

# Friends Provident International Investor Attitudes Report – Edition 6

October 2015

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# About the survey

This research was conducted by Ipsos MORI on behalf of Friends Provident International. All previous waves have been conducted by TNS. Any trend data needs to be viewed with caution. The fieldwork was conducted as an addition to Aviva's Consumer Attitude Survey (conducted 24 June to 27 July), with a supplementary sample of affluent consumers (interviewed between 28 July and 17 August) to achieve a core respondent group as defined below. Affluent definitions were derived in response to the following question 'Approximately what would you estimate the value of your savings and investments to be, excluding the value of your home?' Emerging affluent: (HK\$ 500,000 – HK\$ 1,000,000) (n=201 interviewed); Affluent (above HK\$1,000,000) (n=299 interviewed). 'Respondents' refers to the combination of these two groups. Data is weighted to ensure an equal contribution from Emerging and Affluent groups.

	Hong Kong	Singapore
Total sample – All affluent	N=500	N=500
Target	1. Emerging affluent (HK\$ 500,000 – HK\$ 1,000,000) 2. Affluent (above HK\$ 1,000,000)	1. Emerging affluent (S\$ 80,000 – S\$ 200,000) 2. Affluent (above S \$200,000)
Global mobility	Respondents who are currently living/have lived outside their home country for at least six months or more in the last five years	
	N=251	N=169

The following groups are presented in the survey:



All affluent (emerging and affluent combined)



General public  
(results taken from Aviva's Consumer Attitudes Survey)



Those globally mobile

Those who have only worked locally

# About the survey

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## An important note when interpreting the results

The fieldwork period (between 24 June and 17 August) spanned the emergence of the financial uncertainty within China. Although the full extent of the issues weren't realised until late in August, events may have influenced consumer opinion.

### **Below is an approximate timeline of events\***

12 June	Chinese stock market reached a record high following government intervention efforts made in May and June. Stock prices begin to slide after this point.
31 July	The Shanghai Composite closed with a 15% decline, making it the worst month for the Chinese stock market since 2009.
10 August	The People's Bank of China devalued the currency of the yuan by almost 2%.
18 August	Stock markets across Europe, the U.S., and Australia began to see losses.
21 August	The Dow Jones Industrial Average sunk 531 points, closing with the worst losses since 2011.
23 August	The Shanghai Composite plummeted, counting some of the worst losses in China's stock market since 2007.
24 August	'Black Monday.' China's markets opened to steep losses. Predictions the crash would continue to damage the New York Stock Exchange and markets worldwide.

\* <http://www.ibtimes.com/china-black-monday-timeline-chinese-stock-market-crash-how-it-happened-2065173>

# Key findings

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## Hong Kong

- Retirement is the top reason for savings and investment while insufficient funds for retirement and serious illness are the greatest causes of concern
- Investors take a rather short-term approach in investing. The majority regard less than five years as the most important timescale for savings and investments
- Negativity is observed towards the general economy. Although many believe that the economy will worsen in the next 12 months, more expect the financial position of their household to stay the same/get better
- Sentiments towards risk taking is split, with approximately a third of respondents believing they are more willing to take risks when investing while the same proportion believes the opposite
- Traditionally 'risky' investment tools (e.g. Equities/shares) are believed to be the best areas for investment, followed by Money/currency markets
- While most respondents obtain financial advice from IFAs/brokers, partners, friends and families, those who have worked globally are more inclined to seek advice from IFAs/brokers

## Singapore

- Similar to Hong Kong, retirement is the top reason for savings and investment while serious illness and retirement funding are key personal concerns
- Most respondents have their eyes on the near future when thinking about savings and investments
- Singaporeans are more optimistic with fewer believe that the economic future will worsen, while the majority expect their household financials to remain unchanged
- Compared to their Hong Kong counterparts, Singaporeans seem more risk-averse
- Singaporeans show interest across a wide range of asset classes
- IFAs/brokers are the most sought after source of financial advice, particularly among those who worked globally

# Hong Kong

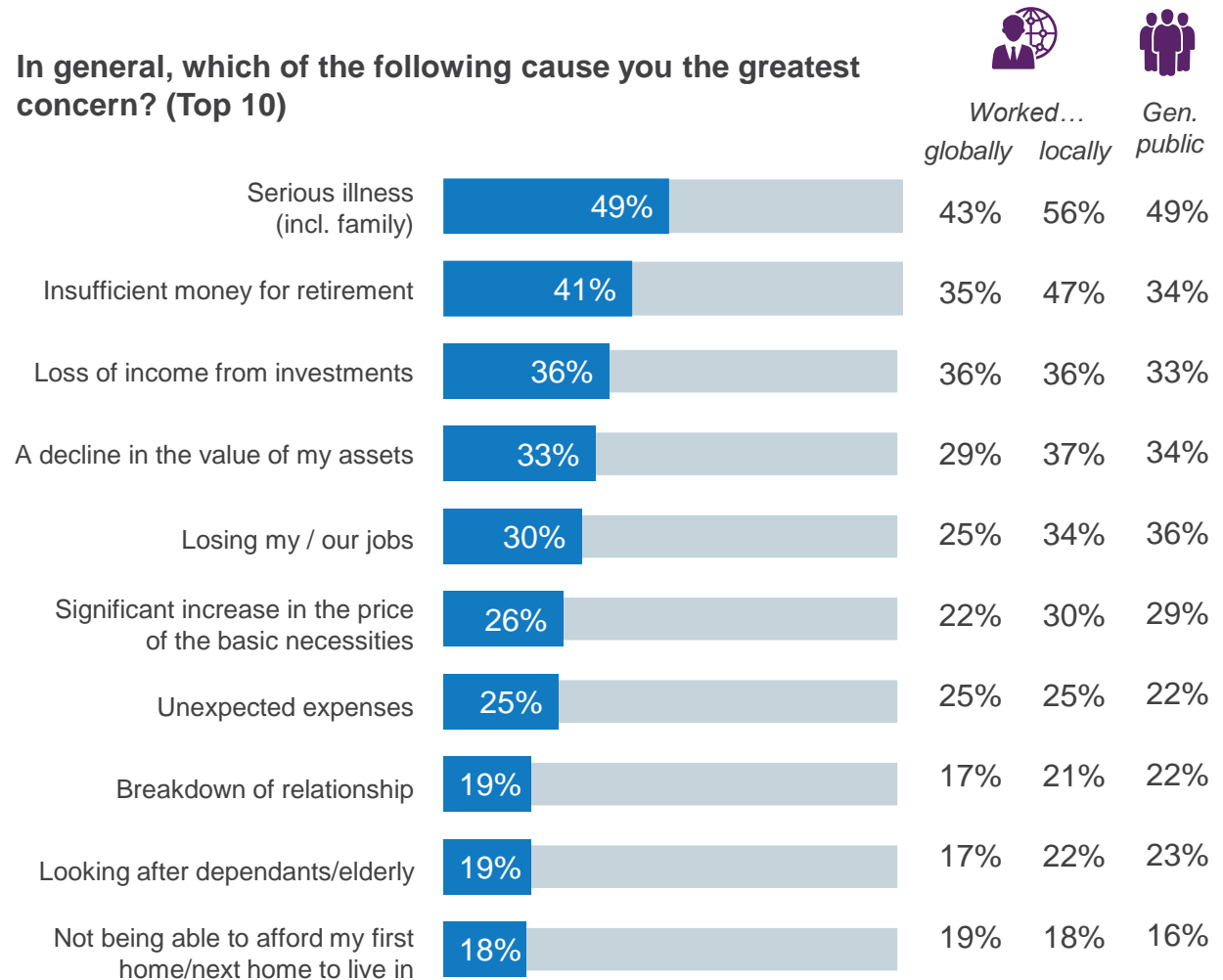
# Financial confidence and attitudes

# Serious illness and retirement funding are key concerns

The well-being of themselves and family is the most common concern for those affluent and all other groups.

With three-quarters (75%) aged between 35 and 55 years, the prospect of insufficient funds for retirement looms large (41% of all affluent), as does the erosion in value in savings and investments. These concerns are more acute among those who work locally.

In general, which of the following cause you the greatest concern? (Top 10)



Source: August 2015 Base: All respondents

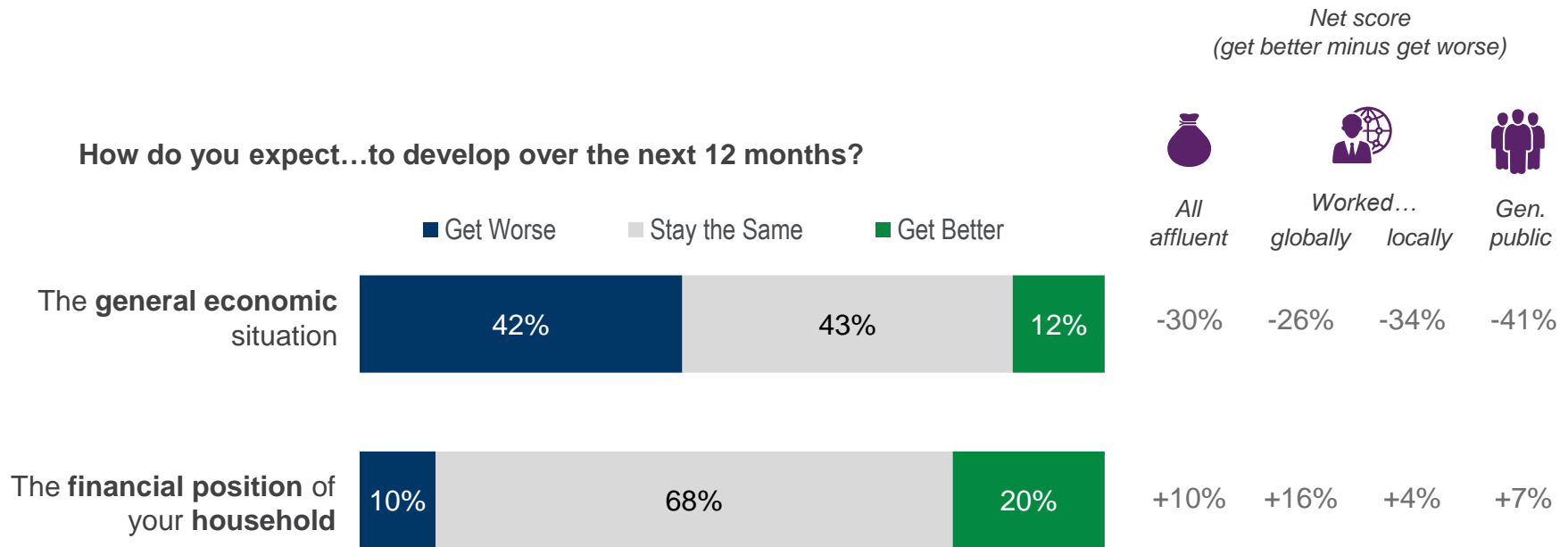


# The economic outlook is bleak among affluent consumers

Economic optimism is very low with 42% believing the economy will worsen in the next 12 months (versus 12% to get better). Those globally mobile have a slightly more favourable opinion than those affluent and all consumers.

The majority anticipate household financial situations to remain unchanged in the near future. On balance, household optimism is positive at +10%.

How do you expect...to develop over the next 12 months?

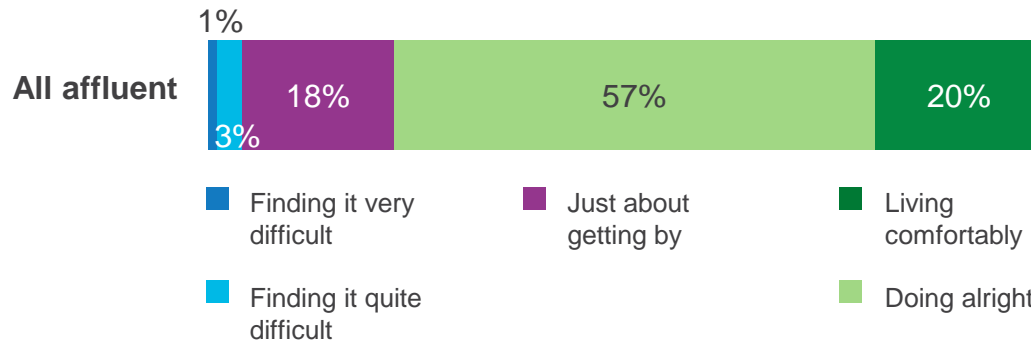


Source: August 2015 Base: All respondents

# For many, a predicted unchanging personal financial situation means a relative comfortable one

The distinct majority believe their current financial situation to be 'comfortable/alright.' This applies to all consumer groups, including the general public.

How well would you say you are managing financially these days?



Net score  
(Living comfortable/doing alright  
minus  
Finding I very/quite difficult)

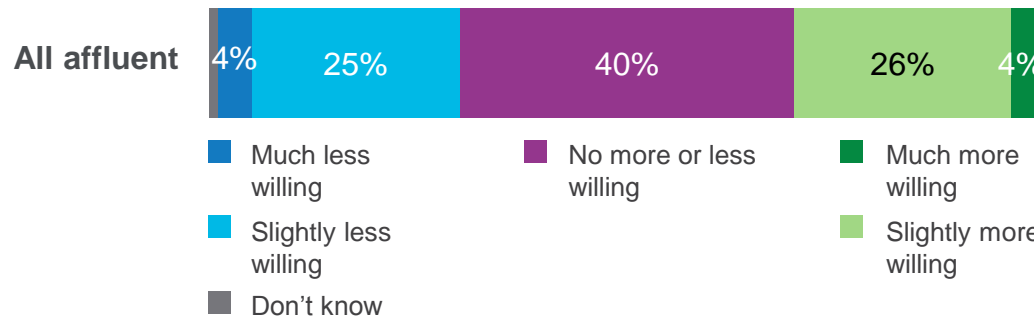


Source: August 2015 Base: All respondents

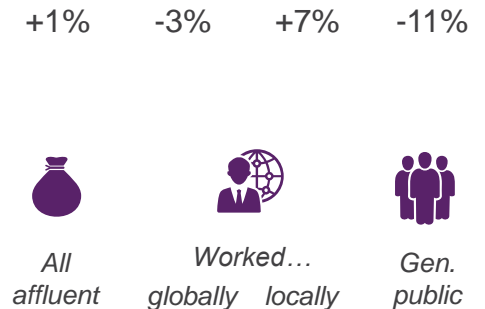
# Risk taking behaviour is evenly balanced

In assessing risk behaviour compared to others, affluent consumers appear divided – approximately one third are more willing to take risks with an equal proportion believing themselves to be more conservative. Risk behaviour compared to five years ago is similarly balanced; the majority believing there is no change in their behaviour.

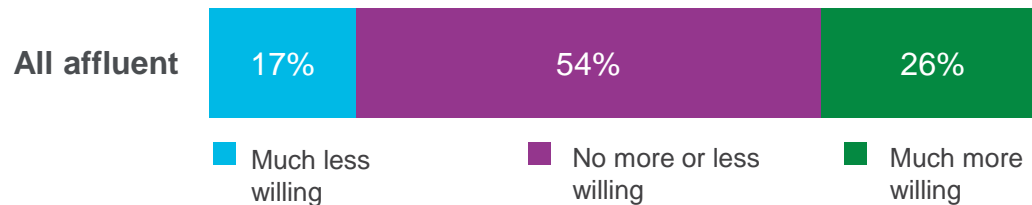
**When saving or investing money how would you compare yourself to others in your willingness to take financial risks?**



Net score  
(Much/slightly more willing  
minus  
Much/slightly less willing)



**And are you more or less likely to take financial risks than you were five years ago?**



Source: August 2015 Base: All respondents

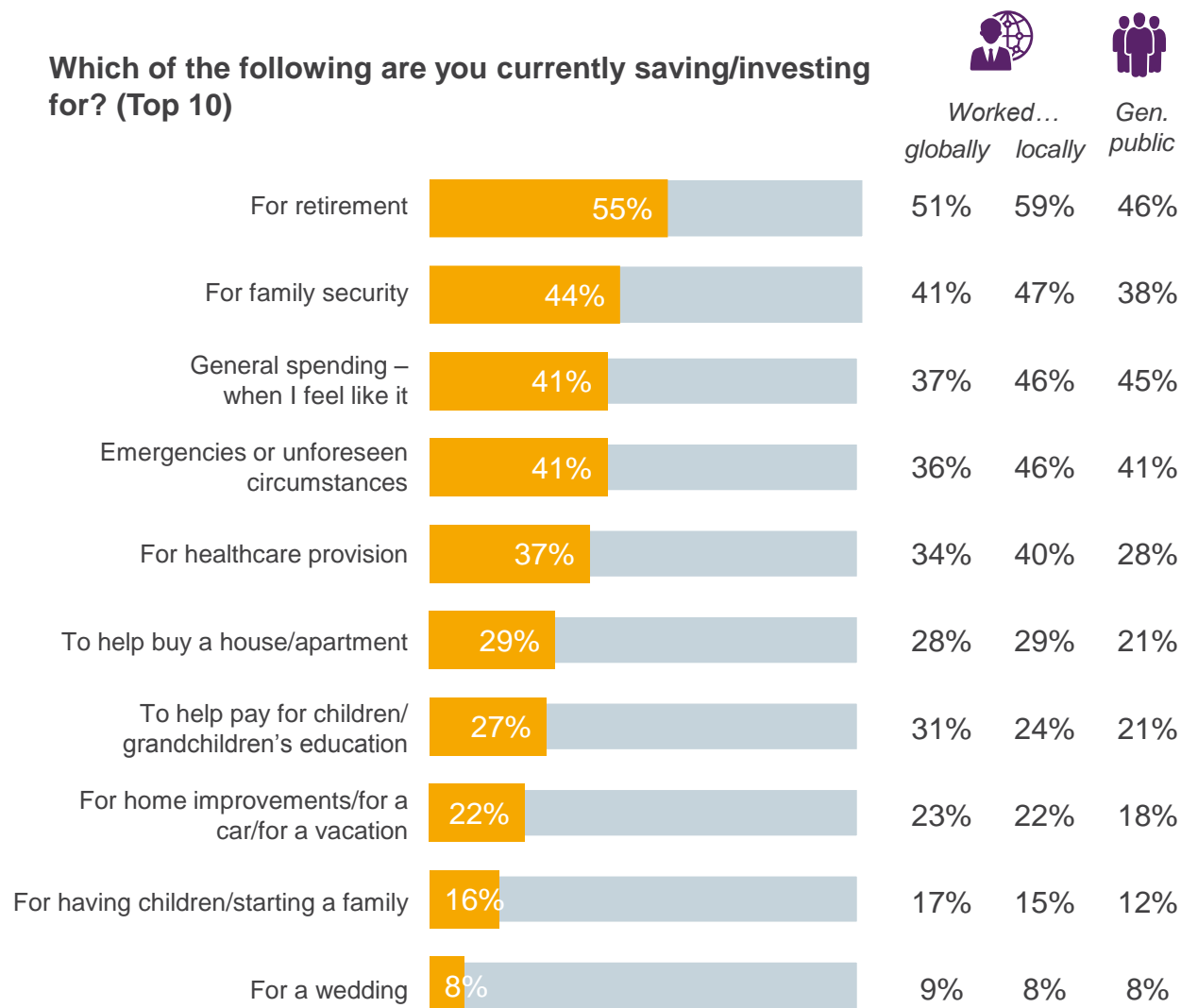
# Spending/Saving behaviour

# In line with key concerns, retirement is a key saving and investment goal

The majority of affluent consumers see retirement provision as a priority for saving/investing.

Ensuring personal and family protection is key – including security, funds for emergencies and healthcare.

## Which of the following are you currently saving/investing for? (Top 10)



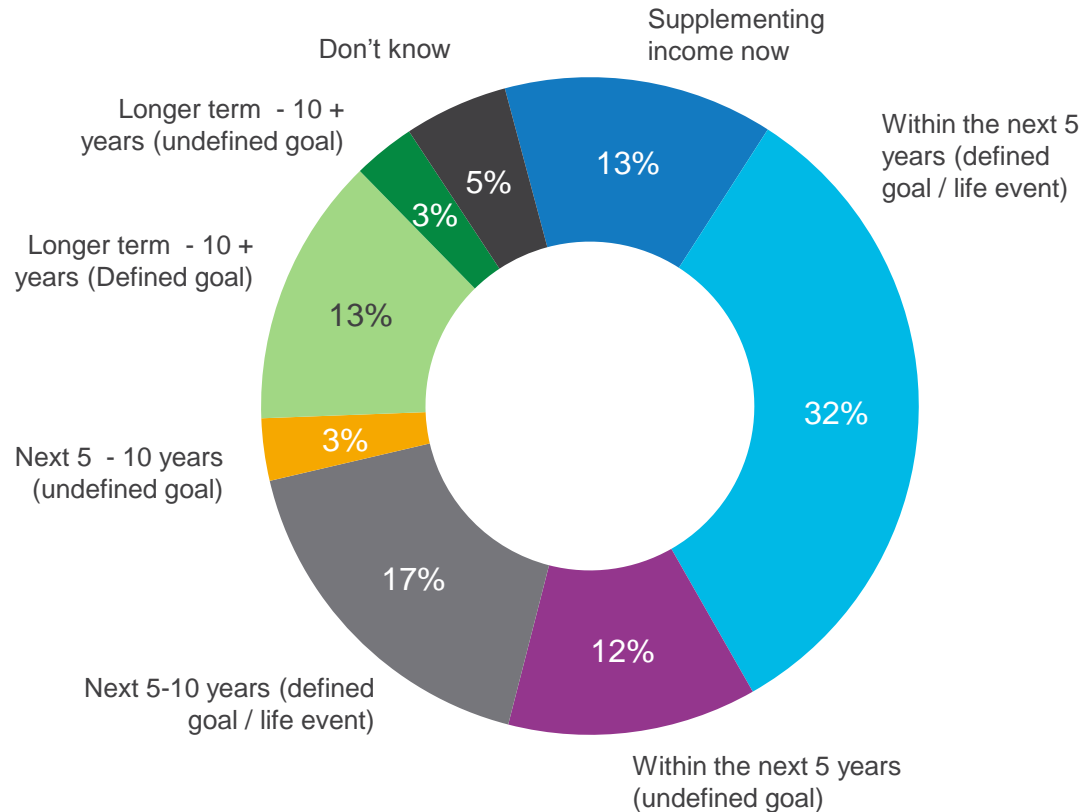
Source: August 2015 Base: All respondents

# Many take a short-term view of their savings and investments

For the majority, less than a five-year period is optimum for savings and investments. More than one in ten seek more immediate returns on their portfolios (to supplement income now).

There were no differences in perceived timescales between those worked abroad and local.

Which one of the following timescales is most important to you when thinking about savings and investments?



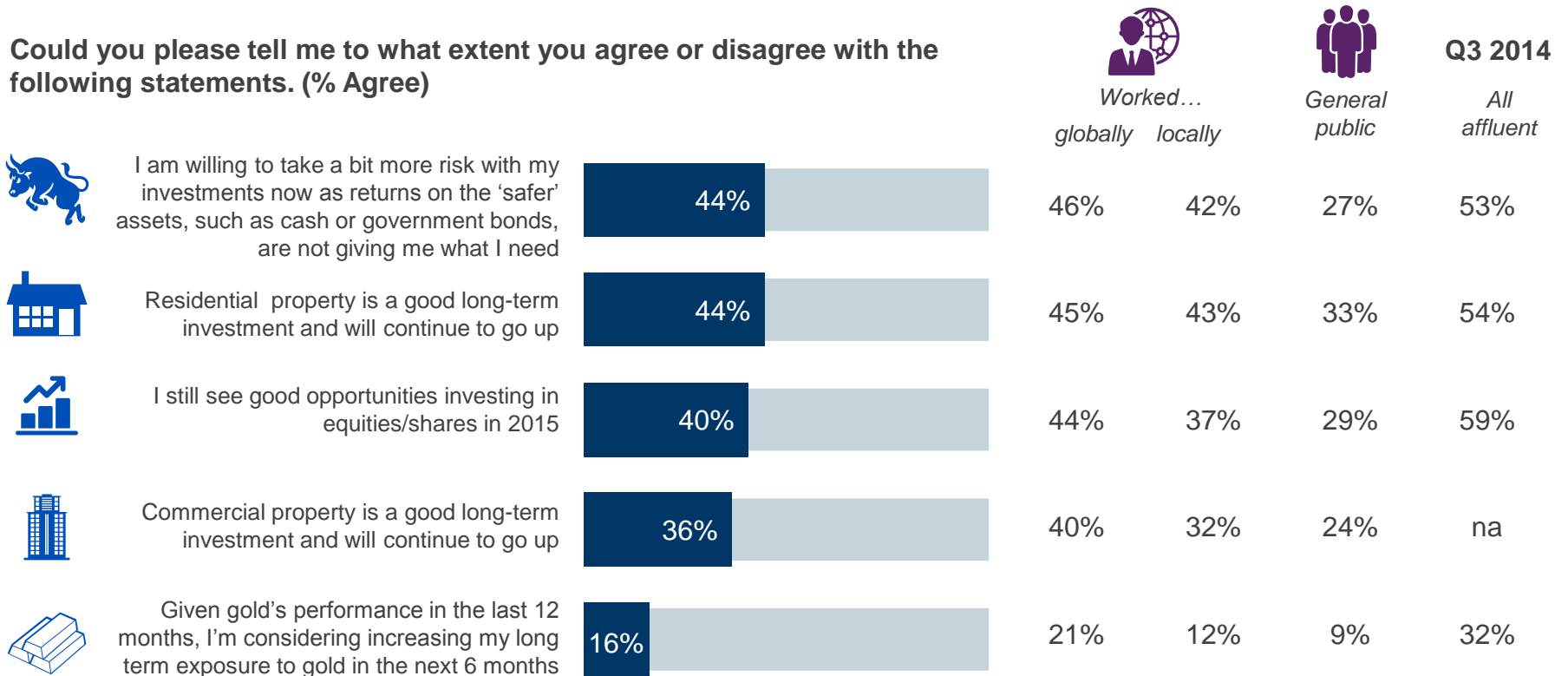
Source: August 2015 Base: All respondents

# Investment outlook

# There is an appetite for investment across most asset classes

Extended periods of level returns sees affluent consumers open to consider a less safe approach to investments. Equities/shares are favoured, gold much less so.

Could you please tell me to what extent you agree or disagree with the following statements. (% Agree)



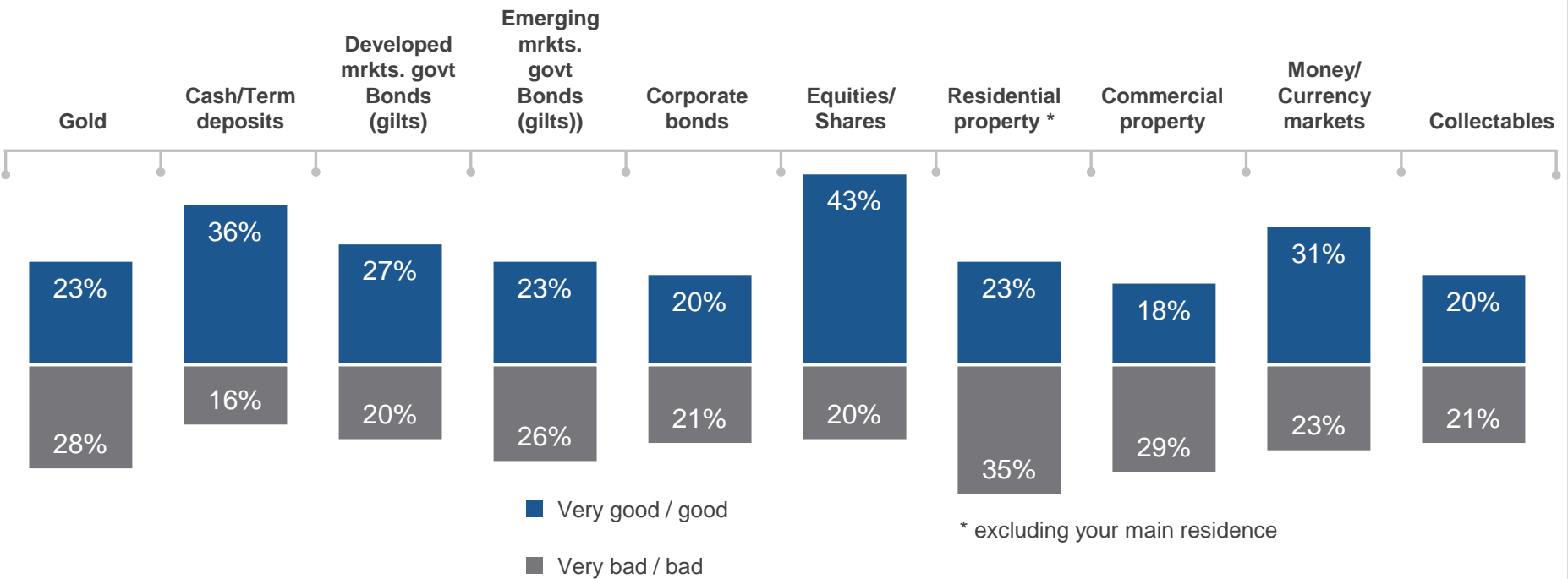
Source: August 2015 Base: All respondents



# There is significant appetite for investing in equities/shares

Affluent consumers rate equities/shares as the best investment opportunity with cash/term deposits the next favoured.

Thinking about the following areas, to what extent do you believe now is a good or bad time to invest in each one?

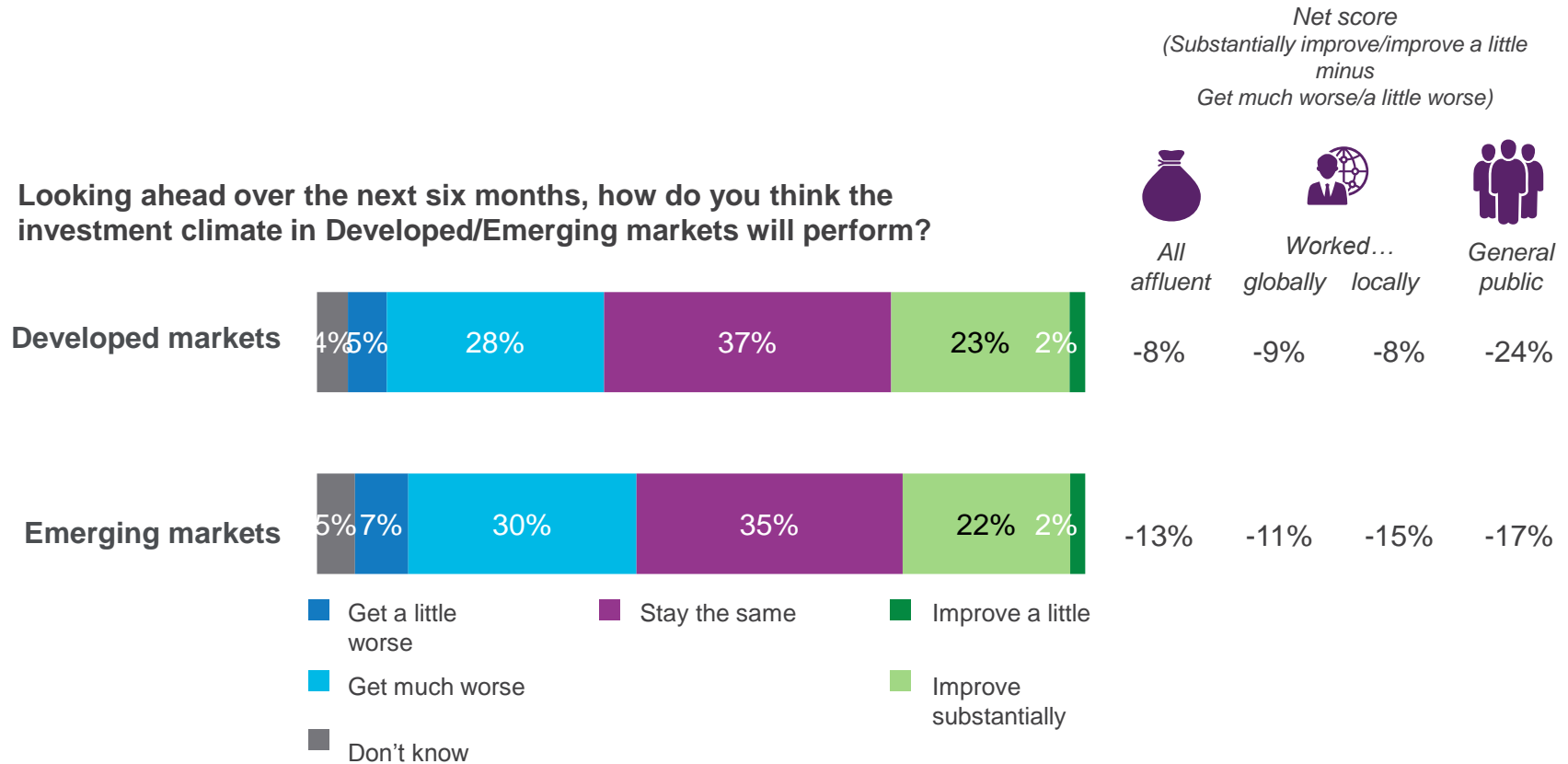


Source: August 2015 Base: All respondents

# There is little predicted difference in performance of developed and emerging markets

The historical favourability shown for emerging markets has eased. Given recent events through markets within Asia, the investment markets in both developed and emerging markets are predicted to get worse in the upcoming six months. This opinion is shared by those globally mobile.

Looking ahead over the next six months, how do you think the investment climate in Developed/Emerging markets will perform?



Source: August 2015 Base: All respondents

# Hong Kong remains the first choice of investment market for both those who have worked abroad and locally

There is a high level of consistency in preferred markets between those who work abroad / locally. Exceptions include those who are globally mobile seeing greater potential in the UK residential market while those working locally see Australia as a key target for money/currency.



Source: August 2015 Base: All those indicating a 'very good'/'good' time to invest

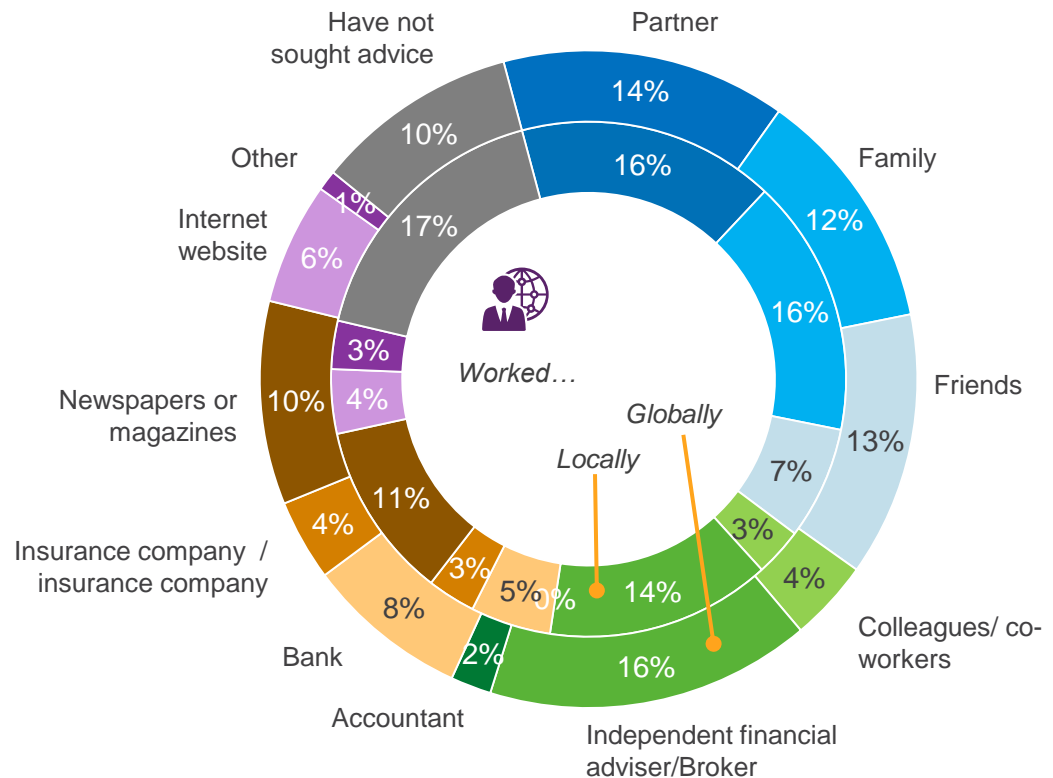
# Financial advice sought from IFAs, brokers, partners, friends and families

For both those who have worked globally and those locally, family and friends are among the most important sources of financial services advice.

While approximately one-in-seven rely on IFAs/Brokers, one-in-ten refer to newspapers and magazines.

Those having only worked locally are most inclined not to have sought advice at all.

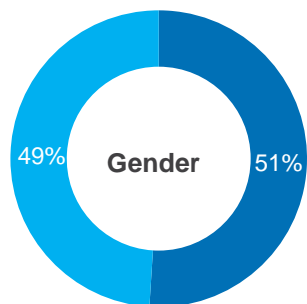
Of the following list, who do you most rely on for advice on financial services?



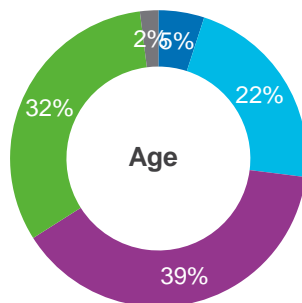
Source: August 2015 Base: All respondents

# Survey demographics

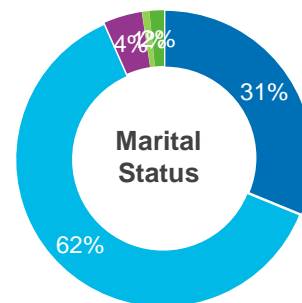
# Profiling of Hong Kong respondents



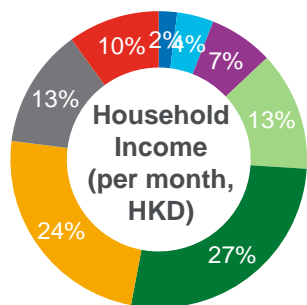
- Male
- Female



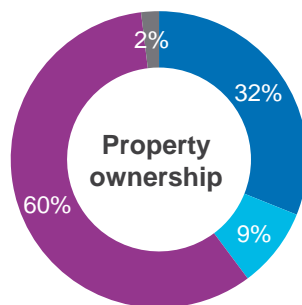
- 18-24 yrs
- 25-34 yrs
- 35-44 yrs
- 45-44 yrs
- 55+ yrs



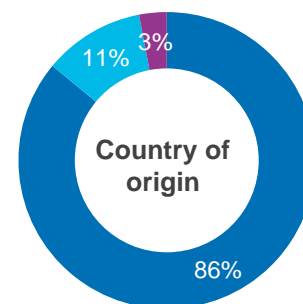
- Single (never married)
- Married
- Living with partner
- Widowed
- Separated or divorced



- < 20,000
- 20,000 - < 25,000
- 25,000 - < 30,000
- 30,000 - < 40,000
- 40,000 - < 60,000
- 60,000 - < 80,000
- 80,000 - < 100,000
- 100,000 and over
- Refused



- Yes - own a second property in country currently residing in
- Yes - own a second property abroad (not in country currently lived in)
- No - I don't own a second home
- Refused



- Hong Kong
- China
- Other

Source: August 2015 Base: All respondents

# Singapore

# Financial confidence and attitudes

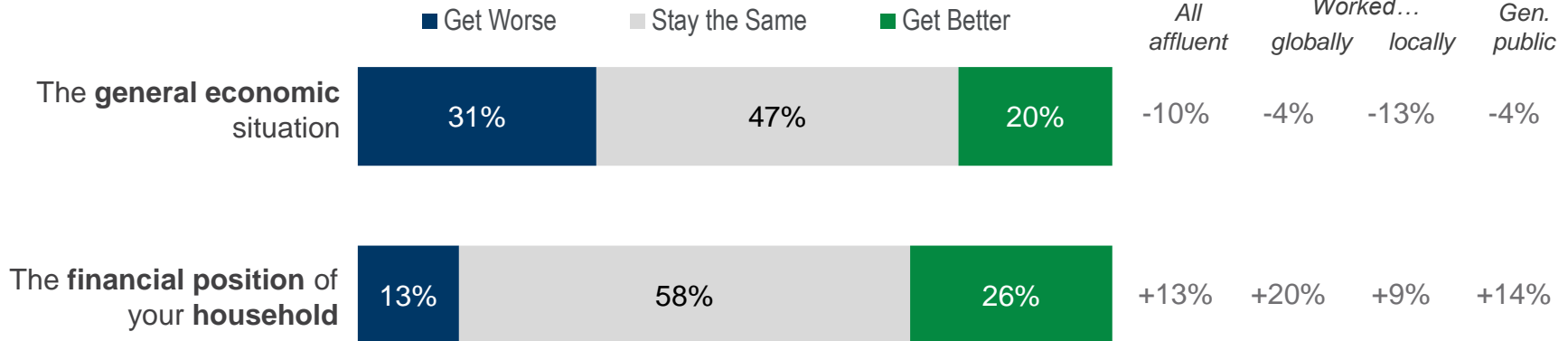


# Economic outlook is negative amongst affluent consumers

Optimism for the future of the economy is low with 31% believing it will worsen in the next 12 months (versus 20% who believe it will improve). On balance, those who work abroad are less pessimistic than those who have only worked locally (-4% and -13%, respectively).

Perceptions of future household finances are more positive with approximately one-in-four (26%) believing things will get better (versus 13% get worse). The majority of affluent consumers (58%) expect their household financial situation to remain the same.

## How do you expect...to develop over the next 12 months?

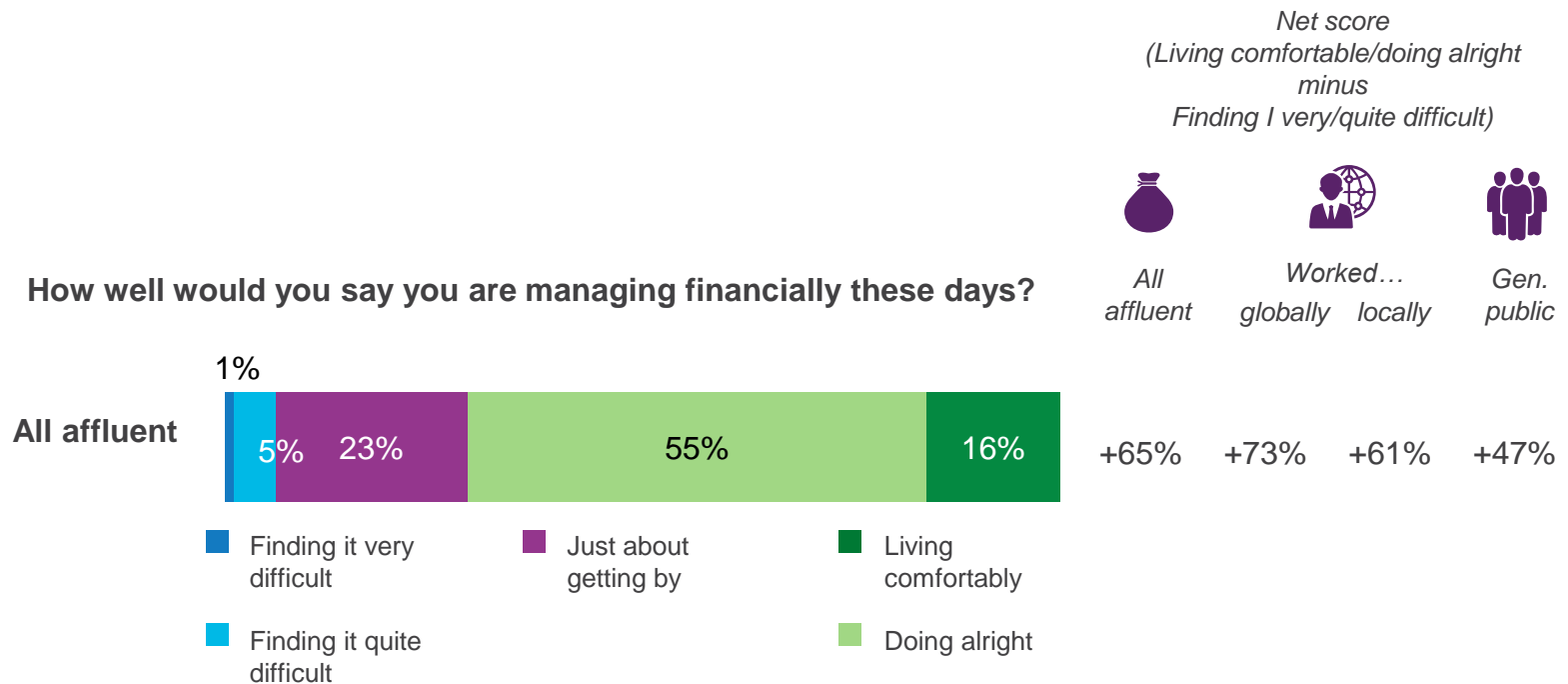


Source: August 2015 Base: All respondents

# Affluent consumers are generally comfortable

As expected, given investible asset levels, the majority of affluent consumers believe they are currently managing well financially (although 23% report to be 'just getting by').

Those who working abroad report high levels of comfort (with a net score of +73%), well in advance of the general public (with a net of +47%).



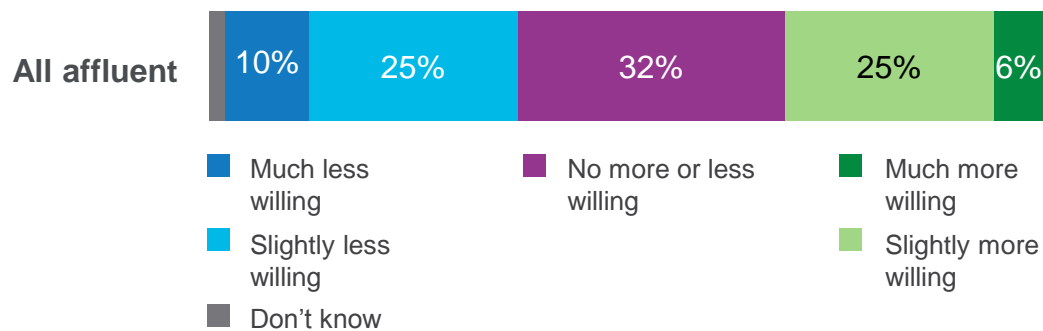
Source: August 2015 Base: All respondents

# Consumers feel they are less likely to take risks

Consumers in general feel they are less likely than others to take financial risks but this is most pronounced in the general public (with a net score of -13%).

Globally mobile consumers believe they are more likely to take financial risks compared to five years ago, with a net score of +15. All other consumers believe they have become more risk averse.

**When saving or investing money how would you compare yourself to others in your willingness to take financial risks?**

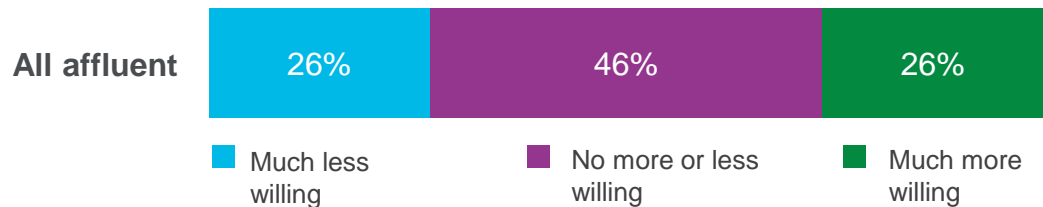


Net score  
(Much/slightly more willing  
minus  
Much/slightly less willing)

-4%   -4%   -4%   -13%



**And are you more or less likely to take financial risks than you were five years ago?**



0%   +15%   -8%   -3%

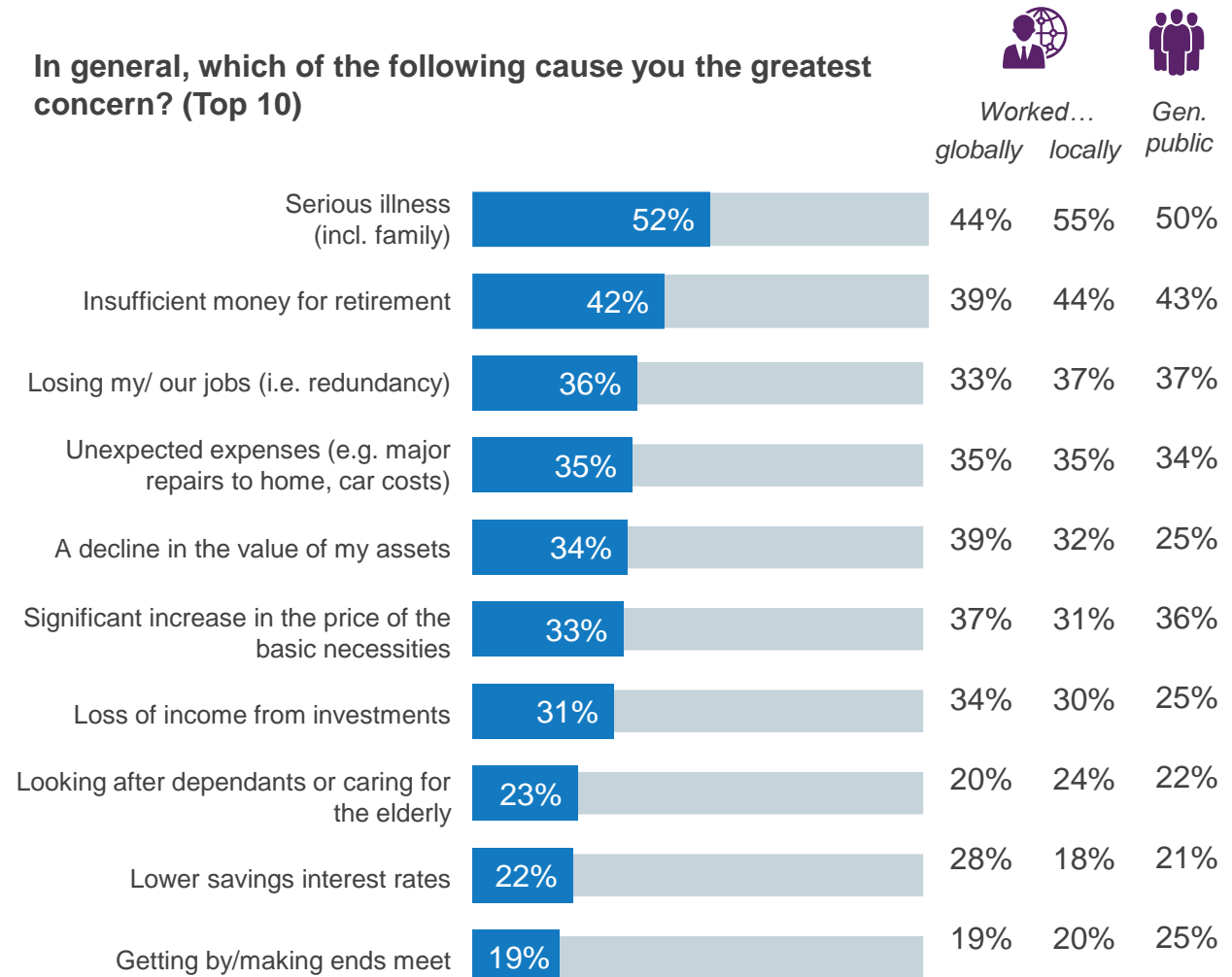
Source: August 2015   Base: All respondents

# Serious illness and retirement funding are key personal concerns

Most consumers are worried about serious illness, with financial worries to follow. Having insufficient money for retirement leads ahead of job security or unexpected expenses.

Those who are globally mobile are significantly more concerned about a decline in the value of their assets (39%) than the general public (25%) and those who have only worked locally (32%).

In general, which of the following cause you the greatest concern? (Top 10)



Worked...  
globally locally Gen. public

Source: August 2015 Base: All respondents

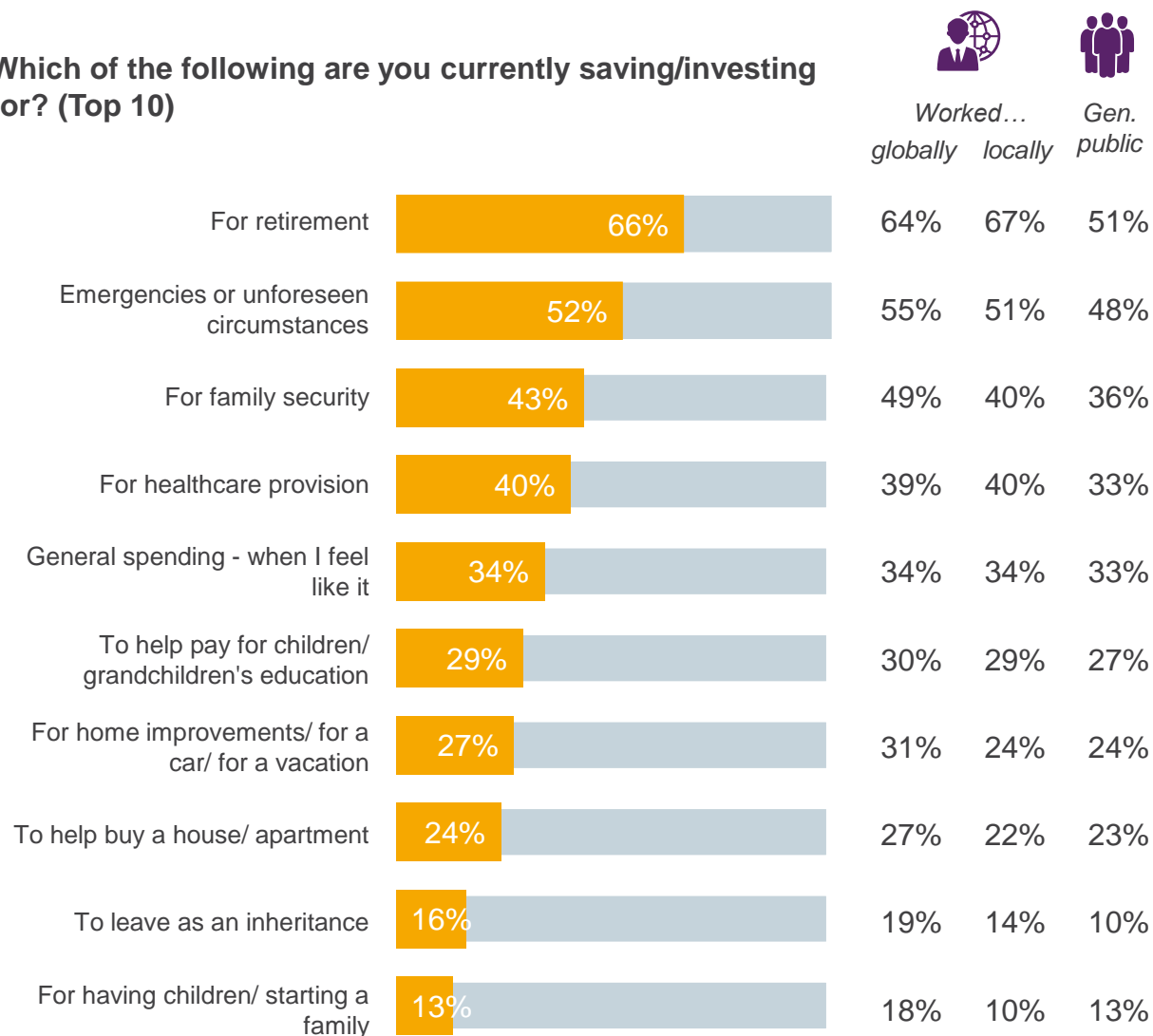
# Spending/Saving behaviour

# In line with top concerns, retirement is a key savings and investment goal

Preparing for the unexpected is also a crucial target. Those who are globally mobile are more likely to be saving/investing for family security (43%).

Almost one in every five (19%) of those globally mobile are working towards an inheritance.

## Which of the following are you currently saving/investing for? (Top 10)



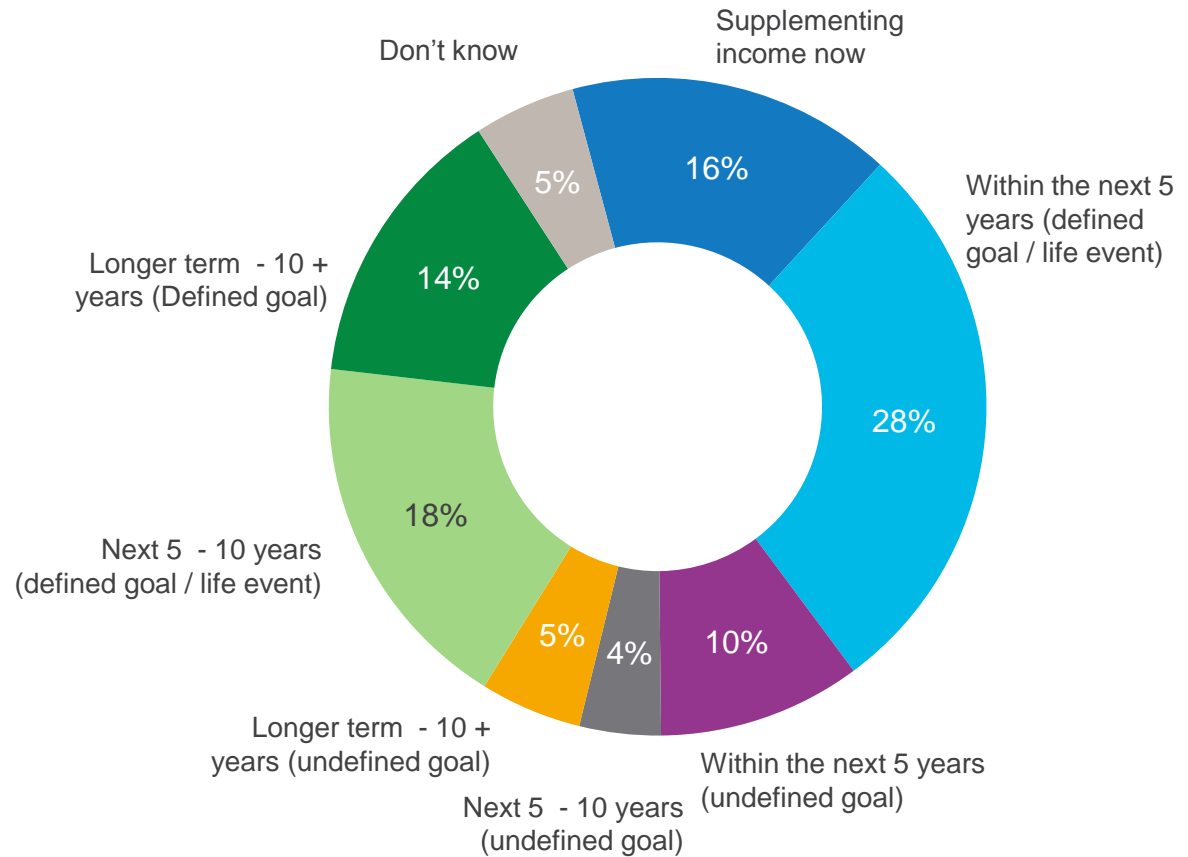
Source: August 2015 Base: All respondents

# When thinking about savings and investments most consumers have their eyes on the near future

Just 19% of affluent consumers consider a timescale of more than ten years when thinking about their savings and investments.

There were no differences in perceived timescales between those working abroad or locally.

Which one of the following timescales is most important to you when thinking about savings and investments?



Source: August 2015 Base: All respondents

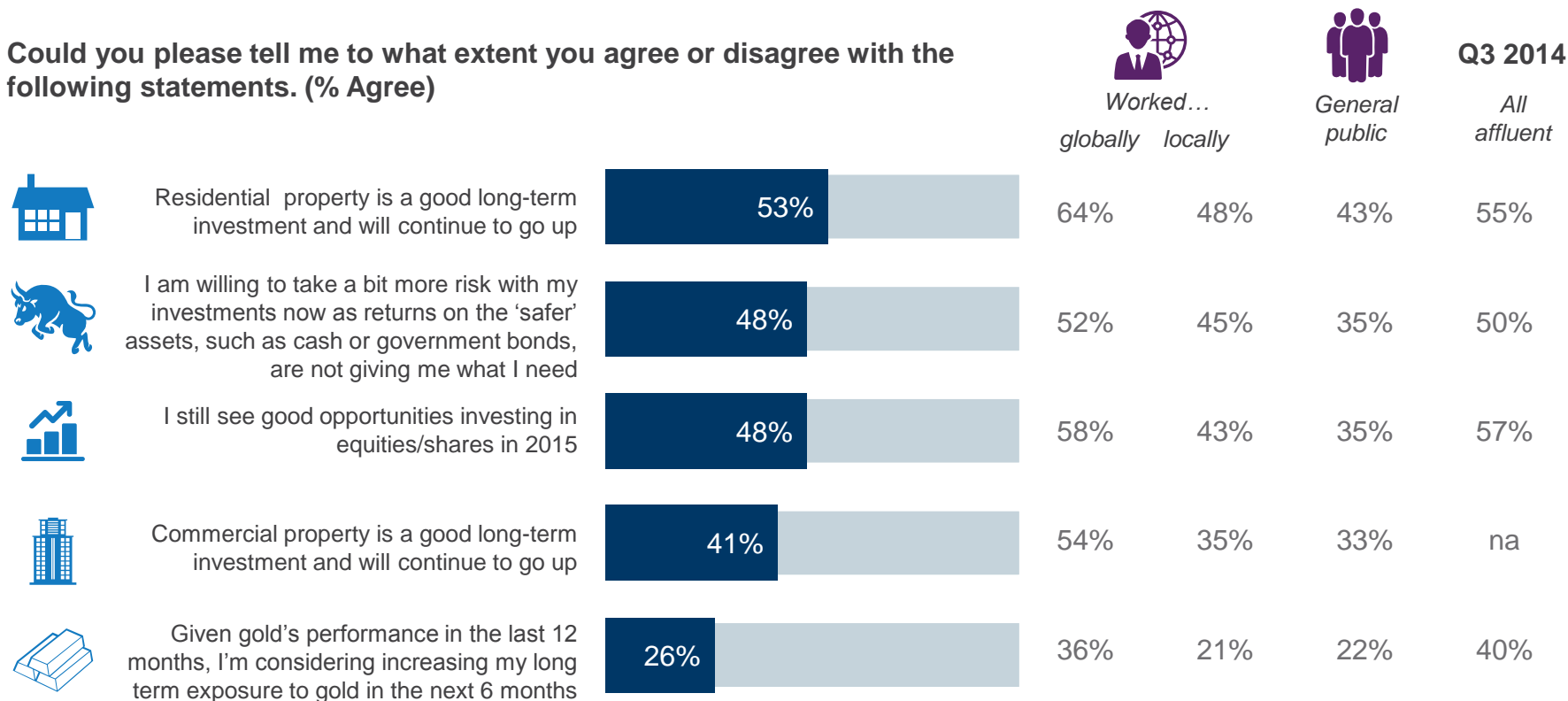
# Investment outlook



# Consumers show enthusiasm for all investment categories except for gold

More than half (53%) of affluent consumers feel that residential property is a good long-term investment. There is also an inclination for affluent consumers to take more risks with their investments (48%), while few consumers (26%) are considering increasing their long-term exposure to gold in the next six months.

Could you please tell me to what extent you agree or disagree with the following statements. (% Agree)

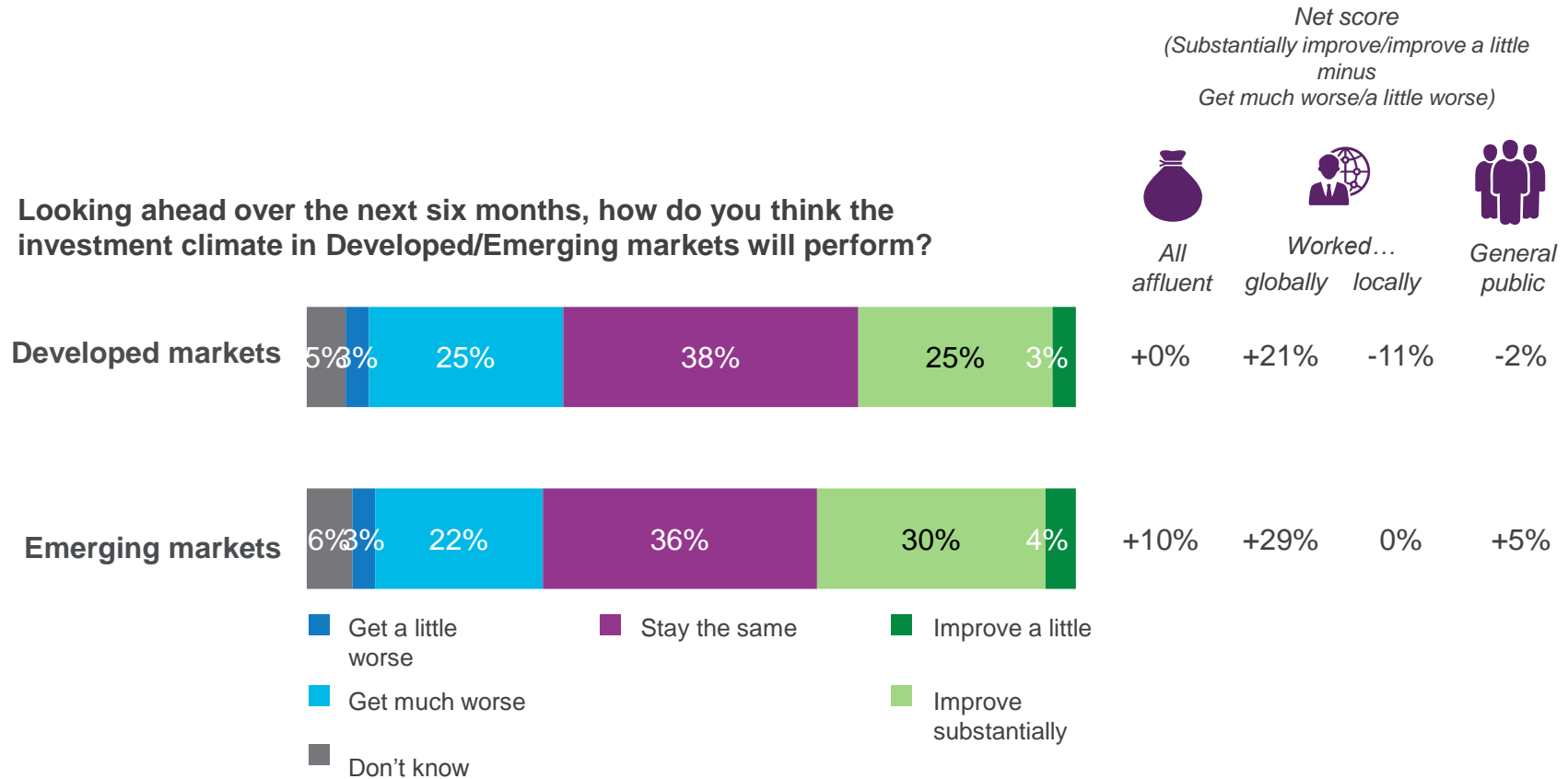


Source: August 2015 Base: All respondents

# Greater improvement is expected within emerging markets

The outlook of emerging markets is positive but still relatively restrained (with a net score of +10% amongst affluent consumers). All consumers except the globally mobile expect the outlook for developed markets to worsen in the next six months.

Looking ahead over the next six months, how do you think the investment climate in Developed/Emerging markets will perform?

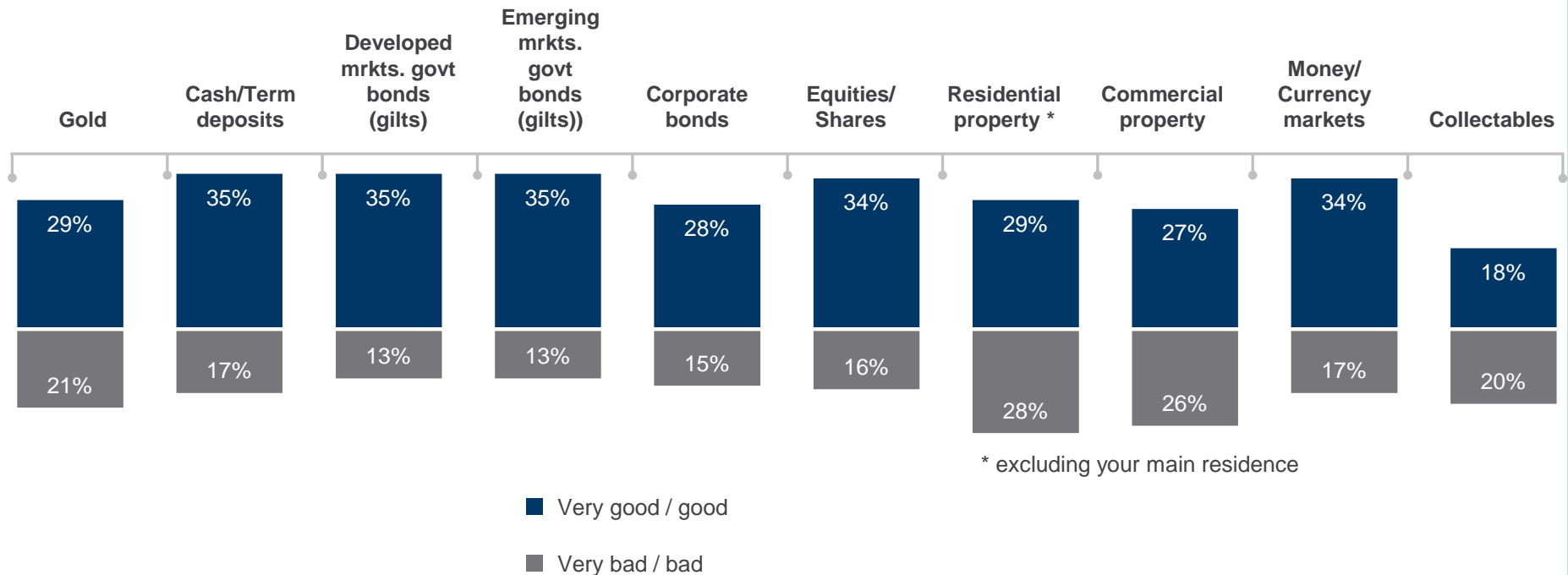


Source: August 2015 Base: All respondents

# Consumers are optimistic about most investment opportunities

Although believing emerging markets are more likely to improve than developed markets in the next six months, the proportion of affluent consumers who feel it is a good time to invest in developed and emerging market bonds (gilts) is the same. Affluent consumers are more negative about the prospects for residential and commercial property than other investment opportunities.

Thinking about the following areas, to what extent do you believe now is a good or bad time to invest in each one?



Source: August 2015 Base: All respondents

# Singapore is the first choice of country for investment in all financial products for both Globally Mobile consumers and those who have only worked locally

Those who have worked locally also show a preference for Australia as a second choice while those who are globally mobile show greater variety in their preference according to investment category.



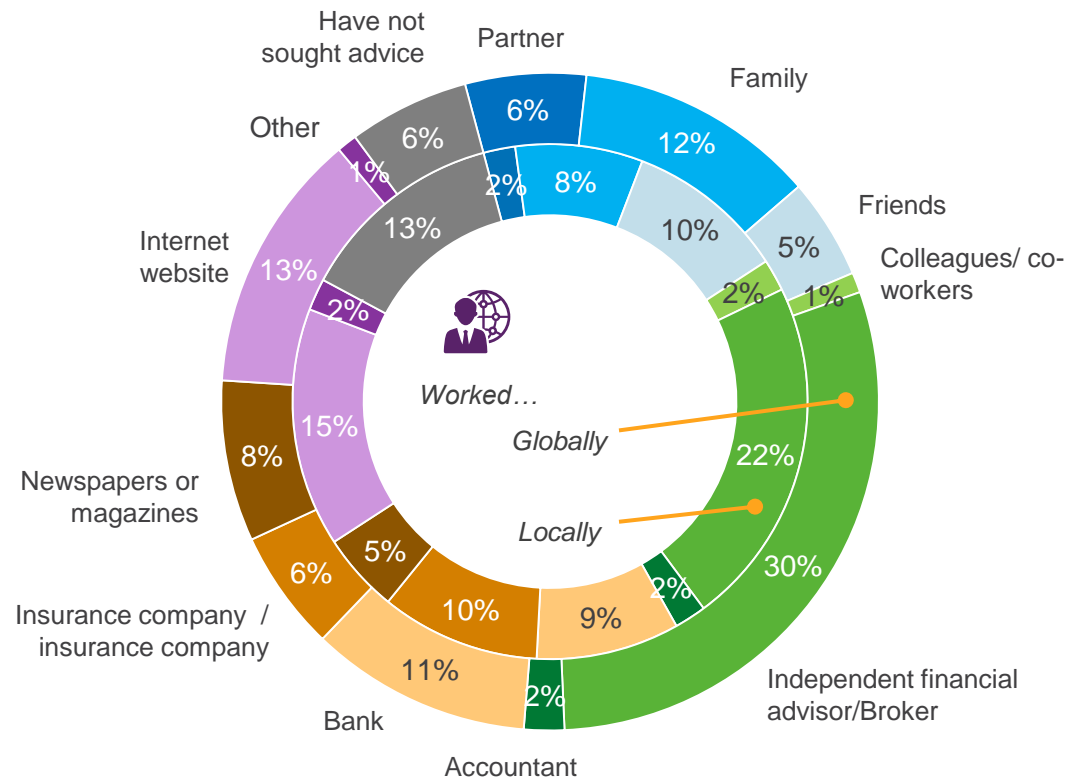
Source: August 2015 Base: All those indicating a 'very good'/'good' time to invest

# An independent financial advisor/broker is the most relied upon source of advice

IFA/brokers are much preferred among globally mobile consumers.

Those who have worked locally are more than twice as likely to have not sought advice as those who have worked locally.

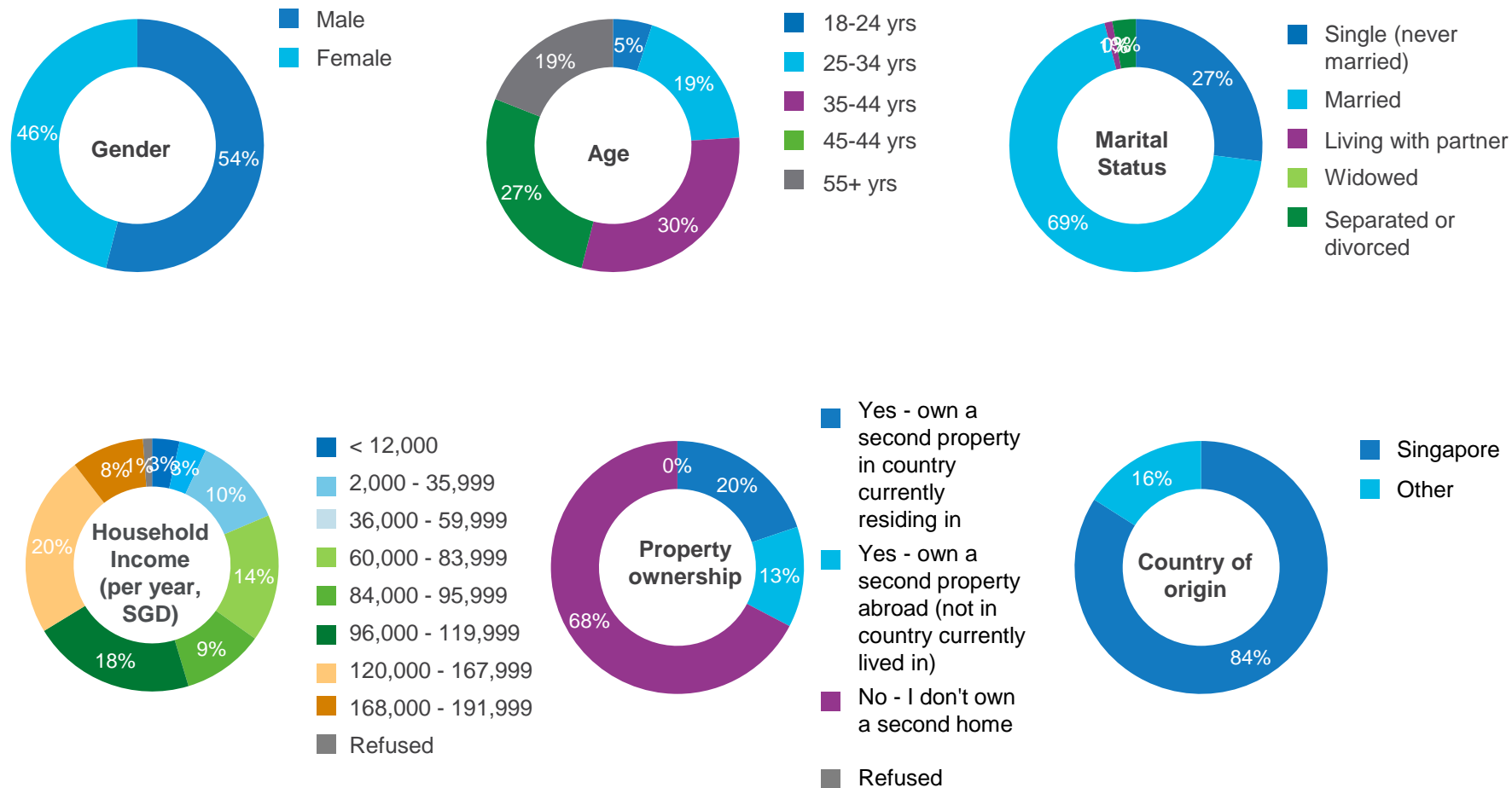
Of the following list, who do you most rely on for advice on financial services?



Source: August 2015 Base: All respondents

# Survey demographics

# Profiling of Singapore respondents



Source: August 2015 Base: All respondents

Thank you



# Important information

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## Contact us

Please contact us on +852 2524 2027 ([marketing@fpihk.com](mailto:marketing@fpihk.com)) should you have any questions or concerns.

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