US investors chart new direction on taxes and sustainability

**Key findings**

**Tax reform** | Investors look to protect assets

**Sustainable investing** | Returns and values drive investor interest

**Labor crunch** | Business owners adjust to workforce challenges

**Tax changes**

Investors fairly split on support for tax proposal …

- 51% approve
- 40% disapprove
- 9% unsure

… and many want to take action ahead of potential changes

- "Considering …"
  - 40% shifting to assets that do not generate adjusted gross income
  - 37% realizing income in 2021 instead of 2022
  - 36% seeking expert tax advice

- "Have already …"
  - 39% sought expert tax advice
  - 36% shifted some assets into trusts
  - 34% increased financial gifting to family/friends
Sustainable investing (SI)

SI seen as increasingly important to portfolio strategy ... (in %)

- Highly important: 53% (+14)
- Somewhat important: 17% (-6)
- Not important: 30% (-8)

*Changes since 2020

... and returns are their top priority

- Maximize returns: 78%
- Maximize impact: 56%
- Invest in companies that further causes important to me: 54%
- Avoid companies that don’t align with my views: 52%

Investors expect SI returns to match or exceed traditional investing

- Better returns: 44%
- Same returns: 29%
- Worse returns: 27%

Top sustainable investment themes

- Clean water and sanitation: 46%
- Healthcare/Healthtech: 46%
- Climate change: 44%
Policy views
Investors want Biden administration to focus on specific priorities

77% 77% 73% 71% 70%
Unifying the country Getting COVID-19 under control Managing US-Mexico border Improving the US’s diplomatic standing Managing US-China relationship

Most approve of Biden administration’s budget plan (Build Back Better)

<table>
<thead>
<tr>
<th>Approve</th>
<th>Unsure</th>
<th>Disapprove</th>
</tr>
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<tbody>
<tr>
<td>57%</td>
<td>3%</td>
<td>40%</td>
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</tbody>
</table>

Outlook tracker

Optimism drops on economy for next 12 months* (in %)

- Optimistic: 61 (optimistic -8)
- Neutral: 13 (neutral -1)
- Pessimistic: 26 (pessimistic +9)

Expectations on stock market for next 6 months also down* (in %)

- Optimistic: 61 (optimistic -7)
- Neutral: 22 (neutral +4)
- Pessimistic: 17 (pessimistic +3)

Tax, inflation concerns jump*

- Politics: 64% (Politics +5)
- Tax increases: 61% (Tax increases +9)
- National debt: 58% (National debt +5)
- Inflation: 57% (Inflation +11)
- Cyber security: 53% (Cyber security -3)

*Changes since 2Q21

Jump to Tax changes | Sustainable investing (SI) | Business owners

3 of 5
Business owners

Outlook on own business for next 12 months still high*

81% optimistic
11% neutral
8% pessimistic

81%

Net hiring and business investment plans remain strong* (in %)

<table>
<thead>
<tr>
<th>hire</th>
<th>keep workforce same</th>
<th>downsize</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>49</td>
<td>7</td>
</tr>
<tr>
<td>-4</td>
<td>+8</td>
<td>-4</td>
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Net hiring¹ +37 (unchanged)

<table>
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<tr>
<th>invest more in my business</th>
<th>invest the same</th>
<th>invest less</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>45</td>
<td>6</td>
</tr>
<tr>
<td>-6</td>
<td>+9</td>
<td>-3</td>
</tr>
</tbody>
</table>

Net investing² +43 (-3)

¹ Hire minus downsize
² Invest more minus invest less

Tight labor market adds to business owners’ challenges in past 6 months ...

79% Employee recruiting
76% Wage inflation
76% Weak customer demand
72% Employee retention

... but business owners are responding

69% More flexible work hours
67% Increased base pay
66% More employee benefits
65% More flexible work locations
60% Offering new or larger year-end/spot bonuses

Are you prepared for what comes next? Talk to your UBS Advisor.

*Changes since 2Q21

About the survey: UBS surveyed 900 investors and 500 business owners in the US 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 September 28 – October 18, 2021. For the 2Q21 results, UBS surveyed 900 investors and 500 business owners in the US, from June 29 – July 10, 2021.
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.

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