



Marketing material
For qualified investors only
Global version

UBS Annual Reserve Manager Survey 2022

28th Reserve Management Seminar

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June 2022

28th Annual RMS Survey

Highlights

The UBS RMS Survey is among the most authoritative depictions of official reserve management activities available. This survey was conducted during April – June 2022 and collected responses from over 30 central banks from all regions globally.

- **Macro and Economic concerns:** **Fear of inflation and/or an uncontrolled rise in long-term yields** is the main concern with 87%, followed by a further **escalation in geopolitical conflicts** (80%). Two of the top 3 key risks (geopolitical escalation and commodity price development / energy security) are new risks that were not mentioned in the previous years.
- **Concerns related to FX reserve management:** **Rising US interest rates / inflation** are the main concerns when it comes to the investment of FX reserves, mentioned by 87% of respondents, up from 64% in the previous year. **Asset price volatility across markets** is now the second-most mentioned concern with 63% of participants, while this was only a concern for 32% of survey participants in the previous year.
- **Strategic Asset Allocation:** The global trend towards FX reserve diversification is continuing, with **Passive Equity** the most frequently mentioned item when it comes to the question which asset classes central banks have increased in their portfolio on a net basis over the past year. Also, while the eligibility of most asset classes stagnated when compared with the previous year, **equities** experienced a further increase in eligibility among participating institutions (from 42% to 50% eligibility).
- **Currencies:** The **US dollar** was most frequently mentioned when it came to the question which currencies were added on a net basis in the reserves of participating sovereign institutions during the past year. The **Renminbi** was the second-most frequently mentioned currency, and commodity currencies like the **Canadian dollar** also ranked high this year. In contrast, the **Euro** was the most frequently mentioned currency that participants had reduced over the course of the previous year.
- **The impact of sanctions and geopolitics:** Will other larger central banks be subject to **sanctions** comparable in severity to those imposed on the Russian central bank over the coming years? 27% of respondents think so, while 73% do not think that this is likely. When asked which reserve currencies are likely to benefit the most from a shift towards a multipolar world following recent events, 81% think that the **Renminbi** will benefit, and 46% the **US dollar**.



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Macro and economic issues

Key results of the 28th Annual Reserve Management Seminar Survey

- The top concern among sovereign investors is **fear of inflation and/or an uncontrolled rise in long-term yields** which was mentioned by 87%, followed by a **further escalation in geopolitical conflicts** (80%). The risk of a failing to end the global pandemic, which was the top concern in the previous year, is only seen as a key risk for 7% of participants this year.
- While **fear of inflation and an uncontrolled rise in long-term yields** was already a key risk for 57% of participants in the previous year, two of the top 3 key risks (**geopolitical escalation** and **commodity price development / energy security**) are new risks that were not mentioned in previous years.
- When it comes to risks that are specifically related to the investment of FX reserves, the top concern which 87% of respondents cited was **rising US interest rates and inflation**. **Asset price volatility across markets** is now the second-most mentioned concern with 63% of participants, while this was only mentioned by 32% of survey participants in the previous year.
- 83% of participants expect the US Fed to **stop the current hiking cycle** in 2023 and a further 11% expect the Fed to do so in 2024. Only 4% expect the hiking cycle to end in 2022. When it comes to the terminal Fed policy rate this hiking cycle, 36% of participants are expecting 3.25%-3.5% and a further 32% are expecting 2.75%-3.0%. Note that the survey was run in the 2 months leading up to the June Fed meeting.
- When it comes to the **run-off of the Fed balance sheet**, 44% of survey participants expect that the Fed will be able to lower its balance sheet by \$1tn-\$1.5tn this cycle. Only 11% expect higher values.
- When asked if we have seen the **turning point in the 40-year bond bull market**, 54% replied yes and 46% no. When asked if the current increase in inflation is transitory or permanent, 48% choose transitory and 52% permanent.
- We asked survey participants once again how far the US Federal Reserve might go to support markets and the economy in their opinion.
 - 62% of respondents think that the US Fed could turn to **yield curve control** if needed (2021: 58%).
 - 57% of respondents think that the US Fed could **buy equities** if needed (2021: 42%).
 - 7% of respondents think that the US Fed could turn to **negative interest rates** if needed (2021: 16%).



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Strategic Asset Allocation

Key results of the 28th Annual Reserve Management Seminar Survey

- The global trend towards **FX reserve diversification** is continuing, with **Passive Equity** being the most frequently mentioned item when it came to the question which asset class central banks have increased in their portfolio on a net basis over the past year.
- With **sustainable investment strategies** continuing their path towards mainstream adoption, **Green Bonds** were the other most frequently mentioned asset class which reserve managers had added on a net basis in the previous year. In this context, 37% of participants have considered adding sustainability as a **fourth reserve management objective** beyond the established objectives of **liquidity, safety** and **return**, up from 19% in the previous year.
- When it came to the question of which instruments reserve managers would **like to add in the coming year**, more conservative assets like **Supranationals** as well as **Inflation-protected bonds** and **Green Bonds** were among the most frequently mentioned assets.
- While the eligibility of most assets stagnated when compared with the previous year, **Passive equities** experienced a further surge in eligibility among participating institutions (from 42% in the previous year to 50% eligibility). 24% of participants also indicated that they now consider investing in **illiquid asset classes** (infrastructure and real estate) to enhance returns, an increase from 21% in 2021 and only 3% in 2020.
- Overall, 53% of participants have **altered** their **Strategic Asset Allocation** over the last 12 months and a relatively high 64% (2021: 56%) indicated that they wish to implement further changes to their asset allocation over the next 12 months.
- 11% of respondents indicated that they recently moved or considered **moving passively-managed assets** back to their **active** management strategies (compared with 13% in 2021).



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Management of FX reserves

Key results of the 28th Annual Reserve Management Seminar Survey

- All participating central banks (100%) considered the current level of their reserves as **adequate** compared with 89% in the previous year.
- 63% of respondents say that their **level of reserves** increased or remained stable over the last 12 months (compared with 78% in the previous year), signaling that the period of stabilization in global FX reserves that we observed over the previous years has continued.
- Central banks use several measures to determine the **adequacy** of their reserves, with the majority measuring against months or % of imports as well as % of short-term external debt.
- 77% of respondents split their assets in different **tranches** to tailor their asset allocation better, a further increase from 68% in the previous year and 58% in 2020.
- Three surveyed entities have recently considered setting up a **Sovereign Wealth Fund to manage assets**, down from five in the previous year.
- 30% of respondents indicated that their institution recently **changed or considered changing its benchmark(s) to reflect ESG**, slightly up from 29% in the previous year.



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Currency Management

Key results of the 28th Annual Reserve Management Seminar Survey

- The **average share of USD holdings** among all the participants was 63%, down from 69% in the previous year. However, this year's sample included less LATAM central banks which traditionally run a very high share of USD holdings, and instead there were more participants from the Eurozone with less US dollar holdings.
- The **US dollar** was the most frequently mentioned currency when it came to the question which currencies were added on a net basis in the reserves of participating sovereign institutions during the past year. The **Renminbi** was the second-most frequently mentioned currency, and commodity currencies like the **Canadian** and **Australian dollars** saw increases as well. In contrast, the **Euro** was the most frequently mentioned currency that participants had reduced over the course of the previous year.
- **The Euro** was also the most frequently mentioned currency when it came to currencies that central banks are planning to **reduce over the coming year**, followed by the **Japanese Yen**. In contrast, central banks are planning to add further to their **US dollar** and **Renminbi** positions.
- Overall, 85% of survey respondents answered that they are invested, or consider investing, in the **Renminbi**, an increase from 81% in the previous year.
- The average long-term (10-year) **target allocation for the RMB** as a percentage of total reserves increased to 5.8% from 5.7% in the previous year, which implies further growth from levels currently reported to the IMF. Three participants indicated that they **introduced** the RMB as a new currency in their reserves, while one participant dropped it.



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Survey special: The impact of sanctions and geopolitics

Key results of the 28th Annual Reserve Management Seminar Survey

- We asked participating central banks about the **implications of Western sanctions against the central bank of Russia on reserve management and the future of central bank reserve accumulation**. 50% expect some impact; for example, while FX reserves will remain important, they might have to be managed differently going forward. Only 10% expect a significant impact; for them, the role of FX reserves are impaired given the sanction risk and alternatives might have to be considered by a growing number of central banks. Finally, 40% see little or no impact.
- Will other larger central banks be **affected by sanctions** comparable in severity to those imposed on the Russian central bank over the coming years? 27% of respondents think so, while 73% do not think that this is likely.
- When asked which **reserve currencies** are likely to benefit the most from a **shift towards a more multipolar world** following recent events, 81% think that the **RMB** will benefit, and 46% the **US dollar**. Also, 70% of survey participants see the **appetite for Chinese fixed income** as unchanged (13% increased; 17% decreased).
- 30% of survey participants indicated that they changed their **risk models and scenarios** to reflect an increased likelihood of extreme negative (left-tail) events.
- When it comes to **gold**, while 60% see its role in reserve management broadly unchanged, 40% see a rising role for gold going forward. When asked about the main factors that speak **against an increasing role of gold in reserves**, 61% mention its **volatility**, and 54% the cumbersome process of **moving and storing** it. 36% mentioned the **illiquidity** of gold and 14% had concerns about **provenance** and **sustainability**.
- 64% of participants think that recent events will accelerate the **adoption of Central Bank Digital Currencies (CBDC)** globally. 15% of respondents indicated **that cryptocurrencies (like BTC and ETH), or private stablecoins (like Tether)** are likely to benefit from a shift towards a multipolar world. Only 14% of participants think that it's more likely now that **private digital currencies (like BTC or ETH)** could become reserve assets in the future.
- When asked what **the impact of geopolitical concerns around energy security** will be on the ongoing energy transition agenda, 52% see a positive impact (for example a boost to the green agenda from the energy security narrative), while 38% see a negative impact (due to increased investments in fossil fuels).

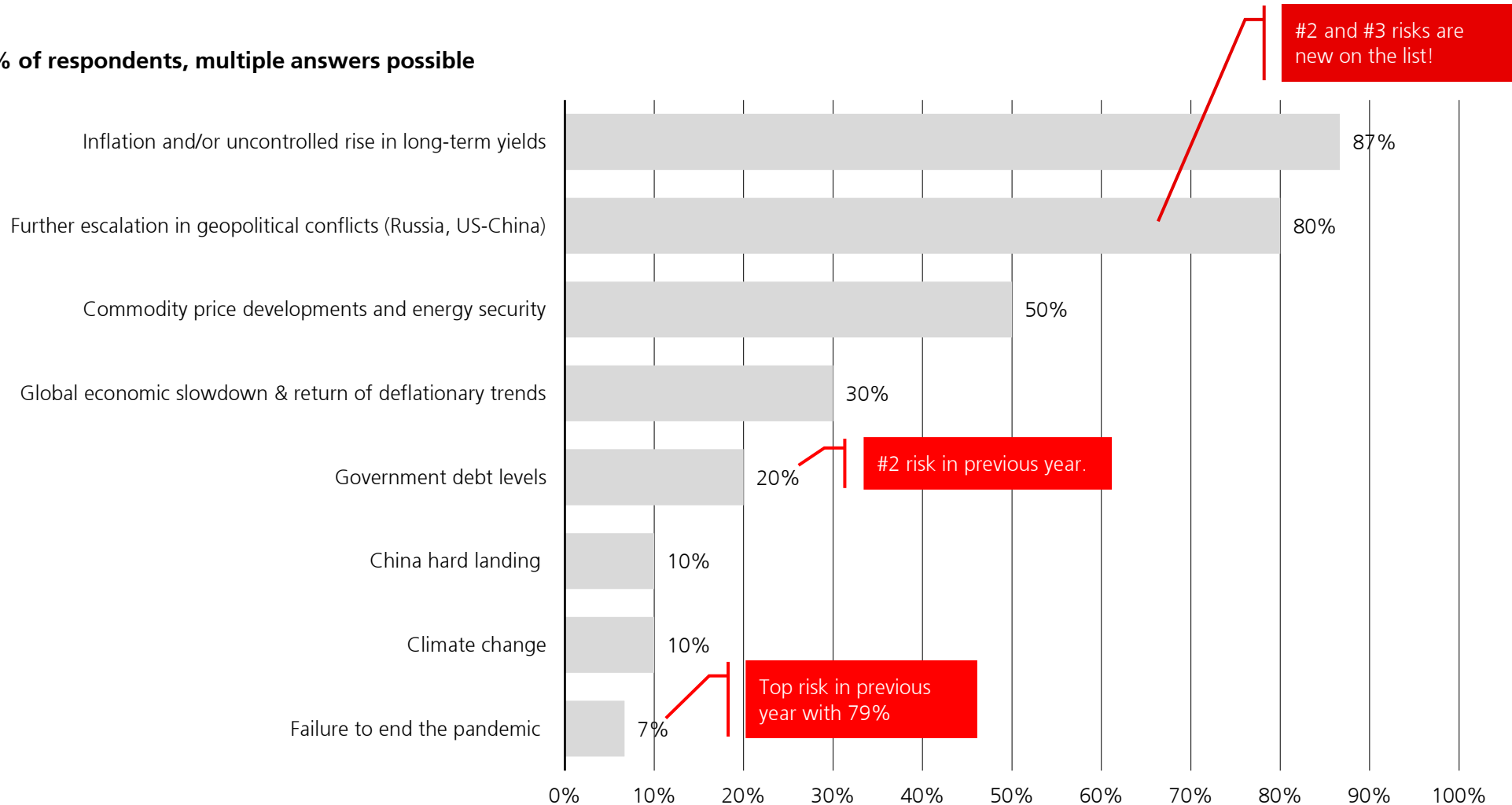


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Main concerns impacting the global economy

What are the main risks that the global economy is currently facing?

% of respondents, multiple answers possible

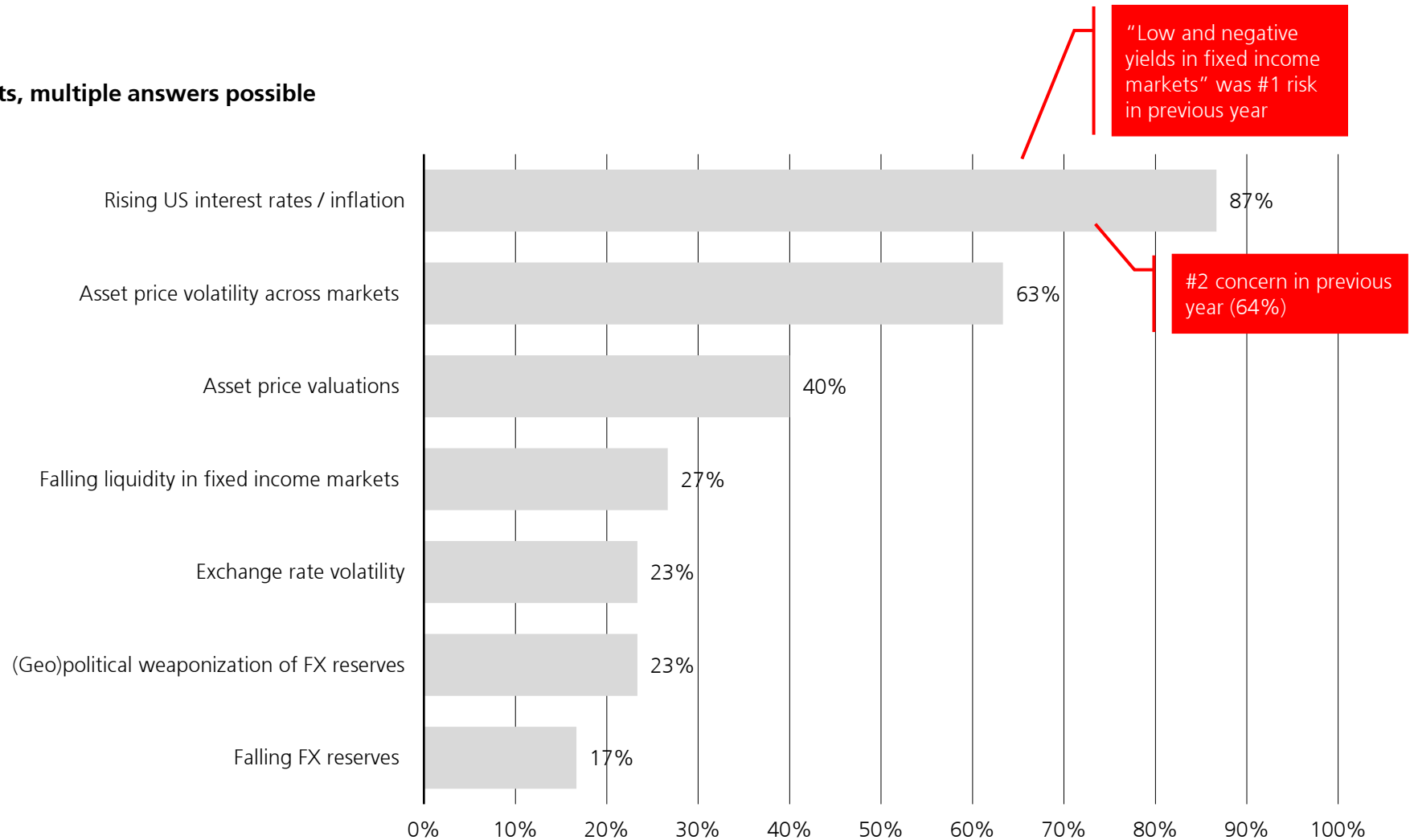


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Main concerns impacting the levels of FX reserves

What are your main concerns when it comes to the investment of FX reserves?

% of respondents, multiple answers possible

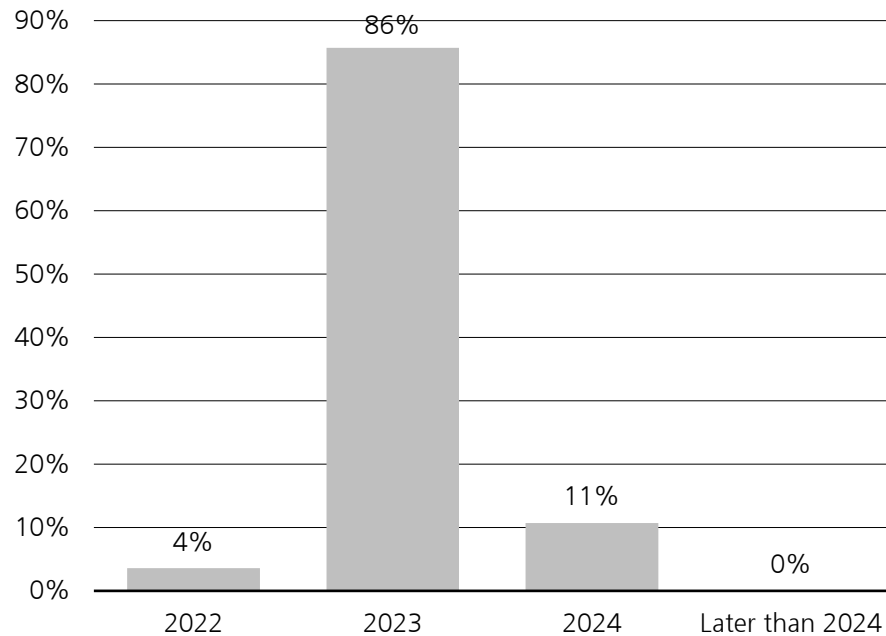


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

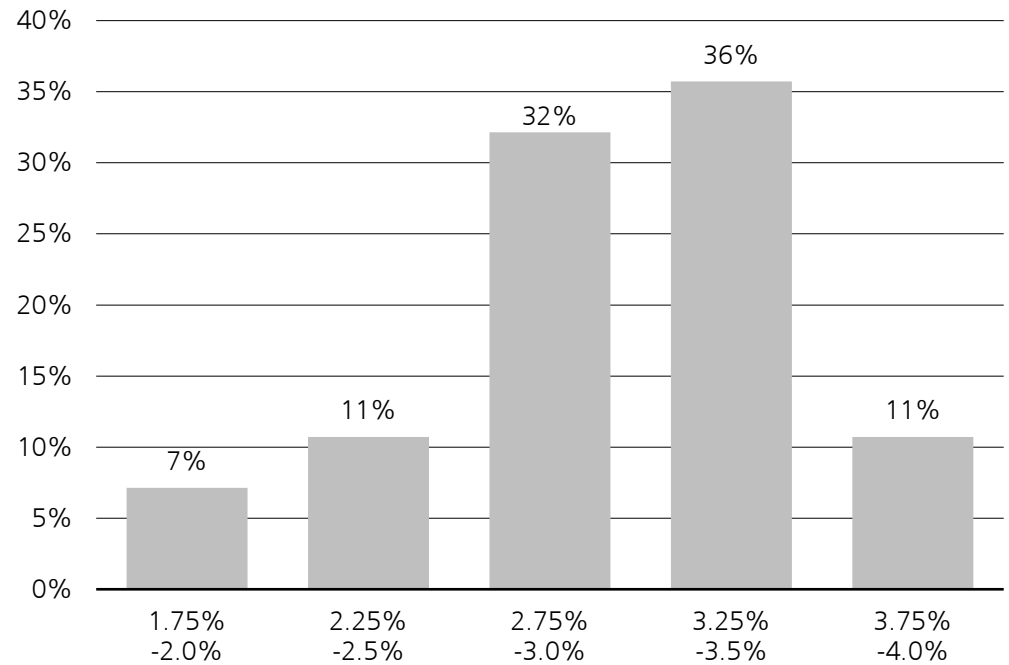
Timing the end point in the current hiking cycle

58% of participants indicated that they restructured their portfolio in anticipation of rising rates.

By when do you expect the Fed to end the current hiking cycle?



Where do you see the terminal Fed policy rate this hiking cycle?

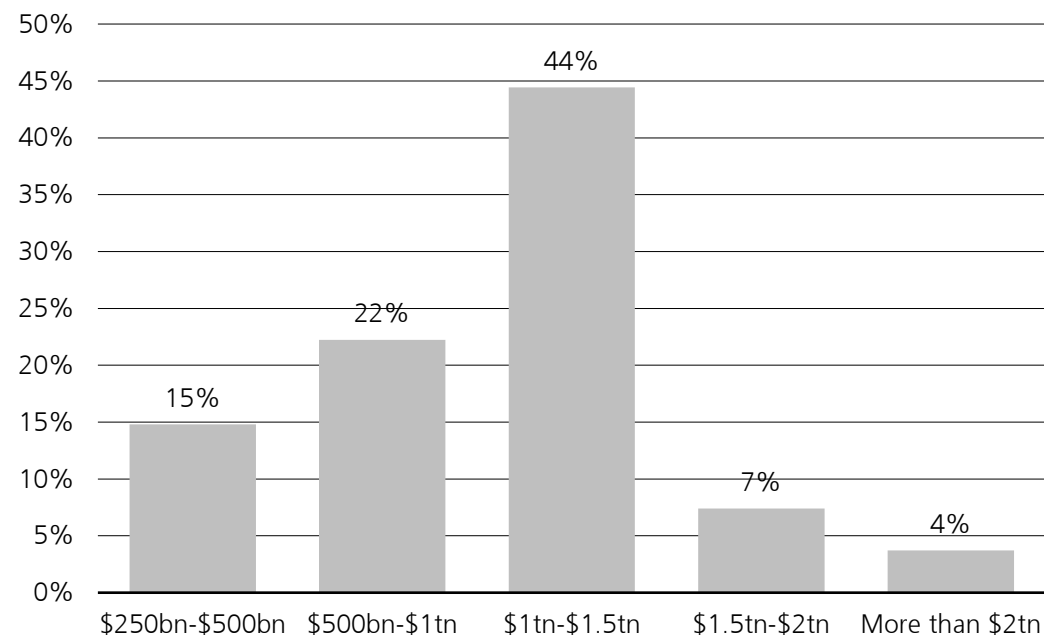


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Timing the turning point in the interest rate cycle

48% of participants believe that the Fed will be able to lower its balance sheet by \$1tn-\$1.5tn this cycle.

By how much will the Fed be able to lower its balance sheet this cycle?



Assessment of the current environment

- 54% of survey participants think that we have seen the **turning point in the 40-year bond bull market**.
- 48% of survey participants think that the current increase in global inflation rates is **transitory**, with its effects fading away over the next year. 52% believe in a **fundamental shift** that will lead to permanent changes.

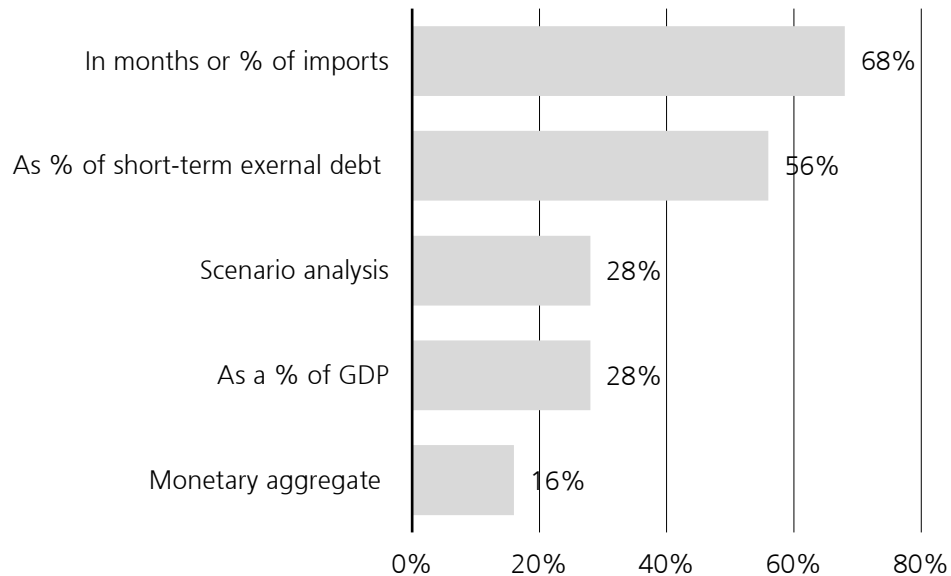
What other measures could central banks implement?

- 62% of survey participants think that the US Fed could turn to **yield curve control** if needed, compared with 58% in the previous year.
- 57% of survey participants think that the US Fed could **buy equities** if needed, compared with 42% in the previous year.
- 7% of survey participants think that the US Fed will adopt **negative interest rates** if needed, compared with 16% in the previous year.

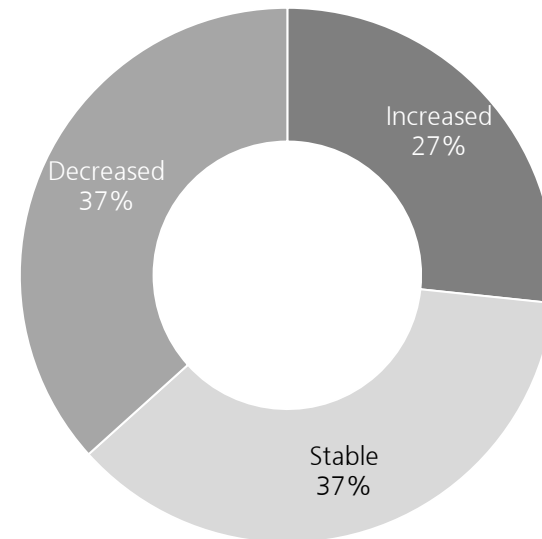
Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Level and adequacy of FX reserves

How do you measure the adequacy of your reserves?



How has the amount of your FX reserves changed over the last 12 months?



How do survey participants assess their FX reserves?

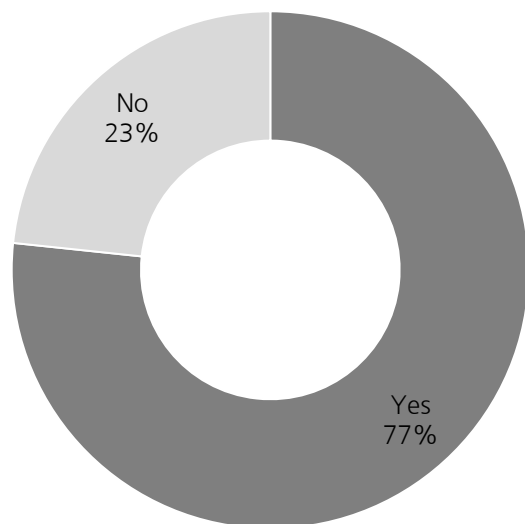
- The percentage of survey participants that see their level of FX reserves as **not adequate** has dropped to 0% from 11% last year.
- The number of participants who reported **increased FX reserves** dropped to 27% from 52% last year.
- The majority of participants use several measures to determine the **adequacy of their reserves**, but the majority are measuring against months or % of imports, followed by % of short-term external debt as well as scenario analysis.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Tranching and institutional setup

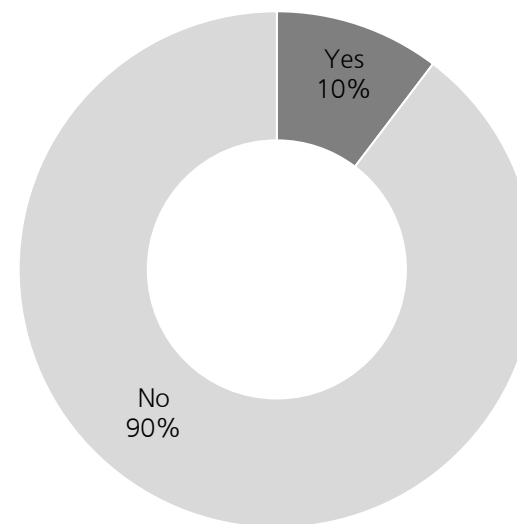
Do you segment / tranche your reserves

(e.g., in liquidity, liability and saving/total return/wealth portfolios)?



Has your institution recently considered setting up a separate entity?

(e.g., Sovereign Wealth Fund) to manage assets?



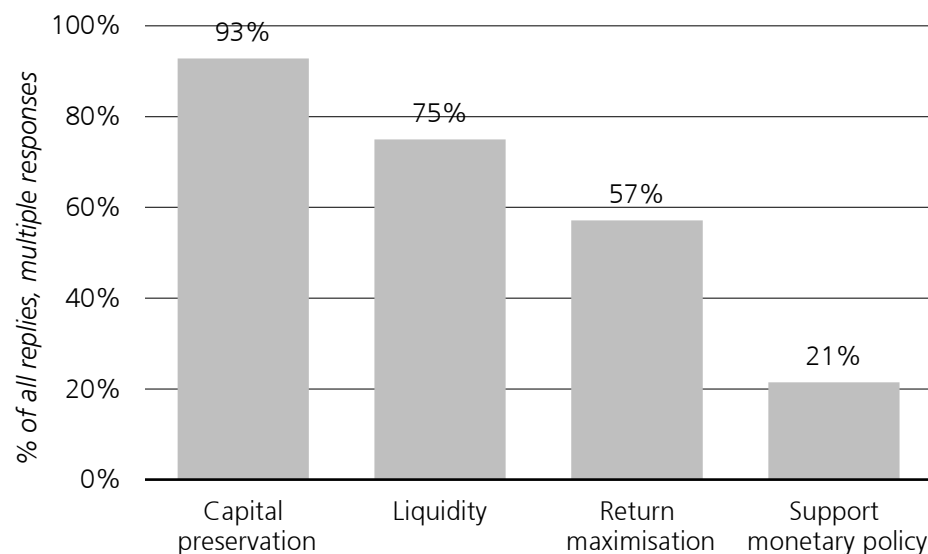
Tranching and institutional setup

- The number of participants who reported that their institution **segments** or **tranches** their reserves stood at 77% compared with 68% last year.
- The percentage of participating institutions that recently **considered setting up a separate entity** to manage assets stood at 10% compared with 19% last year.
- 30% of participants indicated that their institution recently changed or **considered changing their benchmark(s) to reflect ESG**, compared with 31% in the previous year.

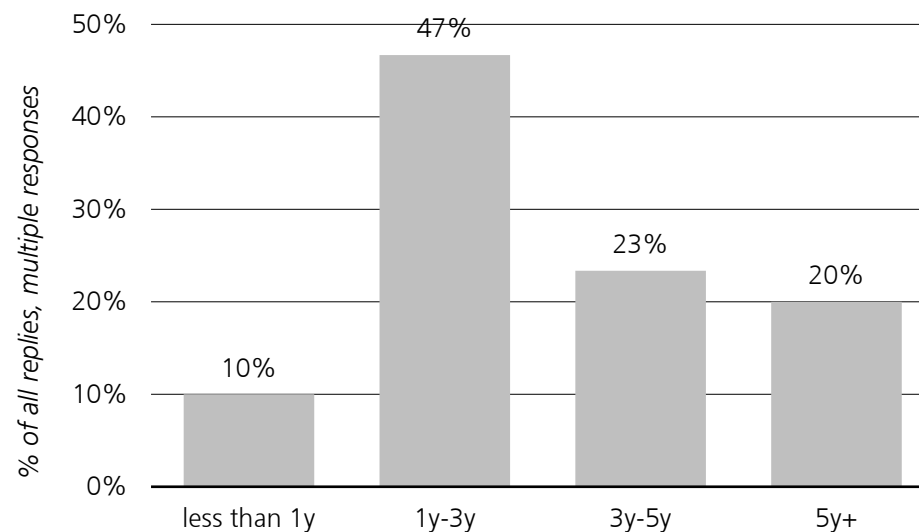
Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Key asset allocation objectives

What are your primary investment objectives?



What is your investment horizon?



- Overall, 53% of participants **altered their Strategic Asset Allocation** over the last 12 months (previous year: 52%) and a further 64% (previous year: 56%) indicated that they wish to implement further changes to their asset allocation in the next 12 months.
- 24% of respondents indicated that they are considering **investing in illiquid asset classes** (for example infrastructure or real estate) to enhance returns, compared with 21% in the previous year.
- 11% responded that they recently moved or considered moving passively-managed assets to **active management strategies** compared with 13% in the previous year.
- 37% of participating institutions are considering adding sustainability as a fourth reserve management objective, compared with 19% in the previous year.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Trends in approved asset classes

Which of the following instruments are approved at your institution?

In % of total respondents, multiple responses possible.

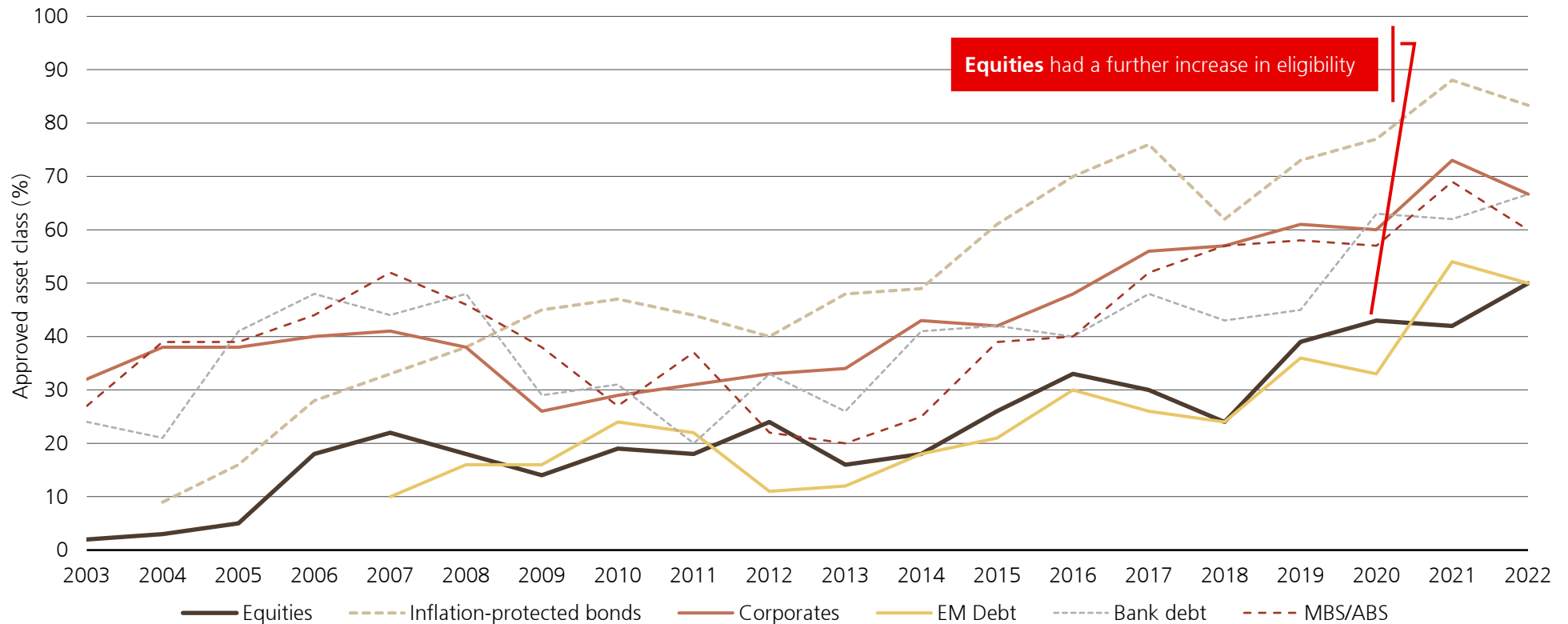
Asset Class	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Supranationals	97	100	100	94	95	93	90	89	94	82	87	76	70	68	70	72	70	74	63	62	60	62	54	63	60
Sovereign Eurobonds	87	100	100	85	86	89	93	92	90	78	73	64	68	65	66	66	64	60	60	58	58	61	60	66	66
US agencies	93	100	93	85	76	74	83	74	49	54	69	55	65	71	84	86	84	82	76	78	75	71	62	68	54
Inflation protected bonds	83	88	77	73	62	76	70	61	49	48	40	44	47	45	38	33	28	16	9	na	na	na	na	na	na
Covered bonds	60	65	50	45	43	48	53	34	43	40	45	30	38	40	53	58	50	48	44	38	35	37	34	28	12
Bank debt	67	62	63	45	43	48	40	42	41	26	33	20	31	29	48	44	48	41	21	24	21	26	20	16	4
Corporates	67	73	60	61	57	56	48	42	43	34	33	31	29	26	38	41	40	38	38	32	28	22	20	15	10
MBS / ABS	60	69	57	58	57	52	40	39	25	20	22	37	27	38	46	52	44	39	39	27	22	17	19	12	2
Emerging Market debt	50	54	33	36	24	26	30	21	18	12	11	22	24	16	16	10	na	na	na	na	na	na	na	na	na
Equities	50	42	43	39	24	30	33	26	18	16	24	18	19	14	18	22	18	5	3	2	na	na	na	na	na
Private Equity	10	15	7	18	5	19	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Hedge Funds	7	12	0	15	0	11	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Trends in approved asset classes

Which of the following instruments are approved at your institution?

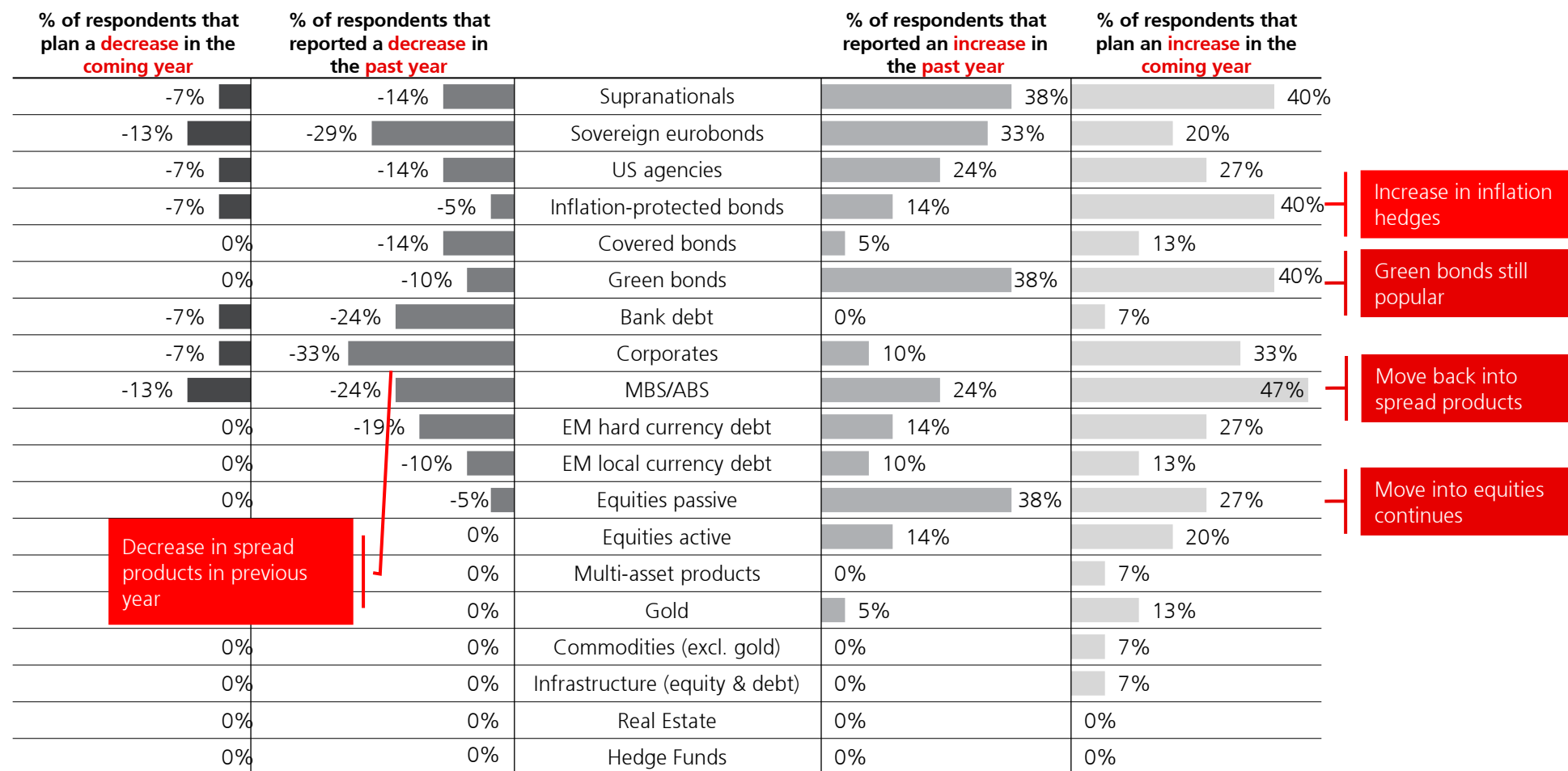
In % of total respondents, multiple responses possible.



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Key changes in asset allocation

Which of the following instruments have you increased/decreased in your portfolio in the past year?
Which of the following instruments would you want to own more or less of over the next year?

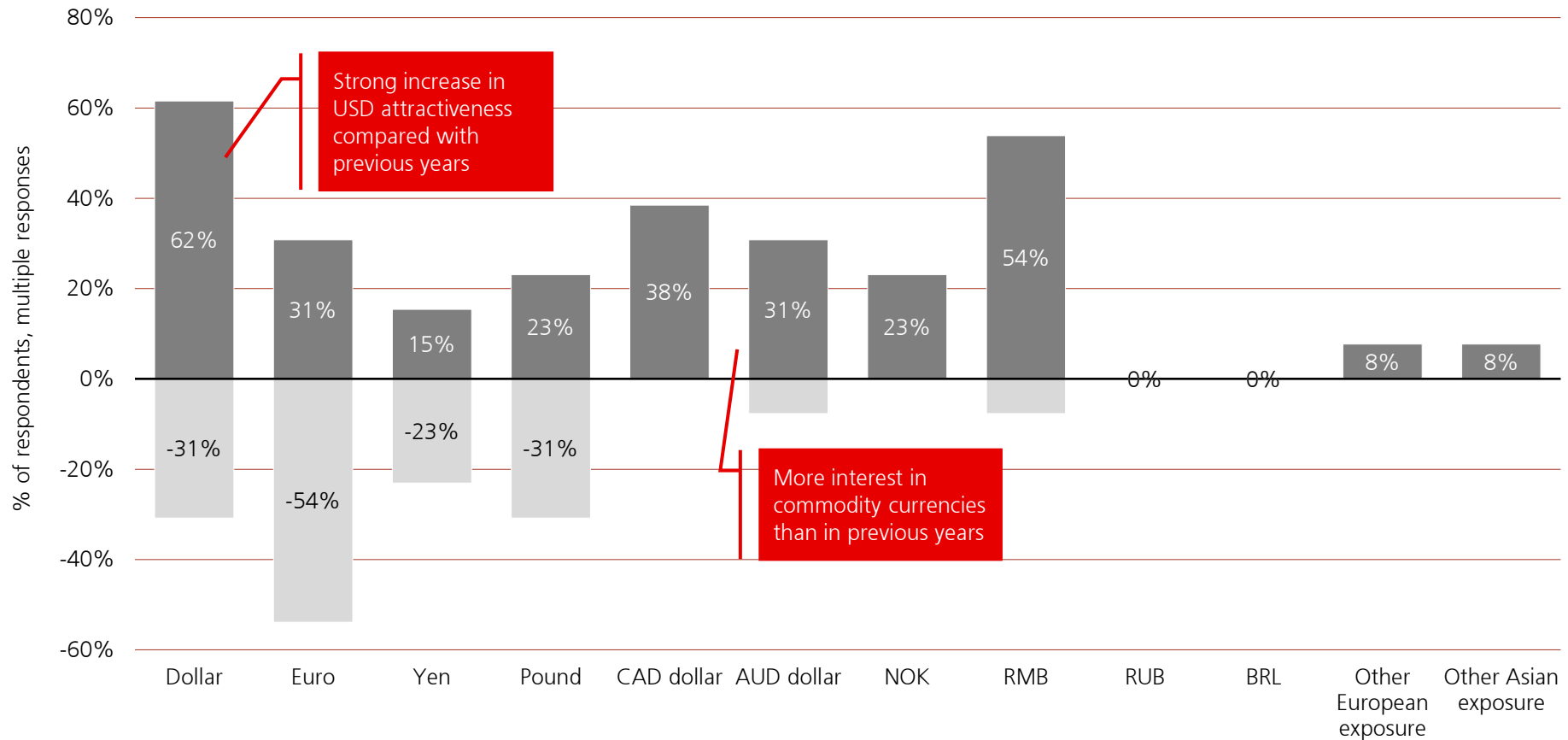


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Currency focus: Changes in 2021/22

Indicates the % of respondents that altered their allocations to each currency up or down.

How have survey participants altered their currency allocation during the past year?



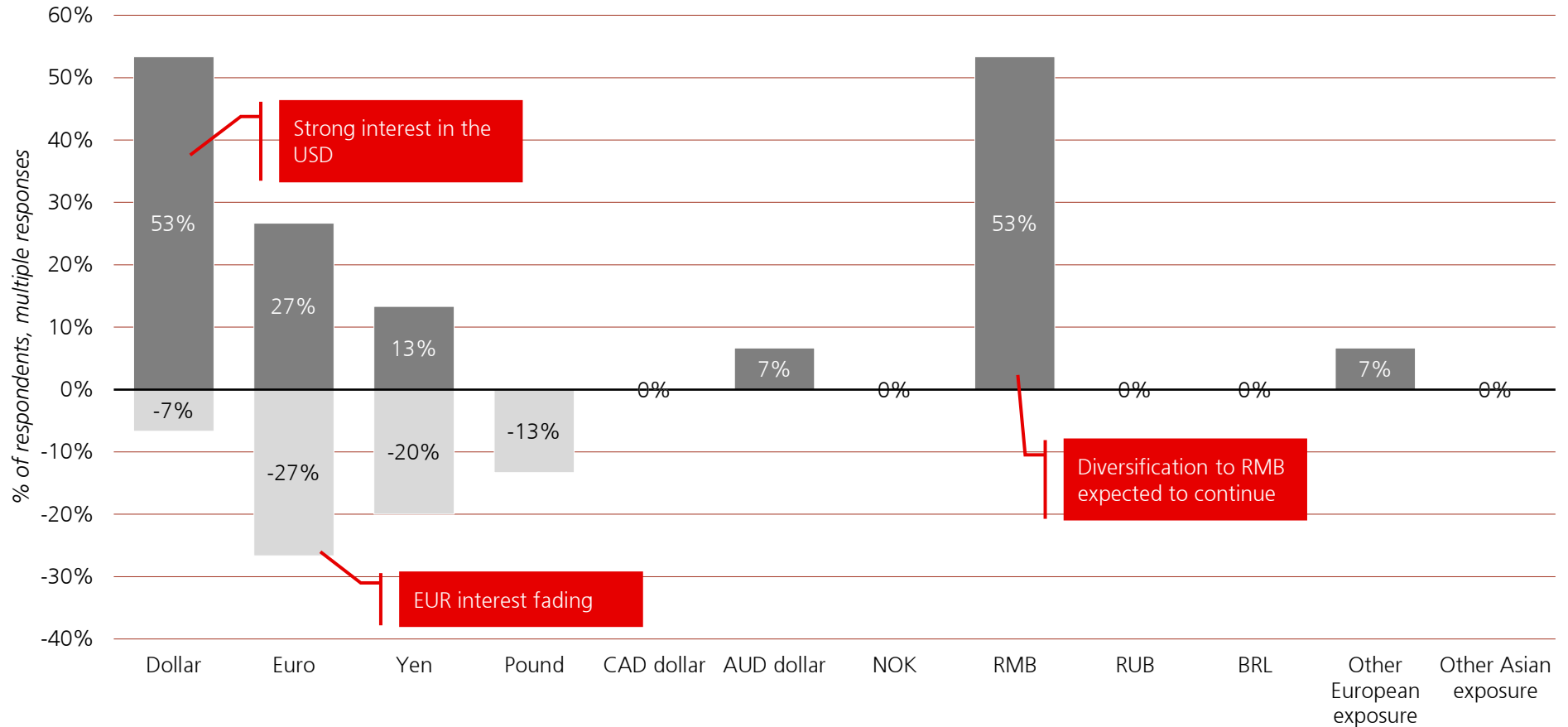
The average share of USD holdings among all participants was at 61%, down from 67% in the previous year. However, this year's sample included less LATAM central banks which traditionally run a very high share of USD holdings, and more participants from the Eurozone with less USD holdings.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Currency focus: Outlook

Indicates the % of respondents that expect their allocations for each currency to go up or down.

How do survey participants expect their currency allocations to change going forward?

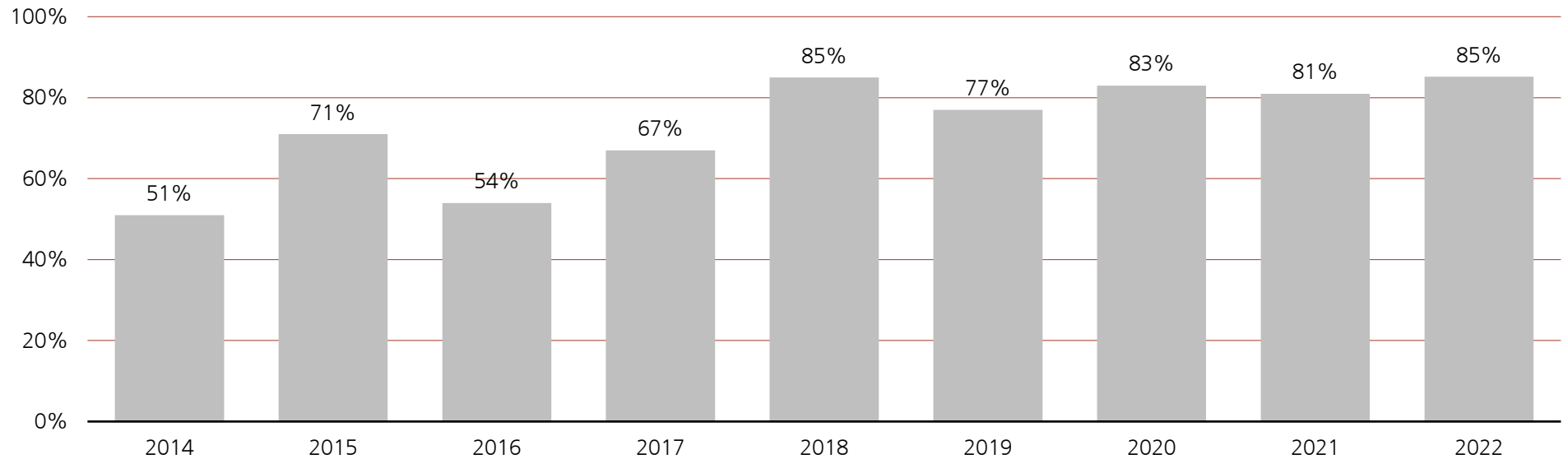


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Currency focus: RMB

Please describe your attitude towards the RMB!

% of survey respondents that are invested, or consider investing, in the RMB



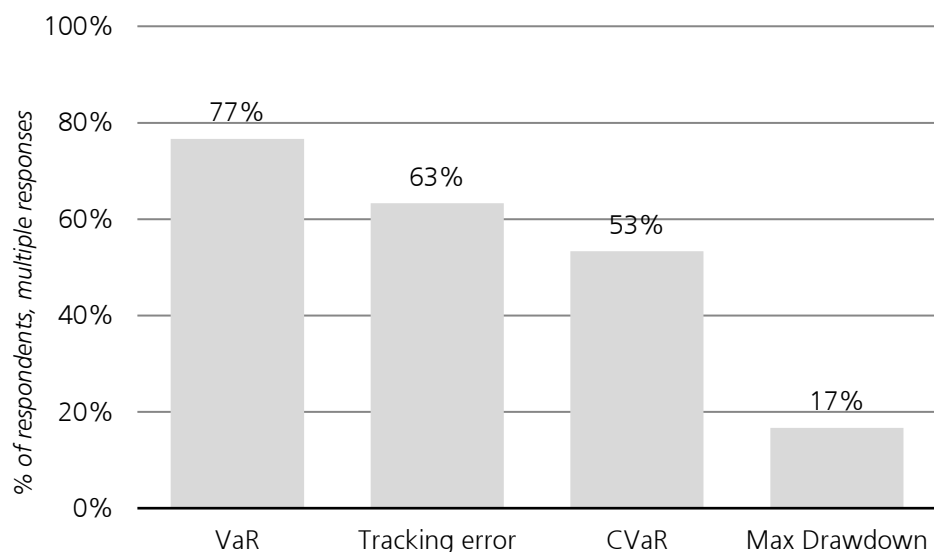
- The average long-term (10y) target allocation (not the actual allocations) to the RMB stands at around 5.8% among survey participants, another small increase from 5.7% in the previous year
- Three participants indicated that they introduced the RMB as a new currency in their reserves, while one participant dropped it.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

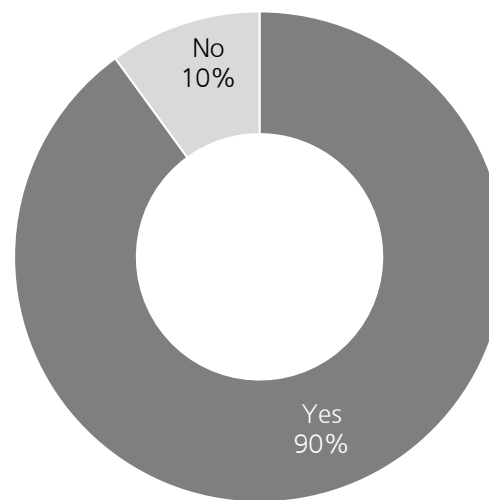
Performance and Risk management

42% of participants answered that their portfolio is now more diversified than one year ago (8% less diversified, 50% broadly unchanged).

How do you measure risk in your portfolios?



Do you take any tactical positions compared to the benchmark?



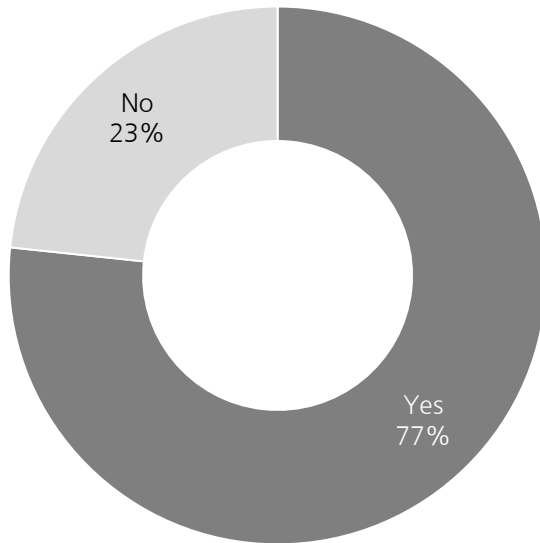
Risk and performance measurement

- 48% of the survey respondents **review their investment policy** on at least a quarterly basis, down from 60% in the previous year. 48% review it on an annual, or even longer basis in select cases.
- Four survey participants **increased maximum drawdown levels** to enhance returns in the past year, in once case by an additional minus 3%.
- 21% of survey respondents indicated that **no negative returns are tolerated** in their investment policy. 26% indicated that they tolerate a maximum drawdown of up to 5% and an additional 16% accept a drawdown of up to 10% in their investment policy.

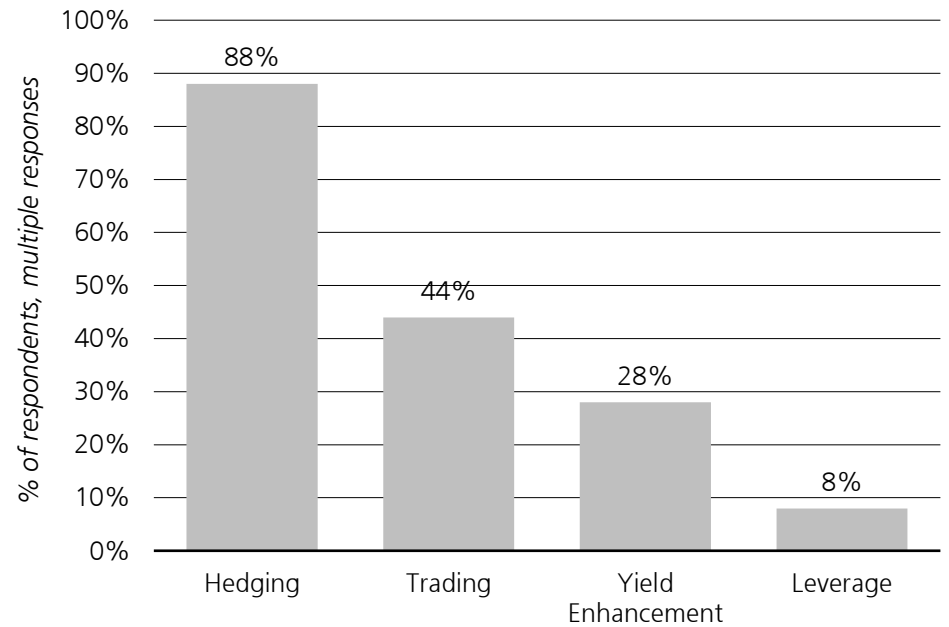
Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Derivatives

Do you use derivatives within your reserve portfolio?



If you use derivatives, what are the main objectives for using them?

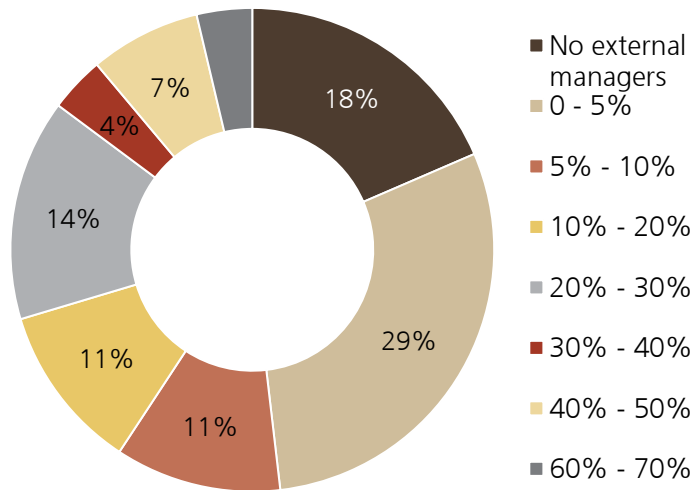


- Additional survey participants reported they use derivatives to **reduce FX risk**, but not to manage reserve assets.

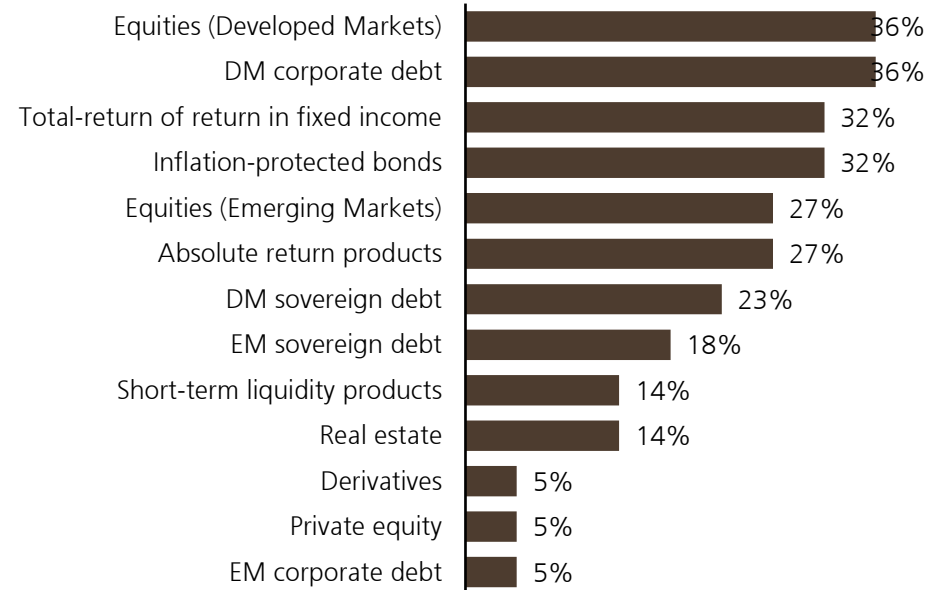
Source: UBS Annual Reserve Manager Survey, results as of June 2022.

External asset management

What percentage of your reserves are currently externally managed?



What asset classes interest you the most for external fund management?



What assets are externally managed?

- External mandates currently exist mainly in the area of MBS, Developed Market sovereign and Developed Market corporate debt, as well as inflation-protected bonds and short-term liquidity products.
- 22% of respondents indicated that they are currently looking into tail-risk hedging strategies, compared with 36% in the previous year.
- 45% of respondents are currently considering thematic investing strategies.
- 64% are currently interested in flexible or dynamic fixed income strategies.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Survey special: The impact of sanctions and geopolitics

Summary (I)

Impact of sanctions on reserve management and reserve currencies

- We asked participating central banks about the **implications of Western sanctions against the central bank of Russia on reserve management and the future of central bank reserve accumulation**. 50% expect some impact; for example, while FX reserves will remain important, they might have to be managed differently going forward. In contrast, 10% expect a significant impact; for them, the role of FX reserves is impaired given the sanction risk and alternatives might have to be considered by a growing number of central banks. Finally, 40% see little or no impact.
- When it comes to **currencies** that might be impacted by recent developments, 63% see limited or no impact for the **US dollar**, which will remain the dominant currency, while 38% expect some impact, including an acceleration of the decline of USD share in global reserves. For the RMB, 60% expect little or no impact, and a further 40% expect some impact, for example in the form of an accelerated rise in the share of RMB in global reserves.
- Further consequences that participants could see emerging as alternatives for FX reserves could be **swap agreements with friendly central banks** (59%), **digital currencies** (41%) and **gold or commodity-based currency systems** (48%).
- Will other larger **central banks be affected by sanctions** comparable in severity to those imposed on the Russian central bank over the coming years? 27% of respondents think so, while 73% do not think that this is likely.
- When asked which reserve currencies are likely to benefit the most from a shift towards a more multipolar world following recent events, 81% think that the **RMB** will benefit, and 46% the **US dollar**.
- 64% of participants think that recent events will accelerate the adoption of Central Bank Digital Currencies (CBDC) globally.
- 15% of respondents indicated **that cryptocurrencies (like BTC and ETH)**, or **private stablecoins** (like Tether) are likely to benefit from a shift towards a multipolar world. 14% of participants think that it's more likely now that **private digital currencies (like BTC or ETH)** could become reserve assets in the future.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Survey special: The impact of sanctions and geopolitics

Summary (II)

Portfolio actions taken

- When asked what **portfolio actions** participants have taken due to recent events so far, “**no actions taken**” is by far the most frequent response, with 57%. Among those that have taken actions, **increased exposure to US Treasuries** and **changing the currency composition of the portfolio** were the most frequent replies with 22 each%.
- 30% of survey participants indicated that they **changed their risk models** and scenarios to reflect an increased likelihood of extreme negative (left-tail) events.

The role of gold

- When it comes to gold, while 60% see its **role broadly unchanged**, 40% see a **rising role for gold** in reserve management going forward. When asked about the main factors that speak **against an increasing role of gold in reserves**, 61% mention its **volatility**, and 54% the cumbersome process of **moving and storing** it. 36% mentioned the **illiquidity** of gold and 14% had concerns about **provenance** and **sustainability**.

Energy security & transition

- When asked what **the impact of geopolitical concerns** around **energy security** will be on the ongoing **energy transition** agenda, 52% see a positive impact (for example a boost to the green agenda from the energy security narrative), while 38% see a negative impact (due to increased investments in fossil fuels).

Covid crisis

- As the **Covid crisis** was part of a special section in last year’s RMS survey, we wanted to know how central bank reserve managers feel about the topic this year. 38% think that Covid will be **over** (defined as no new waves that require invasive measures like lockdowns in major Developed Market economies) **this year**, and 48% think that this will only be the case in 2023. 14% think that the pandemic will only be over in 2024 or later.
- When asked whether China will revise its **zero-Covid policy** in 2022, only 22% think that this will be the case, while 52% think that while the policy will ultimately be revised, it will only happen later than 2022. 26% think that China will not revise this policy.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Impact of sanctions on reserve management

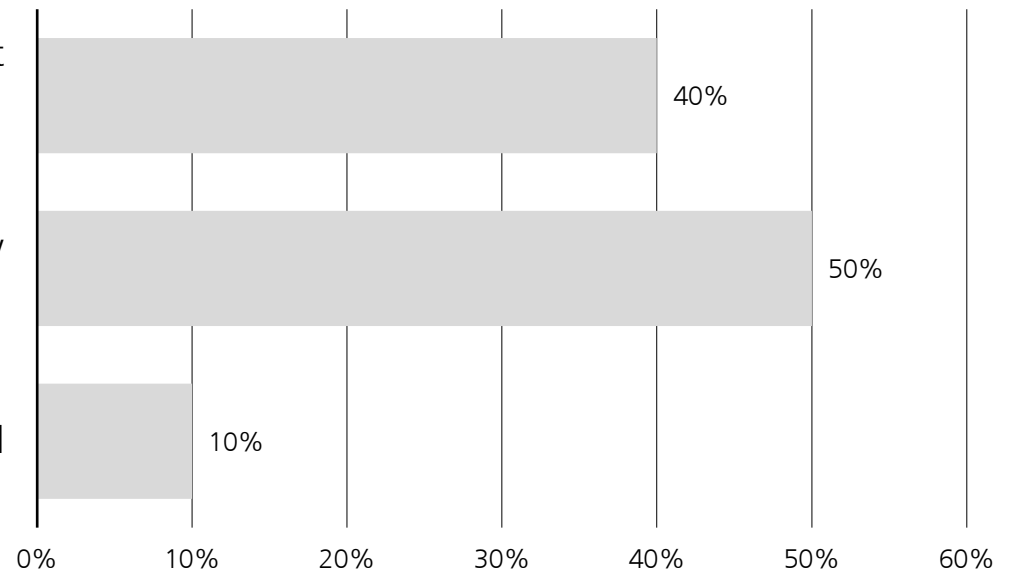
How severe will the implications of Western sanctions be against the central bank of Russia on reserve management globally?

% of respondents

Limited or no impact: FX reserves will remain an important tool for macroeconomic management and countries will continue accumulating them

Some impact: FX reserves will remain important, but they might be managed differently

Significant impact: The role of FX reserves is impaired given the sanction risk and alternatives will be considered by a growing number of central banks

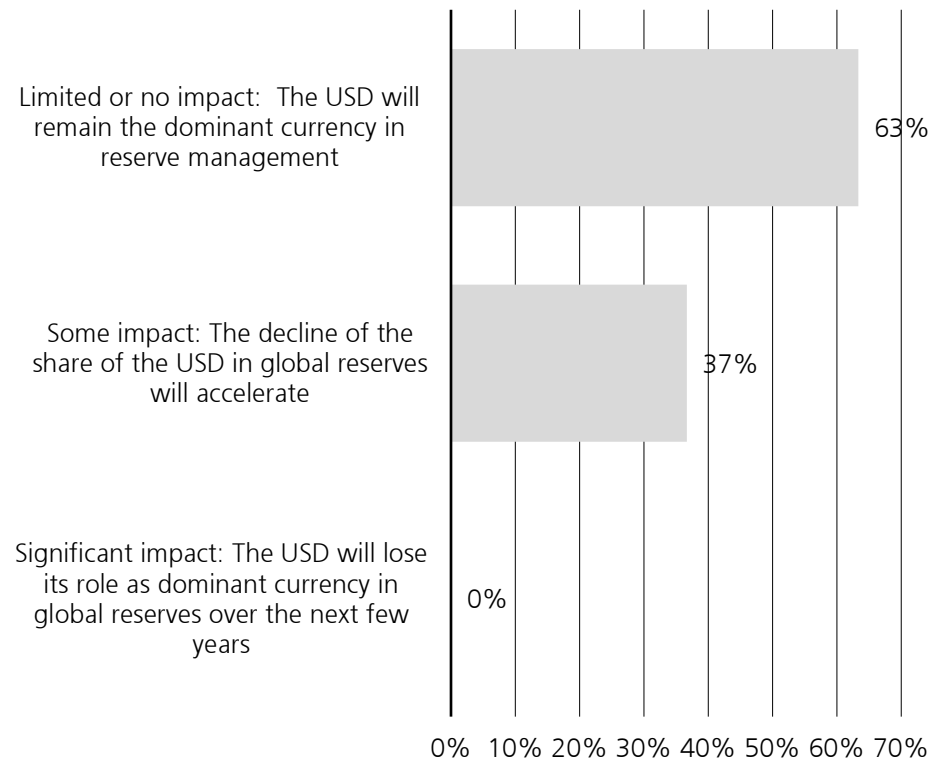


- 59% of survey respondents think that **swap agreements with friendly central banks** could gain popularity as a consequence.
- 48% of survey respondents think that **gold or commodity-based currency systems** could gain popularity as a consequence.
- 41% of survey respondents think that **digital currencies** could gain popularity as a consequence.
- Will **other larger central banks be affected by sanctions comparable in severity to those imposed on the Russian central bank** over the coming years?
27% of respondents think so, while 73% do not think that this is likely.

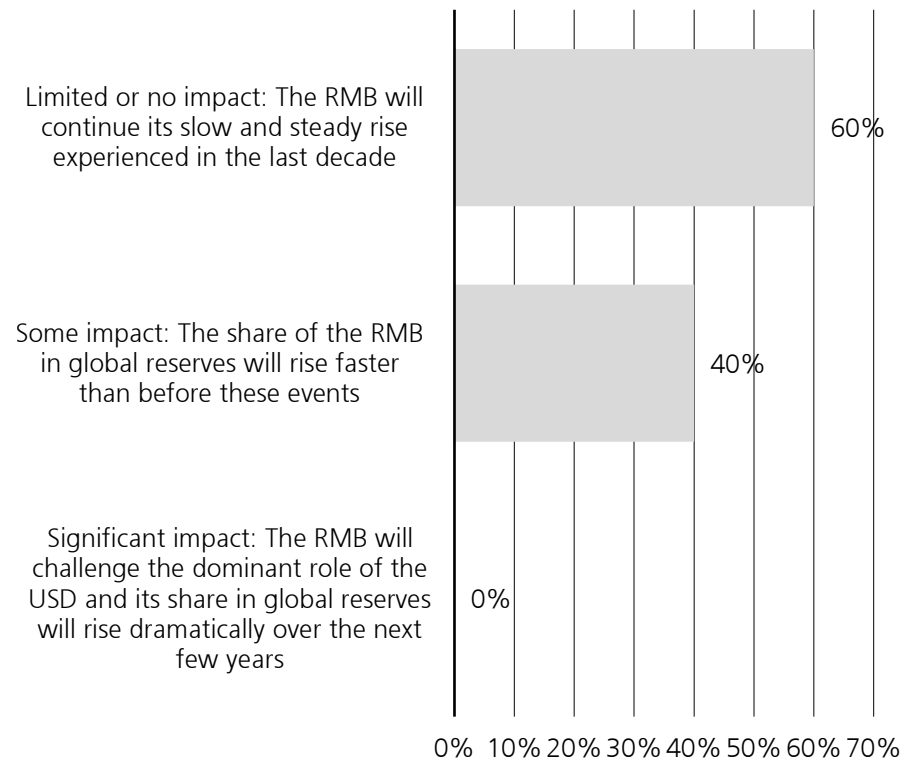
Source: UBS Annual Reserve Manager Survey, results as of June 2022

Impact of sanctions on key currencies (I)

Following the sanctions on Russian reserves, how severe will the impact be on the dominant role of the USD in global reserves?



Following the sanctions on Russian reserves, what will the implications be on the RMB as a reserve currency?

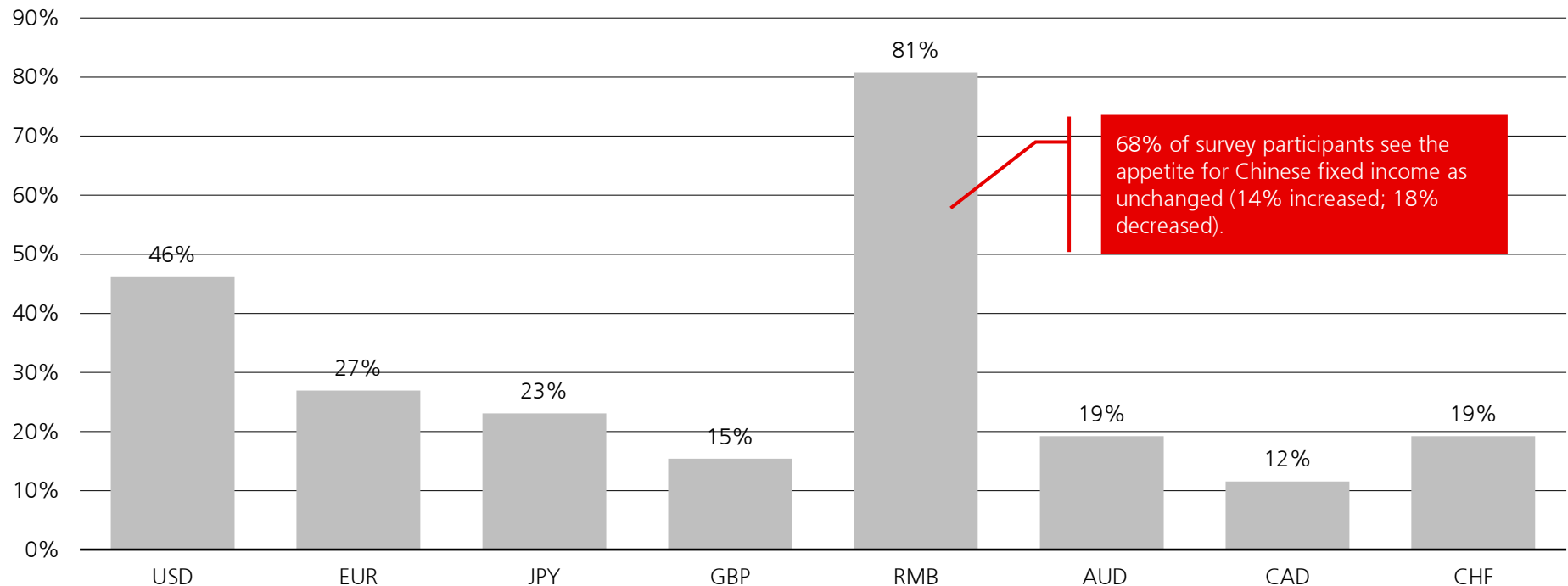


Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Impact of sanctions on key currencies (II)

Following recent events, which reserve currencies are likely to benefit the most from a shift towards a more multipolar world?

% of respondents, multiple responses possible



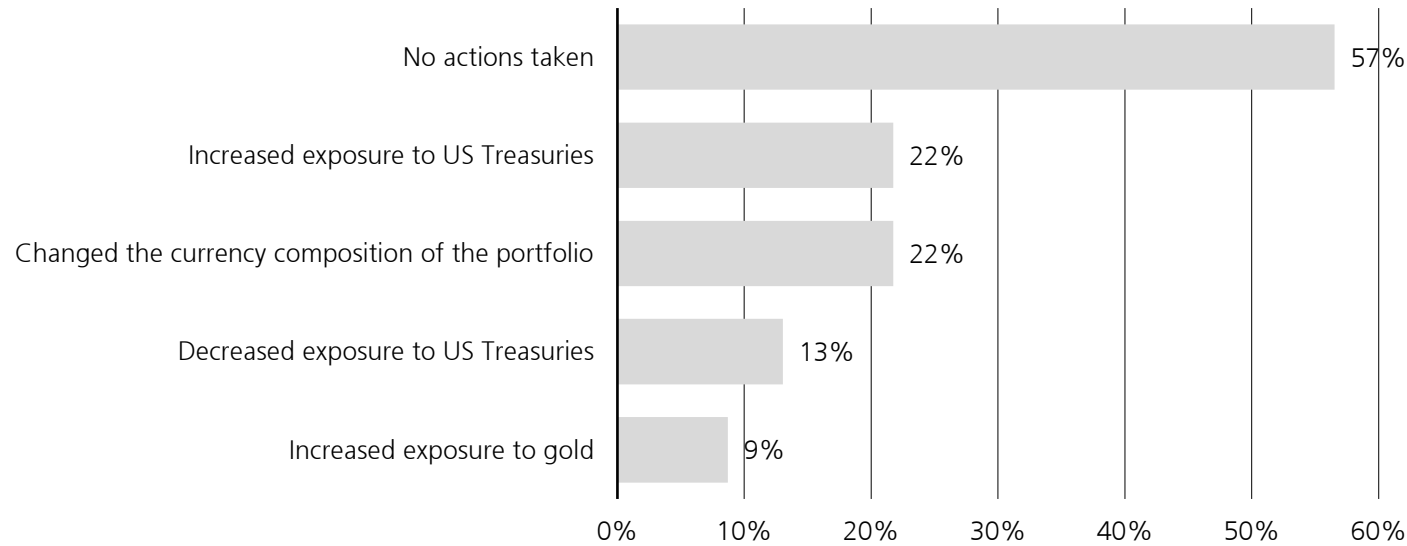
- 64% of participants think that recent events will **accelerate the adoption** of **Central Bank Digital Currencies (CBDC)** globally.
- 15% of respondents indicated that **cryptocurrencies (like BTC and ETH)**, or private stablecoins (like Tether) are likely to benefit from a shift towards a multipolar world. Only 14% of participants think that it is more likely now that private digital currencies could become reserve assets in the future.

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Portfolio actions

What portfolio actions have you taken due to recent events so far?

% of respondents, multiple answers possible



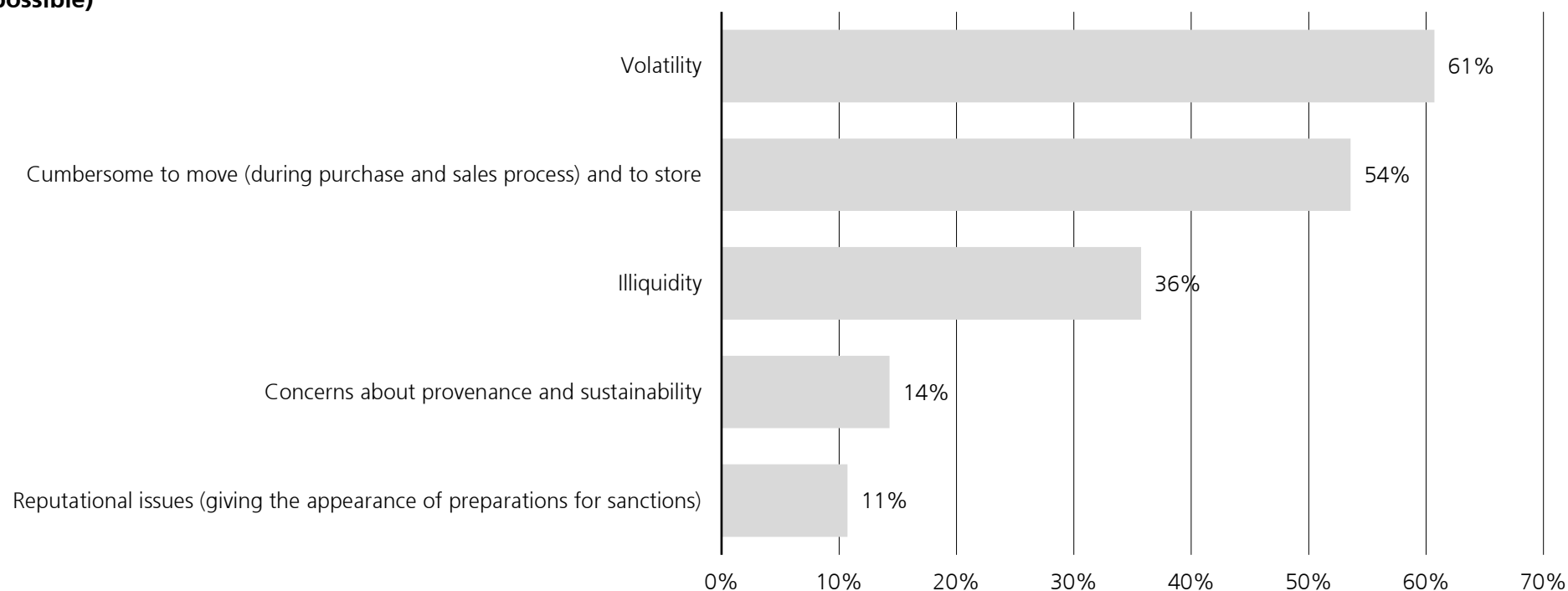
- Other actions were tactical moves on duration and FX, changes in duration objectives and a general review of their Strategic Asset Allocation.
- 30% of survey participants indicated that they **changed their risk models and scenarios** to reflect an increased likelihood of extreme negative (left-tail) events

Source: UBS Annual Reserve Manager Survey, results as of June 2022.

The role of Gold in reserve management going forward

Asked how the role of gold in reserve management will change following recent events, 60% of participants see the role of gold broadly unchanged going forward, while 40% see a rising role. No participant expected the role of gold to fall going forward.

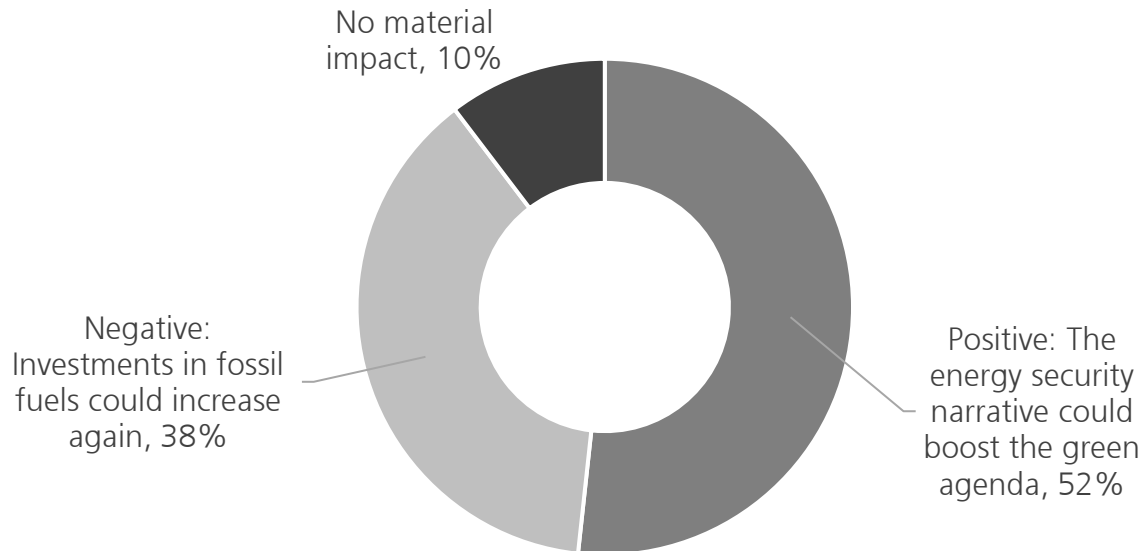
What are the main factors for central banks AGAINST an increased role of gold in their reserves? (% of respondents, multiple responses possible)



Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Impact on energy transition

What will the impact be of geopolitical concerns around energy security on the ongoing energy transition agenda?

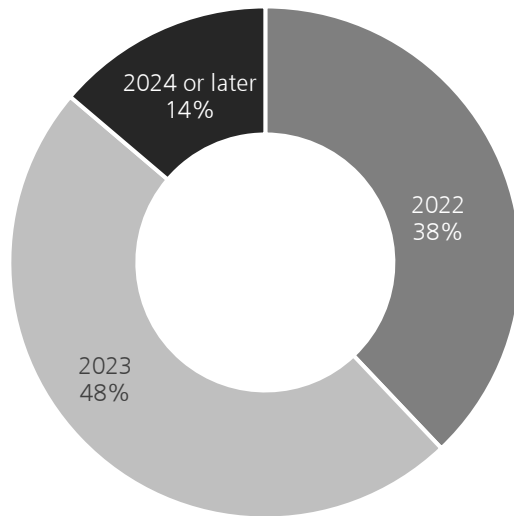


- When asked what **the impact of geopolitical concerns** around **energy security** will be on the ongoing **energy transition** agenda, 52% see a positive impact (for example a boost to the green agenda from the energy security narrative), while 38% see a negative impact (due to increased investments in fossil fuels).

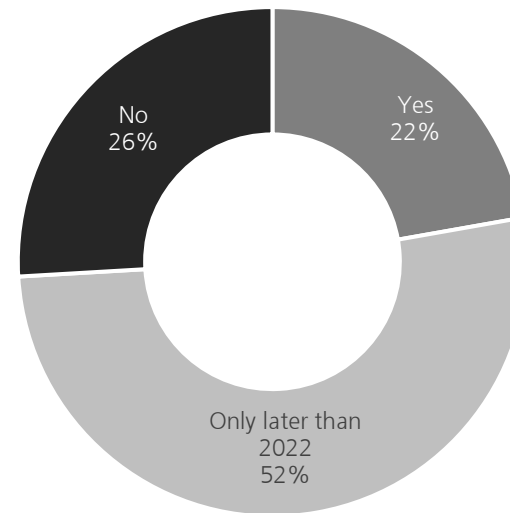
Source: UBS Annual Reserve Manager Survey, results as of June 2022.

Covid review

When will the Covid-19 pandemic be over globally (no new waves that require lockdowns in major Developed Market economies)?



Will China revise its zero-Covid policy in 2022?



- Since the **Covid crisis** was part of a special section in last year's RMS survey, we wanted to know how central bank reserve managers feel about the topic this year. 38% think that Covid will be **over** (defined as no new waves that require invasive measures like lockdowns in major Developed Market economies) **this year**, and 48% think that this will only be the case in 2023. 14% think that the pandemic will only be over in 2024 or later.
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Source: UBS Annual Reserve Manager Survey, results as of June 2022.

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