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Press Release

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Spanish Millennials are the most concerned European Millennials with regards to understanding the products they invest in

58% stated that one of the main factors with the greatest impact on their decision-making process is Central Bank interest rates decisions

Economic instability in Spain is the primary investment concern for Spanish Millennials

Madrid, 15 March 2016: Legg Mason, one of the largest asset managers in the world, has just released the fourth edition of its Global Investment Survey, an annual survey carried out among high net worth investors in 19 countries*. For the first time since its launch, Legg Mason publishes the results obtained among Millennials and analyses their own perception as investors, the main factors affecting their investment decisions and the use of new technologies when investing.

Spanish Millennials as investors: dispelling myths
One of the main conclusions from the report in Spain is that some myths around Millennials as investors have nothing to do with how they define themselves. In this respect, when asked about their risk tolerance, seven out of ten Spanish Millennials consider themselves as "very" conservative or "somewhat" conservative. Also, 66% consider themselves more conservative than one year ago. This also explains that, on average, they allocate the highest percentage of their investments to cash (22%) and real estate (22%). Cash also appears at the top when asked about the top three investment opportunities for 2016 (58% of Spanish Millennials surveyed agree, which makes the highest percentage among the European countries included in the study).
Regarding their portfolio in 2016, 62% state that they are more focused on long-term investing than on the short-term, although there's no consensus about the definition of "long term": 45% define long term as investments with a 5-10 years horizon and 33% define it as a 2-5 years horizon.

Understanding the way in which Millennials define themselves as investors helps to understand their financial decisions when investing. Firstly, the rate of return that Spanish Millennial investors are seeking on their investments is 8.3% on average, higher than the 6.6%† return they received in 2015, which represents a return gap of 1,7%. Central bank interest rate decisions (58%, eight points above the average for European Millennials) and activity on Spain's stock market indices (52%) are the factors with the greatest impact on their decision-making process.

Likewise, Spanish Millennials are the most concerned European Millennials when it comes to understanding the products they invest in, 93% worry they do not understand products they invest in. Similar to other European Millennials, about six in ten Spanish Millennials use a Financial Advisor (62% say they currently have one), who is also the

* The study has surveyed 5,370 high-net worth investors across 19 markets, 260 of them in Spain (201 age 40-75, 60 age 18-39). It was conducted between December 3, 2015 and January 8, 2016.

† Survey asked: "What rate of return did you get on your portfolio in 2015?" - 6.6% is the average return received by the Millennials investors from Spain in 2015.

most trusted source of advice among the Spanish Millennials (82%), together with financial news/media organisations.

Investing abroad:
Eight out of ten (82%) Spanish Millennial investors have investments outside Spain, but on average only 15% of their portfolio is invested outside of Spain, eight percent below the European average. The major barriers that Spanish Millennials find to investing internationally are: global uncertainty (40%) and currency risk (33%).

However, 2016 marks a new investment horizon without borders for Millennials in Spain. In fact, as Javier Mallo says, "*the report shows that more than seven out of ten Millennials (73%) stated that they will be more focused on international investment during 2016 as compared to 2015. This means that we, as international managers, have a unique opportunity to offer Millennials global products adapted to their risk profile. Furthermore, in order to achieve a reduction of the existing gap between desired and realised returns, it will be essential to consider the possibility of adding more risk to their portfolios ".*

Millennials see the United States (40%), Pan-Europe (32%) and Japan (30%) as the best investment opportunities in 2016 beyond Spain. On the other hand, three of the four BRIC countries are among those considered to entail the highest investment risk: Brazil (28%), China (28%) and Russia (28%).

Worried but still optimistic
Economic instability in Spain is the primary investment concern for Spanish Millennials. This is a concern for 30%, the highest percentage among European countries, followed by "Global Economic Instability".

Likewise, although 87% stated that they are concerned the world economy is on the brink of another major financial crisis, which is the highest percentage among the European countries, seven out of ten are confident that the markets will be able to handle another financial crisis

Almost two-thirds (65%) feel optimistic about the income that their investments will generate for them during 2016 and that market volatility can be seen as an opportunity by some of them, as eight out of ten (78%) agree that the recent peaks and troughs in the financial market are nothing new.

Another reason to worry according to Spanish Millennial Investors is the amount of money needed to secure a comfortable retirement. In fact, 68% are concerned about their retirement savings, even though three quarters (76%) of those concerned have started saving. When asked about which decisions will they take to cover the shortfall during their retirement, Spanish Millennials think they may end up working longer than planned (45%, the highest percentage in Europe), as well as sacrificing their quality of life and cutting back on everyday expenses (42%).

Technology in the spotlight
Although the use of new technologies is generally conceived as intrinsic to the Millennial generation, the report shows that Spanish Millennial investors are, in general, less willing to use online tools to purchase investments products than other European Millennials. On one hand, although 70% state that they trust robo-advisors as a source of advice, but only 28% of them are willing to purchase investments through an automated online advice platform.

Other platforms obtain similar percentages. Only 23% are willing to purchase investments through a social media platform (five points below European Millennials as a whole) and just two out of ten (20%), through mobile devices (10 points below the European average of 30%).

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.

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

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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