

UBS Investor Watch

UAE insights on investor sentiment / 2Q 2018

The century club

The rising prospect of living ten decades

100

The idea of living a century was once confined to science fiction. But no longer. For the UAE's wealthy, living a 100-year life is not an outcome they consider a mere possibility. It's one they expect.

In this first global issue of *UBS Investor Watch* – the largest recurring survey of wealthy investors in the world – we explore the interplay among wealth, health and longevity. More than 5,000 investors in Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, Taiwan, the U.S., U.K. and UAE shared their views with us. This included over 400 in the UAE.

We found that nearly half of wealthy individuals in the UAE expect to live 100 years. Regardless of how long they expect to live though, health is of paramount importance to nearly everyone. In fact, most consider their health to be more important than their wealth.

Given this importance, it should be no surprise that they are willing to invest significant sums to maintain their health. Investing to improve the health of wider society is something that wealthy individuals in the UAE feel equally strongly about.

While confidence is high about living long lives, many wealthy individuals are anxious about the financial implications of this. Healthcare costs are the top concern. They also worry about having to work longer to maintain their lifestyle and about leaving a smaller legacy to their successors.

In the face of these concerns, many have already started to adjust their financial holdings and inheritance planning. Indeed, succession is a key focus and half the country's wealthy are concerned about their place in the plans of their own families.

As for whether the wealthy in the UAE are successful in planning for a 100-year life, the ultimate judge will be time itself.

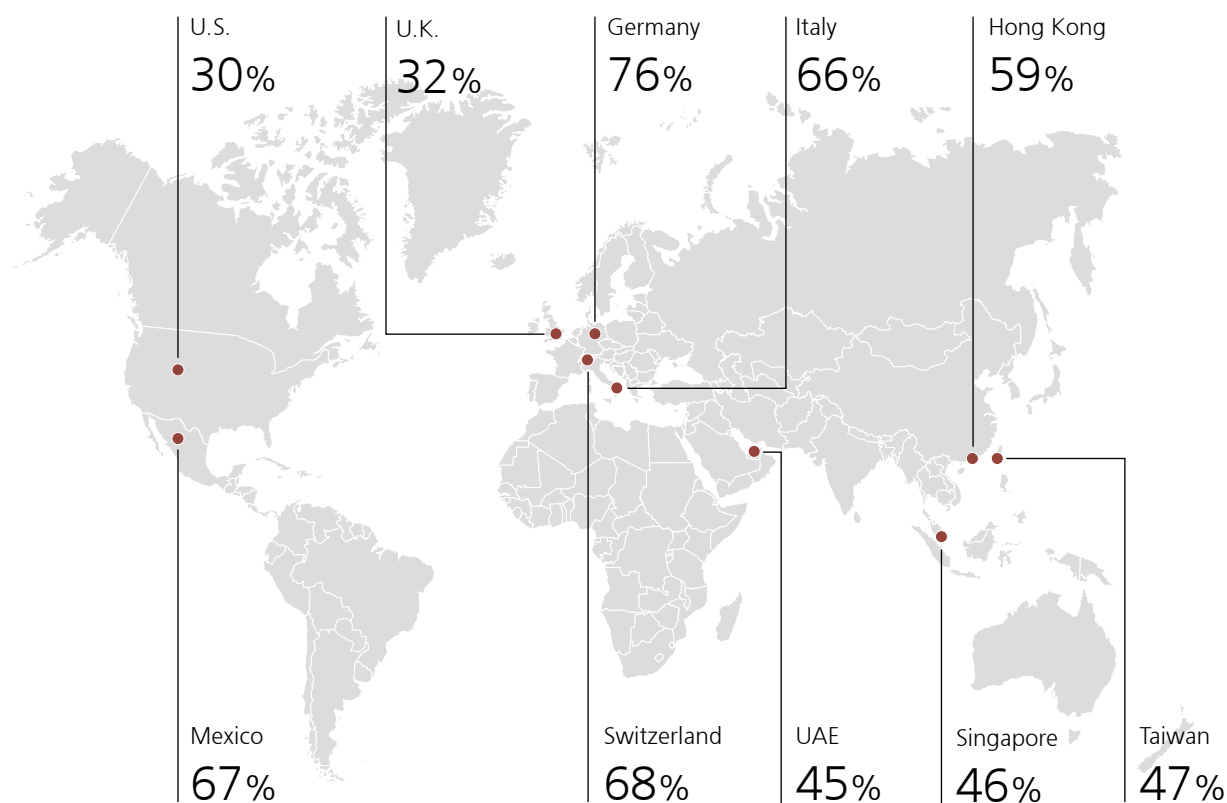
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Many wealthy people in the UAE expect to live for 100 years

Nearly half (45%) of wealthy investors in the UAE expect to reach age 100. This is considerably higher than the current 80-year life expectancy in most developed countries. Expectations for reaching this age are even higher for those already over the age of 65. Despite the fact that women typically have longer life expectancies, wealthy male investors are more likely to believe they will reach this milestone.

Waiting for one hundred

Percentage of investors who expect to live to 100



“ If I knew I’d live to 100
I’d invest all the time
I have on staying healthy. ”

– UAE, Male, 65

The prospect of living to 100 creates financial anxiety

Despite their wealth, many in the UAE worry about affording a 100-year life. Healthcare costs top their list of concerns of the wealthy, and 49% worry about rising medical expenses. In addition, 40% of the UAE's wealthy worry about reducing their children's inheritance. A similar number admit concern about having to work longer to afford their lifestyle in retirement. Planning for a 100-year life is also a challenge. The majority find it difficult to make effective plans over more than 10 years. Confidence drops further when planning for even longer periods, particularly among 51 to 64-year olds.

Top concerns due to longevity



Rising healthcare costs
49%

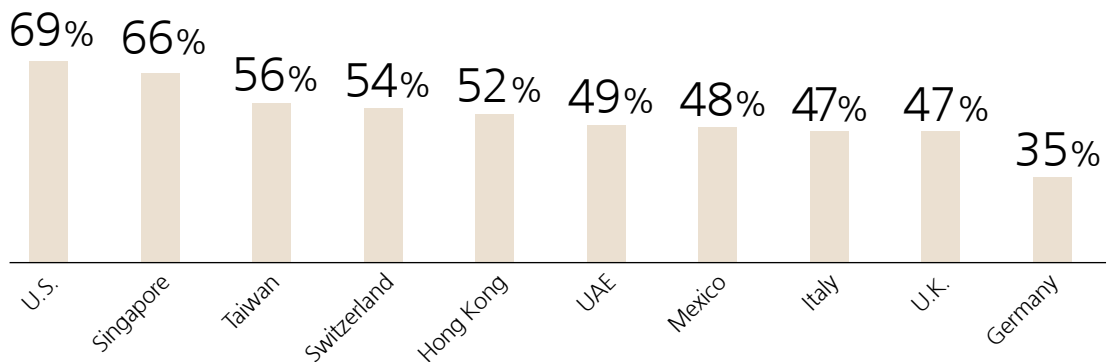


Working longer to afford their lifestyle after retirement
43%



Lower wealth to pass on to successors
40%

Concerns about rising healthcare costs



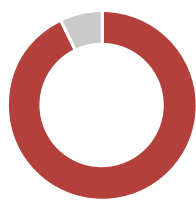
“I need to invest and save more for my retirement.”
– UAE, Female, 42

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Health is more valuable than wealth

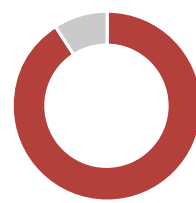
Being healthy is the top priority – and the top concern – for wealthy investors in the Emirates. In fact, 91% say investing in their health is more important than growing their wealth. At the same time, 60% worry about their health deteriorating in the next decade, though this concern is lower than elsewhere across the world. The amount they spend on health is also significant, especially among younger people. In addition to doctors' visits and health insurance, preventative services are also popular, with wealthy individuals spending significantly on gyms, coaches, supplements and other "lifestyle" expenses. It's not just their own health that matters though. Over 90% believe it's their "duty" to help less fortunate members of society stay healthy. As a result, over 70% have invested in an area of health to drive positive social impact, and 56% want to increase impact investing in health in the future.

Health over wealth



93%

Wealth **enables** me to live a healthier life



91%

Health is more **important** than wealth

Investing in the health of society



91%

believe it's the duty of wealthy investors in the UAE to **help others stay healthy**

72%

have invested in an area of health to generate **positive social impact**

56%

are looking to increase their impact **investing in health specifically**

“I want to use my wealth for charitable projects and community health programmes.”

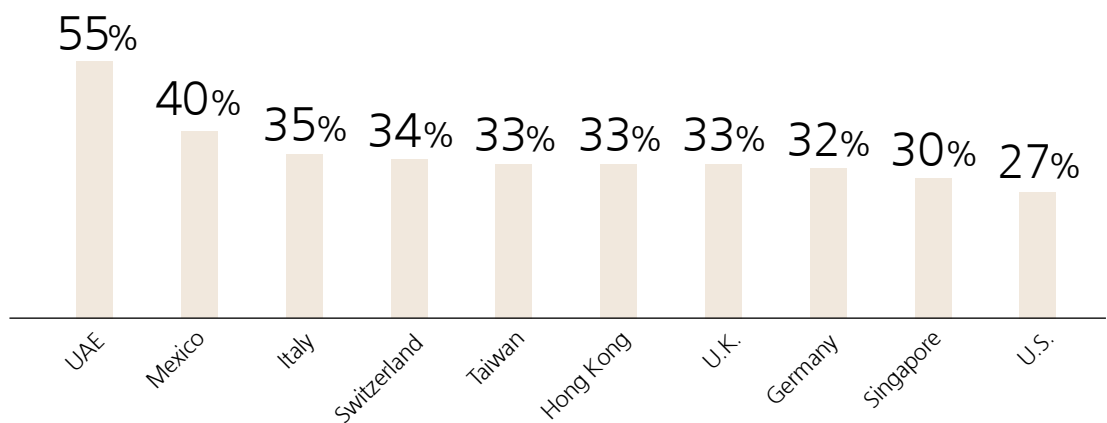
– UAE, Male, 47

Wealthy people in the UAE would sacrifice wealth for an extra 10 years

The very wealthiest investors are spending the most to preserve their health. Annual healthcare spending for those with more than \$10 million is significantly higher than for other investors. The wealthiest are also more willing to sacrifice their wealth for health – they would give up over 60% of their wealth if it could guarantee them an extra 10 years of healthy life. Wealthy investors spend the most on healthcare Investors with more than \$10 million spend much more for healthcare per year than the less wealthy.

Giving up wealth in exchange for health

What percent of your wealth would you sacrifice to guarantee an extra 10 years of healthy life?



“ If I can, I want to live my whole life without sickness, even if it means spending all my wealth to do so. ”

– UAE, Male, 25

3

Most believe working longer is positive for their health

Most wealthy individuals in the UAE see work as inseparable from longevity. On one hand, 81% believe work has positive effects on health and want to continue working for as long as they can. People over 50 feel more strongly about this. On the other hand, many of the wealthy in the UAE believe they will have to work longer to afford the years ahead. Seven in ten are already working beyond traditional retirement age, or would consider doing so, in order to maintain their lifestyle. Local culture is also a factor in this mindset. Nearly 40% believe they are expected to work until they're no longer able to, and a similar number simply enjoy work too much to give it up.

Is working longer the fountain of youth?

Percentage who agree with each statement:

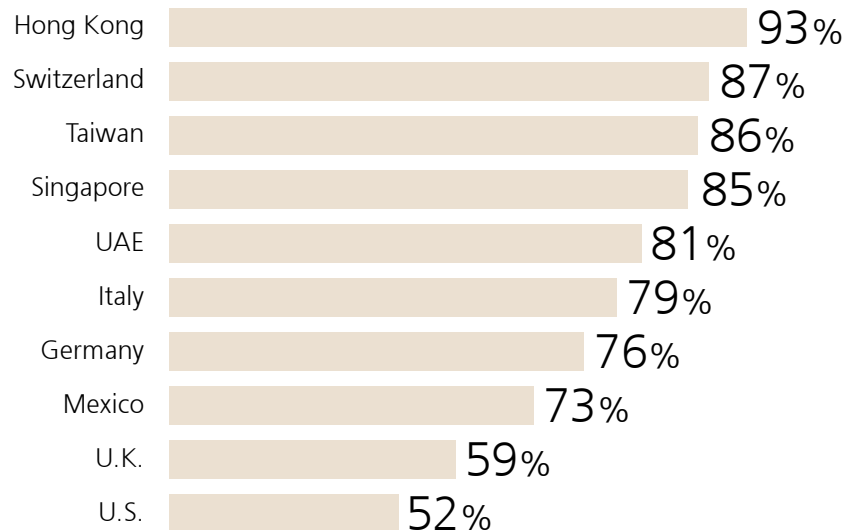
81% Working as long as possible is **good for your health**



70% I am or expect to work longer to **maintain my lifestyle**



Percentage who believe working as long as possible is good for health



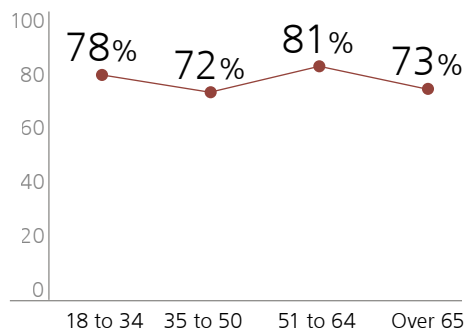
Wealthy individuals are also addressing their work/life balance

Many wealthy individuals in the UAE are actively taking steps to balance their work and personal lives. More than wealthy individuals elsewhere in the world, they have stopped working at weekends or when on holiday. Nearly 50% have reduced their working hours overall. There is also strong interest in taking an extended break from work. For example, 55% have taken a sabbatical. Only in Hong Kong is this trend more common. Nearly two thirds of wealthy women in the UAE have enjoyed a sabbatical.

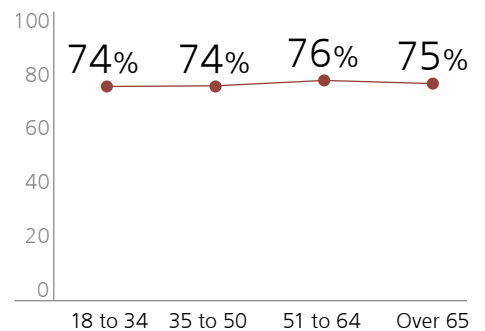
The wealthy in the UAE strive to work more sensibly

Percentage who have made the following changes to improve work / life balance in the last 3 years

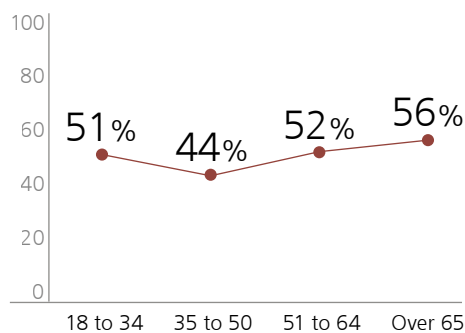
Not working on holiday



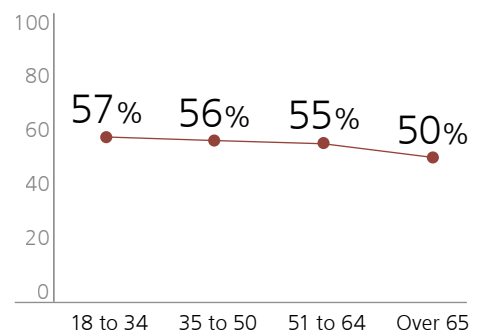
Stopped working on weekends



Not using work phone or email after business hours



Taken a sabbatical from work



“ I’d like to create a better environment for myself away from work pressures and stress. ”

– UAE, Male, 40

4

Longevity is prompting the wealthy to act differently

Almost all wealthy individuals in the UAE say they have made or will make financial changes in response to rising life expectancy. While 30% are adjusting their spending habits, the top strategy is to make greater use of long-term investments. Male investors, and those age 35 to 50, are particularly focused on this. As a result, the wealthy in the UAE place great value on allocating wealth to equities, real estate and bonds for the very long-term. Real estate investments are held in particularly high regard by women. Like most other countries, wealthy people in the UAE view healthcare as a highly promising sector for long-term investing. However, the energy sector is the most attractive industry by far to invest in for the very long-term, especially among younger groups.

Longevity impacts investing, planning and spending

Percentage who have responded to increased life expectancy

46%

I have made / will
**make longer-term
investments**

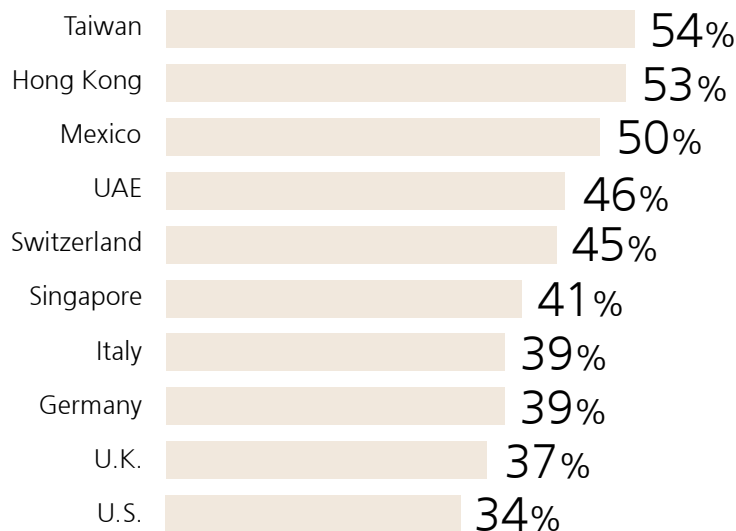
41%

I have adjusted / will
**adjust my long-term
financial plan**

30%

I have adjusted / will
**adjust my spending
patterns**

Percentage who have/will make longer-term investments by country



“ I’m keen to create a long-term financial plan and work on several areas of investment so I can make higher returns. ”

– UAE, Male, 28

Wealthy investors adapt legacy plans to accommodate longer lives

Not only is longevity affecting the wealthy's investment approach, it is also impacting their legacy planning. In the UAE, nearly 70% plan to give more of their wealth away while they are still alive. Giving patterns are also changing as people age and watch grandchildren grow into adulthood, with all the accompanying responsibilities of career and family. Nearly two thirds of the UAE's wealthy indicate that they plan to give more of their wealth to their grandchildren than children, believing it will be more useful at their grandchildren's stage of life. This trend is very strong among 51 to 64 year olds in the Emirates. Succession planning is clearly an important issue in the UAE, as 50% say they still worry about their place in their family's plans.

Giving while living is increasingly popular

Percentage who are making changes as life expectancy rises

68%

Will give away more of my wealth while I'm alive

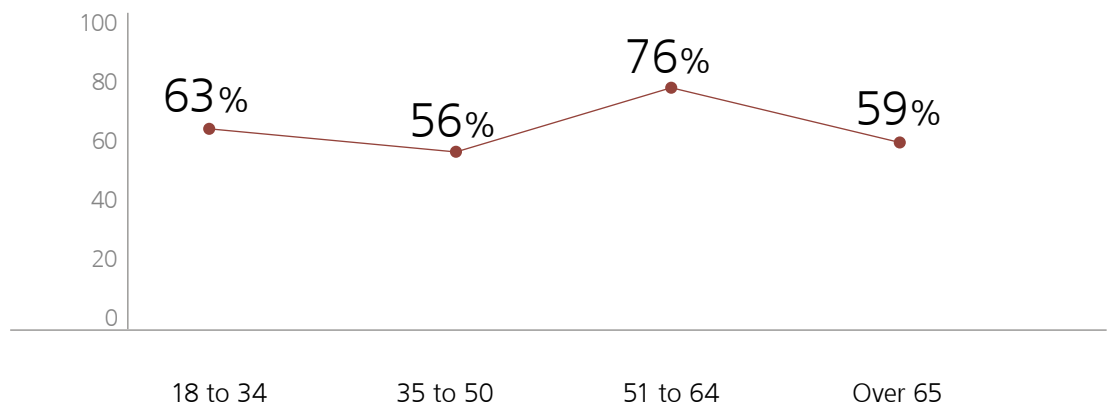
65%

Will give more of **my wealth away to my grandchildren** rather than just my children

71%

Will leave more of **my legacy to charities, foundations and good causes**

Percentage who give away more of their wealth while still alive



“ I want to increase my level of investments to leave a greater fortune for my children and my grandchildren. ”

– UAE, Male, 19

About the survey: UBS Global Wealth Management provides financial advice and solutions to wealthy, institutional and corporate clients worldwide. As part of our leading research capabilities, we survey global investors on a regular basis to keep a pulse on their needs, goals and concerns. Since 2012, *UBS Investor Watch* tracks, analyzes and reports the sentiment of high net worth investors.

UBS Investor Watch surveys cover a variety of topics, including:

- Overall financial sentiment
- Economic outlook and concerns
- Personal goals and concerns
- Key topics, like aging and retirement

For this edition of *UBS Investor Watch*, we surveyed more than 5,000 high net worth investors (with at least \$1 million in investable assets). The global sample was split across 10 markets: Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, Taiwan, UAE, the U.K., and the U.S. The research was conducted between December 2017 and April 2018.



Explore more insights at ubs.com/investorwatch-ae

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