

Index of Investor Optimism

The UBS/Gallup Poll of Investor Attitudes

INVESTOR OPTIMISM SLIPS IN SEPTEMBER, ACCORDING TO UBS *INDEX*

More than Half of Investors Express Concern over Unemployment Rate

NEW YORK, September 22, 2003 – Investor optimism slipped in September, following an increase last month, as investors expressed concerns about unemployment and inflation, according to the *UBS Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 54, the overall Index dropped 7 points this month from 61 in August. Conducted monthly, the *Index* had a baseline of 124 when it was established in 1996.

Among those surveyed, 49 percent say they are optimistic about the outlook for economic growth, nearly unchanged from 48 percent who shared this view in August. Notably, 57 percent of substantial investors, those with more than \$100,000 in investable assets believe that the economy is in either a recovery or a sustained expansion, compared with only 47 percent of average investors, those with \$10,000 to \$100,000 in investable assets.

This month, 51 percent of investors polled said they are pessimistic about the job market, compared with 47 percent who shared this view in August. Investors also expressed concern over inflation with 38 percent saying they are pessimistic, up from 31 percent last month.

Expectations for short-term return, over the next 12 months, fell in September following a slight increase last month. Investors now expect an average 8.5 percent return on their personal portfolios in the next year, down from 12.0 percent in August. Younger investors, those under age 40, are slightly more optimistic and expect an average rate of return of 10.1 percent, compared with 8.2 percent among older investors, those over age 40.

Encouragingly, 55 percent of investors expressed optimism about the performance of the stock market over the next twelve months, compared with only half who were optimistic last month. Likewise, 56 percent of those polled believe the stock market will be somewhat or much higher a year from now.

This month, investors were polled about the level of risk of loss involved with their individual portfolio. Interestingly, 73 percent of those surveyed expressed that their overall investment portfolio was medium to high risk. This compares with 79 percent of those surveyed in September 1998, when investors were last polled on the subject

Additionally, investors were asked about certain investment vehicles. Among those surveyed, 71 percent say they believe that the stock market has medium risk involved, unchanged from investors polled in September 1998. Interestingly, just 20 percent of investors see international global funds as high risk, compared with 42 percent who expressed this view in September 1998. Moreover, only 26 percent of investors say they believe international stocks are high risk, compared to 46 percent who had this opinion in September 1998. A majority of those surveyed, 84 percent, view the bond market as medium to low risk, essentially unchanged from 83 percent in September 1998.

These findings are part of the 65th *Index of Investor Optimism*, which was conducted from September 1 to September 14. 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 812 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 of savings and investments. The sampling error in the results is plus or minus three 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 US, it is the third largest private client business with a client base of over 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 almost 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 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