

SAIF-Schwab 2018 China Rising Affluent Financial Well-Being Index

Abundance of Ambitions;
Paucity of Planning

Lisa Hunt, Executive Vice President, Business
Initiatives, Charles Schwab & Co., Inc.

July 18, 2018

0718-8NCT

Our Story So Far

SAIF and Charles Schwab share a passion for understanding what drives mainstream modern investors.

2016: Formed partnership to study China's rising affluent investors

2017: Launched annual index analyzing the financial well-being of China's rising affluent.

2018: Conducted second annual study into this important cohort of the Chinese economy, combining quantitative and qualitative analysis



Why the rising affluent?

China's rising affluent—those earning RMB 125,000 to RMB 1 million—are driving China's economic future and are an emerging powerhouse in the world economy.

But for all of their influence, their financial decisions and attitudes are not well understood. And they are quickly evolving.

Our index tracks the overall financial well-being of the rising affluent, as well as the factors that drive sentiment.

Overall Financial Well-Being Index Score

Confidence

Satisfaction towards personal financial status, sense of personal financial growth prospects, and sentiments towards financial concerns

Planning

Having and routinely reviewing a financial plan, setting timelines for financial goals, and possibility of achieving financial goals

Management

Having a sense of risk, attitudes towards portfolio management, and sensitivity towards fees.

Engagement

Diversity of financial services used, engagement with professional financial advisers, and sensibility regarding digital financial advisory platforms

In 2018, financial well-being improved from an already high baseline in 2017.

Rising Affluent Financial Well-Being Index Score **68.20**

+ 2.17
vs. 2017



Confidence

68.85

+ 0.75

Planning

41.51

- 7.86

Management

48.35

+ 8.23

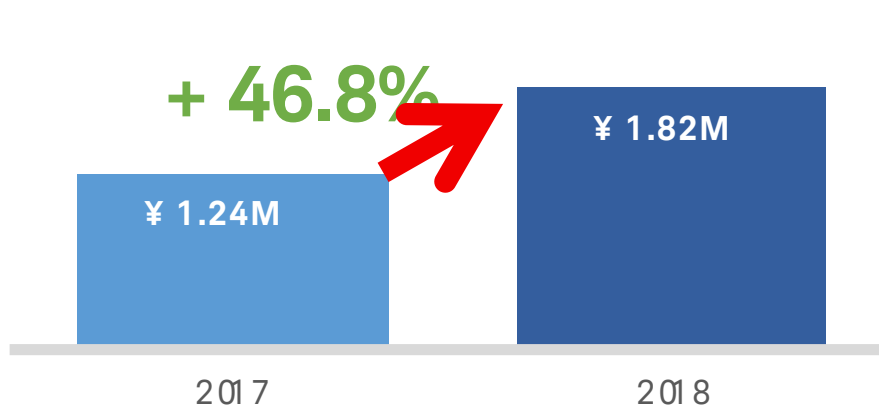
Engagement

71.41

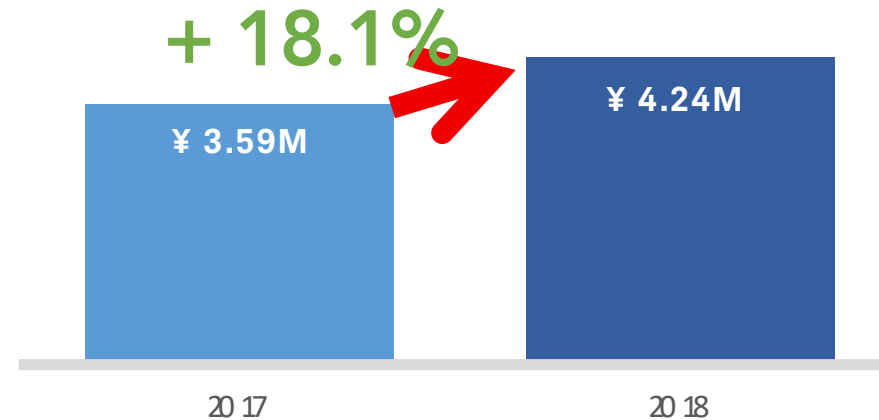
+ 4.10

And “what it takes to be financially comfortable” has sky-rocketed in the past 12 months

Liquid Assets Needed to be
Financially Comfortable



Liquid Assets Needed to be
Financially Rich



Five insights give texture to these changes

Financial well-being in China cannot be separated from family well-being


Property remains a critical driver of financial well-being

Ambitions and expectations are evolving for China's rising affluent

China's post-90s generation is increasingly thinking ahead

As China's financial sector matures, trust in financial institutions is taking root

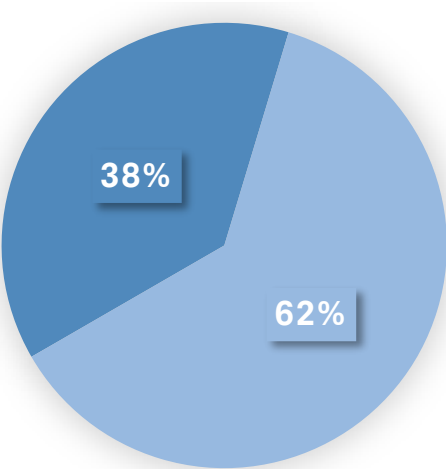


A photograph of a smiling multi-generational Chinese family. On the left, a young woman with reddish-brown hair and bangs, wearing a grey t-shirt, leans forward. In the center, an elderly woman with short grey hair, wearing a green short-sleeved button-down shirt, sits. To the right, a young man with dark hair, wearing a grey t-shirt, sits with his arm around the elderly woman. In front of him, a young child with dark hair, wearing a pink shirt and blue overalls, is laughing joyfully. The background is a bright, modern interior with a white shelf holding small potted plants.

**Financial well-being
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Financial well-being in China cannot be separated from family well-being.

62% of the rising affluent are supporting family members



3 out of the 5 top concerns impacting financial well-being are related to family



Concerns influencing financial well-being (%)

China's rising affluent want to provide their best for their children, with high demands for their well-being

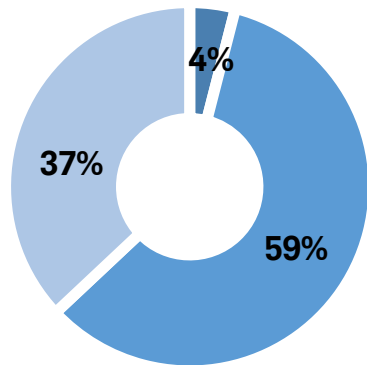
Education fund	1.27
Financial outlays for early adulthood	1.83
Total Fund (RMB - million)	3.10



Property remains
a critical driver of
financial well-
being

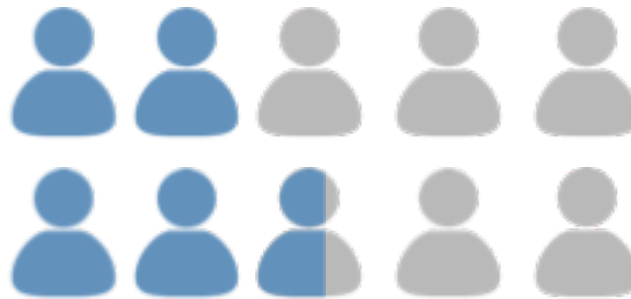
Property remains a critical driver of financial well-being

96% of China's rising affluent class owns property.



- No Property
- 1 Property
- > 2 Property

46% identify real estate as a critical component of financial planning, a **5%** increase since 2017.



V.S. 2017: **+5%**



31% purchase real estate for investment purposes and rental income...



...compared to only **20%** purchasing real estate for purely residential purposes

A person is seen from behind, standing on a high vantage point and looking out over a sprawling city skyline. The person is in silhouette, wearing a dark, long-sleeved top. The city below is densely packed with buildings of various heights. In the background, several prominent skyscrapers are visible, including one with a distinctive curved, sail-like top. The sky is a warm, golden color, suggesting the sun is low on the horizon, creating a hazy, atmospheric effect. The overall mood is contemplative and aspirational.

**Ambitions and
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Ambitions and expectations are evolving for China's rising affluent

Expectations for financial support diverge along generational lines

80% of parents believe that their children will offer them financial support when they retire...

...However, only **26%** of rising affluent claim they are supporting their parents financially

And while China's rising affluent still want the best for their children, they are also looking out more for themselves.

Future concerns influencing financial well-being(%)	18-24 Y.O		25-34 Y.O		35-44 Y.O		45+ Y.O	
	2017	2018	2017	2018	2017	2018	2017	2018
Top 1	Stable family income - 40%	Getting married - 37%	Children's education funding - 39%	Children's education funding - 34%	Children's education funding - 46%	Children's education funding - 49%	Children's education funding - 39%	Rising medical expenses - 39%
Top 2	Long-term economic growth - 38%	Work and life balance - 34%	Stable family income - 38%	Work and life balance - 34%	Stable family income - 39%	Rising medical expenses - 34%	Stable family income - 36%	Work and life balance - 32%
Top 3	Work and life balance - 35%	Inflation - 31%	Work and life balance - 32%	Rising medical expenses - 28%	Long-term economic growth - 28%	Work and life balance - 34%	Rising medical expenses - 29%	Long-term Economic Growth - 31%
Top 4	House Pricing - 34%	House Pricing - 31%	Long-term Economic Growth - 30%	Long-term Economic Growth - 27%	Work and life balance - 27%	Stable Family Income - 28%	Provision for parents' retirement - 29%	Personal retirement preparation - 30%
Top 5	Getting married - 25%	Stable Family Income - 27%	Rising medical expenses - 25%	Stable Family Income - 27%	Rising medical expenses - 24%	Long-term Economic Growth - 22%	Long-term Economic Growth - 28%	Stable Family Income - 25%

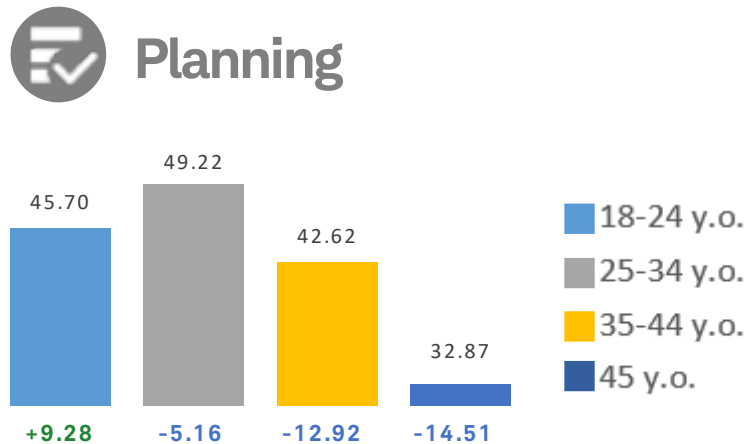


China's post-90s
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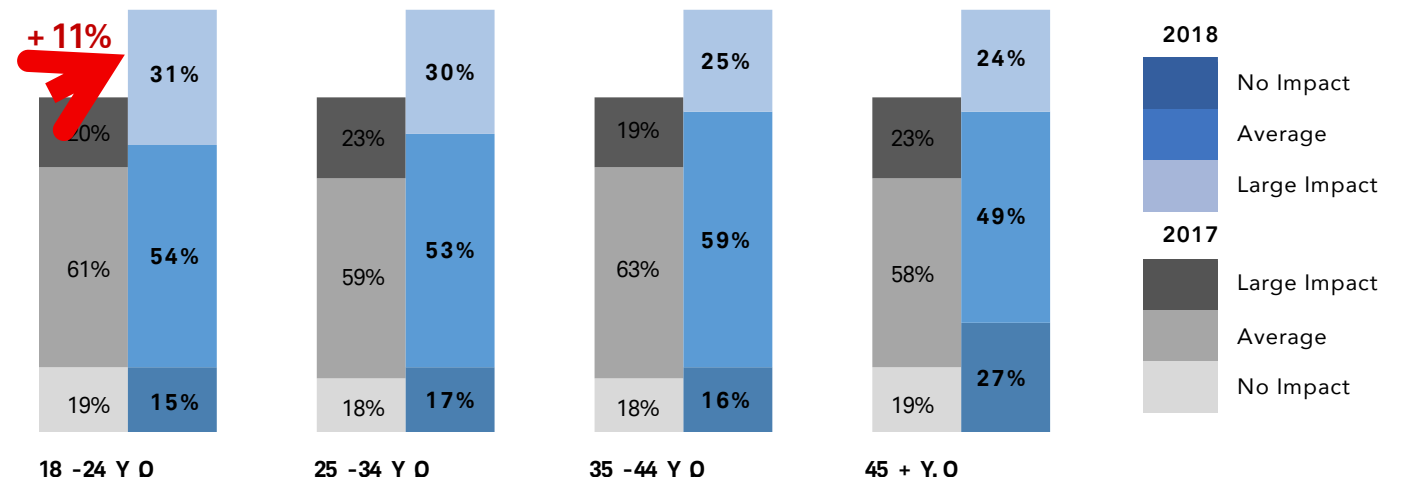
China's post-90s generation is increasingly thinking ahead

The next generation of China's rising affluent is more financially aware

And is increasingly concerned about their financial futures.



Impact of financial concern on future financial well-being





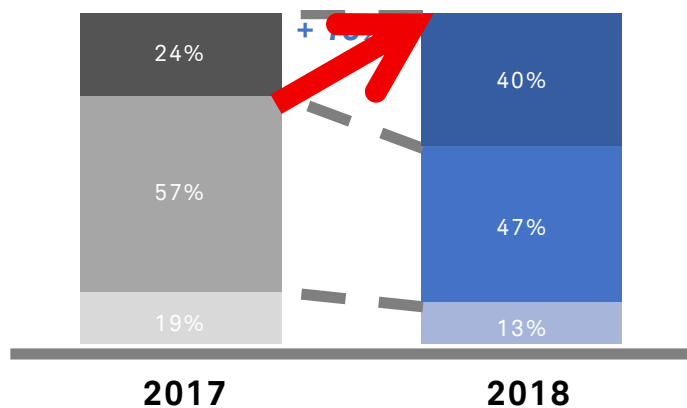
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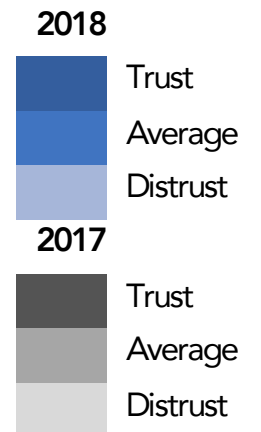
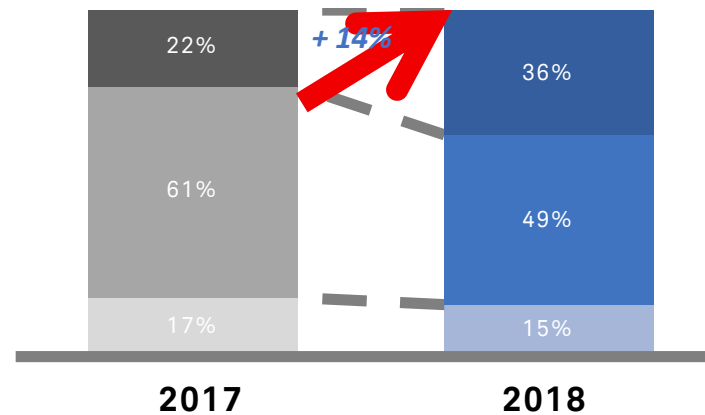
Today, 40% of China's rising affluent trust financial advisers and institutions.

And they also view digital financial advisory platforms as increasingly credible.

Credibility of Financial Advisor/Institution



Credibility of Financial Digital Platform



Implications

China's rising affluent recognize they are increasingly financially well-off, and today are setting higher standards for financial well-being.

This evolution of expectations is causing growing stress and anxieties

Modern financial planning can not solve everything, but it is one powerful tool to help bridge expectations and reality.

Thank You