

News Release

UBS Investor Sentiment Survey: Investors remain optimistic though wary amidst inflation anxiety and looming rate hikes

Against a backdrop of inflation and rate hikes, investors are waiting for the “right opportunity” to invest in sectors such as healthcare and technology, while business owners look to hire and invest more

Zurich, Switzerland, 8 February 2022 – Inflation and interest rate hikes are some of the key concerns for high-net-worth investors globally, according to the new quarterly Investor Sentiment survey from UBS, the world's leading global wealth manager.

The survey, which polled 3,000 investors and 1,200 business owners across 15 markets globally, found that higher goods, gasoline and energy prices have investors worried, with many believing elevated inflation will last more than 12 months. While economic optimism has waned slightly, investors remain confident in the stock market over the next six months, with many seeing an opportunity to borrow and make portfolio changes.

Two thirds of investors hold more than 10% of their portfolio in cash and, of those, nearly half claim to be “waiting for the right opportunity” to invest. If they do choose to invest, six out of 10 investors see technology (63%) and healthcare (59%) as very attractive sectors.

“With the effects of COVID-19 expected to impact the healthcare industry for years to come and a shift to a more digitalized world, investors see further opportunities in these sectors,” said Iqbal Khan, President of UBS Europe, Middle East, and Africa and Co-President of UBS Global Wealth Management. “However, given high levels of inflation and interest rate hikes on the horizon, investors are waiting for the right moment to put their money to work.”

Business owners remain confident in their businesses over the next 12 months, despite citing COVID-19, rising material costs, and business tax increases as sources of concern. Forty-four percent are also looking to hire and almost half are interested in investing more in their business. Furthermore, businesses are changing their traditional operating models to meet employee demands. Sixty-nine percent are offering increased flexibility in working hours and 67% are offering increased flexibility in where their employees can work.

“The pandemic and the ‘Great Resignation’ that followed encouraged business owners to adapt to the current environment and change their perspective on flexibility in the workplace,” said Tom Naratil, President of UBS Americas and Co-President of UBS Global Wealth Management. “Through our advisors, we’re able to bring to bear the insights of our Chief Investment Office and Business Owners Client Segment to help business owners navigate these transformative times.”

Regional Findings:

US

Concerns over tax increases have taken a back seat this quarter and inflation concerns have come to the fore, most notably for investors who want the current administration to make controlling inflation a key priority (82%). US investors also think that inflation will continue through 2022, with almost half concerned about a

market downturn. Amid the market volatility, US investors are considering adding stocks and portfolio hedges, putting cash to work, and borrowing ahead of potential rate rises, in the form of new and refinanced mortgages, and security-backed loans.

Latin America

In Latin America, short-term optimism is down from 3Q21, with six in 10 (58%) investors feeling optimistic about the region's economy, and 59% of investors feeling optimistic about the short-term outlook for stocks in their region. The dip in optimism has affected their investment plans as well. Fifty-two percent plan to invest more in the next six months, down from 60% in Q3.

Europe (ex. Switzerland)

European investor optimism has fallen nearly 10 percentage points since Q3, with 68% of European investors feeling optimistic about the region's economy in the short-term. Short-term optimism in stocks has fallen as well, with 43% planning to invest more in the next six months.

Switzerland

Unlike the rest of their European counterparts, Swiss investor optimism is up from last quarter, with 68% feeling optimistic about their economy in the short-term, a 12 percentage points increase from 3Q21. Sixty-eight percent of Swiss investors are optimistic about Swiss stocks, up from 46% in Q3. Despite their confidence in the market, investors remain as cautious in the near term, with only three in 10 planning to invest more in the next six months.

Asia Pacific

In Asia, short-term optimism on their own economy is at 63%, similar to 3Q21. Six in ten (63%) Asian investors remain optimistic about the six-month outlook for stocks in their region, and nearly four in ten (38%) plan to invest more in the next six months.

To learn more, visit: ubs.com/investor-sentiment

Notes to Editors

About the UBS Investor Sentiment survey

UBS surveyed 3,000 investors and 1,200 business owners with at least \$1M in investable assets (for investors) or at least \$1M in annual revenue and at least one employee other than themselves (for business owners), from January 4 – 24, 2022. The global sample was split across 15 markets: Argentina, Brazil, Mainland China, France, Germany, Hong Kong, Italy, Japan, Mexico, Russia, Singapore, Switzerland, the UAE, the UK, and the US. For the 3Q21 results, UBS surveyed 4,206 investors and business owners globally, from September 28 – October 18, 2021.

About UBS

UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. UBS is the largest truly global wealth manager, and a leading personal and corporate bank in Switzerland, with a large-scale and diversified global asset manager and a focused investment bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

UBS is present in all major financial centers worldwide. It has offices in more than 50 regions and locations, with about 30% of its employees working in the Americas, 30% in Switzerland, 19% in the rest of Europe, the Middle East and Africa and 21% in Asia Pacific. UBS Group AG employs more than 72,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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