

For Immediate Release

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**What Do Financial Advisors Give Investors?
Survey Says: Confidence**

New York, New York – December 11, 2018 – According to the sixth-annual Legg Mason Global Investment Survey (LMGIS), U.S. investors who work with a financial advisor (FA) are more than twice as confident they will have enough money to enjoy a comfortable life in retirement. The data shows that financial advisors matter to investors – and investors know it.

Investors with FAs were more confident their investments will perform well over the next 12 months. They also reported having more diversified portfolios, less reliance on U.S. stocks, and were markedly more willing to invest in ESG-oriented products.

Still, concerns over retirement rule: only 35% of investors with an FA reported being “very confident” about having enough money saved for a comfortable retirement, versus only 13% among those who do not use an advisor. Of those who were less confident, almost twice as many investors without an advisor (20%) were “very concerned” about having enough saved for retirement, compared to only 11% of those with an advisor.

With market uncertainty increasing, investors with advisors also are more likely to perceive volatility as an opportunity: 44% said volatility is “positive – if managed properly, returns can be higher than usual,” compared to 27% of investors without FAs.

Perhaps that is why 72% of investors with FAs are confident in their investments (with 32% very confident) over the next 12 months, compared to 52% (and 7% very confident) for those without an advisor. In addition, 61% of those with FAs will increase how much they invest for retirement over the next five years, compared to 34% of investors without.

“By helping investors focus on the long-term, financial advisors can provide a steadying voice of reason. said Thomas K. Hoops, EVP and Head of Business Development for Legg Mason. “Investing can be a very emotional process, especially in times of market volatility, and an experienced FA is often integral to keeping investors on track to achieving their goals, he continued.”

“Advisors can help deliver better results against key goals and often enable investors to hedge more effectively against downside risks,” said Mr. Hoops. “Working with a financial advisor does not preclude investors from acting with conviction and placing money in assets they choose, but FAs more often help them focus on specific goals and investment outcome. Given the strong need to focus on retirement saving our survey exhibits, this is a good thing.”

Financial Advisors Encourage Diversified Investing

Legg Mason’s research found that advised investors are more open to new ways of investing, taking into account goals-based investing. They also tended to have long-term goals, often as a result of the risk profiling done by the FAs.

Investors with advisors reflected a more diversified perspective of market opportunity, while the view of investors without an advisor was more concentrated in U.S. equities. Specifically, 60% of investors without an advisor believed U.S. equities are the best opportunity over the next 12 months, compared to 44% of investors with an FA.

But investors who use an advisor are far more likely to say that other asset classes also present the best opportunity over the same timeframe, including:

- Real estate: 31% with FA, 18% without
- Domestic bonds: 24% with FA; 13% without
- Alternatives: 21% with FA; 12% without
- Gold/metals: 19% with FA; 11% without
- International bonds: 14% with FA; 1% without

Both agreed on international stocks: those with an FA (25%) and those without (30%) ranked the asset class a top three choice, along with domestic stocks and real estate.

How does this compare to financial advisors' views? When asked the same question in a Legg Mason survey of FAs who collectively manage more than \$2.2 billion in client assets, the top three investment opportunities over the next 12 months were:

1. International stocks
2. Domestic stocks
3. Alternative investments

“Optimism for alternatives has increased as investors understand the benefits of diversifying portfolios away from stocks and bonds,” said Victoria Rock, Head of Alternative Products at Legg Mason Global Asset Management. “Investors are worried about the high valuations in equity markets, and the prospect of low yields in bond markets is causing them to look at other asset classes such as real estate. FAs understand and are leading this trend.”

Financial advisors also reported seeing volatility largely as an opportunity, rather than a threat: 55% of them agreed with investors who use an FA in saying volatility is positive.

About the 2018 Legg Mason Global Investment Survey

The sixth annual Legg Mason Global Investment Survey was conducted by Research Plus Ltd. among 1,000 U.S. investors who plan to invest a minimum of \$50,000 over the next 12 months. Fieldwork was conducted via an online survey between July 26 and August 24, 2018. To learn more about the survey findings, go to <https://www.leggmason.com/global/campaigns/gis-2018.html>.

The financial advisor data included is based on a survey of financial advisor participants managing more than \$2.2 billion in AUM at the Legg Mason Power of Choice Investment Forum in September 2018. These advisors were asked select questions from the GIS.

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