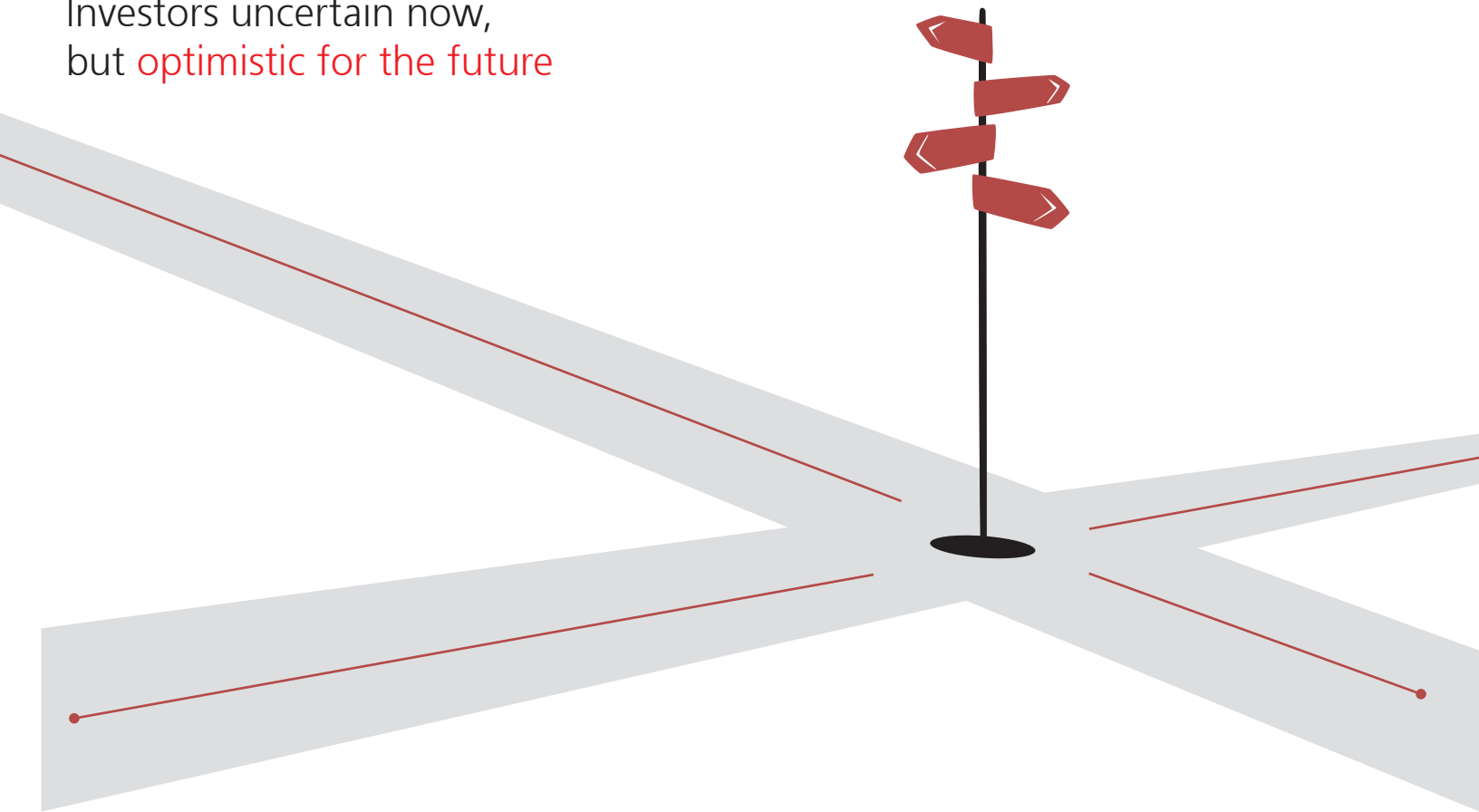


# UBS Investor Watch on the Year Ahead

## Decisions, decisions


Investors uncertain now,  
but optimistic for the future



As we begin not just another year but a new decade, UBS decided to look at how investors globally are preparing for the future.

We found that, this time, the optimism that traditionally greets a new year is tempered by hesitation and a greater sense of caution.

In a world that is increasingly connected, the impact of geopolitical events—such as the global trade conflict, the upcoming US Presidential election, Brexit, political discord in multiple regions—is weighing on investors globally, causing the majority to feel uncertain. Business fundamentals that once were the backbone of how investors think about the market are now being usurped by a confusing geopolitical landscape. As a result, investors are now less likely to act.



But beyond 2020, looking toward the new decade, investors feel far more confident about the profound changes they see on the horizon.

In the next 10 years, demographic changes will have major effects. Millennials, the largest US generation, will be approaching age 50, while the last of the baby boomers will all be at retirement age. Artificial intelligence and virtual reality are expected to be mainstream. Automation will impact the labor force. Environmental disruption will likely continue, and sustainable investing will be mainstream.

Investors see these “mega-trends”—an aging population, technology and automation, diminishing resources—creating opportunities for the future. In fact, seven in 10 want to take advantage of these trends to seek better returns.

As they look ahead, investors have an opportunity to ensure they are well-positioned for the future—a future that will be here before we know it.

# 1

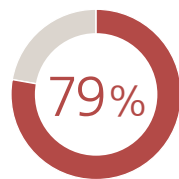
## Investors look to the year ahead with greater caution ...

Investors see reasons to be cautious in the new year. Almost 8 in 10 investors feel markets are moving toward a period of higher volatility. More than half of investors expect a significant drop in the markets at some point in 2020. As a result, 52% are unsure if now is a good time to invest.

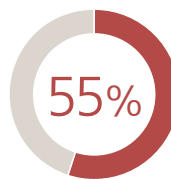
Nearly three in four investors say the investment environment is more challenging than it was five years ago. The majority (58%) feel less in control of their portfolio's performance than they used to.

### Investors expect a volatile 2020 ...

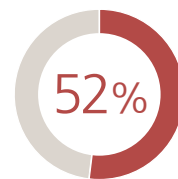
Percentage who agree with the following:



We are moving toward a period of higher volatility



There will be a significant drop in the markets before the end of 2020

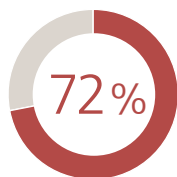


I am unsure if now is a good time to invest

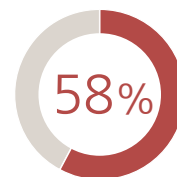


### ... and feel less in control

Percentage who agree with the following:



The investment environment is more challenging than five years ago



Investment returns are more out of my control

## ... with geopolitical events seen as driving the markets

Two in three global investors believe markets now are driven more by geopolitical events than business fundamentals such as profitability, revenue and growth potential. In a world investors see as highly interconnected, they view the US-China trade conflict, the political environment in their market and the 2020 US Presidential election as the biggest threats to portfolio performance.

Globally, 44% of investors are highly worried the US-China trade conflict will impact their portfolios in 2020. Surprisingly, investors in mainland China appear to be the least worried about the trade conflict.

### Geopolitical events weigh heavily on investors

Percentage who agree with the following:



66%

Markets are driven more by **geopolitical events** than business fundamentals

Top geopolitical **concerns**:

44%

**US-China trade conflict**



41%

Political environment in my market

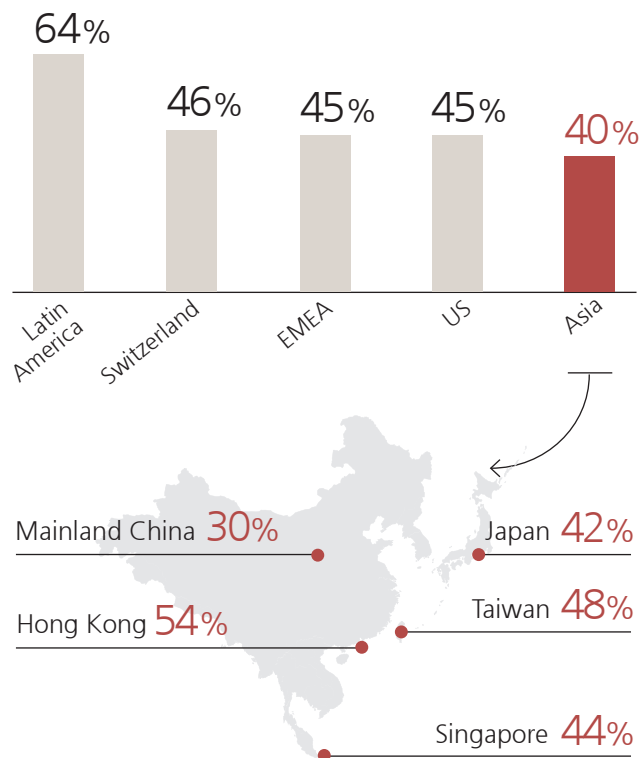


37%

2020 US Presidential election



Concern about **US-China trade conflict** by region:



# 2

## In today's challenging environment, investors seek various strategies to cope

To cope with this environment, 64% of investors are considering adding high quality stocks to their portfolios, while others would increase diversification and raise cash. Already, investors are holding 25% of their assets, on average, in cash.

There is a clear connection between investor confidence and planning. Two-thirds of investors with a long-term plan in place are highly confident they will achieve their goals, compared to only 51% of investors without a plan. In addition, eight in 10 plan to discuss the impact of the US Presidential election with their advisors.

### Investors plan to diversify portfolios ...

*Preferred strategies to protect their portfolio:*



### ... and would consider increasing cash



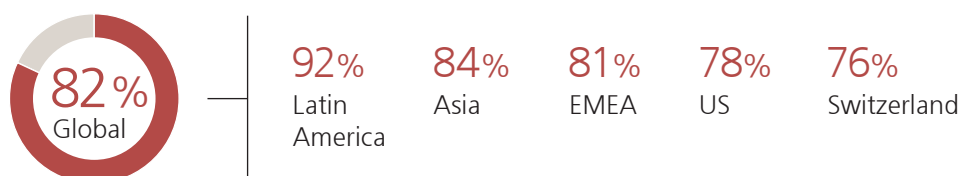
### Planning increases investor confidence

*Percentage highly confident in achieving long-term financial objectives:*



### Investors seek advice before US election

*Percentage who plan to or would consider discussing election's impact:*



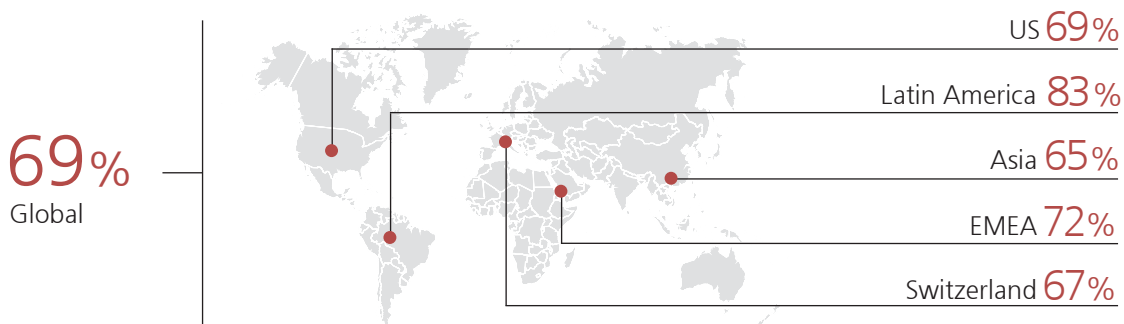
# Looking to the decade ahead, investors expect key trends to fuel returns

Seven in 10 investors feel optimistic about their portfolio returns over the next decade. Investors have identified a number of “mega-trends” they see changing the world, most notably an aging population, increasing technology and diminishing natural resources.

Investors expect the technology, healthcare and energy sectors to benefit the most from mega-trends in the decade ahead. A full 88% are interested in aligning their portfolios to these trends.

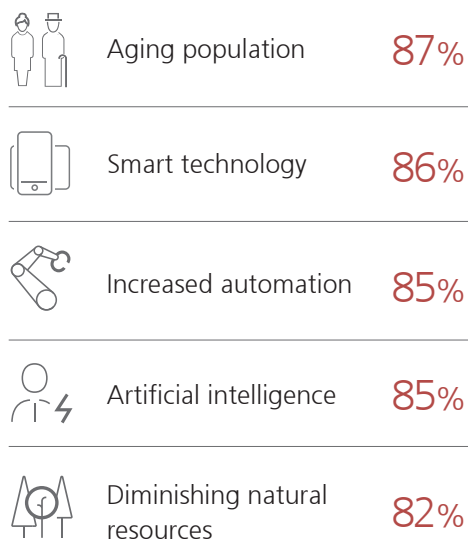
## Investors are optimistic about long-term returns

Percentage optimistic about investment returns over the next 10 years:



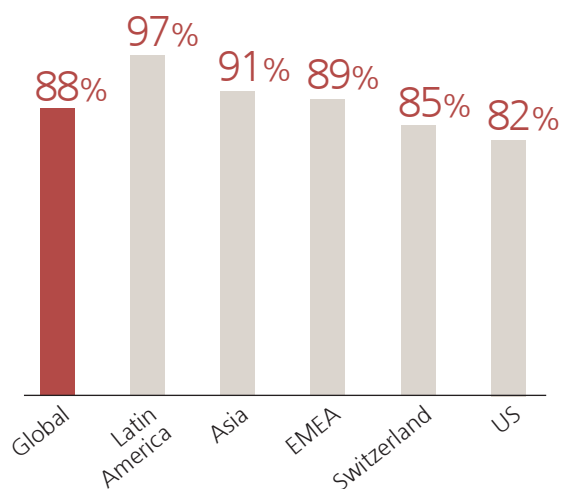
## “Mega-trends” will impact the next decade

Top five trends that investors identify:



## Investors want portfolios to align with trends

Percentage interested in aligning their investment portfolios with anticipated trends:



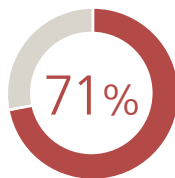
## Younger investors eagerly embrace change

Younger investors embrace the changes they see occurring in the decade ahead. They are more likely than other generations to be optimistic about the investment opportunities resulting from the changes ahead.

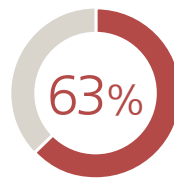
The vast majority (84%) of younger investors are interested in aligning their portfolios to take advantage of these long-term opportunities, compared to only 30% of older investors.

### Younger investors are more likely to embrace change ...

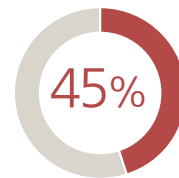
*Percentage who say they embrace change:*



Age: 18-34



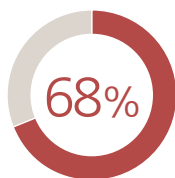
Age: 35-50



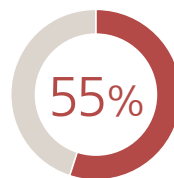
Age: 51+

### ... and are more optimistic about opportunities in the next decade

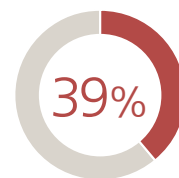
*Percentage who are optimistic about the investment opportunities created by mega-trends:*



Age: 18-34



Age: 35-50



Age: 51+

### Younger investors more interested in aligning portfolios with "mega-trends"

*Percentage highly interested in aligning their portfolios with anticipated trends:*



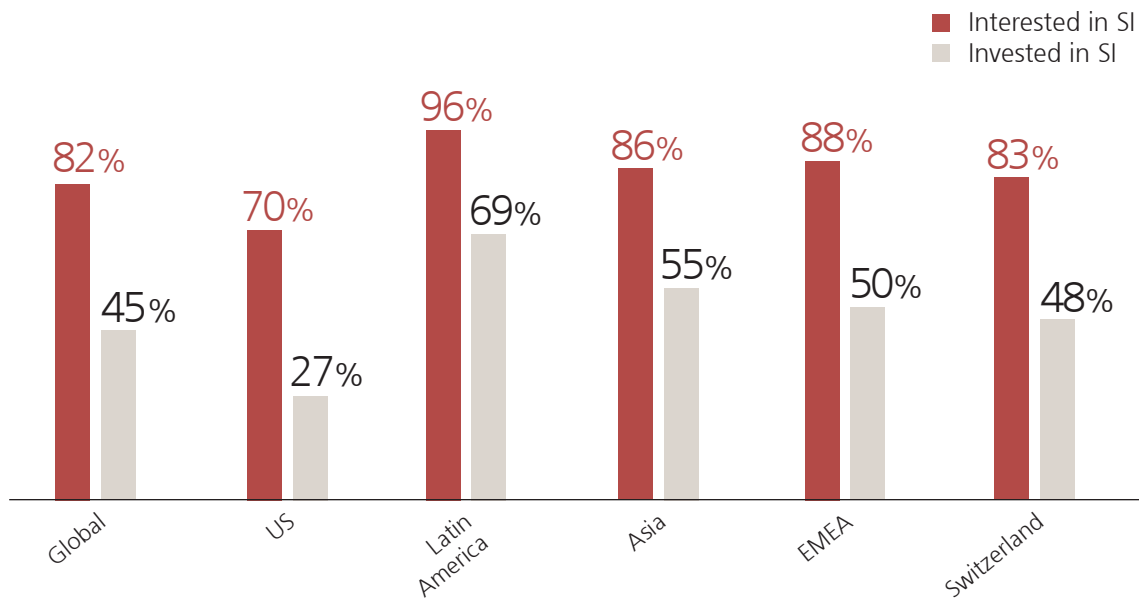


## Interest in sustainable investing is high, yet adoption lags

Globally, investors believe the most important issues for the world to address in the next decade are clean water and sanitation, access to good healthcare, and pollution and environmental destruction. These issues are driving greater interest in sustainable investing (SI), though less than half of investors have SI in their portfolios today.

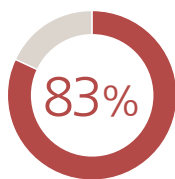
Investors have increased their allocation to SI in the last five years and expect to do so going forward. Younger investors are more interested in sustainable investing compared to older investors.

### Sustainable investing adoption varies by region

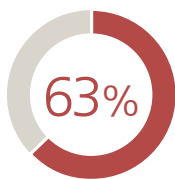


### Younger investors are more interested in sustainable investing

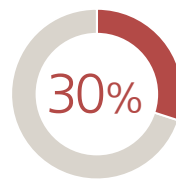
Percentage interested in sustainable investing:



Age: 18-34



Age: 35-50



Age: 51+

This document has been prepared by UBS AG, its subsidiary or affiliate ("UBS"). This document and the information contained herein are provided solely for informational and/or educational purposes. It is not to be regarded as investment research, or investment advice, a sales prospectus, an offer or solicitation of an offer to enter in any investment activity, to buy or sell any security, investment instrument, product or other specific service, or recommendation or introduction of any specific investment instrument or financial services or to effect any transactions or to conclude any legal act of any kind whatsoever. UBS makes no representation or warranty relating to any information herein that is derived from independent sources. Approved and issued by UBS this document may not be redistributed or reproduced in whole or in part or copies circulated without the prior written permission of UBS and no liability whatsoever for the actions of third parties in this respect is accepted. To the extent permitted by the law, neither UBS nor any of its directors, officers, employees or agents accept or assume any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else, arising out of the use of all or any part of this document.

#### **Important information in the event this document is distributed to US Persons or into the United States**

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information visit our website at [ubs.com/workingwithus](https://ubs.com/workingwithus).

UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. Expiration: 10/31/20. Review Code: IS1905231. Approval date: 10/24/2019

Sustainable investing strategies aim to incorporate environmental, social and governance (ESG) considerations into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. The returns on portfolios consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered, and the investment opportunities available to such portfolios may also differ.

#### **Important information in the event this document is distributed by the following domestic businesses**

**Denmark** if distributed by UBS Europe SE, Denmark Branch: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes by UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

**Germany** if distributed by UBS Europe SE, Germany: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes by UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval.

**Hong Kong** if distributed by UBS AG Hong Kong Branch: This publication is distributed by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability.

**Israel** if distributed by UBS Wealth Management Israel Ltd.: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee that engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person's needs. The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995.

**Italy** if distributed by UBS Europe SE, Succursale Italia: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes by UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

**Luxembourg** if distributed by UBS Europe SE, Luxembourg Branch: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes by UBS Europe SE, Luxembourg Branch, with place of business at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE, Luxembourg Branch is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Luxembourg supervisory authority (Commission de Surveillance du Secteur Financier), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

**Mexico** if distributed by UBS Asesores México, S.A. de C.V.: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Securities Market Law due to the relation with a Foreign Bank. UBS Asesores is a regulated entity and it is subject to the supervision of the Mexican Banking and Securities Commission ("CNBV"), which exclusively regulates UBS Asesores regarding the rendering of portfolio management, as well as on securities investment advisory services, analysis and issuance of individual investment recommendations, so that the CNBV has no surveillance faculties nor may have over any other service provided by UBS Asesores. UBS Asesores is registered before CNBV under Registry number 30060. You are being provided with this UBS publication or material because you have indicated to UBS Asesores that you are a Sophisticated Qualified Investor located in Mexico. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services.

**Monaco** if distributed by UBS (Monaco) SA: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) SA, a regulated bank under the supervision of the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) for banking activities and under the supervision of "Commission de Contrôle des Activités Financières" for financial activities.

**Singapore** if distributed by UBS AG Singapore branch: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it

and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report.

**Spain** if distributed by UBS Europe SE, Sucursal en España: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes by UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

**Sweden** if distributed by UBS Europe SE, Sweden Bankfilial: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes by UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

**Taiwan** if distributed by UBS AG, Taipei Branch: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects.

**UK** if distributed by UBS AG UK Branch: UBS AG is registered as a branch in England and Wales Branch No. BR004507 (A public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051, Basel and Bahnhofstrasse 45, CH-8001 Zurich). Registered Address: 5 Broadgate, London EC2M 2QS. Authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

#### **Important information in the event this document is distributed cross-border**

**Bahrain:** UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain and does not undertake banking or investment business activities in Bahrain. Therefore, clients have no protection under local banking and investment services laws and regulations.

**China:** This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. This report shall not be regarded as providing specific securities related analysis. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard.

**Czech Republic:** UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. Please notify UBS if you do not wish to receive any further correspondence.

**Greece:** UBS Switzerland AG is established in Switzerland and operates under Swiss law. UBS Switzerland AG and its affiliates (UBS) are not licensed as a bank or financial institution under Greek legislation and do not provide banking and financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece."

**Indonesia, Malaysia, Philippines, Thailand:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt.

**Jersey:** UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX.

**Nigeria:** UBS Switzerland AG and its affiliates (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission and do not undertake banking or investment business activities in Nigeria.

**Poland:** "UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS [insert Legal Entity] is not licensed as a bank or as an investment firm under Polish legislation and is not allowed to provide banking and financial services in Poland".

**Portugal:** UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the Portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários").

**Singapore:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately.

**UAE:** UBS is not licensed in the UAE by the Central Bank of UAE or by the Securities & Commodities Authority. The UBS AG Dubai Branch is licensed in the DIFC by the Dubai Financial Services Authority as an authorised firm.

**Ukraine:** UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centers. UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine.

**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 3,400 high net worth investors (with at least \$1 million in investable assets). The global sample was split across 13 markets: Brazil, mainland China, Germany, Hong Kong, Italy, Japan, Mexico, Singapore, Switzerland, Taiwan, UAE, the UK and the US. The research was conducted between August 2019 and October 2019.



Explore more insights at [ubs.com/investorwatch](https://ubs.com/investorwatch)

© UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

[ubs.com/fs](https://ubs.com/fs)  
2019-200641

