



Voice of the Investor

Understanding investor sentiment in
Q1 2025

Key headlines

1

Investor outlook

Q1 sees renewed investor optimism about their personal finances. However, nearly half of investors (47%) expect investment market volatility to increase this year, and 20% are concerned about market volatility impacting the value of their investments.

2

Investor Opportunities

As US stock markets falter, the UK leapfrogs the US to top the best market buying opportunity again. Commodities and cash savings are seen as the best asset buying opportunities. While tech, healthcare and finance retain their positions as leading sector buying opportunities, Energy, Utilities and Materials have all made big gains.

3

Analysis on trending products: Crypto & ISAs

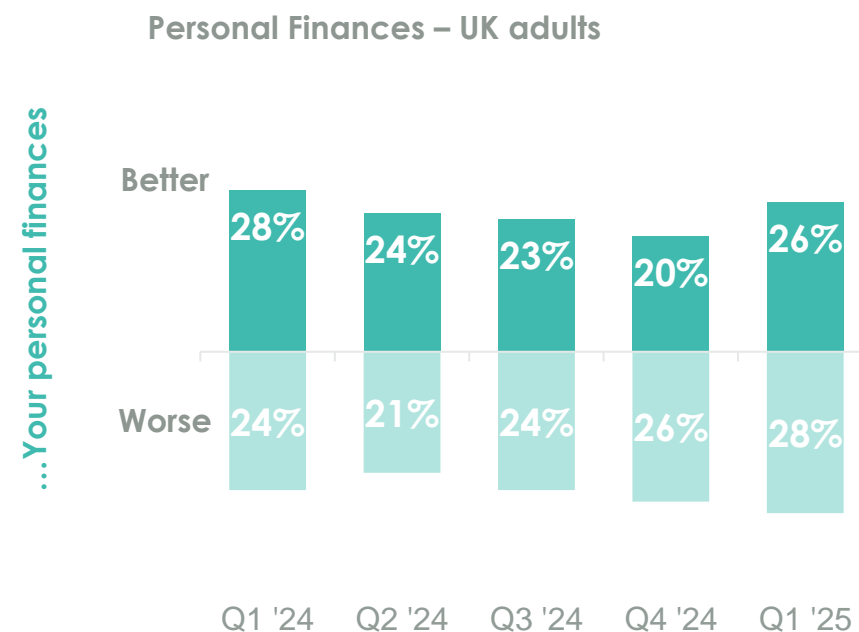
Over the course of the year, Crypto has increasingly been seen as a best buying opportunity, especially among the young. A quarter of investors and over half of young investor are likely to buy Crypto this year. Reducing the cap on Cash ISAs would help encourage a minority of holders to move the money into investments.

Investor Sentiment

After a year of decline, there's been a large increase in UK adults saying they expect their personal finances to improve this year, back on par with Q1 '24

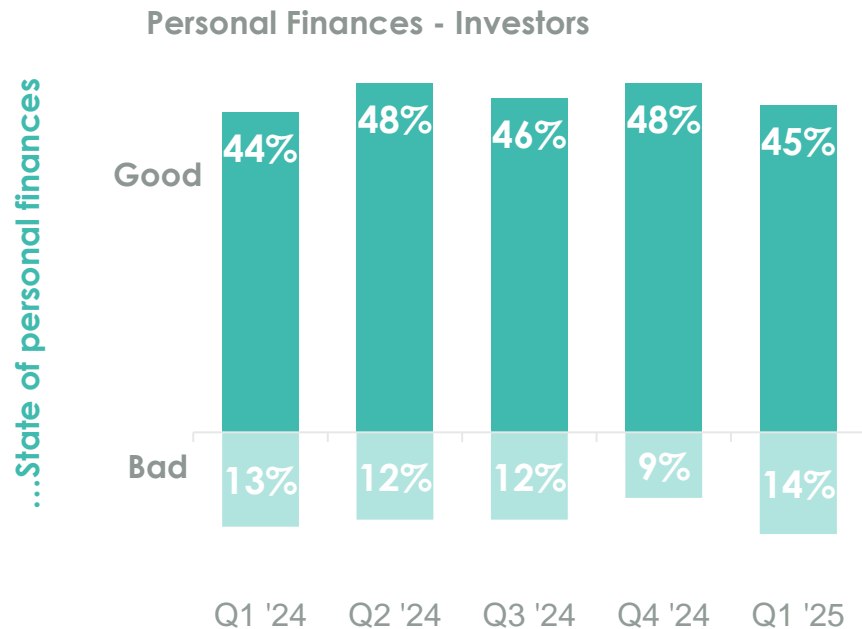


Q – How would you rate the following?...

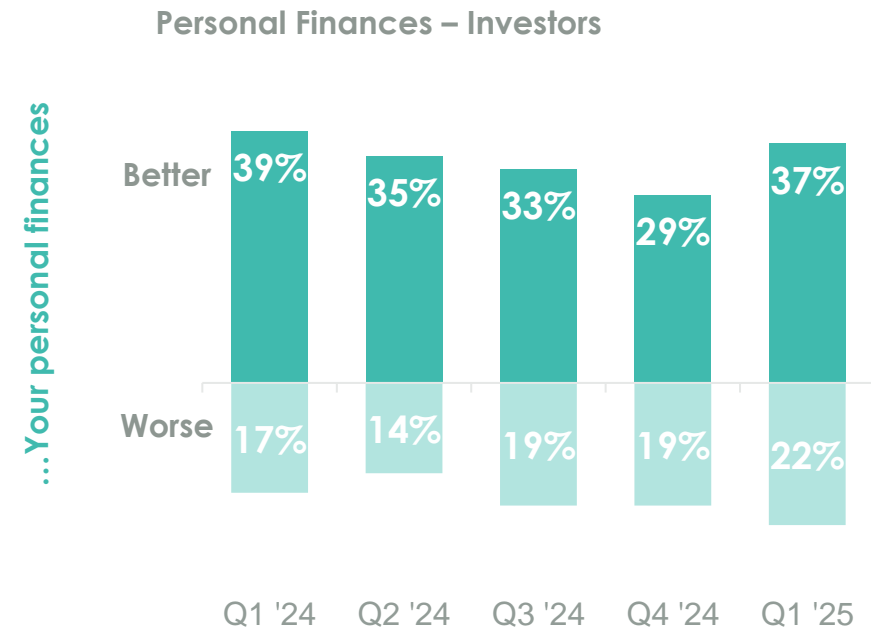


Q – Over the next 12 months, do you expect the following to get better or worse?...

Likewise, there has been an increase in investors who think their finances will get better this year. Almost half (45%) of investors think their personal finances are good

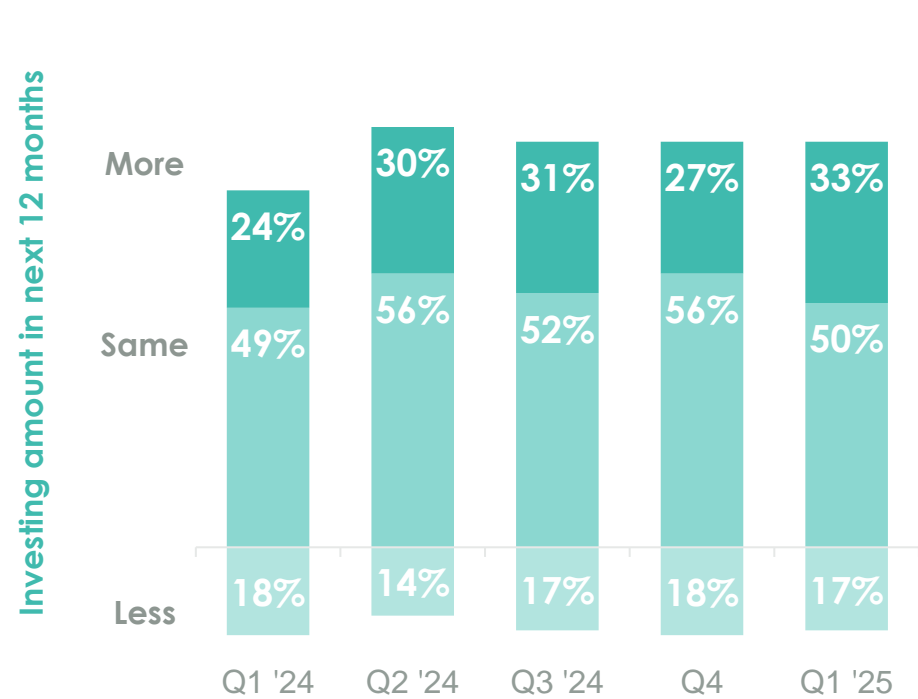


Q – How would you rate the following?...

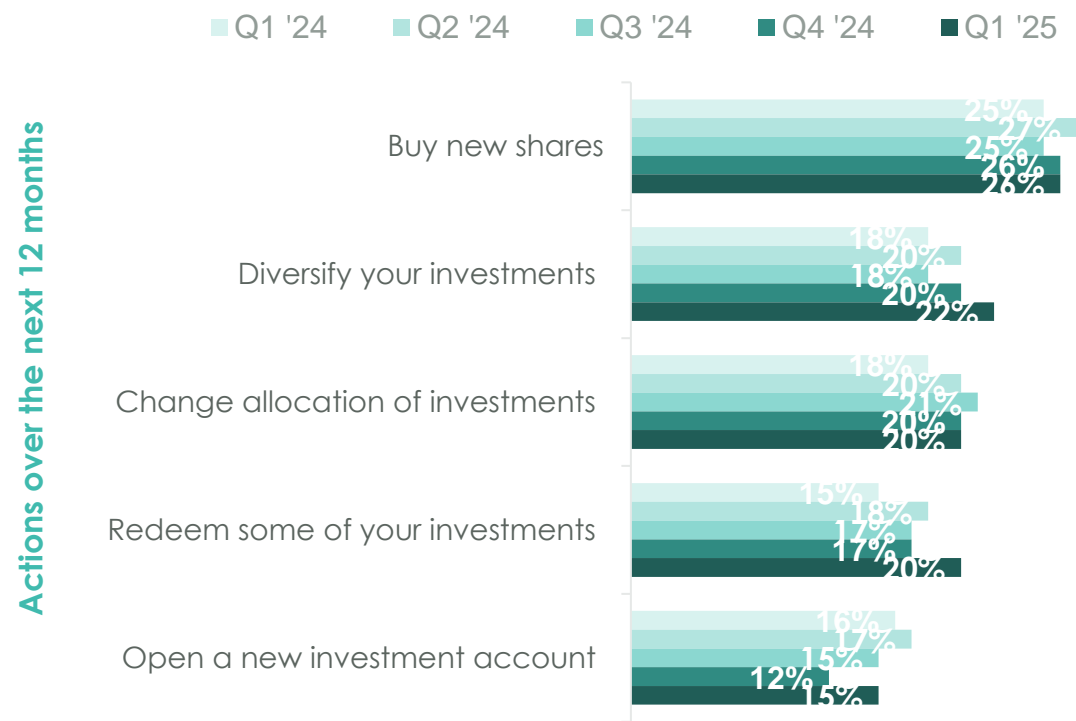


Q – Over the next 12 months, do you expect the following to get better or worse?...

The proportion expecting to invest more over the next 12 months is now double those that expect to invest less and the proportion expecting to open a new account has increased for the first time in a year



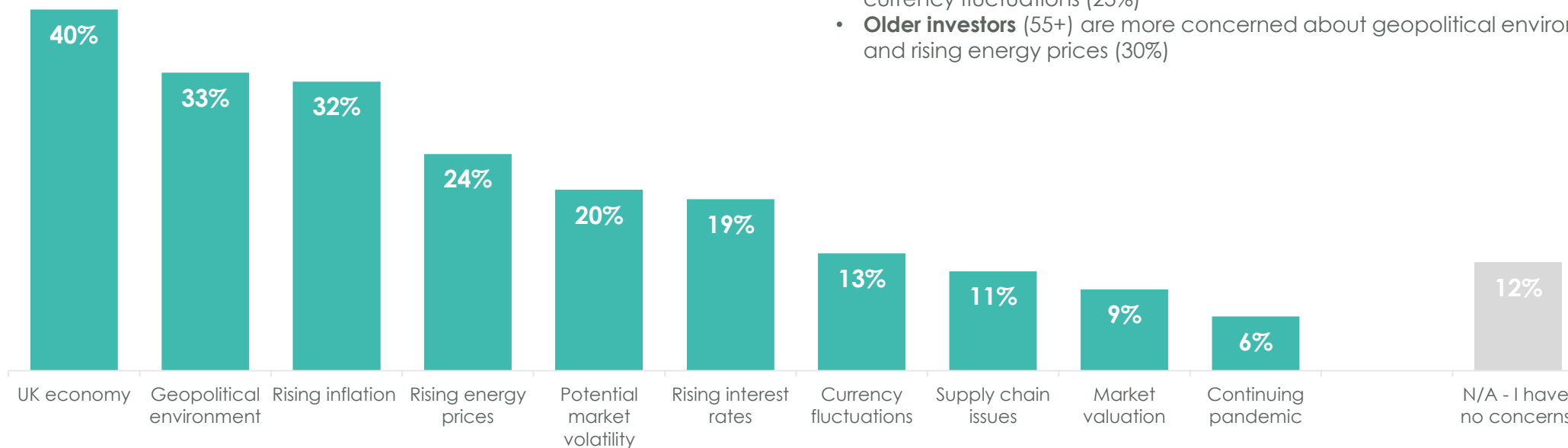
Q - Do you expect to invest more or less over the next 12 months?



Q - Do you expect to do any of the following over the next 12 months?

The UK economy, geopolitical environment and inflation are the key concerns investors hold over the value of their investments. One in five are concerned about market volatility impacting the value of their investments

Concerns about value of investments

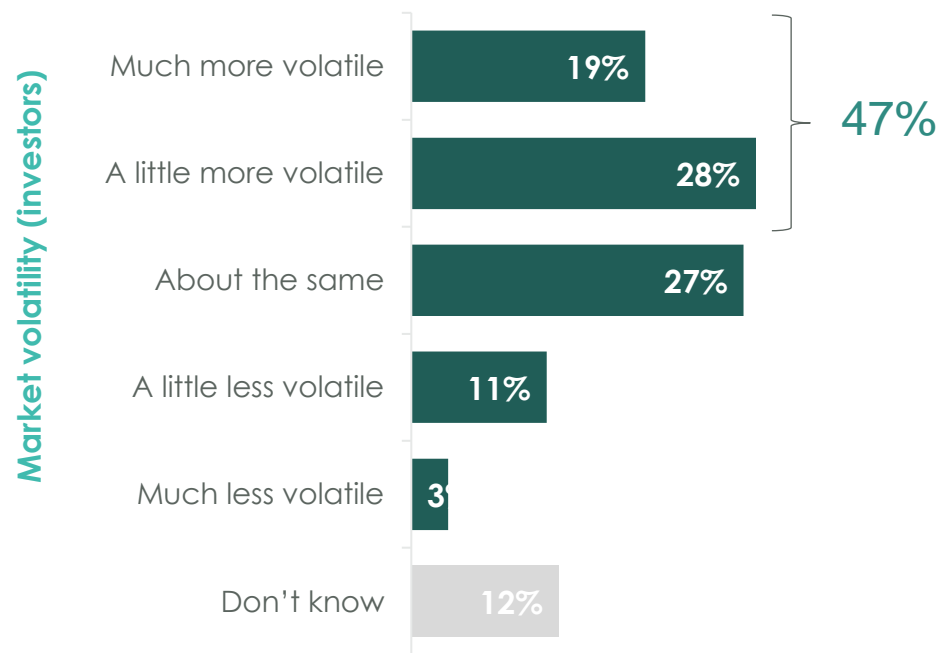


Investor profiling

- **Young investors** (18-34) are more concerned about rising interest rates (28%) and currency fluctuations (23%)
- **Older investors** (55+) are more concerned about geopolitical environment (43%) and rising energy prices (30%)

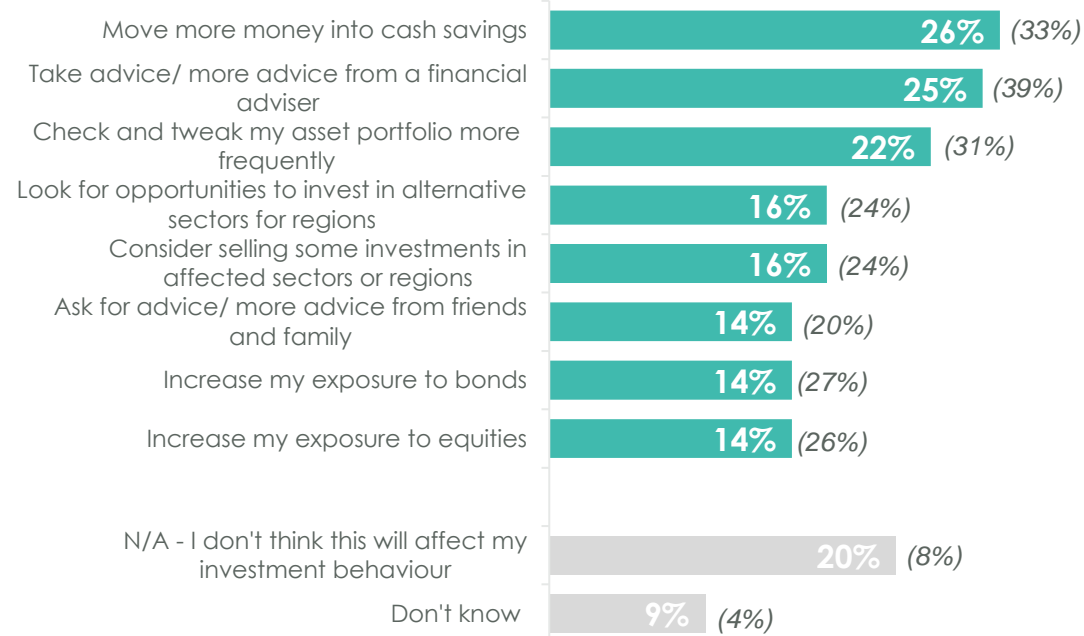
Q - Are you concerned about any of the following having an impact on the value of your investments?

Nearly half of investors expect investments to be more volatile in the next 12 months than the last. Putting money into cash savings and taking financial advice are the main responses



Q - How volatile do you expect investments to be in the next 12 months compared to the previous 12 months?

Actions in response to expected market volatility



Q - You said you expect investments to be more volatile in the next 12 months. What course of action, if any, will you take?



Investor Profiling

*Young investors (18-34) are far more likely to take action in response to market volatility. While older investors are more likely to stay the course.

(*%s in brackets show 18-34 year olds)

Should investments become more volatile, investors are likely to become more engaged, more sensitive to risk but more likely to reduce the amount they invest

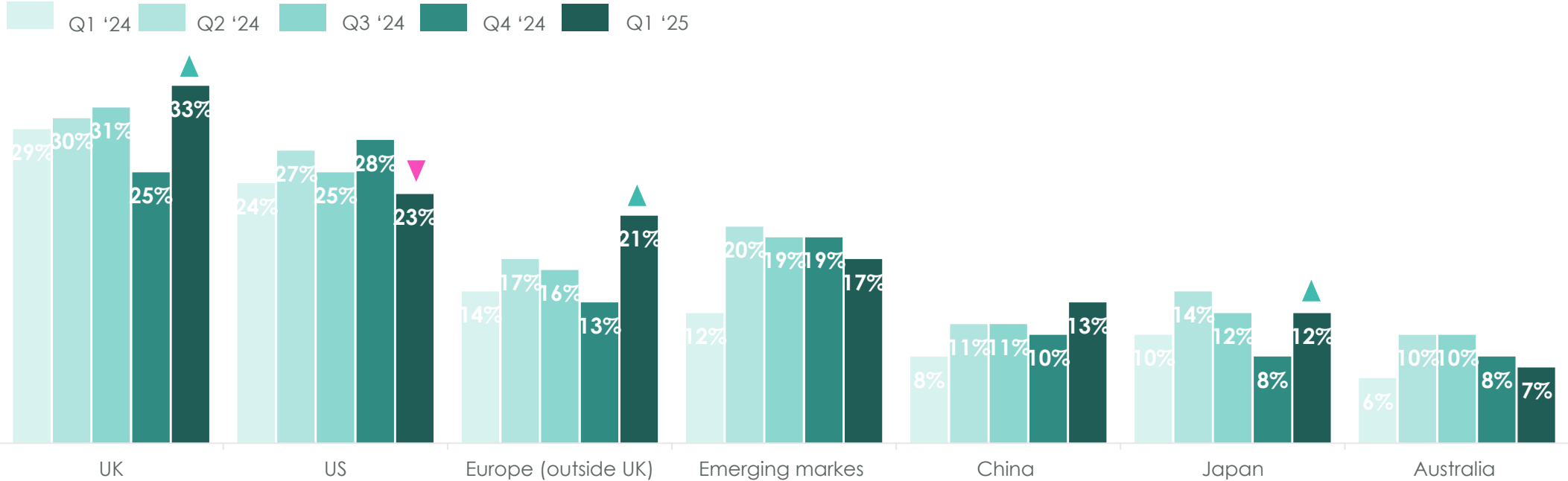


Q – If investments become more volatile in the next 12 months, which of the following courses of action will you be more likely to take?

Best Buying Opportunities

The UK is back to being seen as the best buying opportunity, big gains also for Europe and Japan, while US declines

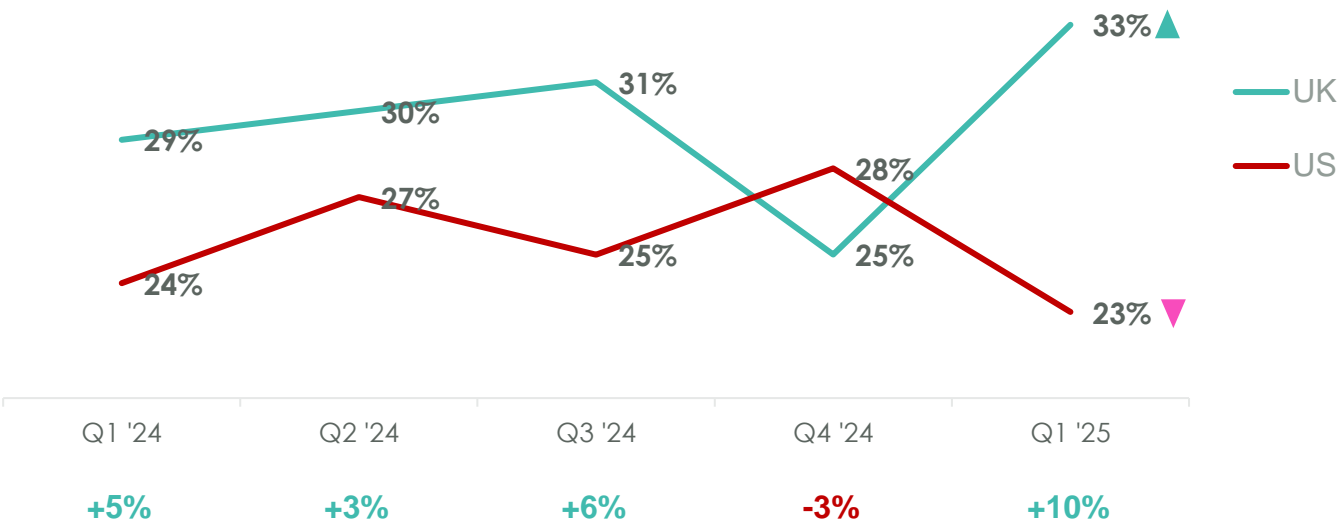
Best buying opportunities: Markets



Q - Which markets do you think present the best buying opportunities for the next 12 months?

US markets have performed poorly recently, and in a reversal from Q4, the UK is now seen as considerably more attractive than the US

Best buying opportunities: Markets



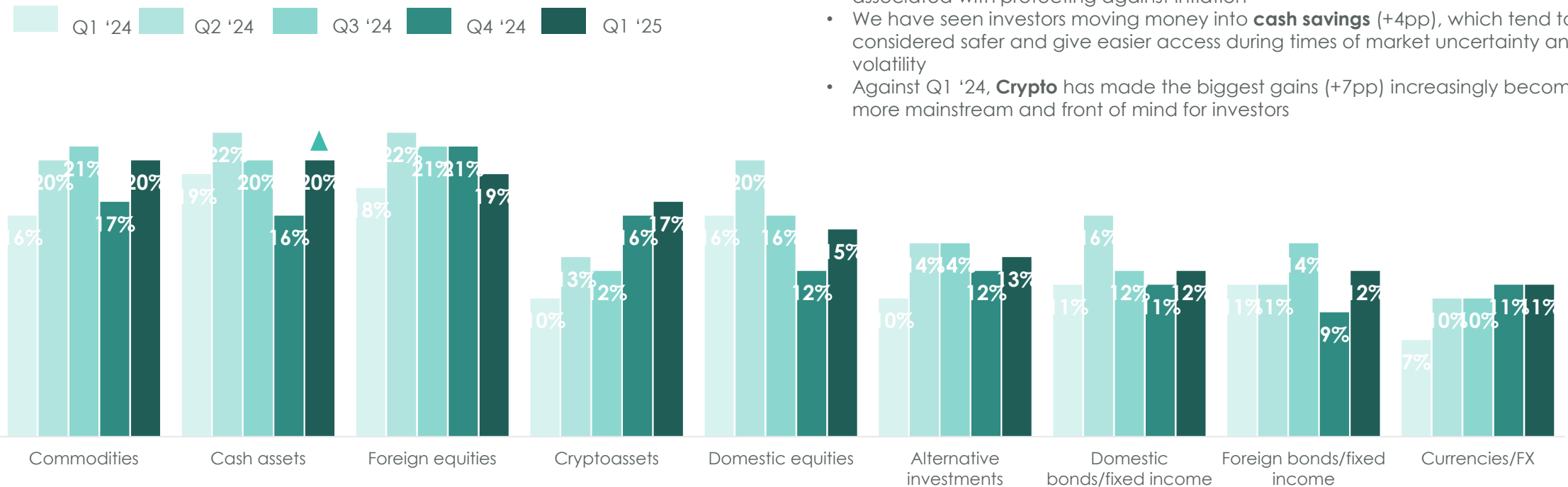
Q - Which markets do you think present the best buying opportunities for the next 12 months?



▲▼ Significant difference since Q4

Commodities, cash assets, foreign exchange and crypto remain the best asset classes for buying opportunities

Best buying opportunities: Asset Class



Q1 '25 Investor Mindset

- We have seen investors moving money into **commodities** (+3pp), which are often associated with protecting against inflation
- We have seen investors moving money into **cash savings** (+4pp), which tend to be considered safer and give easier access during times of market uncertainty and volatility
- Against Q1 '24, **Crypto** has made the biggest gains (+7pp) increasingly becoming more mainstream and front of mind for investors

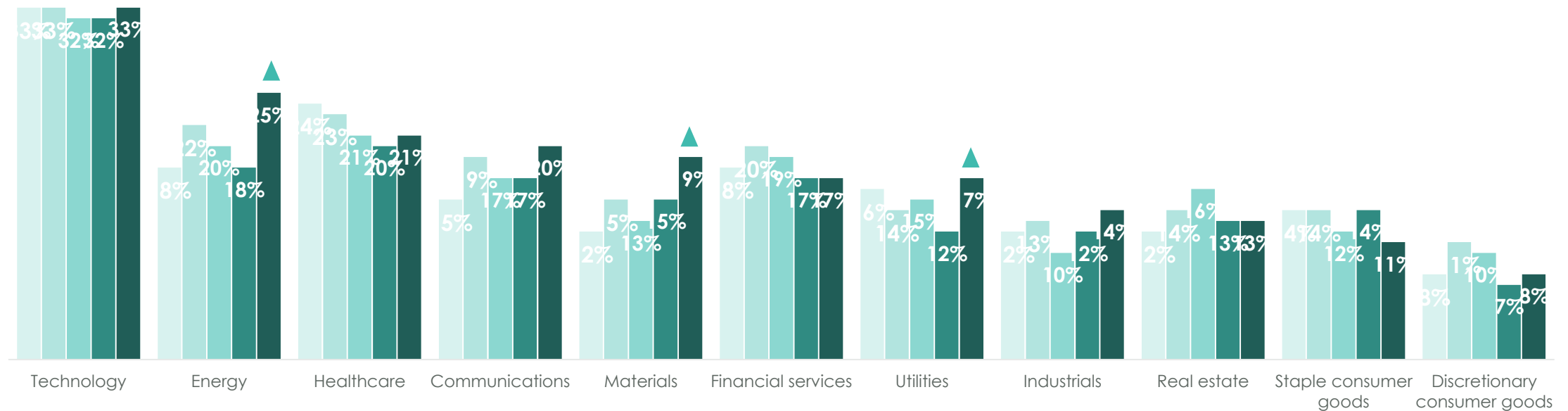
Q - Which asset classes do you think present the best buying opportunities for the next 12 months?



There has been a large increase in investors saying materials and utilities represent best buying opportunities, as well as a surge of interest in the energy sector

Best buying opportunities: Sectors

Q1 '24 Q2 '24 Q3 '24 Q4 '24 Q1 '25



Q1 '25 Investor Mindset

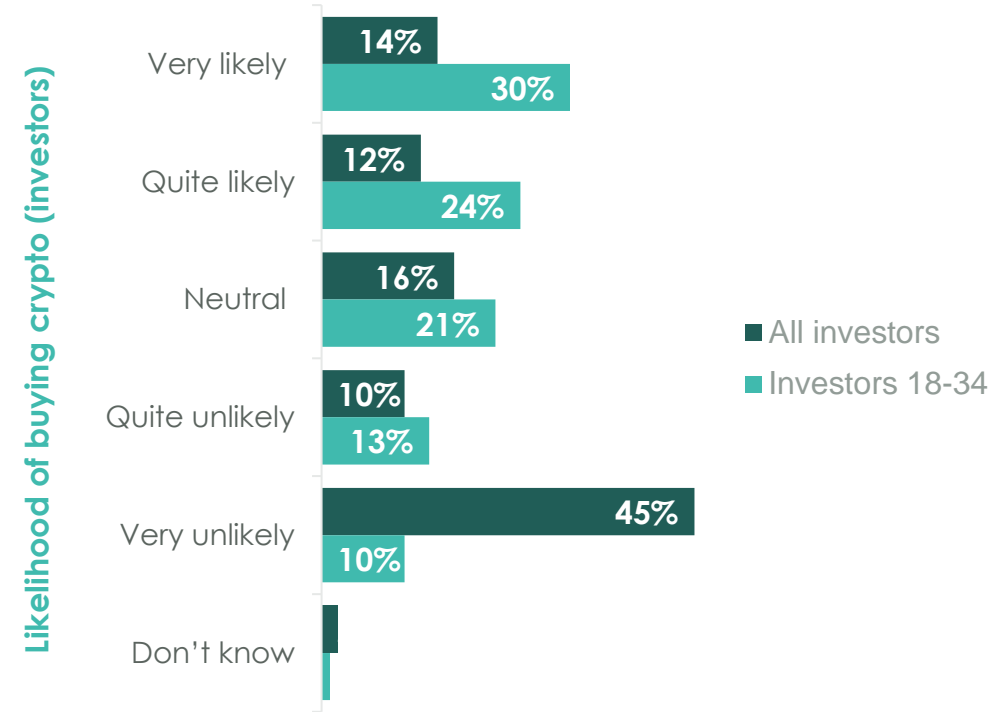
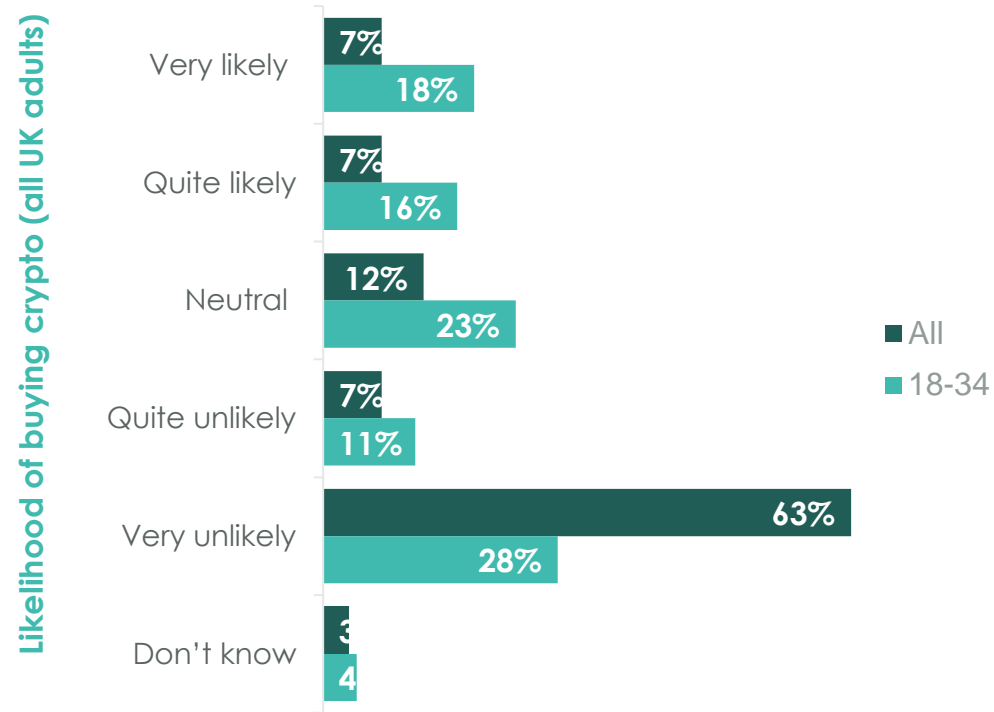
- Sectors that fit within the "commodities" asset class have seen big gains in Q1: **Energy** (+7pp), **Materials** (+4pp) and **Utilities** (+5pp)
- **Technology** remains top of the pile. While **healthcare** and **financial services** both are stable and remain key sectors

Q - Which sectors do you think present the best buying opportunities for the next 12 months?



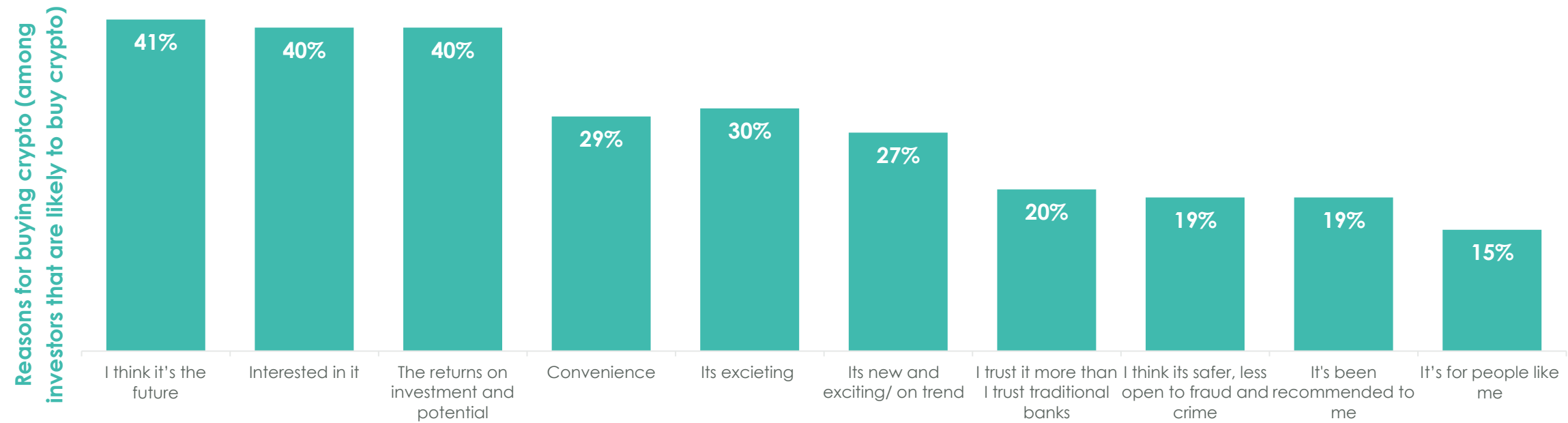
Product Analysis: Crypto & ISAs

A quarter of investors are likely to buy crypto in the next 12 months, rising to over half of young investors. Only a quarter of young investors are unlikely to buy crypto



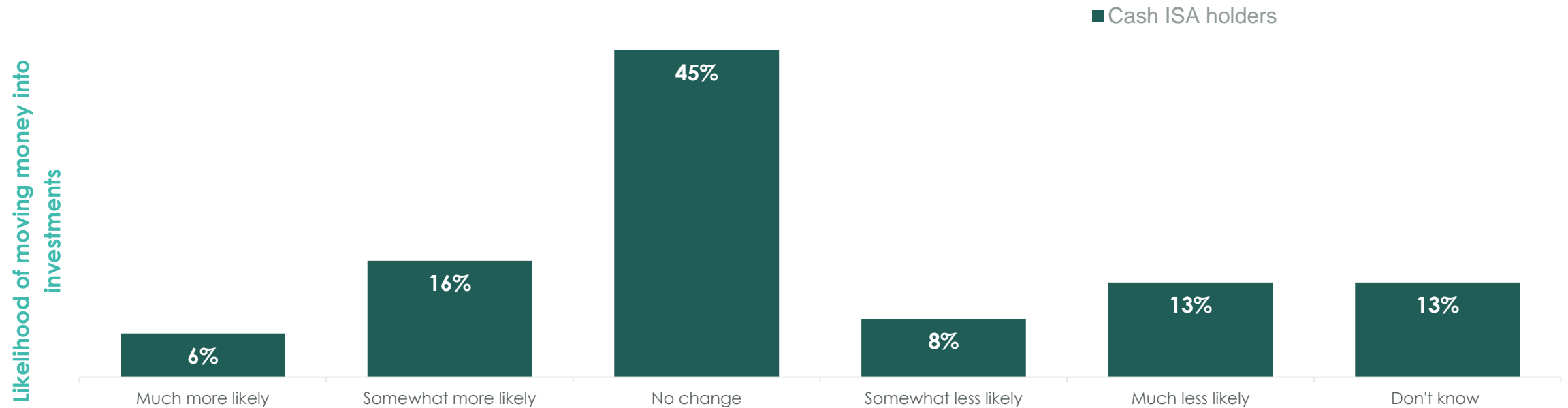
Q - How likely are you to buy crypto currency in the next 12 months?

The main reasons for considering buying crypto currency include being interested in it, thinking it's the future and the potential returns



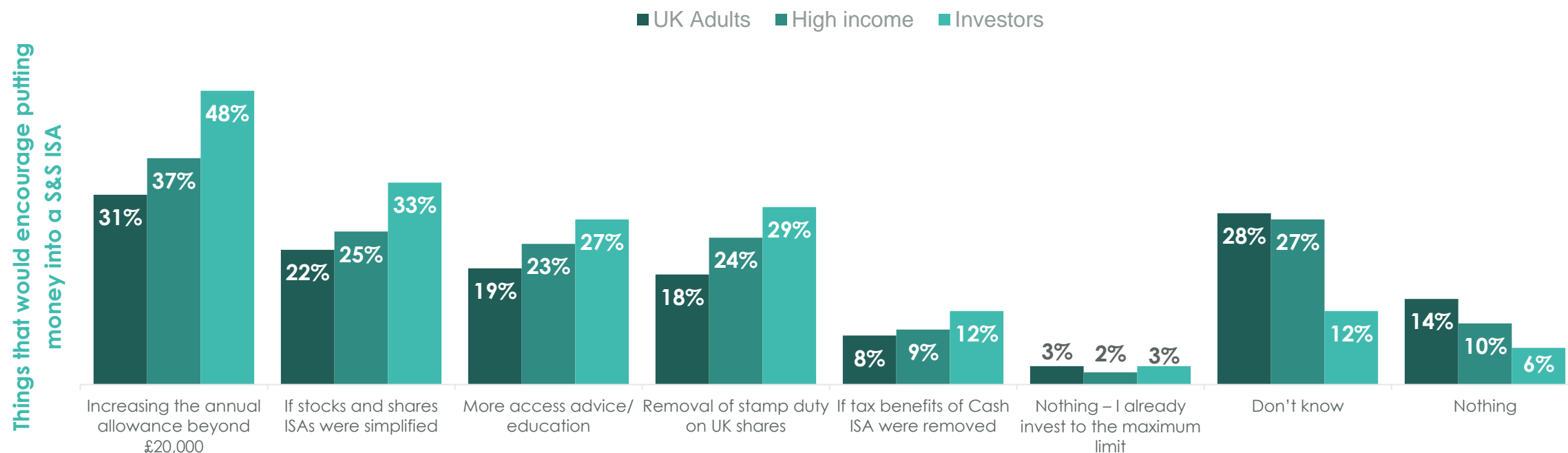
Q - You said you are likely to buy crypto currency in the next 12 months. What are the main reasons for you buying crypto currency?

Reducing or scrapping the cap on cash ISAs would convince a minority of cash ISA holders to move money into investments. Most wouldn't change



Q - Bank of England data shows 2024 to be a record year for Cash ISAs with savers depositing nearly £49.8bn. The annual ISA allowance currently stands at £20,000 but the government has come under pressure recently to reduce or scrap the cap in a bid to encourage savers to invest more. If the government were to reduce or scrap the current ISA allowance, would you be any more likely to move more money into your investments?

Increasing the allowance beyond £20k, simplifying the product and providing more advice are the key things that would encourage UK adults, and current investors in particular, to put more money into stocks & shares ISAs



Q - What, if anything, do you think would encourage clients/investors to begin investing, or invest more, in a stocks and shares ISA?

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