New wave of Millennial investors a force to reckon with: Legg Mason

The Millennial generation is an investment force to be reckoned with as they start to build their careers, increase their earning capacity and begin inheriting the Baby Boomer generation wealth.

That conclusion comes from the sixth annual Legg Mason Global Investment Survey 2018. It also says that Millennials (18-36 years old) take a very different attitude to investing compared to their Baby-Boomer parents (51-70 years old).

The survey reports: Millennials are more optimistic, more willing to embrace risk and open to investing in different asset classes, including alternatives. They are also more idealistic in their approach, embracing ESG assets and considering ethical factors as keenly as they look at returns.

“More than anything, the research paints a picture of Millennials as conviction investors, backing their own judgment and values. Australian Millennials see the best opportunities in the year ahead coming from international stocks, real estate, cash and domestic stocks.”

The Legg Mason annual survey involved 16,810 investors, including 1000 Australians, across 17 markets worldwide.

Managing Director Legg Mason Australia & New Zealand, Andy Sowerby, says Millennial investors take a different world view to most Baby Boomers.

“It is possible that a lack of experience is be behind the optimistic viewpoint that the Millennials have as they are too young to have been materially impacted by bear markets such as the GFC, tech wreck or Asian currency crisis.

“Their belief that they understand investment markets and have expertise has yet to be tested in a bear market or a recessionary period.”

Mr Sowerby notes that three-quarters of Millennial investors think they will have enough money for retirement compared to 62% of Baby Boomers, with the former more ambitious in terms of the returns they are seeking on their income generating investments (8.5% compared to 7.6% for Baby Boomers).

But he cautions that Millennials may not generating sufficient income and growth from their investments to be confident of securing a comfortable retirement.

“When we look at the asset allocation they are using as a model for their investment portfolios, Millennials are not embracing growth assets enough to justify their confidence for securing a comfortable retirement. Put bluntly, they need to save more and embrace higher-risk asset classes if they are to meet their longer-term investment goals.

“However, while their current asset allocation doesn’t embrace enough risk, their attitude to risk is higher than seen among Baby Boomers. 15% of Millennials say they are more likely to invest more in higher-risk investments, such as equities, than Baby Boomers (5%) in the event of a major global stock market crash such as the 2008 financial crisis.
“The desire by Millennials to ‘time the market’ and invest in downturns versus Baby Boomers risk-averse attitudes is a sensible precaution. Baby Boomer investment horizons will inevitably be shorter, and de-risking investment strategies will make greater sense than for Millennials, who should be thinking long term and focusing on growth assets.”

Millennials are also more concerned about the ethics of the investments they make.

The research found almost three-quarters (70%) of Millennials say they choose funds or companies to invest in according to Environmental, Social or Governance (ESG) factors, while only 21% of Baby Boomers make the same claim.

For a full copy of the survey report, please visit: https://www.leggmason.com/global/campaigns/gis-2018.html

Ends

Methodology
The Legg Mason Global Investment Survey has been taking the pulse of investors worldwide for the past six years.

Legg Mason Global Asset Management commissioned Research Plus Ltd to conduct an independent online survey of 16,810 investors in 17 countries worldwide, between 26th July to 24th August 2018. 1,000 investors (aged 18+) were surveyed in each country, except Belgium (n=810); the research defined ‘investors’ as people who will be investing at least €10,000 (or the local equivalent; $50,000 in USA) in the next 12 months and who have made changes to their investments within the last 5 years; these individuals represent the views of investors in each country included in the survey.

About Legg Mason
Guided by a mission of ‘Investing to Improve Lives™, Legg Mason helps investors globally achieve better financial outcomes by expanding choice across investment strategies, vehicles and investor access through independent investment managers with diverse expertise in equity, fixed income, alternative and liquidity investments. Legg Mason’s assets under management are AUD$1 trillion as at 30 September 2018.

Legg Mason provides centralised business and distribution support for its nine affiliated fund managers that include: Brandywine Global, Clarion Partners, ClearBridge, EntrustPermal, Martin Currie, RARE Infrastructure, Royce & Associates, QS Investors and Western Asset. Each affiliate operates independently under its own brand and investment process and is considered an industry expert in its asset class.

Australia Facts:
• Legg Mason’s Australian business was established in 1954
• Assets Under Management (AUM) in Australia are AUD$55 billion as at 30 September 2018 (Source: Rainmaker Data. Consists of AUM managed in Australia for Australian and offshore investors and AUM managed offshore for Australian investors)
• Legg Mason Australia was awarded the Money Management/Lonsec Fund Manager of the Year in 2015, 2017 and 2018.

Visit leggmason.com.au to learn more

For further information, please contact:
Disclaimer: The information in this document is of a general nature only and is not intended to be, and is not, a complete or definitive statement of matters described in it. It has not been prepared to take into account the investment objectives, financial objectives or particular needs of any particular person. Legg Mason Asset Management Australia Ltd (ABN 76 004 835 849 AFSL 240827) (“Legg Mason Australia”) is part of the Global Legg Mason Inc. group. Legg Mason Australia does not guarantee any rate of return or the return of capital invested. Past performance is not necessarily indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested. These opinions are subject to change without notice and do not constitute investment advice or recommendations.