Welcome to the 2017 BlackRock Global Investor Pulse.

Investor Pulse is one of the world’s largest surveys of investors. This, our 5th* edition, takes in the views of 28,000 individuals across 18 markets. We asked people about their hopes and concerns for retirement, expectations about investment returns, and their thoughts on technology and advisers. In today’s complex financial landscape, knowing what fellow investors are up to can help you with growing your wealth.

Read on to find out what Singaporeans aged 25 to 74 are thinking and doing about their financial futures.

Confidence falls, but is it justified?

Singaporeans are feeling increasingly uneasy about the future. Since our last survey, sentiment about their financial futures has deteriorated, and confidence in financial decision making has fallen sharply.

So what’s got investors rattled? They’re worried about the high cost of living, increasing health care expenses and job security. There’s also been a hike in people concerned about economic issues globally, which is understandable given the murky picture they face.

But while geopolitical uncertainty, economic volatility and general negativity have heightened, we’re also seeing signs of a global economic recovery. There are indications that reflation will be supporting the economy for some years to come.

Perhaps Singaporeans can afford to feel more upbeat about their financial prospects.

Singaporean investor confidence and positivity*

* Confidence in decisions  Positive about financial future

Investors have options but are hesitant to act

Singaporeans seem to like their cash. Almost half (47%) of their savings are in cash, compared to 37% in China and 33% in Hong Kong.

Cash is handy, but hanging on to it makes it challenging for investors to reach their financial goals. In fact, with current savings interest rates at less than 1% and inflation ticking up, they are going backwards.

And with more than 60% of Singaporeans worried that they will outlive their savings or be a burden to their children in retirement, maintaining the status quo is not a realistic option.

A majority of investors say they are willing to diversify their portfolios to make their cash work harder but they have some concerns: “Will my capital be safe?”, “What sort of returns can I expect?”, and “What are the risks?”

A financial adviser can help you work through these questions so you can take steps to grow your wealth with greater confidence.
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**Singaporean product ownership (2017)**

- Equities: 48%
- Insurance linked investments: 43%
- Bonds: 21%
- Property: 17%
- Alternatives: 15%
- Multi-asset: 8%

**79%**
Cash and cash equivalents
What’s wrong with cash?

Cash is great, but in the current low interest rate and low growth environment, it won’t deliver the sort of returns investors expect. Our survey found most Singaporeans are realistic about the performance of their investments, aiming for a target return of around 5%. But they’re highly unlikely to get there by holding cash. In fact, it would still take Singaporean investors 35 years to double his or her money in cash, assuming a long-term expected rate of return of 2%. So if you’re sitting on cash, it’s worth talking to an adviser about options for putting it to work.

SG$35,000

the average amount of cash being held for long-terms savings or an investment opportunity by Singaporean investors.
Asset allocation of all Singaporean investors

- Financial investments (equities, bonds, multi-asset): 26%
- Insurance linked investments: 16%
- Property: 7%
- Other: 4%
- Cash: 47%
Restoring Singaporeans’ faith in financial advice

Financial advisers can help give investors confidence to take steps to grow their wealth and reach their income targets.

But since the last survey, there’s been a sharp move away from professional advice, particularly among millennials, women and investors aged 45-54. It seems a breakdown in trust is putting people off, with many worried about issues such as fees, low levels of contact from their financial adviser and the quality of advice they’re receiving.

So what would it take for Singaporeans to use advisers again? Investors say the most valued aspect of using an adviser is the customer experience, even more so than performance. They want adviser to put the client’s interests above their own; they want advice relevant to them personally; and they want transparent fees and commissions. In short, they’re looking for an adviser they can trust.

Investors’ concerns about financial advice might be real or perceived. But it’s important to recognise that advisers are not being completely avoided; more than a third of investors still use them.
But what the survey shows is that people are increasingly turning to other sources for guidance and counsel about their investments.

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Singaporeans know that they’re responsible for their own financial security in later life. Almost seven in 10 are making contributions over and above the CPF mandatory minimum*. And they’re saving, on average, 15% of their income for retirement purposes – the highest proportion out of any market.

Yet many worry that it’s still not enough: more than 60% say they’re worried about outliving their savings or being a burden on their family.

It turns out they have good reason to be concerned. Investors in Singapore – like the rest of Asia – are underestimating how long they’ll spend in retirement and how much they’ll need to live comfortably.

A retirement gap has opened.

Most Singaporeans expect to retire at 60 and are planning for 17 years of retirement. But their life expectancy is almost 83 years. What happens for the additional six years of retirement not accounted for?
The fact is that people are living longer. This is a good thing and reflects ongoing improvements in healthcare and quality of life. But investors will need to adjust their plans accordingly to make sure they aren’t caught short.

Investors will need to think carefully about new or additional steps to fill the savings-longevity gap. For a start, they need to be more active in planning and monitoring their investments; only one in five checks and adjusts their retirement plans online.

They also need to consider new ways of using their savings to generate income, such as reinvesting their retirement pot or moving savings into investments that will work harder.
What would trigger Singaporeans to save more for retirement?

- 38% If I had a pay rise
- 26% Knowing that I’m likely to live longer
- 22% Greater certainty about investment performance
- 21% Tax incentives
- 21% Financial advice
The rise of DIY and the end of advice?

As faith in financial advisers falters, Singaporeans are taking matters into their own hands. Online sources, such as websites, blogs and social media, are now the first place they turn when making long-term savings and investment decisions.

While the growth in DIY advice is understandable, it may not be the best approach to building long-term wealth. Is it possible to successfully navigating today’s complex investment environment entirely on your own?

It’s true that investors are getting more comfortable with technology: almost 80% go online regularly to monitor investments and savings. But this does not necessarily spell the demise of human advice. In fact, it could provide new opportunities to connect with customers.

While two-thirds of Singaporeans would consider buying investments online, most need the assurance of a trusted brand or want to have spoken to an adviser first. Only a trusted professional - or a brand - can provide the reassurance that investors still want.
What sources of information are Singaporeans relying on?

- **Online**: 55%
- **Speaking to a financial adviser**: 42%
- **Family or friends**: 39%
- **Newspapers or magazines**: 23%
- **Banks, in person or on the phone**: 21%
- **TV or radio**: 12%
Making sense of online

Going online for advice is growing in popularity. But how do you know whether you’re getting quality information or the right guidance? With so many different sites and opinions, how do you sort the good from the bad? Remember that the principles of sound financial counsel are the same, whether delivered digitally or not. Here are some things to think about when looking for advice online:
If you’re in doubt about any of these things, it’s probably worth talking to a professional adviser.
Three steps to wealth: control, diversification, advice

Building wealth isn’t easy. But there are proven ways to get you on track towards your financial goals. The three most powerful steps are to take control of your savings and investment plans, diversify your investments, and get professional advice.
When we look at the survey, it’s clear that investors who use financial advisers are ahead on many measures. They are:

- more positive about their **financial future** and confident about their **investment decision making**
- more likely to ‘agree they are on track’ to achieve expectations for retirement
- more realistic about **income needed for retirement**
- more likely to be **actively considering steps out of cash**

So what are you waiting for? Speak to an adviser that you trust today.
Want to know more?

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