

Paris, 12 May 2014

Recovery in world markets boosts French investors optimism, finds Natixis Global Asset Management study

Natixis Global Asset Management publishes today the results of its annual survey of individual investors at a global level having a minimum net worth of €143 000* of invested assets. Conducted on nearly 6000 global high-net worth investors including 500 across France surveyed online in March 2014, the study covers 14 countries from Asia, Europe, the Americas and the Middle East.

Confidence has improved but investors are still conflicted between asset growth and capital protection

Global investors are more optimistic this year, with 37% saying their financial situation was better than last year. In France, the share of investors saying their financial situation had improved over the last 12 months rose from 15% in 2013 to 25% in 2014, according to a new study by Natixis Global Asset Management of nearly 6000 global high-net worth investors including 500 across France. The widespread renewal of optimism was also reflected in a dip in economic and political uncertainties worldwide. Only 30% of French investors said they had such concerns, compared with 57% a year ago. Those very concerned about European debt dropped from 63% to 35%, and those concerned over their government's financial situation dropped from 60% to 26%.

"The coming year looks set to be more encouraging, with 29% of French investors, up from 19% last year, expecting an improvement in their financial situation in the next 12 months," says Christophe Point, Head of NGAM Distribution for France

Scars still remain, since 2008, particularly in Europe where 71%, up from 68% last year, want to take as little risk as possible, even if it means they have to sacrifice returns. Progress is evident, but it is not happening at a velocity that creates exposure to the additional risk necessary to meet retirement objectives.

In France, 73% of investors said they would take only minimal investment risk, and 80% would favour safety over performance if forced to choose. Yet at the same time 56% say asset growth is increasingly a priority over protecting principle. And overall, 76% say they are conflicted between obtaining returns and preserving capital.

*Minimum net worth of US\$200,000 of invested assets



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"Investors are deeply conflicted," said Christophe Point. "They have aggressive savings targets for retirement, but don't have a realistic way of reaching them, something has to change. Without a comprehensive plan that puts risk first in portfolio construction, and measurement based on personal investment goals, investors will be much less likely to achieve the income they need for retirement, and that is the greatest risk of all."

Toward a new assessment of risk and performance

This year's survey revealed that investors are more concerned about meeting their investment objectives than outperforming the market, "an observation that should prompt professionals to take a greater interest in personal benchmarking, setting specific personal objectives in line with each individual's needs," says Christophe Point.

When asked how they define success French investors were nearly five times more likely to say protecting principal and avoiding losses (61%) as they were to say outperforming the market (13%). A majority of French investors (62%) said they were more concerned about not meeting their objectives than about beating the benchmark. A full 79% said they would be satisfied to reach their annual target even if they underperformed the market.

Ultimate long-term objective: retirement planning rate still low but rising

A full 73% of the French investors surveyed said they wanted to retire at the age of 65. But only 19% thought that their current investment strategy would ensure the income commensurate with a comfortable retirement. In France, 45% were unable to say what kind of annual income they would need for their retirement (37% worldwide). Of even greater concern, 70% have no clear financial objectives and 79% have not drawn up a financial plan to meet the objectives in question. 86% said it was important to follow their instincts in investment decisions, while 53% have little or no knowledge of the investment strategies required to generate regular returns according to market cycles.

Financial advisors are playing a vital role in dealing with fast-moving market trends and making investors more receptive to new investment strategies

Nearly three-fourths (73%) of French investors reject traditional methods of portfolio construction as no longer the best way to pursue returns. And their portfolios remain insufficiently diversified. Just 18% said they were confident in the ability of their portfolios to hold up against a crisis in the market, while 77% have failed to broach the subject of a possible market correction with their advisor.

When it comes to the use of alternatives to construct more diversified portfolios, only 36% of French are utilising them. Although, 60% say they would invest in alternatives if their advisor recommended them.

Commenting, Christophe Point said, "As a whole, investors who call on the services of a financial advisor tend to have clearer investment objectives, a strategy for meeting them, more robust investment knowledge and more tolerance to risk."

A full 63% of investors worldwide and 65% in France use the services of an investment advisor at least occasionally, up 10% on last year. Of the French investors surveyed, 65% of them said they more readily shared their needs and expectations than before, and 61% were more willing to discuss risk with their advisor than ever before.

Background and methodology

Natixis Global Asset Management's 2014 survey of 500 individual investors in France was conducted by CoreData and is part of a larger global study of 5,950 investors in 14 countries from Asia, Europe, the Americas and the Middle East. The study looks at investor attitudes towards portfolio construction, risk, advice, saving, investing and the markets. Investors were surveyed online in March 2014 and were required to have a minimum net worth of US\$200,000 (or PPP equivalent) of invested assets. A copy of the full global survey is available at www.ngam.natixis.com/pressroom and more information is available at www.durableportfolios.com.

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About Natixis Global Asset Management

Natixis Global Asset Management is one of the 15 largest asset managers in the world based on assets under management. Its affiliated asset management companies provide investment products that seek to enhance and protect the wealth and retirement assets of both institutional and individual investor clients.*

Its proprietary distribution network helps package and deliver its affiliates' products around the world. Natixis Global Asset Management brings together the expertise of multiple specialised investment managers based in Europe, the United States and Asia to offer a wide spectrum of equity, fixed-income and alternative investment strategies.

*Headquartered in Paris and Boston, Natixis Global Asset Management's assets under management totalled €652.9 billion at 31 March 2014**. Natixis Global Asset Management is part of Natixis.*

*Source: Cerulli Quantitative Update: Global Markets 2013 ranked Natixis Global Asset Management as the 15th largest asset manager in the world based on assets under management at December 31, 2012.

** Source: Natixis Global Asset Management.