A carefree retirement costs half a million francs
A third of investors intend to emigrate if they do not meet their savings goals

Geneva / Zurich, 15 March, 2016 – How do investors from Switzerland and 18 other markets view the current financial conditions? Legg Mason carried out a global survey spanning 5,370 major investors, asking them their views about the financial markets. Swiss investors assume that in order to retire comfortably in Switzerland, they need capital of at least half a million Swiss francs per person. One in three intend to emigrate if they do not meet their savings goals. Investors in other European countries believe their capital requirements when it comes to retirement to be considerably lower: the European average is around 455,000 francs.

The fourth edition of Legg Mason’s annual Global Investment Study produced a number of other interesting results:

- More than a third of Swiss investors (35%) say that they will emigrate if they fail to meet their investment goals.
- 45% of Swiss investors aged between 18 and 39 – so-called “millennials” – have a pessimistic view of the investment climate for the next twelve months, compared to 29% in Europe and 18% globally.
- Among Swiss investors aged 40+, 40% have a pessimistic outlook as regards the investment climate for the coming year; the European average for this age group is 36%, and 25% on a global basis.
- For the next twelve months, Swiss investors favour global equities (58% millennials / 61% 40+), followed by real estate (52%/61%) and Swiss equities (48%/50%).
- Compared with other investments Swiss investors like their domestic bonds much less than investors in other markets like Germany or Italy, for example.
- Among older Swiss investors, 55% of women and 72% of men believe that conditions in the Swiss market offer a locational advantage when it comes to their investments.
- The top priority for Swiss investors is saving for their retirement. Especially Italian millennial and older Swedish investors (both 80%) and indeed the average of all investors surveyed (76%) prefer to enjoy their day-to-day lives.
- If negative interest rates were to be introduced across the board, around a quarter of Swiss investors (24%) would switch to real estate.
- Of the Swiss millennials surveyed, 50% stated that they did not worry about understanding their investments. In the 40+ age group, 68% held this view.
- Over the next twelve months, millennials expect their investment portfolios to return 6.3%, while those surveyed aged 40+ anticipate a return of 5.7%.
Swiss investors pursue long-term investment goals, while Italians prefer immediate gratification

Christian Zeitler, Country Head of Legg Mason in Switzerland, had the following to say on the survey results: "Unsurprisingly, cash and concrete (i.e. real estate) seem to be very popular among Swiss investors. Also, Swiss investors seem to be quite comfortable with their understanding of financial products. As a result only around a third uses a financial advisor."

At over half a million francs (USD 500,000), the amount that Swiss investors believe they need to retire comfortably in their home country is higher than the European average of around 455,000 francs. In Switzerland, 35% of those surveyed said they would emigrate to a country with a lower cost of living if they failed to achieve their savings goals. In the United Kingdom and Germany, this is only a likely option for 8% and 7%, respectively, of those questioned.

As such, Swiss investors in part have a very different focus when it comes to their investments than their counterparts in Europe and across the world, with 72% of them having a long-term investment horizon compared to the European average of 61%. Italy is the only country where the majority (56%) of investors pursue short-term investment goals, with the aim of making their day-to-day life more comfortable.

Young Swiss investors less positive about the next twelve months

60% of millennials and 63% of over-40s say that they are more risk averse than they were a year ago. This negative attitude is also evident when it comes to assessing the investment climate: 45% of younger investors are pessimistic as regards the economic outlook for the coming year, while 40% of Swiss investors aged over 40 have a negative view. Across Europe, 34% of investors from all age groups are pessimistic about the next 12 months; globally this figure is 22%. The main reason cited by Swiss investors for their comparatively skeptical outlook is the unstable global economy; by contrast, they view the Swiss economy in an extremely positive light.

"What is new is that Swiss investors see the best opportunities in foreign Equities over the next 12 months." Christian Zeitler continues: "This is undoubtedly a result of the strong Swiss Franc and its impact on the Swiss economy."

In Switzerland, investors aged 18 to 39 expect their investment portfolio to return 6.3% over the next 12 months. The anticipated return among those aged 40+ is 5.7%. For this period, both age groups in Switzerland favour global equities, followed by real estate investments and domestic equities. By contrast, domestic bonds are seen by Swiss investors as offering the lowest potential returns.

Negative interest rates would lead to increased real estate sales

Among Swiss investors, 55% of women and 72% of men believe that conditions in the Swiss market offer a locational advantage when it comes to their investments. Of the Swiss millennials surveyed, 18% of their assets are invested outside of Switzerland; this figure rises to 21% among investors aged over 39. The younger investors see the best investment opportunities in China (45%) and Japan (34%), followed closely by Singapore (32%). Older investors prefer the USA (48%), in front of China (40%) and Singapore (33%).

If negative interest rates were soon to be introduced across the board, around a quarter of Swiss investors (24%) would invest their money in real estate. 21% would put their money into an investment fund, while 21% of those surveyed also said they intended to hold their money in cash.
Appendix

Methodology

A quantitative online survey methodology was used to conduct the study, with a total of 5,370 high-net worth investors across 19 markets completing the questionnaire.

<table>
<thead>
<tr>
<th>Market</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>N = 600 (500 age 40-75, 100 age 18-39)</td>
</tr>
<tr>
<td>Europe (UK, France, Spain, Italy, Germany, Switzerland, Belgium, Sweden)</td>
<td>N = 2,122 (~200 age 40-75, ~60 age 18-39 per market)</td>
</tr>
<tr>
<td>Asia (Hong Kong, Singapore, Japan, Taiwan, China)</td>
<td>N = 1,341 (~200 age 40-75, ~60 age 18-39 per market with 100 in China)</td>
</tr>
<tr>
<td>Latin America (Brazil, Chile, Mexico, Colombia)</td>
<td>N = 1,047 (~200 age 40-75, ~60 age 18-39 per market)</td>
</tr>
<tr>
<td>Australia</td>
<td>N = 260 (200 age 40-75, 60 age 18-39)</td>
</tr>
</tbody>
</table>

Respondents had to meet the following screening criteria:

- Sole or joint decision-maker for household investment decisions
- $200,000+ investable assets (includes investment real estate but not primary residence/vacation property)
- **Main Sample / Core 40+ HNWIs / Older Investors**: Age 40-75 (N= 4,103 Completes)
- **Millennial Sample**: Age 18-39 (N=1,267 Completes)

Field work for the survey was conducted between December 3, 2015 and January 8, 2016. In each market, sample included roughly equal numbers of respondents for the $200K-$999K group and $1M+ group; the data was then weighted to be representative of the $200K-$999K and $1M+ household total investable assets populations. Global investor figures are composites based on weighted average of country specific findings; the weighting is by relative incidence of qualified investors in each country. Note: Because of rounding, percentages may not add up to 100%.

The research was conducted by Northstar Research Partners, an independent global marketing research firm with offices in New York, Atlanta, Toronto, London and Jakarta (www.northstarhub.com). Northstar conducts research across a wide range of industry sectors and is a recognized leader in financial services marketing research.

The main sample for comparisons to last year’s data includes only high net worth investors aged 40-75, with Millennial data providing an additional data set that serves as a supplement to this year’s study.

Notes to editors
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