

Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

INVESTOR OPTIMISM RISES SLIGHTLY IN NOVEMBER; FIRST INCREASE IN FOUR MONTHS, ACCORDING TO UBS *INDEX*

Majority of Investors Believe the Re-Election of Bush Will Positively Affect the Economy

NEW YORK, November 22, 2004 – Optimism increased for the first time in four months after investors expressed slightly more confidence in the economy, according to the *UBS Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 69, the overall *Index* rose 7 points this month, up from 62 in October, reaching its highest levels since June 2004. Conducted monthly, the index had a baseline of 124 when it was established in 1996.

The increase can be attributed to a 6-point increase in the *Index's* economic dimension, which measures investors' sentiment on economic growth, unemployment, stock market performance and inflation, all of which scored higher this month. It also is driven by a 1-point increase in the *Index's* personal dimension, which measures investors' confidence in their ability to reach investment targets and maintain income. Of those surveyed:

- 55 percent expressed confidence in their ability to reach investment targets during the next 12 months, up 1 percentage point from last month and down 6 from a year ago.
- 65 percent report they are optimistic that they'll achieve investment targets during the next five years, up 2 from last month and down 5 from a year ago.
- 60 percent say they are optimistic in their ability to maintain income during the next 12 months, down 4 from last month and down 4 from a year ago.
- 43 percent are optimistic about unemployment, unchanged from last month and from a year ago.
- 55 percent say they are confident in the prospects for economic growth in the next 12 months, up 4 from last month and down 2 from a year ago.
- 55 percent report they are optimistic about the stock market's performance, up 8 from last month and down 4 from a year ago.
- 40 percent are optimistic about inflation, down 1 from last month and down 4 from a year ago.

For the first time in eight months, the number of investors who believe now is a good time to invest in the financial markets rose, with 60 percent expressing this opinion. Average expectations for return during the next 12 months also increased to 10.5 from 9.8 percent in October.

According to the *Index*, 55 percent consider the economy to be in either a sustained expansion or recovery, compared with 53 percent last month. Conversely, 43 percent believe the economy is either in a slowdown or recession, compared with 45 percent last month. Of those who characterize the economy as being in a slowdown or recession, 71 percent say a recovery won't happen for at least 2 years. This represents a significant increase from last month when 53 percent of such investors expected a two-year wait for recovery.

This month investors were asked about factors affecting the investment climate. The majority, 62 percent, cites energy costs as hurting the markets more than any other issue. The second most important factor, according to 57 percent of those asked, is the outsourcing of jobs to foreign countries.

In addition, investors were polled about the effect the presidential election had on the U.S. investment climate. Almost half of the investors believe the re-election of Bush is positive overall for the U.S. investment climate, while only 25 percent believe his re-election is negative. Similarly, 47 percent of investors say the economy will be positively affected by the election results as opposed to 35 percent who report it will be negatively affected.

Interestingly, when asked whether Bush's re-election would have a positive or negative impact on various social and economic issues the results were different. The majority of investors reported that the election results would negatively affect the issue of questionable accounting practices, threat of terrorist attacks, the current situation in Iraq and the federal budget deficit. In addition investors said energy costs and the outsourcing of jobs to foreign countries would be negatively impacted.

These findings are part of the 79th *Index of Investor Optimism*, which was conducted November 1 to November 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 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.

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 November	69
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