
How HNW investors generate income

By Editor Test Sat, Jun 30, 2012

With interest rates at historic lows, investors are looking to alternative investments for higher returns.

People with at least \$250,000 in investable assets are looking for dividend-producing stocks and corporate bonds as sources of income, according to a new poll from Fidelity Investments.

The poll was taken during the live “Fidelity Viewpoints Forum: Investing for Income” in Boston on June 13 where five Fidelity portfolio managers discussed a range of topics including Eurozone implications to the U.S. economy, opportunities in emerging markets, and that they believe many U.S. corporations are currently a quality investment in stocks and bonds.

Key findings of the poll include:

- 44% of investors said they would put their next investing dollar in U.S. stocks, 16% would put it in investment-grade corporate bonds, 9% chose high-yield bonds and 9% chose “under the mattress,” i.e., cash.
- Regarding the next six months, 54% of respondents were bullish about dividend-producing stocks and 15% were bullish about investment-grade corporate bonds.
- 28% cite the Eurozone crisis as their most pressing financial worry, while 27% indicate U.S. debt problems and 24% cite high unemployment/recession.
- Only 18% percent of high net worth investors expect fixed income investments to match or exceed their return over the past 12 months—about 7%—over the next 12 months.
- 32% think their fixed income returns will drop below 4% and the same percentage expects between 4% and 6%.
- 86% of high net worth investors believe taxes will be higher next year - both on income and on capital gains and dividends. But 52% don’t intend to implement new tax strategies.

Investors who are balancing higher risk and higher yields, can read a new Fidelity Viewpoint article based on the content shared by the portfolio managers at the forum and entitled “[The upside-down world of income investing.](#)”