Millionaires Haven't Abandoned the Equities Market

By Editor Test *Wed, Nov 17, 2010*

92% of millionaires have not abandoned the stock market, with 43% currently engaged in moderate to heavy buying or selling and 49% waiting for the right opportunity to buy or sell.

A new survey of millionaire investors commissioned by U.S. Bank and conducted online by Harris Interactive offers a fresh look at how this group managed their assets through the recession and how they are investing today.

"The vast majority of millionaire investors have persevered and remained in the market," said Mark Jordahl, president of U.S. Bank Wealth Management Group. "They haven't overreacted. They've maintained a balanced approach to risk and its potential rewards, and they are confident about achieving their long-term investment goals over the next six to ten years."

The Private Client Reserve of U.S. Bank *Millionaire Investor Insights Annual Survey*, which looks at investment attitudes, behaviors, risk profile and strategies of millionaire investors, was conducted between September 27 and October 15 among 1,609 U.S. households with investable assets of $1 million or more.

Some of the findings challenge conventional assumptions about investor behavior since the economic and market downturn began. The highlights:

- 92% of millionaires have not abandoned the stock market, with 43% currently engaged in moderate to heavy buying or selling and 49% waiting for the right opportunity to buy or sell.
- 20% of millionaires who lost value in their investments since 2008 have already seen their investments return to pre-2008 levels, and 90% indicated that their investments performed better or about the same as other investors since the beginning of 2008.
- 47% say their investment risk tolerance has not changed during the last three years and only one in 10 say they are not willing to take any investment losses in the current investment market.
- In the past three years, 47% percent of millionaires made no change in their allocation to equities, 42% made no change in their allocation to fixed income, and 47% made no change in their allocation to cash.
- 72% said the U.S. stock market performance has a major or moderate impact on their investment strategies.
- Many (43%) are currently engaged in moderate to heavy buying or selling to take advantage of market opportunities, and 49% are looking for the right opportunity to buy or sell.

- 20% percent have already seen the value of their investments return to pre-2008 levels, and 54% feel it will take up to five years for their investments to get to where they were prior to 2008.
- 90%say their investments performed better or about the same as other investors.

- Many millionaires (45%t) say they have become more conservative with regard to their investment risk tolerance during the past three years, but 47% say their investment risk tolerance has not changed.

- A vast majority (93%) says worries about their investment performance have not caused them to lose sleep at night.
- Only 10% of millionaires said their primary motivation for investing is to protect their wealth by limiting losses.
- A majority (61%) are investing to maintain their wealth by seeking a rate of return that outpaces inflation, fees and taxes or to increase their wealth by seeking portfolio growth (29%).
- 80% are personally involved in making decisions about their investment portfolios, with 20% delegating most or all of their investment decisions to their financial advisor.
- A majority of millionaires (70%) trust their financial advisor to help them grow their investments and 71% say they get advice from others about how to invest, but go with their own instincts.

The Private Client Reserve of U.S. Bank inaugural *Millionaire Investor Insights Annual Survey* monitors the investment attitudes, behaviors, risk profile and strategies of millionaire investors in the United States. The national survey was conducted online for U.S. Bank by Harris Interactive between September 27 and October 15, 2010 among 1,609 respondents over age 18 with $1 million or more in household investable assets (excluding primary and secondary residence and assets held in employer-sponsored retirement plans).

© 2010 RIJ Publishing LLC. All rights reserved.