

Paris, September 29th 2014

Managing market volatility and clients' emotions are key challenges for advisors

Natixis Global Asset Management (Natixis Global AM) published today the results of a global survey of 1,800 financial advisors (IFAs)*, including 150 French advisors. The survey covers nine countries across Asia, Europe (United Kingdom, France, Germany, Italy, Spain, and Switzerland), the Americas and the Middle-East and was conducted in June and July 2014.

French financial advisors are bullish on business prospects, but still concerned about market volatility

Buoyed by strong returns over past years and a sustained bull market in many regions, 48% of French advisors say their business has grown in 2014. This trend is even stronger globally, with 62% of advisors confident about their business prospects. French advisors show greater caution as they are acutely aware of factors which could threaten their business, namely volatility returning to the markets.

When asked directly what presented the greatest challenge to their success, 81% of French advisors pointed to market volatility. And 78% of individual French investors** admit that volatility weighs on their confidence (versus 66% of individual investors globally). 88% of French advisors also mentioned the economic environment and interest rates as major threats to the growth of their business.

Helping clients to overcome emotional risk is a further challenge for advisors

76% of France advisors and 83% globally say their clients' emotional reactions to market events can have a negative impact on their business. Yet only 11% of French investors (6.4% worldwide) believe that "putting their emotions aside" would enable them to better achieve their investment goals. This disconnect between advisors and their clients shows that investors are not fully aware of how emotional factors may have an impact on their decision-making. But it also serves to confirm the crucial role of financial advisors.

"Advice and guidance are more essential than ever for clients, in order to embrace an investment approach based on personal long-term investment goals and be free from the emotional risk associated with short-term market volatility. We are convinced that we can help investment advisors facing this challenge, and this is where our Durable Portfolio Construction® approach can play an important role," explains Christophe Point, managing director, NGAM Distribution France Switzerland and Monaco.

*Financial advisors: IFAs, FAs affiliated with a bank or financial institution, FAs affiliated with a fund management company, FAs affiliated with a brokerage or securities company. **Survey conducted in 2014 by Natixis Global Asset Management on 500 individual investors in France and carried out by CoreData as part of a wider global study of 5,950 investors.

 Follow us on Twitter! @Natixis_com

Defining or redefining individual investment objectives

While investors say they are interested in investment strategies based on individual financial objectives, helping investors adopt these practices is more of a challenge. 70% of French advisors (69% globally) say they encourage clients to set targets return that are independent of the market, and 74% say they recommend that clients set specific goals for their investments. 79% of French individual investors would be satisfied if they achieved their own objectives even if they underperformed the market. However, 84% of French advisors say their clients are conflicted between obtaining returns and preserving capital, and 70% of French individual investors say the same.**

These contradictions are very revealing. Investors are aware that they need to review their investment approach if they want to achieve higher returns, yet they are not willing to take on additional risk. *"To go from agreement in theory to acceptance in practice, advisors will need to continue concentrating their efforts and clearly defining the needs and ambitions of their clients"* adds Christophe Point.

Answering critical questions on retirement savings and income

While French advisors say their clients' main investment goals are paying their income tax and succession rights (21%) and saving for their retirement (21%), 45% have no idea how much annual income they will need once they have retired. The vast majority of advisors worldwide (97%) say the greatest demand for service from clients comes in the area of retirement planning and stable income producing products.

For advisors, success in this area seems once more to depend upon developing stronger relationships with clients in order to fully understand their retirement needs and develop appropriate financial plans.

Towards new portfolio construction techniques

Traditional equity/bond portfolio models are being challenged: only 36% of French advisors believe these traditional portfolios are appropriate for investors with moderate risk tolerances. And although 30% of French financial advisors regularly use uncorrelated products for diversification purposes (59%) and to dampen volatility (47%), the main hurdle preventing the use of these products stems from their complexity. Advisors say they need to know more about alternatives before they recommend them. One advisor in three will only advise products they can explain to their clients.

"We want to work alongside advisors, providing them with the support and tools that they need to feel fully equipped to help their clients understand and consider new investment techniques which are ultimately better suited to today's market complexity." concludes Christophe Point.

Methodology

Core Data Research (London-based financial research company) was mandated by Natixis Global AM's "Durable Portfolio Construction" arm to conduct this global survey of 1,800 financial advisors across 9 countries in Asia, Europe, the Americas and the Middle-East. 150 French advisors took part in the survey: 108 were independent financial advisors, 15 were affiliated with a bank or financial institution, 12 were affiliated with a fund management company and 15 with a brokerage or securities company. The on-line survey was conducted in June and July 2014. The full report can be found at: www.ngam.natixis.com/espacepresse. For more information: www.durableportfolios.com

Press contacts:

Natixis

Barbara Durand

Tél. +33 (0)1 58 32 01 03

barbara.durand@natixis.com

Natixis Global Asset Management

Samia Hadj

Tél. +44 (0)203 405 4206

samia.hadj@ngam.natixis.com

À propos de Natixis Global Asset Management

Natixis Global Asset Management ranks among the world's largest asset managers 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 €679.5 billion as of June 30, 2014**. Natixis Global Asset Management is part of Natixis.*

*Source: Cerulli Quantitative Update: Global Markets 2014, ranked Natixis Global Asset Management, S.A. as the 16th largest asset manager in the world based on assets under management as of December 31, 2013

** Source: Natixis Global Asset Management.