



# Friends Provident International Investor Attitudes Report

Edition One – November 2012



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# Welcome

## To edition one of the Friends Provident International (FPI) Investor Attitudes Report

Over the last two years we have carried out extensive nationally representative studies of attitudes to investing in our three principal markets, Hong Kong, United Arab Emirates (UAE) and Singapore – to help us understand the motivation behind our customers' investment decisions and to enable us to develop the products they need, allied to the investment funds that offer them exposure to the asset classes they feel most comfortable with.

In total, we have surveyed more than 20,000 people, and the FPI Investor Attitudes reports have become a highly valued resource, not just for our own people but for market commentators and our distribution partners.

To make these insights even more powerful, we have re-launched the report, refining our audience to focus on more wealthy respondents in our key markets. The new research gives a true picture of the opinions of those with larger sums to invest, more closely reflecting FPI's customer base.

I would therefore like to welcome you to edition one of the improved Investor Attitudes Report, where, for the first time we take a comprehensive look at the views of the more wealthy investor. I am sure that it will become established as a key barometer of investors' opinions in our principal markets.

Our survey is very timely, as market conditions continue to present a challenging investment environment. However, recent respondents' data indicates that we could soon see an upswing in confidence.

I hope you find the information in the report interesting and insightful.



**James Tan**

General Manager – Asia, Middle East & Africa  
Friends Provident International



# About the Survey

The survey has been conducted by Ignition House, a specialist financial services market research agency and SKOPOS, a multi-country market research consultancy, specialising in the digital space.

Online/ phone to web interviews were conducted in the same period for all three countries – 15th October to 30th October 2012 - to ensure that respondents were answering the questions in a similar financial market environment.

The total sample size for Edition one was just over 1500 to ensure the collection of robust data.

The breakdown for each country was:

- **Hong Kong** – 515 interviews
- **Singapore** – 518 interviews
- **UAE** – 508 interviews.

## Identifying The More Wealthy Respondents

The more wealthy respondents for each region have been identified based on their total investable assets (inclusive of all financial assets including cash, bonds, equities, pensions except for the CPF in Singapore - but excluding primary residences, collectables and consumer durables).

To be included in the survey, respondents must meet the following criteria:

Region	Aspiring Affluent	Affluents
Hong Kong	HKD 500,000 – 999,999	Investable assets of HKD 1m
Singapore	SGD 80,000 – 199,999	Investable assets of SGD 200,000 – 1m
UAE	N/A	Affluent global expats with USD 4,000 per month disposable income or a lump sum of USD 100,000 (or equivalent) to invest.

**Note:** In the UAE a further quota was set so that the survey contained a minimum of 60% non-resident Indian respondents.



# A look at the markets

## Eurozone crisis and slowdown in US and China make for a challenging investment environment

From the eurozone government debt crisis to the slowdown in the world's two biggest economies, the US and China, a number of serious issues have clouded the global investment landscape this year.

As for Europe, the region's sovereign debt problems and countries' efforts to reduce their budget deficits have impacted economic activity; Portugal, Ireland, Italy, Greece and Spain are all suffering from high levels of unemployment and are in recession. The future of Greece and Spain in the eurozone, and what their potential exit might mean for the single currency, also caused concern among investors. However, in future, the European Central Bank's (ECB's) involvement in bond purchase and in supervision of the banking crisis should bring more stability.

## The promise of financial stimulus puts the spotlight on 'riskier assets' - equities and high yield bonds continue to perform well

Despite the challenges facing the global economy, riskier assets, namely equities and high yield bonds, have performed well over the past six months, and have achieved much better returns than core government bonds.

Stockmarkets rallied strongly during the summer in anticipation that the US Federal Reserve would embark on the third stage of its quantitative easing (QE) programme, and the pledge by Mario Draghi, Head of the ECB, in late August to do all he could to save the euro from collapse.

The attraction of equities was also underpinned by the growth in companies' dividend payments.

## Gold price gains following the extension of QE by the Federal Reserve and due to a weak US dollar

Gold, traditionally seen as a 'safe haven', was also in demand during 2012. In September, the unveiling of more stimulus measures by central banks and subsequent concerns over inflationary pressures pushed the price of gold towards levels not seen since earlier in the year.

**Against this backdrop of an uncertain financial world, the key findings from this survey shed some interesting light on how the attitudes of respondents vary across our three core regions.**



## A look at the regions

### Respondents in all three regions are more positive than six months ago – Hong Kong has the most positive outlook

Turning to our research findings, there are marked differences in investors' views of the current state of the market in the three regions. Hong Kong is by far the most positive region, with an index score of 38. UAE is the least positive of the three regions, with an index score of 17. Singapore has a score of 28.

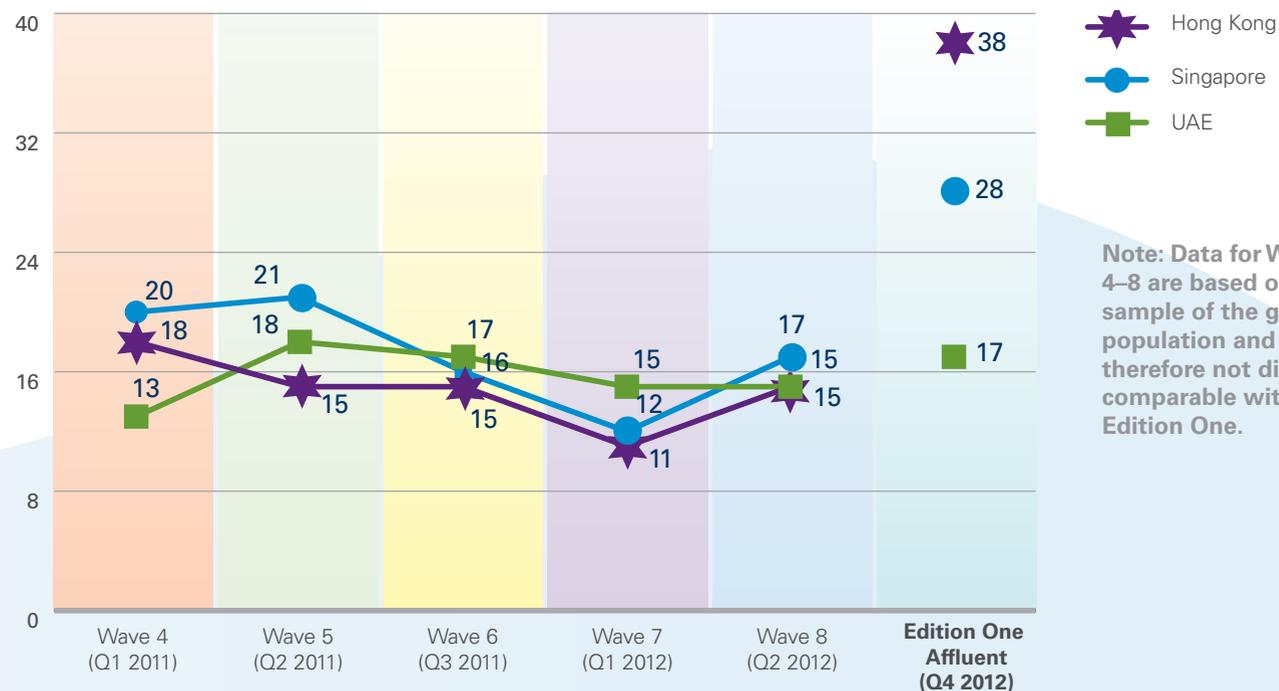
### Strong sentiment in all three regions that things will improve over the next six months

Hong Kong is the most optimistic region (75% say their investment market will improve substantially/improve a little), with UAE just behind (66%). Singapore is the least optimistic of the three regions but even here half of the respondents think things will get better.

### Respondents are most positive about investing in gold

Reflecting the continued price rises, respondents in all three regions are confident about investing in gold.

## Friends Investor Attitudes Index



Note: Data for Waves 4–8 are based on a sample of the general population and are therefore not directly comparable with Edition One.

The Friends Investor Attitudes Index is an average of all index scores for all categories.

The index scores are calculated by first applying a balanced weighting to the rating figures, where 100 is most positive and -100 is least positive, then dividing the sum of these weighted figures by the total number of respondents (excluding Don't knows).

### Signs that equity investment is on the up – especially in Hong Kong and Singapore

Respondents in all three regions are positive about investing in equities, but this is most evident in Hong Kong and Singapore, where equities are rated more positively than property.

In the UAE, investors have less confidence in equities than other asset classes.



# Key Findings

## Investor Attitudes in Hong Kong

- ❖ Hong Kong has a positive outlook on the investment climate
- ❖ Hong Kong is positive towards all asset classes – respondents are more positive towards equities than property, bonds and cash
- ❖ Overall, 72% of Hong Kong respondents feel financially secure. Women in Hong Kong tend to feel more financially secure than men
- ❖ Saving for a rainy day, saving for retirement and education of children are the top three savings priorities
- ❖ 50% of respondents say they are saving for retirement
- ❖ Hong Kong respondents think that QE3 will result in a higher inflation rate
- ❖ In response to an increase in inflation due to QE3, Hong Kong respondents will increase capital available for investment, but will reduce savings from income and alter the mix of assets in their portfolio
- ❖ Respondents in Hong Kong are willing to invest outside local markets. Emerging markets are preferred over the more developed markets of US and Western Europe

## Investor Attitudes in Singapore

- ❖ On balance, Singapore investors are positive about the current and future state of the market, but there are still a significant number of investors who have seen no change and do not expect to see a change
- ❖ Despite some uncertainty about the outlook, respondents in Singapore take a positive view of all asset classes
- ❖ Overall, views are slightly more positive on equities than property and bonds
- ❖ Respondents in Singapore feel financially secure, and are more likely to be low risk/low return investors
- ❖ The vast majority of investors are saving (97%) and almost 60% of investors are saving for retirement
- ❖ Despite concerns about the impact of inflation, few Singapore investors could accurately say what SGD10 was worth today compared with 10 years ago
- ❖ Investors have exposure to a wide range of currencies, reflecting the sophisticated nature of the community

## Investor Attitudes in the UAE

- ❖ UAE is the least positive of the three regions about the current and future state of the market, but there is still a significant number of respondents who consider that the investment market has improved compared with six months ago and who think things will continue to improve
- ❖ UAE investors now consider property second only to gold as their preferred asset class
- ❖ UAE Investors are more conservative than the other regions
- ❖ Education of children is the top priority for UAE investors
- ❖ There are mixed views on whether bonds/sukuk will be included in their overall investment portfolio
- ❖ On balance, investors believe property will perform well over the next five years



## Global reach, local insight

Throughout the Friends Provident International Investor Attitudes report, our regional managers have been invited to use their local insight to comment on the findings.



**David Knights**

General Manager, North Asia  
Friends Provident International



**Chris Gill**

General Manager, South East Asia  
Friends Provident International



**Matthew Waterfield**

General Manager, Middle East and Africa  
Friends Provident International



# Impact of QE3 on Retirement Planning

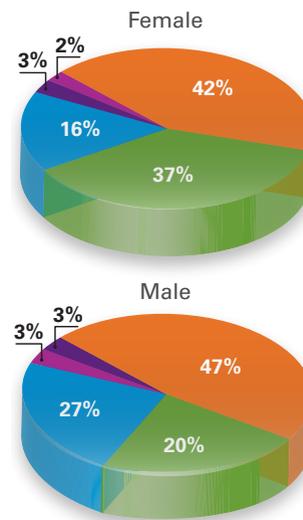
**If QE3 results in higher inflation, respondents are most likely to increase retirement savings a little in Hong Kong and Singapore, whereas the most popular response in UAE is to maintain savings levels.**

UAE respondents are the least likely to save significantly more (18% compared to 29% in Singapore and 28% in HK).

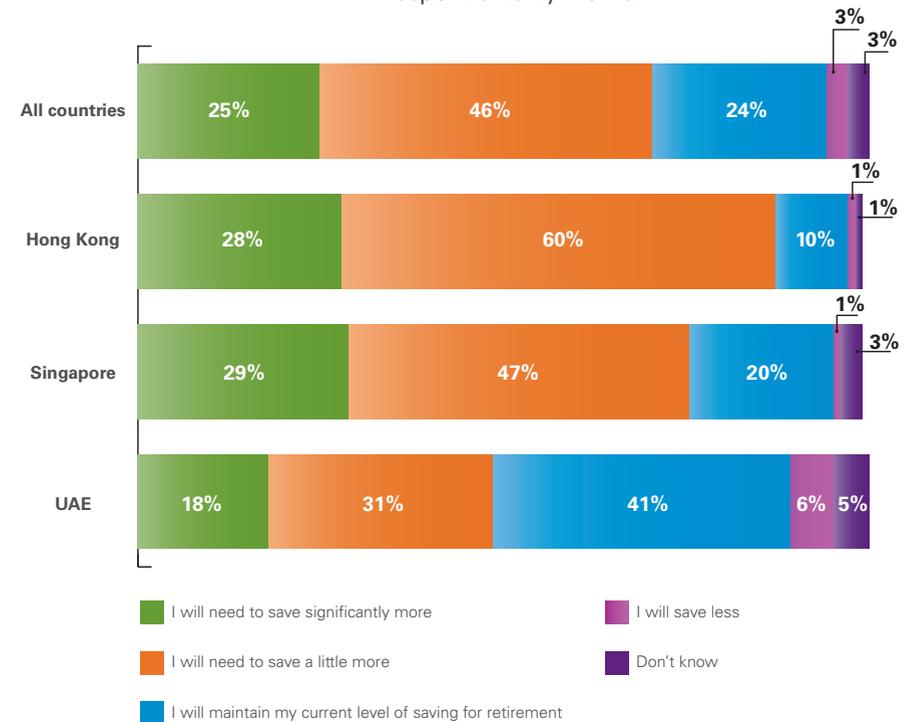
Women are more likely to increase their savings levels than men.

The US has recently announced a further round of quantitative easing (QE3), which potentially could increase the rate of inflation. How do you think this will affect your retirement planning?

All Respondents by Gender



All Respondents by Market



■ I will need to save significantly more      ■ I will save less  
■ I will need to save a little more      ■ Don't know  
■ I will maintain my current level of saving for retirement



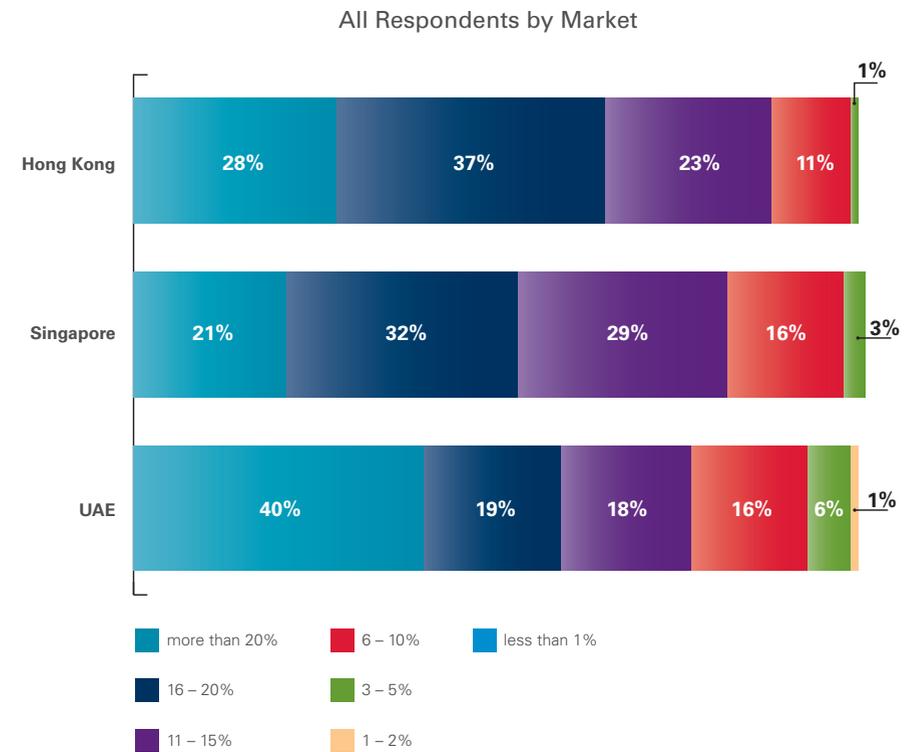
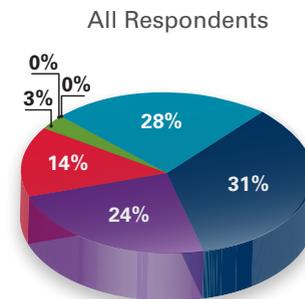
# Impact of QE3 on Retirement Planning continued

**Of those who said they would save more, the majority will increase retirement savings by more than 10%.**

Although UAE respondents were the least likely to increase savings, for those that would, they are more likely to increase savings by more than 20%. 40% of UAE respondents who said they would save more would increase savings by more than 20%, compared to 21% in Singapore and 28% in Hong Kong.

There is no significant difference between men and women.

Compared to what you save today for your retirement, how much more do you think you will need to save?



- more than 20%
- 16 – 20%
- 11 – 15%
- 6 – 10%
- 3 – 5%
- 1 – 2%
- less than 1%

 Hong Kong



# Investment Outlook

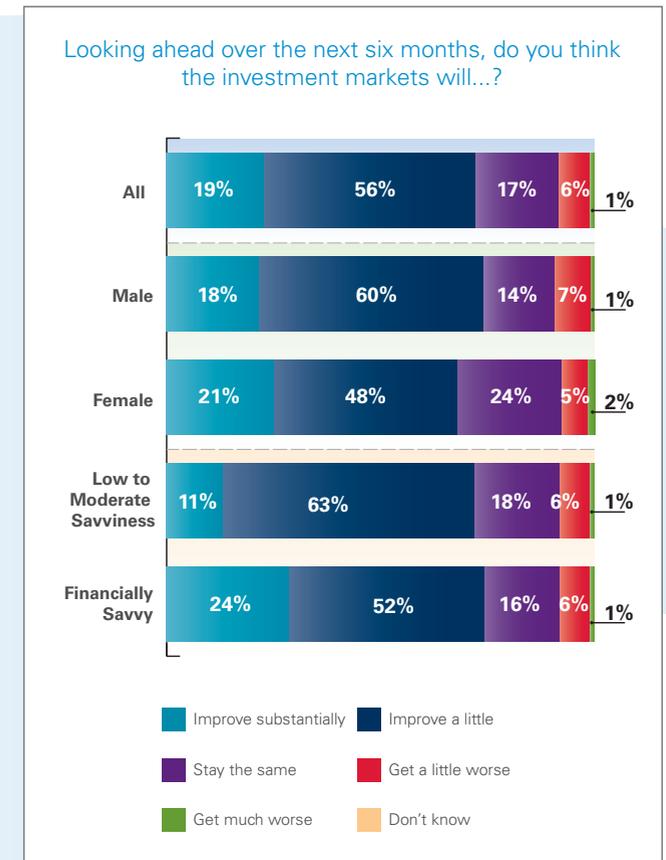
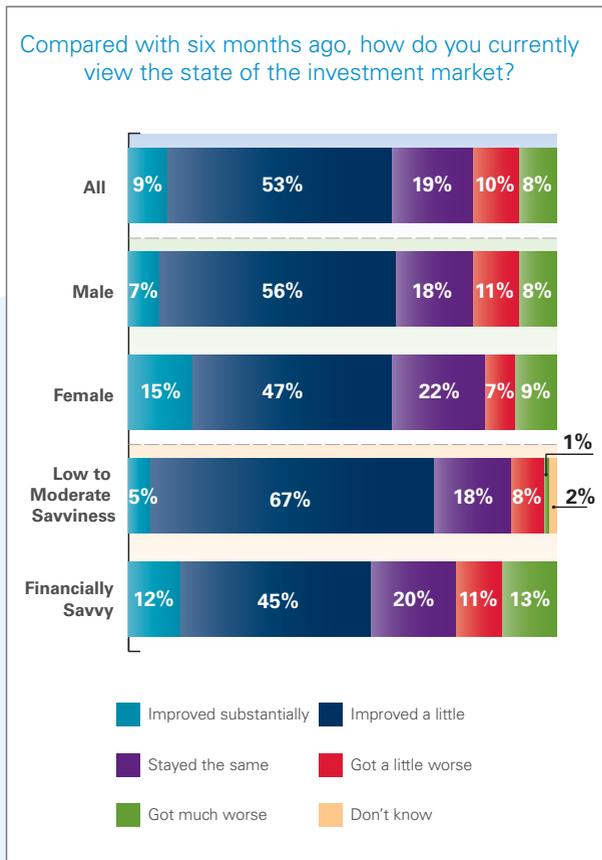
## Hong Kong has a positive outlook on the investment climate

62% of respondents in Hong Kong think the investment climate has improved in the last six months. Most are very optimistic about the next six months (75% say improve substantially/improve a little).

The more savvy the investor, the more optimistic they feel.

“It is encouraging to see that Hong Kong respondents hold a more optimistic view on the current situation than the other two regions and also believe the investment outlook for the next six months will improve. For those respondents who have a more optimistic view, I would suggest they seek guidance from their independent financial advisers to review and plan their next year’s investment portfolio.”

David Knights



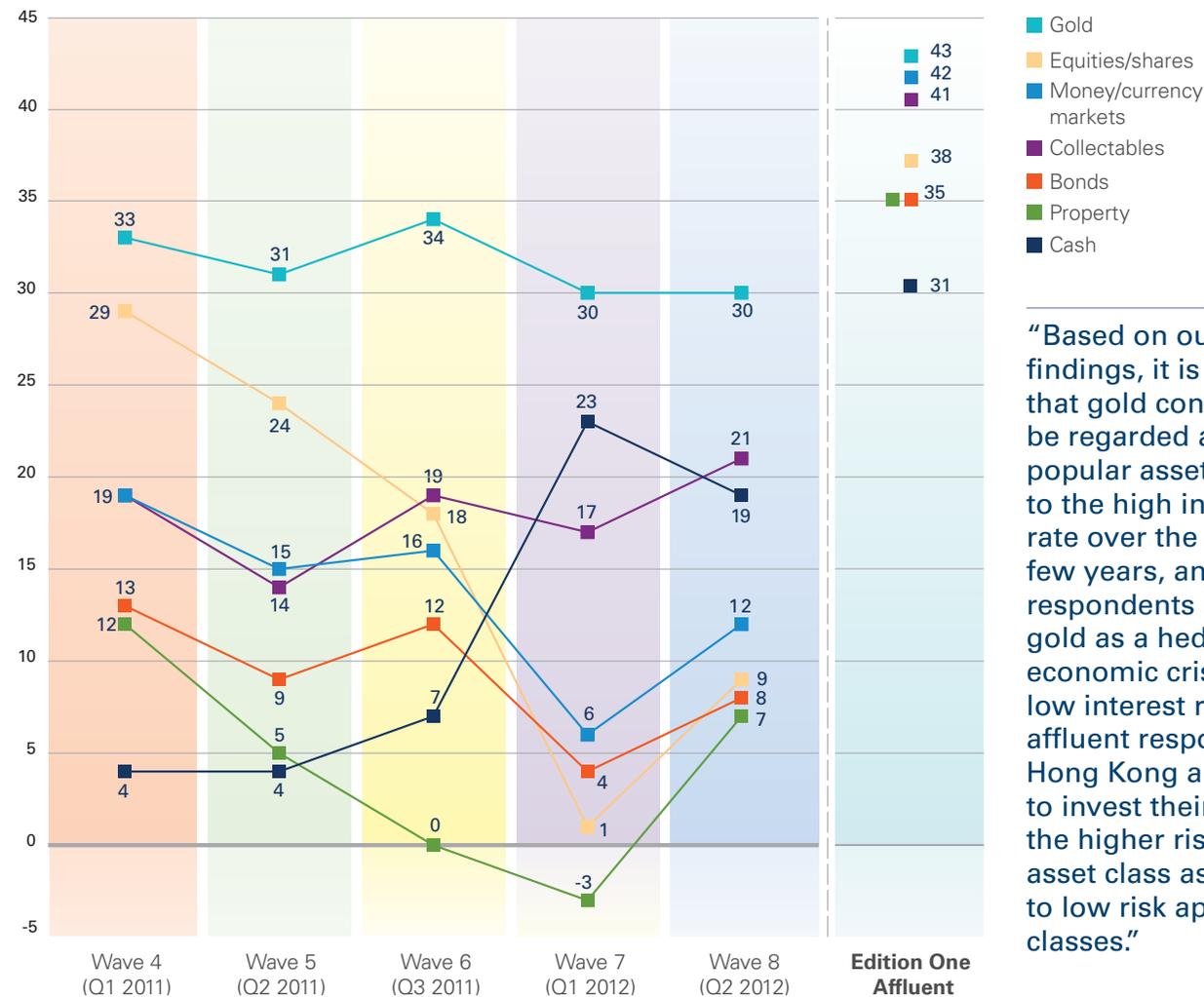
# Asset Class Tracking

## Hong Kong is positive towards all asset classes – respondents are more positive towards equities than property, bonds and cash.

The positive outlook on the investment climate helps to explain why it is generally perceived to be a good time to invest in most asset classes included in this survey - with relatively high scores for the more "risky" classes such as equities.

Respondents in Hong Kong are most optimistic about gold, money/currency and collectables. Respondents here are the least optimistic about cash of the three regions, perhaps due to concerns about inflationary pressures affecting real returns.

Hong Kong has been at the vanguard of investing in fine wines – according to Fine Wine Market Outlook 2012. Growth in the fine wine market in Hong Kong is expected to remain strong and there is a growing fine art market. These factors perhaps explain the positive outlook for collectables.



“Based on our research findings, it is revealed that gold continues to be regarded as the most popular asset class due to the high inflation rate over the previous few years, and affluent respondents might buy gold as a hedge against economic crises. Due to low interest rates recently, affluent respondents in Hong Kong are tending to invest their money in the higher risk appetite asset class as compared to low risk appetite asset classes.”

David Knights

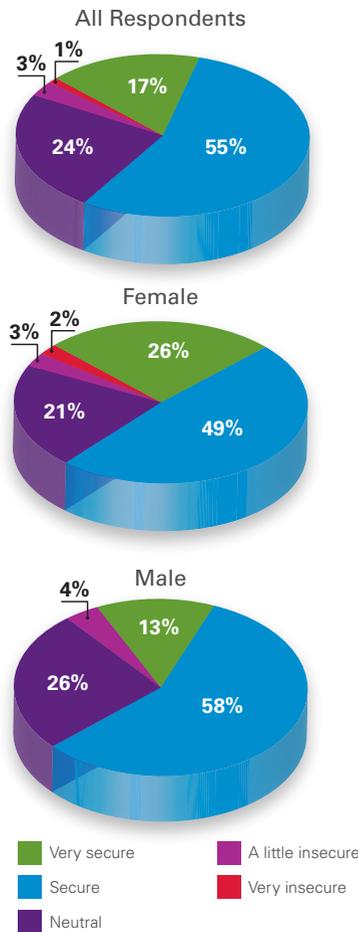
Note: Data for Waves 4–8 are based on a sample of the general population and are therefore not directly comparable with Edition One.

# What do Hong Kong respondents Look Like?

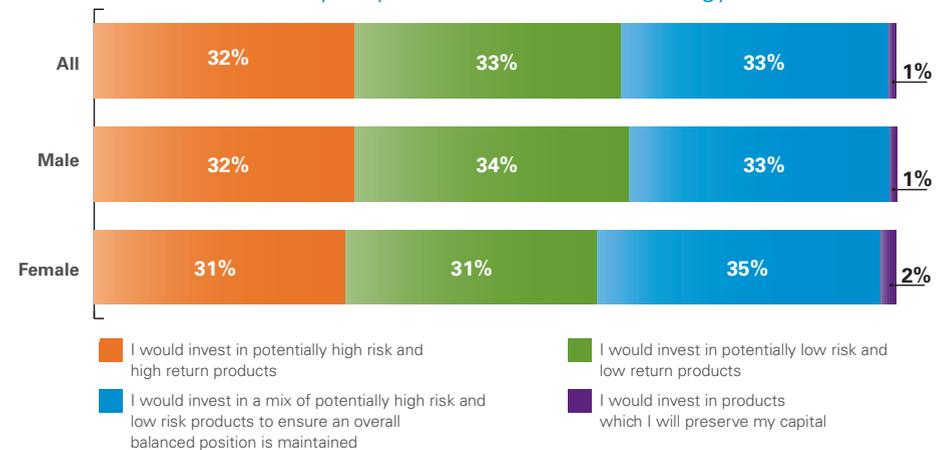
**Overall, 72 % of Hong Kong respondents feel financially secure. Women tend to feel more financially secure than men.**

Most respondents would see themselves as reasonably financially savvy – with 62% of respondents rating themselves 7 or above out of 10 for financial savviness, 36% rating themselves 4-6 and just 2% rating themselves 1-3 out of 10.

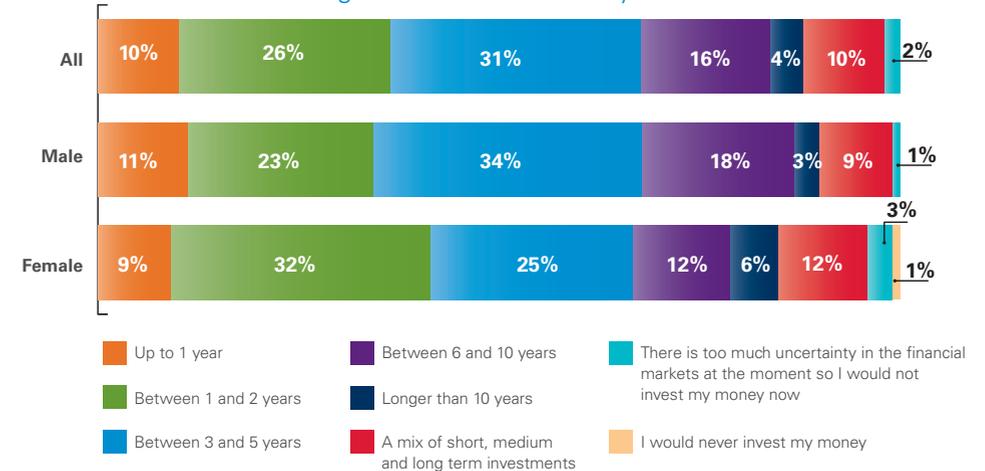
Can you please tell me, how financially secure do you feel?



If you had money to invest now, which of the following would best describe your preferred investment strategy?



Again, if you had money to invest now, which of the following best describes the length of investment term you would make?



# What are Hong Kong Respondents' Saving Priorities?

## Saving for a rainy day, saving for retirement and education of children are the top three savings priorities.

The vast majority of respondents are saving (97%). Of those that are not saving, all were men.

For the rest, saving for a rainy day and retirement are high on their list of priorities, closely followed by saving for the education of children.

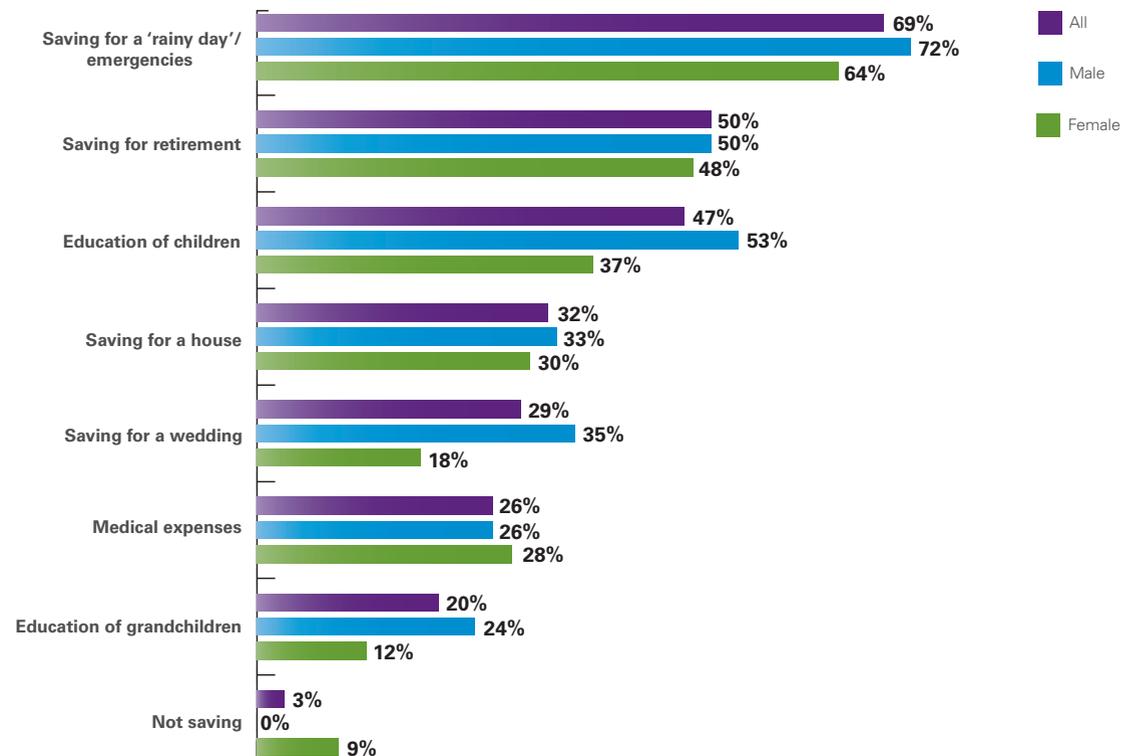
## 50% of respondents report saving for retirement.

There is no difference in the propensity to save for retirement between men and women. When asked what their key concerns were about their savings, respondents said that not having enough savings for retirement was raised - suggesting that respondents are aware they need to be saving for retirement, but are not doing so.

Men are more likely to be saving to educate their children and for a wedding than women.

With house price inflation in Hong Kong one of the highest in the world, it is not surprising that saving to buy a house is something around a third of investors said they are doing – particularly those under 35.

Can you please tell me, which of the following are you currently saving for?



## What are Hong Kong Respondents' Saving Priorities? continued

### What are your top three concerns about your savings and investments?

When asked about their savings, respondents raised concerns around eight key themes:

- Global economic climate could result in losses on investments
- Market fluctuations causing uncertainty about where best to place their investments
- Continuing low returns (especially low interest rates) that won't compensate for rising inflation
- Job insecurity and a potential economic downturn in Hong Kong
- High house prices and house price inflation will drive them out of the housing market
- Chinese and US economy may soften
- Not saving enough for their retirement
- Concerns about bank failures

“Real rate of return is low”

Woman, aged 25-34

“Not enough money for retirement”

Man, aged 35-44

“I may miss the opportunity to buy property”

Man, aged 25-34

“The investment environment is unclear”

Man, aged 18-24

# Impact of QE3 on Inflation

## Hong Kong respondents think that QE3 will result in a higher inflation rate.

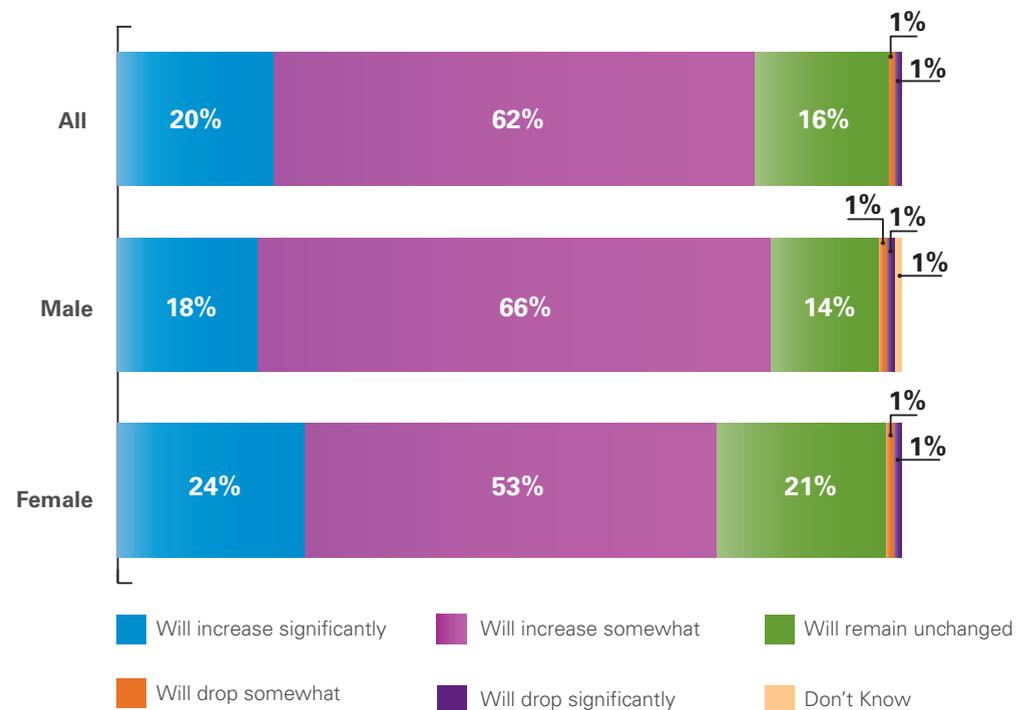
The majority of respondents think that actions taken by the US to ease their economic situation through the third tranche of their quantitative easing programme (QE3) will increase the inflation rate in Hong Kong.

Inflation is one of the key concerns raised by respondents (as low returns are eroded by increasing prices) - this new inflationary stimulus will only add to their woes.

**“The majority of the HK affluent respondents (82%) feel QE3 will increase the rate of inflation significantly/somewhat in 2013. It will be interesting to see how QE3 impacts Hong Kong inflation over the next few months”**

David Knights

What impact do you think QE3 will have on the inflation rate for Hong Kong in 2013

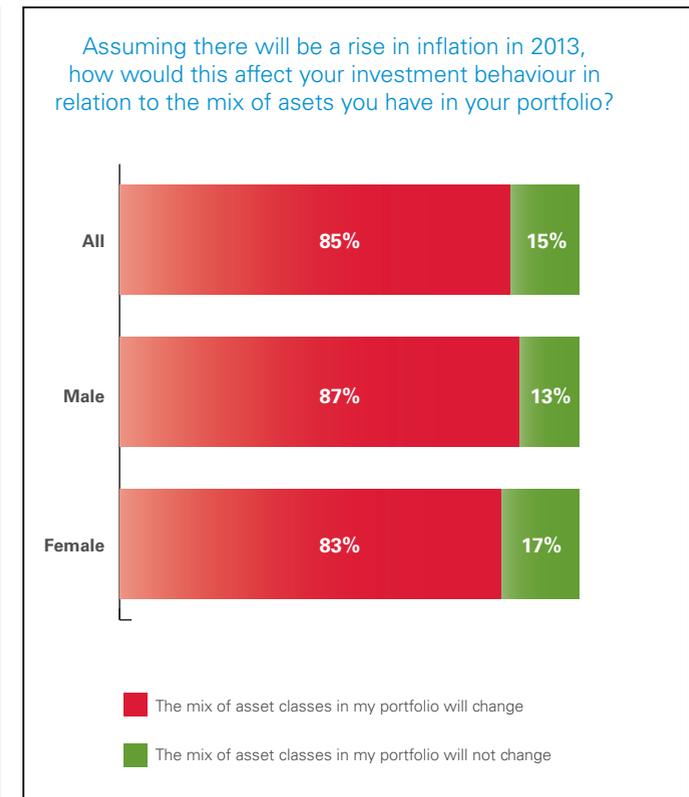
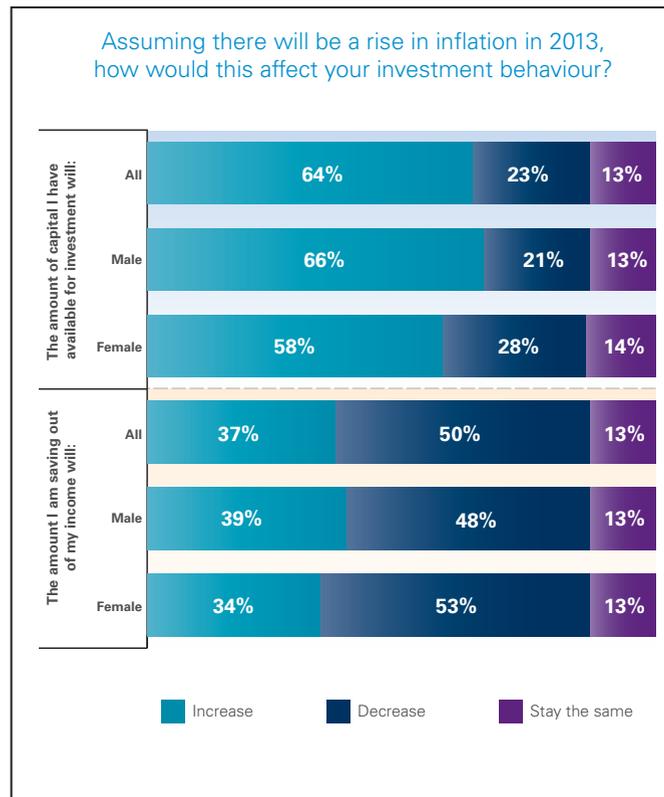


## Impact of QE3 on Inflation continued

**In response to an increase in inflation due to QE3, Hong Kong respondents will increase capital available for investment, but will reduce savings from income and alter the mix of assets in their portfolio.**

If inflation does increase in 2013, most respondents say that the amount of capital available for investment will increase.

On the flip side, 50% will decrease the amount of savings out of income. With the amount of savings reducing and inflation increasing, this means that these respondents will see inflation erode the real value of their savings.



## Geographical preferences of Hong Kong Respondents

### Respondents in Hong Kong are willing to invest outside local markets – emerging markets are preferred over the more developed markets of US and Western Europe.

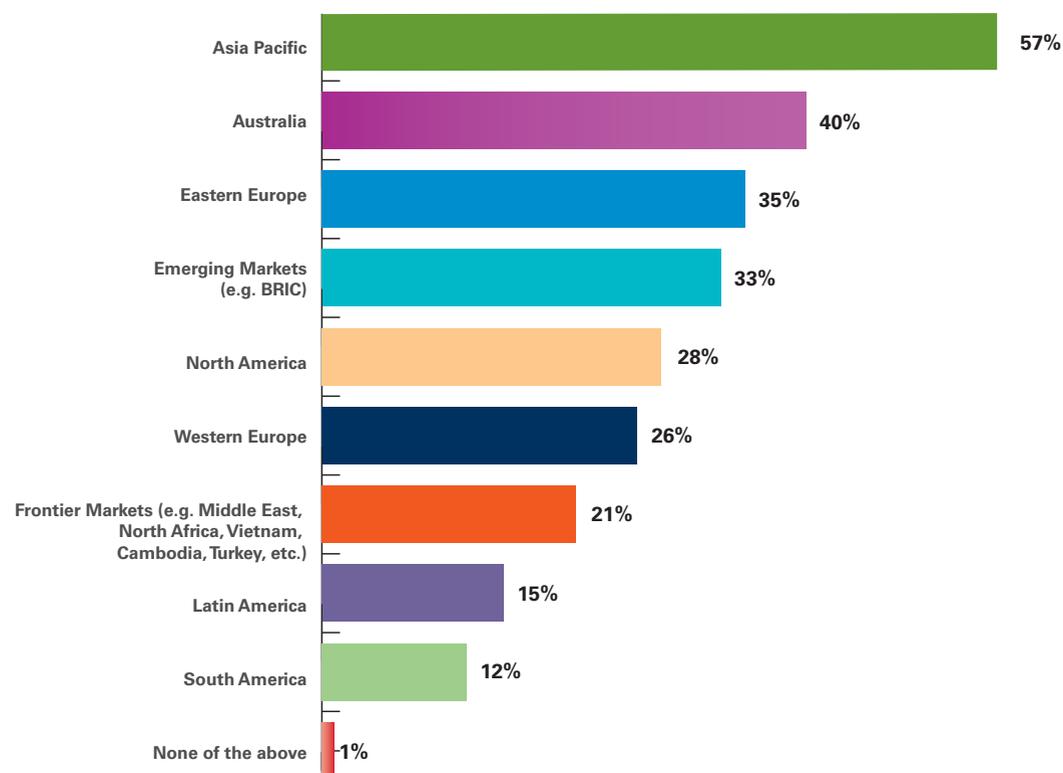
Asia Pacific is the most popular choice with 57% saying they will place money here in 2013.

Australia is a popular choice for respondents looking for some diversity.

Again, for those looking for a more globalised portfolio, emerging markets and Eastern Europe are preferred over the more established Western Europe and North American markets, reflecting current economic turmoil in the eurozone.

A significant core of respondents are willing to look at frontier markets (Middle East, North Africa, Vietnam, Cambodia and Turkey) for their returns.

Thinking about your investment strategy for 2013, which geographical locations/regions will you be placing your investments in?



Note: Multiple answers allowed, so totals do not sum to 100%.

## Hong Kong demographic breakdown

Age	Hong Kong
18 to 24	1%
25 to 34	21%
35 to 44	43%
45 to 54	33%
55 to 64	2%
65 or older	0%

Gender	
Male	65%
Female	35%

Region	
Hong Kong Island	41%
Kowloon	39%
New Territories (including Marine)	20%

Origin	
Local	94%
Asia – Other	5%
Europe/Americas/Australia	0%
Africa	0%

Annual Household Income (HKD)	
Up to 163,000	0%
163,001 - 327,000	4%
327,001 - 654,000	26%
654,001 - 980,000	31%
980,001 - 1,307,000	19%
More than 1,307,001	19%
Prefer not to answer	1%

Investable Assets (HKD)	
Less than 500,000	0%
500,000 - 1,000,000	47%
More than 1,000,000	53%



# Singapore



# Investment Outlook

**On balance, Singapore investors are positive about the current and future state of the market, but there are still a significant number of investors who have seen no change and do not expect to see a change.**

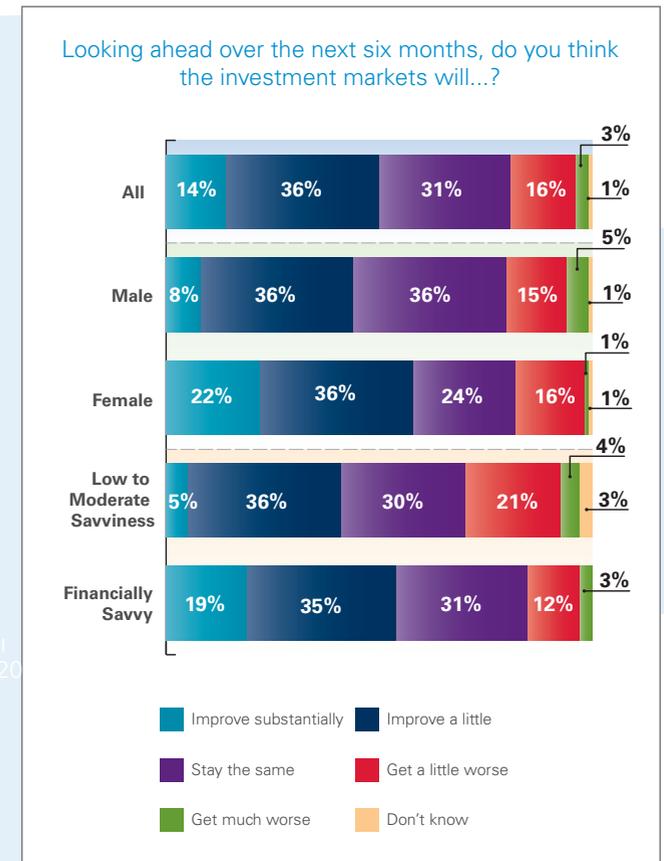
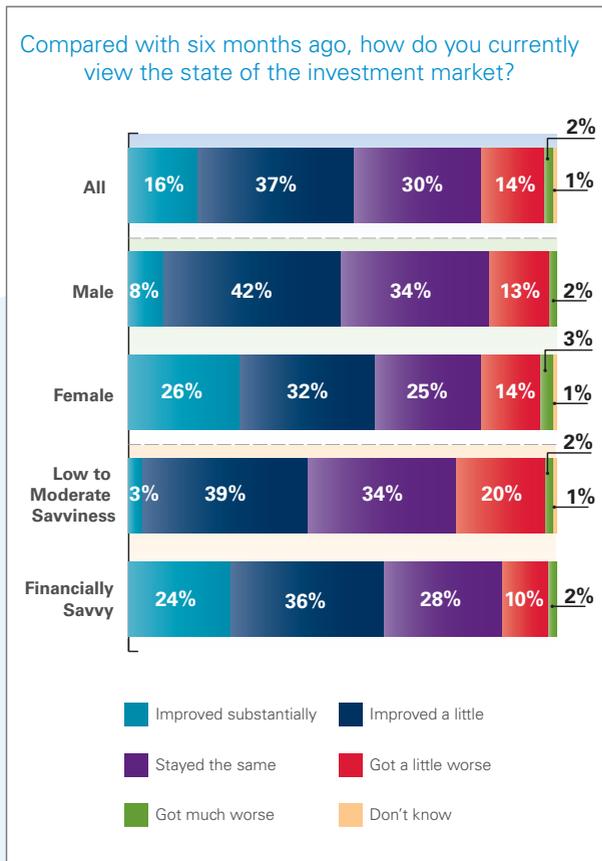
53% of Singapore investors have seen improvement in market conditions in the last six months. Women are more positive than men.

However a significant proportion of respondents (30%) say they have seen no change.

On balance respondents expect the market to improve a little in the next six months, but around a third think there will be no change, while a significant proportion (19%) think things will get worse.

“Over the survey period, we saw decisive action by both the US Federal Reserve and European Central Bank who pledged financial stimulus to support the investment markets. These measures sent a strong signal and seemed to instil faith in the willingness of central banks to get the global economy back on track. This had a positive knock on effect on investor confidence.”

Chris Gill



# Asset Class Tracking

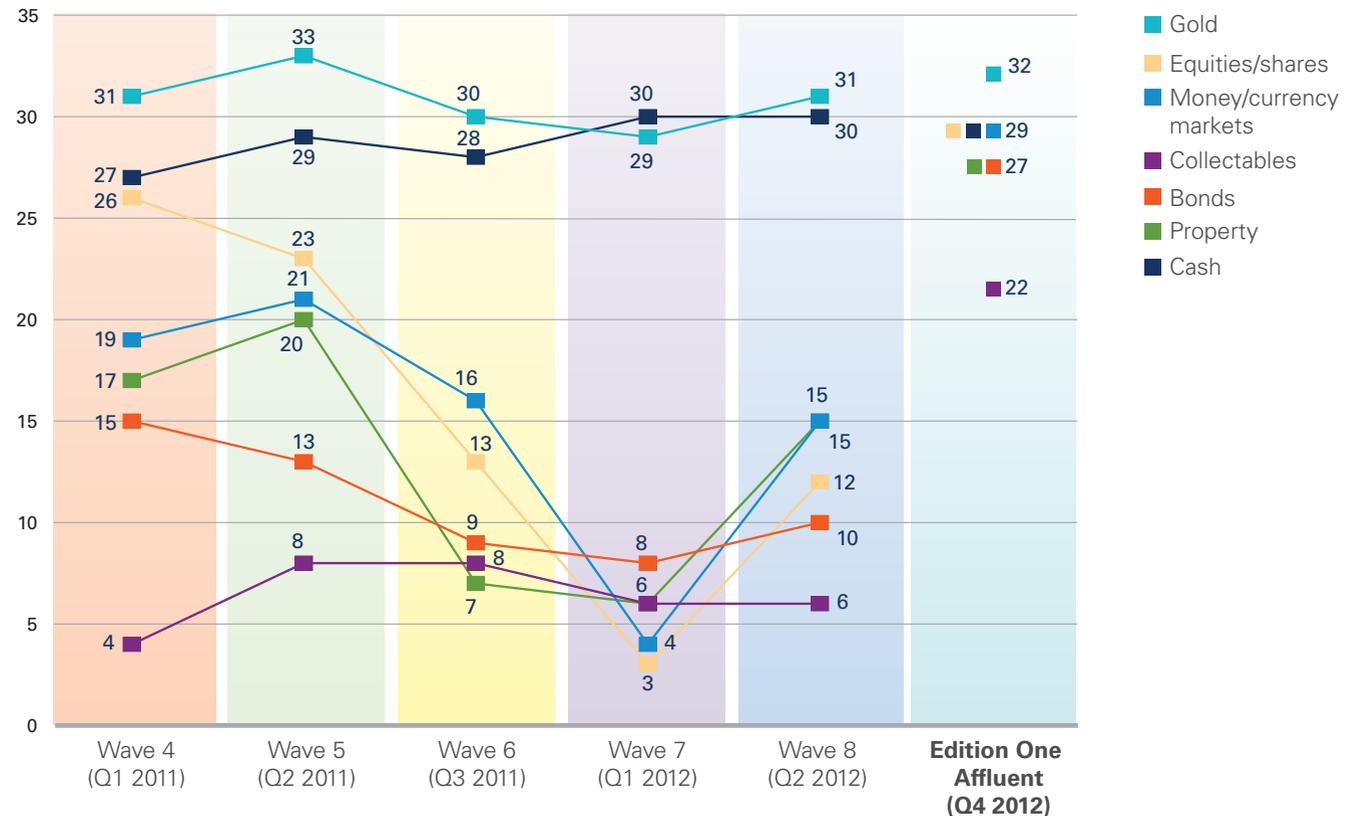
**Despite some uncertainty about the outlook, respondents in Singapore have a positive outlook on all asset classes.**

On balance, respondents think this is a positive time to invest in all of the asset classes listed in this survey, demonstrating very similar views for all except collectables, where they are a little more neutral.

Investors are most positive about gold, and least positive on collectables. More than 10% of respondents think it is a bad time to invest in gold – suggesting these respondents think the market is over-valued.

**Overall, views are slightly more positive on equities than property and bonds.**

As the index is based on a weighted score for those who said it is a good/ very good time to invest, compared with those who said more insight can be gained on investors' perceptions by looking at the data underpinning this calculation. In Singapore, more respondents thought it was a good/very good time to invest in property (57%), compared to 54% who thought it was a good/ very good time to invest in equities and bonds. Conversely, a higher number also thought it was a bad/very bad time to invest in property (16%), compared to 11% for bonds and 9% for equities.



**Note: Data for Waves 4–8 are based on a sample of the general population and are therefore not directly comparable with Edition One.**



# What do Investors in Singapore Look Like?

**Overall, Singapore respondents feel financially secure and are more likely to be low risk/low return investors.**

Less than 10% of Singapore investors feel financially insecure. Women feel more financially secure than men, 25% report feeling very secure compared to 13% for men.

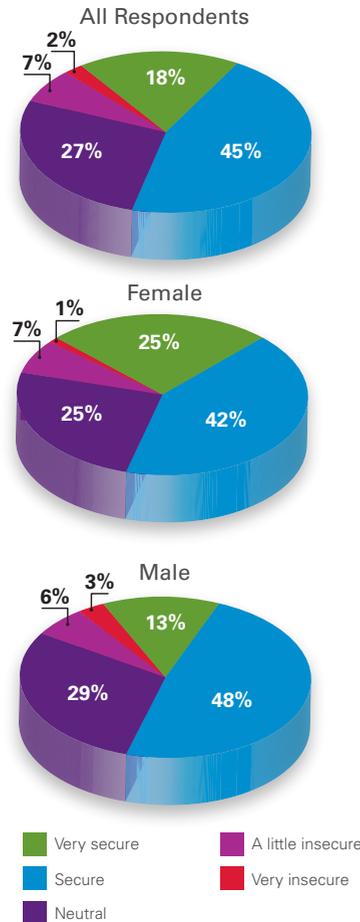
The most popular investment strategy amongst investors is low risk/low return (39%) followed by balanced (30%). Women are more likely to follow a high risk/high return strategy than men.

39% of Singapore investors opted for a low risk/low return strategy compared to 33% in Hong Kong and 29% in UAE.

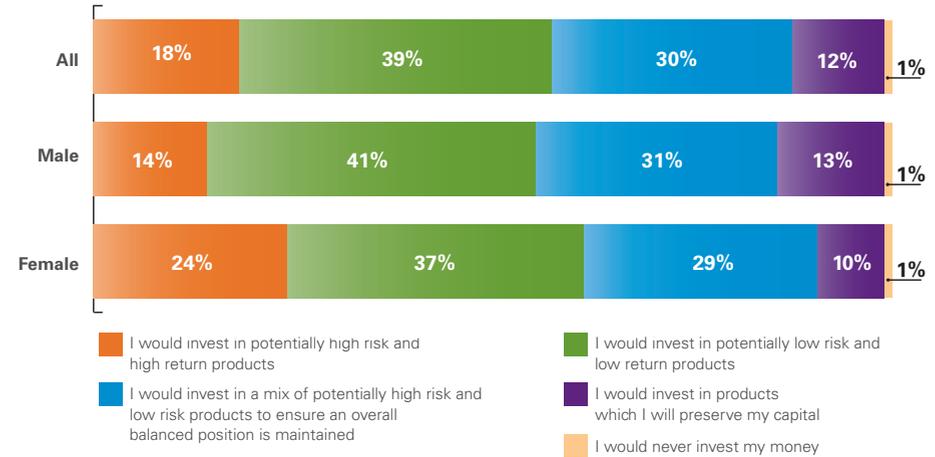
The most popular investment time horizon is 3-5 years (33%) followed by 1-2 year and 6-10 years, both with 21%.

Singapore investors have the highest long term perspective of the three regions – 21% would invest for 6-10 years compared to 16% in Hong Kong and 6% in UAE.

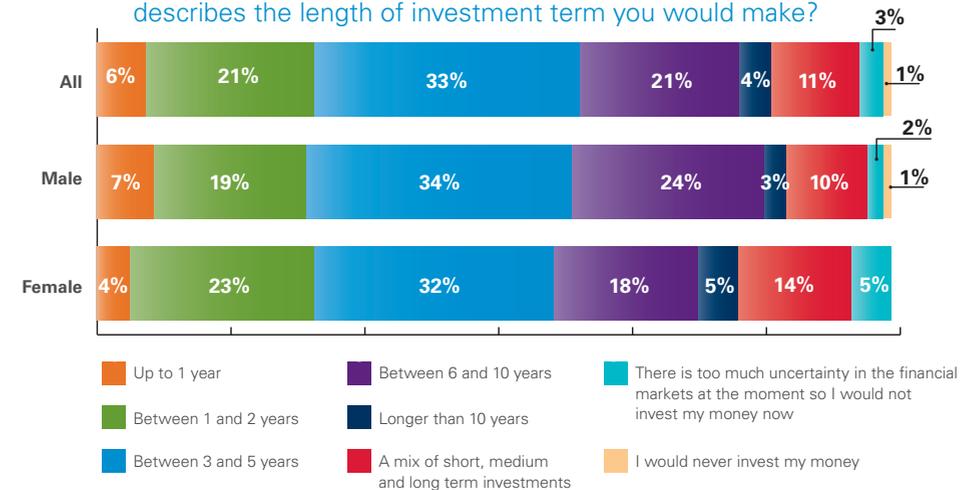
Can you please tell me, how financially secure do you feel?



If you had money to invest now, which of the following would best describe your preferred investment strategy?



Again, if you had money to invest now, which of the following best describes the length of investment term you would make?



**“It is Interesting that affluent women in Singapore appear to be willing to accept a greater degree of investment risk than their male counterparts, with almost a quarter (24%) investing in potentially higher risk, high return products.”**



# What are Singapore Investors' Saving Priorities?

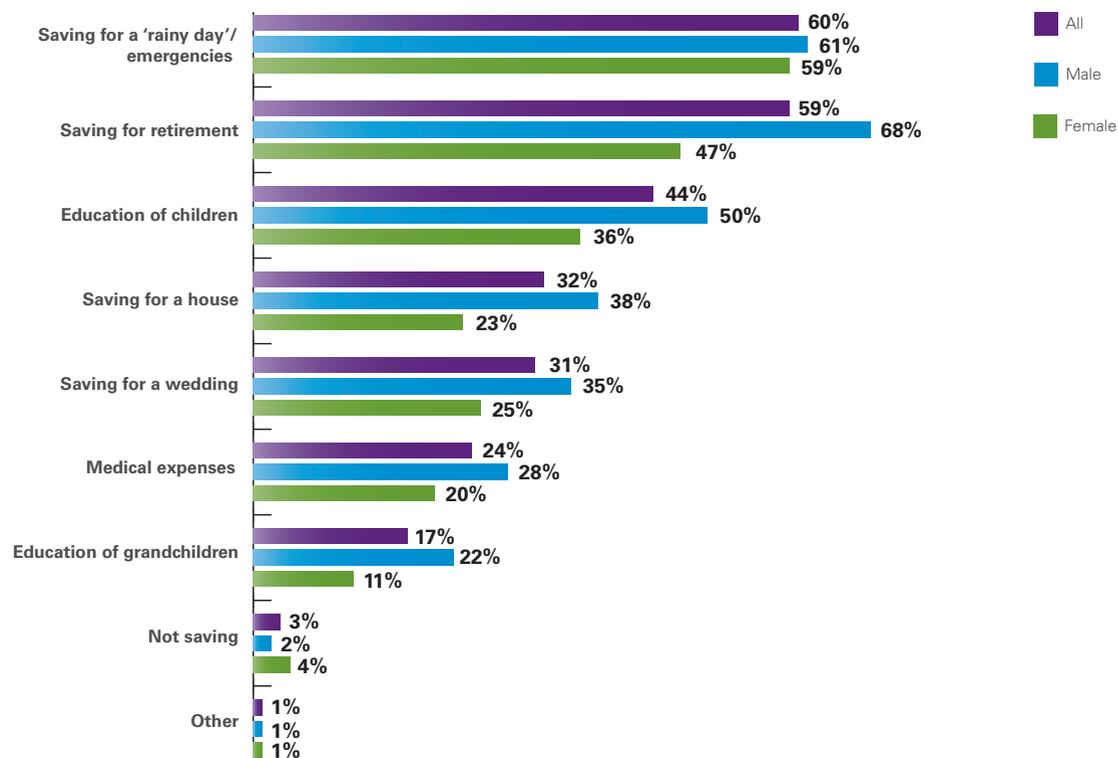
**The vast majority of investors are saving (97%) and almost 60% of investors are saving for retirement.**

Saving for a rainy day and retirement are high on the priority list, followed by saving for the education of children. 59% say they are saving for retirement. Men are much more likely to be saving for their retirement.

Given investors' concerns about global economic turmoil, and a potential economic downturn, precautionary saving ("saving for a rainy day") is likely to be a sensible course of action.

Men are more likely to be saving to educate their children and for a wedding than women.

Can you please tell me, which of the following are you currently saving for?



## What are Singapore Investors' Saving Priorities? continued

### What concerns investors in Singapore about their savings?

Unprompted, concerns raised were around seven key themes – but by far the most prevalent was the impact of inflation on capital and returns:

- Continuing low returns (especially low interest rates) that won't compensate for rising inflation and will erode capital
- Global economic climate could result in losses on investments
- Market fluctuations causing uncertainty about where best to place their investments
- Concerns about bank failures
- Volatility of currency markets
- Housing market crash
- Stability and security of financial institutions

High employment rates in Singapore meant few were concerned about future job prospects. Despite the existence of the CPF, a few concerns were raised about whether they were saving enough for retirement.

“ Security and reliability of placing funds with financial institutions ”  
Man, aged 45-54

“ Can I preserve my original capital? ”  
Man, aged 35-44

“ Will the yield be above inflation? Will my capital be eroded? Will the returns be enough to fund my retirement? ”  
Man, aged 45-54

“ Inflation rate is higher than the interest rate ”  
Woman, aged 55-64

## Impact of Inflation

**76% of Singapore's affluent investors in agreed with the need to increase retirement savings to combat a possible rise in inflation due to QE3, but despite concerns about the impact of inflation, few Singapore investors could accurately say what SGD10 was worth today, compared with 10 years ago.**

Around a quarter of respondents thought that the impact of inflation was much worse than it actually was.

34% of the respondents understated the impact of inflation, which could indicate that even though most investors have indicated they understand the need to boost retirement savings as a result of QE3, these savings could still fall short of what is needed to combat rising inflation.

2% of all those surveyed thought the value was the same as today – suggesting some confusion about how inflation erodes the value of money over time.

What do you think the value of SGD10 is today, compared to 2002?



**“Over one-third of the respondents underestimated the impact of inflation, which would in turn impact their decision on how much to set aside for their retirement. It is now more important than ever for consumers to seek professional advice to ensure they prioritise their goals in order to navigate the challenging environment and prepare for the uncertainties ahead.”**

# Geographic Exposure

**Investors have exposure to a wide range of currencies, reflecting the sophisticated nature of the community.**

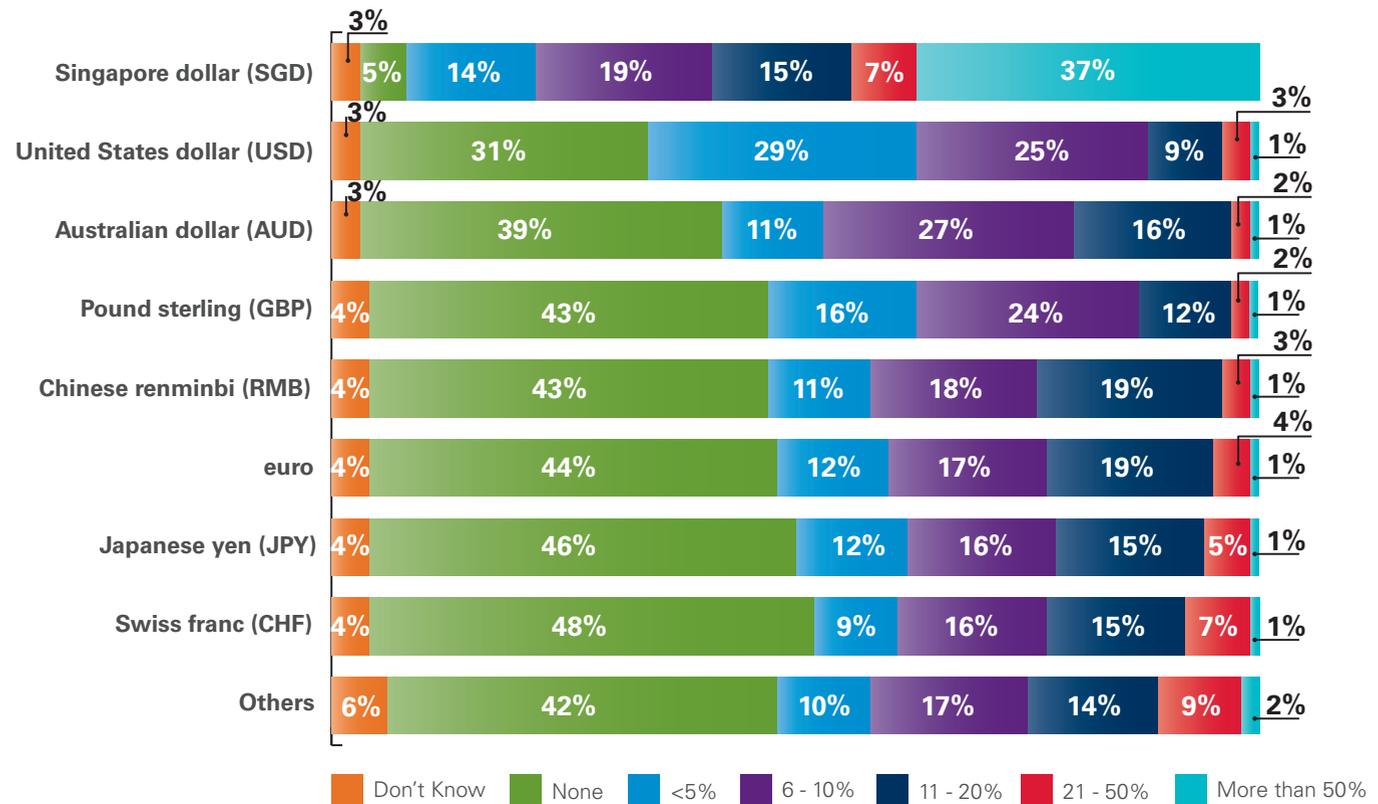
As expected, SGD is the most popular currency held. Only 5% of Singapore investors in Singapore have no exposure to the SGD.

Few respondents have more than 20% exposure to any foreign currency markets.

The most popular foreign currency is the USD, with almost 70% of investors having a USD holding in their portfolio.

Exposure to the Australian dollar is more prevalent than to sterling. This could be explained by the fact that Australia is one of the most popular countries that Singapore parents choose to send their children to for further education, suggesting a confidence in the country.

What percentage of your investment portfolio (excluding your CPF) are you are holding in the following currencies?



## Singapore demographic breakdown

Age	Singapore
18 to 24	1%
25 to 34	16%
35 to 44	56%
45 to 54	22%
55 to 64	5%
65 or older	1%

### Gender

Male	56%
Female	44%

### Origin

Local	90%
Asia - Other	10%
Europe/Americas/Australia	1%
Africa	0%

### Region

East	31%
Central	25%
North	20%
West	13%
North East	10%

### Annual Household Income (SGD)

Up to 39,500	2%
39,501 - 79,000	5%
79,001 - 158,000	27%
158,001 - 237,000	19%
237,001 - 316,000	26%
More than 316,000	19%
Prefer not to answer	2%

### Investable Assets (SGD)

Less than 80,000	0%
80,000 - 200,000	32%
More than 200,000	68%

# United Arab Emirates (UAE)



# Investment Outlook

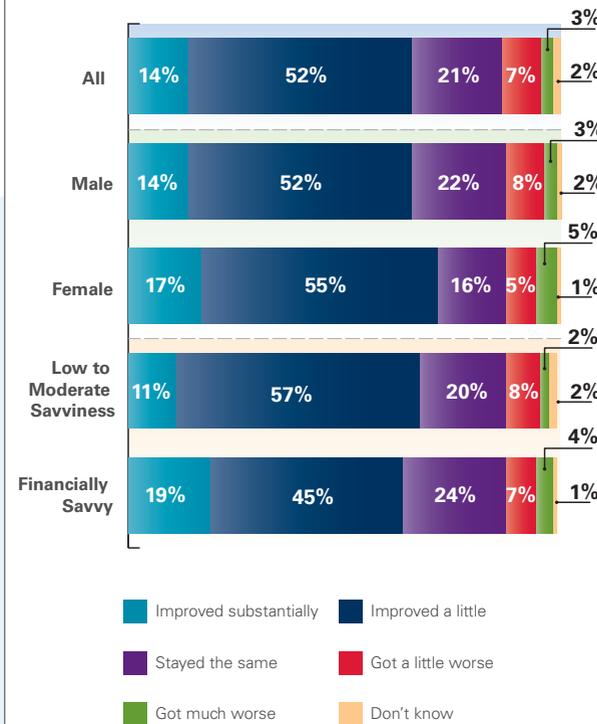
**UAE is the least positive of the three regions about the current and future state of the market, but there is still a significant number of respondents who consider that the investment market has improved compared with six months ago and who think things will continue to improve over the next six months.**

The consensus view in the UAE is that things have improved a little compared to six months ago, and that things will continue to improve over the next six months. However, a significant proportion (21%) say they have seen no change, and slightly more (25%) expect to see no change in the near future.

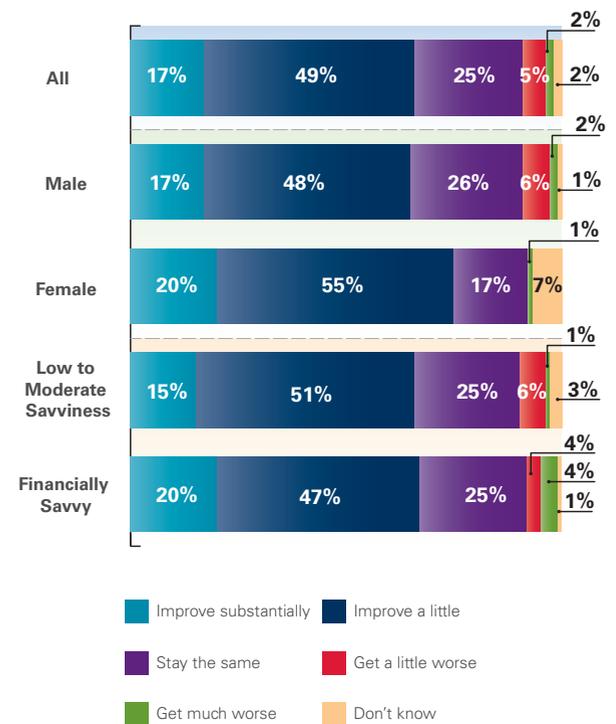
**“In line with the improved sentiment towards most asset classes - especially property - it is not surprising that the vast majority of those surveyed consider that the local investment market has improved over the last six months, and will continue to improve for the next six months.”**

Matthew Waterfield

Compared with six months ago, how do you currently view the state of the investment market?



Looking ahead over the next six months, do you think the investment markets will...?



120

# Asset class tracking

## UAE investors now consider property second only to gold as their preferred asset class.

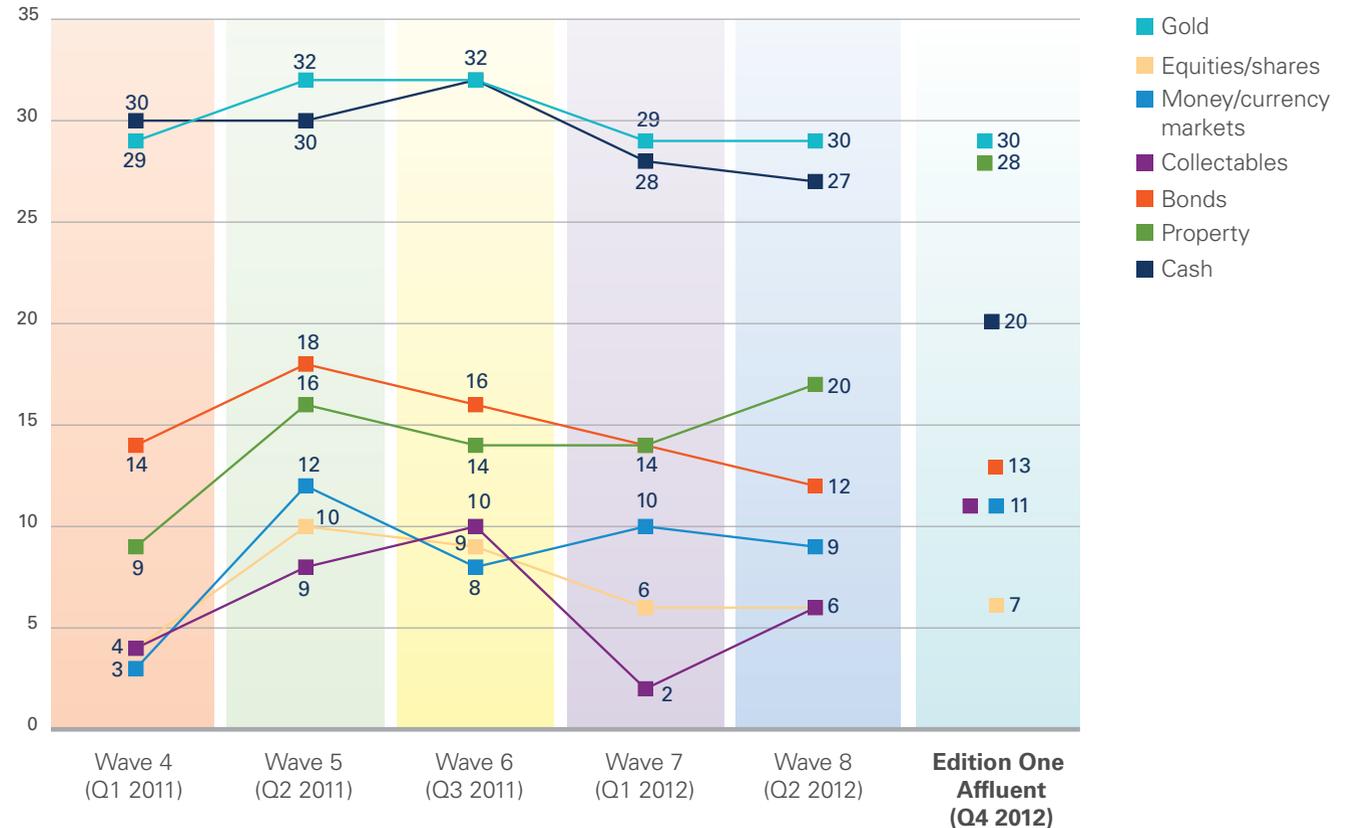
Investors are positive on mainstream physical assets - gold and property, and their views are broadly in line with the other regions.

For other asset classes, investors in the UAE take a more pessimistic view. A quarter of investors think that now is a bad/very bad time to invest in equities – by far the highest proportion of any of the asset classes tested in the survey.

There is a much bigger divergence in their views on bonds and equities – in the other regions there is a couple of percentage points between the index numbers – here the difference is six percentage points.

**“The reduced appetite for cash is understandable, given the increased sentiment towards investing in other asset classes - in particular property. As has been well documented in the media over recent months, the property market in the UAE is building momentum which reflects the growing confidence of investors based here.”**

Matthew Waterfield



Note: Data for Waves 4–8 are based on a sample of the general population and are therefore not directly comparable with Edition One.

# What do Investors in the UAE Look Like?

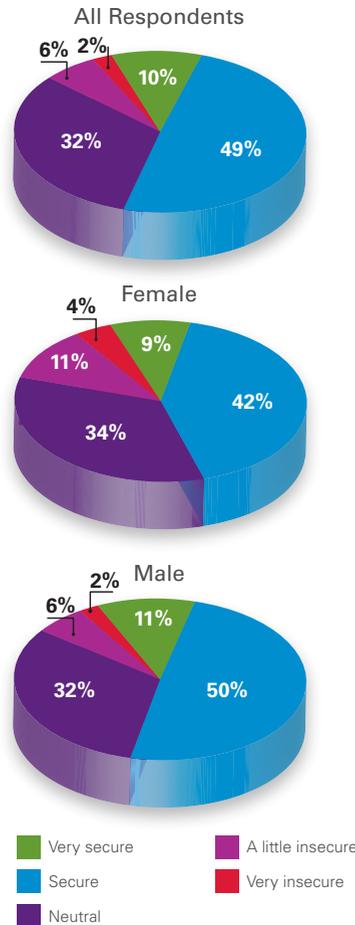
## UAE respondents are more conservative than the other regions.

The most popular investment strategies for UAE investors are low risk (29%) and balanced (34%).

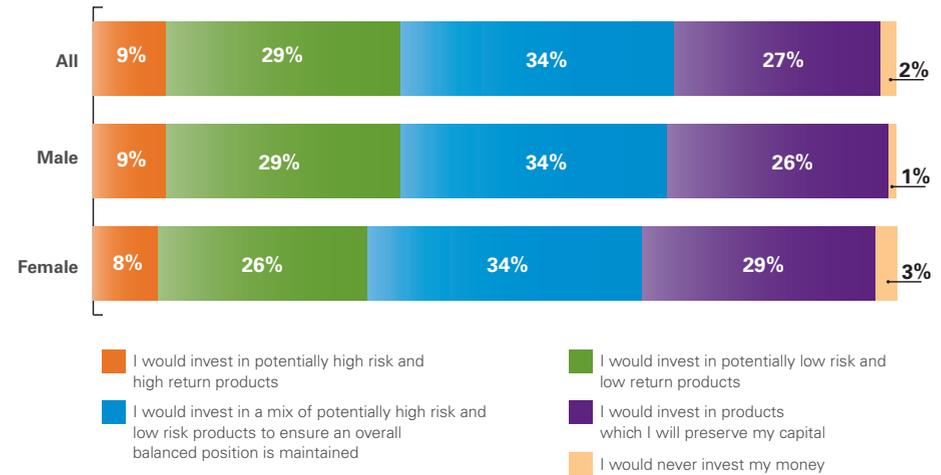
Of the three regions surveyed, UAE investors consider preservation of their capital a fundamental aspect of their investment planning, with 27% of respondents unlikely to invest in anything other than a guaranteed product. Just 1% of Hong Kong investors and 12% in Singapore would adopt a similar approach.

The most popular investment time horizons are 1-2 years (28%) and 3-5 years (25%). 19% would think about investing for one year or less.

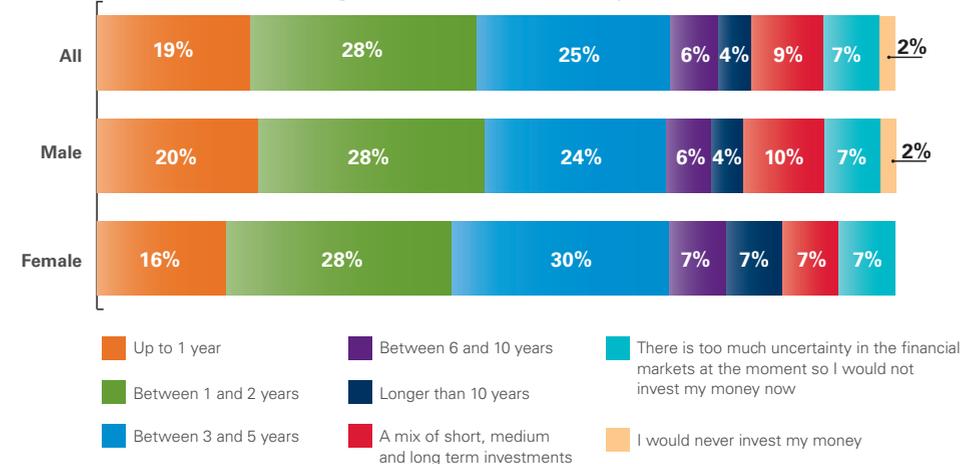
Can you please tell me, how financially secure you feel?



If you had money to invest now, which of the following would best describe your preferred investment strategy?



Again, if you had money to invest now, which of the following best describes the length of investment term you would make?



“Overall, 35% of investors are looking to invest for more than three years, which again reflects a measure of confidence in the local market. I am surprised however that 47% of respondents are looking to invest for only up to two years – particularly with the positive sentiment towards property, and the confidence levels in both the current and future UAE investment market. Perhaps a large number of property investors are buying ‘off plan’ signalling the possible return of speculation to the market.”

# What are UAE Investors' Saving Priorities?

## Education of children is the top priority in the UAE.

The vast majority of UAE respondents are saving (93%), with children's education as their top priority.

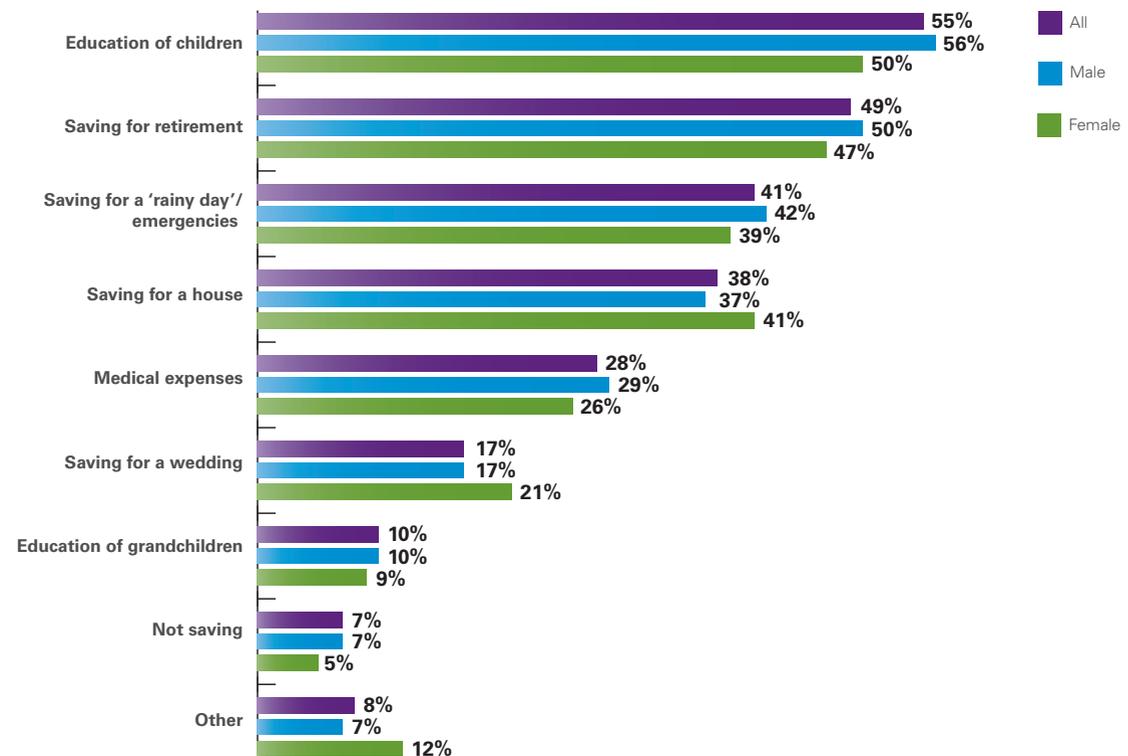
Saving for a rainy day (the top priority in the other regions) is only the third most popular reason for saving in the UAE, ranked below saving for retirement and education of children.

However, overall only 49% of respondents are saving for retirement.

“Given the demographics of the UAE It is no surprise that overall 65% of respondents are saving to pay for children's education. It is pleasing to see that planning for retirement features high on people's agendas. Whilst there has been speculation in the media regarding a pension scheme for expatriates in Dubai, it is important that people that do not wait for its introduction and instead take personal responsibility for planning a comfortable retirement.”

Matthew Waterfield

Can you please tell me, which of the following are you currently saving for?



## What are UAE Investors' Saving Priorities? continued

### What concerns investors in the UAE about their savings?

Unprompted, concerns raised were around six key themes:

- Continuing low returns (especially low interest rates) that won't compensate for rising inflation and will erode capital
- Market fluctuations causing uncertainty about where best to place their investments
- Property market in home country (particularly India)
- Saving for retirement
- Capital preservation
- Fall in the value of gold

“ Investments are not giving as much return as expected ”  
Man, aged 45-54

“ There is no protection for capital ”  
Man, aged 45-54

“ Saving for a house in native country ”  
Man, aged 55-64

“ Capital investment protection tools should be available ”  
Man, aged 35-44

“ Security of getting back the money I have invested ”  
Man, aged 25-34

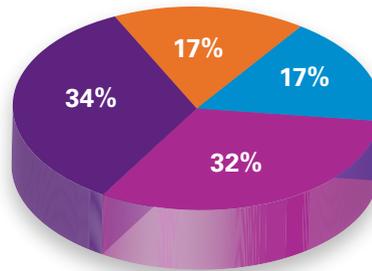
## Attitudes towards bonds/sukuk

### Respondents have mixed views on whether bonds/sukuk will be included in their overall investment portfolio.

17% currently hold bonds/sukuk in their portfolio, and a further 17% are considering investing in this asset class.

Around a third (34%) of respondents say they would never include bonds and/or sukuk in their portfolios – a significant number. A further third (32%) say that they are not considering these assets for the next six months.

With volatile equity markets, do you – or are you likely to – include bonds and/or sukuk in your overall investment portfolio?



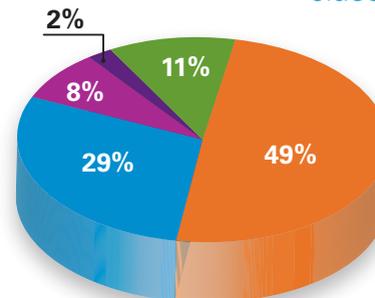
- I currently hold bonds and/or sukuk as part my investment portfolio 17%
- I do not currently hold bonds or sukuk in my portfolio and do not intend to in the next six months 32%
- I am considering investment in bonds and/or sukuk 17%
- I would never invest in bonds or sukuk 34%

## Attitudes towards property

### On balance, investors believe property will perform well over the next five years.

Just under half (49%) think it will grow strongly and a further 11% think it will grow very strongly. However, 29% think there will be no change and 10% expect to see some weakening.

How do you think property in the UAE will perform as an asset class over the next five years?



- Very strongly
- Strongly
- No change
- Weaker
- Much weaker

## UAE demographic breakdown

Age	UAE
18 to 24	4%
25 to 34	35%
35 to 44	38%
45 to 54	15%
55 to 64	6%
65 or older	1%

### Gender

Male	85%
Female	15%

### Origin

Local	0%
Non Resident Indian	68%
Asia - Other	25%
Europe/Americas/Australia	5%
Africa	2%

### Region

Dubai	62%
Abu Dhabi	18%
Sharjah	14%
Other Emirates	7%

### Monthly Household Income (USD)

Up to 2,665	11%
2,666 - 3,999	21%
4,000 - 5,332	24%
5,333 - 6,665	16%
6,666 - 7,999	5%
8,000 - 10,665	7%
10,666 - 13,332	3%
More than 13,333	4%
Prefer not to answer	10%

### Investable Assets (USD)

Up to 100,000	33%
More than 100,000	65%
Don't know	2%



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