

*charles*  
SCHWAB

嘉信理財



Charles Schwab  
Hong Kong  
Rising Affluent  
Survey

# About Charles Schwab, Hong Kong, Ltd.

As a subsidiary of the Charles Schwab Corporation, a firm that millions of investors have relied on for more than 40 years, Charles Schwab, Hong Kong, Ltd. gives you access in Hong Kong to our products and expertise in the U.S. market.

For Schwab, it's not enough to be one of the largest financial services firms in the world, with over US\$3 trillion in total client assets. We believe that what really matters is building and delivering quality services and resources that are in our clients' best interest.

Schwab has the insight, knowledge, and resources to help you explore the potential of this dynamic market. Charles Schwab, Hong Kong, Ltd. offers investment products and services to clients residing in Asia who are investing in U.S. markets.

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# Creating the survey:

## Objective:

“Charles Schwab Hong Kong Rising Affluent Survey” aims to reveal rising affluent’s investment behavior, attitudes towards diversification and international investing, their financial goals, and the key drivers to making financial decisions.

## Who are the Rising Affluent?



Age



Employed full or part-time



Currently holding a savings account, among other investment vehicles



Primary or joint decision-maker on financial decisions in the household

### Annual personal income\*

### Personal liquid asset\*\*



HK\$600K to HK\$1.2M

HK\$600K to HK\$5M



US\$100K to US\$225K

US\$100K to US\$1M

## What we want to discover



Investment behavior & financial goals



Attitudes towards diversification & international investing



Drivers of investment decision-making



Gender Differences



Advice



Comparison and Insight

## How was this research conducted?

15-minute online survey of 2,000 Rising Affluent in Hong Kong and United States

\* Earning an income between the 25th and 5th percentiles based on data from the Census and Statistics Department of Hong Kong and US Census.

\*\* Has investible assets equivalent to at least one year's salary at the 25th percentile, with a cap at the top 5th percentile of assets, estimated based on research from the Citibank Millionaire Survey and the US Federal Reserve.

# Information gathered from the participants was self-reported and was not independently verified by Schwab.

## Key findings



Hong Kong Rising Affluent are eager but nervous to diversify their portfolio internationally.



They are more aggressive than they think they are.



The financial pressure of supporting multi-generational family is the key driver for Hong Kong Rising Affluent in making investment decisions.



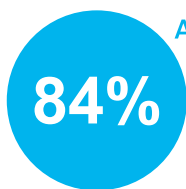
Rising Affluent in Hong Kong are mostly independent. They have limited access to trustworthy information and have a strong distrust in financial advisor.

# Key observation 1: Unmet diversification\* needs



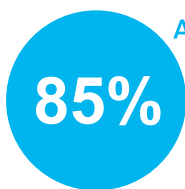
Hong Kong Rising Affluent have a strong desire to learn about diversification and global investing. However, most of them do not know how to begin and are nervous to take the first step.

## Diversification\* is key to reaching financial goals, and more diversified portfolios needed



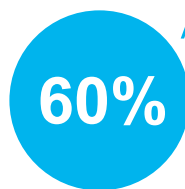
Agree

Diversification is important  
to achieving  
**short-term financial goals**



Agree

Diversification is important  
to achieving  
**long-term financial goals**



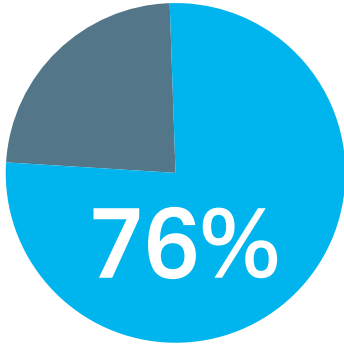
Agree

Think portfolio is  
**adequately diversified**

Among the Hong Kong respondents, female Rising Affluent and 35-54 year-old Rising Affluent overall see the importance of diversification for both short-term and long-term goals.

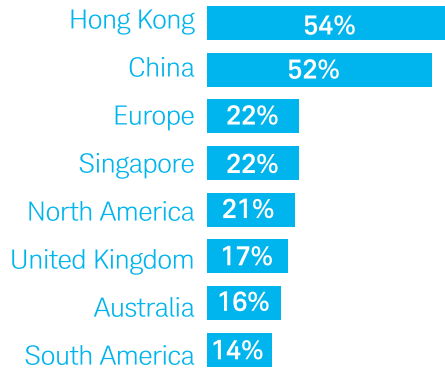
\* Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

## International investing is on the horizon; Perceived opportunities remain limited



are willing to diversify portfolio  
with international investments  
vs 67% in US

% think there is a lot of investing  
opportunity in markets



“

Global diversification\* should not just focus on a limited region. Investors should look at more opportunities globally. The U.S. financial market offers a variety of investment opportunities. No other international financial market comes close to the size, accessibility, transparency, and liquidity of the U.S. stock markets. (Source: World Federation of Exchanges)

”

# Financial education is needed to improve the understanding of global diversification\*

## Attitudes towards diversification

64%



Do not know how to begin  
vs. 39% US

62%



Nervous to take the first step  
vs. 40% US

Women need resources:

They are more likely to not know how to begin and be nervous to take the first step

## Topics which interest them

85%



How to diversify investment portfolio  
vs. 81% US

81%



Global market outlooks  
vs. 68% US

68%



Investing internationally  
vs. 51% US

“

We think investor education is important in helping investors understand the increasingly complex financial world and develop their own financial plan.

”

\* Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

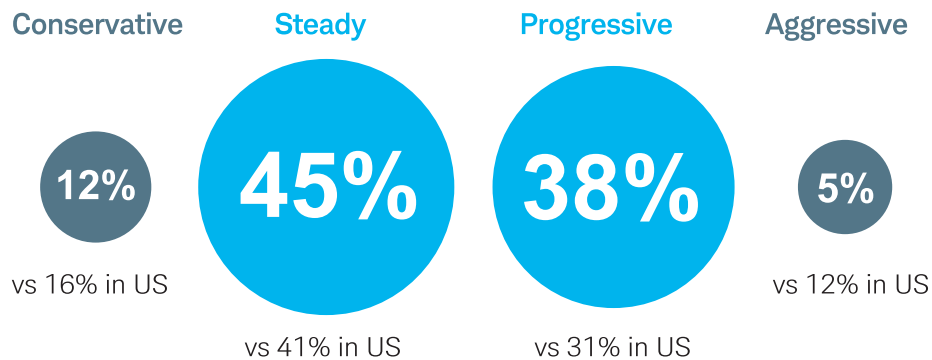
## Key observation 2: More aggressive than they envision



Hong Kong Rising Affluent tend to have more aggressive financial goals than they envision, and aim at doubling investment yields and investing more heavily domestically and abroad.

# Rising Affluent in Hong Kong have very high financial expectations and assertive strategy

How they see themselves as investors

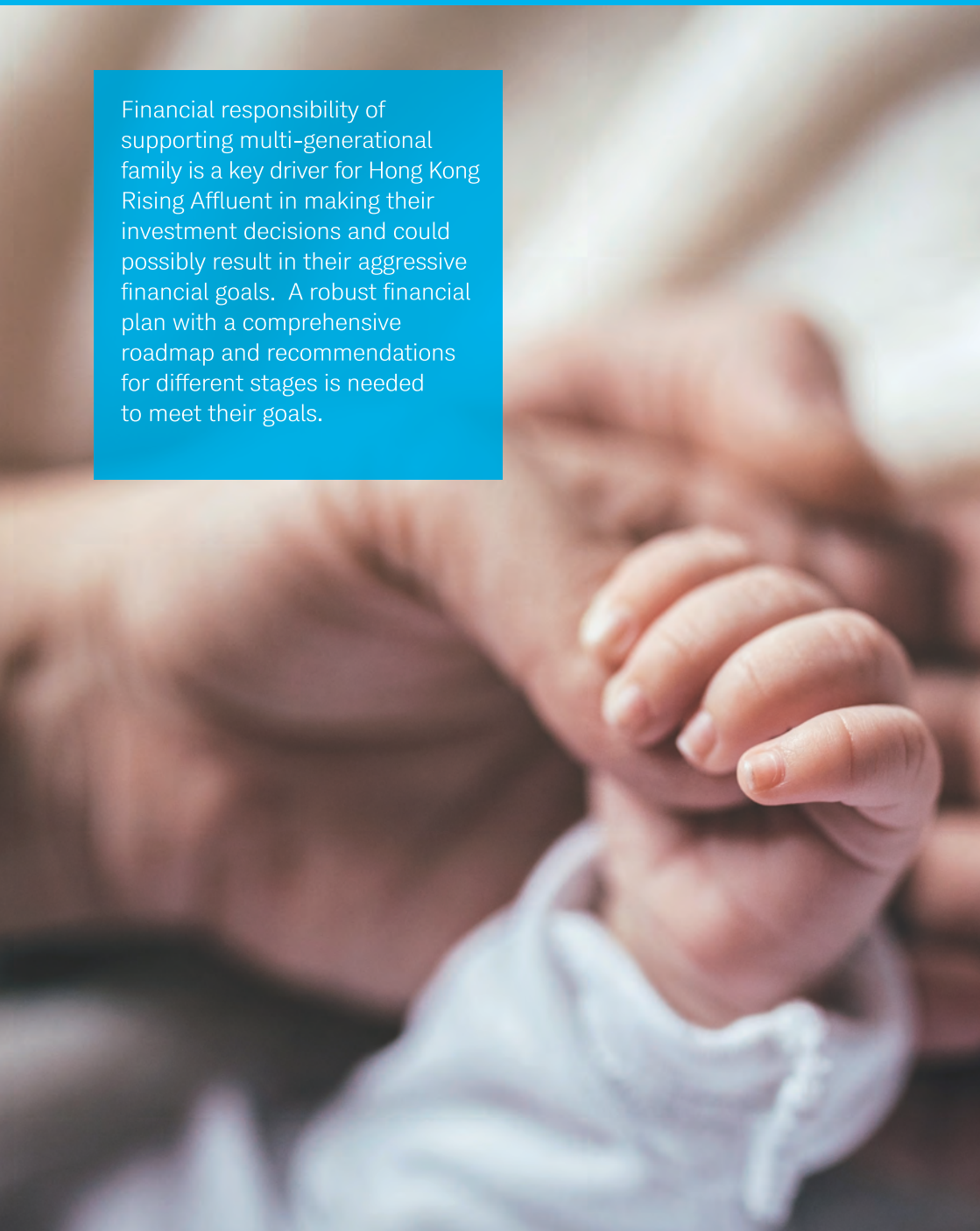


Financial goal for the next five years



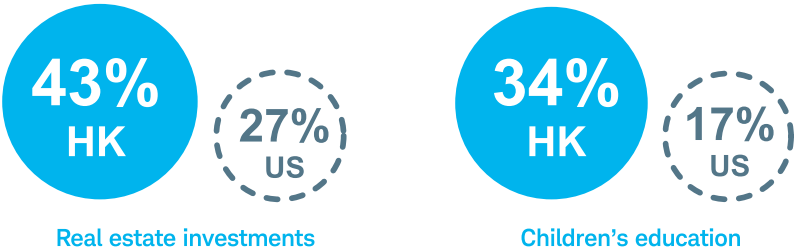
# Key observation 3: The sandwich generation

Financial responsibility of supporting multi-generational family is a key driver for Hong Kong Rising Affluent in making their investment decisions and could possibly result in their aggressive financial goals. A robust financial plan with a comprehensive roadmap and recommendations for different stages is needed to meet their goals.

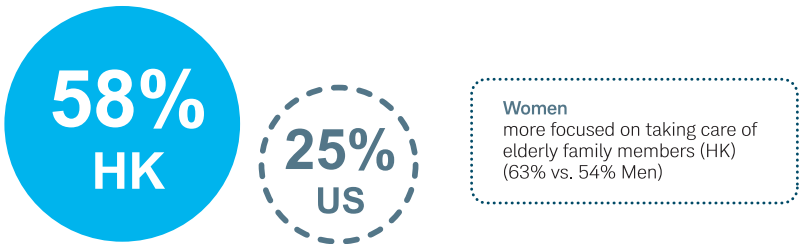


# Family is a key driver for investment decisions

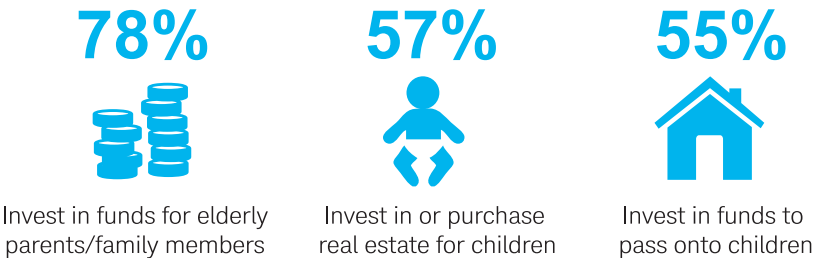
Financial goal for the next 15+ years



Goal to provide funds for elderly parents/family members



Goals that need 10 years to achieve

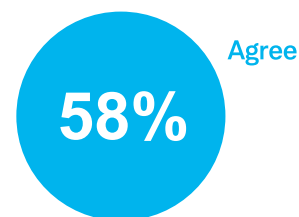


# Key observation 4: More trustworthy information is needed

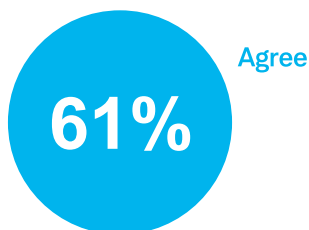


Hong Kong Rising Affluent have a strong distrust in financial advisors, and feel they are more knowledgeable. This overconfidence can lead to unrealistic expectations and undue risk. Formal financial plans help reduce rising affluent's sense of financial pressures. At Schwab, we provide quality information and communications to build trust and help investors take ownership of their financial futures.

## Financial concerns are prevalent



Say thinking about  
their financial future  
**keeps them up at night**  
29% in US



Say building wealth is  
**more difficult for them**  
than it was for their parents  
42% in US

# What Charles Schwab thinks a financial plan should include



Comprehensive  
roadmap



Examine and articulate an  
investor's long-term and  
short-term goals



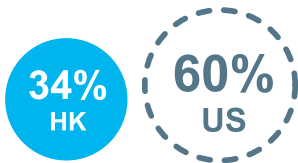
Concrete  
recommendations



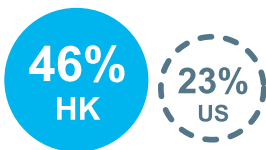
Should not be only  
designed for the wealthy

## Investors might be overconfident with strong distrust of financial advisors

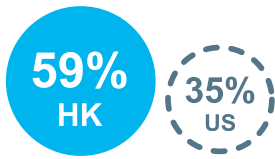
Had experience  
working with one



Reasons for not using  
a financial advisor



Had bad experience before

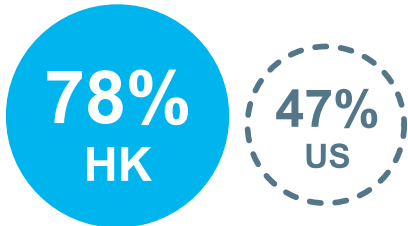


Don't know where to find  
information on trustworthy  
financial advisors

Trust financial advisor



Feel more knowledgeable  
than financial advisor



# Key takeaways



1

## Global diversification\* desire but lack of knowledge and information on how to start

- A globally diversified portfolio could lessen risk relative to individual market or asset class - with no additional cost.



2

## Multi-generational family is the key driver for investment decision

- A customized financial plan should be able to address sandwich generation's financial obstacles in supporting multi-generational families in both short term and long term.



3

## More trustworthy information and advice from investment experts and advisors are needed

- Great digital experiences provided by financial advisors are vital for Hong Kong Rising Affluent to be self-directed in their investments.
- However, financial advisors should also have face-to-face interaction with investor to understand their financial needs.

# Important Disclosures

Investment involves risk. The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Past performance is no indication of future results, and values fluctuate. International investments are subject to additional risks such as currency fluctuations, political instability and the potential for illiquid markets. Investing in emerging markets can accentuate these risks.

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