

Global equities the top choice for returns as investors embrace diversified approaches

Philip Robotham, Head of Wealth at Schroders

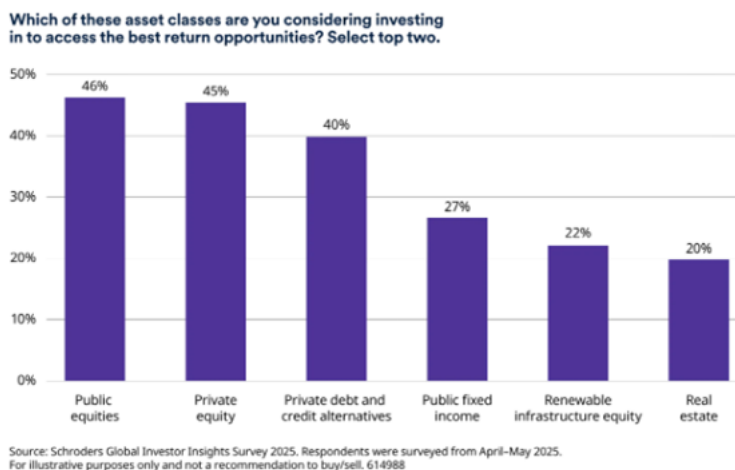
The Schroders' Global Investor Insights Survey for 2025 reveals that equities, both public and private, are the preferred choice for investors seeking returns.

The Schroders Global Investor Insights Survey 2025 reveals that investors see public equities as offering the best return potential among major asset classes. Public equities are the top choice for 46% of respondents, slightly ahead of private equity (45%).

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This finding comes despite the stock market volatility experienced during the survey period, with fieldwork taking place in April and May in the wake of the "Liberation Day" tariff announcements.

The survey's findings point to a sense of cautious optimism among global investors. While 41% are maintaining their current risk exposure, 21% are increasing it—indicating a measured shift in sentiment rather than inertia. Where investors are seeking returns over the next 12-18 months, equities emerge as the asset class of choice.

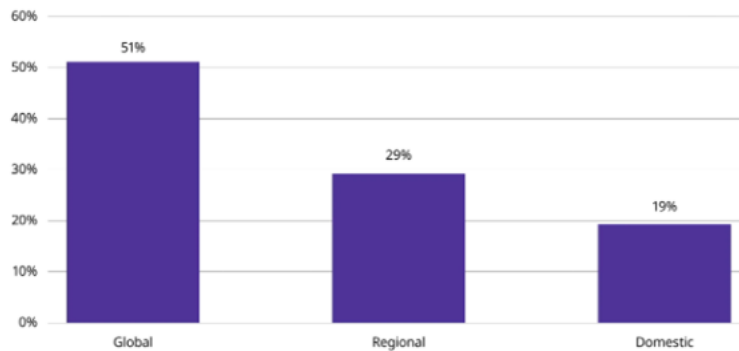


Alex Tedder, CIO Equities, said, "In a market that's anything but predictable, investors are turning to what they know: public equities. Not out of habit, but because they offer the agility and global reach needed to navigate complexity and capture performance."

Preference for global equities amid shift away from US

Of those respondents favouring public equities for return potential, global equities are the clear preference with 51% saying they believe they will generate the strongest returns. This suggests a tilt towards globally diversified equity exposure after a prolonged period where the US has been the dominant force powering global equity markets.

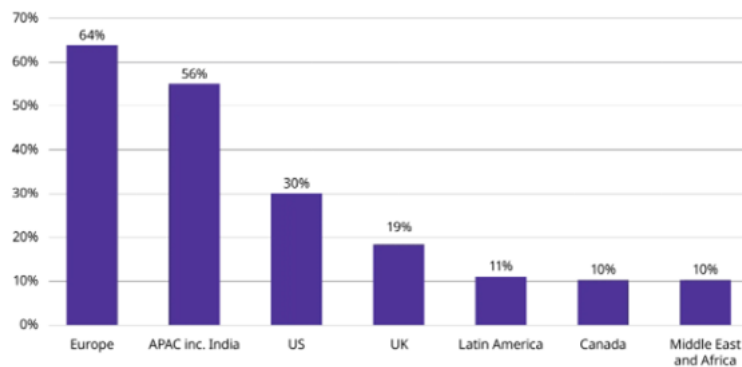
In which of the following areas do you believe public equities will deliver the strongest returns?



Source: Schroders Global Investor Insights Survey 2025. Respondents were surveyed from April–May 2025. Question only asked of respondents who chose public equities as one of their top asset classes that will deliver the best return opportunities. For illustrative purposes only and not a recommendation to buy/sell. 614988

Of those favouring regional approaches (29%), Europe and APAC are the top choices. The US is not shunned entirely, with 30% still citing it as their regional preference.

In which of the following regions do you believe public equities will deliver the strongest returns? Select all that apply.



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These findings may reflect the market shocks witnessed so far this year. Tariff disruption is the current headline, but investors won't have forgotten the volatility in January caused by China's DeepSeek and the challenge its low-cost artificial intelligence (AI) model poses to the US market leaders.

Both cases served as a wake-up call to investors who had become accustomed to US market leadership, and to mega cap US tech stocks in particular being the most reliable source of returns.

Meanwhile, events elsewhere have reignited investor interest in some previously neglected areas. For example, European stock markets have received a boost from the new German government's investment plans.

Alex Tedder, CIO Equities, said, "The only bet you needed to make in the last ten years was to own the US. Whereas now, if Europe and Asia are getting incrementally better (admittedly off a low base), and the US is getting incrementally worse, then underlying asset flows will continue to shift towards those regions."

Active approaches favoured amid anxiety over concentrated indices

Within public equities, 53% favour active strategies and 37% prefer blended approaches - only 10% trust passive to do the job. Active equities are increasingly favoured for their

ability to handle concentration risks; indeed, only 5.5% of investors said they were not worried about such risks.

Of those who are worried, 74% cite US equity market concentration as a dominant concern, likely reflecting anxiety around the outsized impact of that handful of large-cap technology stocks.

The outperformance of the US for the past decade has seen its weighting increase very substantially in major global equity benchmarks (currently 72% of the MSCI World index). Passive investors tracking those benchmarks may find they have high exposure to the US, and certain mega cap stocks within the US, but don't have the desired exposure to potential improvements in other areas like Europe.

Actively managed global equity strategies, which can capture opportunities wherever they may be, are a way to avoid this concentration risk.



The growing conviction in global diversification is underscored by preferences around market capitalisation. Large cap exposures are perceived as the most resilient return engines, with 57%, but mid caps are not far behind, with 51%. Again, this suggests that investors are looking to move away from the US mega caps that have served so well over the past few years and towards active exposure across the market capitalisation spectrum.

Alex Tedder, CIO Equities, added, "In an increasingly complex investment landscape, it's clear that global investors still see public equities as a compelling source of long-term returns. Their renewed confidence – reflected in increased interest in active strategies – speaks to the critical role of agile, forward-looking equity management in navigating concentration risks and capitalising on growth trends."

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