

Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

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

Index at Lowest Level since October 2003; Concerns Over Job Market And Rising Energy Prices Major Concern For Many

NEW YORK, October 25, 2004 – Investor optimism fell this month, with American investors expressing concerns about rising energy prices and the job market, according to the *UBS Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 62, the overall *Index* slipped 12 points from September to reach a 12-month low. Conducted monthly, the *Index* had a baseline of 124 when it was established in 1996.

The drop can be attributed to a 7-point dip in the *Index*'s economic dimension, which measures investors' sentiment on economic growth, unemployment, stock market performance and inflation, all of which scored lower this month. Also contributing to the drop is a 5-point decrease in investors' confidence in their ability to meet both long-term and short-term goals.

Interestingly, in October, overall expectations for return are only down marginally from last month and only slightly below the average for the past six months.

According to the *Index*, 53 percent of those polled consider the economy to be in either a sustained expansion or recovery, while 45 percent see the economy in either a slowdown or recession. Of those who characterize the economy as being in a slowdown or recession, 53 percent say a recovery won't happen for at least two years. This represents a slight improvement from last month when 60 percent of such investors expected a two-year wait for recovery. Among those polled, 53 percent think now is a good time to invest in the financial markets.

This month, investors were asked about factors affecting the investment climate. The majority, 64 percent, cite energy costs as hurting the markets more than any other issue. The second most important factor, according to 59 percent of those asked, is the outsourcing of jobs to foreign countries.

In addition, investors were polled about the effect the presidential election will have on the U.S. investment climate. Only a few investors, 19 percent, think that uncertainty about the outcome of the election is significantly hurting the investment climate. However, 46 percent say the re-election of President George W. Bush would be positive for the investment climate, while 30 percent say the climate would be positive if John Kerry won the presidency. When asked which candidate they expect to vote for, 51 percent described themselves as Bush supporters, while 37 percent say they will choose Kerry, with 12 percent not sharing their opinion.

Questioned on whether they approve or disapprove of how President Bush is handling his job, 57 percent of those surveyed say they approve, 6 points higher than Bush's approval among the general public* and up from 55 percent among investors last month. Investors were also asked whether they approve or disapprove of how Bush has handled several topics. The majority, 64 percent, approve of Bush's handling of terrorism. This is followed by the economy and education, each at 53 percent; whereas regarding the situation in Iraq, only 50 percent approve.

These findings are part of the 78th *Index of Investor Optimism*, which was conducted October 1 to October 14. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobo, 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 one of the world's financial services firms. In the United States, it is the third largest private client business with a client base of more than 2 million investors. UBS's client and financial 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. Its American network of financial advisors manages roughly 634 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 701 billion Swiss francs in invested assets.

*Results are based on telephone interviews with 1,013-National Adults, aged 18+, conducted October 14-16, 2004.

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
04 October	62
04 September	74
04 August	77
04 July	88
04 June	95
04 May	71
04 April	73
04 March	85
04 February	97
04 January	108
03 December	104
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