



2023 Global Investor Survey

Priorities in an Uncertain Market

AUGUST 2023



Overall, investors are most concerned about interest rates, inflation, and geopolitical risks

	Global RESPONDENTS (%)	North America RESPONDENTS (%)	Europe and the Middle East RESPONDENTS (%)	Asia-Pacific RESPONDENTS (%)
Interest rates and monetary policy	57	61	61	49
Consumer price inflation and consumer sentiment	46	48	45	44
Geopolitical risks	36	34	42	32
Cost and wage inflation	34	36	30	37
Supply chain and other operational risks	24	19	21	31
Inflated asset valuation	22	22	21	24
Tightening of liquidity in capital markets	21	23	21	20
Climate and other ESG-related risks	20	14	24	22
Public-sector debt and spending	12	18	7	10
Company-specific and other idiosyncratic risks	10	10	11	9
China growth (after COVID-19 reopening) lower than expected	9	6	11	11
Private-sector credit or default risks	8	7	7	11

Source: BCG's 2023 Global Investor Survey.

Note: The survey asked, "What are the most important risks for investors to consider in today's environment? Rank the top three." ESG = environmental, social, and governance.

Top three concerns Other concerns

Still, many investors expect growth to rebound and inflation to wane but remain above central banks' target levels

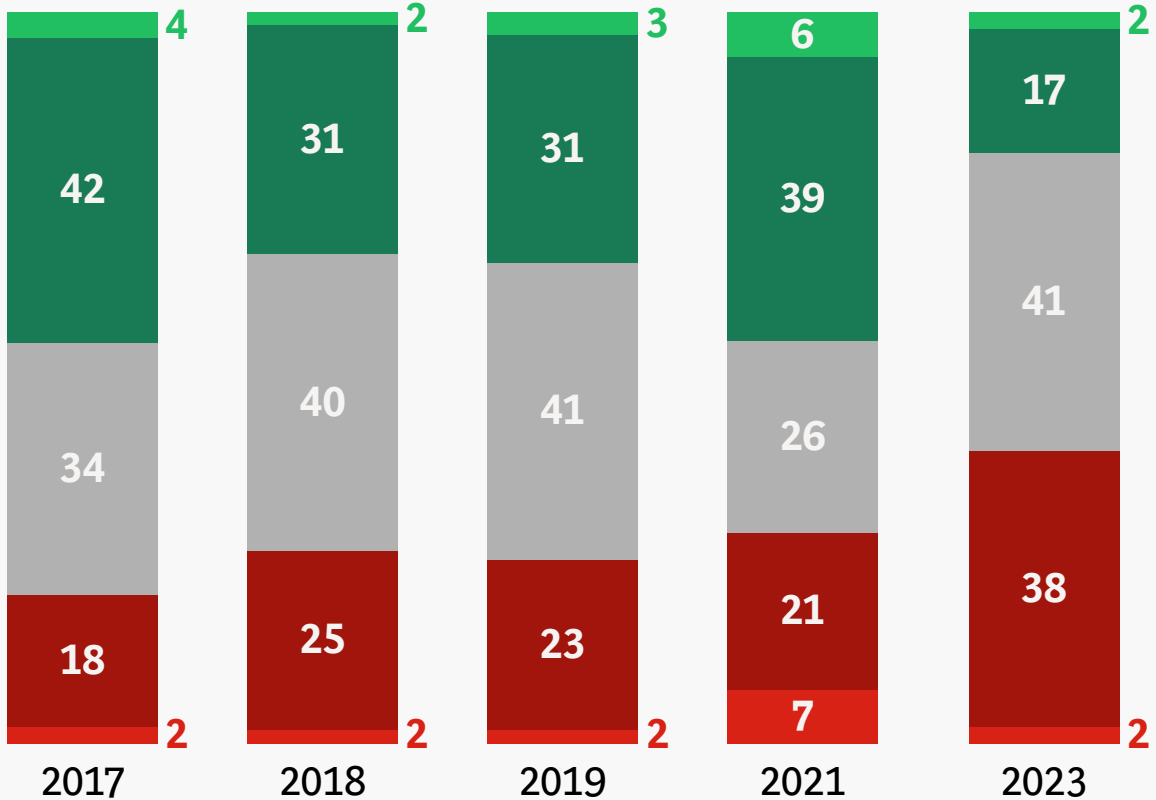
Investors' expectations		Global	North America	Europe and the Middle East	Asia-Pacific
GDP growth	A recession by year-end 2023 (%)	48	55	50	40
	Median real GDP growth rate for 2024–2025 (%)	3.1	2.9	2.9	3.5
Inflation	Inflation to wane by year-end 2023 (%)	68	66	68	72
	Median inflation rate for 2024–2025 (%)	3.8	3.9	3.7	3.8

Source: BCG's 2023 Global Investor Survey.

Investors are strikingly bullish about capital markets over the next three years

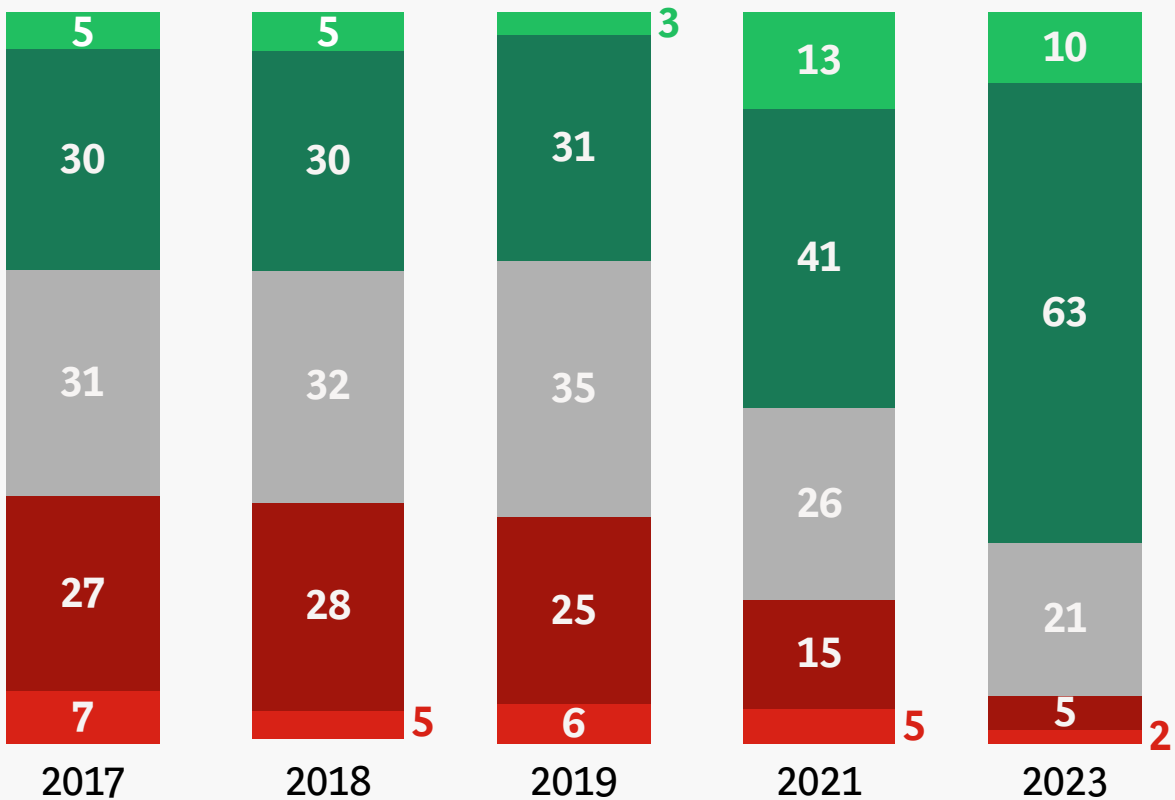
Next 12 months

SHARE OF RESPONDENTS (%)



Next three years

SHARE OF RESPONDENTS (%)

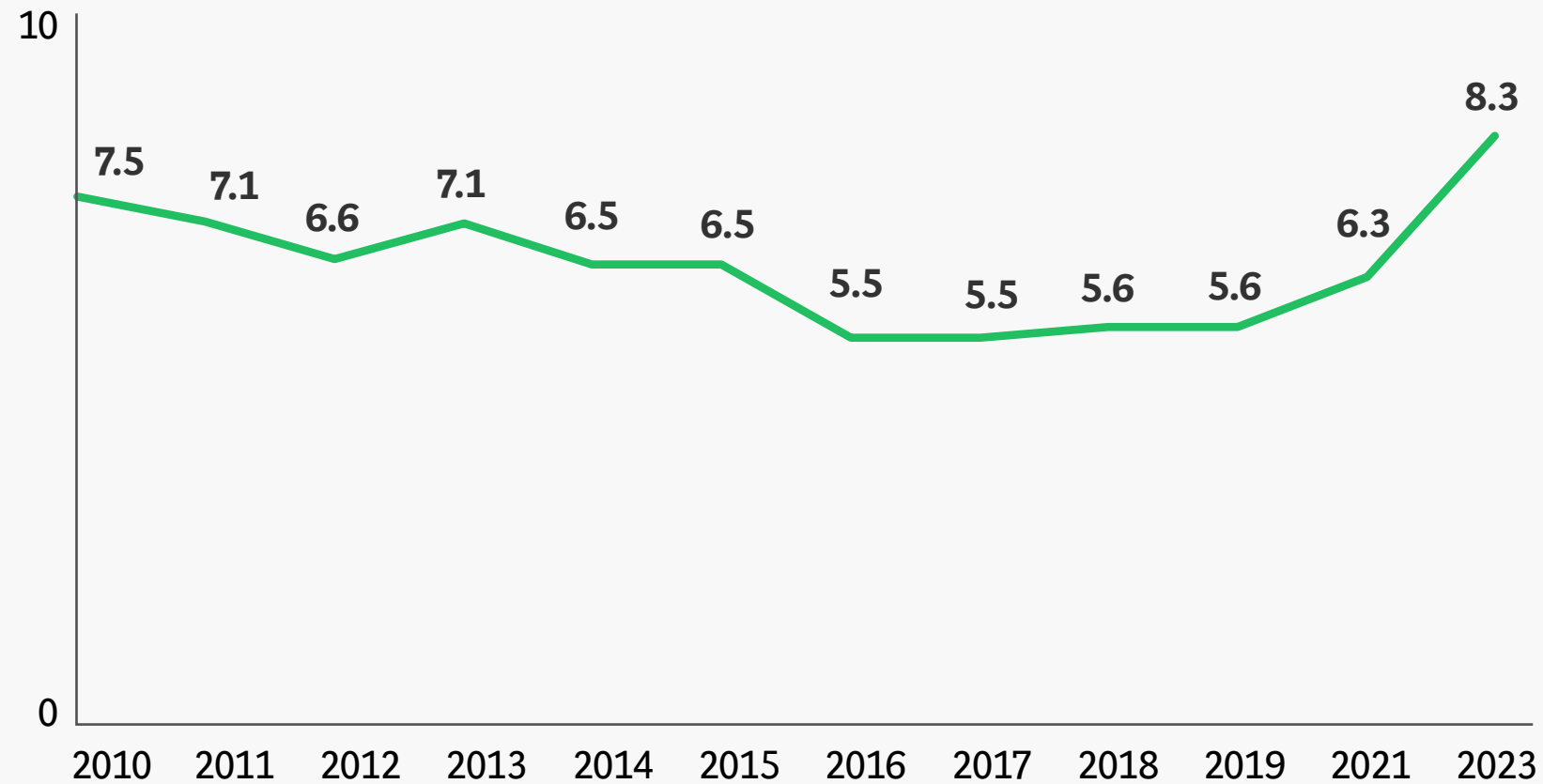


■ Extremely bullish
 ■ Bullish
 ■ Neutral
 ■ Bearish
 ■ Extremely bearish

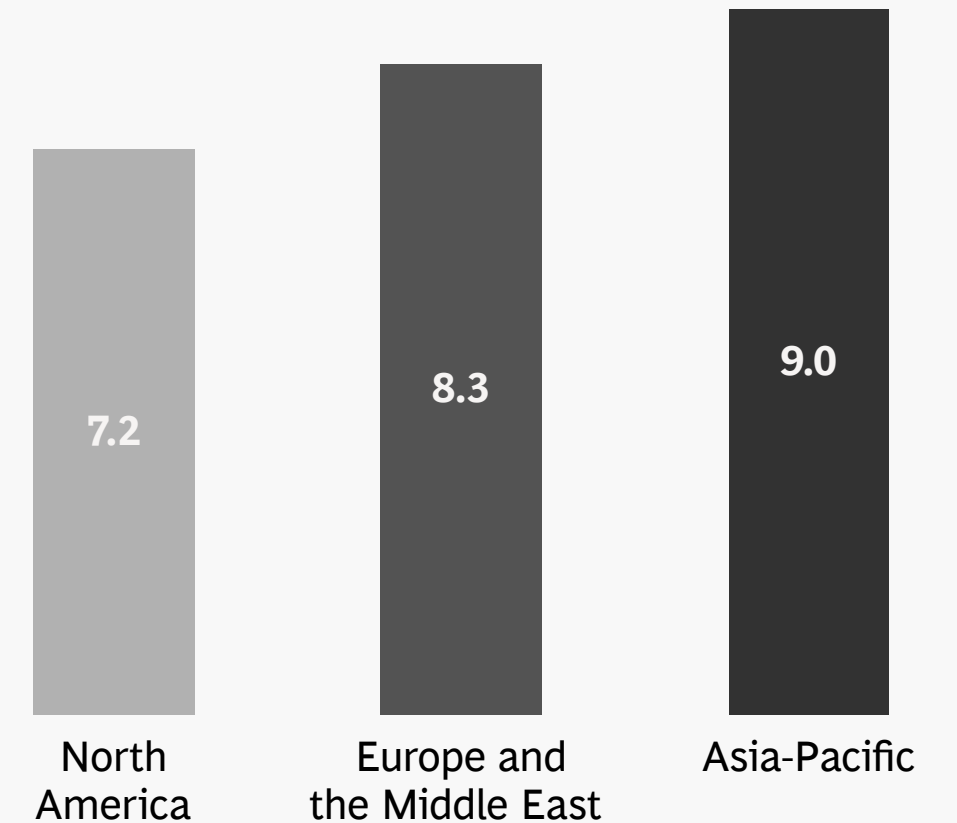
Sources: BCG's global investor surveys, 2017 through 2023.
 Note: Because of rounding, not all percentages add up to 100.

TSR expectations are at their highest levels since the inception of the global investor surveys

AVERAGE OF INVESTORS' THREE-YEAR TSR EXPECTATIONS FOR CAPITAL MARKETS, GLOBALLY (2010–2023, %)



INVESTORS' THREE-YEAR TSR EXPECTATIONS FOR CAPITAL MARKETS, BY REGION (2023, %)

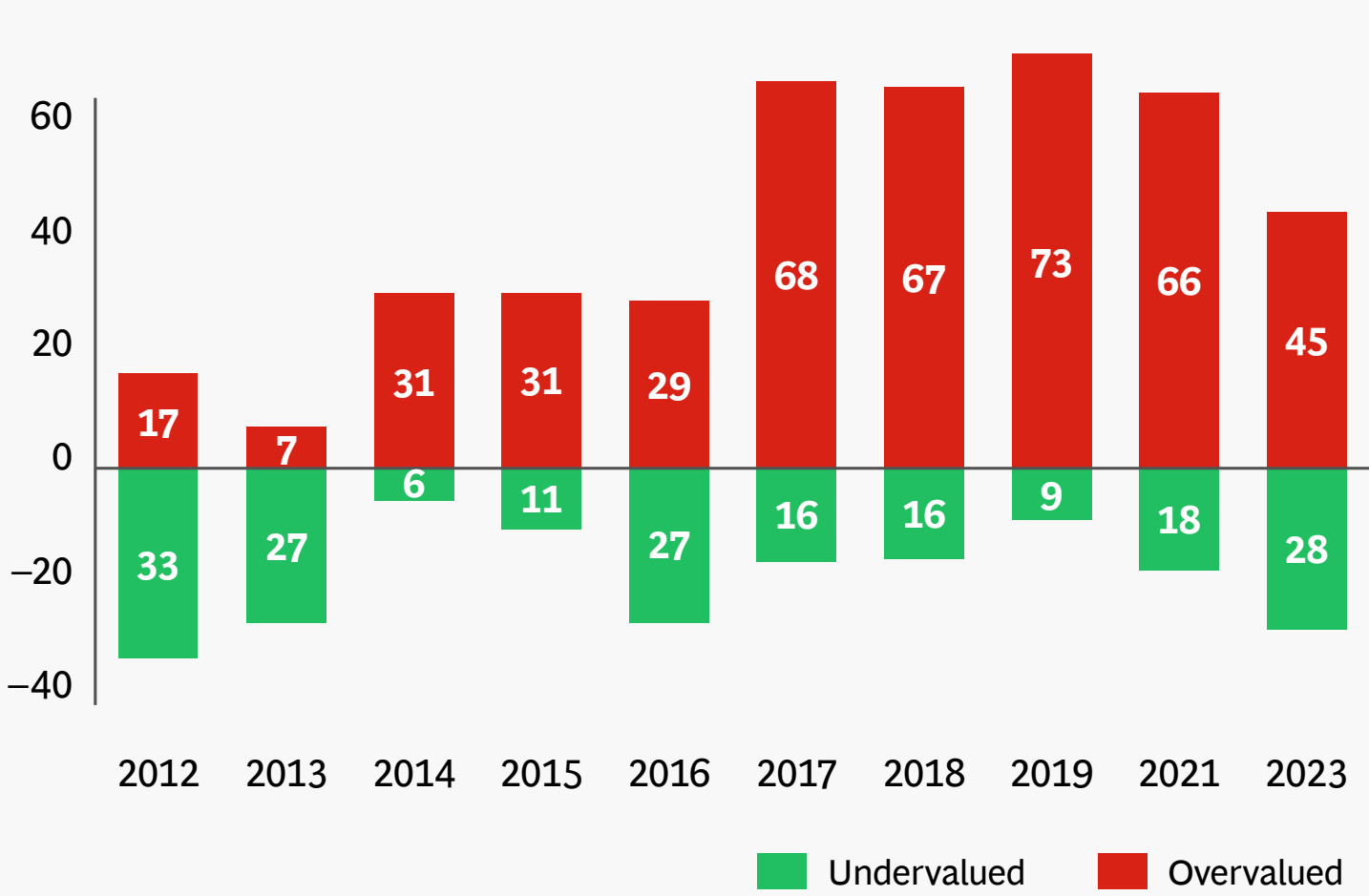


Sources: BCG's global investor surveys, 2010 through 2023.

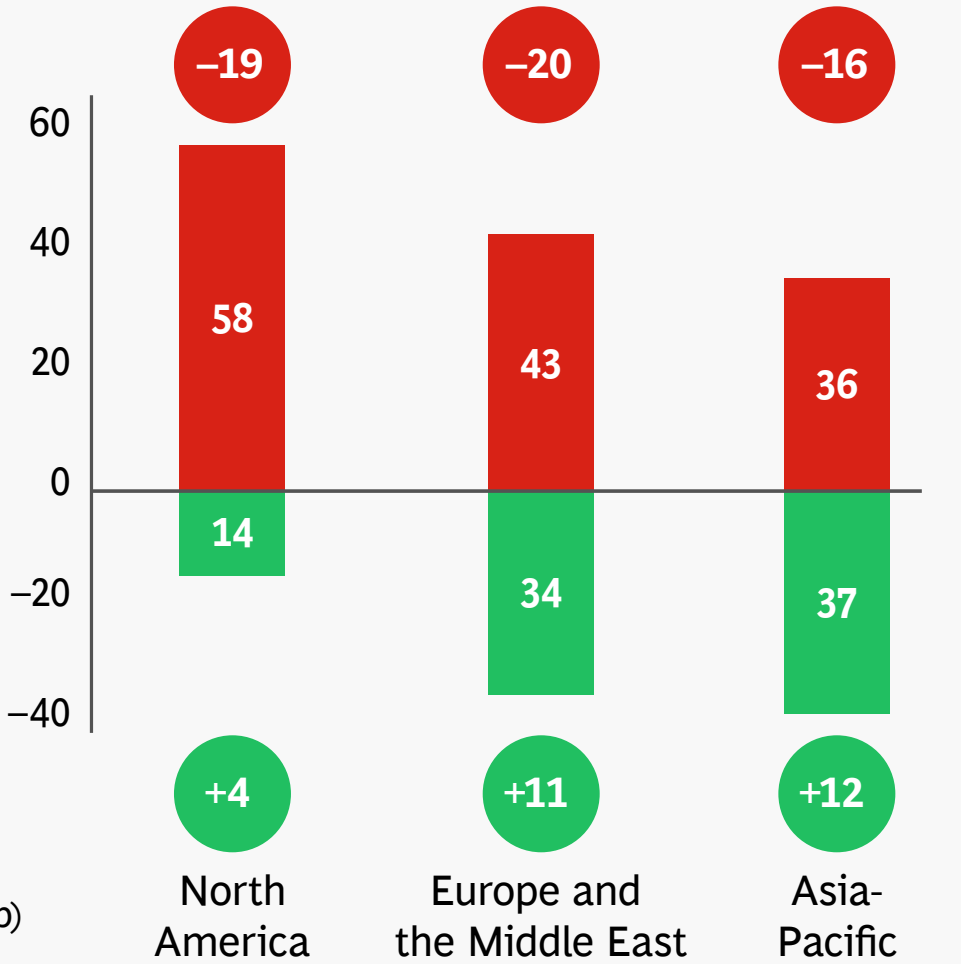
Note: TSR = total shareholder return. The disaggregation of the expected three-year average TSR was calculated as a weighted average of the midpoints of the range of values that respondents selected. The average was weighted according to the number of responses. Survey data from 2010 through 2014 and from 2017 through 2023 is based on all respondents; approximately 80% use the S&P 500 as their benchmark. Survey data from 2015 and 2016 is based only on respondents who use the S&P 500 as the benchmark.

Investors think that their regional capital markets are less overvalued than they have been in recent years

AVERAGE INVESTOR RESPONSE REGARDING STOCK MARKET VALUATIONS, GLOBALLY (2012–2023, PP)



AVERAGE INVESTOR RESPONSE REGARDING STOCK MARKET VALUATION, BY REGION (2023, PP)



Sources: BCG's global investor surveys, 2012 through 2023.

Note: pp = percentage point. The results reflect respondents' views relative to a benchmark index that represents their regional focus. The indexes include the S&P 500 (US and Canada), DAX (Germany), FTSE 100 (UK), CAC 40 (France), FTSE MIB (Italy), IBEX 35 (Spain), OMX Nordic 40 (Nordic countries), S&P GCC Composite Index (Middle East), CSI 300 (Greater China), KOSPI 50 (South Korea), Nikkei 225 (Japan), NIFTY 50 (India), Straits Times Index Constituent (Singapore, Malaysia, and Thailand), IDX Composite (Indonesia), S&P/ASX 50 (Australia), and IPC Mexico (Mexico). Expectations were calculated as the weighted average of the midpoints of the range of values that the respondents selected.

Investors have adjusted how they construct their portfolios and how they invest in response to macro and market conditions













































Portfolio construction practices	RESPONDENTS (%)
Holding more cash and other dry powder	74
Investing more in sectors or companies that are likely to have longer-term growth from fundamentals or tailwinds	73
Allocating more to sectors and companies that are able to pass on cost increases through pricing	70
Investing more in sectors and companies that are benefiting from the current macro environment	68
Allocating more to asset classes other than equities	64

Investing practices	RESPONDENTS (%)
Assuming a higher cost of capital or discount rate	73
Spending more time on cash flow and balance sheet considerations	68
Investing more on the basis of value and less on the basis of growth momentum	66
Valuing investments more conservatively (for example, giving more weight to the pessimistic case)	66
Picking more stocks using a bottom-up approach	62

Source: BCG's 2023 Global Investor Survey.

Note: The survey asked, "What are the most important risks for investors to consider in today's environment? Rank the top three."

Investors want companies to prioritize growth and financial resilience

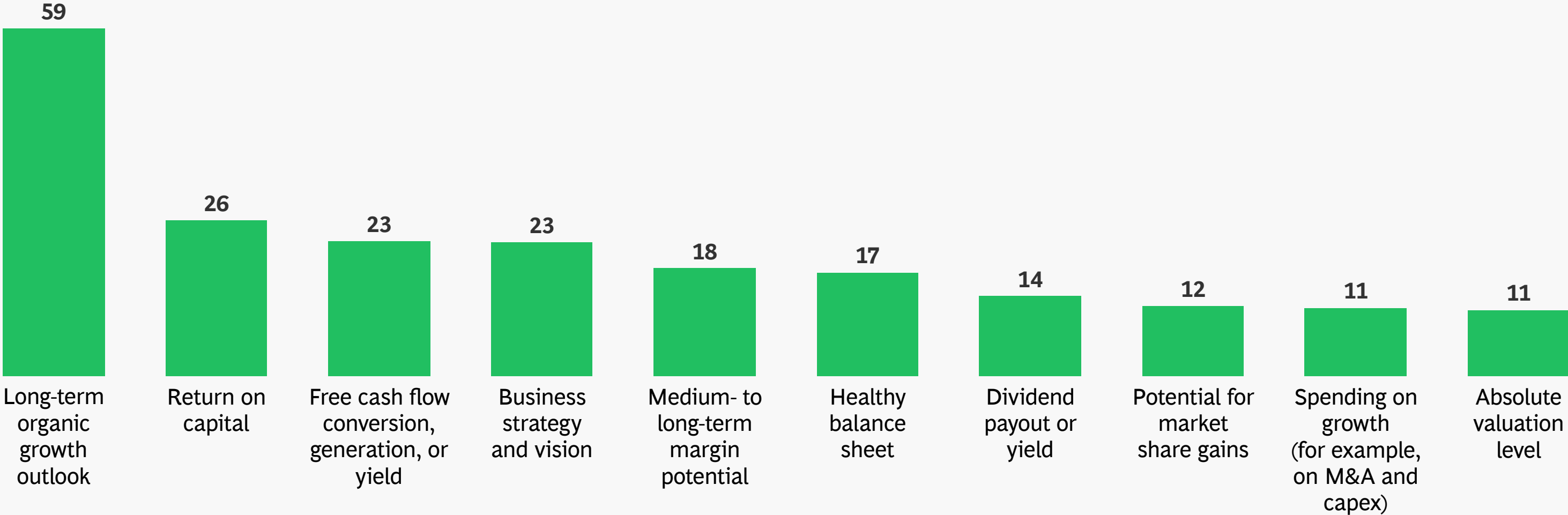
INVESTORS WHO RANKED THESE FACTORS AMONG THEIR TOP THREE PRIORITIES (%)	Global	North America	Europe and the Middle East	Asia-Pacific
Investing to grow or protect revenue	 61	 64	 65	 53
Building financial resilience and managing cash flow	 50	 49	 40	 60
Preserving or expanding the gross margin	 30	 29	 36	 26
Reinforcing supply chain resilience	 28	 33	 23	 28
Focusing on talent (that is, attracting, retaining, and upskilling employees)	 26	 24	 32	 23
Continue making or doubling down on tech investments	 25	 22	 25	 29
Pursuing SG&A cost efficiency (for example, by restructuring)	 22	 26	 21	 19
Actively managing the portfolio (for example, by making acquisitions or divestitures)	 21	 23	 22	 16
Focusing on climate and sustainability	 18	 8	 22	 26
Enhancing planning and budgeting (for example, by using ZBB)	 11	 13	 8	 13
Improving investor communications and reporting	 8	 9	 6	 8

Source: BCG's 2023 Global Investor Survey.

Note: Respondents were asked to prioritize factors for financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet. SG&A = selling, general, and administrative; ZBB = zero-based budgeting.

Investors are focusing on long-term organic growth when assessing investments

INVESTORS WHO RANKED THESE FACTORS AS A TOP-THREE INVESTMENT CONSIDERATION (%)



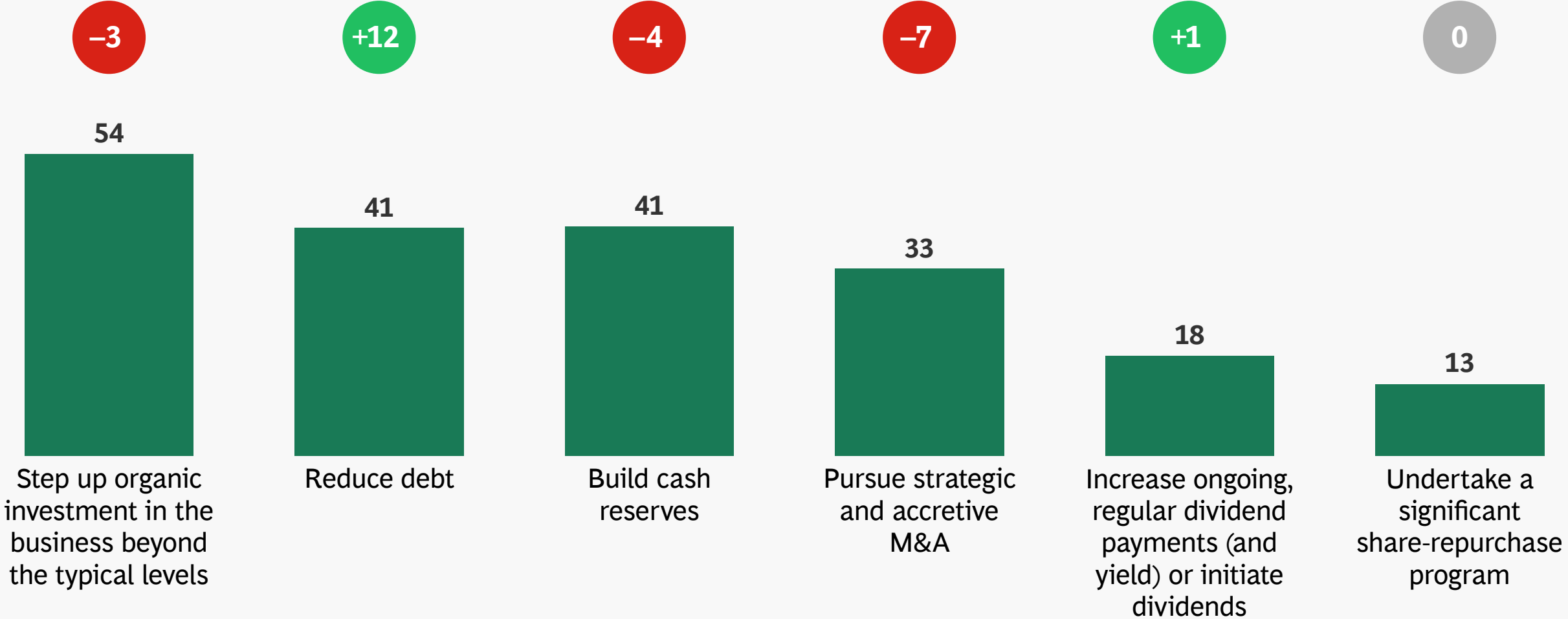
Source: BCG's 2023 Global Investor Survey.

Note: The survey asked, "How important are the following metrics or characteristics for your investment decisions or recommendations regarding financially healthy companies over the next 12 to 18 months? Please indicate your three most important considerations." Capex = capital expenditures.

Investors want companies that generate strong free cash flow to invest in their business and strengthen their balance sheet

INVESTORS WHO RANKED THESE USES AMONG THEIR TOP TWO PRIORITIES FOR COMPANIES' ALLOCATION OF CAPITAL (%)

Change vs. 2021 (pp)



Source: BCG's 2023 Global Investor Survey.

Note: The survey asked, "In the current environment, what do you think the optimal deployment of capital and free cash flow should be for a healthy company that generates strong free cash flow beyond existing dividend and debt service commitments? Rank the top two."

About the Survey

BCG conducted this global investor survey to help corporate executives and boards of directors understand investors' perspectives in the current environment. It is the 12th survey since 2009.

The survey focused on investors' expectations or perspectives relating to four key topics:

- Their regional economy and stock market
- Their macroeconomic environment, including the expected rates of growth and inflation
- The changes in their investment practices and criteria
- The critical moves that corporate executives and leadership teams are considering and making

We surveyed more than 500 investors in 24 markets.¹ About 87% of investors are portfolio managers and buy-side analysts, and 58% have an investment horizon that is more than three years. The combined assets under management of the investors' firms is \$19.6 trillion.

The analysis shared in this document represents an aggregated view that is not segmented by investor type; it is important for corporate executives and boards of directors to keep in mind their current and target investor mix while interpreting the results.

The results represent the views of surveyed investors only; to understand BCG's point of view, please visit [bcg.com](https://www.bcg.com).

Source: BCG's 2023 Global Investor Survey.

¹We surveyed 180 investors in North America: 150 in the US and 30 in Mexico. We also surveyed 180 investors across Europe and the Middle East, specifically in Denmark, Finland, France, Germany, Israel, Italy, Kuwait, Norway, Qatar, Saudi Arabia, Spain, and Sweden. And we surveyed 180 investors across Asia-Pacific, specifically in Australia, Greater China, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, and Thailand.