

Investor trends survey

Q3 2025

Welcome to the latest edition of our investor trends survey, a quarterly survey of the views of our WealthSelect global partners. This edition is based on responses received from our global partners in the third quarter of 2025.

Our latest survey found:

- ▶ US growth expectations have fallen sharply from the start of the year, with inflation expected to jump. This is creating a wide range of forecasts for the future path of interest rates.
- ▶ Despite political pressure from President Trump intensifying, our respondents expect Jerome Powell to stay on as chair of the US Federal Reserve (the Fed) until the end of his term next year.
- ▶ Our respondents expect US consumers to bear the brunt of tariffs as companies look to protect margins. This adds to the inflation headache for the Fed.
- ▶ Despite weak economic sentiment, asset managers remain cautiously bullish on their outlooks, suggesting strong stock market returns can continue.

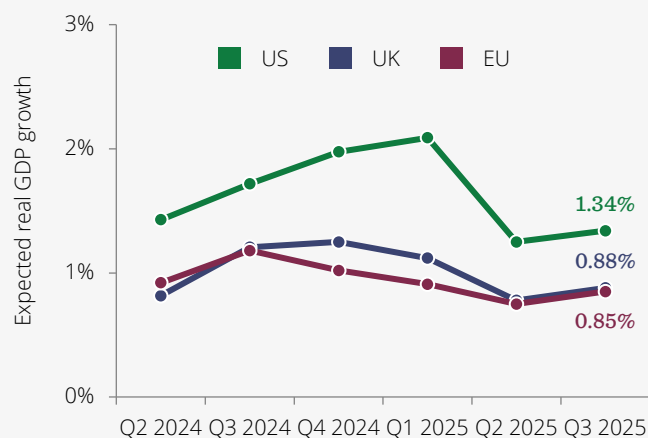
Inflation causing havoc for central banks

It is fair to say that US economic growth expectations have come down to Earth with a bump. At the beginning of the year, our respondents expected real GDP growth for 2025 to be over 2%. However, fast forward to now and those expectations are at just 1.3% for this year and at 1.6% for 2026. While the recession risk in the US has receded, growth is proving harder to come by for the world's leading economy.

With such soft GDP growth, you would expect this to be the precursor for interest rate cuts. However, on average, our respondents think US interest rates will finish 2025 at around 4% and will only drop to 3% by the end of next year. Usually in a low growth environment we might expect more significant rate cuts, but with inflation expected to be around 3% by the end of 2025 (up from 2.45% when we asked the same question a year ago), this could tie the hands of the central bank.

Furthermore, respondents do not anticipate inflation to come down quickly, expecting it to come in at 2.8% at the end of 2026. If this plays out then such a small drop in inflation from 3.0% to 2.8% over a year seems unlikely to allow for a whole percentage point cut in rates, unless unemployment rises sharply, challenging the dual mandate of the Fed – price stability and maximum employment. In the absence of this, it seems that either inflation expectations or interest rate expectations will need further adjustment.

What are your expectations for real GDP growth in 2025?





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All hinging on Jerome Powell

There is a significant spectre hanging over the path of US interest rates – the fate of the Fed Chair Jerome Powell. Appointed by Donald Trump during his first presidency, Powell has now become public enemy number one according to the President for being 'Mr. Too Late' when it comes to reducing interest rates.

While this fundamentally misunderstands the role of the Fed, there is a real concern around the future of Jerome Powell at the helm of the organisation, and thus what that might mean for interest rates. However, while political pressure has ramped up in recent months, the market thinks he will remain in his post. Just 12% of our respondents think he might be ousted before his term officially ends in May 2026.

At this point, Trump will be able to appoint a new chair, and it is obvious from the outside that this will be a political appointment to an independent organisation. Will a chair of the Fed really be able to oversee rate cuts in an environment of sticky inflation? President Trump will be hoping so, but how the market reacts will be the real test. If the Fed cuts rates and inflation spikes once again, those pesky bond markets may be forced to rein in the Trump administration just as they did in the wake of 'Liberation Day' in April.

Adding to the complications is the expectation from the majority of our respondents that the dollar will weaken further. Nearly two-thirds (65%) expect the US dollar to fall, compared to 35% who expect it to gain in value.

Corporates adding to inflationary pressure

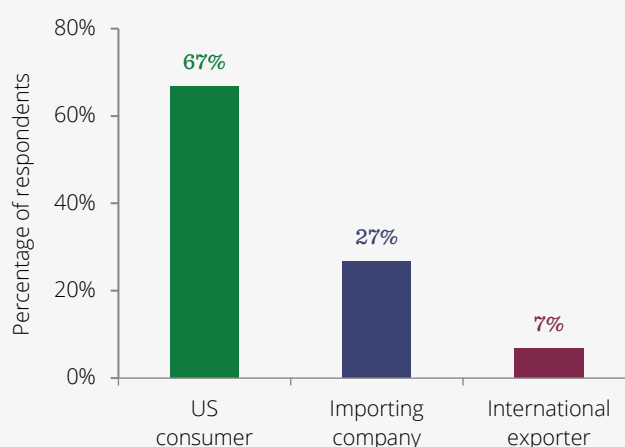
Leading up to 'Liberation Day', and in the immediate aftermath, the stockpiling of inventory was vast, and tariffs were not yet showing up in inflation data. However, this is beginning to change as companies need to top inventories up and new tariff regimes for individual countries are now in place. So, the next question becomes 'who will be hit hardest by tariffs?'.

In the view of our respondents, this will be the end consumer, rather than companies themselves. More than two-thirds (67%) expect the costs of tariffs to be passed on, with only a quarter believing the importing company will take the hit.

These expectations contrast with initial signs from larger firms such as Ford, GM, and Colgate Palmolive, who have absorbed tariffs up to now. However, many brands will not be able to sit back and take the financial hit, and the pressure will be on to adjust pricing to take tariffs into account. While this is unlikely to happen overnight, there is likely to be a gradual shift upwards in the prices consumers see. Indeed, as one respondent to our survey said, 'We expect all parties to absorb some of the tariffs, but the long-term brunt is likely to be borne by the US consumer.'

As this feeds into the inflation rate, it provides yet another headache to the Fed in its task to deliver its dual mandate.

Who do you expect to primarily absorb US tariffs?



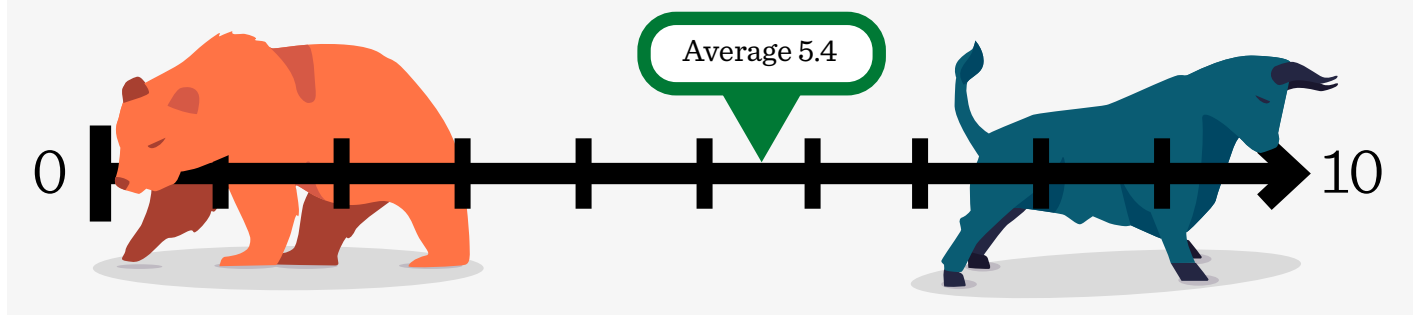
A contrarian market

News of slowing GDP growth, sticky inflation, tariffs, and interest rates getting stuck would suggest now is the time to be bearish. Indeed, after a strong rally following the 'Liberation Day' induced falls in April, market participants would be forgiven for wanting to take a breather and remove risk from the table. However, our survey suggests asset managers remain cautiously bullish about market returns and do not see this as a risk-off moment.

Asked to rank their current risk appetite on a scale of one (very bearish) to 10 (very bullish) on a six-to-nine-month basis, the average score was 5.4. We will track this score over time, but it currently suggests that many see the strong performance from global equities continuing for the rest of the year. Valuations remain topy in some areas, so for how long such sentiment can continue remains to be seen, but if corporate earnings continue to resist the weak economic backdrop, markets may just have a little higher to go from here.

However, whilst optimism remains, the importance of making the right tactical asset allocation calls was clear in responses, with one respondent saying, 'This is a time when there is more value to be gained from granular tactical asset allocation decisions rather than calls on whether broad markets will rise or fall.'

What is your current risk appetite?



Sentiment indicator

Q3 2025

Our sentiment indicator provides you with a 12-month outlook from our WealthSelect global partners. We asked each global partner how they think a range of asset classes such as equities and fixed income across different regions will perform over the next year.

The sentiment indicator is an indication of investment sentiment from a selection of asset managers. No-one can predict the future direction of stock markets and past performance is not a reliable guide for future returns.

Outlook guidelines

▲ A positive outlook – The asset manager believes the sector will perform positively over the next 12 months.

↔ A neutral outlook – The asset manager believes the sector's performance will be relatively neutral over the next 12 months.

▼ A negative outlook – The asset manager believes the sector will perform negatively over the next 12 months.

	Equities												Fixed income		
	UK	US	Europe	Japan	Asia Pacific ex Japan	China	Emerging markets	UK gilts	UK corporate bonds	US Treasuries					
▼ Negative															
↔ Neutral															
▲ Positive															
↑ Positive shift															
↓ Negative shift															
Allspring	▲	↑	▲	↑	▲	↑	▲	↑	▲	↑	▲	↑	▲	↑	▲
Artemis	▲	↔	↑	▲	↔	▲	↑	▲	▼	▲	↔	↑	▲	↑	▲
BlackRock *	↔	▲	↔	▲	↔	↔	↔	↔	↔	↔	↔	↔	↔	↔	↑
BNY	↔	▼	↔	▼	↔	↔	↔	▲	▲	↑	↔	↑	▲	↑	▲
Columbia Threadneedle	↔	▲	↔	▼	▲	▲	▲	↔	▲	▼	↔	▼	▲	▼	▲
Fidelity **	↔	↔	↔	↓	↔	▲	▲	↔	↓	▼	↔	↔	▼	↔	↔
Invesco	▲	↔	▲	▲	▲	↔	↓	▲	↔	↓	▲	↑	▲	▼	▲
JPMorgan	▲	▼	↓	↔	▲	↔	▲	↑	↔	↔	↔	↔	↔	↔	↑
M&G	▲	▼	▲	▲	▲	↔	▲	▲	▼	▼	↔	▼	▼	▼	▼
Pictet	↔	↓	↔	↑	↔	↓	↔	↓	↔	↔	↔	↔	↔	↔	↑
Premier Miton	▼	↓	▼	↓	▼	↓	▼	↓	▼	↓	▼	↓	▼	↓	↓
Redwheel	▲	↑	▼	▲	↔	▲	↔	↓	▼	↓	▼	↓	▼	↓	↓
TwentyFour	▼	↓	↔	↑	↔	↔	↔	↔	↔	▲	↔	▲	▲	▲	▲
Wellington	↔	↓	↔	↔	↓	↔	↓	↔	↔	↔	▲	↔	↔	↔	↓
Consensus	▲↔	↔	↔	↔	▲	↔	▲	↔	↔	↔	↔	↔	↔	↔	↔

* The views of BlackRock are on a six- to 12-month horizon from a US dollar perspective. This material represents an assessment of the market environment as of 31 July 2025 and is not intended to be a forecast or guarantee of future results. This information should not be relied upon as investment advice regarding any fund, strategy, or security.

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