



Millennial Investors Driven by Short-Term Outlook, According to AMG Funds Survey

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Millennials are Quick to Invest in, as well as Divest, Underperforming Investments

GREENWICH, Conn., April 11, 2018 (GLOBE NEWSWIRE) – AMG Funds LLC, the U.S. retail distribution arm of global asset management company Affiliated Managers Group, Inc. (NYSE:AMG), released survey data today revealing that Millennial investors tend to make impulsive investment decisions. The survey polled approximately 1,000 individual investors with over \$250,000 in household investable assets. Although Millennials see themselves as “aggressive” in making investment decisions, this characteristic is reflected in neither their long-term goals nor reactions to significant market movements.

AMG Funds’ survey investigated investor attitudes and behaviors around investing, finding that Millennials allocate only one-third of their portfolio to equities (compared with 45% for older generations), yet expect to earn 12 percent annually in the long run. This generation believes that it is well-positioned for the long-term, but lacks patience and does not seem to subscribe to a more traditional buy-and-hold approach; more than half of Millennial respondents would sell an underperforming asset within one quarter and are notably less likely than older investors to characterize themselves as “willing to wait” for investment returns. This being said, according to the survey, Millennial investors’ 12-month liquidity needs for major expenditures are the likely cause for the quick-to-sell mentality.

The survey revealed six topline findings of Millennial investing behaviors and attitudes that differ from their counterparts in older generations:

- **Aggressive but not growth-oriented:** Millennial investors are more likely than older investors to say they are “aggressive” (60% vs. 23%), but only 35 percent say they are investing to maximize growth. This generation is more likely than its older counterparts to react to a major market decline by selling assets (22% vs. 5%) or seeking financial help (25% vs. 15%). Given its relative youth and current stage of life, this generation is not as growth-oriented as would be expected, and seemingly more conservative than its self-characterized “aggressive” stance would suggest.
- **More likely to react to a market decline by taking action:** Although they say they have a long-term outlook, nearly a quarter (23%) of Millennial investors expect immediate returns, whereas only eight percent of older investors have this expectation. Nearly two-thirds of Millennial investors (64%) would sell an underperforming asset within a quarter, compared to just 31 percent of their older counterparts.
- **Under-allocated to equities:** Among Millennial portfolios, only 33 percent of total assets are allocated to equities, despite this age group’s high expectations for investment return: a 12 percent annual return over the long term.
- **Impacted by near-term spending needs:** More than one-fifth of Millennials are investing primarily for income, perhaps in order to fund their near-term spending needs (for example, in the next 12 months, 38 percent of Millennial respondents anticipate purchasing a car, boat, or recreational vehicle, and on a medium-term basis, 43 percent of Millennials anticipate real estate to be a significant expenditure in the next five years).

- **Concerned about diversification:** 48 percent of Millennials have some concern that their portfolio is not adequately diversified and would be open to advice. While this level has declined from the previous year's survey result (66%), many Millennials still do not understand what it means to be adequately diversified; 70 percent believe that investing across a broad range of stocks achieves diversification. Over half of older investors (51%) also misunderstand adequate diversification, indicating that there is an opportunity for advisors to educate investors across all age cohorts.
- **An opportunity for financial advisors:** Although Millennial investors are sometimes misguided, they are also more likely than other generations to recognize their need for financial advice, presenting an opportunity for financial advisors. Sixty-one percent of Millennial investors believe they need investing advice now more than they used to, compared to 37 percent of their older counterparts. Furthermore, 25 percent of Millennials would react to a major market decline by seeking professional advice, compared to just 15 percent of older investors.

"It's important to bear in mind that Millennials were born into a time of recession and have lived to date through a period of economic volatility – both boom and bust," said Bill Finnegan, Chief Marketing Officer at AMG Funds. "The geopolitical stress and highly variant market environments of the past decade have likely contributed to Millennials' short-term outlook. There's a strong opportunity for advisors to educate Millennial investors on how to position their portfolios to meet long-term risk and return expectations."

Methodology

The subsequent paragraph described the methodology used for the AMG Funds annual wealth trends survey conducted in December 2017.

The study was conducted online among 983 affluent investors who participate in making household savings and investment decisions and have over \$250,000 in household investable assets. Data was collected from December 14–22, 2017, among Millennial respondents ages 18–37. Data for the 2016 study was collected between November 28, 2016, and December 7, 2016, among 1,000 respondents. The data was weighted by distribution of age and asset level as defined by the 2016 Survey of Consumer Finance. Percentages may not total to 100 due to rounding.

About AMG and AMG Funds

AMG is a global asset management company with equity investments in leading boutique investment management firms. Through AMG's innovative partnership approach, each Affiliate's management team retains ownership of significant equity in their firm while maintaining operational and investment autonomy. AMG Funds LLC is the U.S. retail distribution arm of AMG. AMG Funds provides access to premier boutique asset managers through a unique partnership wherein the investment managers remain truly independent. AMG Funds is not beholden to a single investment approach or a single manager in delivering quality investment solutions. This innovative approach leverages the independent manager's specific expertise to deliver products that cover the asset class spectrum. AMG Funds offers unmatched access to specialized investment advice by delivering the talents of independent management teams under a consolidated platform.

For more information on the results of AMG Funds' research, please visit www.amgfunds.com/wealth-trends.

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