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GUIDING YOU TO BECOME MORE EFFECTIVE SAVERS AND INVESTORS

Welcome to the latest BlackRock Global Investor Pulse. This is the third annual survey of more than 31,000 people across 20 countries.

The largest poll of its kind, Investor Pulse provides insights into what adults 25-74 are thinking about their financial futures.

Singaporeans are keen to grow their wealth and generate investment income, fuelled by prevalent concerns about the high and rising cost of living. But can their portfolios deliver the wealth and income they want? Are they prioritising their savings and investment goals properly? Could they adjust their savings

and investment attitudes to better align their financial goals with their actions? Is their aversion to risk holding them back?

1,000 Singaporeans answer these questions and help us understand their hopes and concerns about growing their wealth and managing their investments in a rapidly changing and increasingly complex financial environment.

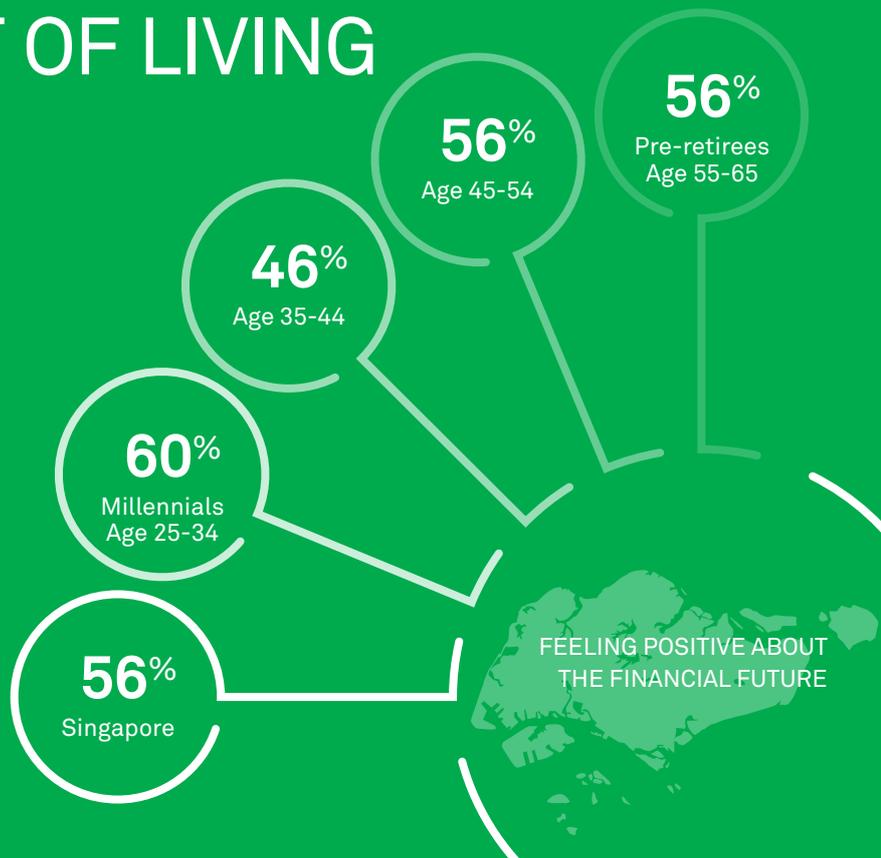
**77% OF SINGAPOREANS
AGREE:**

**“IT IS IMPORTANT
TO ME THAT I EARN
AN INCOME ON MY
INVESTMENTS”**

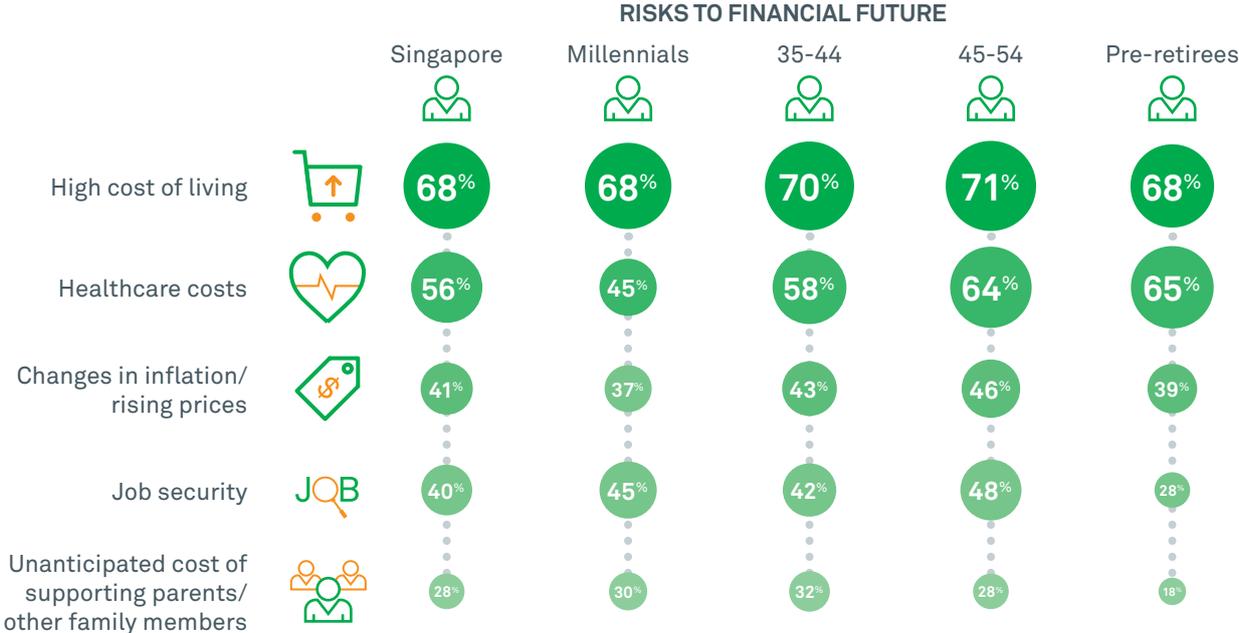


SINGAPOREANS ARE GENERALLY POSITIVE BUT CONCERNS ABOUT THE COST OF LIVING PREDOMINATE

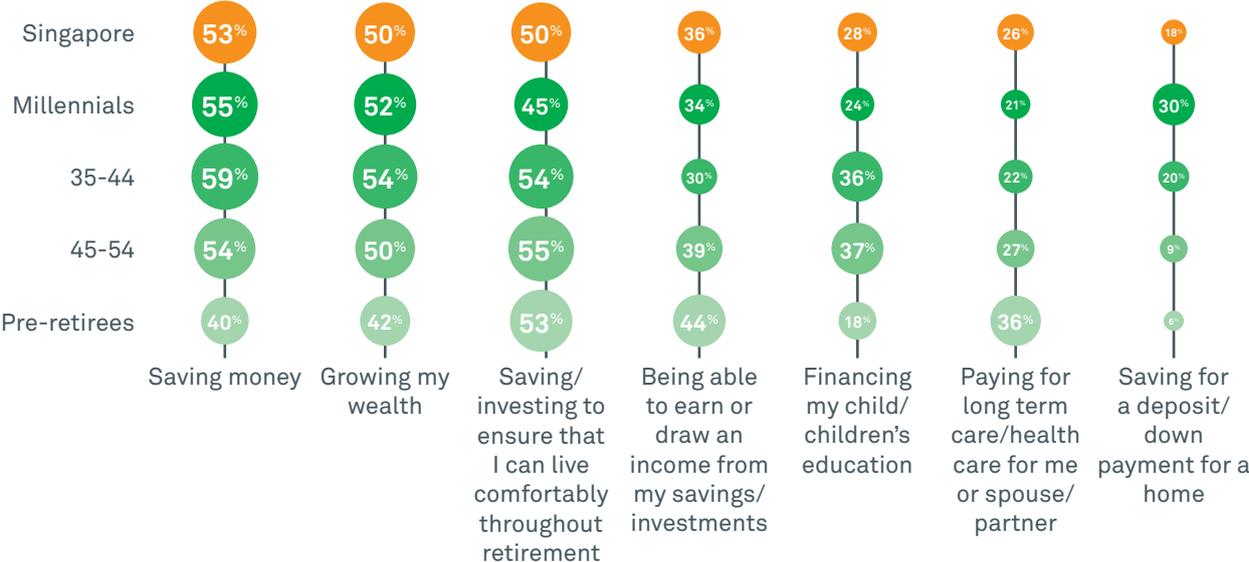
More than half of Singaporeans feel positive about their financial futures. In particular, millennials (25-34 year olds) are the most likely to feel positive, probably because they feel relatively financially unencumbered. Towards the other end of the age range we find the next most positive group, the Pre-retirees (55-65 years olds who are not fully retired). The 35-44 year olds, on the other hand, have more financial responsibilities which weigh on their sentiment.



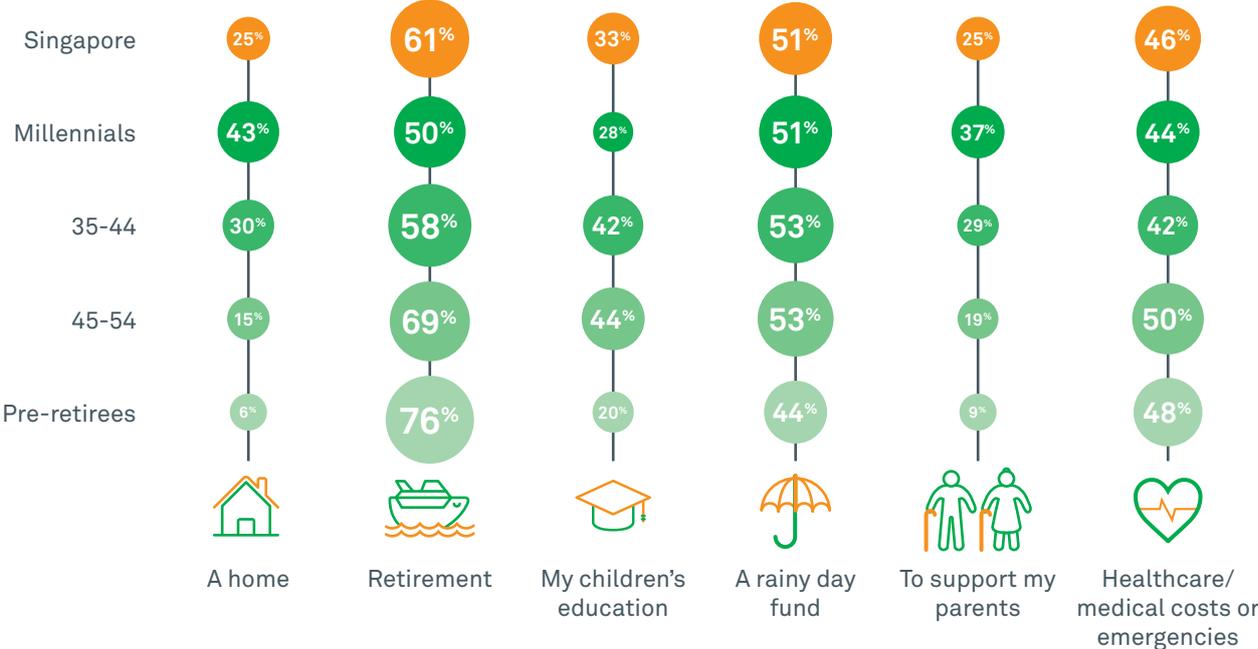
Singaporeans' express pervasive concerns about the high - and rising - cost of living as well as healthcare costs. Despite Singapore's very low unemployment rate, many residents worry about job security. Given that more than three quarters of 35-44 year olds are supporting dependents, whether they are elderly parents or grandparents or children, it is unsurprising that they are the most concerned about the unanticipated costs of supporting family members.



Singaporeans' financial priorities tend to shift over time as they enter different stages of their lives. However, certain financial priorities like saving money, growing their wealth, and saving/investing for a comfortable retirement are major priorities for Singaporeans throughout their lives, with saving money being the highest priority for Singaporeans as a whole.



We see a similar story in current savings goals, which tend to shift depending on age. Millennials are more likely to be saving for a home and to support their parents while 35-54 year olds are more likely to be saving for their children’s education and increasingly for retirement. Unsurprisingly, saving for retirement becomes a higher priority as investors age.



ALIGNING ACTIONS WITH EXPECTATIONS

Singaporeans' focus on wealth growth and investment income is reflected in their ambitious savings and investment targets. Singaporean savers and investors have a target annual return of 8.4% across all their savings and investment products and also consider an 8.4% annual yield on their income-generating investments reasonable.

Target annual return on all savings and investments

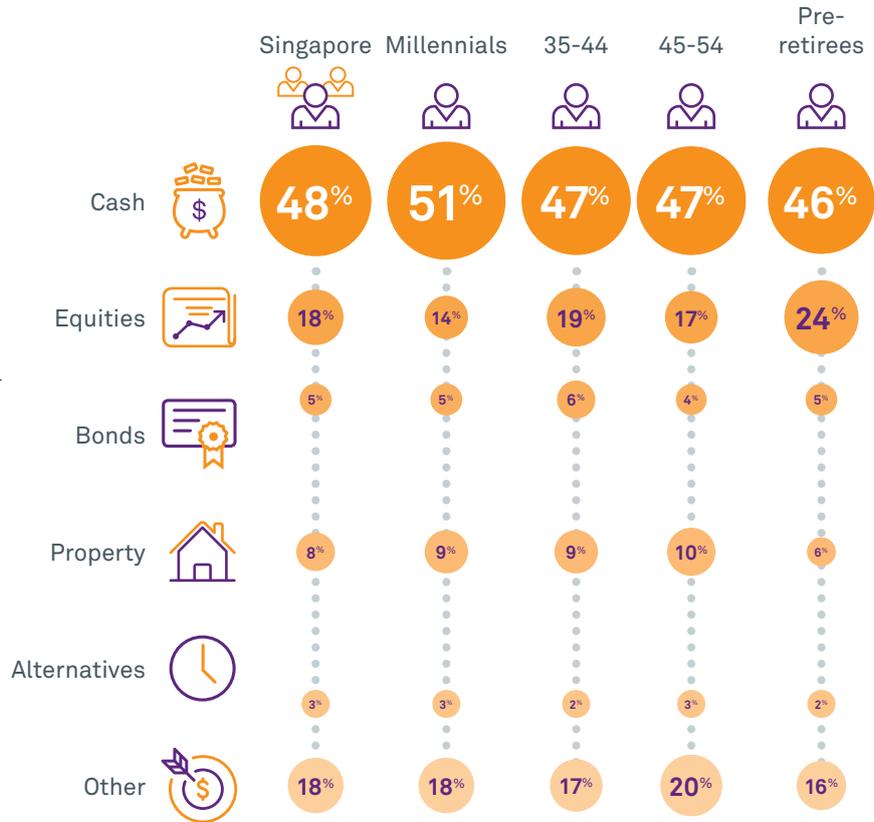


Reasonable annual yield on income-generating investments



REBALANCING ASSET ALLOCATION TOWARDS GROWTH

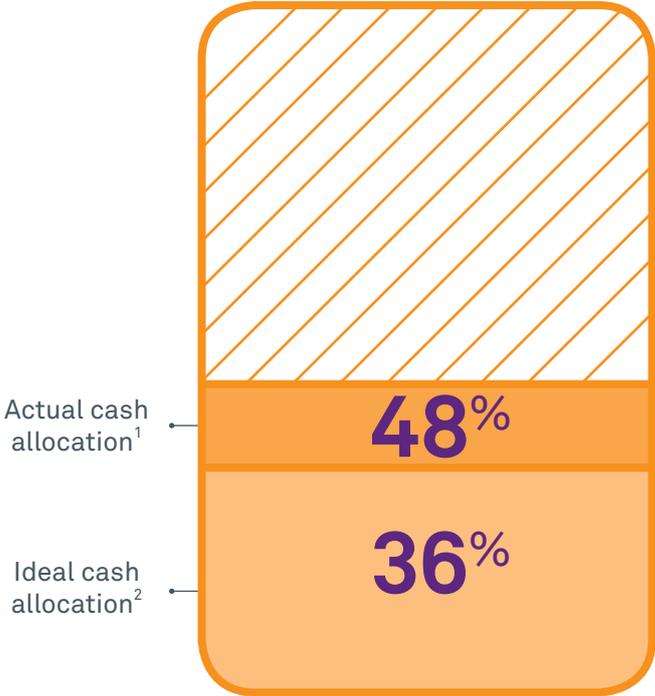
Despite their focus on investment growth and income, Singaporeans are holding far too much cash, which makes up nearly half of their savings and investments. Even pre-retirees, who have the most balanced portfolios and hold the most equities, are over-exposed to cash to generate much growth or income from their savings and investments.



SINGAPORE

Singaporeans seem to recognise that they are holding more cash than they should be—on average they have a 12% gap between their ideal and actual cash allocations.

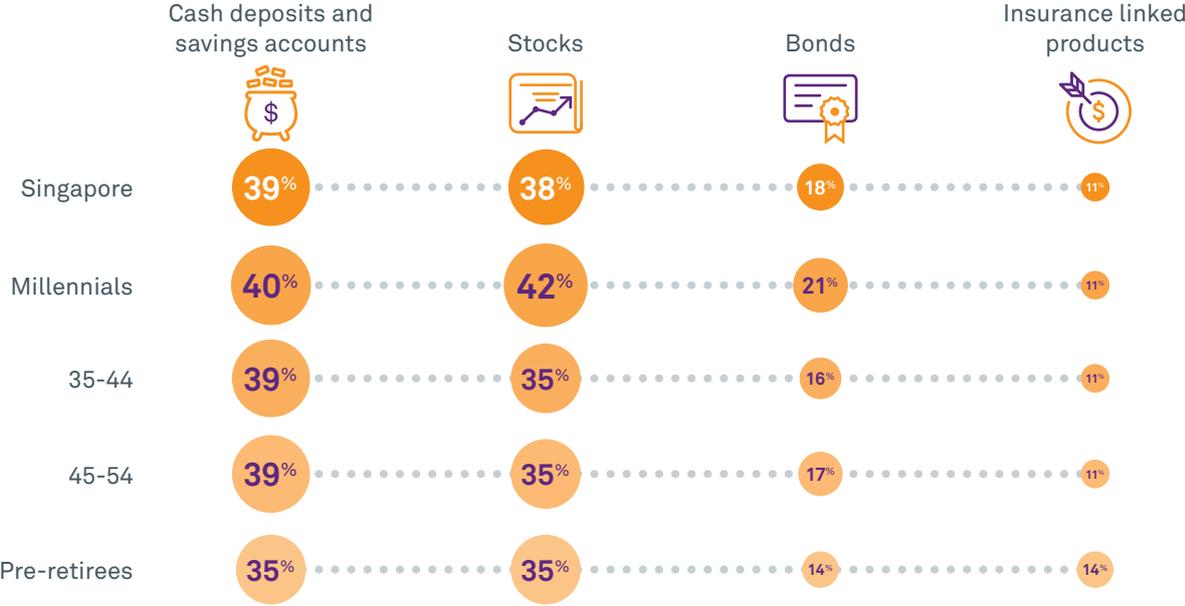
What is keeping them from having the asset allocation that they feel is correct?



¹ Actual cash allocation based on those with any savings and investment products

² Ideal cash allocation based on those with cash savings products

Singaporeans are taking some positive steps to correct this mismatch between their financial goals and their actual holdings. A significant proportion are likely to purchase stocks and bonds over the next 12 months, with millennials, who are just starting out their investor journeys, being the most likely to be purchasing stocks. Yet, despite these positive steps in the right direction, nearly two-fifths of Singaporeans still plan to allocate more of their portfolio into cash, even though they are already over-exposed.



ADJUSTING ATTITUDES TOWARD INVESTMENT

Overly conservative views of investing seem to be driving Singaporeans' attachment to cash and are holding them back from achieving their goals. Just 38% of Singaporeans consider themselves investors and less than half say that investing is for people like them. This attitude is reflected in their aversion to risk—less than half say that they are willing to take on higher risks to achieve higher returns. Less than half (40%) of Singaporeans say they feel knowledgeable about investing.



Guaranteed returns and knowing they won't lose their initial investment are the top reasons encouraging Singaporeans to move their cash into other kinds of investments. In addition, better information and more investor awareness may help Singaporeans feel more comfortable with investing and taking on more risk to achieve their goals. Over a third (38%) of Singaporeans who hold cash products say that a monthly dividend pay-out would encourage them to move out of cash and into other savings and investment products.

TOP 4 REASONS THAT WOULD ENCOURAGE PEOPLE TO MOVE OUT OF CASH

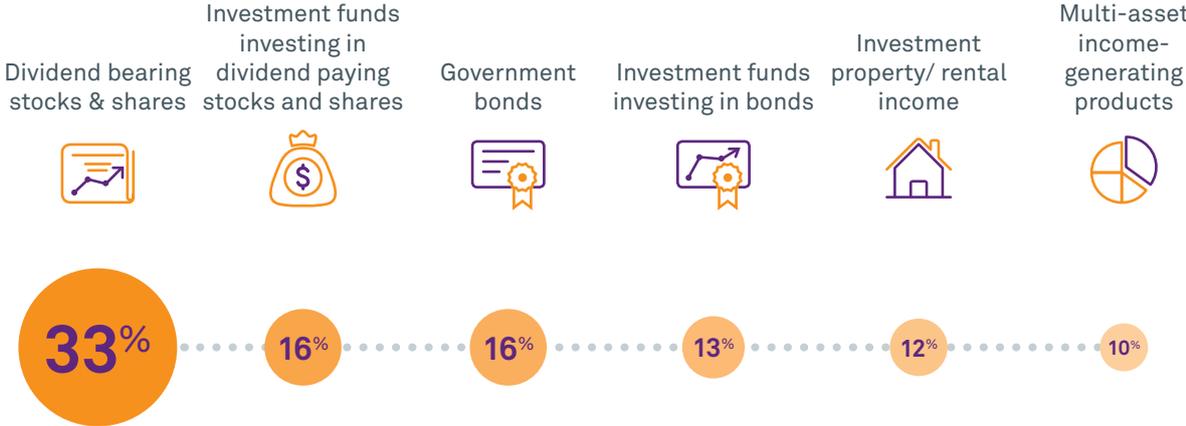
1	Guaranteed return from my investments	53%
2	Knowing that I won't lose my initial investment	45%
3	If it provided a monthly dividend payout	38%
4	Better knowledge about investing would encourage me to invest more of my cash savings into other investments	36%



INVESTING FOR INCOME

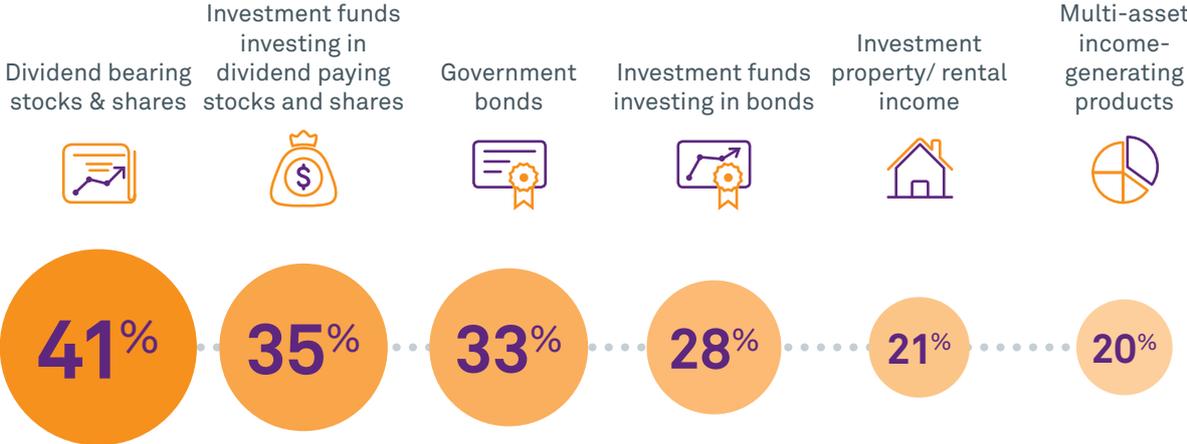
Investment income is a major goal for Singaporeans—77% say that it is important to earn an income on their investments. Nearly three-quarters (73%) of Singaporeans hold at least one income-generating product, with a third holding dividend-bearing stocks and shares.

INCOME-GENERATING PRODUCTS CURRENTLY HELD



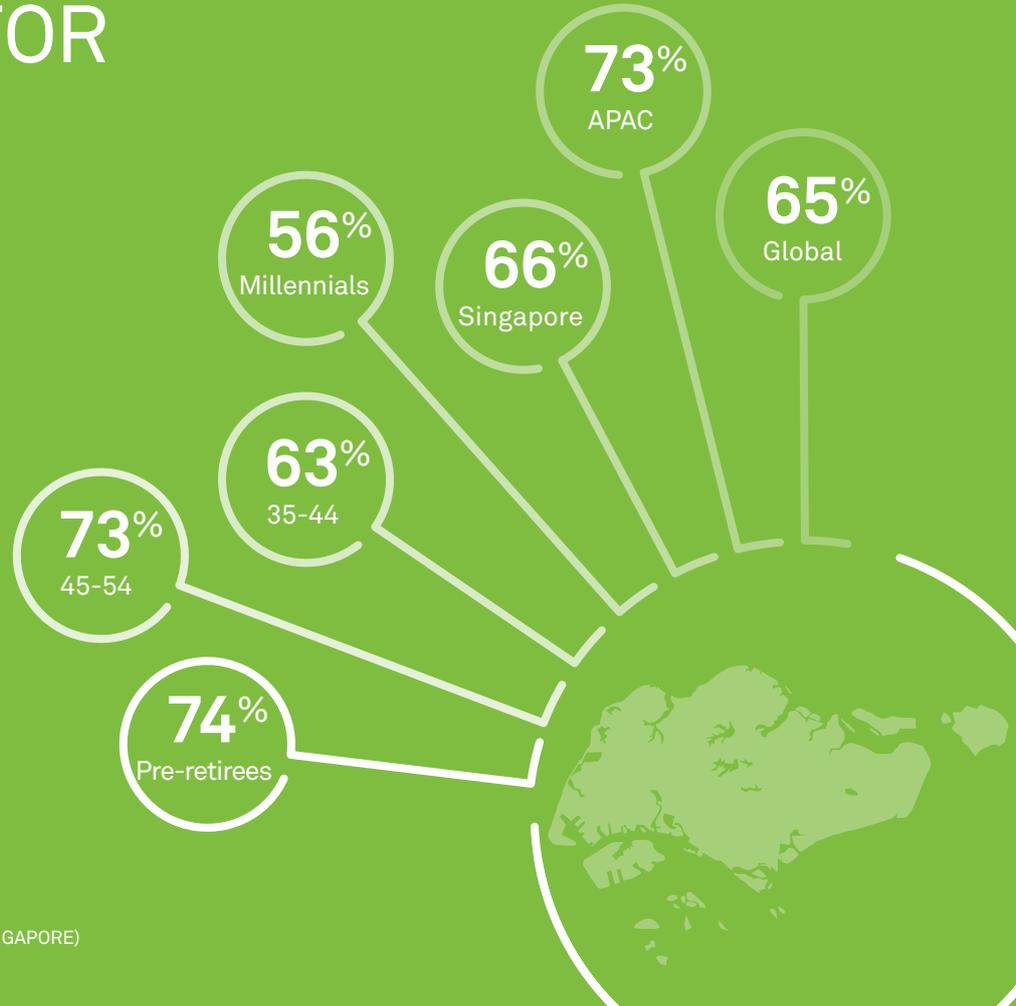
The popularity of equities as a source of investment income looks set to continue—41% of income-generating product holders who are likely to invest more in income-generating products over the next 12 months say they will buy dividend-bearing stocks and shares, and 35% express interest in funds investing in dividend-bearing stocks and shares.

INCOME-GENERATING PRODUCTS LIKELY TO INVEST MORE IN



PREPARING FOR RETIREMENT

While pre-retirees are the most likely to have started saving specifically for retirement, still slightly over a quarter of people on the cusp of retirement are not yet saving for it. The proportion of pre-retirees saving for retirement is also nearly the same as the proportion of 45-54 year olds who are saving, when there should have been a significant uptick as retirement approaches. Many Singaporeans may not be leaving themselves enough time to prepare for life after work.



PREPARING FOR RETIREMENT

Pre-retirees are among those saving the largest share of of their monthly incomes specifically for life after work, though they are broadly in line with all aged 35 years old and older. Millennials, on the other hand, are saving the least of their monthly incomes for retirement compared to older groups - if they have started saving for retirement at all.

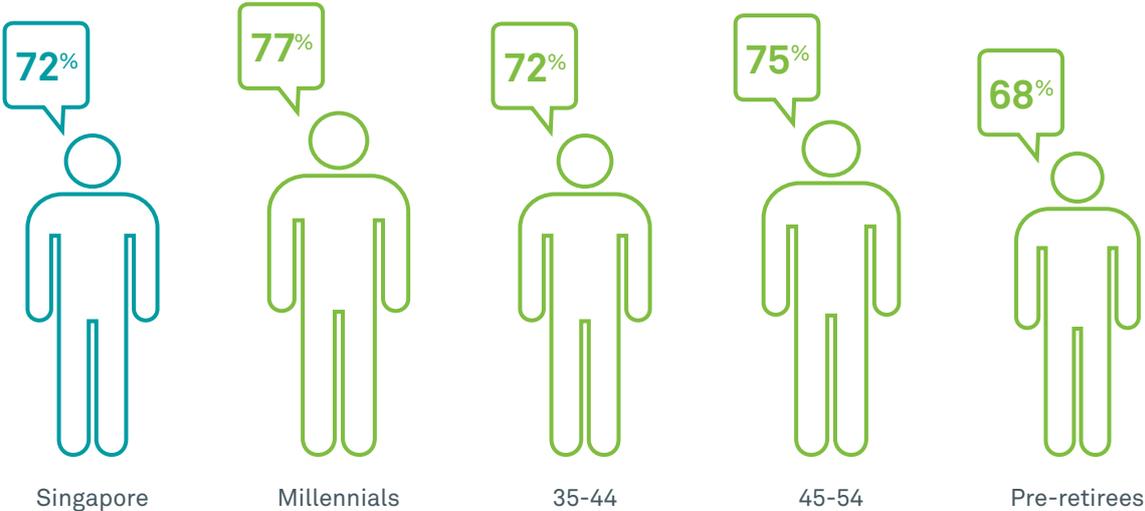
PROPORTION SAVING 20% OR MORE OF THEIR MONTHLY INCOME FOR RETIREMENT



FEELING BETTER ABOUT RETIREMENT

Lack of preparedness is taking a toll on retirement sentiment. People who have not started saving for retirement tend to be more concerned about being able to live comfortably post-work. Pre-retirees, the most likely to be saving for retirement, are the least likely to feel concerned. However, their level of concern is still high, with over two-thirds feeling very or somewhat concerned about being able to live a comfortable retirement.

PROPORTION VERY OR SOMEWHAT CONCERNED ABOUT BEING ABLE TO LIVE COMFORTABLY IN RETIREMENT



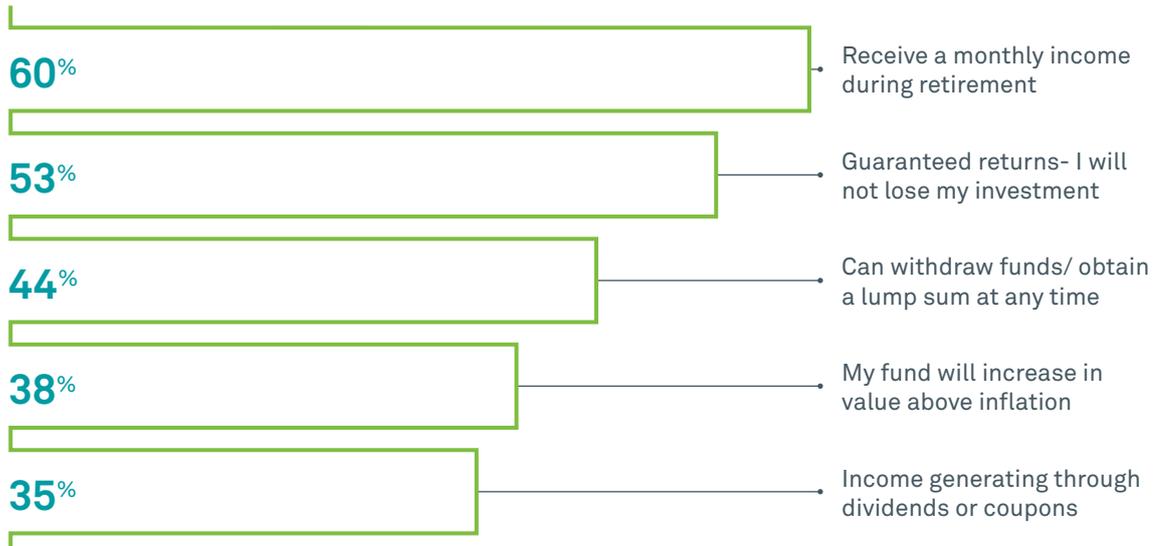
Younger generations are greatly underestimating the number of years of retirement they will need to save up for—only those aged 45 years old and older come close to estimating their likely lifespan. This is even more concerning when we consider that life expectancy in Singapore is on the rise and will likely be much higher once millennials are ready to retire. Pre-retirees, despite knowing that they will have to fund 16 years of retirement, still waited to save for retirement until they were, on average, 39 years old, losing out on years of potential savings and investment growth and income. Singaporeans cannot afford to wait this long when it comes to retirement preparation.



MANAGING YOUR MONEY IN RETIREMENT

Singaporeans tend to value security (guaranteed returns) and flexibility (the ability to withdraw funds at any time) in a retirement fund over income and growth. While this more conservative point of view is understandable, Singaporeans should also consider funds that can keep up with inflation to make sure that that retirement pot is sufficient to meet their SGD 89k annual income expectations for retirement.

QUALITIES VALUED IN A RETIREMENT FUND

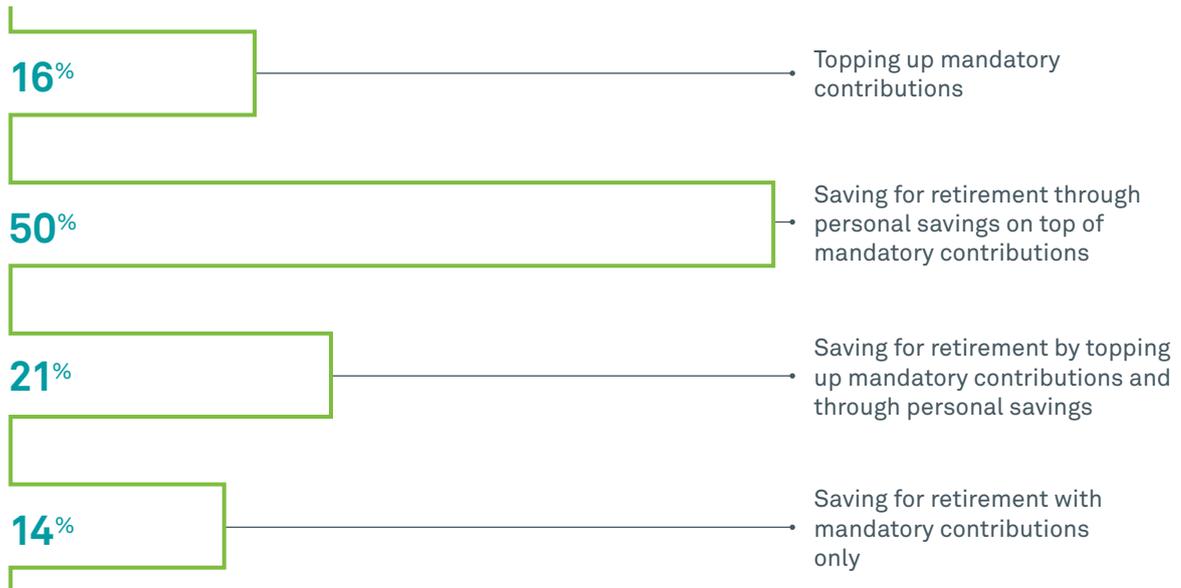


While two thirds (67%) of Singaporeans plan to reinvest their savings once they retire, a significant proportion plan to hold them as cash in the bank. This is unsurprising given Singaporeans' preference for flexibility and security. However, as the cost of living rises and life expectancies lengthen, retirement savings need to do more and last longer, especially for younger generations. It is worth exploring the wide range of fund options available in the financial marketplace that can not only deliver growth and income in retirement, but can also meet individual requirements when it comes to risk and flexibility.



MANAGING YOUR MONEY IN RETIREMENT

Singaporeans' concerns about retirement and healthcare are driving them to save on top of their mandatory contributions to their CPF funds—nearly all (86%) Singaporeans who have started saving for retirement are saving on top of their mandatory contributions, whether they are topping up their CPF funds or saving in a separate account.



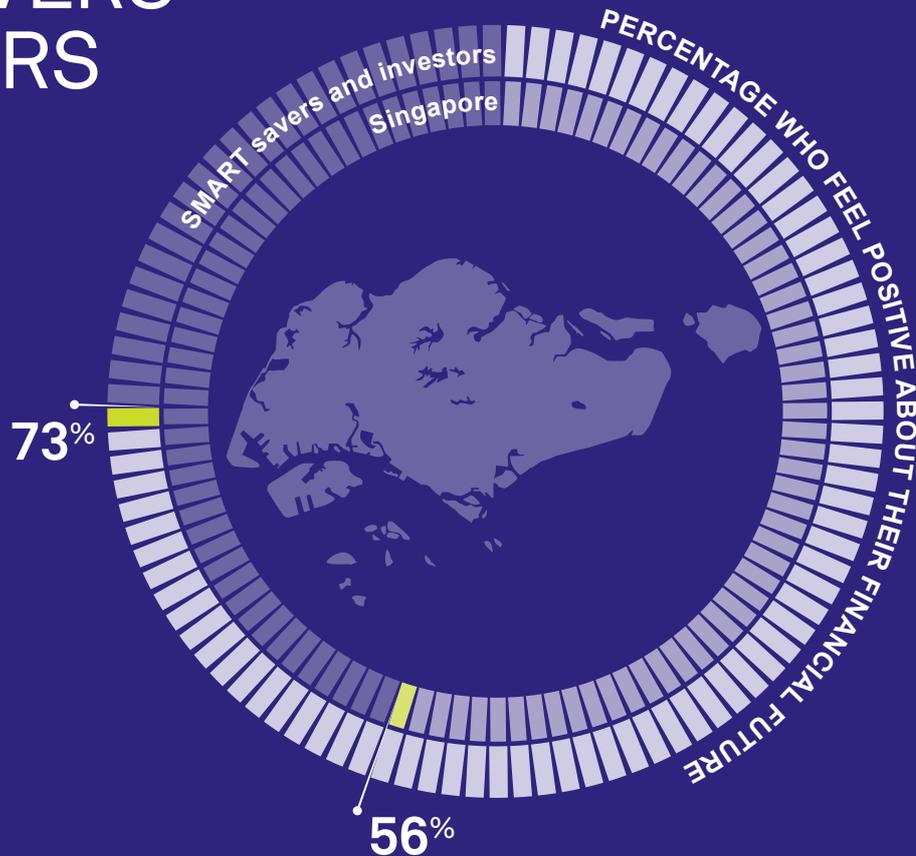
BEYOND MANDATORY SAVINGS

Singaporeans who feel that their Medisave and Medishield contributions will not fully meet their future healthcare needs on average feel that they have to set aside 9.7% of their incomes for their future healthcare costs. Singaporeans need to make this money work harder for them, particularly for their healthcare needs in their old age.

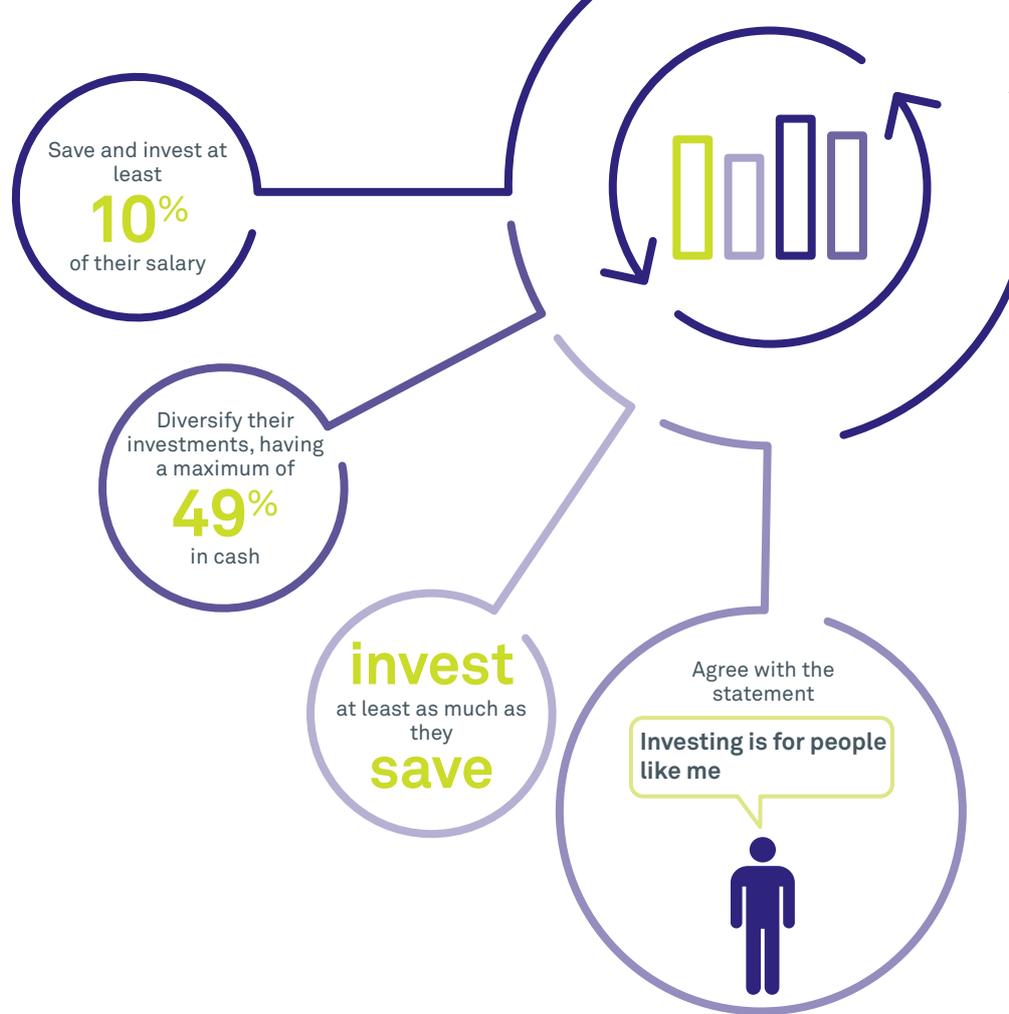
Singaporeans feel they need to set aside **9.7%** of their incomes for healthcare costs on top of Medisave / Medishield contributions



SMART SAVERS & INVESTORS



There is a group of Singaporean savers and investors who are doing even more to ensure that they meet their objectives, whom we call SMART savers and investors. SMART savers and investors save and invest at least 10% of their household incomes, invest at least as much as they save, hold no more than 49.49% of their savings and investments in cash, and agree with the statement “Investing is for people like me.”



S

SAVE AND INVEST MORE

- ▶ While most (75%) Singaporeans have both savings and investments, nearly all (97%) SMART savers and investors have both. As a result, 74% of SMART savers and investors feel confident in their savings and investment decisions, compared to 51% of Singaporeans.

M

MAKE RETIREMENT A PRIORITY

- ▶ Nearly all (83%) SMART savers and investors have started saving specifically for retirement, compared to 66% of Singaporeans. As a result, SMART savers have greater retirement confidence—the majority (62%) of SMART savers and investors feel well-prepared financially for retirement, compared to 41% of Singaporeans.

A

ACTIVELY INVEST FOR INCOME AND GROWTH

- ▶ SMART savers and investors prioritise investment income—91% say that it is important to earn an income from their investments, compared to 77% of Singaporeans as a whole. This is reflected in their product holdings—96% of SMART savers and investors hold income-generating products, compared to 73% of Singaporeans.

R

RECOGNISE THE NEED TO TAKE STEPS OUT OF CASH

- ▶ SMART savers and investors not only recognise that they should not be over-exposed to cash, they have also taken concrete steps to close the gap between their ideal and actual cash allocations. SMART savers and investors have an ideal cash allocation¹ of 26%, but an actual cash allocation² of 20%. For Singaporeans as a whole, their ideal cash allocation¹ is 36%, with an actual cash allocation² of 48%.

T

TAKE FINANCIAL PLANNING AND ADVICE SERIOUSLY

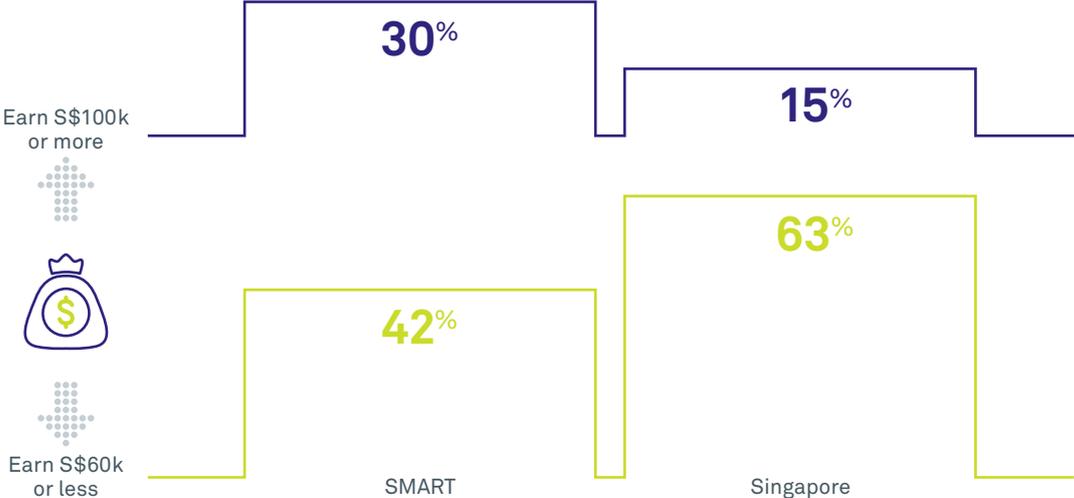
- ▶ Over half (58%) of SMART savers and investors currently take professional financial advice, compared to just 47% of Singaporeans as a whole, and nearly all (93%) SMART savers and investors say that they take financial planning seriously.

¹ Ideal cash allocation based on those with cash savings products.

² Actual cash allocation based on those with any savings and investments products.

SMART BEHAVIOURS ARE FOR EVERYONE

SMART savers and investors make up 17% of the Singapore population, compared to 11% globally. They are found across all income brackets and are spread out among all different age groups.



6 STEPS TO BECOMING A MORE EFFECTIVE INVESTOR



ALIGN YOUR ASSET ALLOCATION WITH YOUR SAVINGS AND INVESTMENT NEEDS AND EXPECTATIONS

Singaporeans' target returns and expected yields for their savings and investments are high but they need to review their portfolios to ensure that they are holding the right products to meet their expectations. SMART savers and investors are more likely to hold different savings and investment products with high growth potential than Singaporeans as a whole—75% and 34% of SMART savers and investors hold equities and bonds respectively, compared to 46% and 18% of Singaporeans respectively.



TAKE INFLATION INTO ACCOUNT WHEN MAKING LONG-TERM PLANS FOR YOUR FINANCES

Singaporeans need to take steps out of cash in order to stay ahead of inflation, particularly in the long-term. SMART savers and investors not only hold less of their savings and investments in cash than Singaporeans as a whole, they also have lower ideal cash allocations.



CONSIDER DIFFERENT FUND PRODUCTS TO EASILY DIVERSIFY YOUR HOLDINGS

Singaporeans demonstrate a preference for purchasing equities and bonds directly but could be missing out opportunities to easily achieve a diverse portfolio through exchange-traded funds and mutual funds. SMART savers and investors recognise these opportunities and are more likely to hold multi-asset funds compared to Singaporeans.



THINK LIKE AN INVESTOR

Singaporeans want to grow their wealth but are held back by overly cautious investment attitudes—less than half consider themselves investors and are willing to take on higher risks to achieve higher returns. By contrast, 80% of SMART savers and investors consider themselves investors and 72% are willing to take on higher risks for higher returns.



SUPPLEMENT YOUR MANDATORY CPF AND MEDISAVE/MEDISHIELD FUNDS

While the CPF and Medisave/Medishield funds will form the backbone of your savings towards retirement and healthcare needs, it is important to be proactive in planning your savings and investments to ensure that they will meet all your needs, rather than relying on compulsory contributions.



START SAVING AND INVESTING FOR RETIREMENT SOONER

People who are saving for retirement feel less concerned about living comfortably once they stop working. The vast majority of SMART savers and investors are saving specifically for retirement and nearly two-thirds of them feel financially well-prepared for retirement. The younger you start, the more time you will have to grow your investments. BlackRock offers a free online tool that estimates retirement income based on current age and savings. One of the most important steps you can take to have a successful retirement is to start early. Go to BlackRock website www.BlackRock.com/sg to get more information now.

ABOUT THE SURVEY

The BlackRock Global Investor Pulse Survey is a major research study of more than 31,000 interviews in 20 countries executed by Cicero Group, an independent research company.

This report focuses on the findings in Singapore where a nationally representative sample of 1,000 Singapore residents between the ages of 25 and 74 and either sole or dual financial decision makers for their households were interviewed using an online survey methodology.

Included in the study was a group of 367 affluent Singapore residents (those with investable assets of SGD200,000 or more).

Source for all data: BlackRock Investor Pulse Survey, July/August 2015

The conclusions are intended to provide an indication of the current attitude of a sample of Singaporean investors to saving and investing and should not be relied upon for any other purpose.

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For more information:

Tel: ++65 6411 3000

Email: clientservice.asiapac@blackrock.com

Website: www.blackrock.com/sg

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