

UBS Investor Sentiment

Treading carefully

Investors eye inflation, but stay engaged and optimistic



Key findings

Prices up | Investors expect inflation to continue

Cash | Holdings remain high awaiting new market entries

Opportunities | Investors interested in adding into private markets

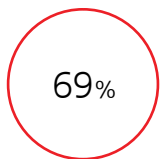
Sentiment

Economic outlook up amongst Mexican investors ... (in %)



Top sources of optimism ...

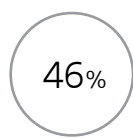
... and concern



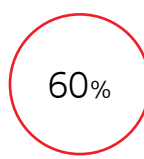
Post-COVID economic recovery



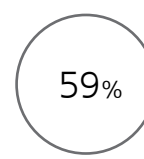
Economic recovery led by the US



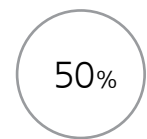
Potential foreign direct investments



High inflation



Renewed waves of COVID



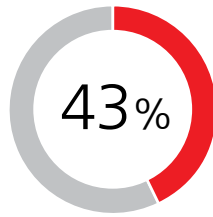
Potential MXN depreciation

Market outlook

Mexican investors assess key potential threats to their financial goals



- 1 Inflation
- 2 COVID new variants
- 3 Tax increases



of investors are very concerned about the impact that inflation has on the real value of cash

AND

53%

believe that it will last more than 12 months

Due to inflation concerns, Mexican investors have already done or are considering to:

87%

Increase equity holdings

81%

Add portfolio hedges

80%

Add real estate

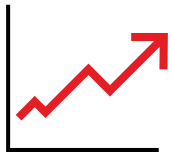
79%

Reduce allocation to bonds

78%

Add precious metals

In addition, inflation related problems are being experienced on a daily basis



84%

Increased goods prices

82%

Shortages in goods requiring chips

79%

Increased gas prices

74%

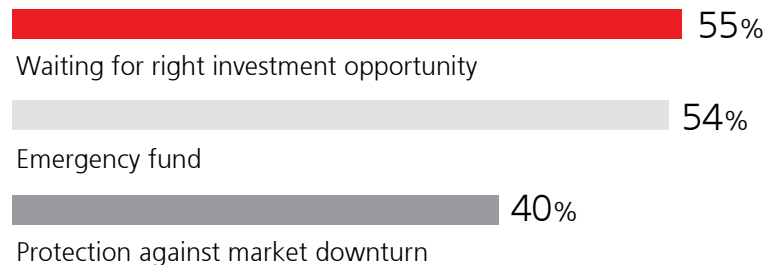
Increased energy costs

Cash holdings

25%

of Mexican investor portfolios are on average allocated to cash holdings

Reasons for holding that amount of cash (in %)



Interest rates

39%

of Mexican investors believe that short term interest rates will increase next year

If increased, 63% will likely pay down their debt. If not increased, they will increase:

- 1 Structured products
- 2 Term of bond holdings
- 3 Dividend paying stocks

Mexican investors likely to borrow money in the next 12 months

56%

Take a personal loan

51%

Borrow against my investments

50%

Take a home equity loan

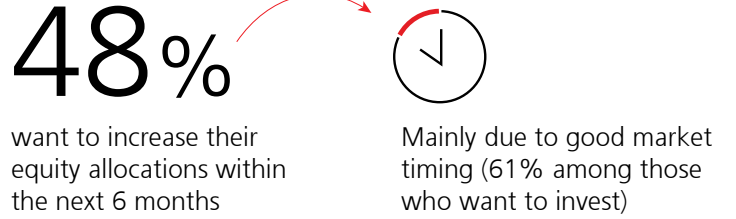
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Investments

Division amongst Mexican investors when it comes to market volatility



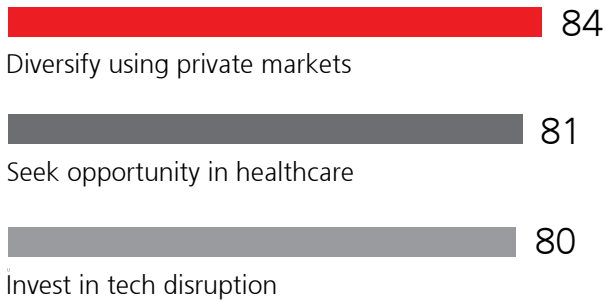
Despite the current level of volatility, many Mexican investors are looking to increase equity investments



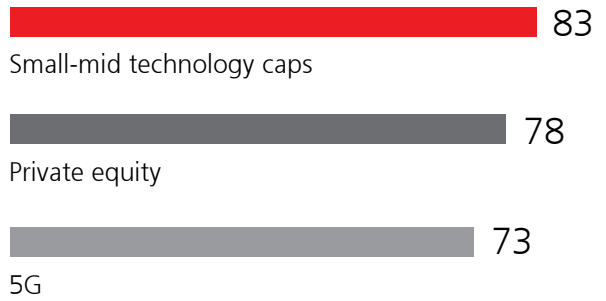
Top sectors where to invest currently



Top short term strategies being considered to be implemented in portfolios (next 6 months) (in %)



Top long term strategies being considered to be implemented on portfolios (7-10 years) (in %)



Business owners

Main reasons for optimism



58% Received financial support from government

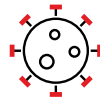


54% Expect the economy to continue recovering



47% Momentum from recent years

Biggest concerns faced



70% COVID



64% Cyber security

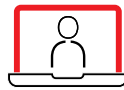


64% Rising materials costs

IT spending continues to be an investment priority for business owners



70%
IT Spending



62%
Infrastructure /
Remote working



52%
Creating a safer environment
for employees

Is your portfolio ready to turn the corner? **Talk to your UBS Advisor.**

About the survey

UBS surveyed 150 investors and 50 business owners in Mexico 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 - January 21, 2022. For the 3Q21 results, UBS surveyed 150 investors and 50 business owners in Mexico, from September 28 - October 15, 2021

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