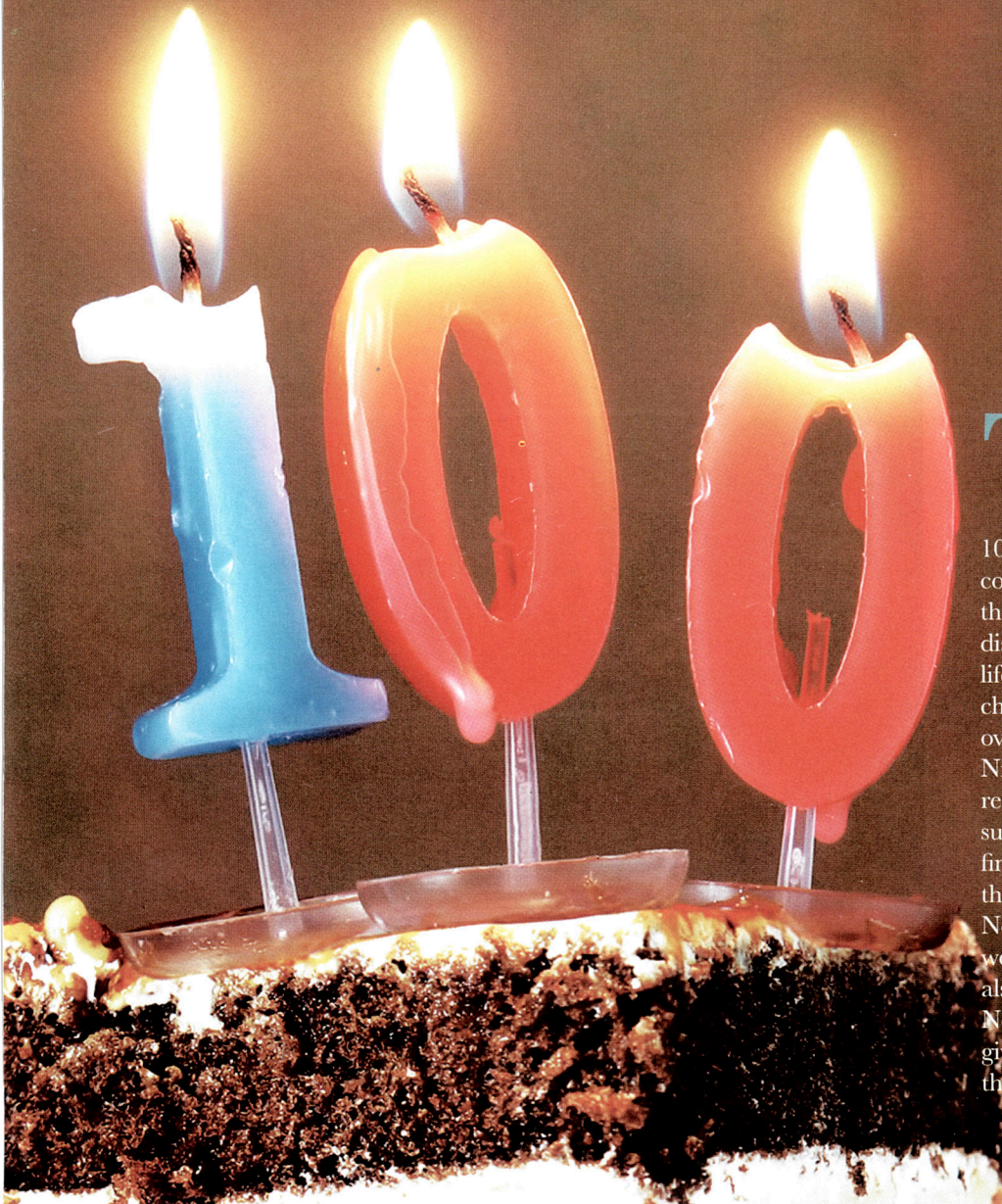


LIVING 100 YEARS: THE NEW EXPECTATION

UBS's Head of Wealth Management for the Arabian Gulf, **Niels Zilkens**, discusses the importance of health and wealth and looks at how the rising prospect of living for a century means a whole new way of thinking



The idea of living a century was once confined to science fiction. For the world's wealthy, living a 100-year life is not an outcome they consider a mere possibility. It's one they expect. Whilst many want to discover the secret of how to live a long life, in our business, the most pressing challenge is how to plan your wealth over such a lengthy period of time. Nine in 10 investors are taking steps in response to increasing life expectancy such as adjusting spending habits and financial plans, as well as allocating their wealth to long-term investments. Not only is longevity affecting the wealthy's investment approach, it is also impacting their legacy planning. Nearly two in three investors plan to give more of their wealth away while they are still alive to see heirs enjoy it. >>

► **MANY WEALTHY PEOPLE IN THE UAE EXPECT TO LIVE FOR 100 YEARS**

In the recent UBS Investor Watch report, the largest recurring survey of over 5,000 wealthy investors globally, we uncovered some fascinating insights into high net worth individual's relationship with their health and wealth. In the UAE specifically, 45 per cent of respondents expect to live to 100, compared to a global average of 53 per cent. The topics of life expectancy and the related consequences are frequently discussed in many client meetings.

LONGEVITY IS PROMPTING THE WEALTHY TO ACT DIFFERENTLY

Almost all of the wealthy individuals surveyed in the UAE say they have made, or will make, financial changes in response to longer life expectancy. While 30 per cent are adjusting their spending habits, the most common strategy is to make greater use of long-term investments. This makes a lot of sense and many clients are keen to create long-term financial plans in a variety of investment areas so that they can make higher returns.

One also has to think carefully about how to plan. A longer life means more time to accumulate savings; but it can also mean a longer retirement, resulting in the need for more money to be saved. Both require a greater exposure to risky assets since they offer a higher return in the long run. It also makes sense to have exposure to long term themes that may only pay off later in life. We have identified a variety of long term investment themes that they could consider: Some of these include for example, smart mobility where the need for energy efficient transportation, regulatory changes and technological advances will lead to greater electrification of cars, autonomous driving and new car-sharing mobility concepts. This opens opportunities in particular for electronics and electric components related to electrification and autonomous driving. In the world of Automation and Robotics, rising



Niels Zilkens, Head of Wealth Management, UBS, Arabian Gulf



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wages and demographic challenges will put pressure on manufacturing costs and drive investments in automation solutions. In renewable energies, global electricity demand is increasing due to population growth, urbanisation and technological advances. Political support and falling costs make renewables attractive and should lead to further growth in the future.

As people increasingly take a longer view towards investments, illiquid assets such as private equity, hedge funds and real estate will become more attractive relative to other asset classes, because illiquidity becomes less of an issue to consider when looking into investment options.

WEALTHY INDIVIDUALS ARE ADDRESSING THEIR WORK/LIFE BALANCE

Warren Buffett's recent statement: 'I can buy anything I want, but I can't buy time' is a theme that is clearly on the mind of many wealthy individuals. Over 90 per cent of those surveyed were absolutely clear their health is more important than wealth. Over half are willing to sacrifice over 60 per cent of their wealth if it would guarantee them an extra 10 years of life. It's no surprise that they are investing in their own health, seeing it as their biggest asset to preserve, spending significant sums on gyms and medical treatments.

INVESTING IN THE HEALTH OF SOCIETY

We also noticed from our research that sustainable investing is important to our clients. Around 91 per cent of wealthy investors believe it is their duty to help others stay healthy. The mindset of clients is clearly changing and they are more attracted to investing in

companies that fulfil environmental, social and governance (ESG) values. Our UAE clients also recognise that that it's not just their own health that matters, 72 per cent have already invested in an area of health to generate positive social impact and 56 per cent are looking to increase their impact in health investments specifically. If we look at how technology and society may evolve over the next 100 years, it is clear that placing people and society at the heart of portfolios would be a win-win for all concerned.

DESPITE THE UPBEAT ATTITUDES, THERE IS STILL ANXIETY

Clients are constantly telling us that they need to invest and save more for their retirement. Almost half of those surveyed in the UAE are worried about rising medical costs and the effect living to 100 will have on their own lifestyle and retirement. In addition, 52 per cent worry that living to 100 will reduce their children's inheritance. Clients are realising that wealth distribution from one generation to the next will happen during the lifetime of our clients. It's important that banks provide solutions and portfolio suggestions that capture both, the financial plans of the retiring parents as well as the potential funding of the children or grandchildren.

EMBRACE THE OPPORTUNITY FOR HONEST DISCUSSION

We are working on the challenges and opportunities that the insights from Investor Watch bring to network of experts and investors. From our UBS Global Surveys, through to reports that we publish regularly, we want to create discussions with our clients to help them plan for longer lives by exploring portfolios aligned with risk tolerances and longer timeframes. Honest discussions about future visions for family, businesses and society is an opportunity to leave the legacy you want. As to whether adjustments in financial holdings and inheritance planning are successful, the ultimate judge will be time itself. ■