

# COVID-19 Investor Pulse Check #17

Conducted October 29–31, 2021



# BCG's COVID-19 Investor Pulse Check

BCG surveyed leading investors October 29–31, 2021, 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 17th COVID-19 Investor Pulse Check; the initial survey was conducted March 20–22, 2020.

This COVID-19 Investor Pulse Check, conducted October 29–31, 2021, is the 17th 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.

- 85% of the participants in this survey overlap with the respondents to the previous survey, which was conducted June 19–20, 2021
- Across the three most recent surveys (April 29–30, 2021, June 19–20, 2021, and October 29–31, 2021), the overlap in respondents is 77%

## About the respondents:

- They represent investment firms that have more than \$5 trillion in combined assets under management
- 90% 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 the pandemic, 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 mix while interpreting the results.

- Select results by investor type can be made available upon request

The results represent the views of surveyed investors only; to understand BCG's point of view, please visit <http://on.bcg.com/covid19insights> for BCG's latest thinking on COVID-19 and preparing for the postpandemic world.



# Key insights into investors' views and expectations

October 31

## Investors are more bearish on both the stock market and the economy than they were three months ago

- Investors expect a series-low 6.5% annualized TSR for the S&P 500 over the next three years (versus 7.0% to 7.5% across all prior pulse checks)
- Investors anticipate a 10% correction in the S&P 500 by the end of Q2 2022

## Inflation and interest rates, as well as macroeconomic growth, are the top two concerns for investors

- COVID-19 is not a primary investment consideration for most investors, ranking seventh among 12 macro factors

## Investors continue to focus on companies' long-term growth outlook, and 89% want companies to make the required investments in building advantage and capabilities, even if that means sacrificing EPS upside in the short term

## Investors (83%) expect companies to deliver on guidance and consensus expectations

- Management teams no longer have the wide latitude that investors granted during the earlier, highly uncertain days of the pandemic

## Investors want companies to actively shape their business portfolios; they believe in pursuing both divestitures and acquisitions, and 81% support attractive transformational deals

## Investors remain neutral on dividends returning to prepandemic levels, they are skeptical about aggressive share repurchases, and they are surprisingly open to equity issuance

## Leading investment industry institutions and executives have voiced their strong and unwavering commitment 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

- These findings show that leadership commitments on ESG have not yet fully cascaded down to the "rockface" in the investment industry
- This is consistent with 50+ investor interviews BCG conducted over the past year highlighting that ESG often is treated as a "check box "
- However, ESG and especially decarbonization are central to the investment thesis in specific sectors (such as oil and gas, utilities, and automotive)

Source: BCG's COVID-19 Investor Pulse Checks, March 2020 through October 2021; n = 150 for each survey.

Note: ESG = environmental, social, and governance.

<sup>1</sup>The survey results represent an aggregate view of the respondents and not an industry-specific perspective. The ESG ranking would likely be very different for sectors where environmental considerations are central to the investment thesis.

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# A bearish outlook and macro considerations reflect shifting investor views

October 31

## Despite record-high share-price levels, investors' outlook for the US economy and stock market have become bearish

- 59% of investors are more bearish on the US economy now (versus three months ago), in contrast to 45% in June 2021 and 35% for December 2020 to June 2021
- 58% of investors are more bearish on stock markets now (versus three months ago), compared with 60% in June 2021 and 43% for December 2020 to June 2021
- Investors expect an S&P 500 low of 4,140 (a 10% decline versus the current level<sup>1</sup>) by the end of Q2 2022
- A minority of investors (43%) remain bullish for 2022, and 45% are for the next three years—a first in the Investor Pulse Check series
- Investors' midterm expectations for the S&P 500 have declined to 6.5% annualized TSR (versus 7.0% to 7.5% across all pulse checks)

## Macro considerations have become almost as important as company-specific factors in investment decisions and recommendations—and while COVID-19 remains an important risk, investors' concerns now are most focused on broader, macroeconomic themes

- On average, macro factors have a weight of 44% in investment considerations; 60% of investors believe that macro factors are more important now than they were before the pandemic
- A majority (55%) of investors continue to believe that COVID-19 is an important consideration; however, although 82% believe that COVID-19 will have a declining economic impact and business as usual will return, 69% want companies to be prepared for any potential lengthening or worsening of the pandemic
- Inflation and interest rate risk is the top macro concern, followed by risks to macroeconomic growth (for example, consumer confidence), supply chain and operational risks, and asset price risks (for instance, equities revaluation)
- Notably, COVID-19 is ranked seventh among factors that investors considered to be among the top three risks, and climate- and ESG-related risks rank eighth, with less than 20% of investors selecting each<sup>2</sup>

## Investors want financially healthy companies to prioritize investments in long-term advantage, including active portfolio reshaping, while also delivering on guidance and consensus; only a minority currently agree on the importance of prioritizing ESG commitments over EPS<sup>2</sup>, paying dividends at prepandemic levels, or aggressively repurchasing shares

- 89% of investors (near the series average) want management teams to prioritize building capabilities, even at the expense of EPS
- 83% of investors (a new series high) expect management to deliver on revised guidance or consensus EPS; 53% (near the series high) want margin to be a priority
- More than 70% of investors (near the series average) want companies to actively pursue acquisitions, and 79% (near the series average) favor divestitures; a surprising 83% support large, transformational acquisitions if they enhance medium- and long-term growth or margins
- Close to half (45%) of investors agree that companies need to fully deliver on ESG commitments or double down on ESG efforts; 69% agree that companies should actively mitigate activism risk
- 45% of investors (near the series average, but increasing in recent months) expect companies to pay dividends at or above prepandemic levels, and only 37% (near the series average) want them to aggressively repurchase shares, while 61% of investors (near the series high) are open to companies raising equity capital

Source: BCG's COVID-19 Investor Pulse Checks, March 2020 through October 2021; n = 150 for each survey.

Note: A series high, average, or low is a percentage that reflects a comparison across the 17 COVID-19 Investor Pulse Checks. TSR = total shareholder return; EPS = earnings per share; ESG = environmental, social, and governance.

<sup>1</sup>At the time of the survey, the S&P 500 was at approximately 4,595.

<sup>2</sup>Leading investment industry institutions and executives have voiced their strong and unwavering commitment 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.



# A note on sustainable investing

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**Leading investment industry executives and institutions have highlighted their strong commitment and focus on ESG and sustainable investing, which BCG is proud to support**

**While this has translated into significant shifts in asset allocation and increased ESG engagement, the results of this survey show that this commitment has not yet fully cascaded down to the “rockface” and is not a primary driver of investment decisions and recommendations for many portfolio managers and buy-side and sell-side analysts**

**This presents an important opportunity to further integrate ESG and sustainability into day-to-day investment decisions**

- Most investors participating in the BCG COVID-19 Investor Pulse Check have already adopted a long-term focus and have been highly consistent in their perspectives on maintaining ESG commitments throughout the COVID-19 crisis
- In select industries (such as oil and gas, utilities, air transport, and automotive), ESG performance and especially decarbonization are central to the investment thesis and significantly impact investment decisions
- Strengthening sustainability standards and ESG reporting requirements through organizations such as SASB<sup>1</sup> 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 and that investors will become an even more powerful force for change, while also achieving strong and sustainable returns**

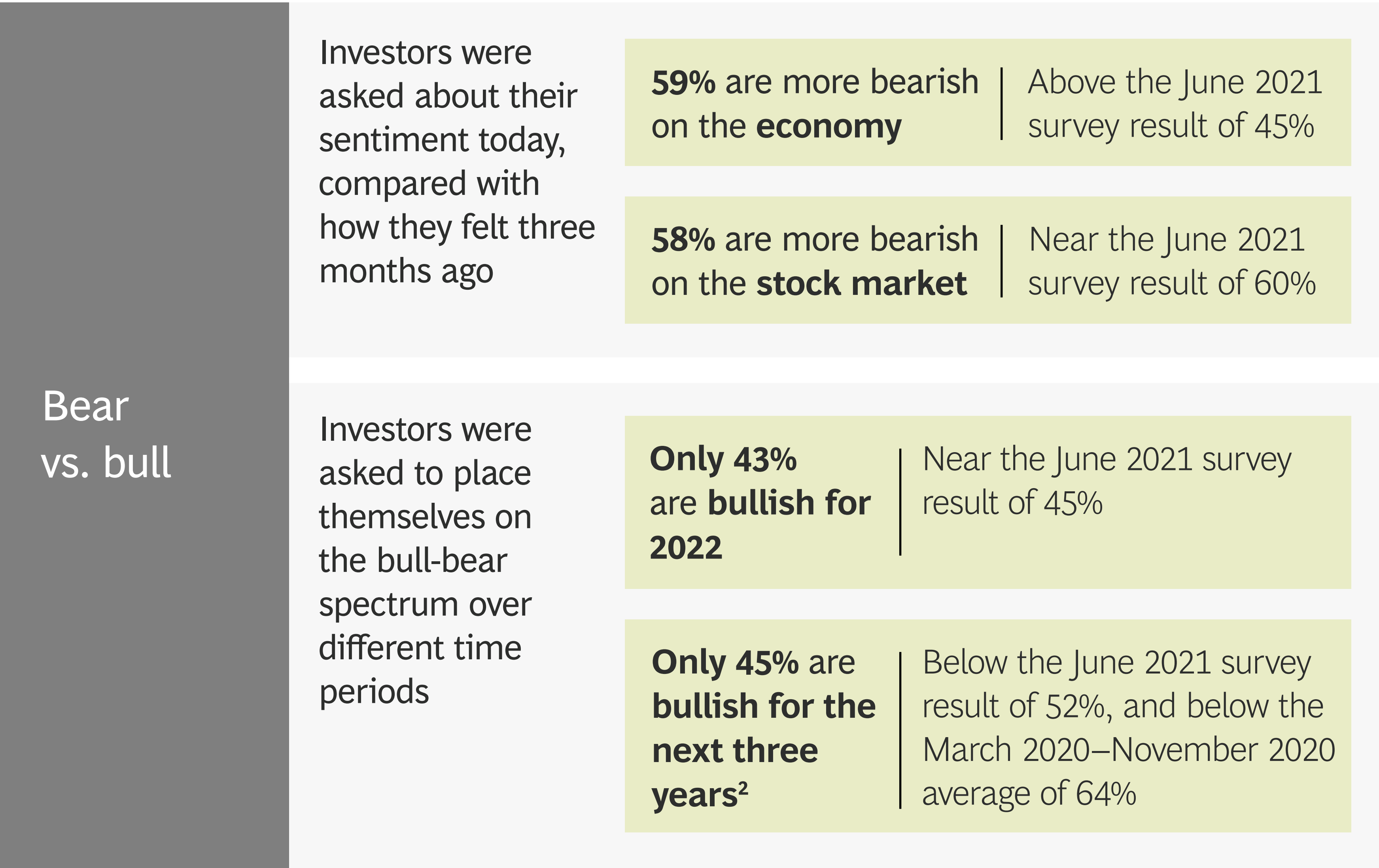
Source: BCG's Investor Pulse Checks, March 2020 through October 2021; n = 150 for each survey.

Note: ESG = environmental, social, and governance.

<sup>1</sup>SASB = Sustainability Accounting Standards Board (visit <https://www.sasb.org/> for information).

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

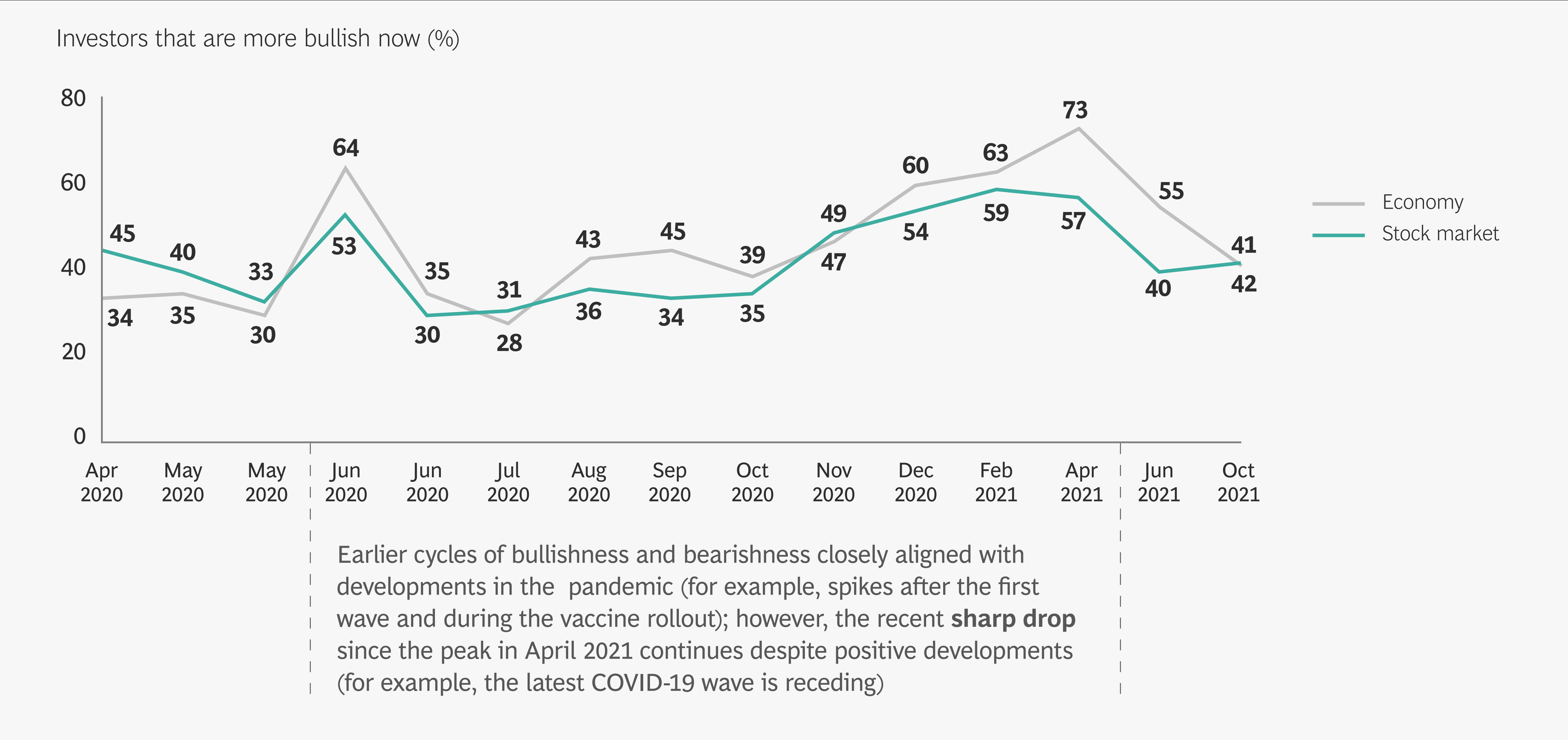
October 31



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

October 31

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

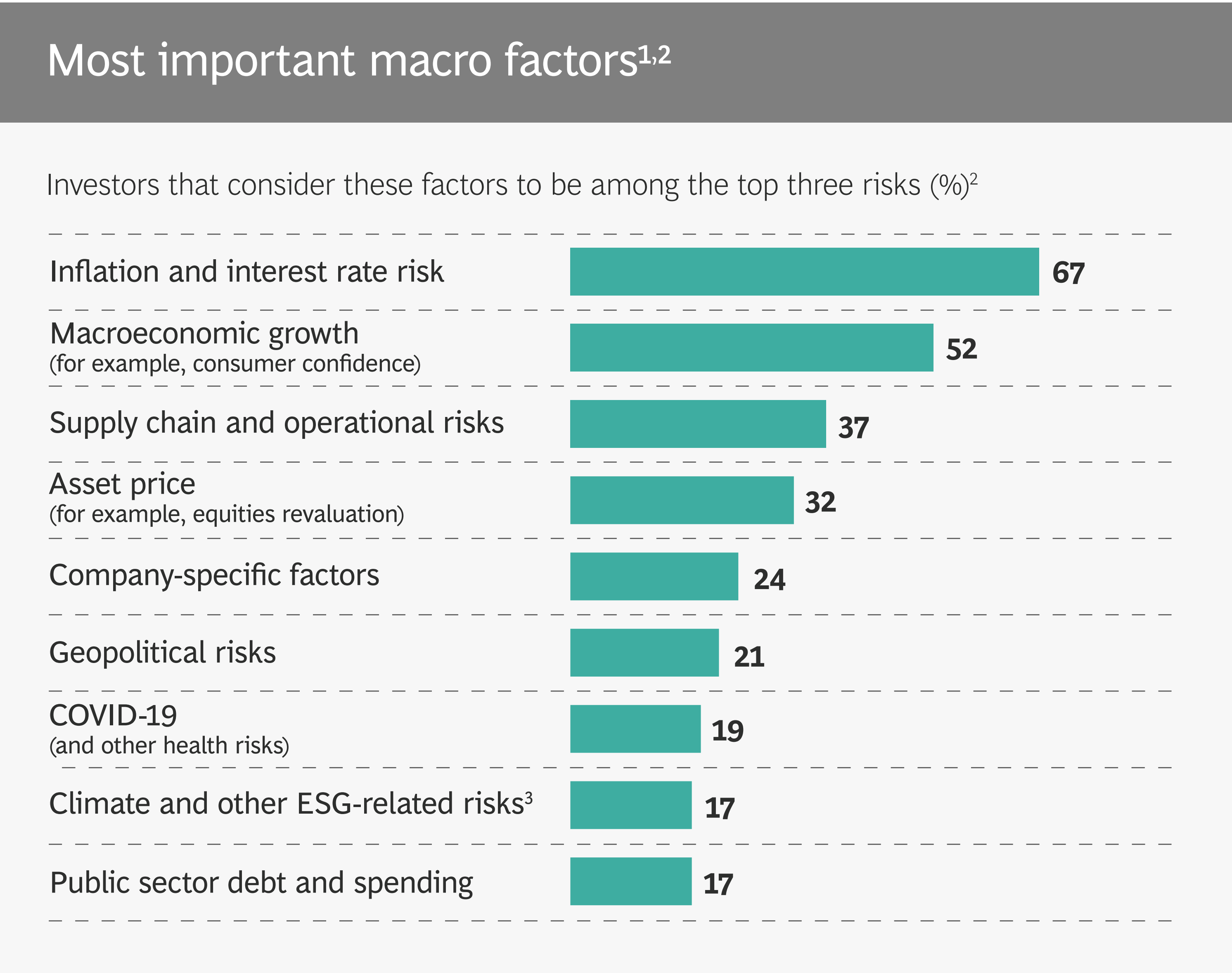
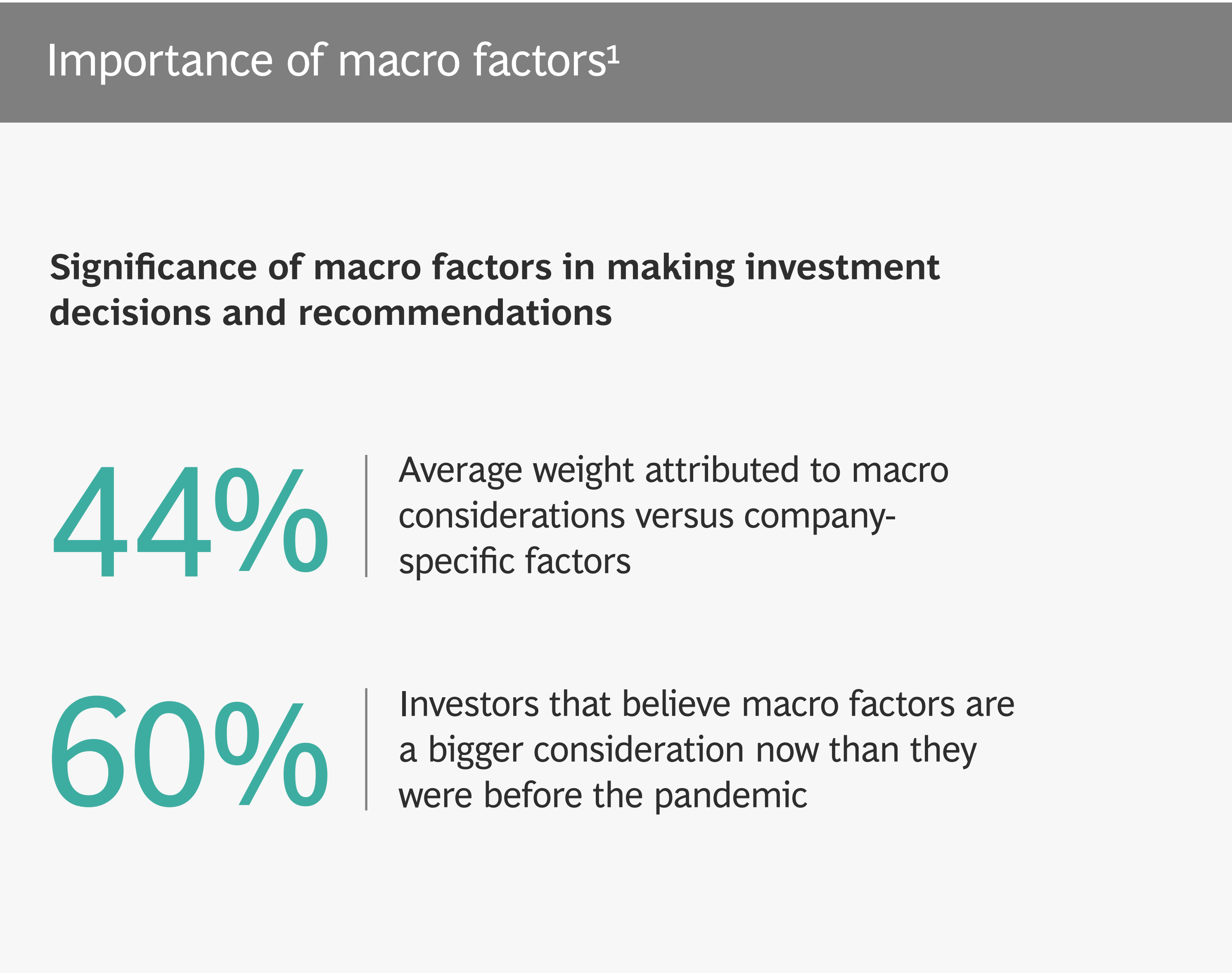


Source: BCG's COVID-19 Investor Pulse Checks, April 5, 2020, through October 31, 2021; n = 150 for each survey.  
<sup>1</sup>In previous surveys (through June 2021), respondents were asked to compare their current sentiment with their sentiment one month prior; in the October 2021 survey, the reference for comparison was shifted to three months prior.



# Investors have become more focused on macro topics, especially longer-term growth, macroeconomic risks, and supply chain and operational risks

October 31



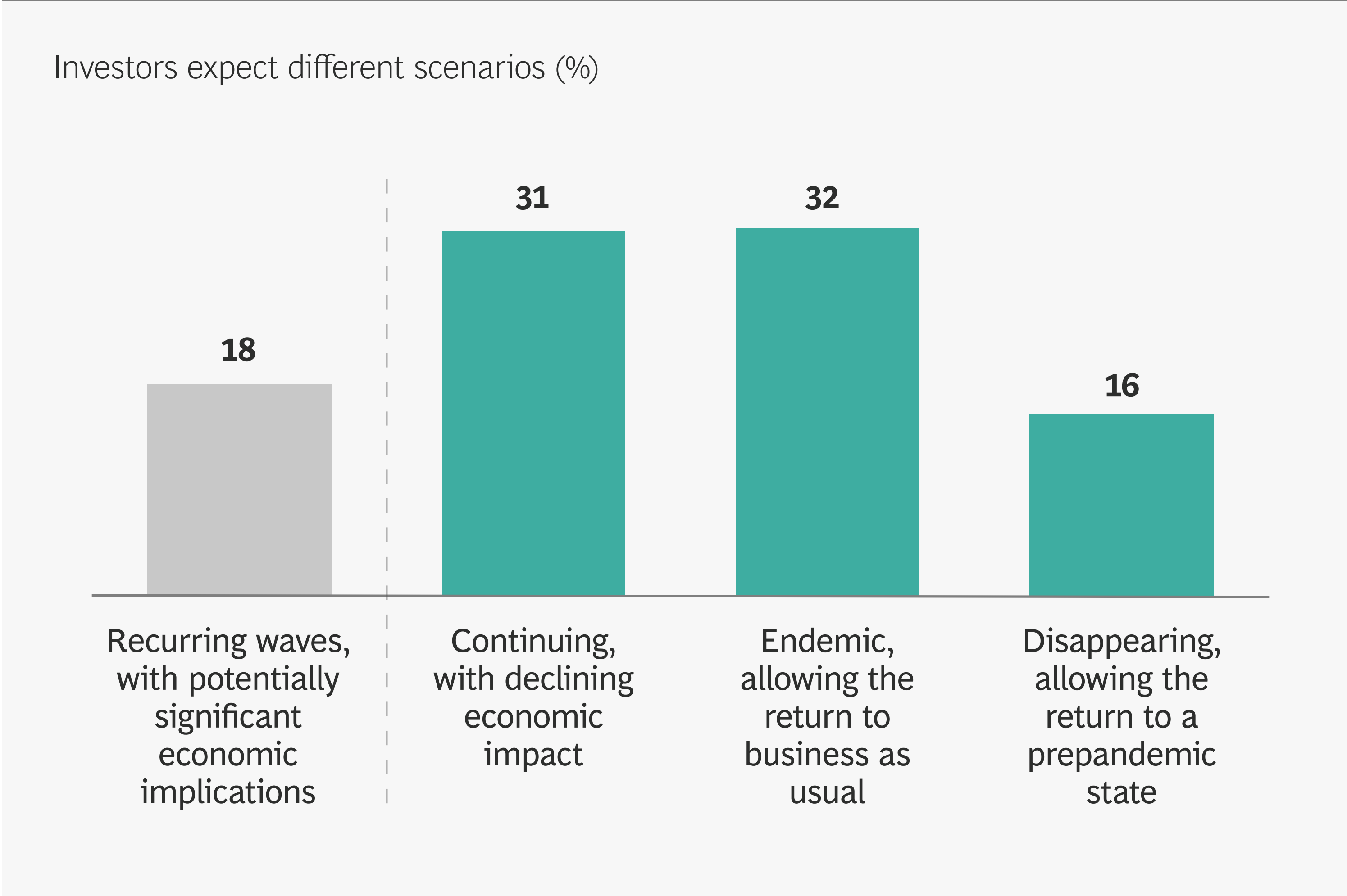
Source: BCG's COVID-19 Investor Pulse Check, October 31, 2021; n = 150.  
<sup>1</sup>Participants were asked these questions for the first time in this survey.  
<sup>2</sup>Other factors that are not shown in the chart include stock market liquidity risks (for example, a loss of liquidity due to a retail-trading frenzy) and private sector credit-default risks.  
<sup>3</sup>Leading investment industry institutions and executives have voiced their strong and unwavering commitment 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.



# A majority of investors still view COVID-19 as an important consideration, but they see the threat receding

October 31

Less than 20% of investors believe COVID-19 will have a significant ongoing impact ...<sup>1</sup>



... however, COVID-19 still influences investment decisions, and companies need to be prepared for further headwinds<sup>1</sup>

55%

*Below the June 2021 survey result of 63%*  
Investors that **continue to view COVID-19 as an important consideration** in making investment decisions and recommendations

52%

Investors that see COVID-19 as much less important than it was earlier in the pandemic<sup>1</sup>

69%

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<sup>1</sup>

Source: BCG's COVID-19 Investor Pulse Checks, June 20, 2021, and October 31, 2021; n = 150.  
Note: ESG = environmental, social, and governance.  
<sup>1</sup>Participants were asked this question for the first time in this survey.

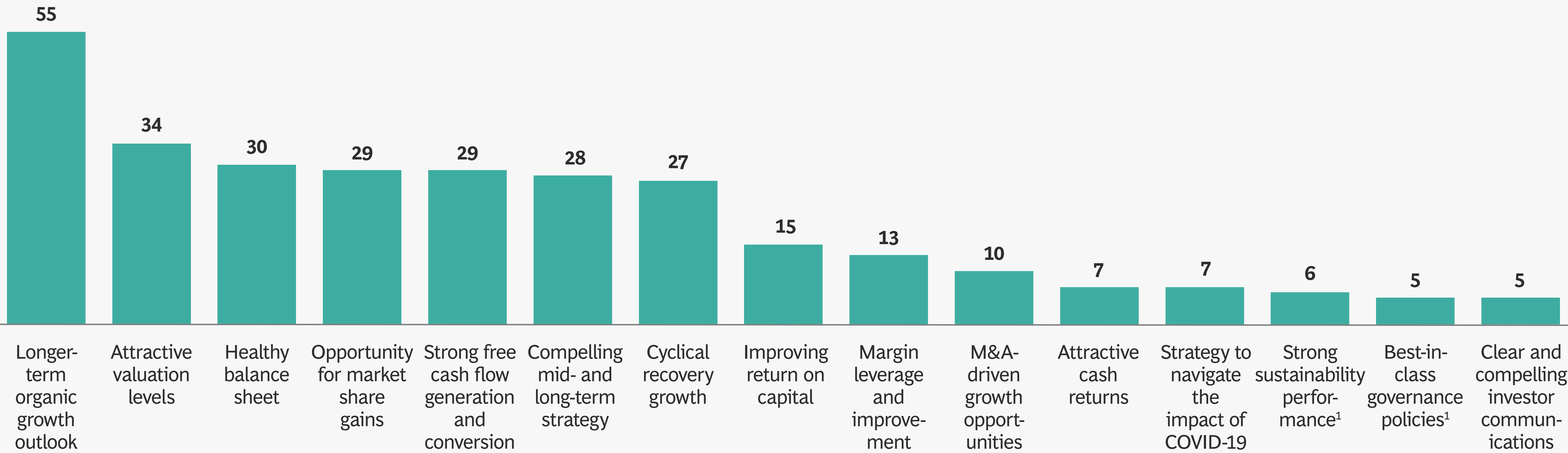


# Investors heavily focus on companies’ long-term growth outlook, followed by valuation levels, financial strength, and a compelling strategy

October 31

## Most influential company-specific factors

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



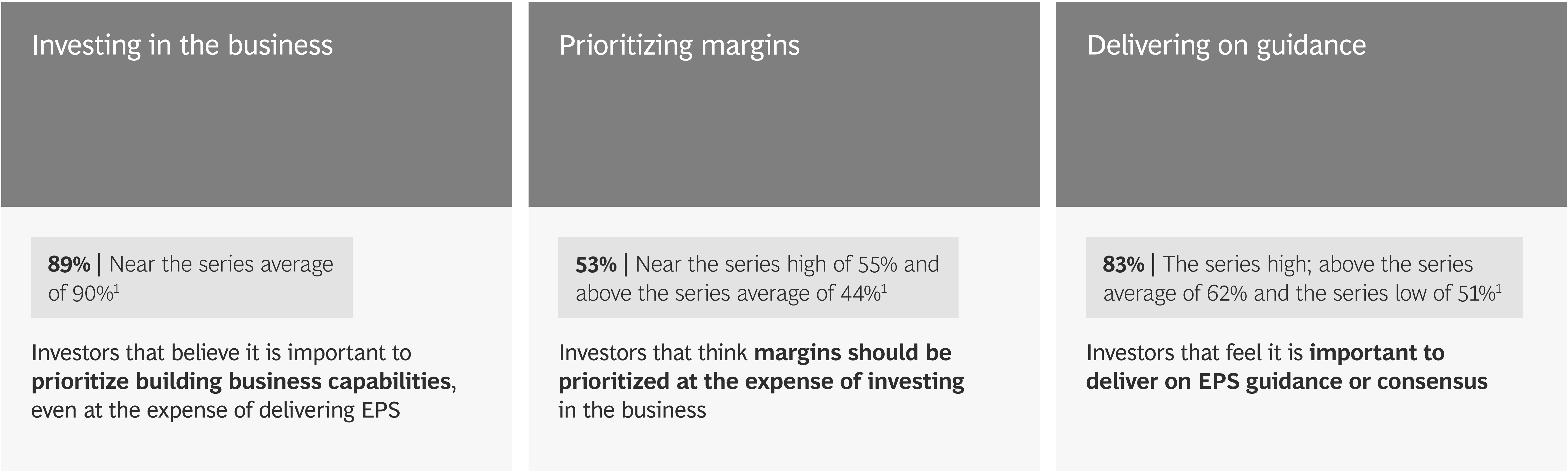
Source: BCG’s COVID-19 Investor Pulse Checks, June 20, 2021, and October 31, 2021; n = 150.  
Note: ESG = environmental, social, and governance.  
¹Leading investment industry institutions and executives have voiced their strong and unwavering commitment and focus on ESG and sustainable investing. However, most of the investors BCG recently surveyed indicated that ESG is not currently a primary consideration in day-to-day investment decisions and recommendations.

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# Investors want financially healthy companies to build long-term advantage at the expense of EPS and to deliver on guidance

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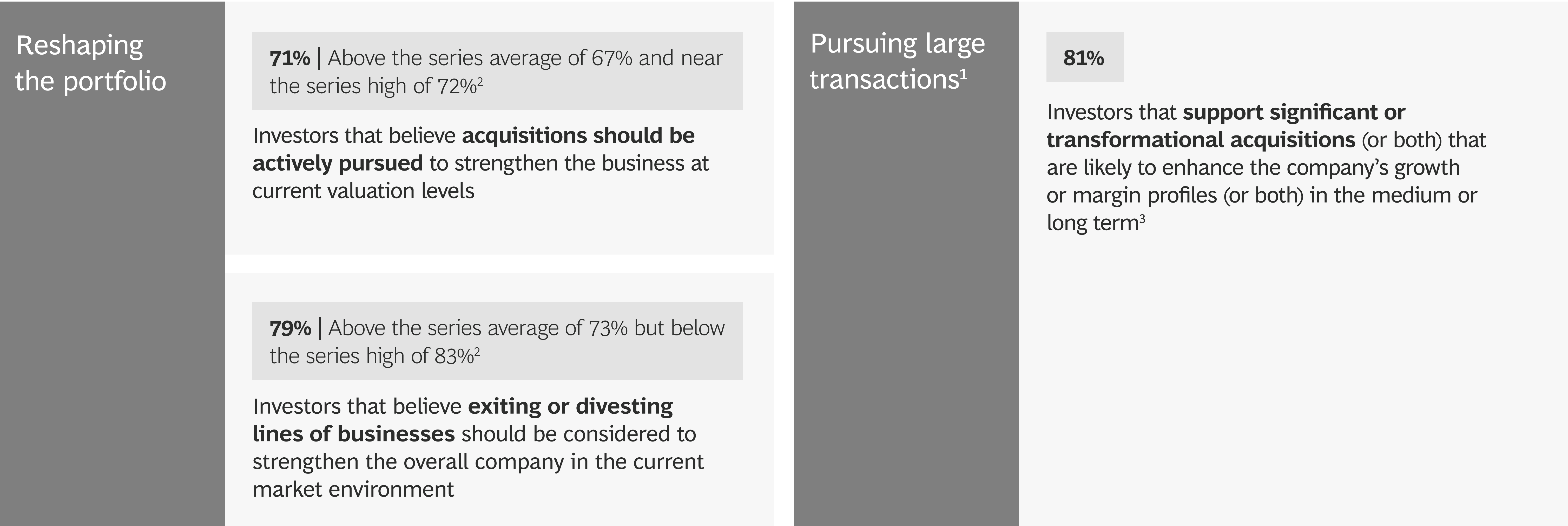
While investors have consistently supported investing in the business at the expense of EPS, they also increasingly expect companies to deliver on guidance and consensus

Source: BCG's COVID-19 Investor Pulse Check, October 31, 2021; 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 17 Investor Pulse Checks.



# Investors want financially healthy companies to actively reshape the portfolio by acquiring or divesting, and investors support large M&A transactions

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Investors' long-term focus translates into support for portfolio reshaping

Source: BCG's COVID-19 Investor Pulse Check, October 31, 2021; 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>Participants were asked this question for the first time in this survey.  
<sup>2</sup>A series high, average, or low is a percentage that reflects a comparison across the 17 Investor Pulse Checks.  
<sup>3</sup>Significant and transformational acquisitions are, for example, those with a value of more than 20% of the company's market cap.



# Nearly half of investors want financially healthy companies to prioritize their ESG agenda over EPS guidance

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Investors' views on the importance of pursuing an ESG agenda and proactively addressing activism risk have been relatively consistent over time

Source: BCG's COVID-19 Investor Pulse Check, October 31, 2021; 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. The survey results represent an aggregate view of the respondents and not an industry-specific perspective. Leading investment industry institutions and executives have voiced their strong and unwavering commitment 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 17 Investor Pulse Checks.

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

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Prioritizing dividends

45% | Above the series average of 40% but 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

37% | Below the series average of 39% but 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% | Below the series high of 63% but above the series average of 56%<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 continue to be modest, while investors remain averse to significant share buybacks and are surprisingly open to issuing equity (in light of the high-valuation environment)**

Source: BCG’s COVID-19 Investor Pulse Check, October 31, 2021; 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 17 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.

# Comparison of BCG’s COVID-19 Investor Pulse Checks (1/4)

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
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
Likely shape of the US economy’s recovery:									
▪ V shape	13%	12%	9%	9%	9%	18%	10%	11%	11%
▪ U shape	39%	46%	37%	37%	37%	32%	27%	25%	30%
▪ L shape	25%	20%	21%	25%	24%	19%	21%	26%	20%
▪ W shape	21%	21%	27%	25%	25%	26%	34%	31%	34%
Fiscal stimulus:									
▪ Incremental stimulus required (investors that believe it is needed) <sup>1</sup>	Not asked	Not asked	\$1.8 trillion (not asked)	\$1.5 trillion (81%)	\$2.0 trillion (85%)	\$1.4 trillion (76%)	\$1.5 trillion (85%)	\$1.8 trillion (85%)	\$1.6 trillion (84%)
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%)
▪ 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
Three-year S&P 500 level (implied TSR) <sup>2</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%)
Bear vs. bull									
Investors that are bullish for:									
▪ CY 2021	55%	53%	44%	46%	45%	41%	40%	35%	36%
▪ CY 2022	63%	64%	67%	64%	62%	55%	64%	57%	57%
▪ Next three years	65%	68%	69%	69%	64%	61%	61%	57%	60%
More bullish vs. last month: economy	Not asked	Not asked	34%	35%	30%	64%	35%	28%	43%
More bullish vs. last month: stock market	Not asked	Not asked	45%	40%	33%	53%	30%	31%	36%

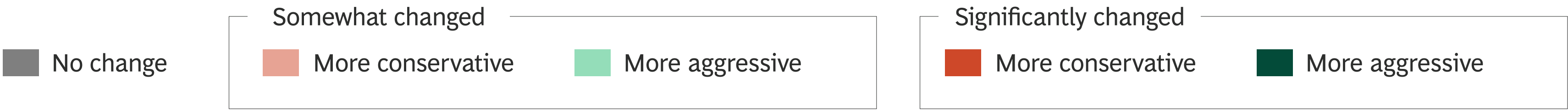
Source: BCG’s COVID-19 Investor Pulse Checks; n = 150 for each survey.  
Note: CY = calendar year; TSR = total shareholder return.  
<sup>1</sup>The survey question asked how much additional stimulus is required above the legislated stimulus to date.  
<sup>2</sup>The S&P 500 level that was used is the 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 17). TSR is implied through the CAGR of the S&P 500 level and an assumed 2% dividend yield.

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# Comparison of BCG’s COVID-19 Investor Pulse Checks (2/4)

What are your expectations for...	Sept 19 #10	Oct 17 #11	Nov 14 #12	Dec 13 #13	Feb 7 #14	Apr 30 #15	Jun 20 #16	Oct 31 #17	Difference (Jun 20 vs. Oct 31)
Duration of COVID-19’s impact on the US economy	Through Q2 2021	End of Q2 or start of Q3 2021	Through Q2 2021	Through Q2 2021	Through Q4 2021	Through Q4 2021	Not asked	Not asked	Not applicable
Likely shape of the US economy’s recovery:									
▪ V shape	14%	15%	14%	13%	15%	27%	27%	Not asked	Not applicable
▪ U shape	29%	27%	21%	23%	29%	25%	22%		
▪ L shape	19%	18%	25%	21%	23%	17%	18%		
▪ W shape	35%	34%	33%	36%	25%	26%	31%		
Fiscal stimulus:									
▪ Incremental stimulus required (investors that believe it is needed) <sup>1</sup>	\$1.5 trillion (83%)	\$1.7 trillion (86%)	\$1.6 trillion (82%)	\$1.5 trillion (82%)	\$1.3 trillion (82%)	\$0.8 trillion (46%)	Not asked	Not asked	Not applicable
Stock market decline:									
▪ S&P 500 level after the decline (the decline from the current level at the time of the survey)	2,962 (–12%)	3,108 (–11%)	3,153 (–9%)	3,288 (–10%)	3,468 (–10%)	3,828 (–9%)	3,812 (–9%)	4,140 (–10%)	–1 pp
▪ Timing of decline	End of Q4 2020	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	+1 quarter
Three-year S&P 500 level (implied TSR) <sup>2</sup>	3,938 (7.5%)	4,061 (7.5%)	4,153 (7.5%)	4,232 (7%)	4,488 (7%)	4,840 (7%)	4,829 (7%)	5,273 (6.5%)	–0.5 pp
Bear vs. bull									
Investors that are bullish for:									
▪ CY 2021	45%	35%	38%	47%	51%	50%	39%	41%	+2 pp
▪ CY 2022	65%	56%	55%	50%	41%	47%	45%	43%	–2 pp
▪ Next three years	66%	63%	59%	57%	53%	52%	52%	45%	–7 pp
More bullish vs. last month: economy	45%	39%	47%	60%	63%	73%	55%	41%	–14 pp
More bullish vs. last month: stock market	34%	35%	49%	54%	59%	57%	40%	42%	+2 pp



Source: BCG’s COVID-19 Investor Pulse Check; n = 150 for each survey.  
Note: This slide spotlights key differences between 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>The survey question asked how much additional stimulus is required above the legislated stimulus to date.  
<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 17). TSR is implied through the CAGR of the S&P 500 level and an assumed 2% dividend yield.

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# Comparison of BCG’s COVID-19 Investor Pulse Checks (3/4)

## 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>	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
Prioritize building key business capabilities	89%	91%	92%	95%	88%	91%	90%	91%	89%
Prioritize maintaining their margin levels	Not asked	41%	33%	32%	33%	45%	38%	39%	36%
Actively pursue acquisitions	58%	64%	65%	66%	70%	68%	68%	69%	71%
Actively consider exiting or divesting lines of business	Not asked	Not asked	Not asked	Not asked	65%	64%	75%	67%	73%
Aggressively repurchase shares	39%	44%	38%	36%	42%	43%	34%	44%	37%
Maintain the dividend per share	41%	43%	35%	29%	36%	43%	33%	36%	36%
Intensely focus on preserving liquidity	73%	79%	77%	68%	75%	76%	69%	72%	67%
Quickly access all available sources of debt financing	Not asked	71%	73%	73%	72%	71%	65%	69%	67%
Consider significant equity issuance a reasonable move	Not asked	48%	56%	55%	53%	53%	61%	59%	55%
Provide or revise guidance	79%	77%	78%	74%	66%	72%	67%	69%	70%
Deliver EPS that at least meets revised guidance or consensus	56%	64%	56%	51%	54%	56%	58%	57%	57%
Investors understand why companies have withdrawn earnings guidance	Not asked	Not asked	Not asked	85%	81%	79%	79%	83%	85%
Make additional temporary disclosures	Not asked	Not asked	Not asked	83%	77%	76%	85%	87%	81%
Expect an increase in activist activity and take proactive steps to mitigate risk	59%	66%	64%	70%	61%	65%	63%	66%	63%
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	Not asked	56%	46%	48%	45%	51%	48%	53%	51%
Double-down on ESG initiatives that create value and/or reduce risk longer term	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked
“Reopen” with caution and prioritize employees’ health and safety	Not asked	Not asked	Not asked	Not asked	84%	87%	89%	88%	87%

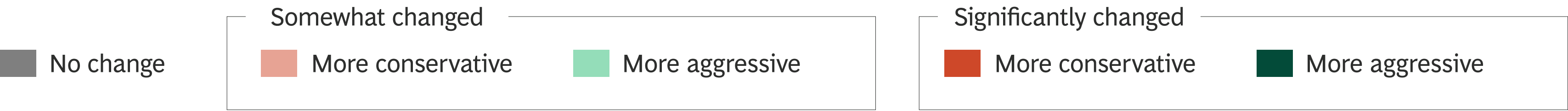
Source: BCG’s COVID-19 Investor Pulse Check; n = 150 for each survey.  
Notes: EPS = earnings per share; ESG = environmental, social, and governance. The survey results represent an aggregate view of the respondents and not an industry-specific perspective. The ESG ranking would likely be very different for sectors where environmental considerations are central to the investment thesis.  
<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 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 COVID-19 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>	Sept 19 #10	Oct 17 #11	Nov 14 #12	Dec 13 #13	Feb 7 #14	Apr 30 #15	June 20 #16	Oct 31 #17	Difference (Jun 20 vs. Oct 31)
Prioritize building key business capabilities	90%	90%	93%	89%	95%	88%	86%	89%	+3 pp
Prioritize maintaining their margin levels	39%	40%	38%	42%	40%	49%	55%	53%	−2 pp
Actively pursue acquisitions	72%	65%	63%	65%	63%	71%	68%	71%	+3 pp
Actively consider exiting or divesting lines of business	75%	73%	77%	71%	83%	75%	77%	79%	+2 pp
Aggressively repurchase shares	41%	43%	36%	36%	35%	41%	36%	37%	+1 pp
Maintain the dividend per share	37%	40%	45%	43%	47%	53%	47%	45%	−2 pp
Intensely focus on preserving liquidity	64%	60%	63%	65%	63%	54%	Not asked	Not asked	Not applicable
Quickly access all available sources of debt financing	65%	71%	63%	61%	65%	56%	Not asked	Not asked	Not applicable
Consider significant equity issuance a reasonable move	57%	56%	52%	61%	55%	55%	63%	61%	−2 pp
Provide or revise guidance	74%	71%	71%	83%	74%	87%	86%	Not asked	Not applicable
Deliver EPS that at least meets revised guidance or consensus	57%	64%	65%	71%	75%	79%	78%	83%	+5 pp
Investors understand why companies have withdrawn earnings guidance	77%	76%	73%	78%	71%	74%	Not asked	Not asked	Not applicable
Make additional temporary disclosures	84%	86%	84%	86%	81%	84%	Not asked	Not asked	Not applicable
Expect an increase in activist activity and take proactive steps to mitigate risk	69%	67%	67%	67%	68%	67%	69%	69%	No change
Continue to fully pursue their ESG agenda and priorities <sup>2</sup>	51%	45%	48%	50%	50%	47%	55%	45%	−10 pp
Double-down on ESG initiatives that create value and/or reduce risk longer term	Not asked	Not asked	Not asked	Not asked	Not asked	Not asked	49%	45%	−4 pp
“Reopen” with caution and prioritize employees’ health and safety	83%	83%	85%	83%	82%	79%	79%	Not asked	Not applicable



Source: BCG’s COVID-19 Investor Pulse Check; n = 150 for each survey.

Notes: EPS = earnings per share; ESG = environmental, social, and governance. The survey results represent an aggregate view of the respondents and not an industry-specific perspective. The ESG ranking would likely be very different for sectors where environmental considerations are central to the investment thesis.

<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 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.

COVID-19 Investor Pulse Check #17

# BCG contact information

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# COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents BCG's view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.