



# BCG Investor Perspectives Series

## Pulse Check #19

CONDUCTED MARCH 18–22, 2022

# BCG Investor Perspectives Series | Pulse Check #19

BCG surveyed leading investors March 18–22, 2022, to understand their perspectives on the US economy, the US stock market, and the critical decisions and actions that senior executives and boards of directors are considering and making. This is BCG's 19th investor pulse check; the initial survey was conducted March 20–22, 2020.

This investor pulse check, conducted March 18–22, 2022, is the 19th in a series of periodic surveys that BCG is conducting to help corporate executives and boards of directors understand investors' perspectives in this rapidly changing environment.

- 91% of the participants in this survey overlap with the respondents to the previous survey, which was conducted January 28–31, 2022
- Across the three most recent surveys (October 29–31, 2021, January 28–31, 2022, and March 18–22, 2022), the overlap in respondents is 83%

## About the respondents:

- They represent investment firms that have more than \$5 trillion in combined assets under management
- 87% are portfolio managers and senior analysts who are responsible for making buy, sell, and hold decisions
- They cover a broad spectrum of investor types and investment styles, including deep value, income, growth at a reasonable price, and core growth; they also include some quantitative, technical, and special situation investors

## The survey focused on two key topics:

1

Investors' expectations for the US economy and stock market, as well as their views on key macro risks in the current environment

2

Investors' perspectives on important decisions that corporate executives and boards of directors are considering and making

Because the market environment is evolving, especially with regard to macroeconomic conditions and the war in Ukraine, some questions from prior surveys were not asked or were replaced with new ones in this edition.

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 type while interpreting the results.

The results represent the views of surveyed investors only; to understand BCG's point of view on current topics, please visit <http://on.bcg.com/>.

# Key insights from Pulse Check #19

March 18–22

**Investors remain bearish on both the US economy and stock market—with only 22% being bullish for the remainder of 2022 (versus 20% in January 2022, a series low, and 41%, on average, for the investor pulse check series<sup>1</sup>).**

**Inflation and interest rate risks remain the number one macro concern (84% ranked it among the top three), but other concerns have shifted.**

- More investors now consider geopolitical risks (a series high of 63%, up from 46% in January 2022) as well as macroeconomic risks (38%, up from 24% in January 2022) to be highly important
- Investors view pandemic-related risks as less significant; only 12% ranked that factor among their top three concerns, down from 33% in January 2022

**Only 40% of investors (down from 60% in January 2022) anticipate inflation to return to lower normal levels by the end of 2022, with median inflation expectations of 5.2% for Q4 2022 (up from 4.5% in January 2022) and 3.8% for 2023 and 2024 (up from 3.5% in January 2022).**

**Many investors (65%) anticipate a recession in 2022 or 2023 (up from 54% in January 2022), with expectations for the likelihood of an economic recession in the US during 2022 at 26% (up from 22% in January 2022).**

**A significant majority of investors expect the economic impact of the war in Ukraine to be relatively short-lived—less than one year for the US stock market, US company financials, the US economy, and global supply chains.**

**A majority of investors (73%) indicated that they would not invest in companies with operations in Russia.**

**Many investors (71%) highlighted the importance of Russia-related disclosures, and only 49% of investors are satisfied with current disclosures.**

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

<sup>1</sup>The average across 19 investor pulse checks was calculated using the percentage of investors that were bullish for the current calendar year at the time of each survey.

# A note on the importance of sustainable investing

March 18–22

**Leading investment industry executives and institutions have highlighted their strong commitment to and focus on ESG and sustainable investing—ambitions that BCG is proud to support. (Click [here](#) for BCG’s view on sustainable finance.)**

**The focus on and importance of ESG and sustainable investing have increased dramatically in recent years, and we expect that to continue and accelerate.**

**While there have been significant shifts in asset allocation and increased ESG engagement, the results of this survey show that this strong commitment has not yet fully cascaded down the “rockface.” As a result, for many portfolio managers as well as buy-side and sell-side analysts, ESG is not yet a primary driver of day-to-day investment decisions and recommendations.**

- Only 5% of investors ranked climate (and other environmental risks) among their top three concerns (and it was tenth among macro considerations)
- No individual ESG dimension was highlighted by more than 5% of investors as a top-three investment consideration (ESG dimensions ranked 13th through 17th)
- This is consistent with the results of more than 50 investor interviews that BCG conducted over the past year, in which investors highlighted that ESG often is a secondary consideration or an explicit focus of investing

**This presents a very important opportunity to further integrate ESG and sustainability into day-to-day investment decision making.**

- Most investors participating in BCG’s investor pulse checks already are focused on the long term and have been highly consistent in their perspectives on maintaining ESG commitments throughout the COVID-19 crisis
- In select industries (for example, oil and gas, utilities, air transportation, and automotive), ESG performance and especially decarbonization already are central to the investment thesis and significantly impact investment decision making
- Strengthening sustainability standards and ESG reporting requirements through organizations such as SASB should catalyze investment firms to further embed ESG and sustainability in their investment processes

**BCG strongly believes that the importance of ESG as part of day-to-day investment decisions will increase significantly in the years ahead and that investors will become an even more powerful force for change, while also achieving strong and sustainable returns.**

# US investors' current perspectives on the US economy and stock market

March 18–22

## Bear vs. bull

Investors were asked to place themselves on the bull-bear spectrum over different time periods

<b>Only 22% are bullish for 2022</b>	Below the October 2021 survey result of 43%, but above the January 2022 result of 20%
<b>62% are bullish for the next three years<sup>1</sup></b>	Above the October 2021 and January 2022 survey results of 42% and 60%, respectively

Investors were asked about their sentiment today, compared with three months ago

<b>Only 25% are more bullish on the economy</b>	Below the October 2021 and January 2022 survey results of 41% and 33%, respectively
<b>Only 29% are more bullish on the stock market</b>	Below the October 2021 survey result of 42%, but above the January 2022 result of 25%

### Expected stock market low

S&P 500 market low	<b>3,920</b>
Timing of low	<b>End of Q3 2022</b>
Potential S&P decline <sup>1, 2</sup>	<b>10%</b>

### Stock market level in three years

S&P 500 level of...		... translates into an <b>average annual TSR</b> for the next three years <sup>2, 3</sup>
<b>5,140</b>		<b>7%</b>

■ Bullish   ■ Bearish   ■ Neutral

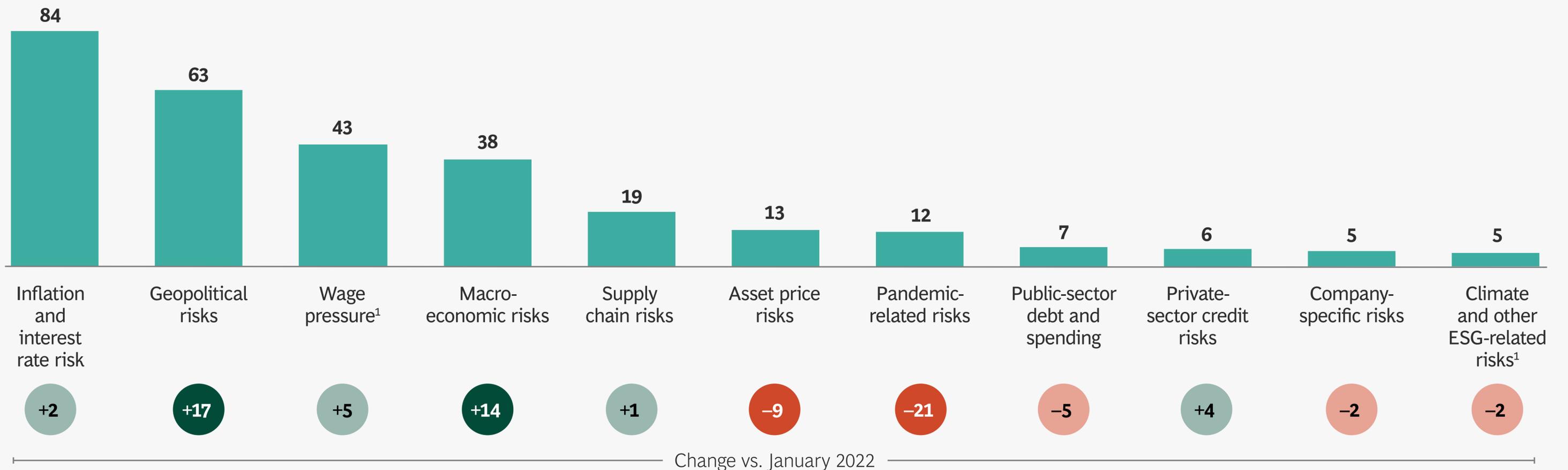
Source: BCG's investor pulse checks, September 19, 2020, through March 22, 2022; n = 150 for each survey.  
 Note: TSR = total shareholder return.  
<sup>1</sup>S&P 500 closed at 4,520 on March 24, 2022.  
<sup>2</sup>On March 17, 2022, the day before the survey, the S&P 500 was at approximately 4,360.  
<sup>3</sup>Through January 2025.

# Among investor concerns, inflation and interest rates remain number one, while geopolitical and macroeconomic risks increase, and COVID-19 recedes

March 18–22

## Most important macro factors

Investors that consider these factors to be among the top three risks (%)



● More significant change    ● Less significant change

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

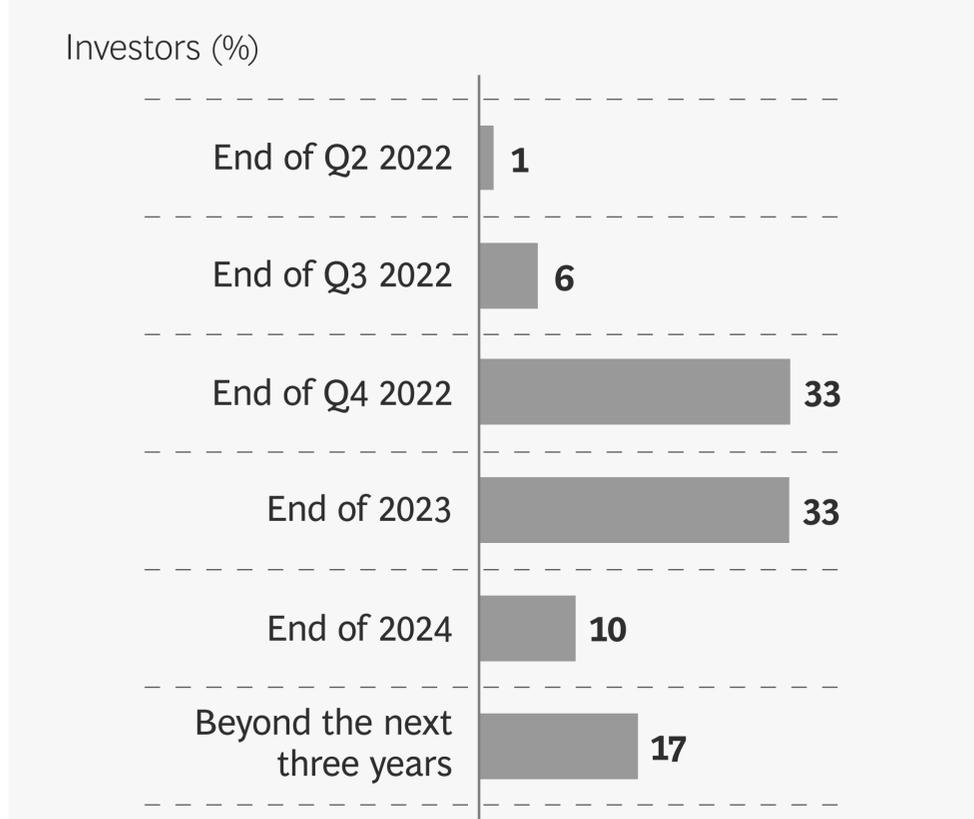
Note: ESG = environmental, social, and governance. Stock market liquidity risk (for example, Reddit stock volatility) is not shown in the chart. Any apparent discrepancies in the change when compared with January 2022's survey results are due to rounding.

<sup>1</sup>Leading investment industry institutions and executives have voiced their strong and unwavering commitment to and focus on ESG and sustainable investing. However, most investors indicated that ESG is not currently a primary consideration in day-to-day investment decisions and recommendations.

# Most investors expect inflation to remain elevated until at least the end of 2023, with a rate of 5.2% at year-end and 3.8% for 2023 and 2024

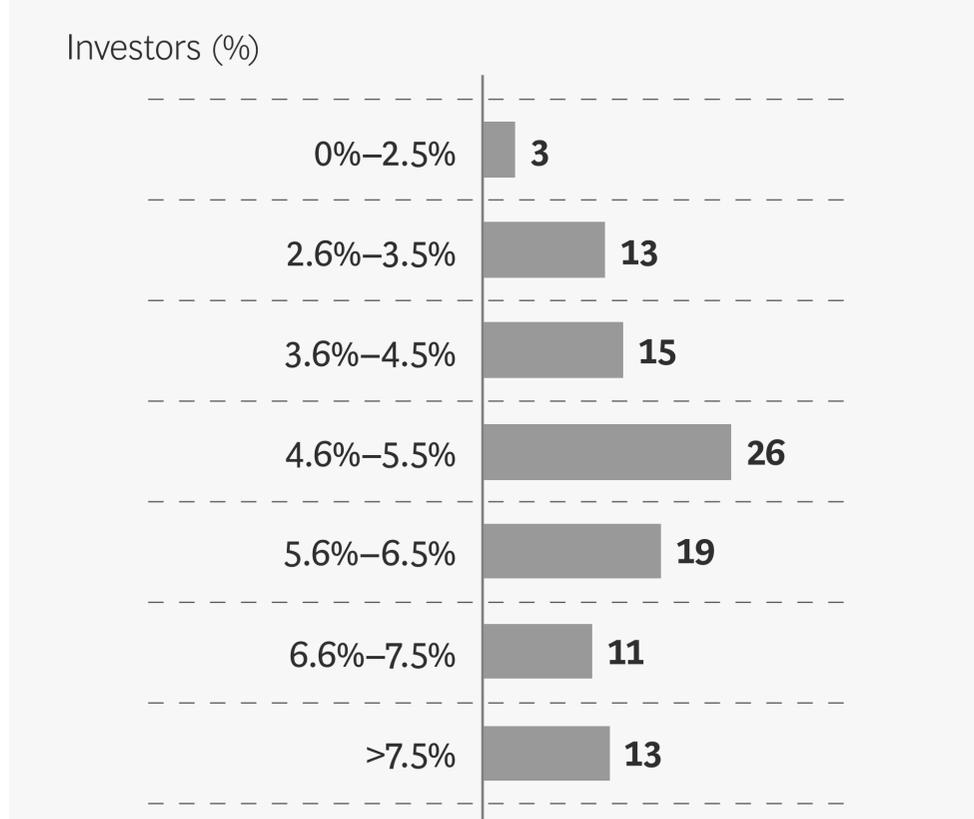
March 18–22

## Time period through which investors expect inflation to remain high (above the 2% target)<sup>1</sup>



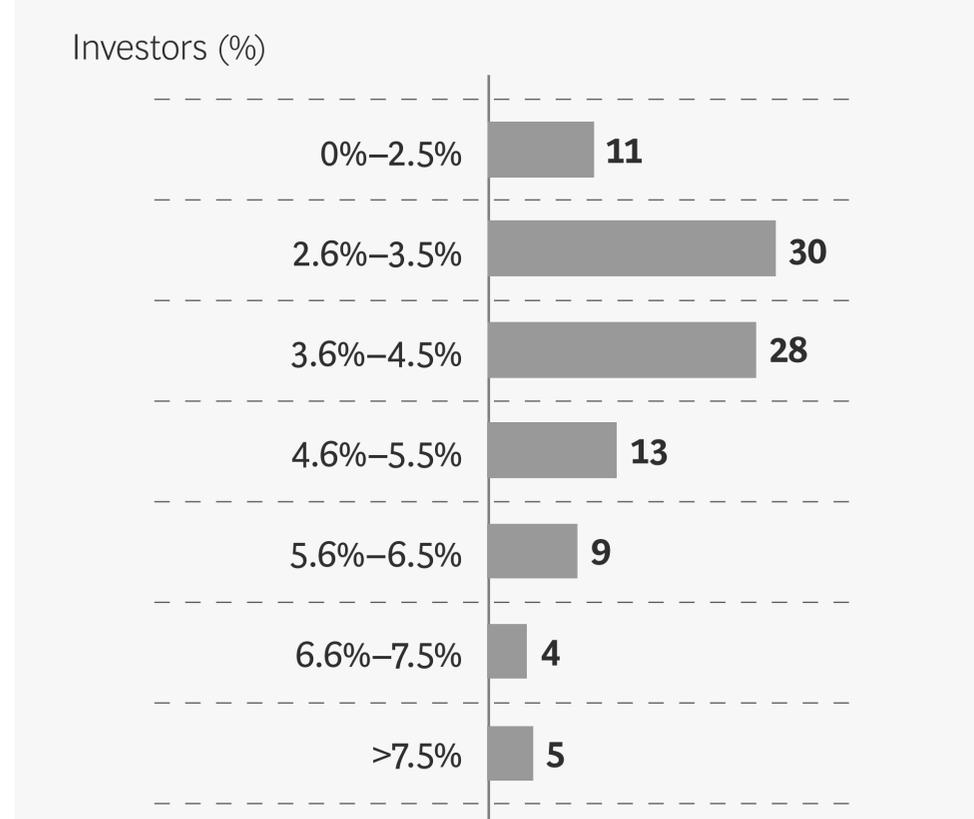
**Less than 40% of investors expect inflation to normalize by 2022 year-end vs. 60% in January 2022**

## Expected inflation rate for 2022 (Q4 2022 vs. Q4 2021)<sup>1</sup>



**Median investor expectation is 5.2% vs. 4.5% in January 2022**

## Expected inflation rate for 2023 and 2024<sup>1</sup>

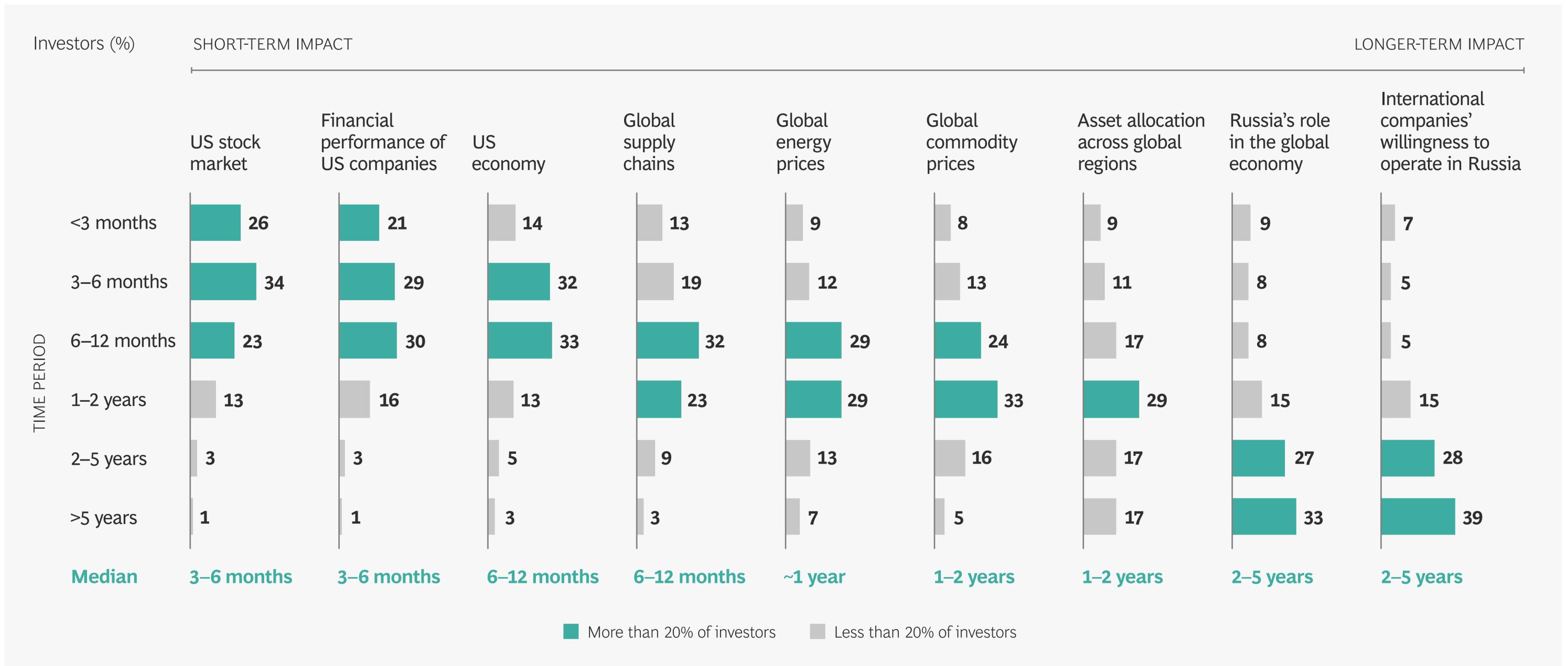


**Median investor expectation is 3.8% vs. 3.5% in January 2022**

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.  
<sup>1</sup>Survey participants were asked about the Consumer Price Index.

# Investors expect the impact of the war in Ukraine to be short term for the US stock market, the financial performance of US companies, and the US economy

March 18–22



# More than 70% of investors are currently unwilling to invest in companies with operations in Russia and are expecting Russia-related disclosures

March 18–22

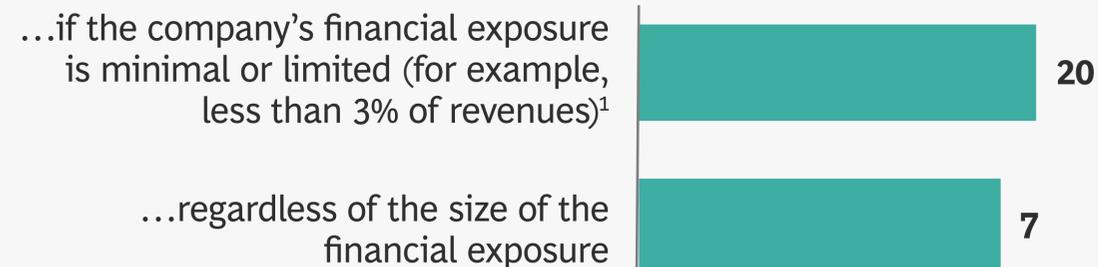
## Investor perspectives on companies that continue operations in Russia while adhering to sanctions

Investors (%)

### Not willing to invest...



### Willing to invest...



## Investor perspectives on Russia-related disclosures

71%

Investors that believe company disclosures on financial exposure to Russia are **important or very important**<sup>2</sup>

ONLY 49%

Investors that are **satisfied or very satisfied** with the Russia-related disclosures of the companies that they invest in or follow<sup>2</sup>

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

<sup>1</sup>3% reflects Russia's approximate share of global GDP prior to the war in Ukraine.

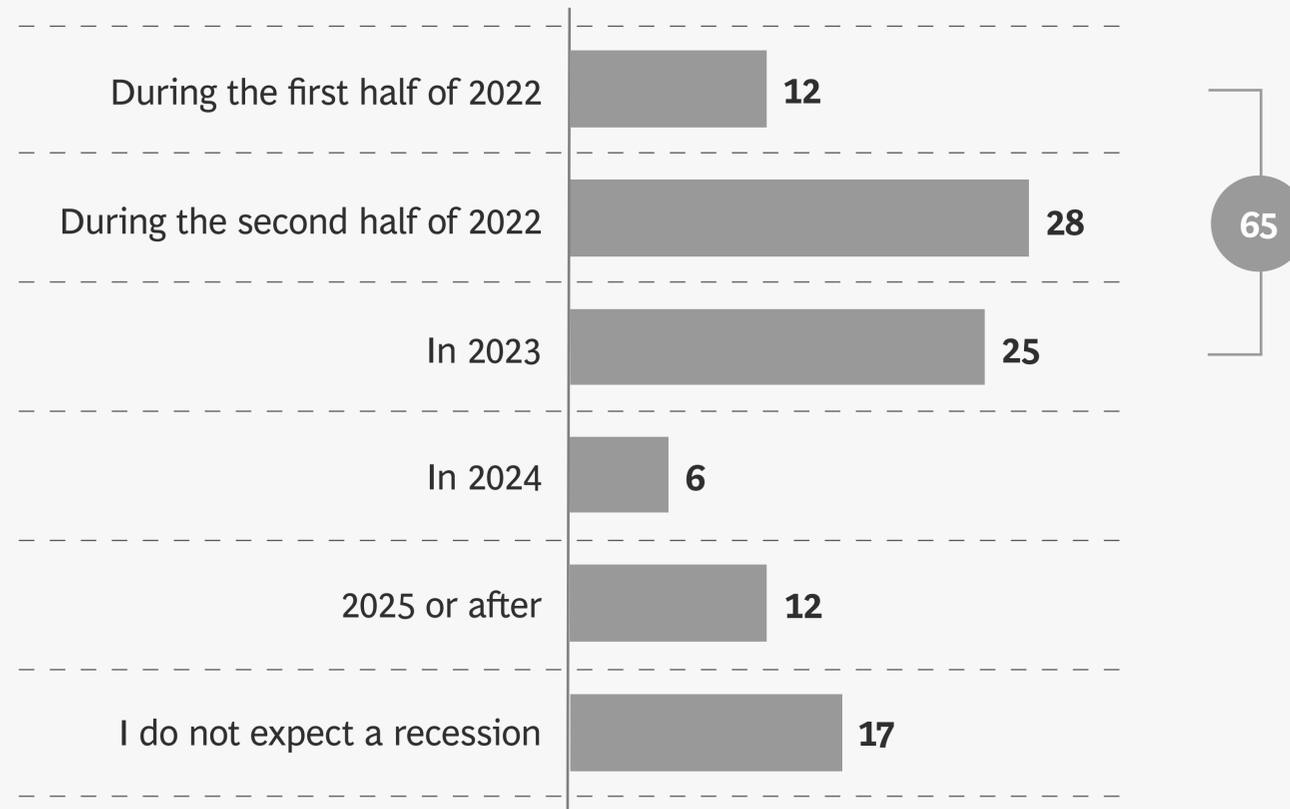
<sup>2</sup>For companies with exposure in Russia.

# About two-thirds of investors expect a recession in 2022 or 2023, with about a 26% median likelihood of a recession in 2022

March 18–22

## Investor expectations regarding the timing of an economic recession in the US

Investors (%)

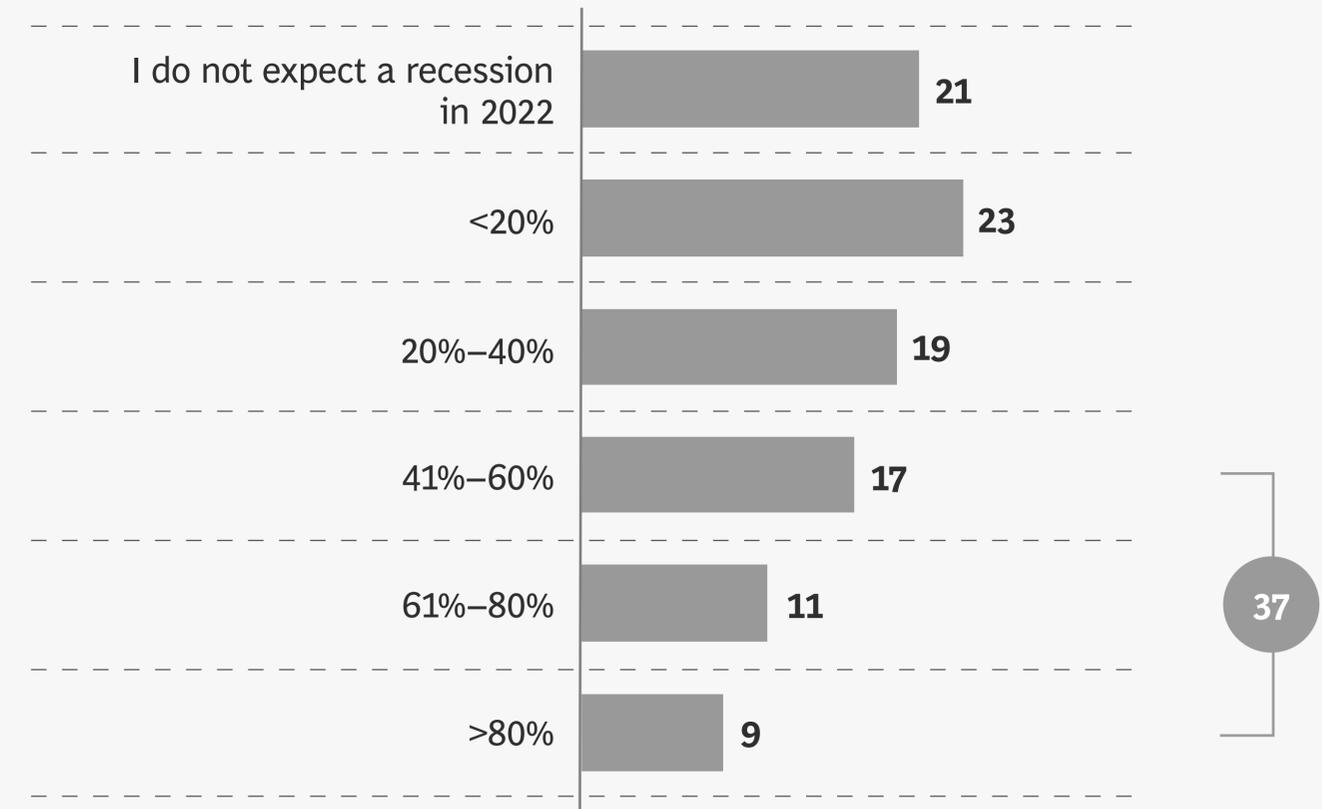


**About two-thirds of investors expect a recession in 2022 or 2023**

Higher than the January 2022 survey result of 54%

## Investor expectations for the likelihood of an economic recession in the US during 2022

Investors (%)



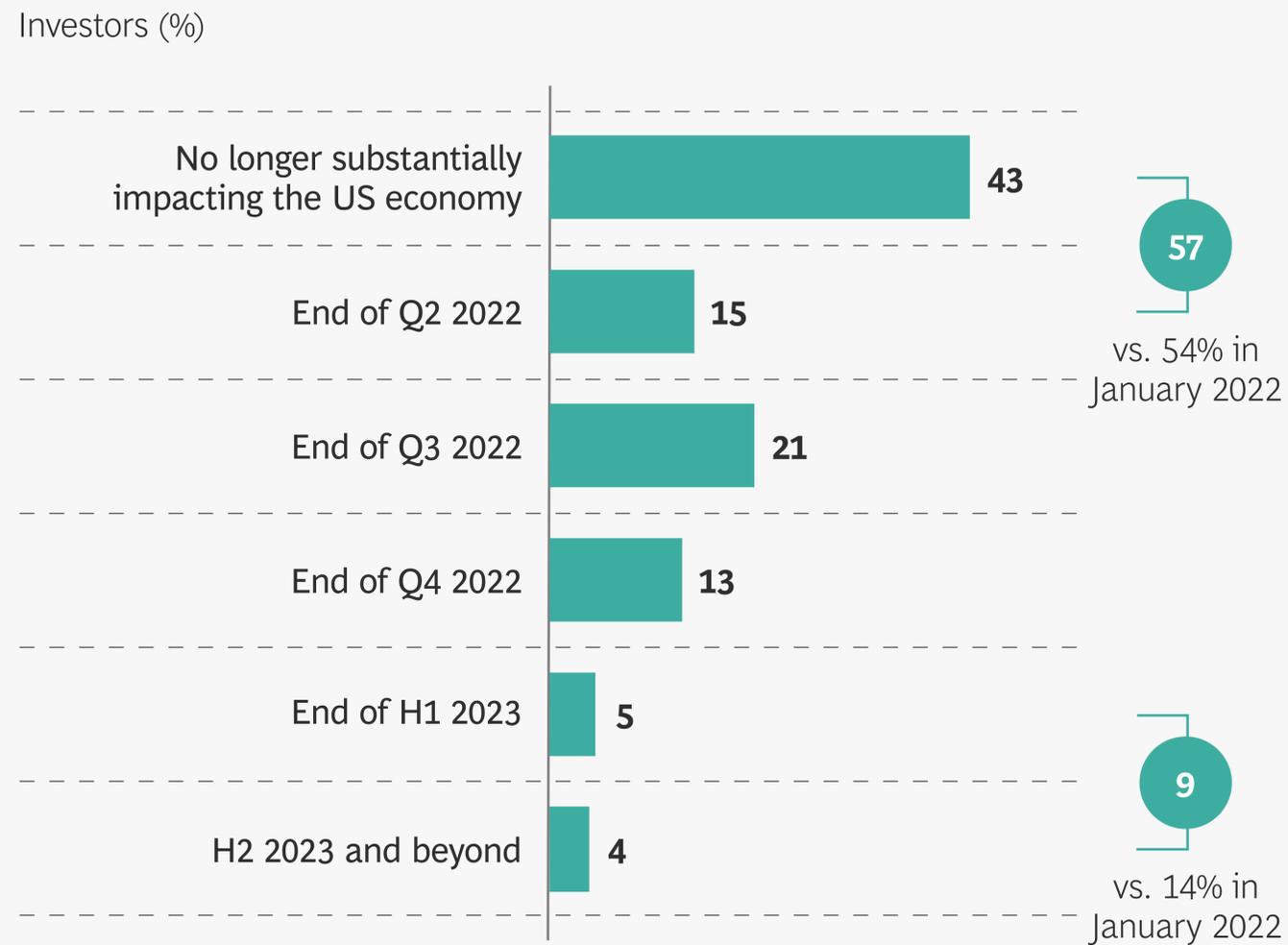
**Median investor expectation for the probability of a recession is about 26%**

Higher than the January 2022 survey result of 22%

# Most investors see the importance of COVID-19 decreasing, with less than half expecting its economic impact to be substantial beyond Q2 2022

March 18–22

## Time period through which COVID-19 will have a significant economic impact



## Investor perspectives on the importance of COVID-19 and preparedness in case of further COVID-19 surges

37%

Investors that **continue to view COVID-19 as an important consideration** in making investment decisions and recommendations  
*Below the survey result of 51% in January 2022*

71%

Investors that see COVID-19 as a **(much) less important consideration** (when making investment decisions and recommendations) than earlier in the pandemic  
*Above the survey result of 59% in January 2022*

51%

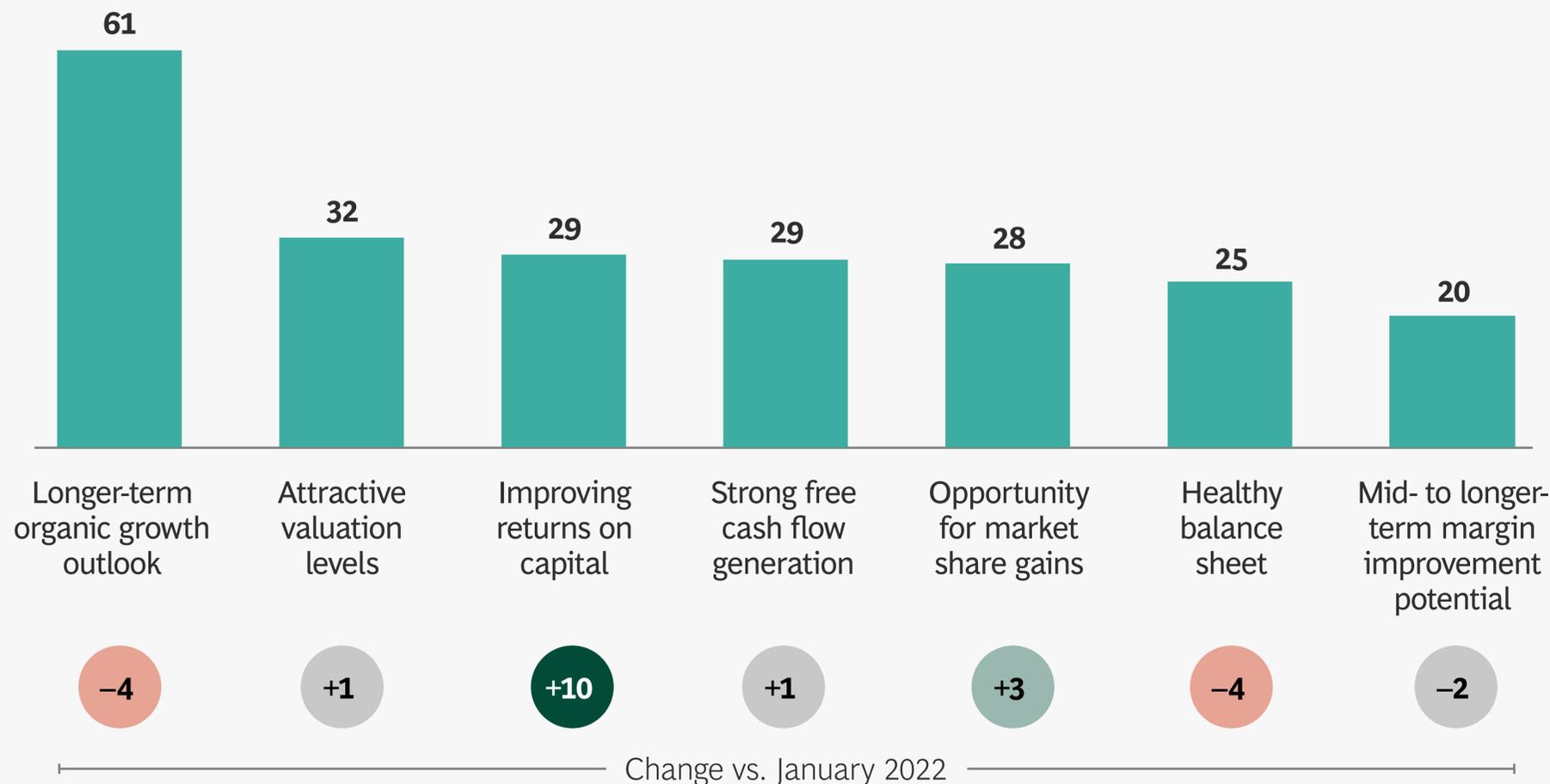
Investors that believe **companies should be prepared to weather headwinds from a potential lengthening or worsening of the COVID-19 pandemic**, even at the expense of investing (for example, in digital, acquisitions, and ESG) to achieve advantage in the business  
*Below the survey results of 58% in January 2022 and 69% in October 2021*

# Investors continue to focus heavily on companies' long-term growth outlook, followed by valuation, returns on capital, and cash flow

March 18–22

## Most influential company-specific factors

Investors that ranked these factors as a top-three investment consideration (%)



Compelling strategy to win	17%
Short-term growth momentum	16%
M&A-driven growth opportunities	7%
Short-term margin upside and downside	7%
Attractive cash returns	7%
Climate and carbon footprint <sup>1</sup>	5%
Best-in-class governance policies <sup>1</sup>	5%
Strategy to navigate the impact of COVID-19	4%
Material social factors and stakeholder impact <sup>1</sup>	3%
Other material environmental factors (for example, waste management and water pollution) <sup>1</sup>	1%
Clear and compelling investor communications	1%

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

Note: The ranking for environmental, social, and governance (ESG) factors would likely be very different for sectors where environmental considerations are central to the investment thesis. Any apparent discrepancies in the change when compared with January 2022's survey results are due to rounding.

<sup>1</sup>Leading investment industry institutions and executives have voiced their strong and unwavering commitment to and focus on ESG and sustainable investing. However, most of the investors BCG recently surveyed indicated that ESG is not currently a primary consideration in day-to-day investment decisions and recommendations.

● More significant change    ● Less significant change

# Investors want financially healthy companies to build long-term advantage, while also delivering on guidance

March 18–22

## Investing in the business

**87%** | Near the series average of 90%<sup>1</sup>

Investors that believe it is important to **prioritize building business capabilities**, even at the expense of delivering EPS

## Delivering on guidance

**81%** | Near the series high; the series average is 66%, and the series low is 51%<sup>1</sup>

Investors that feel it is **important to deliver on EPS guidance and consensus**

**While investors have consistently supported investing in the business at the expense of EPS, they now also expect companies to fully deliver on guidance and consensus**

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

Note: All questions were posed with respect to financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet. EPS = earnings per share.

<sup>1</sup>A series high, average, or low is a percentage that reflects a comparison across the 19 investor pulse checks.

# Investors want companies to reshape their business portfolios and tackle activism risks

March 18–22

## Reshaping the portfolio

**62%** | Below the series average of 67% and the January 2022 survey result of 72%<sup>1</sup>

Investors that believe **acquisitions should be actively pursued** to strengthen the business at current valuation levels

**74%** | Near the series average of 73%<sup>1</sup>

Investors that believe **exiting or divesting lines of businesses** should be considered to strengthen the overall company in the current market environment

## Mitigating activism risk

**62%** | Below the series average of 66% and the January 2022 survey result of 73%<sup>1</sup>

Investors that believe companies should expect an increase in activist activity and, therefore, **take proactive steps to mitigate activism risk** by strengthening their businesses' fundamentals

**Investors' focus on proactive M&A and activism preparedness has declined since January 2022, but it remains in line with the series averages**

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

Note: All questions were posed with respect to financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet.

<sup>1</sup>A series high, average, or low is a percentage that reflects a comparison across the 19 investor pulse checks.

# Close to half of investors want financially healthy companies to prioritize their ESG agendas over EPS guidance

March 18–22

Continuing to pursue or doubling down on the ESG agenda

**44%** | Below the series average of 49%<sup>1</sup>

Investors that think it is important to **continue pursuing the ESG agenda and priorities** as companies navigate the crisis, even if it means guiding to lower EPS or delivering below consensus

**41%** | Below the series average of 44%<sup>1</sup>

Investors that say companies should **double down on ESG initiatives that create value or reduce long-term risk**, or both, even if it means guiding to lower EPS or delivering below consensus over the next 12 months

Investors' views on the importance of pursuing an ESG agenda have been relatively consistent over time

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

Note: All questions were posed with respect to financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet. ESG = environmental, social, and governance; EPS = earnings per share. Leading investment industry institutions and executives have voiced their strong and unwavering commitment to and focus on ESG and sustainable investing. However, most of the investors BCG recently surveyed indicated that ESG is not currently a primary consideration in day-to-day investment decisions and recommendations.

<sup>1</sup>A series high, average, or low is a percentage that reflects a comparison across the 19 investor pulse checks.

# Investors are open to healthy companies prioritizing dividends and raising equity capital, but they do not necessarily want them to aggressively repurchase stock

March 18–22

## Prioritizing dividends

**49%** | Above the series average of 42%, and below the series high of 53%<sup>1, 2</sup>

Investors that think it is **important to pay dividends that are at least equal to those paid before the pandemic**, even if it is at the expense of other uses of cash

## Repurchasing shares

**39%** | Equal to the series average of 39%, and within the series range of 34% to 44%<sup>1</sup>

Investors that think it is important to **aggressively repurchase shares** in today's market environment

## Issuing equity

**61%** | Near the series high of 63%, and above the series average of 57%<sup>1</sup>

Investors that believe **significant equity issuance** is a reasonable move with share prices that have moved in line with the market

**Expectations for dividends are slightly higher than the series average, but investors remain averse to significant share buybacks and are surprisingly open to issuing equity given the high-valuation environment**

Source: BCG's Investor Perspectives Series, Pulse Check #19, March 22, 2022; n = 150.

Note: All questions were posed with respect to financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet.

<sup>1</sup>A series high, average, or low is a percentage that reflects a comparison across the 19 investor pulse checks.

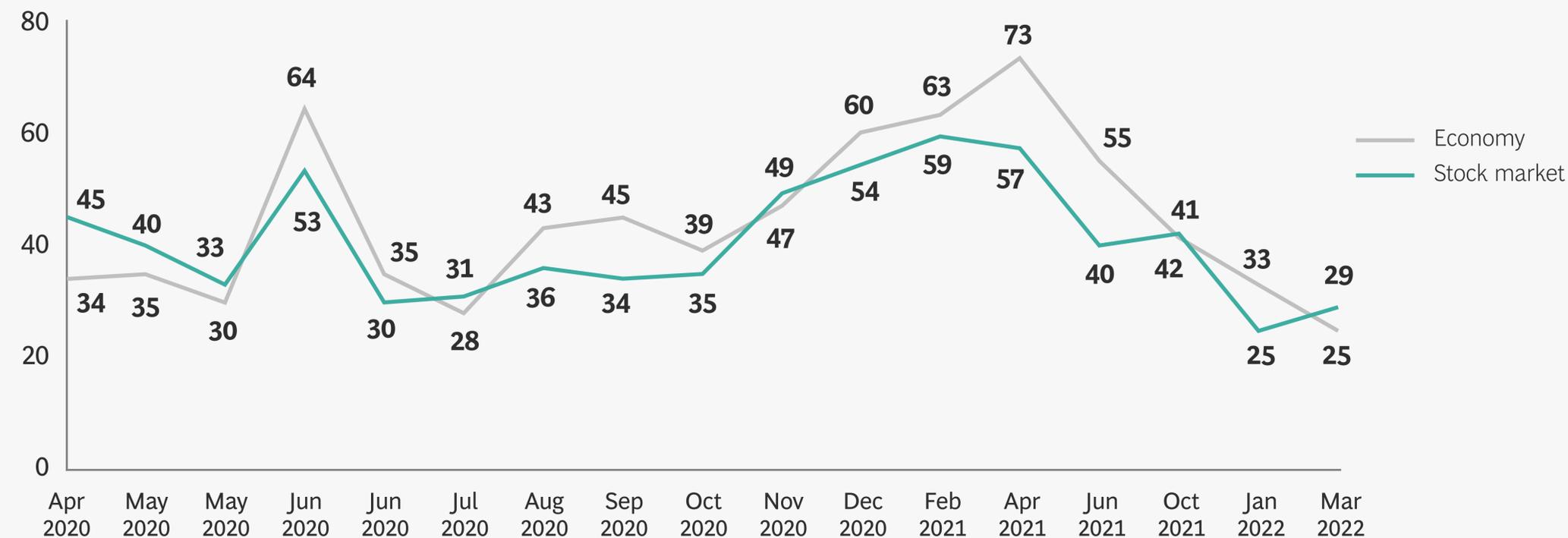
<sup>2</sup>The question on dividends was worded differently in previous surveys. It referred to investors' expectations for companies to reinstate suspended dividends.

# Investor sentiment has turned bearish in recent months, following a cyclical pattern throughout the pandemic

March 18–22

## Investors were asked how their sentiment has changed<sup>1</sup>

Investors that are more bullish now (%)



Earlier cycles of bullishness and bearishness closely aligned with developments in the pandemic (for example, spikes after the first wave and during the vaccine rollout); however, the recent sharp drop since the peak in April 2021 continues.

In the latest survey, investors' bullishness for the economy now versus three months ago is at a series low.

Source: BCG's investor pulse checks, April 5, 2020, through March 22, 2022; n = 150 for each survey.

<sup>1</sup>In previous surveys (through June 2021), respondents were asked to compare their current sentiment with their sentiment one month prior; since the October 2021 survey, the reference for participants has been three months prior.

# Comparison of BCG's investor pulse checks (1/4)

2020

What are your expectations for...	Mar 22 #1	Apr 5 #2	Apr 19 #3	May 3 #4	May 17 #5	Jun 7 #6	Jun 28 #7	Jul 19 #8	Aug 9 #9	Sept 19 #10
Duration of COVID-19's impact on the US economy	Through Q3 2020	Through Q3 2020	Through Q4 2020	Through Q4 2020	Through Q4 2020	Through Q4 2020	Through Q1 2021	Through Q2 2021	Through Q2 2021	Through Q2 2021
Stock market decline:										
▪ S&P 500 level after the decline (the decline from the current level at the time of the survey)	2,062 (-14%)	2,158 (-14%)	2,393 (-15%)	2,382 (-16%)	2,449 (-16%)	2,676 (-14%)	2,664 (-14%)	2,765 (-14%)	2,935 (-12%)	2,962 (-12%)
▪ Timing of decline	End of May 2020	End of June (Q2) 2020	Early Q3 2020	End of Q3 2020	End of Q3 2020	End of Q3 2020	End of Q3 2020	End of Q4 2020	End of Q4 2020	End of Q4 2020
Three-year S&P 500 level (implied TSR) <sup>1</sup>	3,075 (11%)	3,165 (10%)	3,411 (9%)	3,591 (9%)	3,525 (9%)	3,717 (8%)	3,685 (8%)	3,727 (7%)	3,869 (7%)	3,938 (7.5%)
<b>Bear vs. bull</b>										
Investors that are bullish for:										
▪ Current CY	55%	53%	44%	46%	45%	41%	40%	35%	36%	45%
▪ Next CY	63%	64%	67%	64%	62%	55%	64%	57%	57%	65%
▪ Next three years	65%	68%	69%	69%	64%	61%	61%	57%	60%	66%
More bullish vs. last month: economy	Not asked	Not asked	34%	35%	30%	64%	35%	28%	43%	45%
More bullish vs. last month: stock market	Not asked	Not asked	45%	40%	33%	53%	30%	31%	36%	34%

Source: BCG's investor pulse checks; n = 150 for each survey.

Note: CY = calendar year; TSR = total shareholder return.

<sup>1</sup>The S&P 500 level that was used is the closing level of the day prior to the survey date (for example, for the survey conducted September 18–19, we used the S&P 500 close of ~3,350 on September 18). TSR is implied through the CAGR of the S&P 500 level and an assumed 2% dividend yield.

# Comparison of BCG's investor pulse checks (2/4)

	2020			2021			2022			
What are your expectations for...	Oct 17 #11	Nov 14 #12	Dec 13 #13	Feb 7 #14	Apr 30 #15	Jun 20 #16	Oct 31 #17	Jan 31 #18	Mar 22 #18	Difference (Jan 31 vs Mar 22)
Duration of COVID-19's impact on the US economy	End of Q2 or start of Q3 2021	Through Q2 2021	Through Q2 2021	Through Q4 2021	Through Q4 2021	Not asked	Not asked	End of Q2 2022	End of Q2 2022	No change
<b>Stock market decline:</b>										
▪ S&P 500 level after the decline (the decline from the current level at the time of the survey)	3,108 (-11%)	3,153 (-9%)	3,288 (-10%)	3,468 (-10%)	3,828 (-9%)	3,812 (-9%)	4,140 (-10%)	3,875 (a decline of 10%–12%)	3,920 (a decline of 10%)	0 to +2 pp
▪ Timing of decline	End of Q1 2021	End of Q1 2021	End of Q2 2021	End of Q2 2021	End of Q3 2021	End of Q4 2021	End of Q2 2022	End of Q2 2022	End of Q3 2022	No change
Three-year S&P 500 level (implied TSR) <sup>2</sup>	4,061 (7.5%)	4,153 (7.5%)	4,232 (7%)	4,488 (7%)	4,840 (7%)	4,829 (7%)	5,273 (6.5%)	5,120 (7%–7.5%)	5,140 (7%)	0 to -0.5%
<b>Bear vs. bull</b>										
<b>Investors that are bullish for:</b>										
▪ Current CY	35%	38%	47%	51%	50%	39%	41%	20%	22%	+2 pp
▪ Next CY	56%	55%	50%	41%	47%	45%	43%	43%	41%	-2pp
▪ Next three years	63%	59%	57%	53%	52%	52%	45%	60%	62%	+2 pp
More bullish than one or three months ago: economy <sup>1</sup>	39%	47%	60%	63%	73%	55%	41%	33%	25%	-8 pp
More bullish than one or three months ago: stock market <sup>1</sup>	35%	49%	54%	59%	57%	40%	42%	25%	29%	+4 pp



Source: BCG's investor pulse checks; n = 150 for each survey.

Note: This slide spotlights key differences between investor pulse checks. Color coding is based on consideration of absolute and percentage change. CY = calendar year; pp = percentage point; TSR = total shareholder return.

<sup>1</sup>In previous surveys (through June 2021), respondents were asked to compare their current sentiment with their sentiment one month prior; since the October 2021 survey, the reference for participants has been three months prior.

<sup>2</sup>The S&P 500 level that was used is the closing level of the day prior to the survey date (for example, for the survey conducted September 18–19, we used the S&P 500 close of ~3,350 on September 18). TSR is implied through the CAGR of the S&P 500 level and an assumed 2% dividend yield.

# Comparison of BCG's investor pulse checks (3/4)

## Investors that agree with the following statements about financially healthy companies (%)<sup>1</sup>

2020

It is important for financially healthy companies to... <sup>1</sup>	Mar 22 #1	Apr 5 #2	Apr 19 #3	May 3 #4	May 17 #5	Jun 7 #6	Jun 28 #7	Jul 19 #8	Aug 9 #9	Sept 19 #10
Prioritize building key business capabilities	89%	91%	92%	95%	88%	91%	90%	91%	89%	90%
Prioritize maintaining their margin levels	Not asked	41%	33%	32%	33%	45%	38%	39%	36%	39%
Actively pursue acquisitions	58%	64%	65%	66%	70%	68%	68%	69%	71%	72%
Actively consider exiting or divesting lines of business	Not asked	Not asked	Not asked	Not asked	65%	64%	75%	67%	73%	75%
Aggressively repurchase shares	39%	44%	38%	36%	42%	43%	34%	44%	37%	41%
Maintain the dividend per share	41%	43%	35%	29%	36%	43%	33%	36%	36%	37%
Consider significant equity issuance a reasonable move	Not asked	48%	56%	55%	53%	53%	61%	59%	55%	57%
Deliver EPS that at least meets revised guidance or consensus	56%	64%	56%	51%	54%	56%	58%	57%	57%	57%
Expect an increase in activist activity and take proactive steps to mitigate risk	59%	66%	64%	70%	61%	65%	63%	66%	63%	69%
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	Not asked	56%	46%	48%	45%	51%	48%	53%	51%	51%
Double down on ESG initiatives that create value and/or reduce risk longer term <sup>2</sup>	Not asked									

Source: BCG's investor pulse checks; n = 150 for each survey.

Notes: EPS = earnings per share; ESG = environmental, social, and governance.

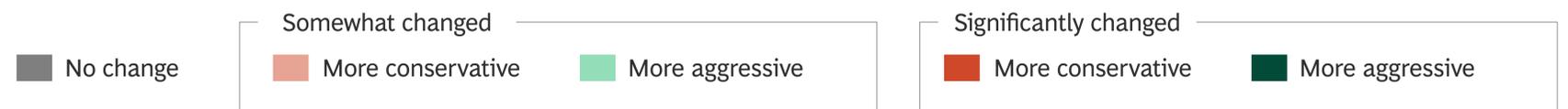
<sup>1</sup>Financially healthy companies were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet.

<sup>2</sup>Leading investment industry institutions and executives have voiced their strong and unwavering commitment to and focus on ESG and sustainable investing. However, most of the investors BCG recently surveyed indicated that ESG is not currently a primary consideration in day-to-day investment decisions and recommendations.

# Comparison of BCG's investor pulse checks (4/4)

## Investors that agree with the following statements about financially healthy companies (%)<sup>1</sup>

It is important for financially healthy companies to... <sup>1</sup>	2020			2021			2022			Difference (Jan 31 vs Mar 22)
	Oct 17 #11	Nov 14 #12	Dec 13 #13	Feb 7 #14	Apr 30 #15	June 20 #16	Oct 31 #17	Jan 31 #18	Mar 22 #19	
Prioritize building key business capabilities	90%	93%	89%	95%	88%	86%	89%	89%	87%	-2 pp
Prioritize maintaining their margin levels	40%	38%	42%	40%	49%	55%	53%	62%	59%	-3 pp
Actively pursue acquisitions	65%	63%	65%	63%	71%	68%	71%	72%	62%	-10 pp
Actively consider exiting or divesting lines of business	73%	77%	71%	83%	75%	77%	79%	75%	74%	-1 pp
Aggressively repurchase shares	43%	36%	36%	35%	41%	36%	37%	43%	39%	-4 pp
Maintain the dividend per share	40%	45%	43%	47%	53%	47%	45%	51%	49%	-2 pp
Consider significant equity issuance a reasonable move	56%	52%	61%	55%	55%	63%	61%	61%	61%	No change
Deliver EPS that at least meets revised guidance or consensus	64%	65%	71%	75%	79%	78%	83%	86%	81%	-5 pp
Expect an increase in activist activity and take proactive steps to mitigate risk	67%	67%	67%	68%	67%	69%	69%	73%	62%	-11 pp
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	45%	48%	50%	50%	47%	55%	45%	43%	44%	+1 pp
Double down on ESG initiatives that create value and/or reduce risk longer term <sup>2</sup>	Not asked	Not asked	Not asked	Not asked	Not asked	49%	45%	42%	41%	-1 pp



Source: BCG's investor pulse checks; n = 150 for each survey.

Notes: EPS = earnings per share; ESG = environmental, social, and governance.

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