side, Asia, Generalist**

"Trump's stupidity, ability of the economy to withstand further shocks, mitigating endless crises." **Buy Side, Asia, Multi**

"Trump, global economic slowdown." **Sell Side, Europe, Generalist**

"Geopolitical tensions, tariff conflict affecting bottom line, oil prices." **Sell Side, Asia, Consumer Staples**

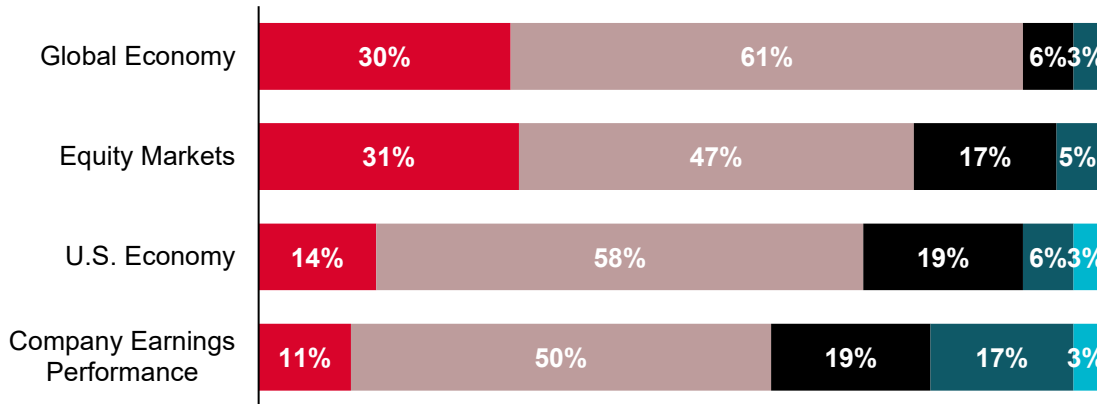
GEOPOLITICS SPOTLIGHT

Leading Iran War Impacts Center on Global Economy and Equity Markets with Fewer Concerned about Company Earnings; Executives Perceived as More Bullish

Over half expect the Oil & Gas markets to worsen over the next six months

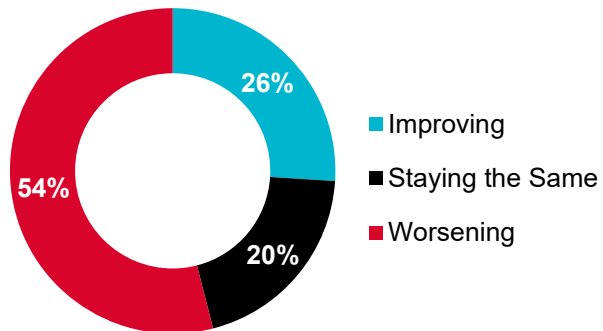
INVESTOR CONCERN OVER MIDDLE EAST CONFLICT

Very Concerned Somewhat Concerned Neutral Little Concern No Concern



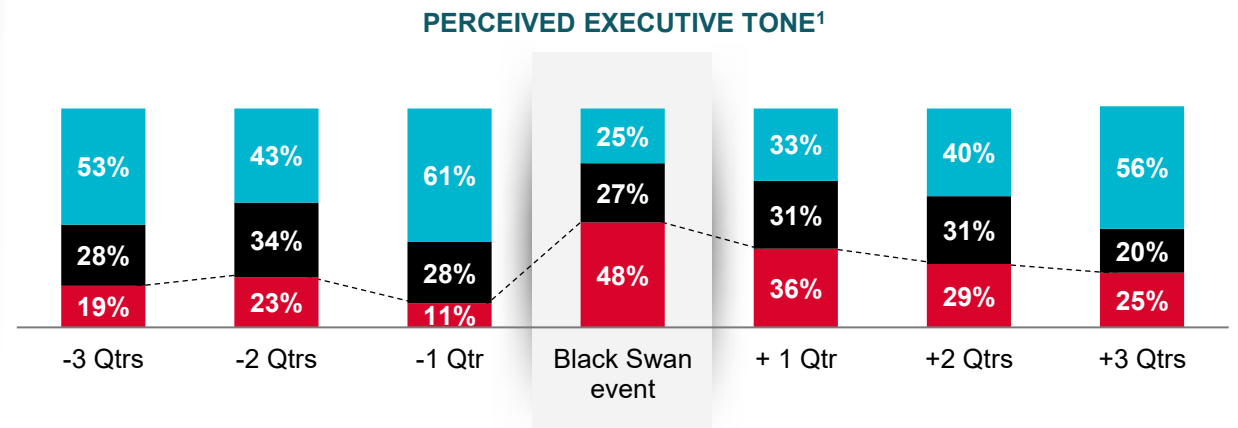
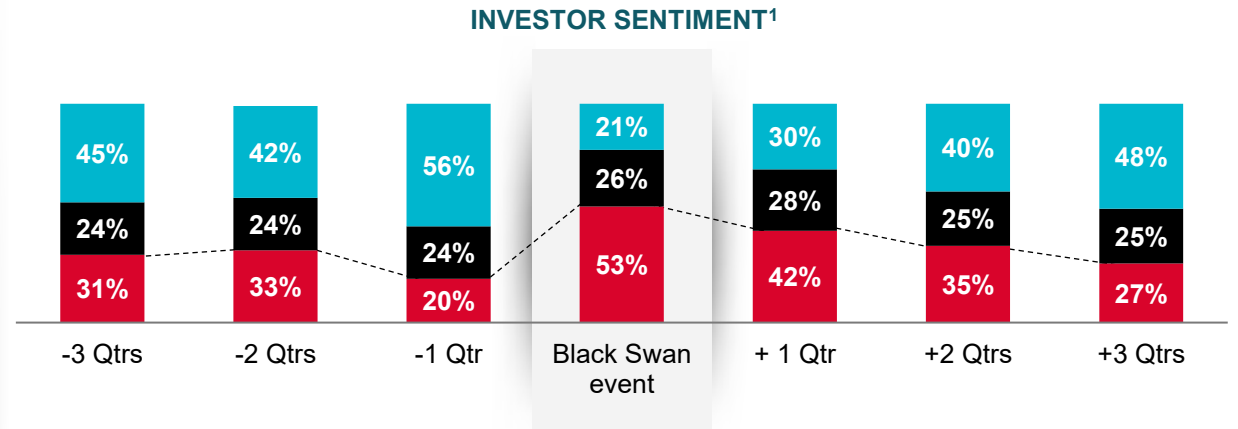
EXPECTATIONS FOR OIL & GAS MARKETS

Over Next 6 Months



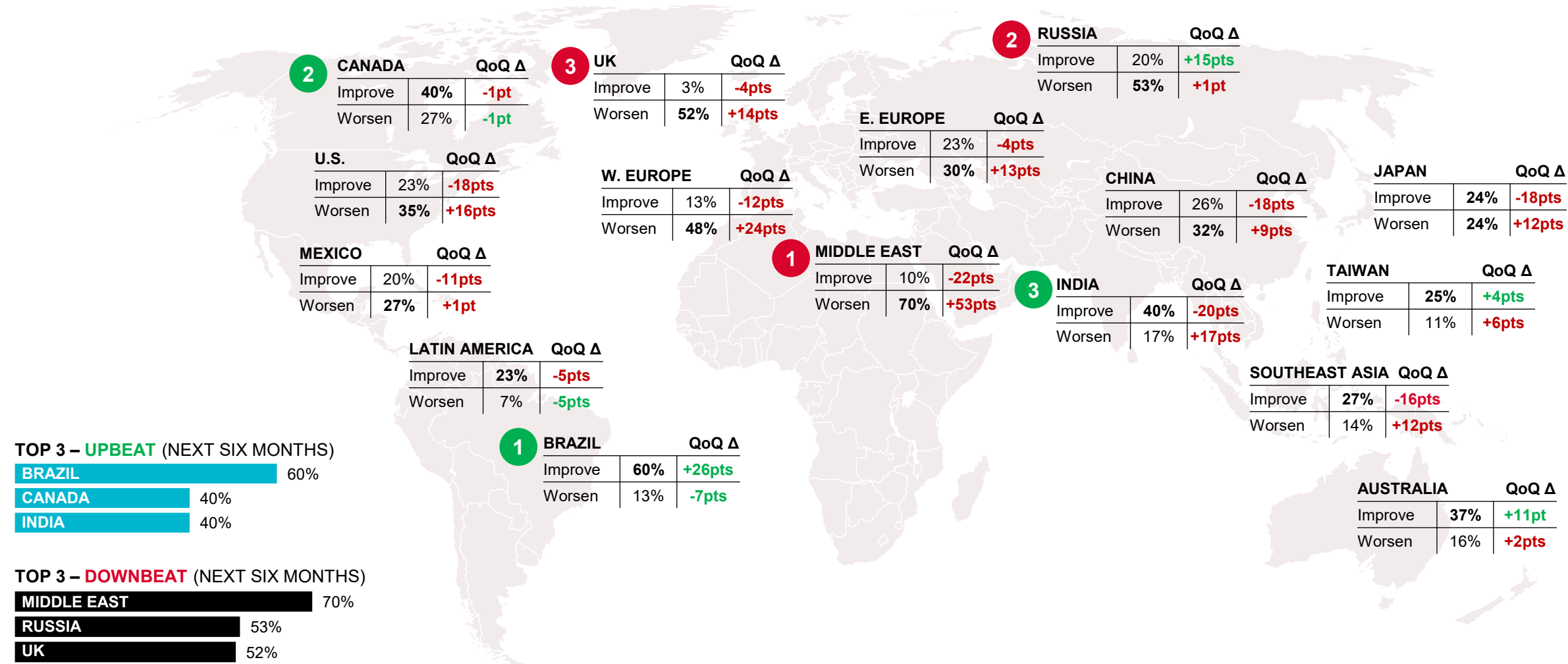
IMPACT OF BLACK SWAN EVENTS ON PRE- AND POST-EVENT QUARTERS

Neutral to Bullish / Bullish Neutral Neutral to Bearish / Bearish

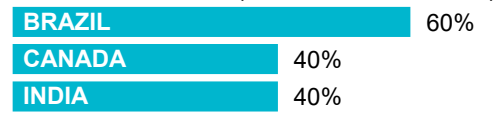


Net Oil Exporters Not Exposed to Iran Conflict See Largest Sequential Increase in Sentiment; Regions Involved or Otherwise Dependent on Oil from the Middle East See Largest Declines

A majority of investors, 58%, continue to assign *High to Very High* risk to companies with business / operation exposure to China



TOP 3 – UPBEAT (NEXT SIX MONTHS)

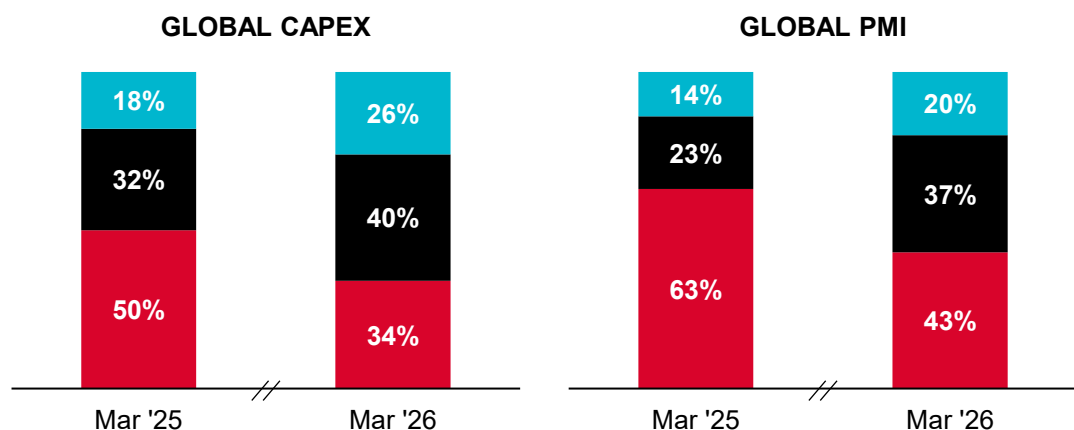
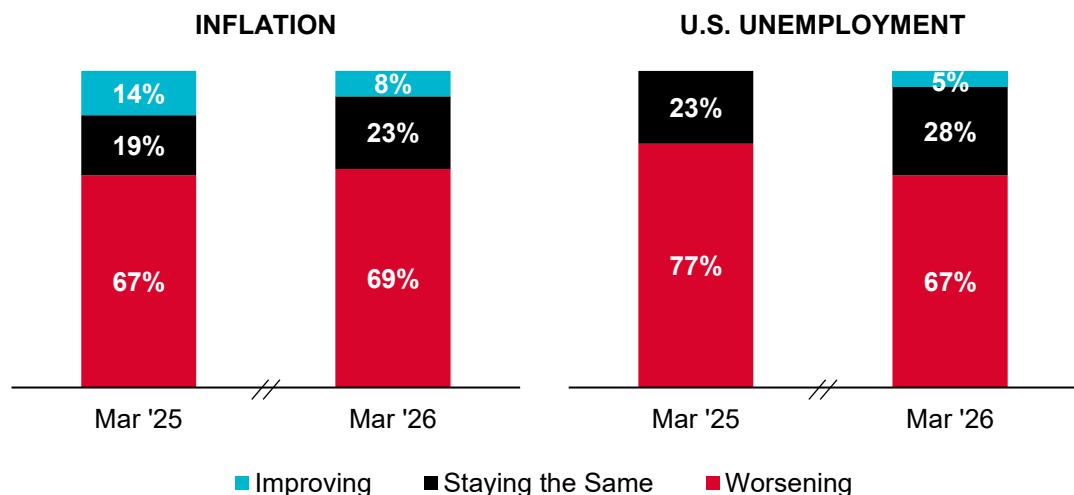


TOP 3 – DOWNBEAT (NEXT SIX MONTHS)



Views on Key Economic Indicators Over the Next Six Months

Survey finds investors most downbeat on the trajectory of inflation and U.S. unemployment, while views on global capex and interest rates hold up



"Resolution on Iran and fiscal largesse biggest determinants." **Buy Side, N. America, Generalist**

"Once war is over, commodities will fall." **Buy Side, N. America, Generalist**

"Oil has got to get better from these prices." **Buy Side, N. America, Generalist**

"War adds uncertainty." **Buy Side, N. America, Multi**

"Resilient economy in general, weak USD, rising inflation and interest rates." **Buy Side, Europe, Generalist**

"Many of these things are connected. If I'm right that employment worsens, this means less consumer spending, means slower GDP growth. Even if inflation does not abate, Fed's hand may be forced to cut given worsening employment outlook. From these levels, likely oil amid gas go lower at some point, but will be slower than most investors think. Capex tends to follow both consumer spending and industrial production, with a lag of a year or so." **Sell Side, N. America, Consumer Discretionary**

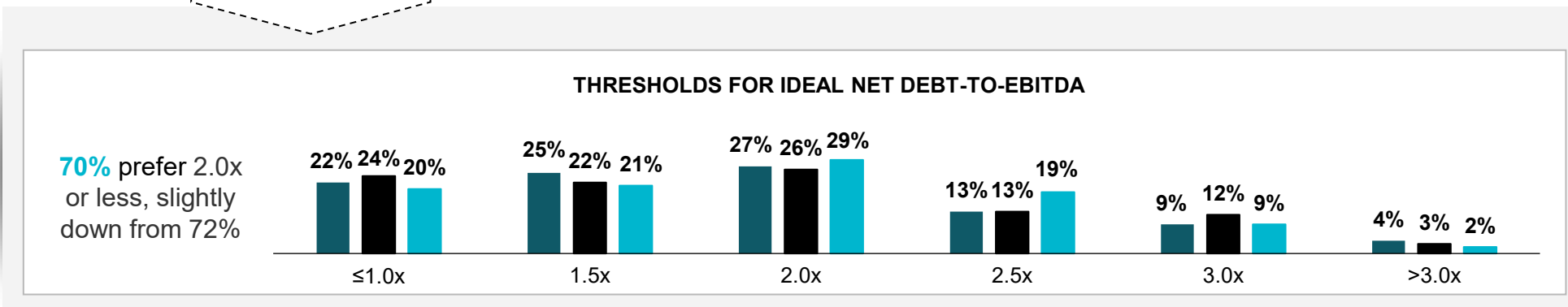
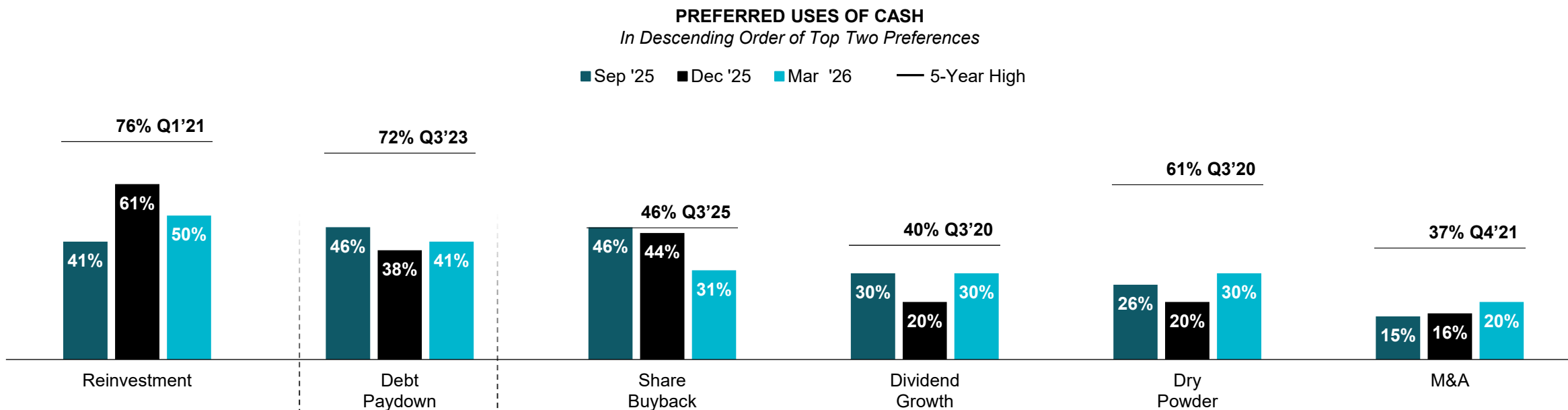
"The trends are generally negative due to the incompetence of the current U.S. administration." **Sell Side, N. America, Consumer Discretionary**

"Growth holds up, labor stays relatively stable, but inflation and energy are the main risks, which keeps rates high and confidence fragile." **Sell Side, N. America, Financials**

"Expecting modest deterioration in the macro from current levels." **Sell Side, N. America, Tech**

Despite Rocky Inflection Trajectory, Reinvestment Remains Top Choice

Dividend growth sees an uptick at the expense of buybacks despite on-sale stocks, indicating Iran War duration uncertainty and aftershocks; strong balance sheets forever en vogue



CAPEX SPOTLIGHT

Investors Remain Broadly Committed to a Secular AI Buildout Story; Note Trajectory and Dipping into FCF as Source of Funding as Concerns

Total continues to climb as S&P 500 capex-to-sales ratio reaches 10-year high

VIEW ON THE CURRENT RATE OF CAPEX SPEND



Secular or Long-term

"AI buildout to continue." **Buy Side, N. America, Generalist**

"AI is driving the spending at this point." **Buy Side, N. America, Generalist**

"No doubt it's secular, but it will be lumpy. And what dominates will ebb and flow. Right now, it's AI, but eventually we need grid modernization and infrastructure spending for electrification." **Sell Side, N. America, Consumer Discretionary**

"While there is some cyclical volatility, the current cycle is being driven by long-term structural trends like AI and data infrastructure, energy transition, and supply chain reconfiguration. These are multi-year investment themes, not short-term spikes, which should support sustain[ment] even through economic fluctuations." **Sell Side, N. America, Financials**

"Build should extend several years." **Sell Side, N. America, Tech**

Cyclical or Short-term

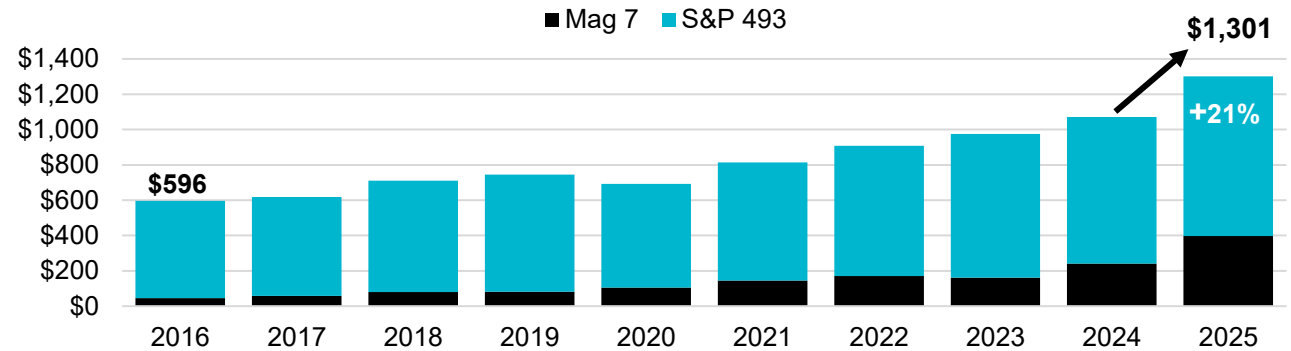
"How can hyperscalers spend all FCF in perpetuity?" **Buy Side, N. America, Generalist**

"Overzealous expectations for AI." **Buy Side, N. America, Multi**

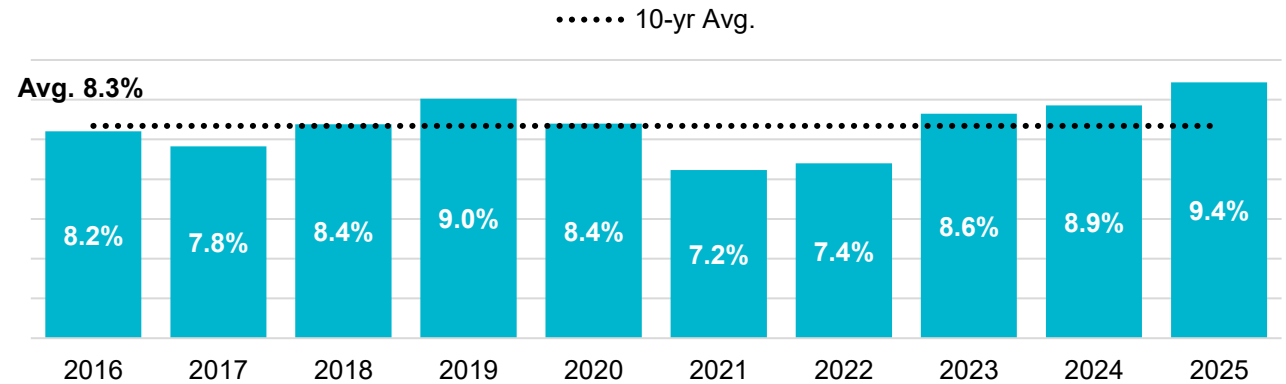
"I don't think it can stay this high indefinitely." **Sell Side, N. America, Consumer Discretionary**

"AI spend is cyclical, non-AI is below secular." **Buy Side, N. America, Generalist**

TOTAL CAPEX SPEND (\$B)¹
S&P 500

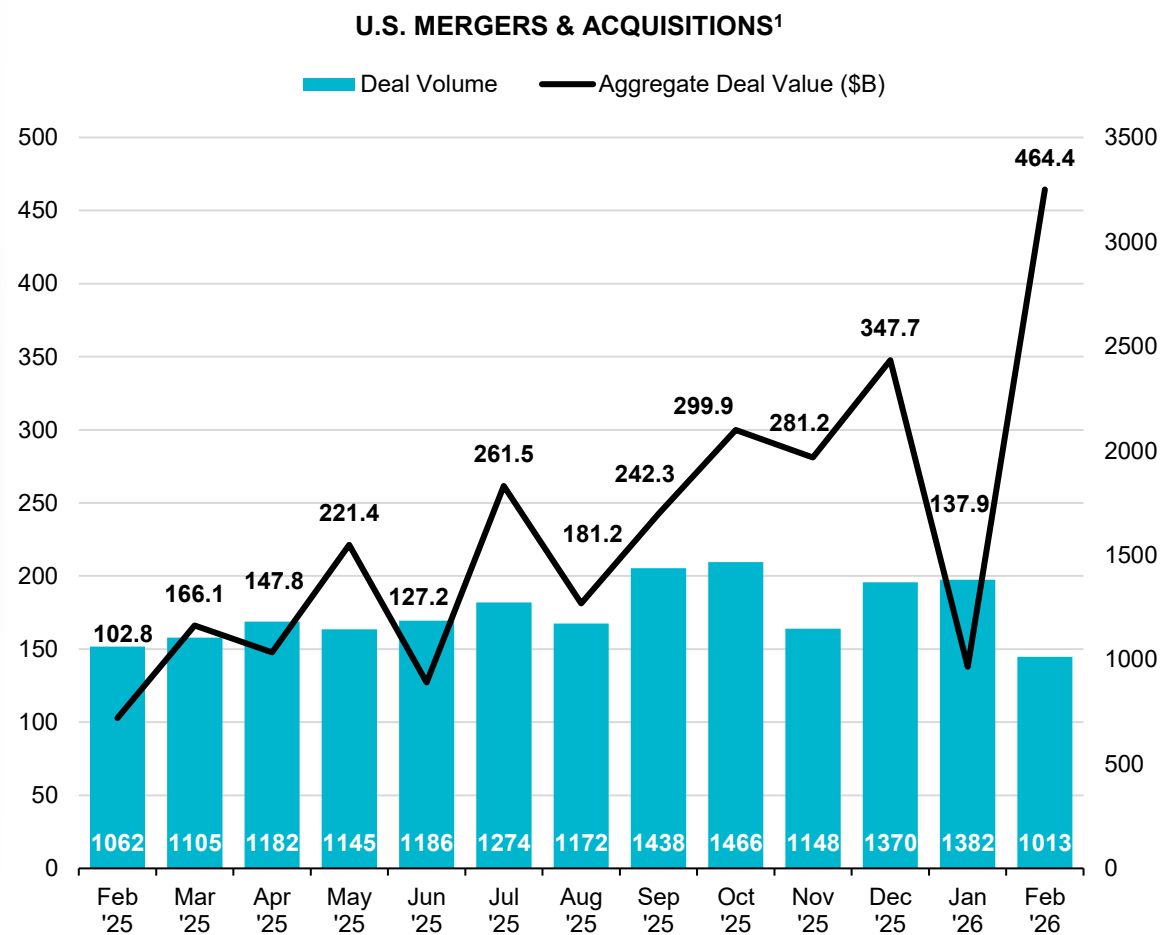
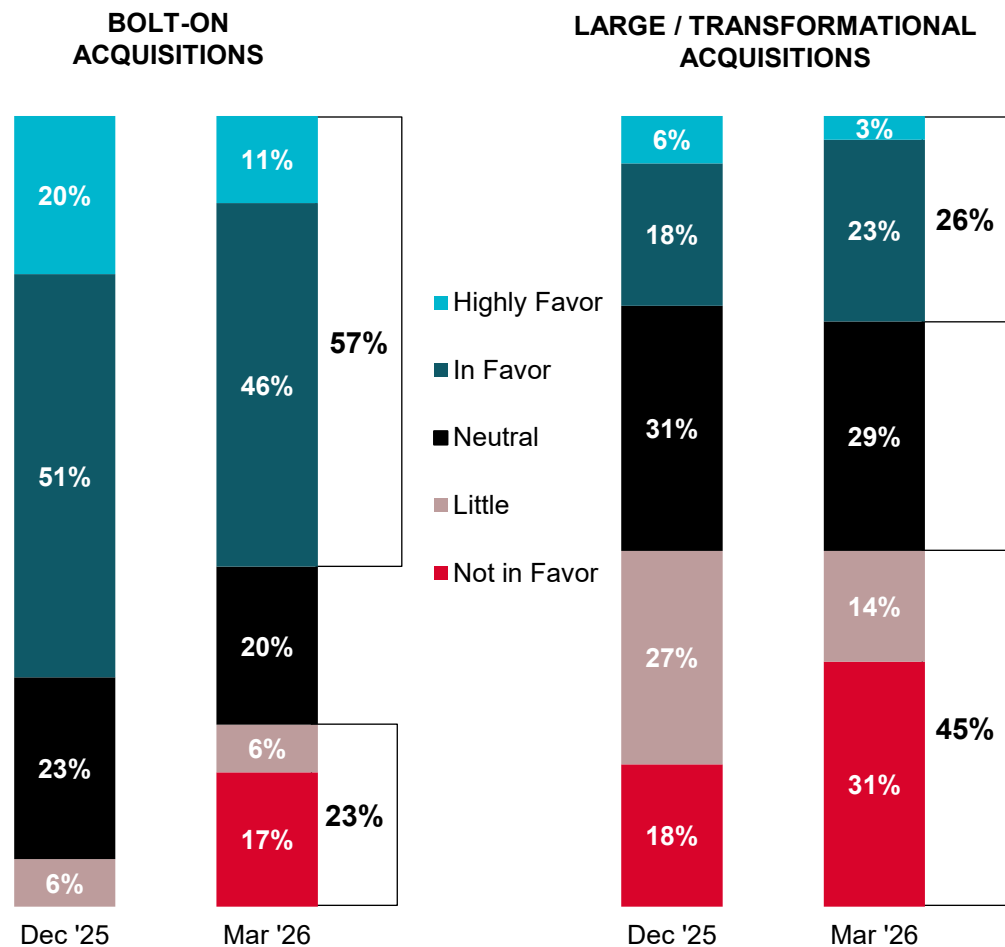


CAPEX / SALES¹
S&P 500



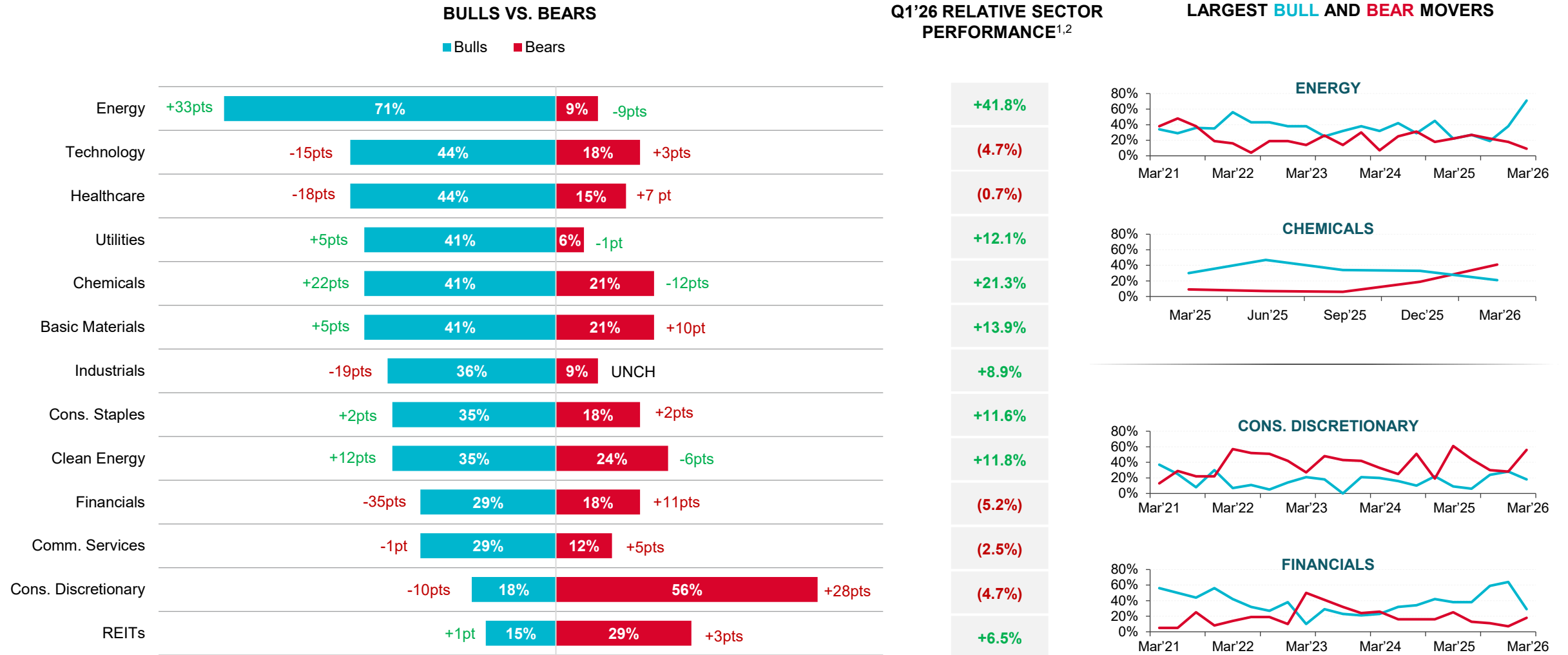
Bolt-On M&A Sees a Spike in Outright *Not in Favor*, Albeit Most Investors Remain Supportive; Despite Deregulation, Apprehension Toward Large Deals Grows

Aggregate M&A deal value buoyed by SpaceX's \$250B purchase of X.AI (formerly known as Twitter), with volumes down



Energy Hits a Record Number of Bulls, While Tech and Healthcare Optimism Remains Robust Despite Declines; Consumer Discretionary Sees Greatest Influx of Bears

Despite recent volatility, investors are still generally favorable on most sectors, with Consumer Discretionary and REITs being notable exceptions

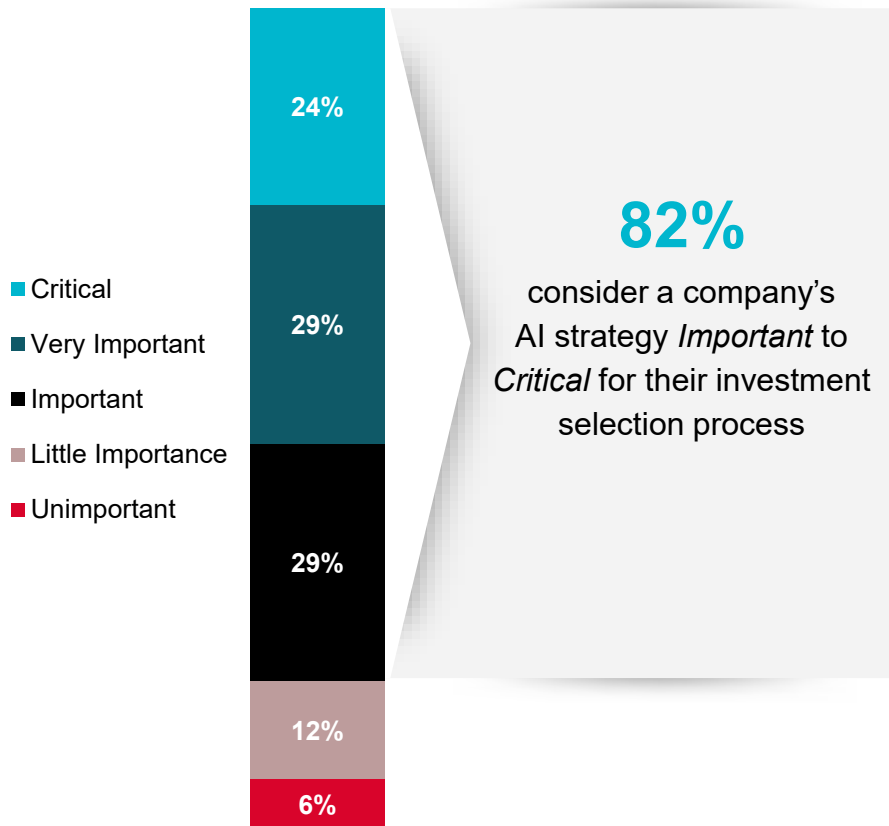


AI SPOTLIGHT

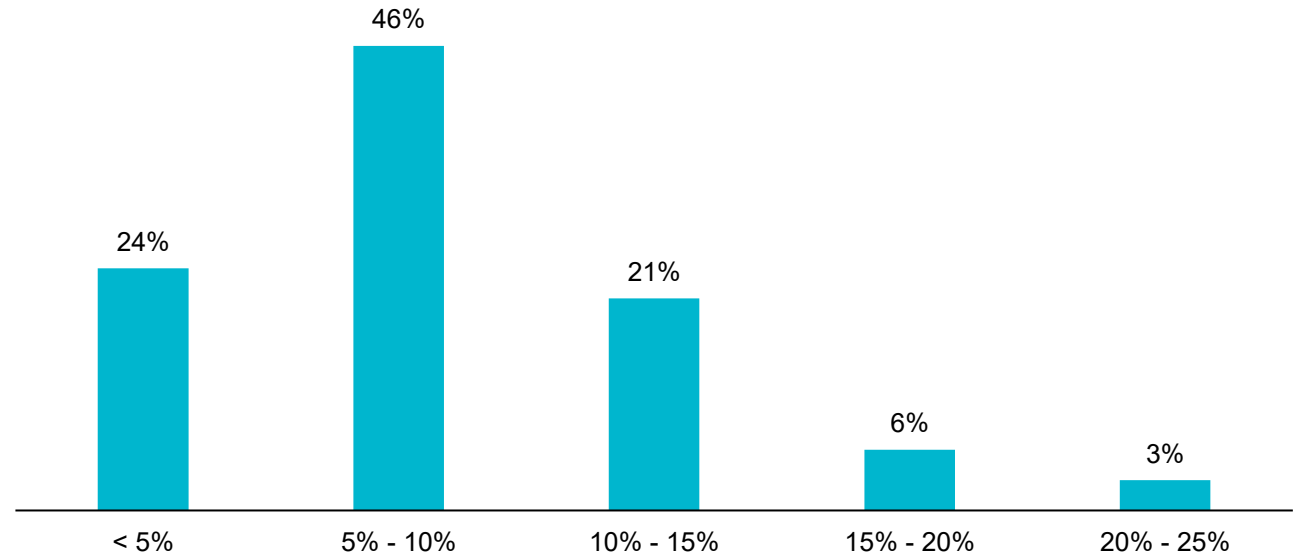
8 Out of 10 Respondents Consider a Company's AI Strategy an Important Consideration for Investment Selection

Investors consider AI spend to revenue of 5% - 10% as the "Sweet Spot"

IMPORTANCE OF A COMPANY'S AI STRATEGY TO THE INVESTMENT SELECTION PROCESS



APPROPRIATE LEVEL OF AI INVESTMENT AS % OF REVENUE





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- Executive Coaching