

# State Street Brexometer: Gauging Investor Sentiment on the Brexit Impact

State Street Institutional Survey  
January 2017



# Methodology

- In conjunction with PollRight\*, we conducted a research study of 111 professional investors, comprising institutional and alternative investors, such as hedge funds, real estate and private equity\*\*. The research was conducted between 12 December 2016 and concluded on 04 January 2017.
- This follows on from an initial study conducted between October and November 2016 where 161 professional investors were polled, comprising 112 institutional investors and 49 alternative investors, such as hedge funds, real estate and private equity.

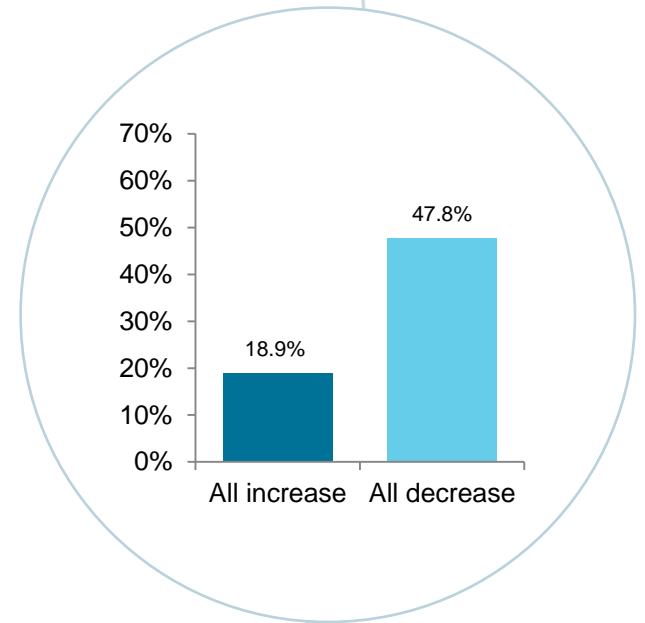
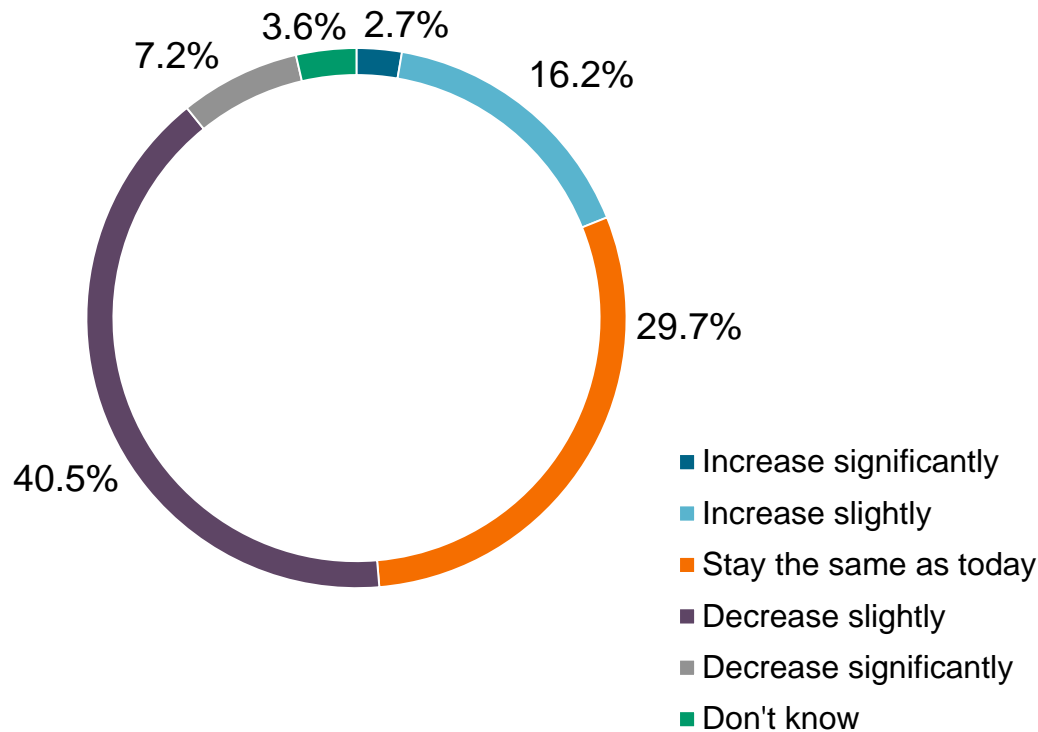
\*PollRight is a market research agency specialising in business-to-business research. As Citigate Dewe Rogerson's in-house research department, it has been at the forefront of research-led PR for over 20 years, encompassing bespoke business omnibus surveying, desk research and analysis and data visualisation.

\*\* Regions covered by survey included UK (106) , US (23), Europe (20), Central & South America (3), Middle East (2), Asia (1), Africa (1) and Oceania (1).

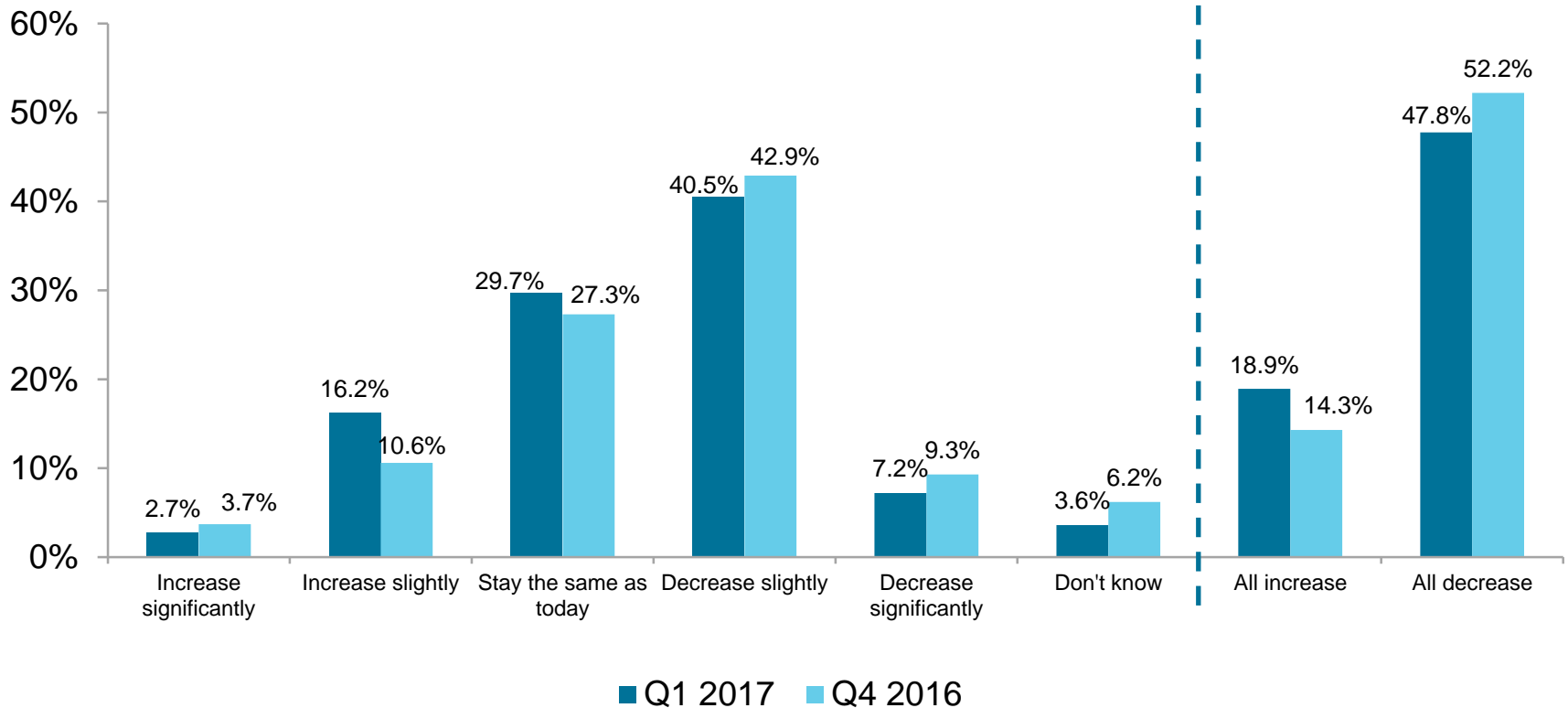
# Summary of Findings

- A significant proportion of investors continue expect levels of foreign investment into the UK to decrease in the coming three months, with nearly half (48%) believing that the UK will continue to suffer as a result of Brexit.
- However, the majority of investors (63%) believe that their own company will maintain their holdings of UK assets in the coming six months. Just 13% believe that they will increase, compared to 16% who believe it will decrease.
- Approximately 43% of investors are neutral on their outlook on medium-term global economic growth on the whole, with 33% holding a positive outlook (up from 32% in Q3 2016), and 19% holding a negative outlook (up from 16% in Q3 2016).
- A greater number (80% vs. 76%) of investors believe that Brexit will have an impact on their business operating model – though a similar amount (12%) still expect it to have a ‘significant’ impact since October 2016.
- Investors believe that regulatory reporting, such as required under Solvency II and AIFMD, is the area that businesses will need greatest help with following Brexit. Nearly a third (32%) of investors cited this factor – up from 21% in the last quarter.
- While the number of investors expecting an increase in the level of investment risk over the next three to five years has remained the same (26%), the number anticipating a decrease has risen from 26% in October to 31% in January.

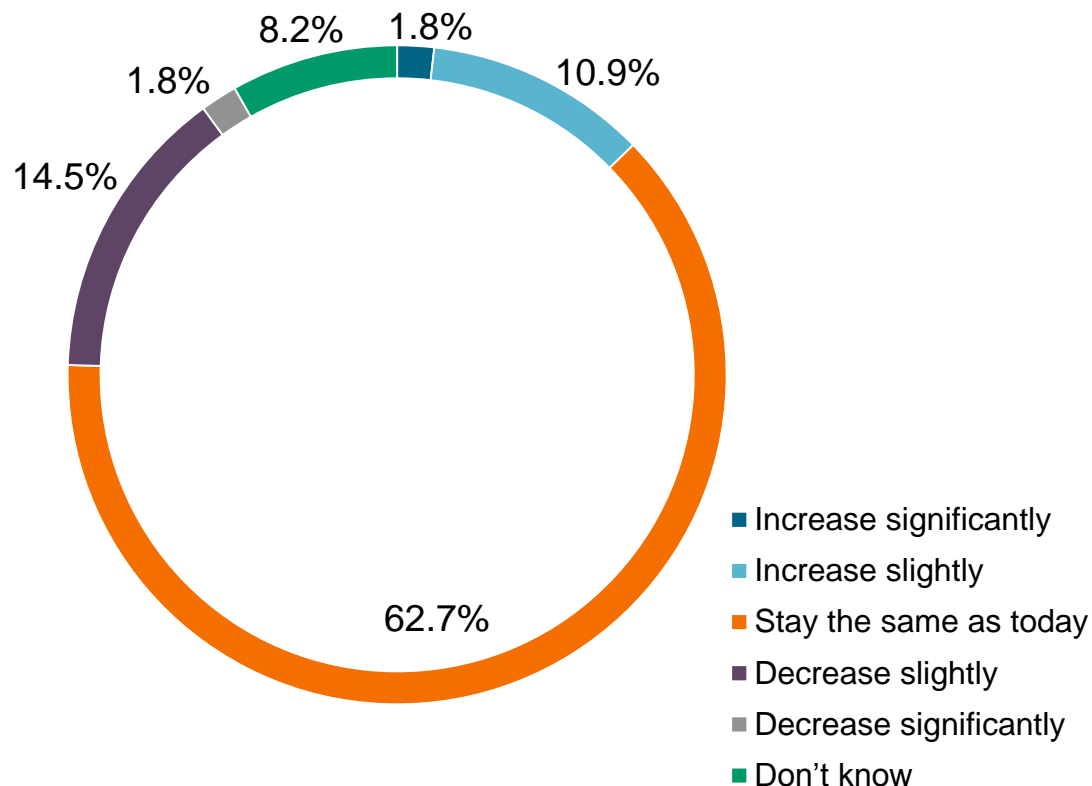
# Q1. Over the next three months, how do you think the level of foreign direct investment into the UK economy will fare as a result of Brexit?



# Q1. Over the next three months, how do you think the level of foreign direct investment into the UK economy will fare as a result of Brexit?



## Q2. How does your company intend to change its holdings of UK assets (equities, bonds or alternatives) in the next six months?

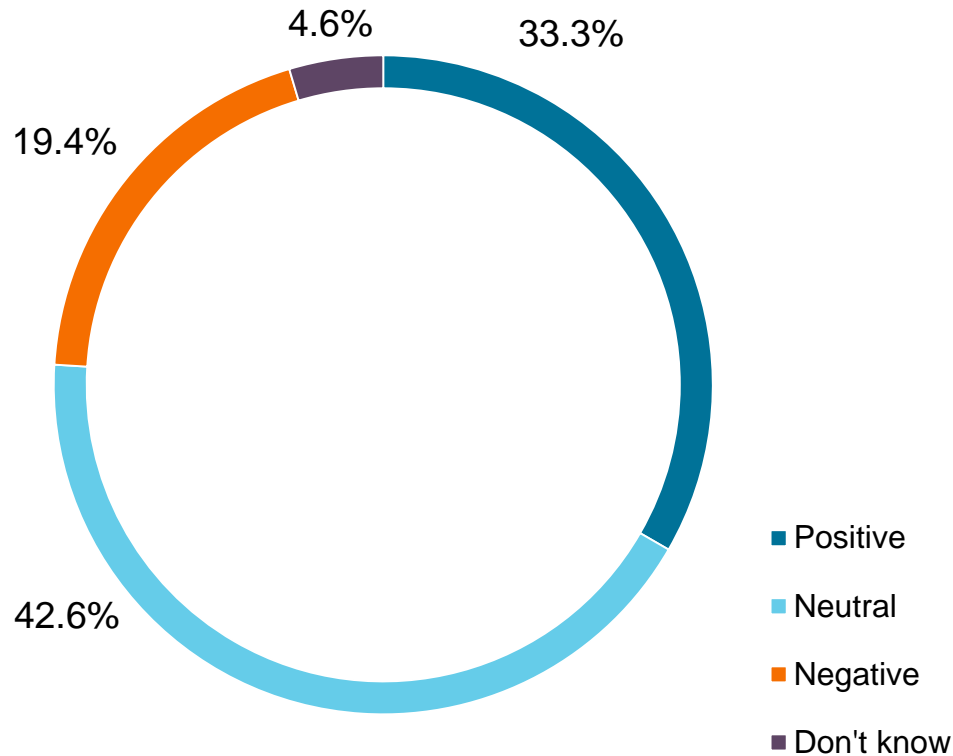


63%

believe that their company will maintain their holdings of UK assets in the next six months

STATE STREET.

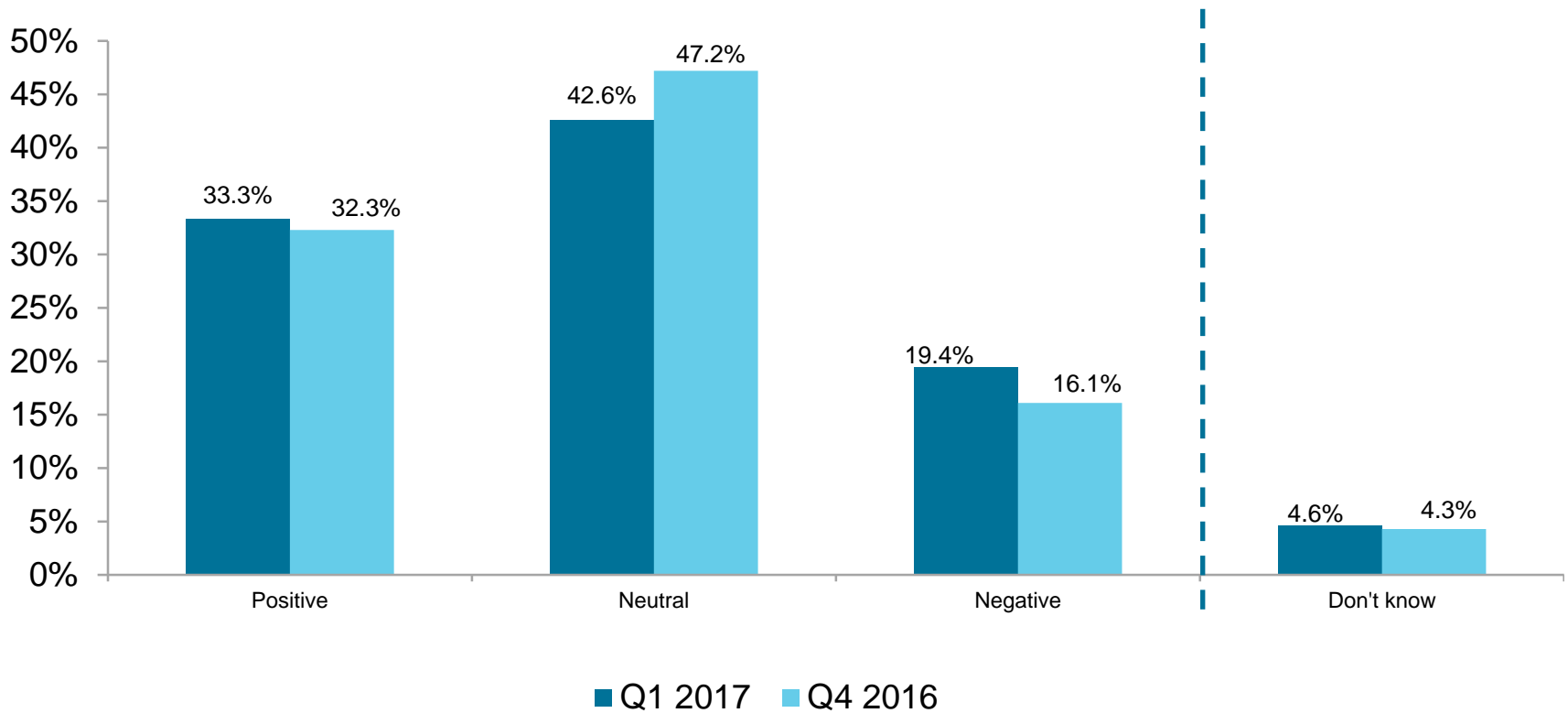
### Q3. What are your expectations of medium-term (three to five years) prospects for global economic growth?



62%

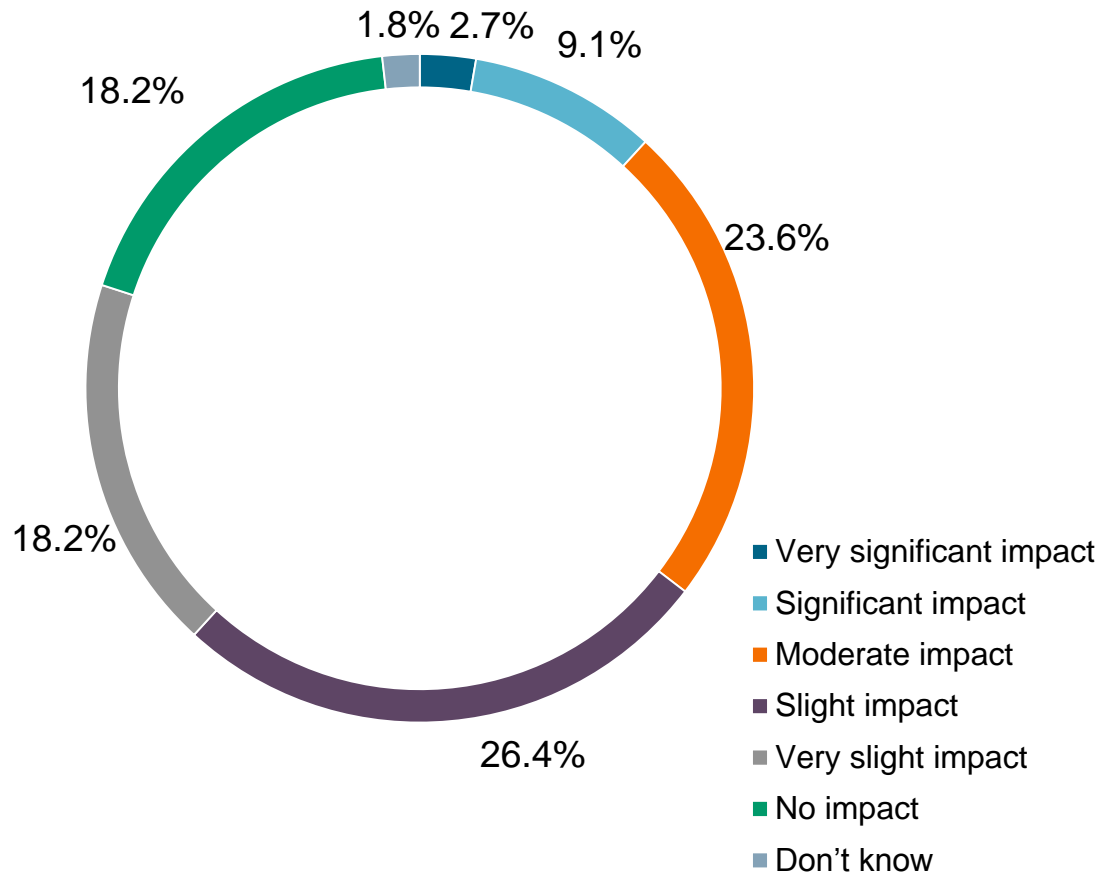
have a neutral or negative outlook on global economic growth prospects

### Q3. What are your expectations of medium-term (three to five years) prospects for global economic growth?





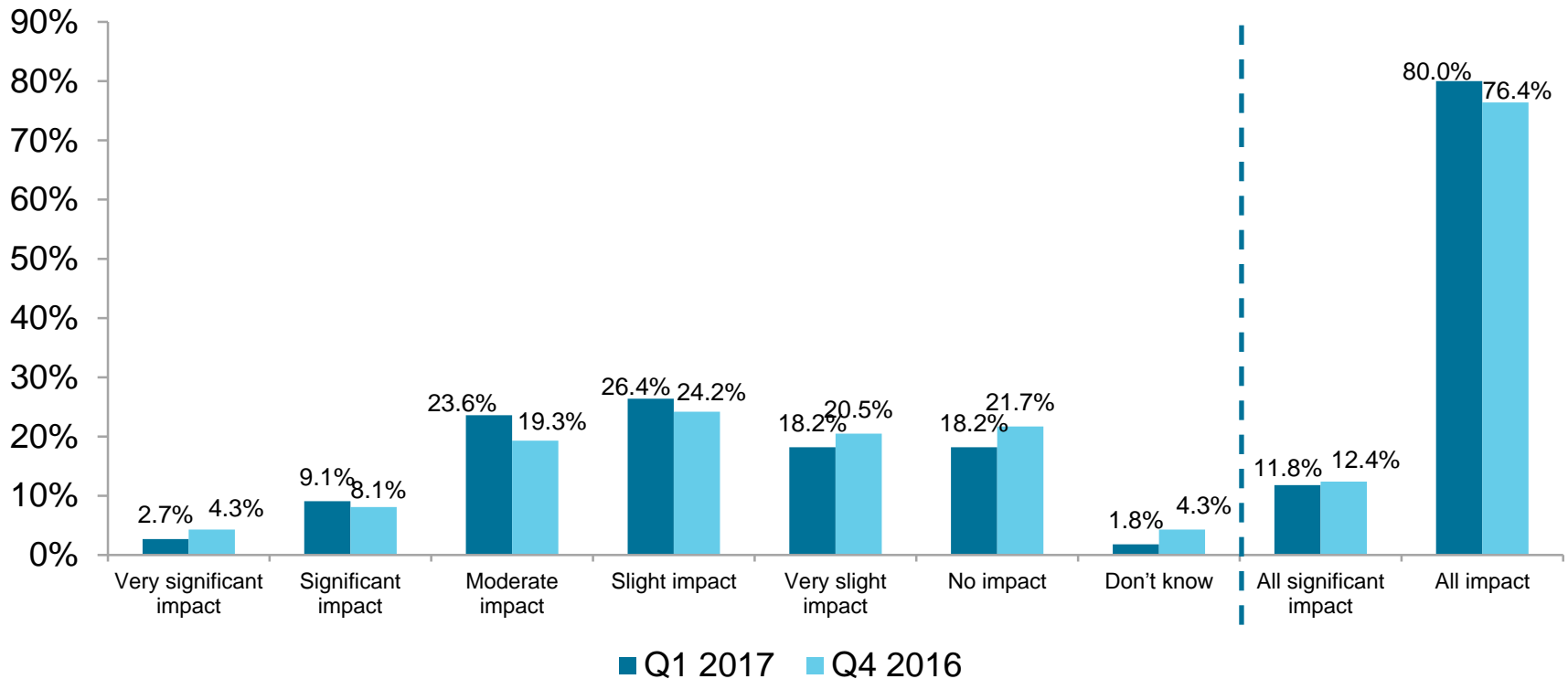
## Q4. What level of impact do you anticipate Brexit having on your business operating model?



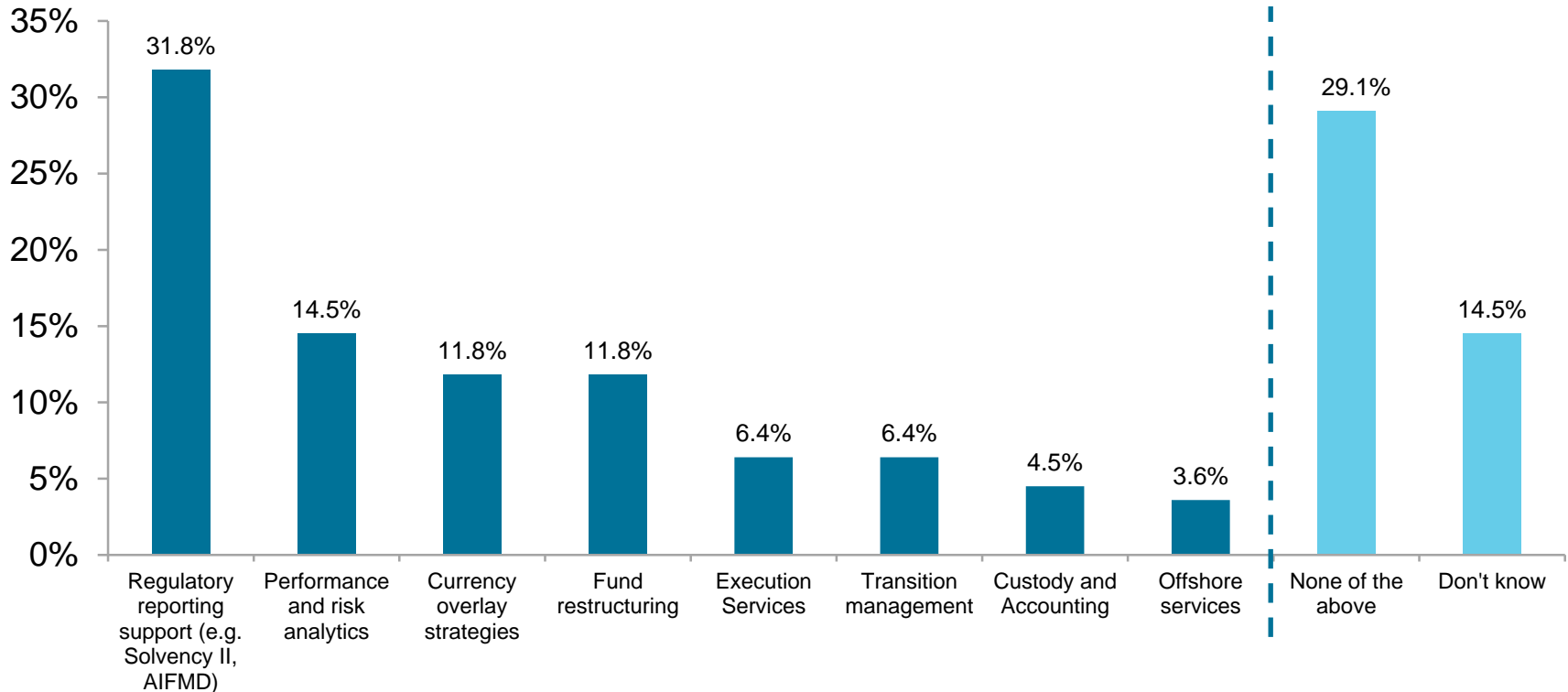
80%

anticipating Brexit to have an impact on their business operating model

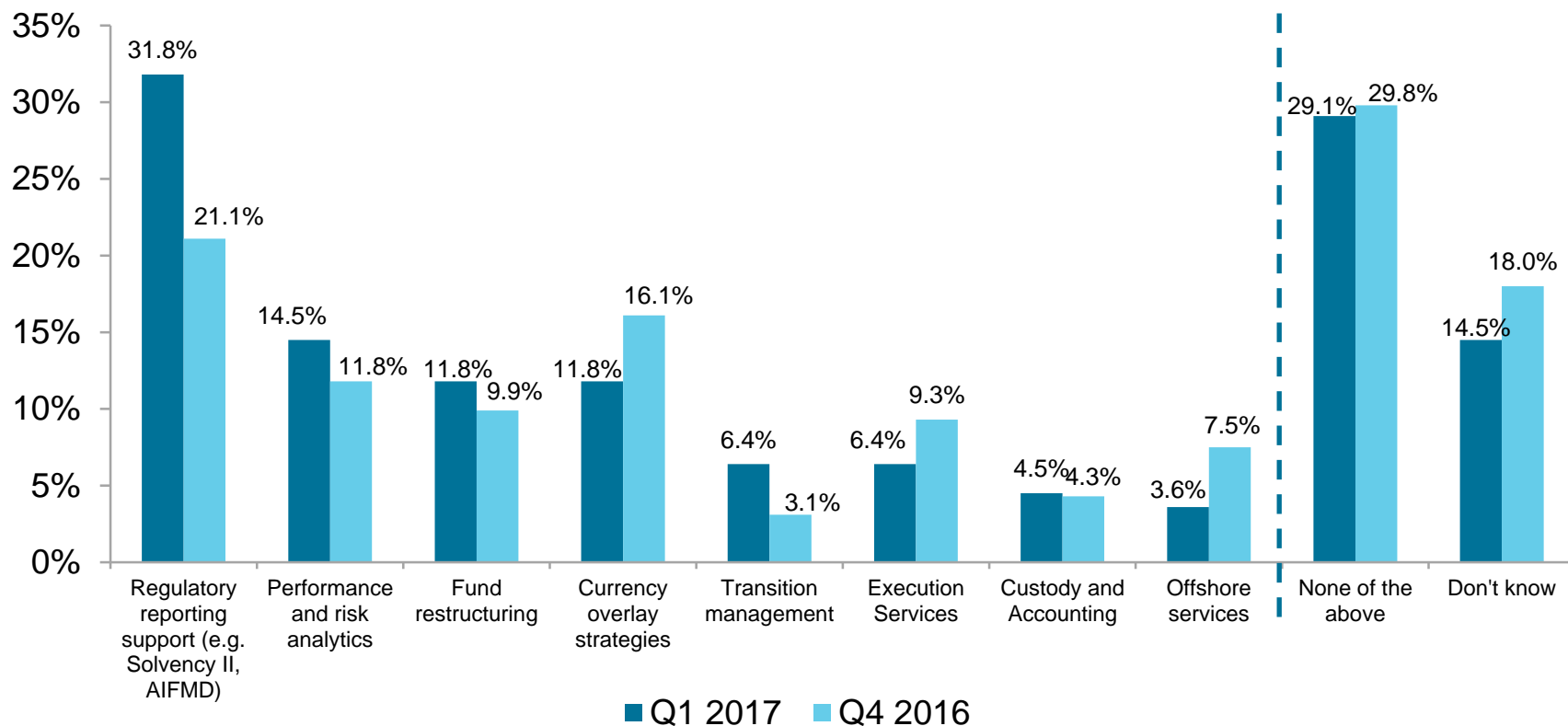
# Q4. What level of impact do you anticipate Brexit having on your business operating model?



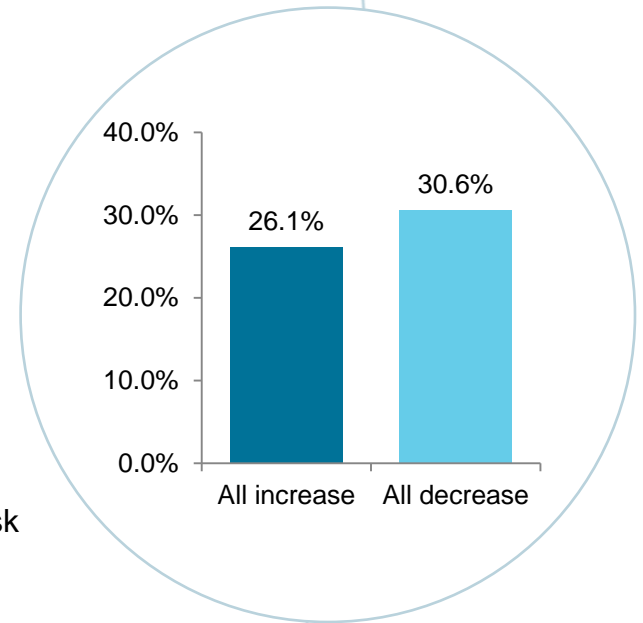
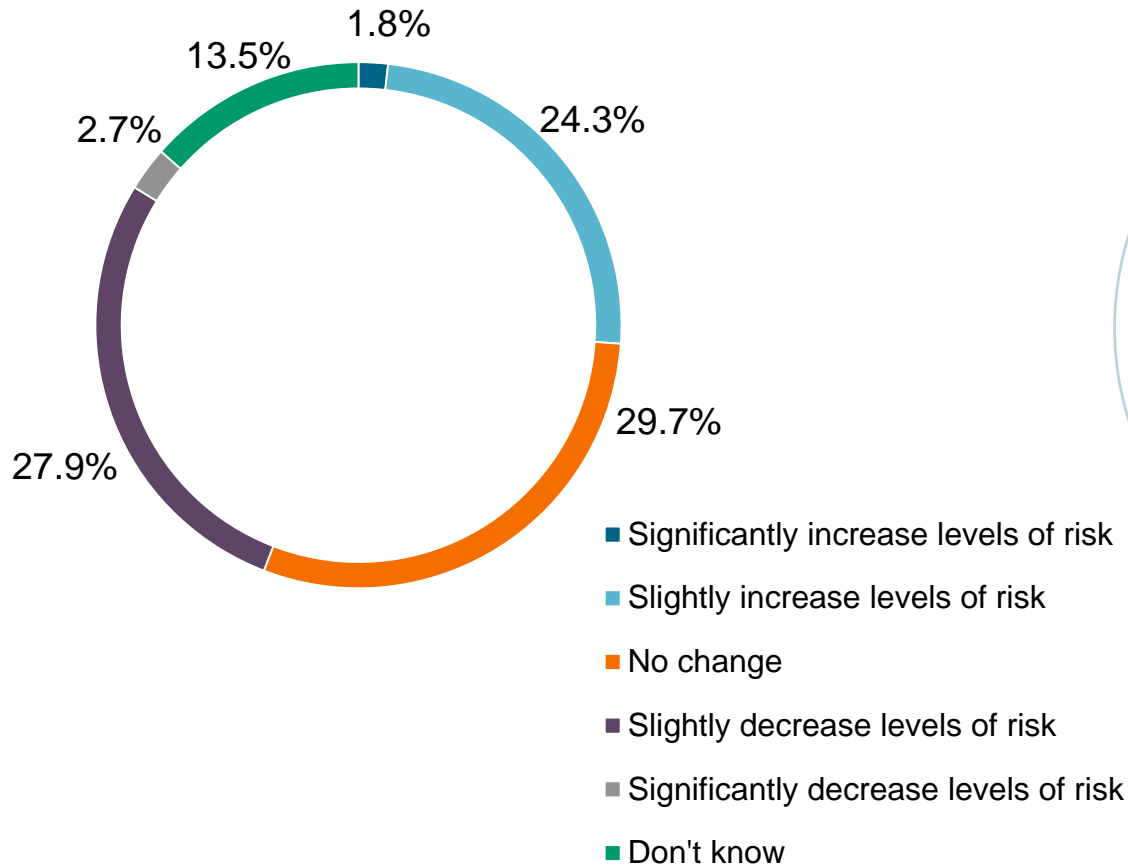
# Q5. Which investment services do you envisage your business will need greater support with following Brexit?



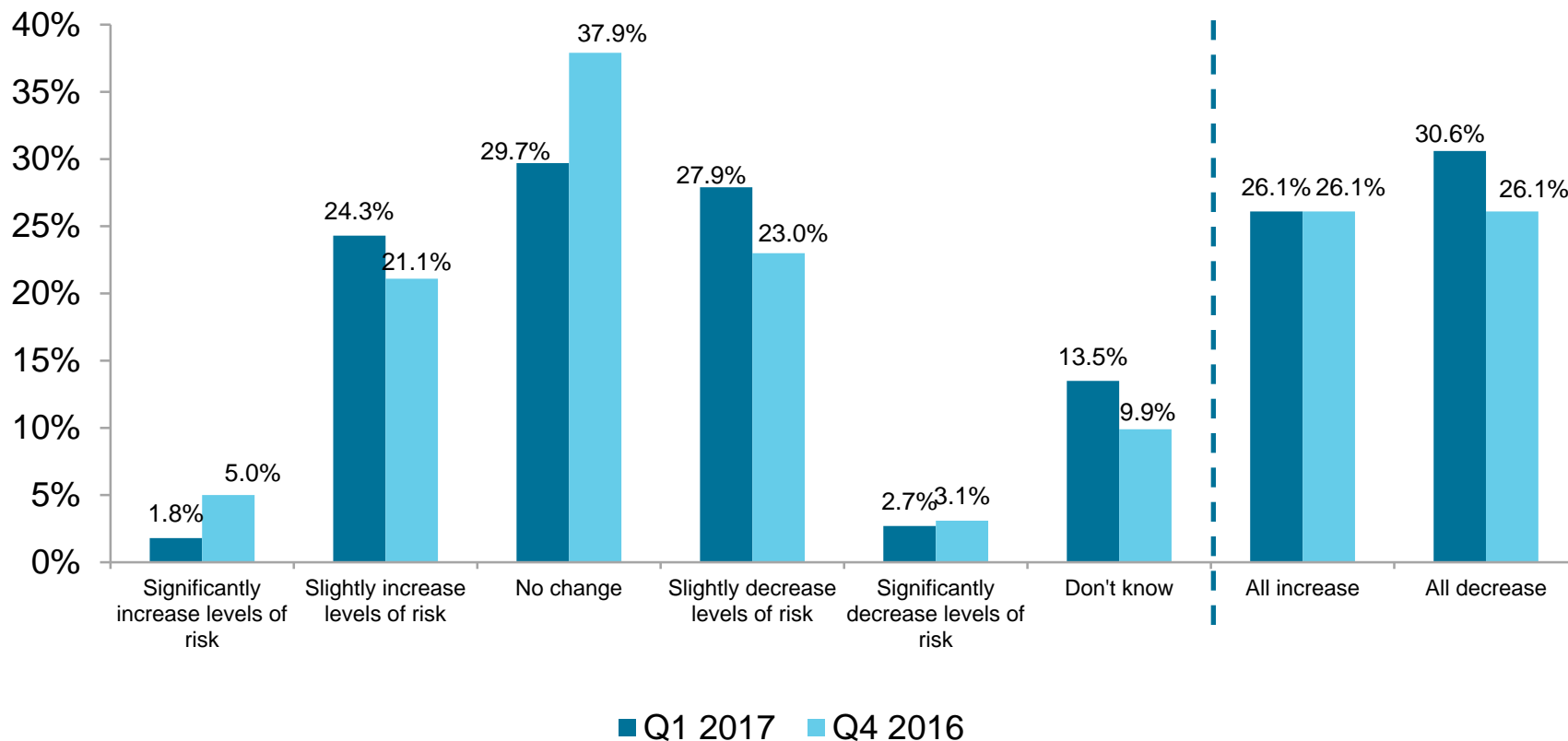
# Q5. Which investment services do you envisage your business will need greater support with following Brexit?



# Q6. Over the next three to five years, how will asset owners change their level of investment risk?



# Q6. Over the next three to five years, how will asset owners change their level of investment risk?



# Disclaimer

## Important Information:

Investing involves risk including the risk of loss of principal.

The information provided does not constitute investment advice and it should not be relied on as such. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without State Street Corporation express written consent.

© 2017 State Street Corporation - All Rights Reserved

CORP-2565

Expiration Date: 01/31/2018