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Investor trends survey

Q4 2025

Quilter

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 fourth quarter of 2025.

Our latest survey found:

- ▶ Investors narrowly expect Rachel Reeves to uphold Labour's tax manifesto commitment in the upcoming budget.
- ▶ Growth continues to be subdued, but higher than target inflation is putting a brake on the number of rate cuts expected.
- ▶ Investors think credit market stress is the most underappreciated risk following some recent high-profile blow ups.
- ▶ Despite large profile risks in the markets, the near-term bullishness of investors has increased since last quarter.

Investors say the chancellor must do better

It is fair to say that Rachel Reeves has had a challenging 16 months as chancellor of the exchequer. Despite a huge majority in the House of Commons and plenty of time before the 2024 General Election to prepare for power, the chancellor has faced difficulties on all fronts. As Reeves prepares for her second budget statement, the verdict is in from investors – she has delivered a mixed performance and must do better.

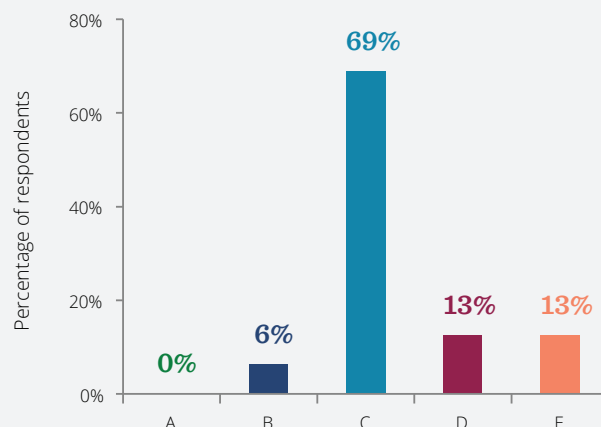
Notably, when asked how they would rate her performance so far, most investors seem to agree that she should be awarded a C grade, with over two thirds (69%) of our respondents giving her this mark. Meanwhile, just over a quarter (25%) have graded her as a D or E, highlighting that some do hold significant concerns. No respondents awarded her with an A, while 6% feel she is doing a good job but with room for improvement (a B grade).

Reeves' final report card will hinge on what is in the detail of the budget. Up to now, the chancellor's options have been limited by Labour's manifesto commitment to 'not increase taxes on working people'. However, as the government looks to raise as much revenue as it can, talk has shifted to whether Reeves will break this commitment and raise income tax.

While our survey was carried out prior to Reeves' speech in Downing Street setting the scene for what might happen, investors remain divided on what she will do. Of our respondents, 53% believe she will probably not break the commitment and 47% expect that she will.

Whichever way the Chancellor decides to go, it is likely to throw up some fiscal volatility for the UK. One respondent said 'even though raising income tax would be less economically damaging than a series of smaller tax rises on employment, savings, and capital, the political cost of breaking a high-profile manifesto promise will probably prove too great'.

What 'grade' would you award Rachel Reeves?



"As Rachel Reeves prepares for her second budget statement, the verdict is in from investors – she has delivered a mixed performance and must do better."

Lindsay James, Investment Strategist, Quilter



More of the same for growth

Equity markets have ploughed on in recent months despite global economic growth, and its expectations, remaining subdued.

Indeed, investors are not expecting that situation to change much over the coming months. The majority of investors are expecting GDP growth this year and next to land in the range of 1%-1.5% for both the UK and the eurozone. Meanwhile, the US is also expected to offer a similar level of growth next year to this year of just under 2% (weighted average is 1.8% in 2025 and 1.9% in 2026).

One respondent commented that they expect 'real growth to remain low' and that inflation instead will do much of the 'heavy lifting'. Investors are expecting the headline consumer prices index in both the UK and US to fall but remain above the 2% target. Meanwhile, Europe is set to keep it at or below 2%, with a greater risk seen of it being too low than too high.

All of this is translating into muted expectations for interest rate cuts, despite the cutting cycle appearing to be in full flow. Investors expect one more rate cut in the US this year, with a couple more in 2026 to leave rates between 3% and 3.5%. The same is expected in the UK, while Europe is seen to have reached rate stability for now.

What are your expectations for real GDP growth?



Credit woes go under the radar

Much has been written about the valuation of mega-cap tech stocks and the concentration within indices of these companies, and nearly half (47%) of our respondents see the overvaluation in tech stocks and the AI trade as the most underappreciated risk right now. However, that is eclipsed by investor concerns around the credit market with almost two thirds (65%) of respondents identifying credit market stress as the most underappreciated risk.

The last few months have seen two high-profile blow ups in the credit market, particularly in the private space following the bankruptcy, and the subsequently alleged fraud, at First Brands, the US auto parts company. This was soon followed by Tricolor, the US sub-prime auto lender, which again exposed large financial institutions to losses on their private credit books.

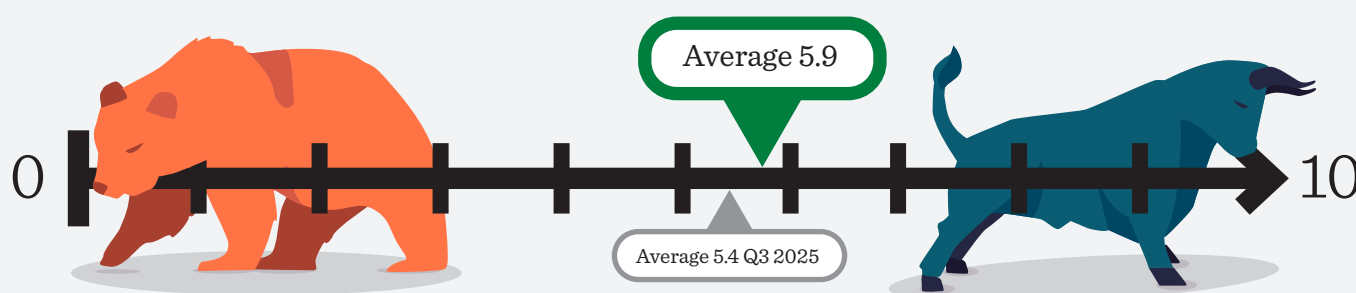
These events led Andrew Bailey, Governor of the Bank of England, to raise the alarm, saying the incidents drew parallels with the 2008 financial crisis. Whether private credit woes grow, or further stress appears in other asset classes, remains to be seen, but investors clearly have their guard up following a rapid rise in prominence of this market.

Risk back on?

Markets have performed well following the volatility around 'Liberation Day', and while concerns are clearly still visible with the valuations of US equities, investors are putting this to one side and expecting the strong returns to continue for the rest of this year and into the next. Indeed, despite the potential of AI bubbles bursting and woes in the private credit market, the bullishness from our respondents has increased by half a point on our ten-point scale. Asked to rank their current risk appetite on a scale of one (max bearish) to 10 (max bullish) on a six-to-nine-month basis, the average score has risen from 5.4 to 5.9.

The value of investments can fall as well as rise. You might get back less than you invested.

What is your current risk appetite?



Sentiment indicator

Q4 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										
Alliance Bernstein	↔	▲	↔	▲	↔	▼	↔	↔	↔	▲
Allspring	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Artemis	▲	↔	▲	▲	▲	▲	▲	▲	↑	↓
BlackRock*	▲	↑	▲	↔	↔	▲	↑	▲	↑	▼
Columbia Threadneedle	↔	▲	↔	▼	▲	▲	▲	↔	▲	▼
Fidelity**	↔	↔	↔	↔	↔	▲	▲	↔		↔
Invesco	▲	↔	▲	▲	▲	▲	↑	▲	↑	▼
JPMorgan	▲	↔	↑	↔	▲		↔	↓		▼
Pictet	▲	↑	▲	↑	▲	↑	▲	↑	↑	▼
PIMCO								▲	↔	▲
Premier Miton	↔	↑	↔	↑	↔	↑	↔	↑	↔	↑
Redwheel	↔	↓	▼	↔	↓	▼	↓	▲	↑	▲
Schodders	↔	↔	▲	↔	▲	▲	▲	▼		▼
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 October 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.

** This is the broad investment view of the Fidelity multi-asset team. It does not necessarily represent the opinion or positioning of individual portfolio managers or Fidelity International more broadly. These views give an overall sense of their investment view, but do not indicate a specific numerical value or index in relation to their outlook.

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