Investors concerned about inflation and volatility but remain engaged

**Key findings**

**Prices rising** | Investors expect inflation to continue

**Volatility** | Investors considering adding stocks and hedges

**Policy priorities** | Want inflation and foreign relations addressed

### Inflation

Most investors think inflation will continue through 2022

- 62% will last longer than 12 months
- 27% will last 6-12 months
- 11% will last less than 6 months

Many are concerned about volatility

- 48% concerned about market downturn
Amid volatility, investors consider portfolio changes ...

- Add stocks: 39%
- Add portfolio hedges: 36%
- Reduce cash: 35%
- Add real estate: 31%

... and putting cash to work

- Have more than 10% of portfolio in cash and equivalents (e.g., CDs): 61%
- Concerned about the impact of inflation on cash value: 56%
- Waiting for right opportunity to invest: 41%

Investors want to borrow ahead of potential rate rises

- Refinance an existing mortgage: 42%
- Borrow against investments (security-backed loan): 41%
- Get a new mortgage: 41%
**Policy views**

Investors want Biden administration to focus on key priorities*

<table>
<thead>
<tr>
<th>Priority</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control inflation</td>
<td>82%</td>
</tr>
<tr>
<td>Control COVID</td>
<td>81%</td>
</tr>
<tr>
<td>Unify the country</td>
<td>78%</td>
</tr>
<tr>
<td>Manage US-China relationship</td>
<td>75%</td>
</tr>
<tr>
<td>Manage US-Russia relationship</td>
<td>74%</td>
</tr>
</tbody>
</table>

*Changes since 3Q21

**Preferred outcome for mid-term House and Senate elections**

- Republican control: 40%
- Democrat control: 33%
- Split control: 27%

**Outlook tracker**

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

- Optimistic: 54%
- Neutral: 12%
- Pessimistic: 34%

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

- Optimistic: 54%
- Neutral: 22%
- Pessimistic: 24%

**Top concerns: tax worries decline***

- Politics: 63% (Politics: 1)
- Inflation: 60% (Inflation: 3)
- National debt: 57% (National debt: 1)
- Tax increases: 54% (Tax increases: -7)
- Cyber security: 53% (Cyber security: Unchanged)

*Changes since 3Q21
Business owners

Confidence in own business for next 12 months remains high*

78% optimistic
11% neutral unchanged
11% pessimistic

*Changes since 3Q21

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

<table>
<thead>
<tr>
<th>hire</th>
<th>keep workforce same</th>
<th>downsize</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 (-3)</td>
<td>47</td>
<td>12 (+5)</td>
</tr>
</tbody>
</table>

Net hiring¹ +29 (-8)

<table>
<thead>
<tr>
<th>invest more</th>
<th>invest the same</th>
<th>invest less</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 Unchanged</td>
<td>42</td>
<td>9 (-3)</td>
</tr>
</tbody>
</table>

Net investing² +40 (-3)

¹ Hire minus downsize
² Invest more minus invest less

Top business owner concerns

66% Supply chain issues
64% Rising materials costs
63% Business tax increases
62% Wage inflation
60% Increased regulations

Many plan to sell or pass on their business in next 5 years

42% Less than 5 years
31% More than 6 years
27% Don’t plan to exit the business

Are you ready to weather what comes next? Talk to your UBS Advisor.

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 January 11 – 24, 2022. For the 3Q21 results, UBS surveyed 900 investors and 500 business owners in the US, from September 28 – October 18, 2021.

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