

Institutional Investors Split on U.S. Economic Outlook, Commonfund's Annual Market Sentiment Survey Finds

68 percent of institutional investors surveyed (representing over \$800 billion in total assets) expect the S&P 500 Index to have lower or negative returns in 2025, compared to the 10-year average annualized return.

The threat of a trade war due to tariffs and geopolitical tensions cited as top concerns.

Majority of investors find private markets asset classes to be most attractive.

WILTON, CT, March 27, 2025 — Commonfund, a prominent investment manager for institutional investors, today announced the results of its annual survey featuring market sentiments from more than 200 sophisticated institutional investors recently polled at their annual Forum event, which brought together over 300 investors representing over \$800 billion in assets.

The results of the survey reflect top-of-mind themes and concerns for investors in 2025, including excitement for continued technological innovation, concern over the threat of a trade war due to tariffs and implications of geopolitical conflicts, and optimism for opportunities in private markets and public equities asset classes.

Decreased Optimism and Mixed Expectations Amid Uncertain Policy Decisions

When asked about expectations for U.S. stock market returns in 2025 versus the 10-year annualized return for the S&P 500 Index of 12.39 percent (as of February 14, 2025), two thirds (62%) of investors believe that this year's returns will be lower, a sharp (27%) increase from 2024, when 35 percent of investors shared that view. Twenty percent of investors expect to see "about the same" returns this year, down 25 percent from last year (45%), while six percent of investors expect negative returns, up five percent from 2024 (1%).

Investors have a variety of timely concerns this year, with the top three being cited as: the threat of a trade war due to tariffs (56%), geopolitical tensions (51%), including US-China relations and the wars in the Middle East and Russia / Ukraine, and rising inflation / interest rate adjustments (43%).

"Amid increasing uncertainty in both U.S. and global markets, it's no surprise that institutional investors are divided in their outlook for the U.S. economy under the new administration," remarked Mark Anson, CEO and CIO of Commonfund. "At Commonfund, we are prepared to help investors navigate the many uncertainties expected in the year ahead, especially as institutions continue to grapple with concerns including a potential trade war, persistent geopolitical tensions, rising inflation and much more."

When asked about their expectations of the U.S. economy under the new administration, investor expectations were evenly split, with 22 percent of investors feeling "bullish" and 22 percent feeling "bearish."

When considering their own organizations, the majority (54%) of investors surveyed said they were "moderately bullish" about achieving target returns over the next ten years. Just 16 percent indicated that they are "very bullish" about their return prospects, a 16-point decrease from 2024 (32%) and a 10-point decrease from 2023 (26%). Despite economic

uncertainty, investors remain optimistic about the ability for private markets and alternative asset classes to buoy their portfolios.

Anson added, "Despite the uncertain investment climate, long-term investors remain largely confident in the ability of their organizations to achieve target returns, due in part to increasing confidence in alternative asset classes. We will continue to see how confidence in private markets influences investment decisions in the years ahead"

Additional Findings Include:

- Across asset classes, investors expect private equity (61%), private credit (37%) and venture capital (32%) to deliver the best absolute / total returns in 2025. In 2024, investors expected private equity (50%), public equities (48%) and venture capital (35%) to deliver the best returns.
- AI continues to excite, with 35 percent of investors citing AI and technological innovation as what excites them most in 2025, followed by geopolitical resolutions (17%) and interest rate stability or cuts (16%). Eleven percent of investors cited optimism around philanthropic and mission driven investment growth.
- Optimism in cryptocurrency performance has continued to rally since the sharp decline in 2023. Twelve percent of investors expect crypto to deliver the best absolute/total returns over the next 12 months, compared to seven percent in 2024 and two percent in 2023.

Convening over 300 investors from the United States, Canada, Austria, Japan and the Caribbean, this year's Commonfund Forum centered on the theme of "Leading with Courage & Purpose." The event's programming focused on how to navigate unpredictability in investment portfolios, both in the U.S. and globally, the importance of strong governance practices in nonprofits amidst a changing regulatory and tax environment and the increased opportunity in private markets portfolios. The three-day event included keynotes, panels and breakout sessions from over 40 speakers, and featured Alex Sheen, Founder of 'because I said I would'; Melissa Stockwell, Veteran and Paralympian; Rebecca Patterson, Former Chief Investment Strategist at Bridgewater Associates; Peter Zeihan, President and Founder of Zeihan on Geopolitics; Sue Herera, Anchor at Large on CNBC; Dr. Alison Morrison-Shetlar, President of the University of Lynchburg; Deborah Velazquez, President of the Altman Foundation; Celeste Headlee, NPR journalist and author; and Margot Brandenburg, Senior Program Officer at the Ford Foundation, among many others.

Survey Methodology: Commonfund's Annual Market Sentiment Survey collected answers from 203 respondents representing endowments, foundations, pension funds, operating charities, healthcare organizations, family offices and RIAs. The investors were surveyed in-person at the 27th annual Commonfund Forum, which was held in Orlando, Florida from March 8-11, 2025.

About Commonfund

Commonfund is a leading asset management firm that empowers educational institutions, foundations, pension funds, family offices, RIAs, and other sophisticated investors to achieve their most important goals. Through our Outsourced CIO business, we provide nonprofits access to world-class investment management solutions. Our CF Private Equity business provides access to private equity investments for both nonprofit and for-profit organizations seeking to diversify their portfolios with private investments. Our Commonfund Institute is among the nation's most trusted sources for relevant, useful, and proprietary data, analytics, and best practices in financial management. All our businesses are united by a relentless commitment to investment performance matched by an equally

relentless commitment to the values of trust, transparency, and ethical behavior that have inspired us since our founding more than fifty years ago. www.commonfund.org

Media Contacts

Prosek Partners
pro-commonfund@prosek.com

Tony Ialeggio
Commonfund
203-563-5121
Tony.Ialeggio@commonfund.org

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