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Summary to accompany slides:

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Market Overview

2021 – A year of renewal – followed by a decade of renewal.

21/22 picture

- Renewed Growth
- Renewed hunt for yield
- Renewed leadership
- Renewable future

Renewed Growth

- Developments in Vaccine space
- Q2 relaxing of lockdown
- Some economies returning to pre pandemic outputs

Actions for renewal

- Diversify
- Hunt for yield
- Weak dollar

Diversify

In 2021 laggards will be the outperformers

UK equity market – financial / energy should bounce back

Income - UK markets have been hit hard

Hunt for Yield

Negative yield is ubiquitous

Quantitative Easing will not disappear, therefore pressure on bond yield will not be attractive

Emerging market debt – yield closer to 5% as against 0%

Is it appropriate to go into more risky bond markets?

Economic recovery should compensate against risk.

Position for a weaker Dollar

The extent of the US deficit could be negative higher interest rates in US

Interest rates in US not going up

US equity market fairly valued

A more multilateral president will mean people will not be so fearful so will buy other currencies.

Decade of Transformation

5 key trends:

- More indebted
- More local
- More unequal
- More sustainable
- More digital

Next decade – world of lower returns

All asset classes likely to deliver lower returns

1. Invest in the next big thing – Renewables / Bonds
2. Buy into sustainability
3. Diversify into private markets – best vintages typically follow a depression

Recognised this is very much a private wealth perspective rather than a charity perspective.

Ben Potts - Desk Head Charities UBS Wealth Management

Lending Solutions

UBS charity section £800m invested 50 clients 7 staff.

Borrowing cash against equity portfolio

Loan to Value

Securities backed financing

It is close to a mortgage but 75% allowed.

Lombard loan for liquidity

- Possible to borrow – buy more equities at a rate higher than the loan cost – cost of funds will stay lower.0.5% - more likely to appeal to private investor in this scenario
- Rates likely to be lower for longer.
- Liquidity – Iron Reserve – Now is the time to buy.
- Charities more likely to use Lombard Loans for cash access.
- You have to pay for the borrowing – flexible
- Risk consideration especially for charities – If borrowed and markets collapse then bank would foreclose.
- Charities can only borrow in this manner if their legal documents allow it.