

Index of Investor Optimism

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The UBS/Gallup Poll of Investor Attitudes

FUELED BY RISING CONFIDENCE IN ECONOMIC GROWTH, INVESTOR OPTIMISM SOARS IN NOVEMBER, ACCORDING TO UBS *INDEX*

Six in 10 Investors Now Say Economy in Recovery or Expansion

NEW YORK, November 24, 2003 – Optimism surged to a 20-month high in November, as investors expressed renewed confidence in both the U.S. economic recovery and short-term investment goals, according to the *UBS Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 93, the overall *Index* rose 24 points this month, up from 69 in October. Conducted monthly, the *Index* had a baseline of 124 when it was established in 1996.

Fifty-seven percent of investors surveyed are optimistic about the nation's economy in the short-term, compared with 43 percent one year ago and 50 percent last month. According to the *Index*, a majority of those surveyed, 60 percent, consider the economy to be in either a sustained expansion or recovery, compared with 48 percent last month.

Short-term expectations, over the next 12 months, jumped to 11.3 percent in November from 9.5 percent last month. The increase was most pronounced among average investors, those with \$10,000 to \$100,000 in investable assets, with expectations rising to 12.9 percent from 9.8 percent in October. Similarly, expectations among older investors, those over age 40, increased to 11.5 percent this month from 9.1 percent in October.

Of those polled, investors say they earned an average return of 9.9 percent on their personal portfolios in the past 12 months, the highest level since December 2000. Average investors say they earned 9.2 percent, up from 7.5 percent last month. Notably, older investors reported higher portfolio returns in November, earning 10 percent, up from 6.8 percent last month.

Overall, investors are more bullish about the financial markets, with nearly two-thirds of those surveyed, 64 percent, saying now is a good time to invest, up from 59 percent in October. Indeed, 59 percent of those surveyed in November express optimism about the performance of the stock market over the next year, an increase of 5 percentage points over last month. Interestingly, the number of investors who say the stock market will be lower a year from now decreased from 8 percent last month to 4 percent now.

In November, investors were polled about their overall spending habits as well as the upcoming holiday season and the amount they intend to spend on gifts. The vast majority, 82 percent, plans to spend the same or more in the next six months, including major purchases and travel. During the holidays, 67 percent of investors surveyed report they will spend between \$500 and \$4,999 and with all investors planning to spend an average of \$1,122 – virtually the same amount investors reported they would spend last year.

Investors were also surveyed this month about conditions that could hurt the U.S. investment climate. The majority, 83 percent, cite the issue of questionable accounting practices as negatively impacting the markets. This is followed by the federal budget deficit, 76 percent; the current situation in Iraq, 75 percent; the threat of more terrorist attacks, 73 percent; and the conflicts of interest between Wall Street firms research departments and investment banks, 63 percent.

These findings are part of the 67th *Index of Investor Optimism*, which was conducted November 1 to November 13. 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 801 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 November	93
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