

INSIDE THE
Buy • Side[®]

EARNINGS PRIMER[®]



corbin

Q1'24

ISSUE: 58

April 11, 2024

INSIDE THE Buy-Side

EARNINGS PRIMER®

Survey Scope:

87 participants globally, comprising 85% buy side and 15% sell side; equity assets under management total ~\$8.1 trillion

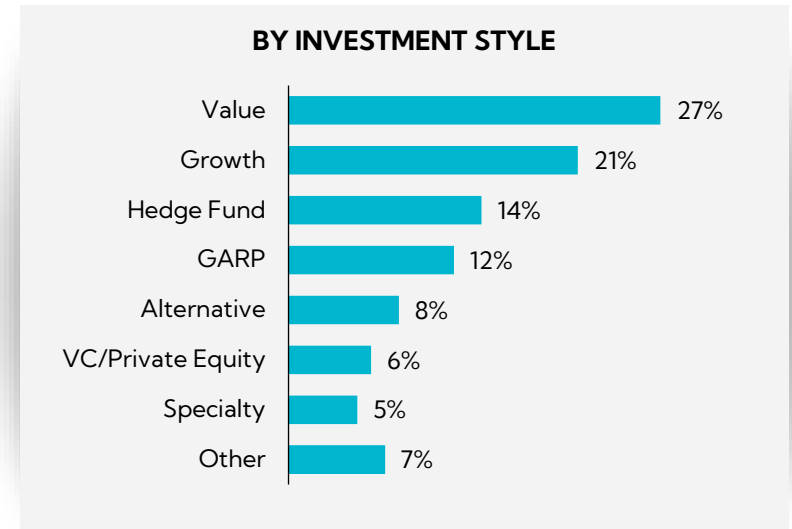
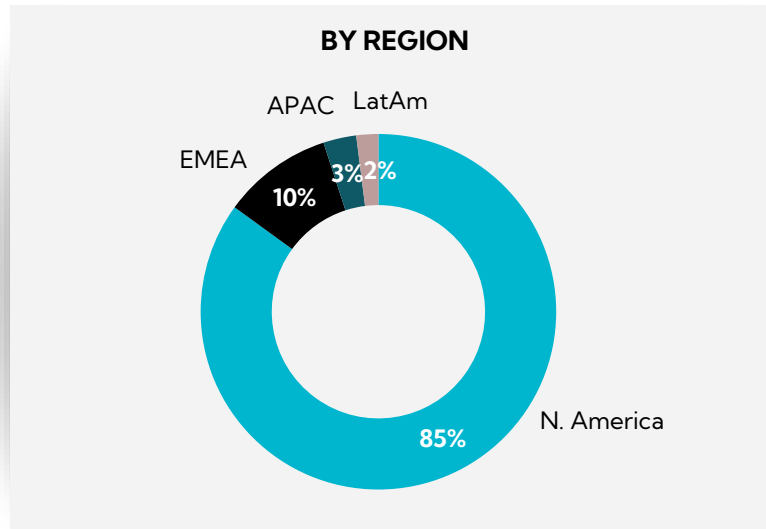
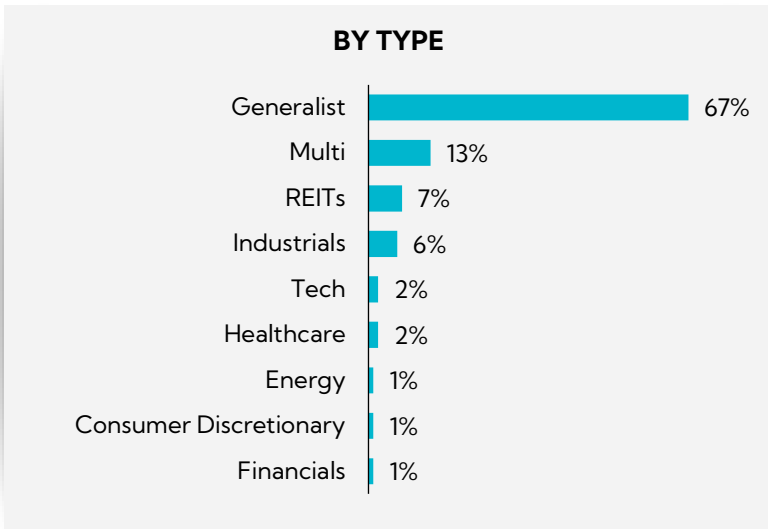
Survey Timeframe:

March 1 – April 4, 2024

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 communication strategies.

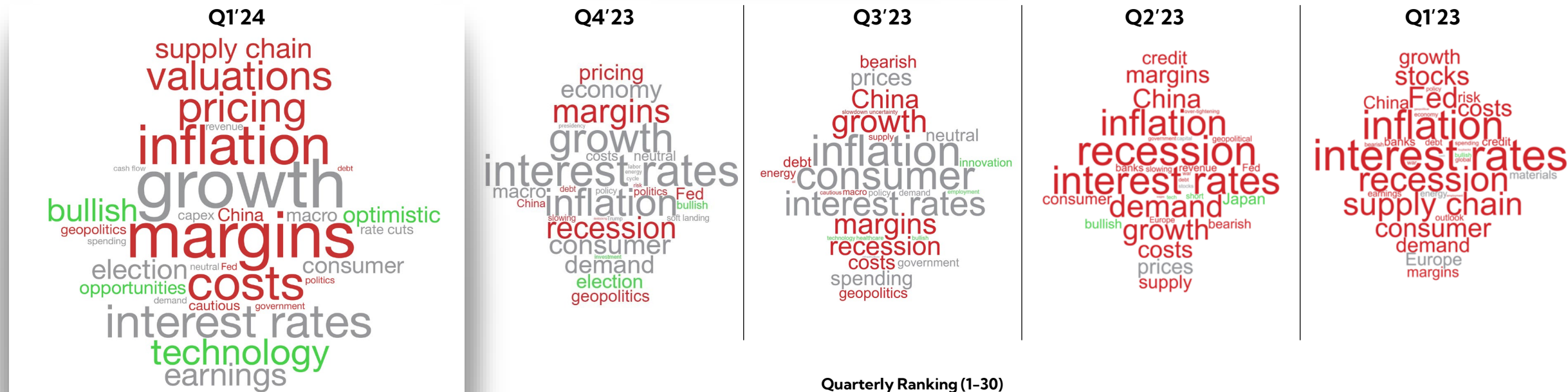
Market Performance	Q1'24	Q1'23
U.S.		
DJIA	5.5%	0.4%
NASDAQ	8.7%	17.0%
S&P 500	10.2%	7.0%
Russell 2000	4.8%	2.3%
Europe		
FTSE 100	3.2%	3.0%
Stoxx 600	4.4%	9.9%
Asia		
Hang Seng	(2.5%)	5.0%
Shanghai	0.5%	4.6%



Sentiment Continues to Improve Relative to Prior Quarters and Last Year This Time

Commentary indicates growing optimism, though persistent topics such as inflation and costs revert to red, resulting in increased focus on margins QoQ; notably, recession mentions are no longer in the top ranks for the first time since Q1'22

UNDERLYING SENTIMENT ■ Positive ■ Neutral ■ Negative



Quarterly Ranking (1-30)

Top Mentions	Q1'24	Q/Q	Q4'23	Q3'23	Q2'23	Q1'23
Growth	1	↑ 1	2	3	2	1
Margins	2	↑ 5	7	5	8	14
Inflation	3	UNCH	3	2	14	6
Costs	4	↑ 12	16	9	7	7
Interest Rates	5	↓ 4	1	2	1	2
Pricing	6	↑ 2	8	8	9	30+

Heading into Earnings Season, Optimism Tracks Higher as Investors Cast Off Recessionary Concerns, Adapt to Higher-for-Longer, and Embrace AI...Margin Focus Gets a Shot in the Arm

Executive Tone and Investor Sentiment Both Mark Third Consecutive Quarter of Increasing Positivity; For Q1, All KPIs — Revenue, EPS, Margins, and FCF — Universally Expected to Improve

- Executive tone perceived as more optimistic than last quarter, increasing from **46% Neutral to Bullish or Bullish** to **64%** — the largest QoQ surge since Dec '20 when promising news of COVID-19 vaccine developments hit the airwaves
- Amid corporate confidence, investors largely maintain their *Neutral to Bullish* or *Bullish* stance QoQ, while outright bears are nearly extinct
- More, **47%**, expect sequential earnings results to be *Better Than* prior quarter performances, while most, **54%**, expect results *In Line* with analyst estimates
- Regarding Q1 KPIs, most contributors expect *Improving* performances, particularly Revenue and EPS; fewer than one-third anticipate *Worsening* sequential performances across all measures, though Margins ticked up 9 points to 29%
- **60%+** anticipate companies to *Maintain* annual guides
- Top areas to address on earnings calls this season include margins, growth/demand trends, and, new this quarter, artificial intelligence

Recessionary Concerns Abate Significantly, though Macro Uncertainty Remains the Leading Identified Risk; Amid Stickier Inflation and Dashed Rate Cut Hopes, Growth Exuberance Identified Last Quarter Ebbs Somewhat and Margin Mania Is Back in Play

- The number of respondents expecting a recession has waned significantly over the prior 12-month period — from **88%** in the beginning of 2023 to **36%** currently
- Still, **40%** cite macro uncertainty and monetary policy as the leading risks (unaided)
 - More investors, **39%**, now expect 2024 U.S. GDP to be *In Line* with 2023, up from 21% QoQ; those expecting a *Higher* annual GDP figure declined from 56% to 33%
 - **35%** expect consumer confidence to *Worsen* over the next six months, an increase from 23% registered last quarter
- All else equal, a majority, **62%**, are prioritizing margins over growth, a reversal from last quarter where growth dominated
- As for global economies, India and Japan are expected to continue to *Improve*, with both seeing record levels of optimism, while expectations for *Worsening* conditions in the U.S. are now at the lowest level in nine quarters

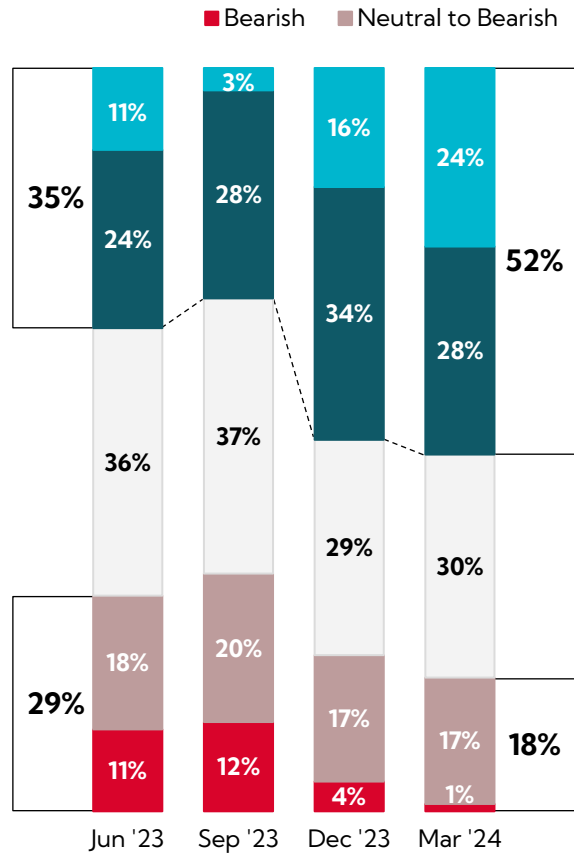
Debt Paydown and Reinvestment Remain the Leading Preferred Uses of Cash, while Support for M&A Climbs QoQ and Debt Austerity Softens; Respondents Continue to Point to Tech and Healthcare as Sector Darlings

- Conservatism still abounds as debt paydown remains the top preferred use by **59%**, albeit down from 62% last quarter and a record 72% the quarter prior
- Reinvestment is a close second preferred use at **53%**, with continued support for *Increasing* current levels of growth capex
- Notably, M&A sees an uptick in interest for the second consecutive quarter at the same time that debt austerity softens — those favoring a 2.0x or lower net debt-to-EBITDA ratio decline to **57%** from the 74% level registered over the past two surveys
- Bulls embrace Tech and Healthcare, which see the fifth consecutive quarter of gold and silver standing, respectively, while interest rate sensitive Utilities and REITs feel the bite; Basic Materials sees notably mixed sentiment marked by the largest influx of both bulls and bears

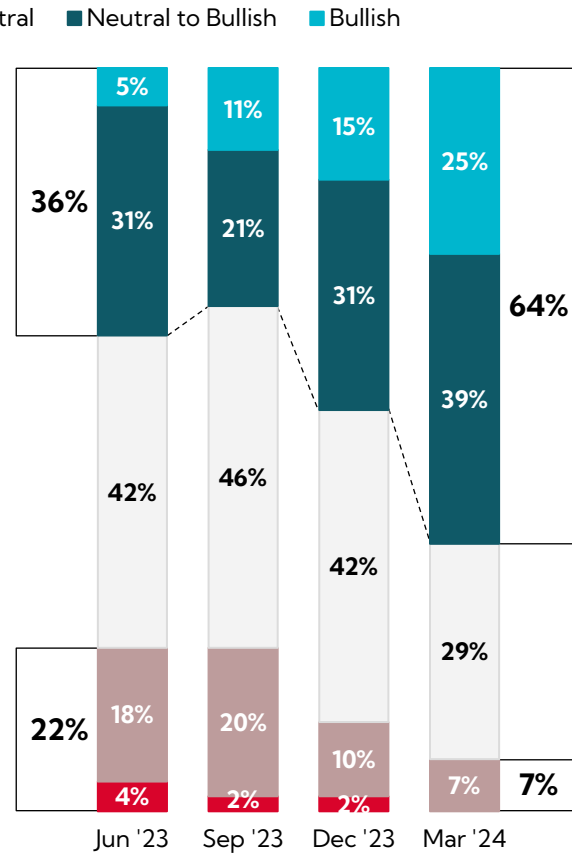
The Trend is Your Friend: Investor Sentiment and Perceived Executive Tone Shed Bearish Views in Favor of a More Optimistic Tune Overall

Pessimism is the lowest it's been since Q2 '21

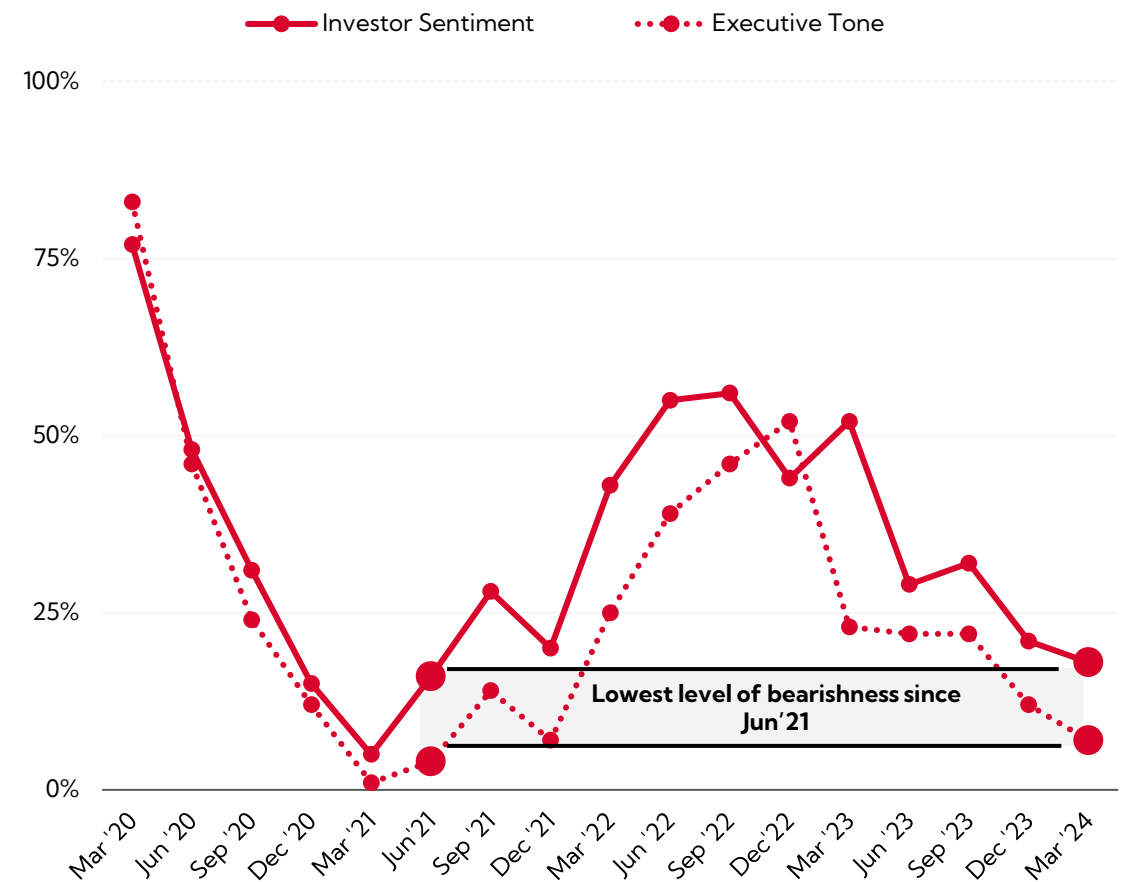
INVESTOR SENTIMENT



EXECUTIVE TONE



BEARISH INVESTOR SENTIMENT AND PERCEIVED EXECUTIVE TONE



While Optimism Grows and Mentions of “Bottoming” Materialize, Investors Offer Realistic Perspectives on the Puts and Takes (Albeit More Puts than Takes)

Bullish / Neutral to Bullish

*“The economy seems to be improving and a lot of the drivers that are leading the market forward now seem to have momentum and are still in relatively early stages. Management is neutral but improved from a year ago.” **Buy Side, N. America, Generalist***

*“The prospects of lower interest rates going forward should take away some of the economic headwinds so that’s good, but we’re also coming out of a prolonged period where large-caps are dominating small-caps. If you look under the surface, you’re starting to see that change, so we’re going to get a little bit more tailwind on the small-cap portion side of it which will make things even more interesting. I think people are cautiously optimistic and rightfully so.” **Buy Side, N. America, Generalist***

*“Demand is stabilizing to improving and raw materials costs have come down, so pricing is holding in well. It is a decent setup for earnings growth this year. The executives are cautiously optimistic, so they are somewhere between neutral and bullish. They have set cautious guides for 2024 where they have laid out additional areas of upside to them. The executive teams are cautiously optimistic. They are not pounding the table, but they are better than they were six months ago.” **Buy Side, N. America, Generalist***

*“We are bullish and have been for a year now. We continue to feel good about things. Management teams are not as bullish as we are from the investment side, but I am not hearing anything that signals the economy is going to tip over. Everybody is pleased with how things have played out. Companies are feeling better about things.” **Buy Side, N. America, REIT***

*“Management is erring on the side of caution while outlooks should come in better than expected as we get into summer months.” **Buy Side, N. America, Generalist***

*“Sharply improving macro outlook, balanced by weak current performance.” **Sell Side, Europe, Generalist***

Neutral

*“There is a lot of dispersion in the space, so it is on a name-to-name basis. There are some consumer names doing extremely well facing the same macro environment other companies are. It all comes down to execution, end market, and expectation setting.” **Buy Side, N. America, Generalist***

*“I am neutral toward equities because the valuations are high. Interest rates moved up the last year or two, but multiples have not contracted accordingly, so the world is overextended.” **Buy Side, N. America, Generalist***

*“Overall, we have had a strong run in the marketplace. My sentiment is mixed. Part of the market is overvalued, but there are opportunities. The more overvalued stuff is mostly things that have done well, such as NVIDIA. We do not see that as much in healthcare, so being selective is important but there are some good opportunities. Executives are optimistic on their companies. However, many are going through stretches of more challenging revenue growth and have to consider cost-containment measures. For companies having gone through the pandemic and many dealing with major supply chain disruptions and issues, they are still in the mode of there being a lot of wood to chop.” **Buy Side, N. America, Generalist***

*“Valuation is still pretty frothy in Tech and management is cautiously optimistic.” **Buy Side, N. America, Generalist***

*“The market is looking more and more expensive and there is not a lot of clarity on when and if the Fed is going to cut. I struggle with market direction. Management sentiment continues to be positive. With AI, the overall strength of most consumers, and the labor market chugging along, management teams broadly have been more positive.” **Buy Side, N. America, REITs***

*“I am biased to be neutral at all times. All management teams are cautiously optimistic. Things are good now, but when we get to the Presidential election it is TBD.” **Buy Side, N. America, Multi***

Neutral to Bearish / Bearish

*“I am cautious about the market primarily because we see this dichotomy of enthusiasm around the implications of artificial intelligence, which has driven some stratospheric valuations for businesses that might be beneficiaries, and which end up being part of the S&P multiple. However, we are constructive because we can find opportunities to invest in a number of new businesses in the world with visible and predictable growth and very healthy free cash flow characteristics that are much better than their values reflect. You have to go industry by industry, but in the main market, there is a constructive tone about the days ahead across a broad set of industries.” **Buy Side, N. America, Generalist***

*“The market has had a big run and there is an election coming, so I am reasonably cautious and nervous because of where the market is. Tech companies are always bullish. Management sentiment in equities is reasonably bullish because there are some secular trends for the companies I look at.” **Buy Side, N. America, Generalist***

*“For the next 12 months, my sentiment toward equities is neutral to negative. Over 3 to 5 years and beyond, I am positive. On semis, management sentiment is positive. Things have definitely turned. AI is strong and areas of the market that were weak are now bottoming whether they are PCs, handsets, or industrial. Auto is somewhat of a question mark but in terms of bottoming, it is the last one to correct and people are seeing signs in terms of the first half of '24 being the bottom.” **Buy Side, N. America, Generalist***

*“Feeling that we are not out of the woods just yet and the ‘higher for longer’ having a cumulative impact.” **Buy Side, N. America, Generalist***

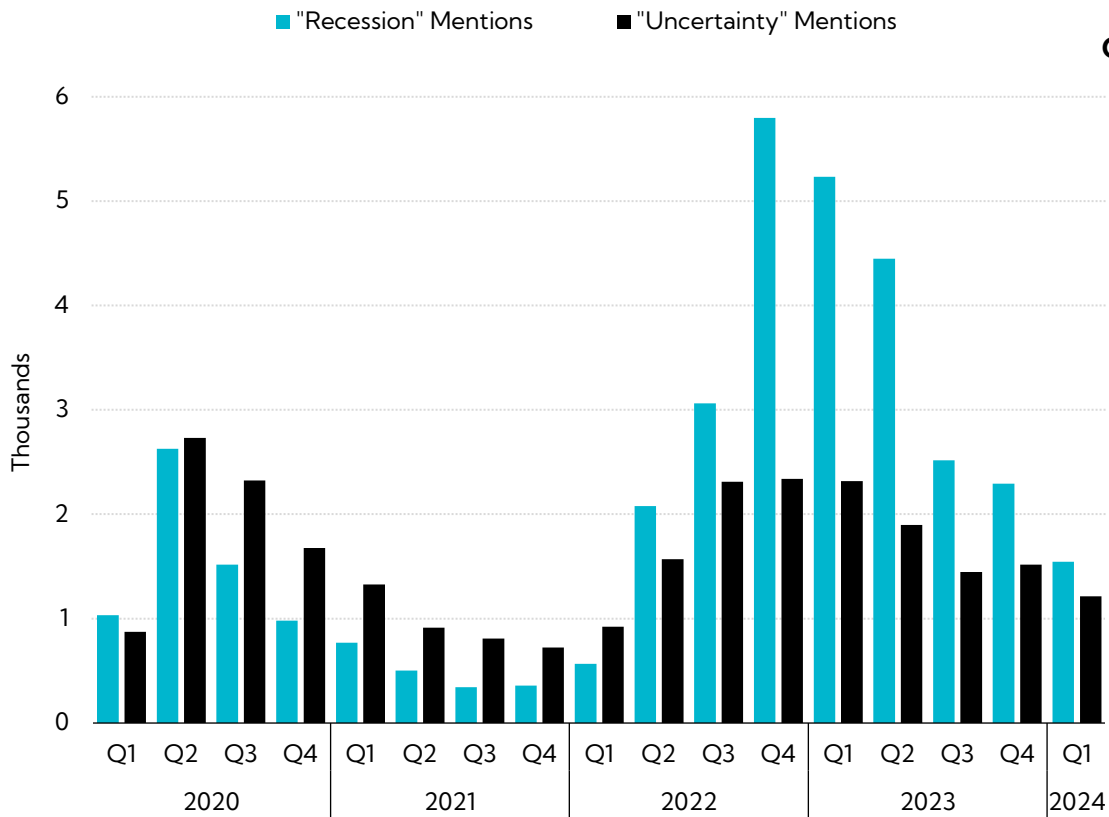
*“I think there are a lot of dragging issues that are being overlooked.” **Buy Side, N. America, Generalist***

*“Macro factors and persistent inflation.” **Buy Side, N. America, Generalist***

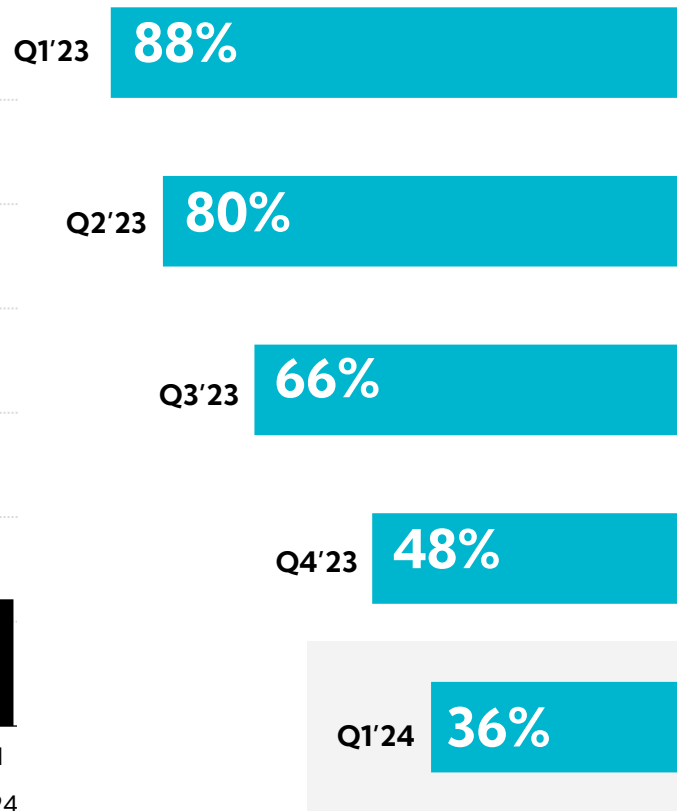
Majority Expect the U.S. to Dodge a Recession, With Forecasts Decreasing Precipitously to Less Than Half of Q1 2023...

For those who do expect a U.S. recession, most anticipate landfall in 2025

"RECESSION" AND "UNCERTAINTY" MENTIONS ON EARNINGS CALLS
n = 5,003



RECESSION EXPECTATIONS



"We believe a soft landing is more likely than a recession." **Buy Side, N. America, Generalist**

"As long as the labor market stays strong, it's hard to see a full-on recession." **Buy Side, N. America, Generalist**

"There are a lot of things that make me nervous, but the market doesn't seem to be incorporating those at the moment, so I'm not in the camp that we're going into a recession. At the same time, I don't know that we should be quite as bold as were being in the market right now." **Buy Side, N. America, Generalist**

"Politics will lead to a no-expense barred approach to keep the music playing." **Buy Side, N. America, Generalist**

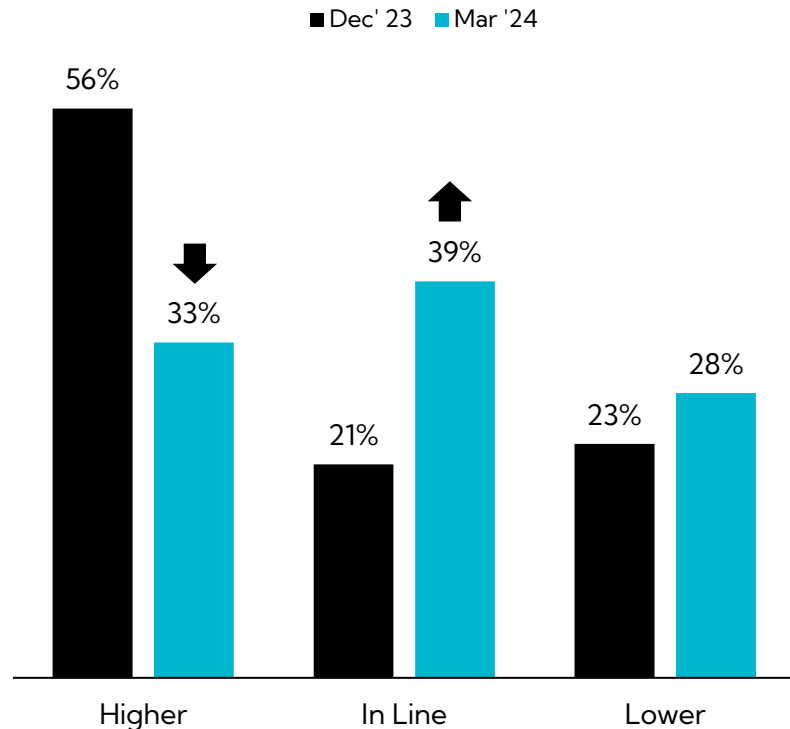
"A recession got priced in and it never happened. There were rolling recessions for various industries in 2022 to 2023." **Sell Side, N. America, REITs**

"It's tough to predict this one. I was right to think that we would not have one in 2023, but there are a lot of potential black swans." **Sell Side, N. America, Multi**

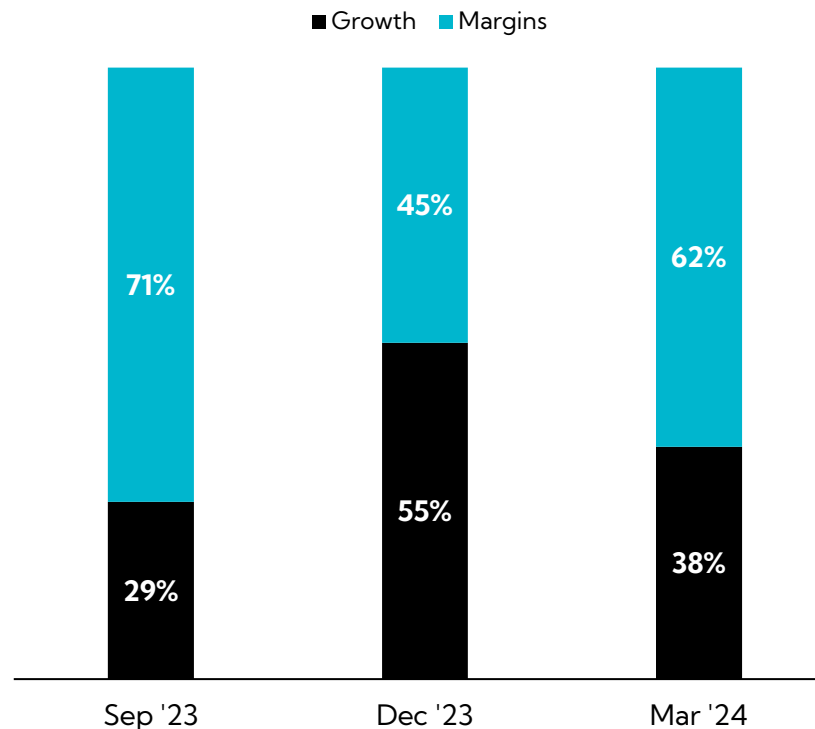
...Still, the Reality of Higher-for-Longer Interest Rates Amid a No-Go March Cut Is Somewhat Tempering the Exuberance Around Growth

62% exhibit more concern or a continued level of high concern over companies' ability to pass on costs, up 17 points QoQ

2024 U.S. GDP RELATIVE TO 2023



KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



"Both are important. If forced to choose, margins are important because top-line growth will be limited at this point."
Buy Side, N. America, Generalist

"Execution and cost control will overpower modest growth at best."
Buy Side, N. America, Generalist

"The value driver suggests that you should improve ROIC before you grow, so the quality of the growth matters and that would be reflected in margins. Thoughtful management teams prioritize margins and then growth, but there are reasons why that may not always be a true blanket statement."
Buy Side, N. America, Generalist

"We would like to see a good mix of both. Pricing power is one of the things that we look for on top of subsector fundamental drivers. We make sure that companies either have margin expansion coming from pricing power, volume growth, or normalizing cost structure coming through supply chain."
Buy Side, N. America, Healthcare

57%

Margins, Expense Management
(↑ 29pts)

42%

Growth
(↑ 19pts)

38%

Demand
(↑ 12pts)

23%

Artificial Intelligence
(↑ 18pts)

23%

Capital Allocation
(↓ 3pts)

22%

Consumer Health
(↑ 13pts)

Topics of Interest for Upcoming Earnings Calls

Margins and expense management top the list, nearly doubling QoQ, and amid buzz around a particular burgeoning technology reaching a feverish pitch, AI moves up with interest into how companies stand to benefit

Views from N. America

"Order activity and opportunity pipeline, supply chain issues, capital deployment." **Buy Side, Generalist**

"M&A appetite, internal growth initiatives, productivity, and cost opportunities." **Buy Side, Generalist**

"AI, AI, and AI!" **Buy Side, Generalist**

"Margin improvement, growth plans, deleveraging plans." **Buy Side, Generalist**

"Source of margin expansion, state of the consumer, geopolitics and U.S. political fallout (i.e., taxes)." **Buy Side, Generalist**

"Margin pressure, AI, such as what is actually possible in the near term and enough with the hype, capital spending." **Buy Side, Generalist**

"Capex plans including shareholder return, pricing power given outlook for the USD and disinflation, labor (costs, shelving, outlook)." **Buy Side, Generalist**

"Inflation, profits, and margin." **Buy Side, Generalist**

"Longer term inflation expectations in their supply chain, visibility of earnings, quality of earnings." **Buy Side, Generalist**

"Pipeline changes, supply chain disruptions such as the red sea, workforce availability." **Buy Side, Generalist**

"Degradation of credit or rising delinquencies among consumers, consumer spend slowdown, path to profit, view of end demand." **Buy Side, Tech**

"Consumer sentiment, retail consumer sentiment and debt burden, geopolitical impacts." **Buy Side, Multi**

"Election year impacts, hiring difficulties, AI impacts." **Buy Side, Multi**

"Growth, the macro economy." **Buy Side, Multi**

"Gross margin improvement, revenue enhancement, strong growth guidance." **Buy Side, Multi**

"Order rates in the first half of the year, backlog changes in the first half and the expected difference in the second half, effect on profit margins of more moderate price increases." **Buy Side, Industrials**

"Order rates, price/cost, backlogs." **Buy Side, Industrials**

Views from Abroad

"Margin development, perception of consumer behavior, investment plans." **Buy Side, Europe, Generalist**

"Input cost deflation, pricing." **Buy Side, Europe, Generalist**

"Volume development, wage growth, quality of mid-term ambitions." **Buy Side, Europe, Generalist**

"Volume development, organizational adaptations, margins." **Buy Side, Europe, Industrials**

"AI, election, interest rates." **Buy Side, Latin America, Multi**

"Cost management, how they are implementing AI or new technologies, revenue trends." **Buy Side, Australia, Generalist**

"Destocking, interest expense, organic growth." **Buy Side, Australia, Generalist**

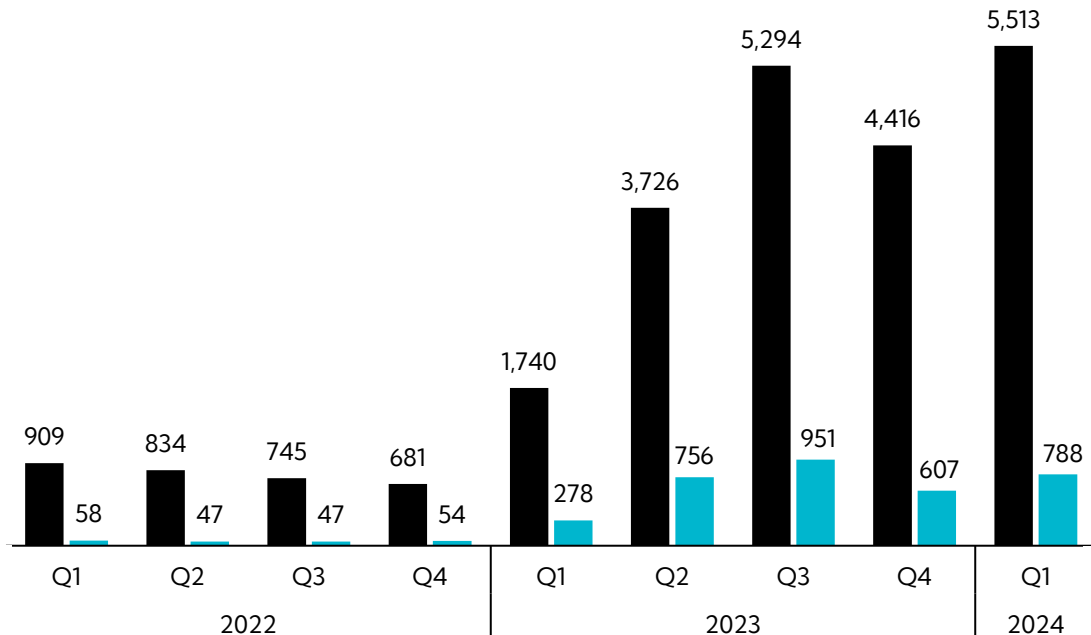
Artificial Intelligence's Popularity on Earnings Calls — And as a Part of the Investment Process — is Growing

AI references in executive remarks and analyst questions surged late last year and into 2024; meanwhile, investors evaluating or incorporating AI into their investment processes has passed the majority threshold

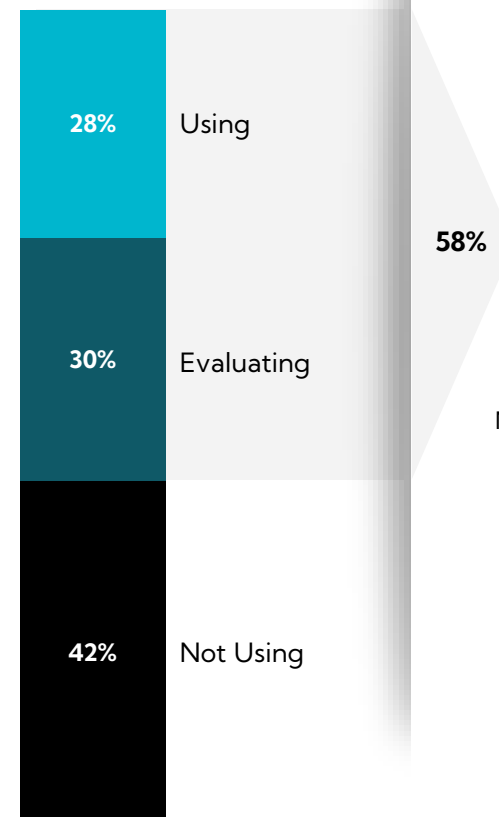
**AI ON EARNINGS CALLS:
EXECUTIVE REMARKS AND ANALYST QUESTIONS**

n = 1,057

■ Executive Remarks ■ Analyst Questions



AI AS A TOOL IN INVESTMENT PROCESS¹



53%

Investors who report AI is augmenting their investment process

AI USE CASES¹



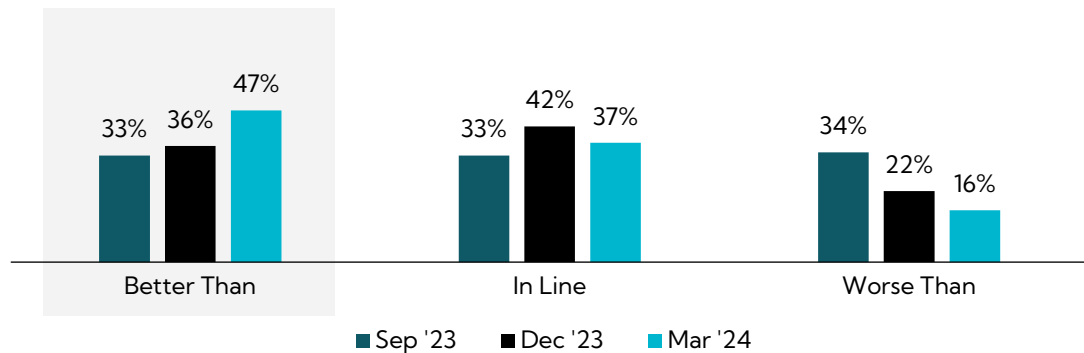
¹Source: Corbin Advisors

Generally Upbeat Views on Q1 Earnings — Majority, 58%, Believe Results Will Be Stronger YoY

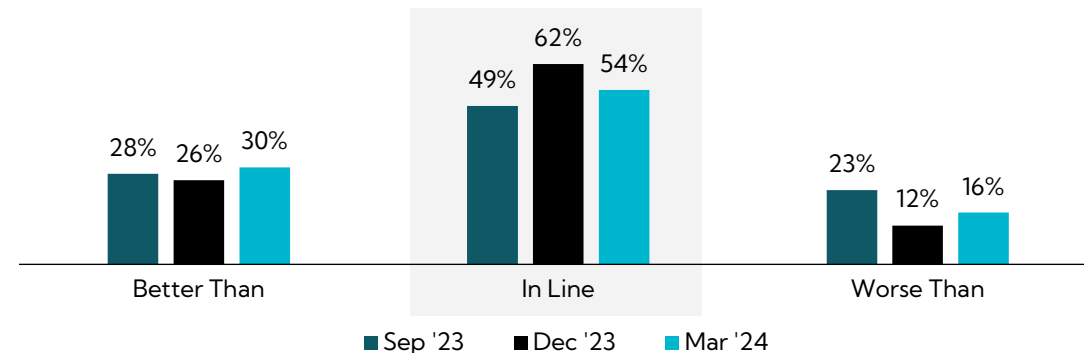
60% assert positive or improved sentiment following full year 2024 outlooks provided last quarter

Q1'24 EARNINGS EXPECTATIONS

VS. PRIOR QUARTER



VS. CONSENSUS



Better Than

"Overstocking in previous years driving outperformance in 2023 which is coming off, but some orders are picking back up." **Buy Side, N. America, Generalist**

"Momentum, employment." **Buy Side, N. America, Generalist**

"Margin growth." **Buy Side, Europe, Generalist**

"Positive industrial indicators like order rates, normalized supply chains, etc." **Buy Side, N. America, Industrials**

"Pent up demand from market." **Sell Side, N. America, Generalist**

"Excluding tech there is negative EPS growth, but tech is so strong as to lift overall market." **Buy Side, Australia, Generalist**

In Line

"Drags from weak ISM activity and destocking lingers another quarter or two before acceleration." **Buy Side, N. America, Generalist**

"It depends on the end market. Winter was rough in January and February, so construction activity was down whereas last year was more favorable. I am not super bullish on Q1 earnings but as we get through the year, there is going to be a steady, consistent ramp." **Buy Side, N. America, Generalist**

"The expectation of recession colored last year's earnings guidance and we don't have that this year." **Buy Side, N. America, Generalist**

"This is going to depend industry by industry. Weather was a bit difficult in January, so things probably got off to a slow start. I think in Q4 while it was better than expected, the earnings were still, in general, down a little bit YoY. Consensus is pretty conservative in general right now." **Buy Side, N. America, Generalist**

"Too much optimism from the sell side." **Buy Side, N. America, Generalist**

Worse Than

"Macroeconomic headwinds persist despite the promise of rate cuts later this year." **Buy Side, N. America, Generalist**

"Continued cost expansion and slowing consumer." **Buy Side, N. America, Generalist**

"Unexpected resilience in inflation." **Buy Side, N. America, Generalist**

"Rising energy costs." **Sell Side, N. America, Generalist**

"Cautious banking environment." **Buy Side, Europe, Industrials**

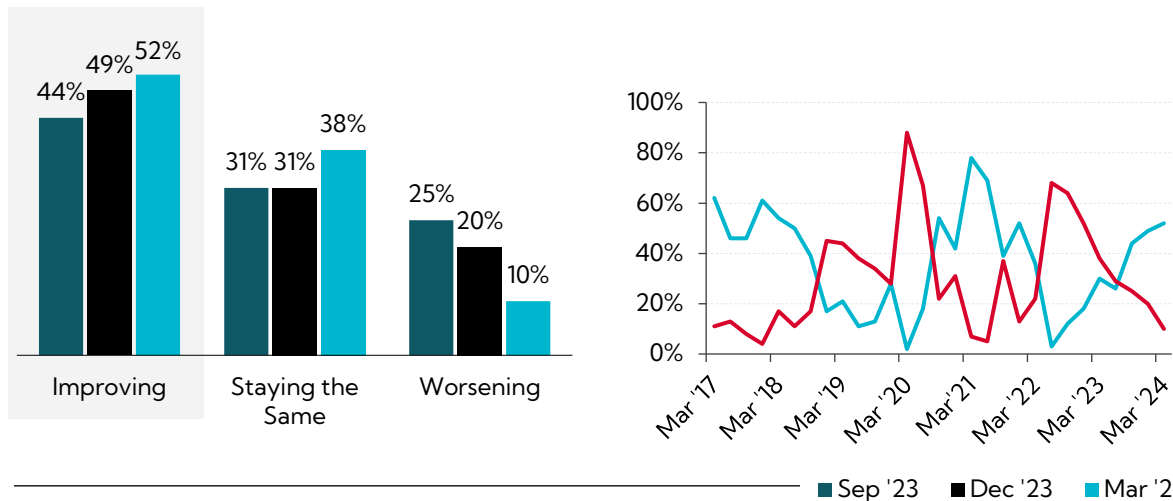
"Consumer spending remains challenging." **Sell Side, Europe, Generalist**

Across the Board, KPIs Anticipated to Improve, Particularly Revenue and EPS Although Confidence in FCF Ebbs Somewhat

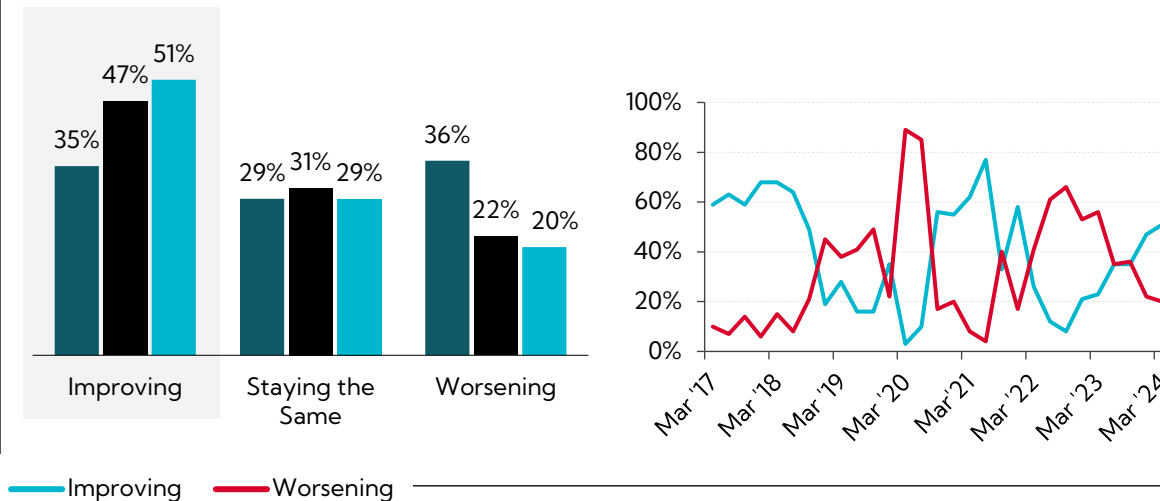
More are *universally* expecting improving prints for the second consecutive quarter

Q1'24 PERFORMANCE EXPECTATIONS

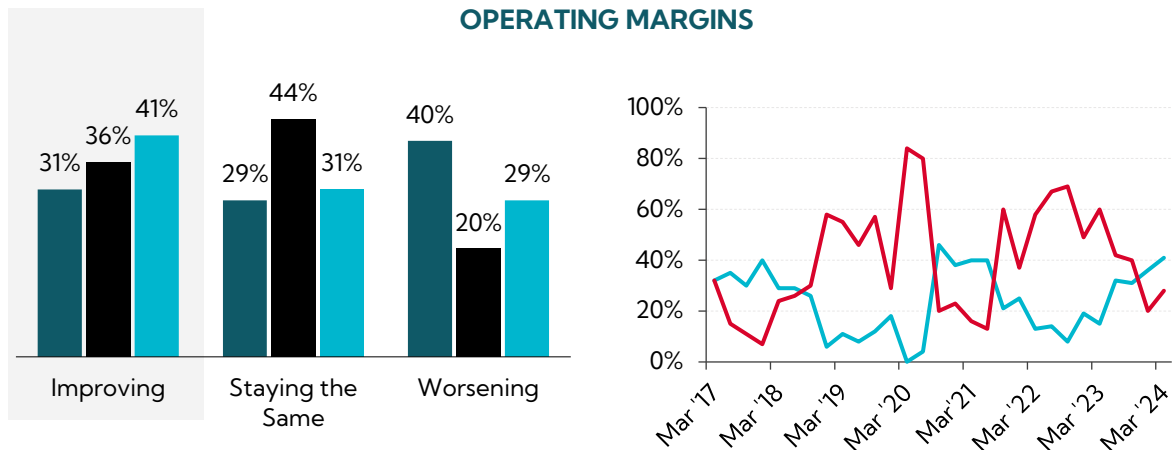
REVENUE



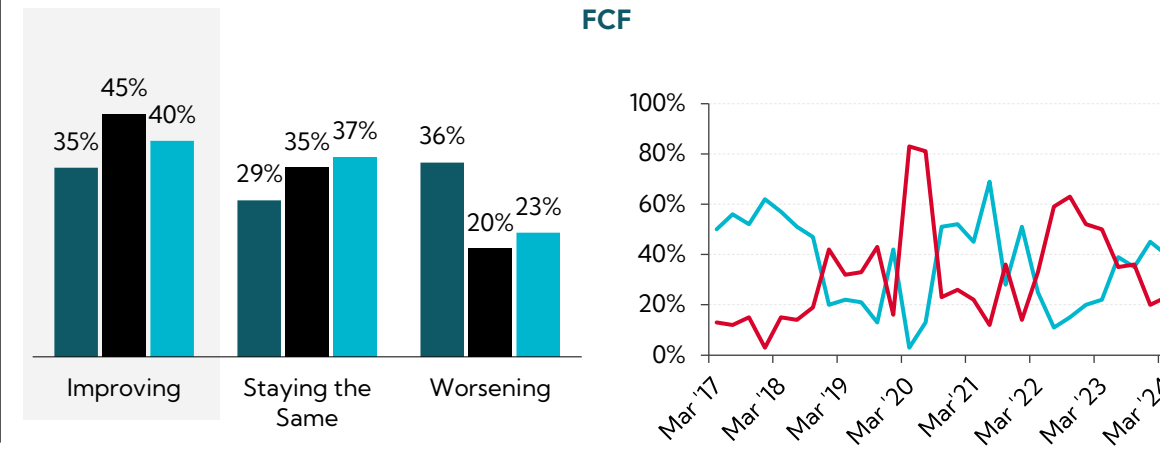
EPS



OPERATING MARGINS



FCF

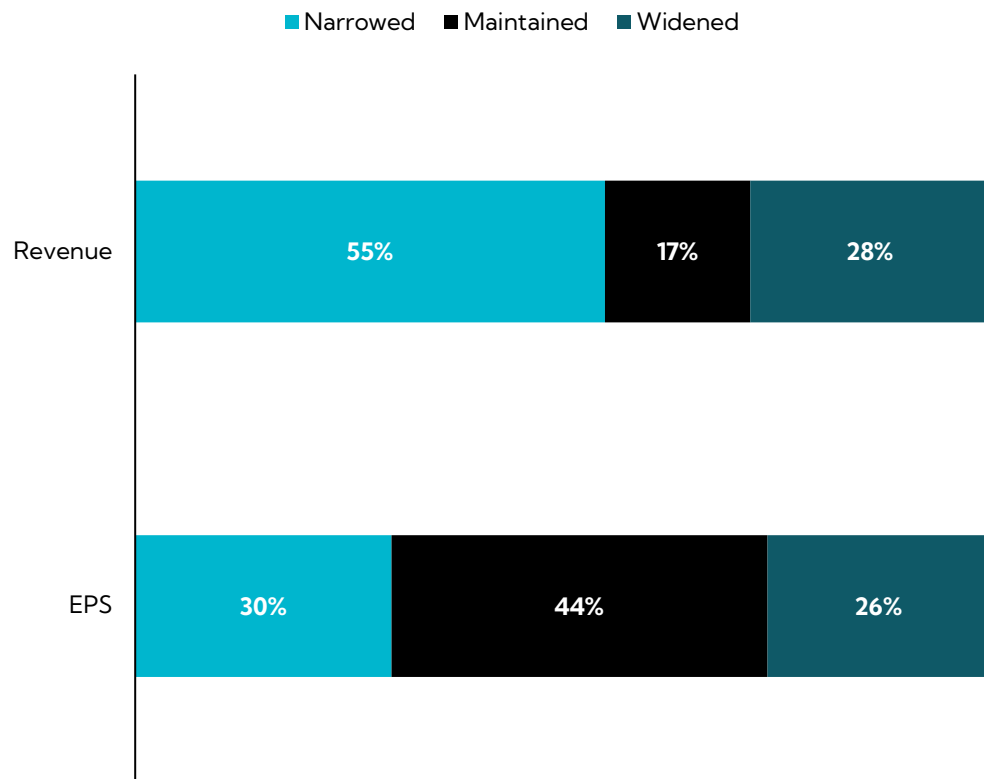


Companies Expected to Maintain Full Year Guides

Across sectors, our research finds more companies narrowed revenue and maintained EPS ranges relative to 2023, while 87% and 75% of 2024 revenue and EPS forecasts are higher than 2023 actuals, respectively; surveyed investors report initial 2024 guides were in line with expectations

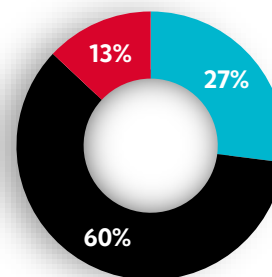
FULL YEAR 2024 GUIDANCE RANGES RELATIVE TO 2023

n=421

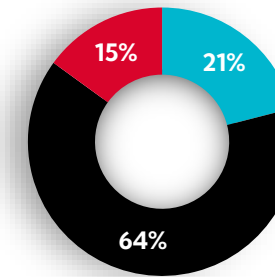


FULL YEAR 2024 GUIDANCE UPDATE EXPECTATIONS

REVENUE

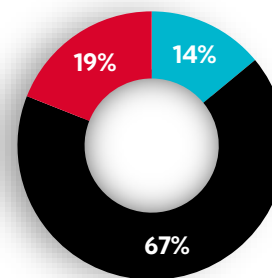


EPS

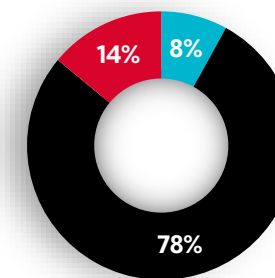


■ Raise ■ Maintain ■ Lower

OPERATING MARGINS



FCF

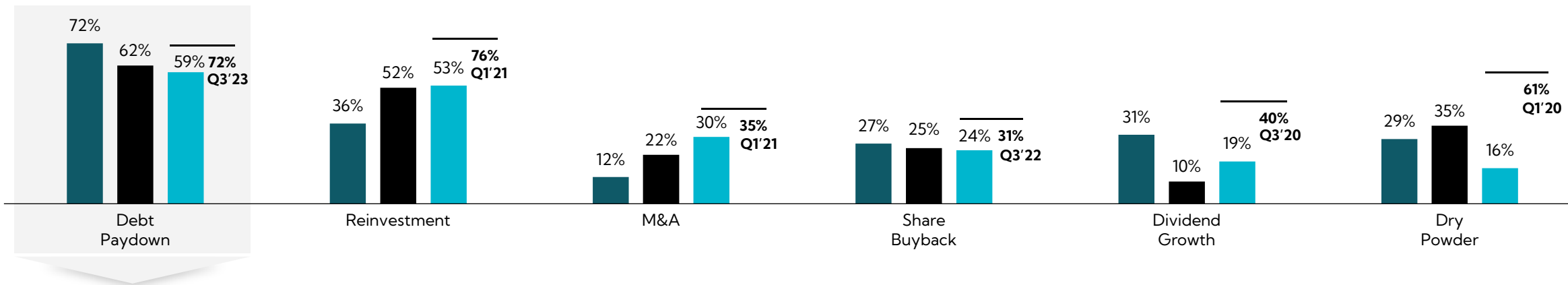


Debt Paydown and Reinvestment Continue to Dominate as Leading Preferred Uses of Cash, As Support for M&A Marches Upward

PREFERRED USES OF CASH

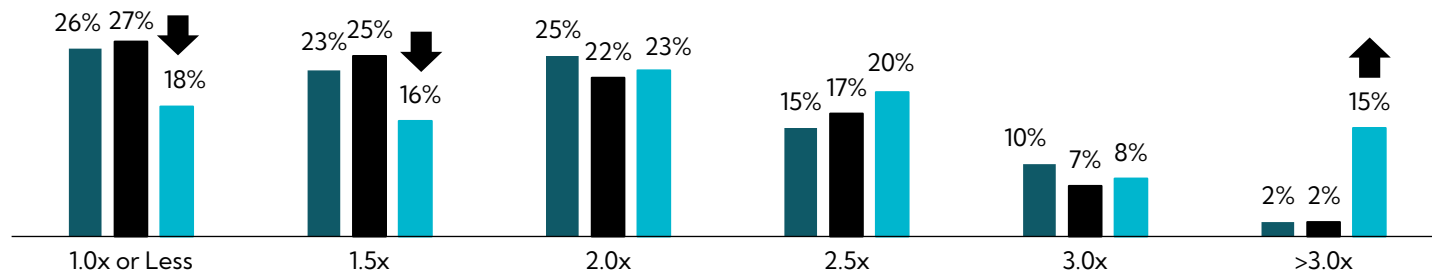
In Descending Order of Top Two Preferences

■ Sep '23 ■ Dec '23 ■ Mar '24 — 5-Year High



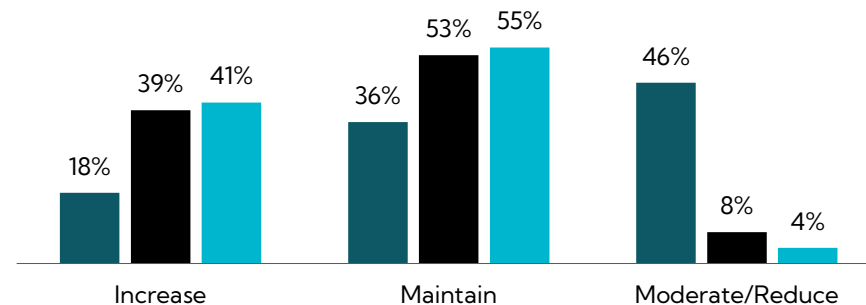
THRESHOLDS FOR IDEAL NET DEBT-TO-EBITDA

Debt austerity softens as those anchoring to levels of 1.5x or lower notably decline and appetite for 2.5x to >3.0x expands...time will tell if this is an inflection



GROWTH CAPEX PREFERENCES

■ Sep '23 ■ Dec '23 ■ Mar '24



Top Concerns from Around the Globe

The macro and monetary policy top the list of concerns, further influenced by perceived political and fiscal risks as the U.S. election approaches; inflation sees the largest increase heading into earnings over fears that costs may reaccelerate

Unaided		Unaided		Unaided		
QoQ Change	1	40% (↑ 18pts)	Macro Uncertainty	2	40% (↓ 5pt)	Monetary Policy
	4	38% (↑ 3pts)	U.S. Politics / Elections	5	36% (↓ 15pts)	Geopolitical Risks
				6	29% (↑ 13pt)	U.S. Debt
						85% Exhibit More Concern or a Continued Level of High Concern over U.S. Fiscal Health, up 19 pts QoQ

Views from N. America

- "Political, macroeconomic environment, weak commercial real estate market." **Buy Side, Generalist**
- "End demand, price vs. cost execution, becoming too optimistic too early." **Buy Side, Generalist**
- "Government overreach and policy, interest rates, inflation." **Buy Side, Generalist**
- "Valuations are stretched." **Buy Side, Generalist**
- "Inflation spiking higher or staying higher for longer, the Fed." **Buy Side, Generalist**
- "Bullish sentiment, interest rates, elevated valuations." **Buy Side, Generalist**
- "Longer-term inflation, national debt, weakening confidence in institutions." **Buy Side, Generalist**
- "Ugly political landscape right now and hard to tell what the impact will be, the fiscal responsibility and governance is very low and there's a lot of uncertainty around rates and inflation and the ability for governance to function in the way they typically have." **Buy Side, Generalist**
- "Inflation, debt level, politics." **Buy Side, Generalist**
- "Consumer spending, unemployment a lagging indicator, small businesses impacted by higher rates and input costs." **Buy Side, Generalist**

- "Valuations are high, sentiment is excessively optimistic, no rate cuts in 2024." **Buy Side, Generalist**
- "Sustainability of the consumer, politics/geopolitics, market structure." **Buy Side, Generalist**
- "Inflation remains sticky, interest rates, government deficits." **Buy Side, Generalist**
- "Boarder security, inflation, crime." **Buy Side, Generalist**
- "U.S. political dysfunction, geopolitical risks, U.S. debt burden, and inequitable tax system." **Buy Side, Multi**
- "Economy, the Fed, government debt." **Buy Side, Multi**
- "Election, AI impact on businesses and jobs, China tensions." **Buy Side, Multi**
- "China, inflation, whatever comes from Ozempic." **Buy Side, Multi**
- "Global geopolitics relations." **Buy Side, Multi**
- "Order rates, price vs. cost, China outlook." **Buy Side, Industrials**
- "Valuations, unprofitable companies, U.S. fiscal deficits." **Buy Side, Tech**
- "Inflation, economic growth, valuations, the elevated multiples." **Buy Side, REIT**

Views from Europe

- "High valuations in general, a very bullish sentiment, the fact that we have seen the stock market go straight up since October and that's creating some pullbacks." **Buy Side, Generalist**
- "Too restrictive for too long central banks, overheating market valuations, spread of wars globally and disruption of global energy and goods flows." **Buy Side, Generalist**
- "Valuations, return dispersion." **Buy Side, Generalist**
- "U.S. elections, exploding long-term rates due to economic recovery, delayed earnings recovery." **Buy Side, Generalist**
- "Global peace, labor market, cautious banking." **Buy Side, Industrials**

Views from APAC

- "Trump in the White House, stubborn central banks who won't cut rates, re-inflation from an energy shock." **Buy Side, Generalist**
- "Geopolitics, monetary policy, fiscal spending." **Buy Side, Generalist**

Optimism Over Economic Growth in India and Japan Set New Survey Highs; Those Expecting Worsening U.S. Conditions Falls to Lowest Level in Nine Quarters



CANADA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	23%	-9pts
Worsen	23%	+5pts

U.S. QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	27%	-10pts
Worsen	20%	-9pts

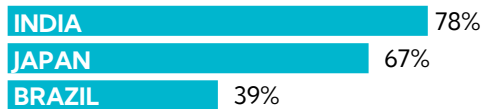
MEXICO QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	33%	-9pts
Worsen	11%	-1pt

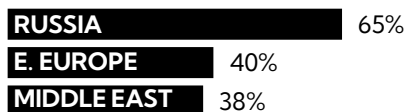
LATIN AMERICA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	19%	-4pts
Worsen	23%	+4pts

TOP 3 – IMPROVING (NEXT SIX MONTHS)



TOP 3 – WORSENING (NEXT SIX MONTHS)



UK QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	19%	-21pts
Worsen	22%	-8pts

W. EUROPE QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	29%	-3pts
Worsen	25%	-11pts

BRAZIL QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	39%	+9pts
Worsen	13%	-13pts

E. EUROPE QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	12%	-18pts
Worsen	40%	+2pts

MIDDLE EAST QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	4%	-15pts
Worsen	38%	+9pts

48%

Exhibit More Concern or a Continued Level of High Concern over Israel war impact, down from 50% QoQ

RUSSIA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	0%	-18pts
Worsen	65%	-5pts

INDIA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	78%	+15pts
Worsen	0%	-3pts

CHINA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	29%	-4pts
Worsen	32%	-11pts

39%

Exhibit More Concern or a Continued Level of High Concern over Ukraine-Russia war impact, down from 46% QoQ

JAPAN QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	67%	+15pts
Worsen	7%	+4pts

TAIWAN QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	18%	-11pt
Worsen	15%	+15pts

SOUTHEAST ASIA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	23%	-34pts
Worsen	0%	-3pts

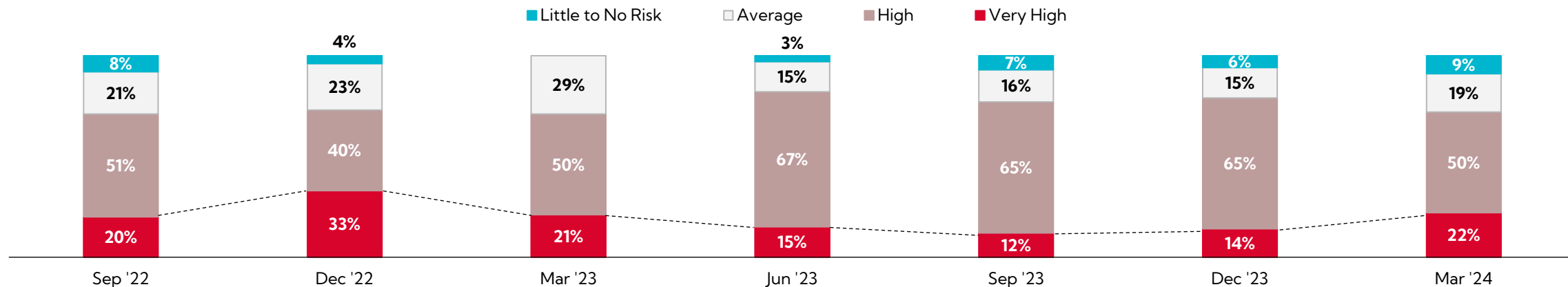
AUSTRALIA QoQ Δ

Expectation	Percentage	QoQ Δ
Improve	27%	-5pts
Worsen	4%	-6pts

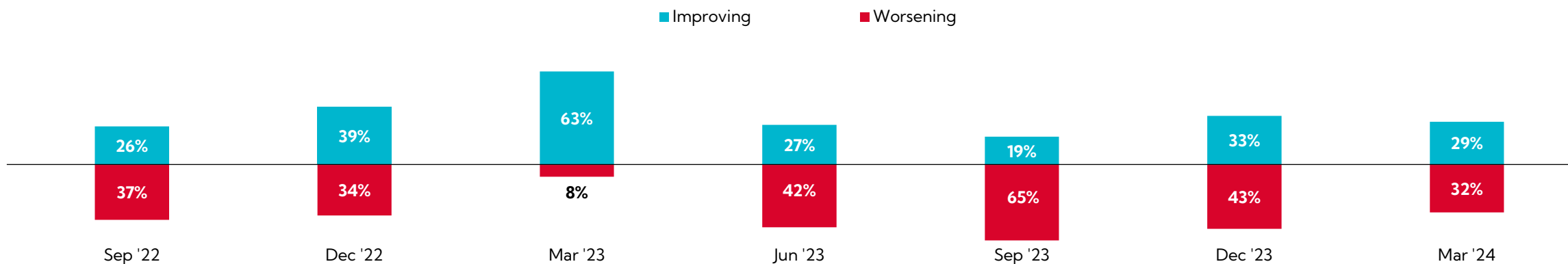
Investors Assigning Very High Risk to Companies with Operational Exposure to China Remains Elevated — This Despite Murmurings of Stability and Green Shoots

73% exhibit more or a continued level of high concern (aided) over U.S.–China relations, an increase from 62% last quarter

LEVEL OF RISK ASSIGNED TO COMPANIES WITH BUSINESS / OPERATIONAL EXPOSURE TO CHINA



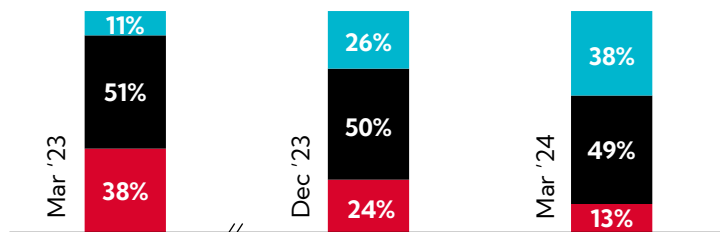
INVESTOR VIEWS ON THE CHINESE ECONOMY OVER THE NEXT 6 MONTHS



Views on Key Economic Indicators Over the Next Six Months

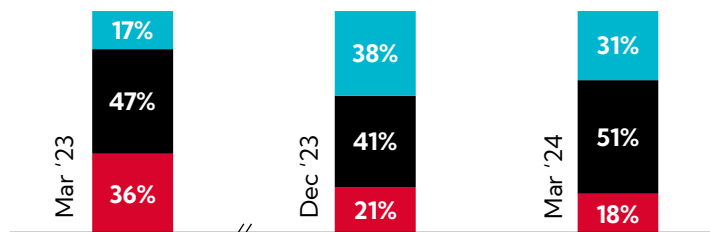
U.S. Employment and the Consumer expected to come under pressure juxtaposed against optimism for Global Capex; U.S. Resi Construction sees lowest level of pessimism in since Q2 '21

GLOBAL CAPEX



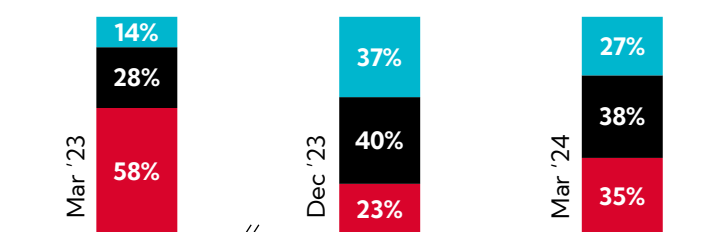
Improving: "AI driving investment." **Buy Side, N. America, Multi**
 Improving: "Government spending in an election year, zero carbon transition." **Buy Side, Australia, Generalist**
 Staying the Same: "China and the EU limit the global capex." **Buy Side, N. America, Generalist**

GLOBAL PMI



Improving: "Some economies bottoming out, e.g. Europe." **Buy Side, Australia, Generalist**
 Staying the Same: "Possibly some supply chain impacts." **Buy Side, N. America, Generalist**

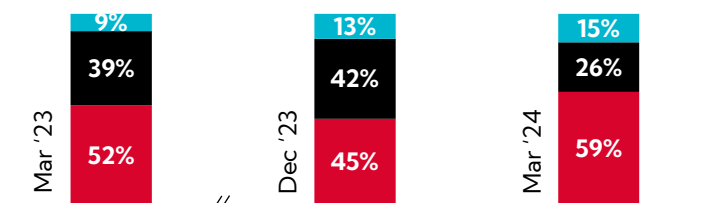
CONSUMER CONFIDENCE



Staying the Same: "Employment holds, but nobody feels great about it." **Buy Side, N. America, Generalist**
 Staying the Same: "Food and fuel costs are concerning to most consumers." **Buy Side, N. America, Generalist**
 Worsening: "Inflationary pressures." **Buy Side, N. America, Generalist**

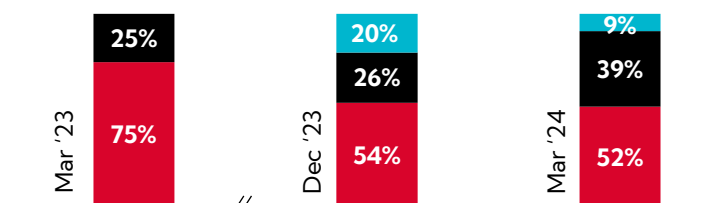
■ Improving ■ Staying the Same ■ Worsening

U.S. EMPLOYMENT



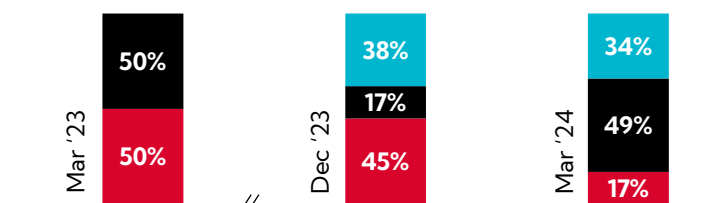
Improving: "Entry level jobs seem in demand." **Buy Side, N. America, Generalist**
 Worsening: "Need labor market to soften some." **Buy Side, N. America, Generalist**
 Worsening: "Will be good for rates." **Buy Side, N. America, Multi**

NON-RESI CONSTRUCTION



Improving: "Lots of government spending." **Buy Side, Australia, Generalist**
 Worsening: "Commercial is dead for a while." **Buy Side, N. America, Multi**
 Worsening: "Lenders are on the sidelines for the most part." **Sell Side, N. America, Multi**

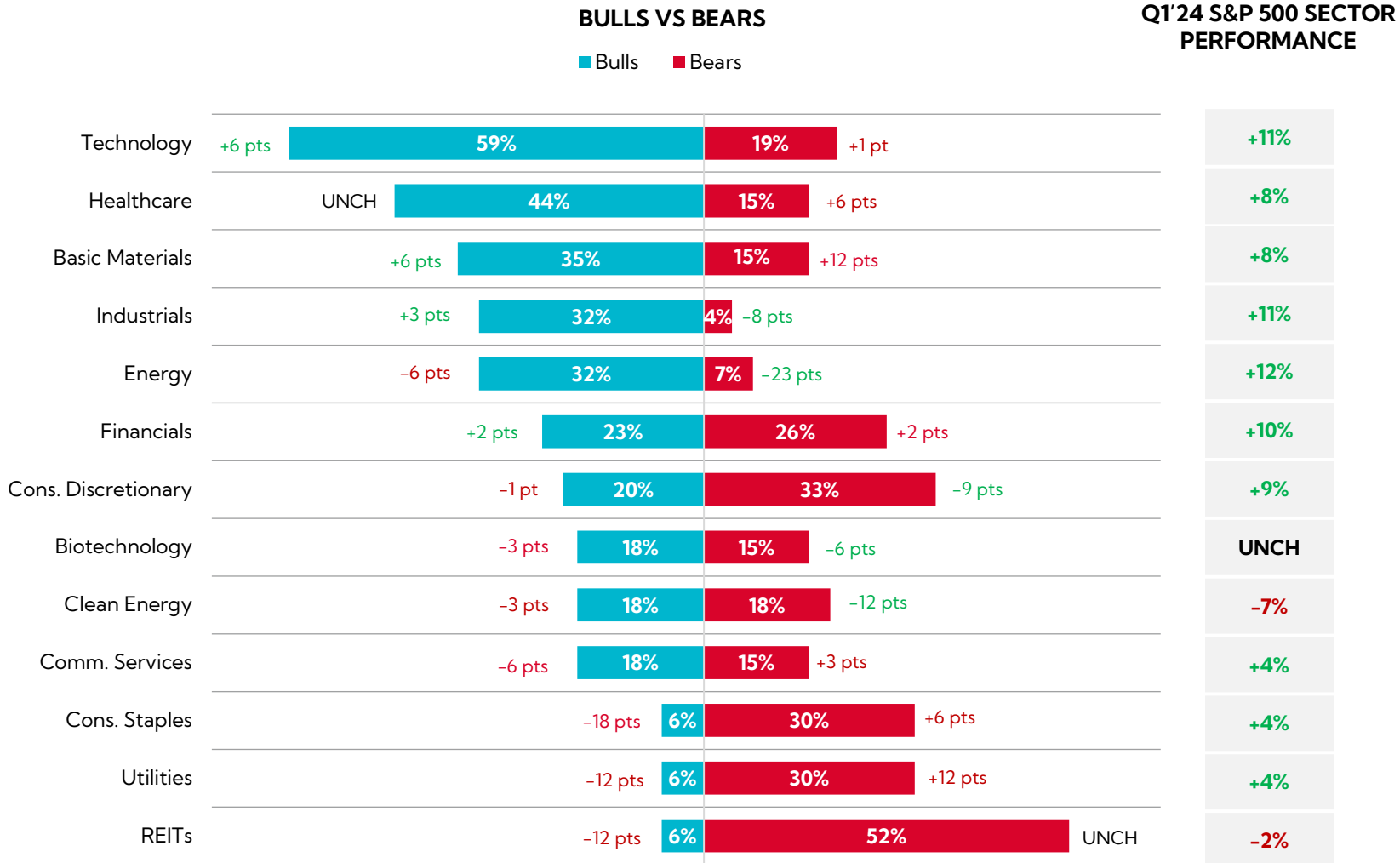
U.S. RESI CONSTRUCTION



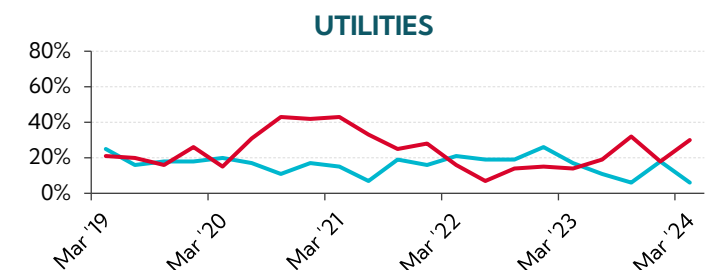
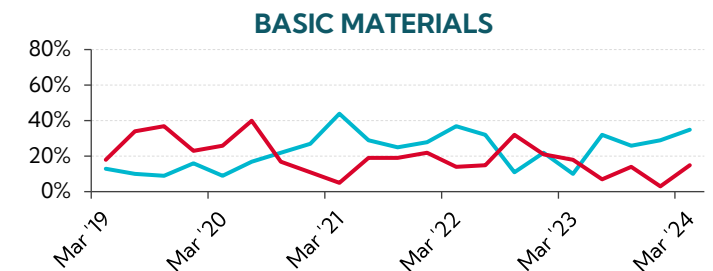
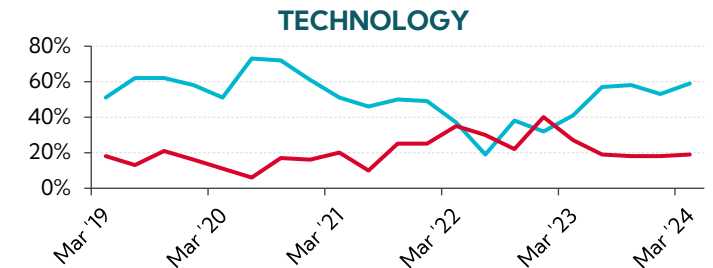
Improving: "Immigration driving volume growth." **Buy Side, Australia, Generalist**
 Staying the Same: "Interest rates still constrain construction." **Buy Side, Europe, Generalist**
 Worsening: "Seems frothy and overbuilt." **Buy Side, N. America, Generalist**

Tech and Healthcare Remain at the Top for the Fifth Consecutive Quarter while Utilities and REITs Remain Pressured by High Interest Rates; Industrials Register the Fewest Bears

Mixed sentiment most evident in Basic Materials, which saw increases in both bulls and bears



LARGEST BULL AND BEAR SENTIMENT GAINERS





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