

UBS Investor Sentiment

Treading carefully

Investors eye inflation, but stay engaged and optimistic



Key findings

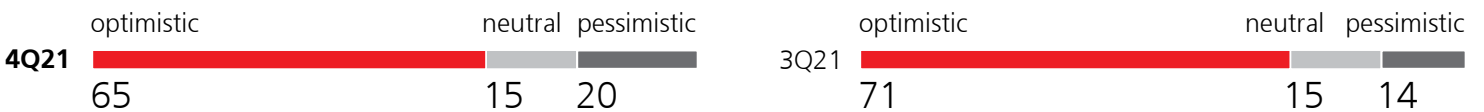
Prices up | Investors expect inflation to continue

Cash | Holdings remain high awaiting new market entries

Opportunities | Investors interested in investing in tech disruption

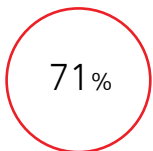
Sentiment

Economic outlook down amongst Brazilian investors ... (in %)



Top sources of optimism ...

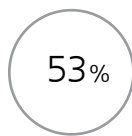
... and concern



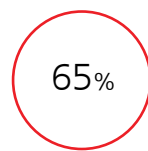
COVID vaccination acceleration



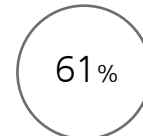
Positive impacts from commodities exports



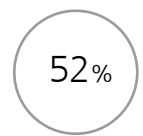
Economy reopening



Higher inflation



Higher interest rates



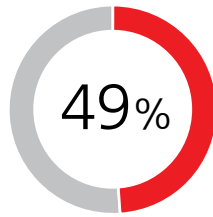
Political polarization impacting business and consumer confidence

Market outlook

Brazilian investors assess key potential threats to their financial goals



- 1 Tax increases
- 2 Inflation
- 3 COVID (including new variants)



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

AND

47%

believe that it will last more than 12 months

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

83%

Increase equity holdings

79%

Add portfolio hedges

77%

Reduce allocation to cash holdings

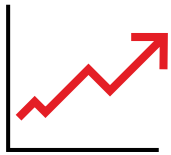
76%

Add real estate

72%

Add precious metals

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



96%

Increased energy costs

95%

Increased goods prices

93%

Increased gas prices

80%

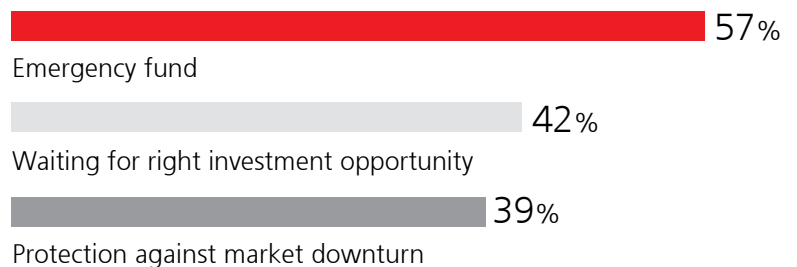
Shortages in goods requiring chips

Cash holdings

24%

of Brazilian investor portfolios are on average allocated to cash holdings.

Reasons for holding that amount of cash (in %)



Interest rates

66%

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

If increased, 61% will likely consolidate or refinance existing debt. If not increased, they will increase:

- 1 Dividend paying stocks
- 2 Foreign currencies
- 3 The term of my bond holdings

Brazilian investors likely to borrow money in the next 12 months

54%

Borrow against my investments

52%

Take a personal loan

48%

Open a new mortgage

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Investments

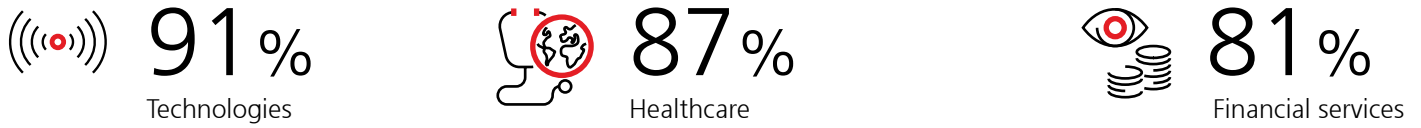
Division amongst Brazilian investors when it comes to market volatility



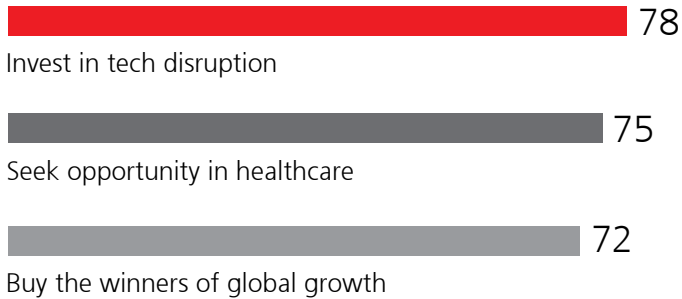
Despite the current level of volatility, many Brazilian investors are looking to increase equity investments



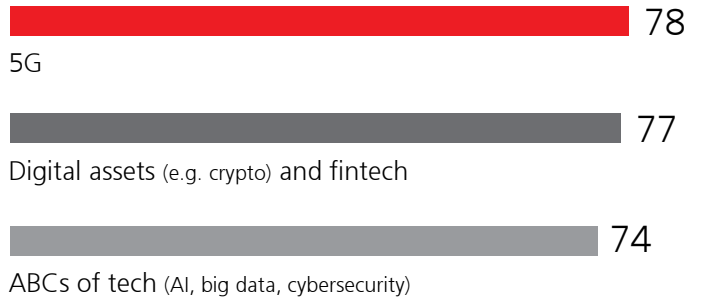
Top sectors where to invest currently



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



72% Expect the economy to continue recovering

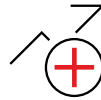


42% Momentum from recent years



30% Received financial support from government

Biggest concerns faced



78% Business tax increases



76% Wage inflation



76% Cyber security

Upgrading talent as a top investment priority for business owners



58%
Upgrading talent



56%
Creating a safer environment
for employees



56%
Improving sustainability

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 Brazil 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 20, 2022. For the 3Q21 results, UBS surveyed 150 investors and 50 business owners in Brazil, from September 28 - October 15, 2021.

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