



# BCG Investor Perspectives Series

Q2 2023

SURVEY CONDUCTED JUNE 5–8, 2023



# BCG Investor Perspectives Series | Q2 2023

BCG surveyed leading investors June 5–8, 2023, 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 23rd investor pulse check since the start of the COVID-19 pandemic. The initial pulse check was conducted March 20–22, 2020.

BCG conducted this pulse check to help corporate executives and boards of directors understand investors' perspectives in this rapidly changing environment.

- About 83% of the participants in this survey overlap with the respondents in the previous survey, which was conducted February 13–22, 2023
- Across the three most recent surveys (October 7–11, 2022, February 13–22, 2023, and June 5–8, 2023), the overlap in respondents is 77%

## About the respondents:

- They represent investment firms that have more than \$5 trillion in combined assets under management
- Roughly 96% 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' views of and expectations for the US economy and stock market, and their views on key risks and opportunities in the current environment

2

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

Because the market environment is evolving, especially with regard to macroeconomic conditions, 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 [bcg.com](https://bcg.com).



# Key insights from Q2 2023 pulse check (1/3)

June 5–8

**Investor sentiment about the economy and capital markets is almost exactly where it was in February 2023. Investors remain bearish for the short term but bullish beyond 2023—despite a wide variety of challenging macro events, including bank failures, the S&P’s correction, and the US navigating the debt ceiling.**

- Bullishness for 2023 remains stable at the relatively low level of 21% of investors (versus 22% in February 2023), but it is significantly higher than in October 2022 (5%)
- For the next three years (through June 2026), 69% of investors are bullish, which is near the all-time series high of 73% observed in February 2023, but it is significantly higher than the result in October 2022 (25%) and above the series average (61%)<sup>1</sup>

**The three most important macroeconomic concerns continue to be inflation, the Federal Reserve’s policy on interest rates, and geopolitical risks, with investors anticipating inflation to decline over time while remaining above the Federal Reserve’s target level of 2% well beyond 2023.**

- Many investors (75%) highlight interest rates and the Federal Reserve’s policy as a top-three macroeconomic concern, followed by consumer price inflation (43%), cost and wage inflation (40%), and geopolitical risks (39%)

- A similar share of investors (78%) expect inflation to remain elevated through at least the end of 2023, up from 60% in both February 2023 and October 2022; over time, investors expect the average inflation rate to decline from 4.4% at year-end 2023 to 3.7% for 2024 and 2025

**About half of investors (53%) believe that the US economy is already in a recession or will be in a recession before the end of 2023, very similar to February 2023’s result of 55% but significantly less than the 91% of investors expecting a recession in October 2022.**

**Investors continue to prioritize growth as the most important company-specific consideration for their investment decisions and recommendations, with free cash flow generation and return on capital also remaining important.**

- When ranking their investment considerations, 53% of investors select long-term organic growth as a top-three concern (up from 50% in February 2023), 25% highlight a compelling business strategy and vision (up from 21% in February 2023), and 22% cite short-term growth momentum (up from 14% in February 2023)
- Investors also consider free cash flow and return on capital important, with 26% ranking FCF generation as a top-three factor (down from 33% in February 2023), 23% highlighting return on capital (up from 19% in February 2023), and 21% prioritizing healthy balance sheets (up from 18% in February 2023)

Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).

Note: For additional BCG perspectives on resilience, visit <https://www.bcg.com/en-ca/capabilities/business-resilience>. For BCG’s views on macroeconomic topics, visit <https://www.bcg.com/en-ca/bcg-henderson-institute/center-for-macroeconomics>.

<sup>1</sup>The average across 23 investor pulse checks was calculated using the percentage of investors that were bullish for the current calendar year at the time of each survey.



# Key insights from Q2 2023 pulse check (2/3)

June 5–8

## Investors' top priorities for the companies they invest in are to protect and grow their top line, while ensuring financial resilience, profitability, and cash generation.

- Many investors (76%) rank growth and protecting the top line as a top-three priority for financially healthy companies, up from 63% in February 2023
- A majority of investors (62%) choose building financial resilience and managing cash flow as a top-three priority for financially healthy companies (up from 55% in February 2023), and 34% highlight preserving or expanding gross margins (up slightly from 32% in February 2023)
- Only 25% and 20% of investors prioritize supply chain resilience and SG&A efficiency, respectively—somewhat less than in February 2023 (33% and 28%, respectively)

## Investors expect companies to balance continued investments for the medium term with longer-term growth and to deliver on shorter-term expectations, such as earnings guidance and analyst consensus.

- Most investors (91%) consider it important to invest in business capabilities, compared with the series average of 89%<sup>1</sup>
- A significant share of investors (83%) want companies to deliver on guidance and consensus, which is considerably higher than the series average of 67%<sup>1</sup>

## When asked about companies' concern that they are undervalued and trading at a discount to their intrinsic value, investors noted several common root causes.

- An unclear growth strategy and outlook is a top-three reason for trapped value for 43% of investors
- A lack of management credibility (for example, because of failures to meet expectations or guidance) is a top-three reason for 36% of investors
- A lack of a clear and compelling investment thesis or inadequate investor messaging is a top-three reason for 30% of investors
- Key risks such as excessive leverage is a top-three reason for trapped value for 33% of investors, while 32% flag potential macroeconomic, industry, or other secular headwinds
- Only 10% of investors identify having business units that focus on new economy assets (such as, renewable or green energy, electric vehicles, or software-as-a-service solutions that provide outsized growth and upside potential but that represent only a relatively small portion of the overall company) as a common source of trapped value

Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).

Note: SG&A = selling, general, and administrative. For additional BCG perspectives on resilience, visit <https://www.bcg.com/en-ca/capabilities/business-resilience>. For BCG's views on macroeconomic topics, visit <https://www.bcg.com/en-ca/bcg-henderson-institute/center-for-macroeconomics>.

<sup>1</sup>The average across 23 investor pulse checks was calculated using the percentage of investors that were bullish for the current calendar year at the time of each survey.

# Key insights from Q2 2023 pulse check (3/3)

June 5–8

## Investors are increasingly conservative about capital allocation, especially for M&A and share buybacks

- More than half of investors (57%) support acquisitions in the current environment (a series low, down from 68% in February 2023 and well below the series average of 67%), whereas 76% of investors support exiting or divesting lines of business (similar to 75% in February 2023 and the series average of 74%)<sup>1</sup>
- Many investors (68%) agree that it is important for companies to pay dividends at least in line with historical levels (a series high, up from 66% in February 2023), while only 37% want companies to aggressively repurchase shares in the current environment (similar to 36% in February 2023 and the series average of 39%)<sup>1</sup>
- Investor support for fully pursuing or doubling down on ESG-related initiatives and priorities has further declined, with 32% and 30% of investors, respectively, prioritizing these actions for financially healthy companies (both are new series lows, down from 37% and 33%, respectively, in February 2023, which were also series lows, compared with series averages of 47% and 39%, respectively); the latest results are also significantly below the levels observed for investors in Europe (58% and 56%, respectively) and Asia-Pacific (67% and 62%, respectively) in BCG's 2023 Global Investor Survey<sup>1, 2</sup>

Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).

Note: ESG = environmental, social, and governance. For additional BCG perspectives on resilience, visit <https://www.bcg.com/en-ca/capabilities/business-resilience>. For BCG's views on macroeconomic topics, visit

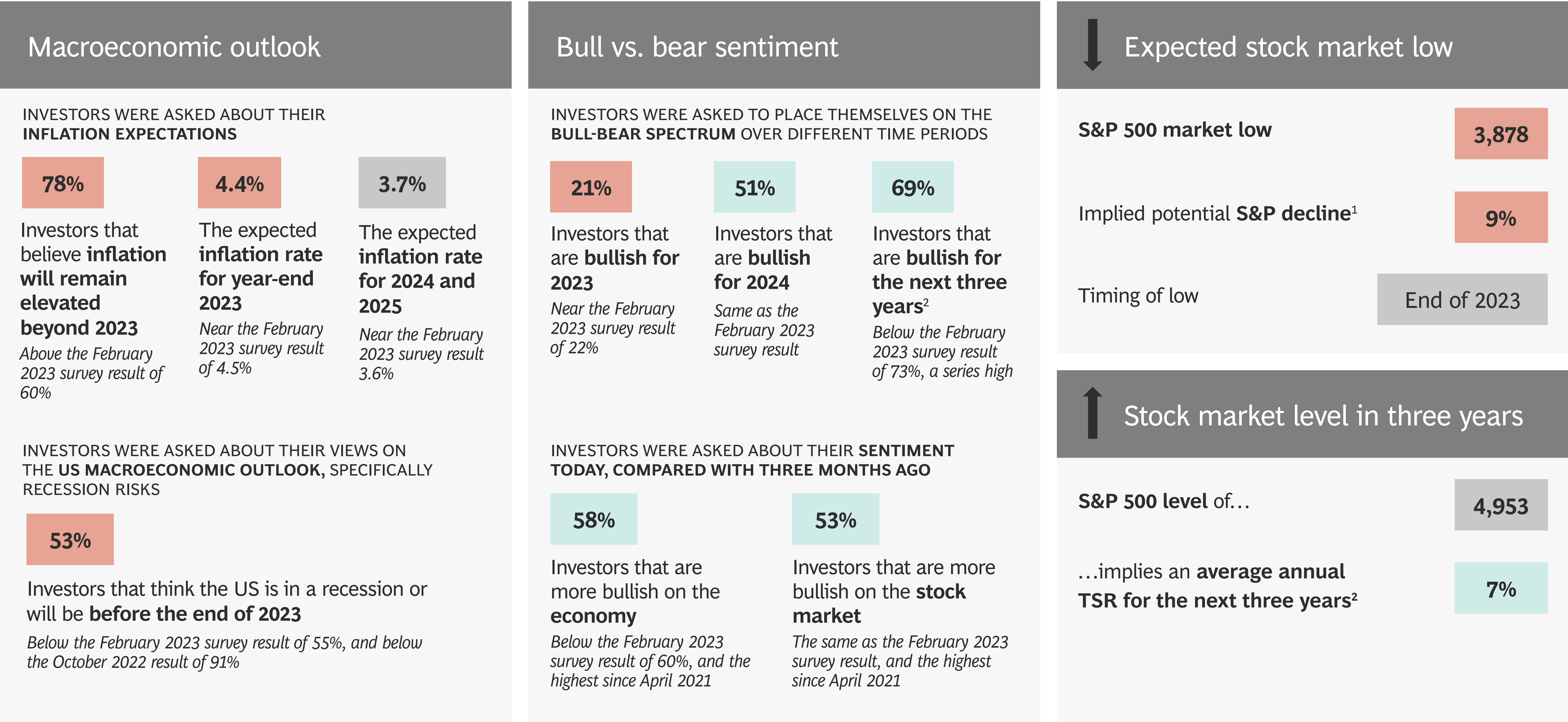
<https://www.bcg.com/en-ca/bcg-henderson-institute/center-for-macroeconomics>.

<sup>1</sup>The average across 23 investor pulse checks was calculated using the percentage of investors that were bullish for the current calendar year at the time of each survey. <sup>2</sup>BCG conducted a global survey of 540 investors in February 2023.



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

June 5–8



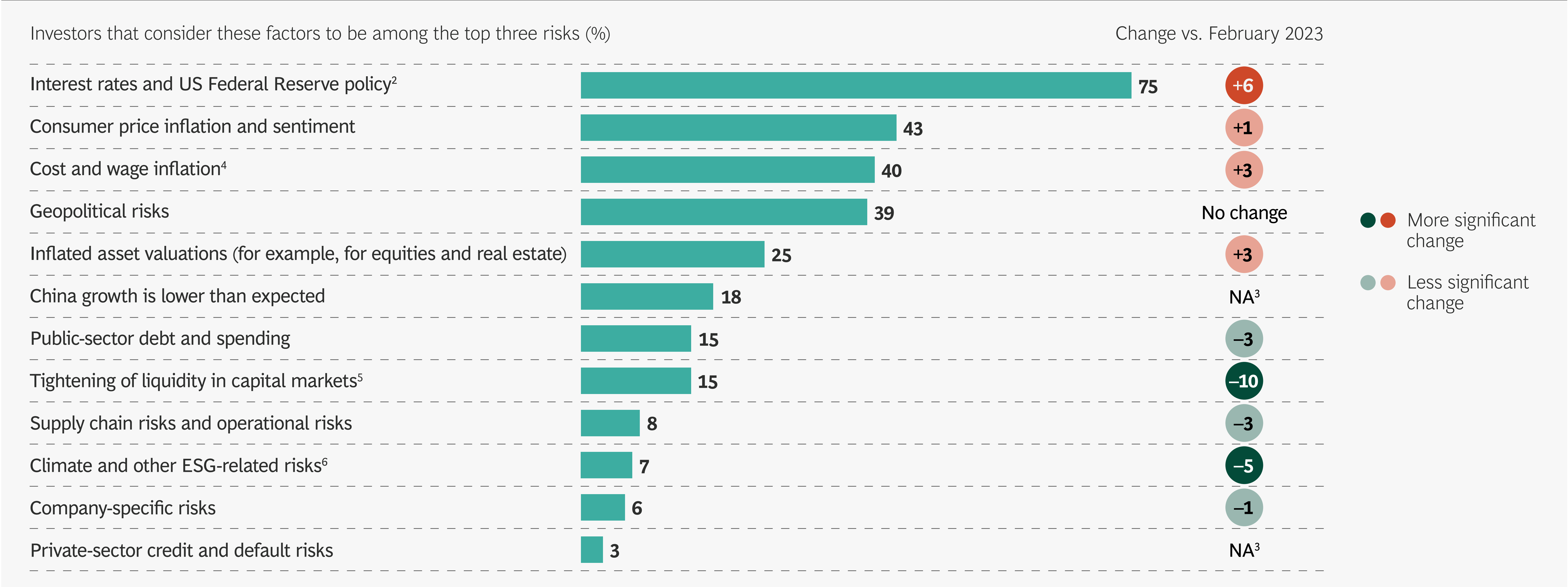
Source: BCG's investor pulse checks, October 2021 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: TSR = total shareholder return.  
<sup>1</sup>S&P 500 closed at 4,282 on June 2, 2023. <sup>2</sup>Through June 2026.

Bullish Neutral Bearish

# Interest rates and Federal Reserve policy remain the number one macro risk factor for investors, followed by inflation and geopolitical risks

June 5–8

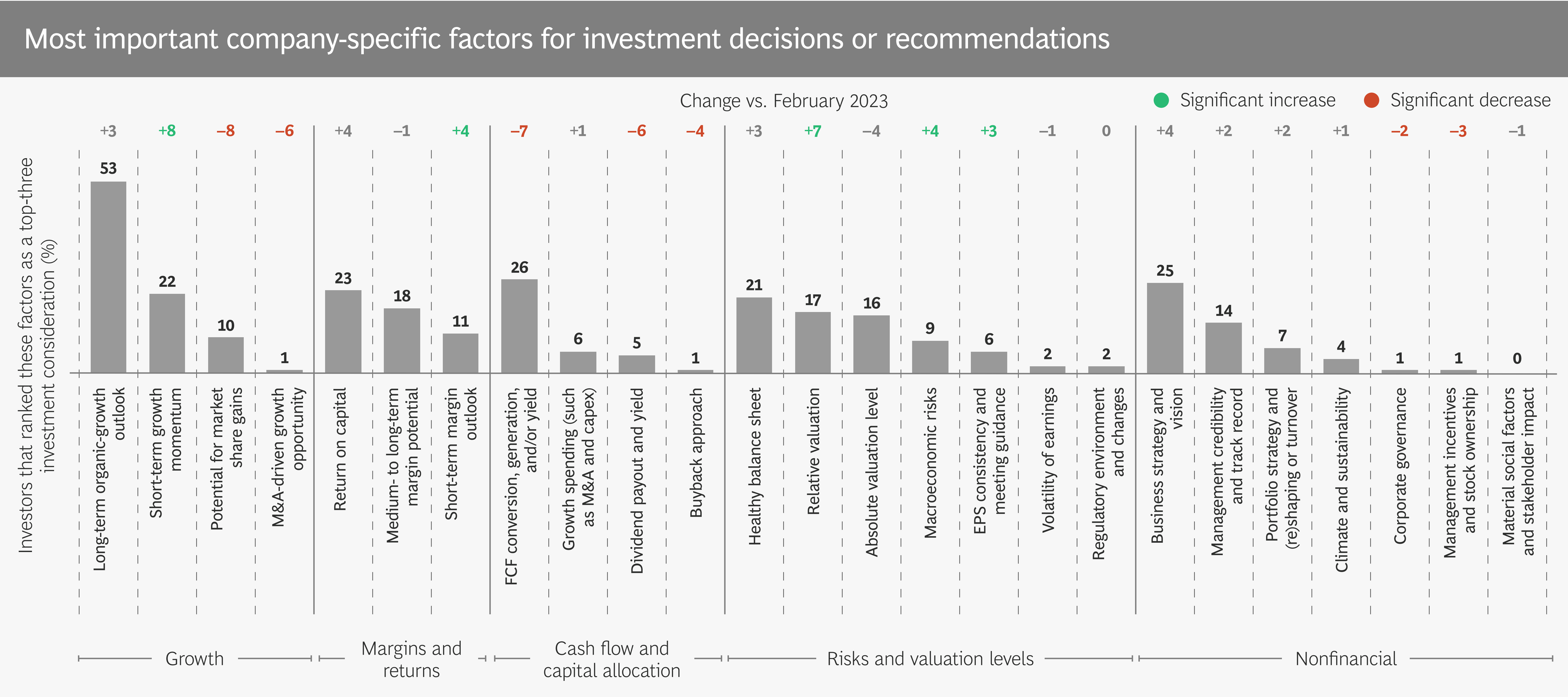
## Most important macro factors<sup>1</sup>



Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
Note: NA = not applicable; ESG = environmental, social, and governance. Any apparent discrepancies in the change when compared with February 2023's survey results are due to rounding.  
<sup>1</sup>Survey question: What are the most important risks for investors to consider in today's environment? Rank the top three. <sup>2</sup>This factor was inflation and interest rate risk in previous surveys. <sup>3</sup>This is a new factor; it was not included on previous surveys. <sup>4</sup>This factor was wage inflation or pressure in previous surveys. <sup>5</sup>A similar factor was included in the previous survey (specifically, stock market liquidity risks, such as a Reddit stock incident). <sup>6</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.

# In making investment decisions and recommendations, investors prioritize long-term growth, followed by FCF generation and business strategy

June 5–8





# Investors want financially healthy companies to continue investing in securing long-term advantage, while also delivering on short-term expectations

June 5–8

Should companies  
prioritize investments?

**91%** | Investors that believe it is important to prioritize **building business capabilities**, even at the expense of delivering EPS

**Near the series average** of 89% and higher than the February 2023 survey result of 78%; the series high is 95%<sup>1</sup>

Is it important for companies  
to deliver on guidance and  
consensus forecasts?

**83%** | Investors that feel it is **important to deliver on EPS guidance and consensus**

**Above the series average** of 67% and higher than the February 2023 survey result of 71%; the series high is 86%<sup>1</sup>

**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 Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).

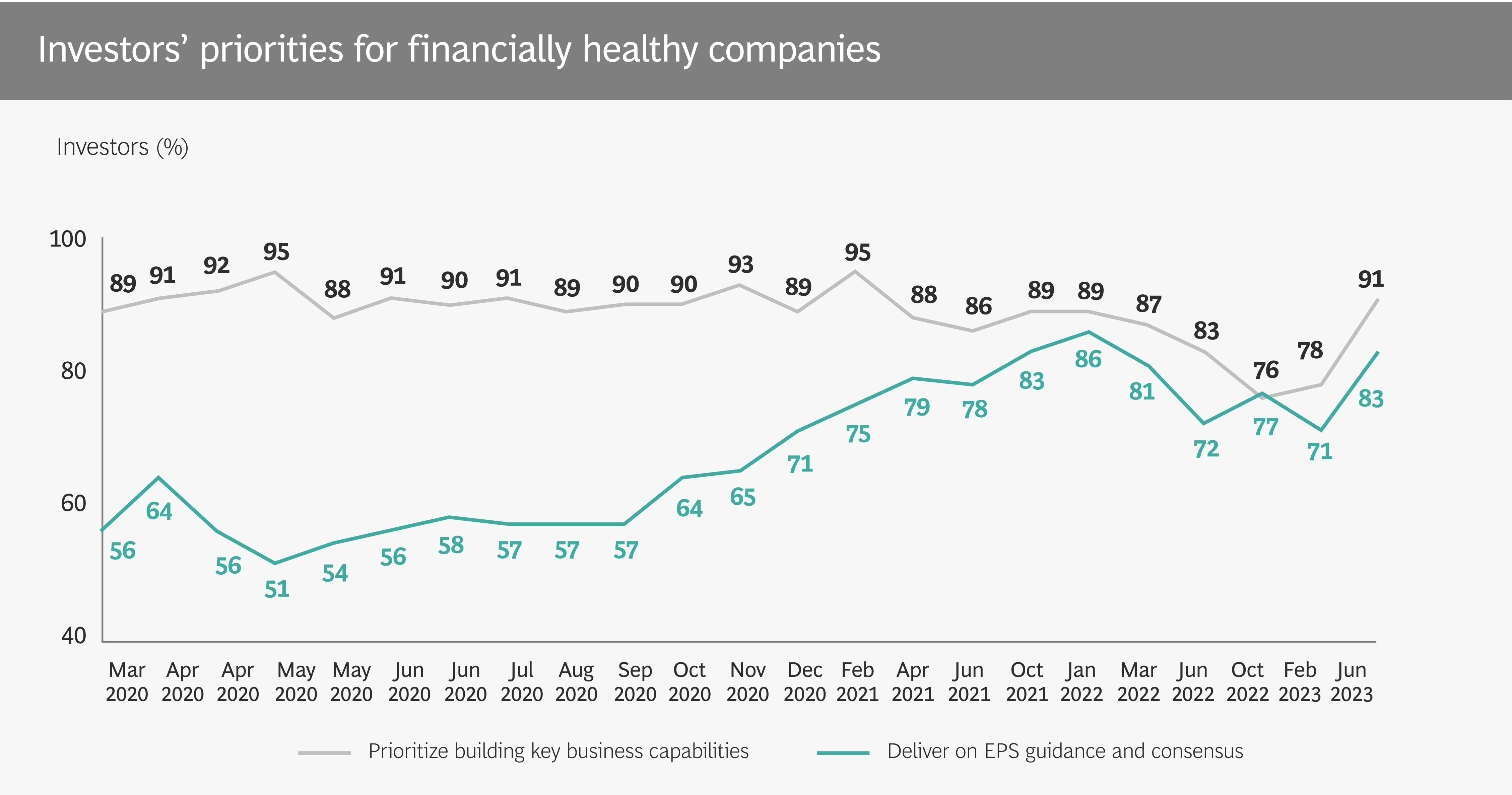
Note: All questions were posed with respect to financially healthy companies, which were defined as companies with relatively strong and resilient free cash flow and a healthy balance sheet. EPS = earnings per share.

<sup>1</sup>A series high, average, or low is a percentage that reflects a comparison across the 23 investor pulse checks.



# Investors' focus on both long-term investments and short-term results remains high

June 5–8



During the COVID-19 pandemic, investors gave corporate leaders wide latitude to focus on the long term and did not hold them accountable for delivering on short-term commitments

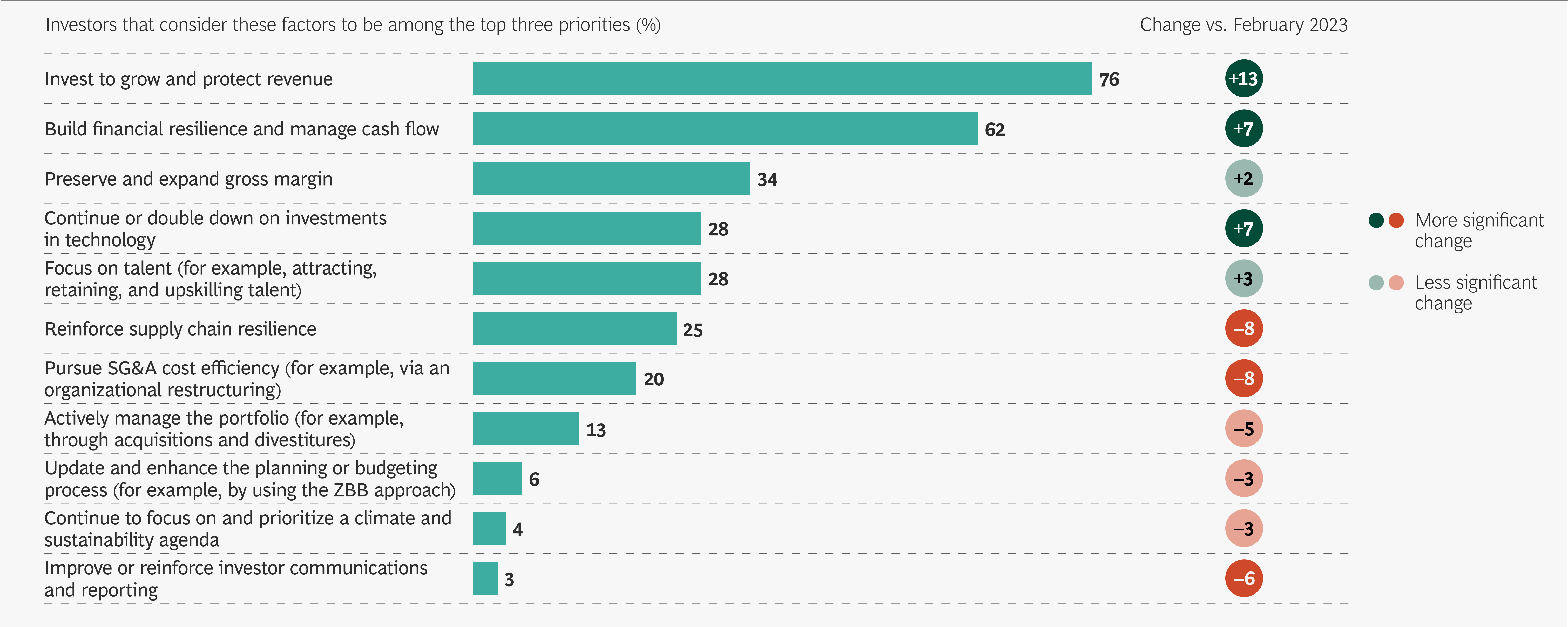
However, investors now want companies to deliver on guidance while they continue to support building capabilities



# Investors want companies to prioritize growth, protect revenue, and build financial resilience

June 5–8

## Most important factors to prioritize for financially healthy companies in the current macroeconomic environment<sup>1</sup>



Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
Note: SG&A = selling, general, and administrative expenses; ZBB = zero-based budgeting.  
<sup>1</sup>Survey question: What actions should financially healthy companies prioritize in the current environment? (Financially healthy companies are those that have relatively strong and resilient free cash flow and a healthy balance sheet.)

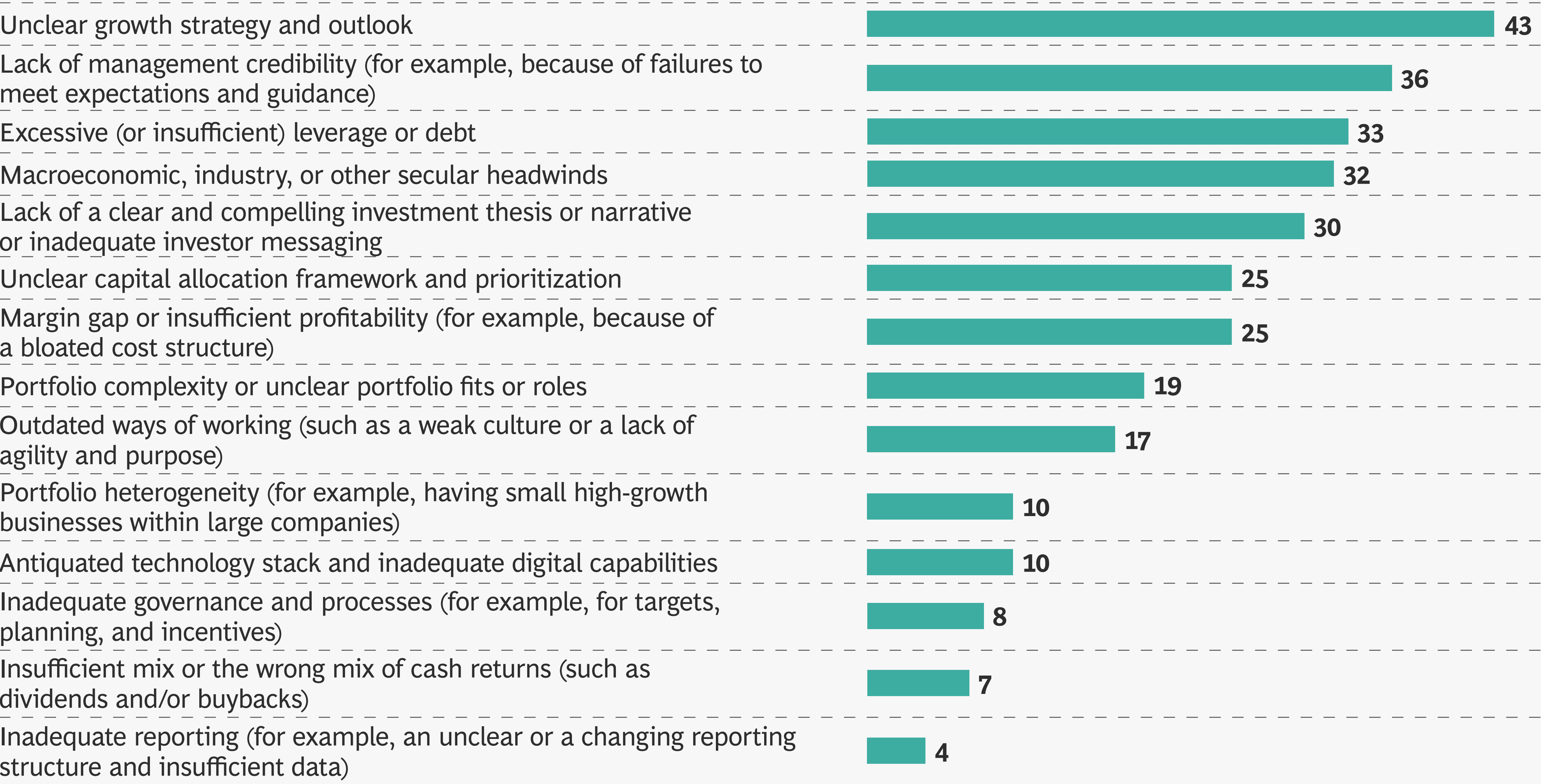


# Investors highlight an unclear growth strategy, a lack of management credibility, and high leverage as the most common causes of trapped value

June 5–8

## Most common root causes of trapped value, or companies' valuations consistently being below their fundamental value<sup>1</sup>

Investors that consider these factors to be among the top three reasons for trapped value (%)



The three most important reasons for trapped value reflect fundamental concerns about companies' medium- to longer-term outlook, and they are under the control of corporate leaders

Less than one-third of investors consider external factors, such as macroeconomics or other uncontrollable headwinds, to be an important factor

Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
<sup>1</sup>Survey question: What are the most common root causes for trapped value (that is, companies' valuations consistently being below their fundamental value)?



# Investors’ support for acquisitions as a means of reshaping a company’s portfolio has softened since February

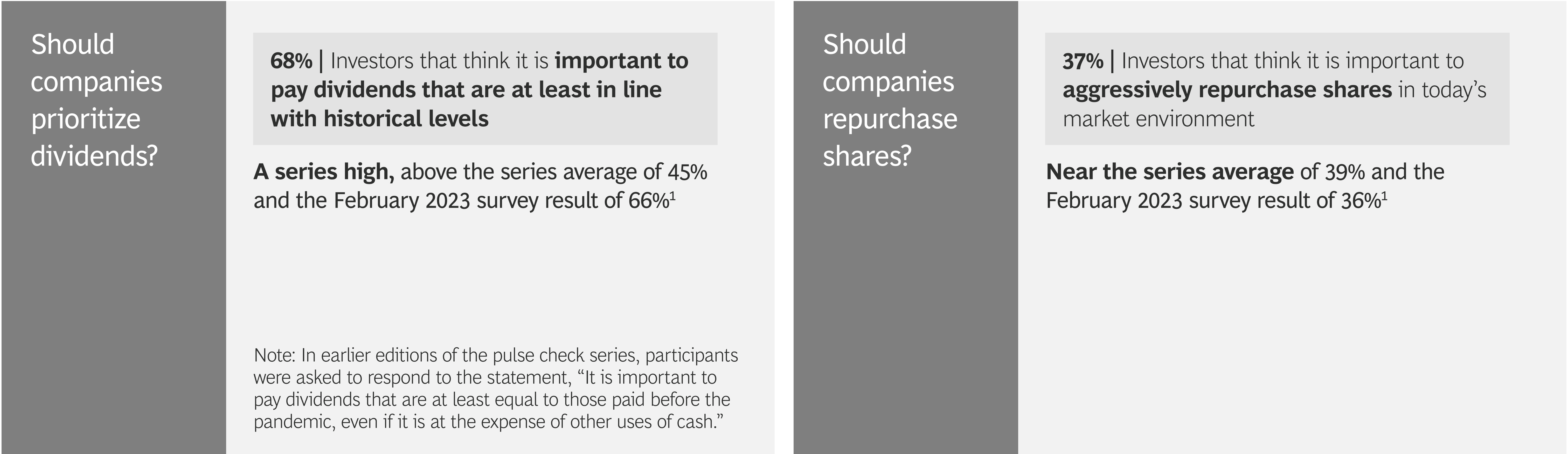
June 5–8



Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
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 23 investor pulse checks.

# Investor support for prioritizing dividends is at a series high, but support for aggressive share repurchases remains modest

June 5–8



Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
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 23 investor pulse checks.



# In the current environment, investors appear to be giving financially healthy companies more leeway to compromise on ESG agendas and targets

June 5–8

Should companies continue to pursue or double down on the ESG agenda?

**32%** | 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

**A series low**, below the series average of 47% and the February 2023 result of 37%<sup>1</sup>

**30%** | 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

**A series low**, below the series average of 39% and the February 2023 result of 33%<sup>1</sup>

**US investors' views regarding the importance of companies pursuing or even doubling down on their ESG agendas have weakened over time—and the percentage prioritizing ESG is now at a series low, highlighting a significant gap versus non-US investors that view ESG as a key agenda item (based on BCG's 2023 Global Investor Survey)<sup>2</sup>**

Source: BCG Investor Perspectives Series, Q2 2023, June 5–8, 2023 (n = 151).  
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 23 investor pulse checks.  
<sup>2</sup>A global survey of 540 investors indicated that 58% of investors in Europe want financially healthy companies to continue pursuing their ESG agenda, while 56% support them in doubling down on ESG-related efforts. In Asia-Pacific, the shares of investors are 67% and 62%, respectively.

# A note on the importance of sustainable investing

June 5–8

**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 highlight 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 7% of investors ranked climate and other ESG-related 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 18th through 25th)
- In the current market environment, facing inflation and recession concerns, investors appear to be less focused on companies’ ESG agendas and targets
- These outcomes are consistent with the results of more than 100 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

**These findings present 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, chemicals, mining, 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.**

Source: BCG’s investor pulse checks, March 2020 through February 2023 (n = 150) and June 2023 (n = 151).

Note: ESG = environmental, social, and governance; SASB = Sustainability Accounting Standards Board. (For information on SASB, visit <https://www.sasb.org>.)



# Comparison of BCG’s investor pulse checks (1/7)

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	Sep 19 #10	Oct 17 #11	Nov 14 #12
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	End of Q2 or start of Q3 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%)	3,108 (–11%)	3,153 (–9%)
▪ 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	End of Q1 2021	End of Q1 2021
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%)	4,061 (7.5%)	4,153 (7.5%)
Bull vs. bear												
Investors that are bullish for:												
▪ Current CY	55% ↑	53%	44%	46%	45%	41%	40%	35%	36%	45%	35%	38%
▪ Next CY	63%	64%	67% ↑	64%	62%	55%	64%	57%	57%	65%	56%	55%
▪ Next three years	65%	68%	69%	69%	64%	61%	61%	57%	60%	66%	63%	59%
More bullish vs. last month: economy	Not asked	Not asked	34%	35%	30%	64%	35%	28%	43%	45%	39%	47%
More bullish vs. last month: stock market	Not asked	Not asked	45%	40%	33%	53%	30%	31%	36%	34%	35%	49%

↑ Series high   ↓ Series low

Source: BCG’s investor pulse checks, March 2020 through November 2020 (n = 150).  
Note: CY = calendar year; TSR = total shareholder return.  
<sup>1</sup>The S&P 500 level that was used is the closing level two days prior to the survey date (for the survey conducted June 5–8, 2023, we used the S&P 500 close of 4,282 on June 2, 2023). 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 (2/7)

	2020			2021			2022			2023		
What are your expectations for...	Dec 13 #13	Feb 7 #14	Apr 30 #15	Jun 20 #16	Oct 31 #17	Jan 31 #18	Mar 22 #19	Jun 21 #20	Oct 21 #21	Feb 22 #22	Jun 8 #23	Difference (Feb 22 vs Jun 8)
Duration of COVID-19’s impact on the US economy	Through Q2 2021	Through Q4 2021	Through Q4 2021	Not asked	Not asked	End of Q2 2022	End of Q2 2022	Not asked	Not asked	Not asked	Not asked	NA
Stock market decline:												
▪ S&P 500 level after the decline (the decline from the current level at the time of the survey)	3,288 (–10%)	3,468 (–10%)	3,828 (–9%)	3,812 (–9%)	4,140 (–10%)	3,875 (a decline of 10%–12%)	3,920 (–10%)	3,240 (–12%)	3,375 (–10%)	3,712 (–8%) ↑	3,878 (–9%)	–1 pp
▪ Timing of decline	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	End of Q4 2022	End of Q4 2022	End of Q2 2023	End of Q4 2023	+2 quarters
Three-year S&P 500 level (implied TSR) <sup>1</sup>	4,232 (7%)	4,488 (7%)	4,840 (7%)	4,829 (7%)	5,273 (6.5%) ↓	5,120 (7%–7.5%)	5,140 (7%)	4,460 (8.5%)	4,400 (8%)	4,692 (7%)	4,953 (7%)	No change
Bull vs. bear												
Investors that are bullish for:												
▪ Current CY	47%	51%	50%	39%	41%	20%	22%	6%	5% ↓	22%	21%	–1 pp
▪ Next CY	50%	41%	47%	45%	43%	43%	41%	29%	25% ↓	51%	51%	No change
▪ Next three years	57%	53%	52%	52%	45% ↓	60%	62%	59%	62%	73% ↑	69%	–4 pp
More bullish vs. last month/three months ago: economy <sup>2</sup>	60%	63%	73% ↑	55%	41%	33%	25%	14%	13% ↓	60%	58%	–2 pp
More bullish vs. last month/three months ago: stock market <sup>2</sup>	54%	59% ↑	57%	40%	42%	25% ↓	29%	27%	28%	53%	53%	No change

↑ Series high

↓ Series low

Significant decrease

Moderate decrease

No change

Moderate increase

Significant increase

Source: BCG’s investor pulse checks, December 2020 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: This slide spotlights key differences between investor pulse checks. Color coding is based on consideration of absolute and percentage change. CY = calendar year; NA = not applicable; pp = percentage point; TSR = total shareholder return.  
<sup>1</sup>The S&P 500 level that was used is the closing level two days prior to the survey date (for the survey conducted June 5–8, 2023, we used the S&P 500 close of 4,282 on June 2, 2023). TSR is implied through the CAGR of the S&P 500 level and an assumed 2% dividend yield. <sup>2</sup>Respondents were asked for their change in bullishness relative to the prior month through BCG’s COVID-19 Investor Pulse Check #16 (June 2021) and relative to three months prior since then.



# Comparison of BCG’s investor pulse checks (3/7)

## 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	Oct 17 #11	Nov 14 #12
Prioritize building key business capabilities	89%	91%	92%	95%	88%	91%	90%	91%	89%	90%	90%	93%
Actively pursue acquisitions	58%	64%	65%	66%	70%	68%	68%	69%	71%	72% ↑	65%	63%
Actively consider exiting or divesting lines of business	Not asked	Not asked	Not asked	Not asked	65%	64% ↓	75%	67%	73%	75%	73%	77%
Aggressively repurchase shares	39%	44%	38%	36%	42%	43%	34% ↓	44%	37%	41%	43%	36%
Maintain the dividend per share	41%	43%	35%	29% ↓	36%	43%	33%	36%	36%	37%	40%	45%
Consider significant equity issuance a reasonable move	Not asked	48%	56%	55%	53%	53%	61%	59%	55%	37% ↓	56%	52%
Deliver EPS that at least meets revised guidance or consensus	56%	64%	56%	51% ↓	54%	56%	58%	57%	57%	57%	64%	65%
Expect an increase in activist activity and take proactive steps to mitigate risk	59%	66%	64%	70%	61%	65%	63%	66%	63%	57%	67%	67%
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	Not asked	56%	46%	48%	45%	51%	48%	53%	51%	69% ↑	45%	48%
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	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked

↑ Series high   ↓ Series low

Source: BCG’s investor pulse checks; March 2020 through November 2020 (n = 150).  
Note: 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 (4/7)

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

	2020		2021				2022				2023		
It is important for financially healthy companies to... <sup>1</sup>	Dec 13 #13	Feb 7 #14	Apr 30 #15	June 20 #16	Oct 31 #17	Jan 31 #18	Mar 22 #19	Jun 21 #20	Oct 11 #21	Feb 22 #22	Jun 8 #23	Difference (Feb 22 vs. Jun 8)	
Prioritize building key business capabilities	89%	95% <span>↑</span>	88%	86%	89%	89%	87%	83%	76% <span>↓</span>	78%	91%	+13 pp	
Actively pursue acquisitions	65%	63%	71%	68%	71%	72% <span>↑</span>	62%	69%	68%	68%	57% <span>↓</span>	−11 pp	
Actively consider exiting or divesting lines of business	71%	83% <span>↑</span>	75%	77%	79%	75%	74%	78%	75%	75%	76%	+1 pp	
Aggressively repurchase shares	36%	35%	41%	36%	37%	43%	39%	47% <span>↑</span>	44%	36%	37%	+1 pp	
Maintain the dividend per share	43%	47%	53%	47%	45%	51%	49%	54%	47%	66%	68% <span>↑</span>	+2 pp	
Consider significant equity issuance a reasonable move	61%	55%	55%	63% <span>↑</span>	61%	61%	61%	54%	55%	Not asked	Not asked	NA	
Deliver EPS that at least meets revised guidance or consensus	71%	75%	79%	78%	83%	86% <span>↑</span>	81%	72%	77%	71%	83%	+12 pp	
Expect an increase in activist activity and take proactive steps to mitigate risk	67%	68%	67%	69%	69%	73% <span>↑</span>	62%	61%	57% <span>↓</span>	63%	64%	+1 pp	
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	50%	50%	47%	55%	45%	43%	44%	41%	37%	37%	32% <span>↓</span>	−5 pp	
Double down on ESG initiatives that create value and/or reduce risk longer term <sup>2</sup>	Not asked	Not asked	Not asked	49% <span>↑</span>	45%	42%	41%	37%	35%	33%	30% <span>↓</span>	−3 pp	

↑ Series high

↓ Series low

Much less important

Less important

Minimal or no change

More important

Much more important

Source: BCG’s investor pulse checks, December 2020 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: EPS = earnings per share; ESG = environmental, social, and governance; NA = not applicable.  
<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 (5/7)

	2021		2022			2023		
Investors that ranked these criteria among the top three investment risk factors	Oct 31 #17	Jan 31 #18	Mar 22 #19	Jun 21 #20	Oct 11 #21	Feb 22 #22	Jun 8 #23	Difference (Feb 22 vs. Jun 8)
Interest rates and US Federal Reserve Policy <sup>1</sup>	67% ↓	82%	84%	91% ↑	87%	69%	75%	+6 pp
Consumer price inflation and sentiment	Not asked	Not asked	Not asked	Not asked	Not asked	42% ↓	43% ↑	+1 pp
Geopolitical risks <sup>2</sup>	21% ↓	46%	63% ↑	38%	39%	39%	39%	No change
Cost and wage inflation <sup>3</sup>	Not asked	39%	43%	45%	62% ↑	37% ↓	40%	+3 pp
Tightening of liquidity in capital markets <sup>4</sup>	Not asked	Not asked	Not asked	Not asked	Not asked	25% ↑	15% ↓	−10 pp
Stock market liquidity risk	7% ↑	4%	2% ↓	3%	4%	Not asked	Not asked	NA
Inflated asset valuation <sup>5</sup>	32% ↑	21%	13%	11%	8% ↓	22%	25%	+3 pp
Public-sector debt and spending	17%	12%	7%	4% ↓	8%	18% ↑	15%	−3 pp
Climate and other ESG-related risks <sup>6</sup>	17% ↑	7%	5% ↓	7%	5%	12%	7%	−5 pp
Supply chain and other operational risks <sup>7</sup>	37% ↑	19%	19%	19%	9%	11%	8% ↓	−3 pp
Private-sector credit and default risks	5%	2% ↓	6%	3%	3%	7% ↑	3%	−4 pp
Company-specific risks	24% ↑	7%	5% ↓	6%	5% ↓	7%	6%	−1 pp
China growth (after COVID-19 reopening) lower than expected	Not asked	Not asked	Not asked	Not asked	Not asked	7% ↓	18% ↑	+11 pp
Macroeconomic risks	52%	24% ↓	38%	58%	61% ↑	Not asked	Not asked	NA
Pandemic- and COVID-19-related risks	19%	33% ↑	12%	12%	5% ↓	Not asked	Not asked	NA

↑ Series high   ↓ Series low

Much higher risk

Higher risk

No change

Lower risk

Much lower risk

Source: BCG’s investor pulse checks, October 2021 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: The questions that pertain to this slide were added to the survey in October 2021. NA = not applicable.

<sup>1</sup>This factor was inflation and interest rate risk or inflation rates and US Federal Reserve policy in previous surveys. <sup>2</sup>For example, the war in Ukraine, trade wars, and areas with civil unrest. <sup>3</sup>This factor was wage inflation or pressure in previous surveys. <sup>4</sup>This factor was stock market liquidity risk in previous surveys. <sup>5</sup>This factor was asset price risks in recent surveys. <sup>6</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. <sup>7</sup>This factor was supply chain risk in previous surveys.

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# Comparison of BCG’s investor pulse checks (6/7)

		2021		2022			2023		
Investors that ranked these criteria among the top three considerations for investment decisions or recommendations		Oct 17 #11	Jan 31 #18	Mar 22 #19	Jun 21 #20	Oct 11 #21	Feb 22 #22	Jun 8 #23	Difference (Feb 22 vs. Jun 8)
Growth	Short-term growth momentum (for example, recovery from a recessionary environment)	Not asked	19%	16%	11% ↓	13%	14%	22% ↑	+8 pp
	Long-term organic-growth outlook (for example, an attractive industry)	55%	65%	61%	67% ↑	61%	50% ↓	53%	+3 pp
	Potential for market share gains	29%	25%	28%	31%	32% ↑	18%	10% ↓	−8 pp
	M&A-driven growth opportunity	10%	6%	7%	9%	11% ↑	7%	1% ↓	−6 pp
Margins and returns	Short-term margin outlook (that is, the impact of pricing, inflation, and transformation impact)	13% ↑	7%	7%	5% ↓	9%	7%	11%	+4 pp
	Medium- to long-term margin potential (for example, operating leverage)	Not asked	22% ↑	20%	19%	15% ↓	19%	18%	−1 pp
	Return on capital (for example, ROIC or ROA and ROE)	15% ↓	19%	29% ↑	21%	23%	19%	23%	+4 pp
Cash flow and capital allocation	FCF conversion, generation, and/or yield	29%	27%	29%	29%	31%	33% ↑	26% ↓	−7 pp
	Growth spending (such as M&A and capex)	Not asked	Not asked	Not asked	Not asked	Not asked	5% ↓	6% ↑	+1 pp
	Dividend payout and yield <sup>1</sup>	7%	9%	7%	6% ↓	9%	11% ↑	5% ↓	−6 pp
	Buyback approach	Not asked	Not asked	Not asked	Not asked	Not asked	5% ↑	1% ↓	−4 pp

↑ Series high

↓ Series low

Much less important

Less important

No change

More important

Much more important

Source: BCG's investor pulse checks; October 2021 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: Questions on this slide were added to the survey in October 2021. ROIC = return on invested capital; ROA = return on assets; ROE = return on equity; FCF = free cash flow; capex = capital expenditure.  
<sup>1</sup>This factor was attractive cash returns in previous surveys.



# Comparison of BCG’s investor pulse checks (7/7)

		2021		2022			2023		
Investors that ranked these criteria among the top three considerations for investment decisions or recommendations		Oct 17 #11	Jan 31 #18	Mar 22 #19	Jun 21 #20	Oct 11 #21	Feb 22 #22	Jun 8 #23	Difference (Feb 22 vs. Jun 8)
Risk and valuation levels	Attractive valuation level	34% ↑	31% ↓	32%	32%	32%	Not asked	Not asked	NA
	Absolute valuation level	Not asked	Not asked	Not asked	Not asked	Not asked	20% ↑	16% ↓	−4 pp
	Relative valuation (vs. peers or sector)	Not asked	Not asked	Not asked	Not asked	Not asked	10% ↓	17% ↑	+7 pp
	Healthy balance sheet	30%	29%	25%	34% ↑	31%	18% ↓	21%	+3 pp
	Volatility of earnings	Not asked	Not asked	Not asked	Not asked	Not asked	3% ↑	2% ↓	−1 pp
	EPS consistency and meeting guidance	Not asked	Not asked	Not asked	Not asked	Not asked	3% ↓	6% ↑	+3 pp
	Macroeconomic risks	Not asked	Not asked	Not asked	Not asked	Not asked	5% ↓	9% ↑	+4 pp
	Regulatory environment and changes	Not asked	Not asked	Not asked	Not asked	Not asked	2% ↑	1% ↓	−1 pp
Nonfinancial	Business strategy and vision <sup>1</sup>	28% ↑	16%	17%	15%	11% ↓	21%	25%	+4 pp
	Portfolio strategy and (re)shaping or turnover	Not asked	Not asked	Not asked	Not asked	Not asked	5% ↓	7% ↑	+2 pp
	Management credibility and track record	Not asked	Not asked	Not asked	Not asked	Not asked	12% ↓	14% ↑	+2 pp
	Management incentives and stock ownership	Not asked	Not asked	Not asked	Not asked	Not asked	4% ↑	1% ↓	−3 pp
	Climate and sustainability <sup>2</sup>	Not asked	6%	6%	7% ↑	7% ↑	3% ↓	4%	+1 pp
	Climate and carbon footprint	Not asked	5%	5%	4% ↓	6% ↑	Not asked	Not asked	NA
	Other material environmental factors	Not asked	1%	1%	3% ↑	1% ↓	Not asked	Not asked	NA
	Material social factors and stakeholder impact	Not asked	5% ↑	3%	3%	2%	1%	0% ↓	−1 pp
	Corporate governance <sup>3</sup>	5%	5% ↑	5% ↑	4%	5% ↑	3%	1% ↓	−2 pp

↑ Series high

↓ Series low

Much less important

Less important

No change

More important

Much more important

Source: BCG’s investor pulse checks, October 2021 through February 2023 (n = 150) and June 2023 (n = 151).  
Note: Questions on this slide were added to the survey in October 2021. NA = not applicable. EPS = earnings per share.  
<sup>1</sup>This factor was a compelling strategy to win in previous surveys. <sup>2</sup>This factor was asked as climate and carbon footprint and other material environmental factors. <sup>3</sup>This factor was best-in-class governance policies in previous surveys. This includes corporate policies, board composition, and effectiveness.

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