

Index of Investor Optimism

The UBS/Gallup Poll of Investor Attitudes

INVESTOR OPTIMISM GROWS IN OCTOBER, ACCORDING TO UBS *INDEX*

Investors Signal More Upbeat Outlook on Job Market

NEW YORK, October 27, 2003 – Investor optimism climbed in October, as investors expressed increased confidence about the prospects for the U.S. employment rate, according to the *UBS Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 69, the overall *Index* rose 15 points this month, up from 54 in September. Conducted monthly, the *Index* had a baseline of 124 when it was established in 1996.

In October, 41 percent of those surveyed report they are optimistic about the outlook for the job market over the next year, up from 31 percent last month, and reaching its highest level since April 2003. Additionally, nearly two-thirds of investors, 64 percent, express confidence that they will be able to maintain or increase their personal income or earnings during the next 12 months.

Notably, investors say they earned an average return of 9.6 percent on their personal portfolios in the past 12 months, the highest level since November 2000. Substantial investors, those with more than \$100,000 in investable assets, report an average return of 12.6 percent on their personal investments, while average investors, those with \$10,000 to \$100,000 in investable assets, say they earned 7.5 percent. Investors' expectations for short-term return, over the next 12 months, rose to 9.5 percent in October, up from 8.5 percent last month.

A majority of those surveyed, 59 percent, say now is a good time to invest in the markets. Likewise, more than half of investors, 54 percent, express optimism about the performance of the financial markets in the coming year. When asked how long it will be before the Dow Jones Industrial Average reaches the 11,000 mark achieved in June 2001, 48 percent of investors say they believe it will reach this level within the next two years. Another 19 percent of those surveyed predict the DJIA will hit 11,000 within the next three years. About a quarter of those surveyed, 24 percent, believe it will take more than three years to reach 11,000, while 6 percent say it will never reach that level again.

Importantly, 57 percent of investors believe that the nation's economic downturn has reached bottom, up from 53 percent in July 2003, the last time investors were polled on the subject. Moreover, 48 percent of those surveyed consider the economy to be in a sustained expansion or recovery. Younger investors, those under age 40, are more likely to share this view, with 56 percent saying that the U.S. economy is in recovery or expansion compared with 46 percent among older investors, those over age 40. Among those investors who say the economy is currently in a slowdown or recession, more than half, 53 percent, believe it will be at least two years from now or longer before the U.S. economy is on the way to recovery.

These findings are part of the 66th *Index of Investor Optimism*, which was conducted October 1 to October 16. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, research director for Gallup, said the sampling included 802 investors randomly selected from across the country. For this study, the American investor is defined as any person who is head of a household or a spouse in any household with total savings and investments of \$10,000 or more. Nearly 40 percent of American households have at least this amount in savings and investments. The sampling error in the results is plus or minus four percentage points.

For more than 60 years, the Gallup Organization has been a recognized leader in the measurement and analysis of people's attitudes, opinions and behavior. While best known for the Gallup Poll, founded in 1935, Gallup's current activities consist largely of providing marketing and management research, advisory services and education to the world's largest corporations and institutions.

UBS is the world's leading wealth management business. In the U.S., it is the third largest private client business with a client base of more than 2 million investors. Its American network of more than 8,200 financial advisors manages roughly 600 billion Swiss francs in invested assets and provides sophisticated services through consultative relationships with affluent and high net worth clients. In Switzerland and internationally, UBS has more than 140 years of private banking experience, an extensive global network of 164 offices and nearly 650 billion Swiss francs in invested assets. More than 3,200 client advisors provide a comprehensive range of services customized for wealthy individuals, ranging from asset management to estate planning and from corporate finance to art banking.

Additional information about the *Index of Investor Optimism* can be found at www.ubs.com/investoroptimism.

UBS *Index of Investor Optimism* overall trend

	OVERALL INDEX
03 October	69
03 September	54
03 August	61
03 July	54
03 June	77
03 May	42
03 April	66
03 March	5
03 February	9
03 January	38
02 December	52
02 November	41
02 October	29
02 September	60
02 August	52
02 July	46
02 June	72
02 May	90
02 April	89
02 March	121
02 February	92
02 January	115
01 December	88
01 November	84
01 October	86
01 September	50
01 August	76
01 July	74
01 June	85
01 May	90
01 April	81
01 March	82
01 February	77
01 January	96
00 December	106
00 November	130
00 October	132
00 September	147
00 August	160
00 July	143
00 June	149
00 May	155
00 April	140

00 March	150
00 February	168
00 January	178
99 December	174
99 November	148
99 October	139
99 September	160
99 August	149
99 July	166
99 June	146
99 May	163
99 April	168
99 March	151
99 February	167
98 December	141
98 September	147
98 June	160
98 March	161
97 December	151
97 September	151
97 June	152
97 February	128
96 November	125
96 October	124