

Press Release
For Immediate Release

**HKU Survey Finds: “Buying Property” Continues as Top Life Goal,
Hong Kong People Mismatch Risks in Financial Management and Tend to Speculate
in the Stock Market
Majority Willing to Suffer a Loss Exceeding 4-Months’ Wages
50% of Respondents Unwilling to Sell Stocks to Stop Loss**

(Hong Kong, 22 July 2015) In the face of the extraordinary speculation in the stock market recently, many investors have participated in the stock market to generate funds to in order to realise their life goal – “buying property.” According to the latest survey findings released by Public Opinion Programme, The University of Hong Kong (“HKU”) commissioned by **Convoy Financial Group (“Convoy”)**, about 40% of respondents have an investment habit. Of these respondents, more than 80% have invested in stocks (82.7%) and most of them expect to earn an annual return of 50%. However, some investors have mismatched risks. They are willing to suffer a loss exceeding four months’ wages as a ‘write off’ to bet on a higher return while about 50% of respondents with strong speculative tendencies said that they are unwilling to exit the market despite suffering a loss. **Convoy** advises that the investors should consider their own risk tolerance while pursuing maximum gain, so that they could avoid unnecessary loss due to overly aggressive investment. It also advises Hong Kong people to adjust such a “speculative” approach in order to secure their principal goals and to realise their financial plans in a healthy way.

Mark Mak, Group Chief Executive Officer, said, “Just like last year, buying property continues to be regarded as the top life goal of Hong Kong people. Given the persistently high property prices at present, apart from savings, investment is the means which most people use to realise their goals. However, the market situation is constantly changing and unpredictable. Most of the investors are unlikely to observe or understand changes in the market in a timely manner if they are lack basic investment knowledge and professional advice. Besides, as many young people have an aggressive approach to investment, they would not stop the losses even in the face of a sustained loss. These tendencies exacerbate the likelihood of a bad investment and the unfortunate investors would never realise their life goals.”

The survey was conducted by the Public Opinion Programme of The University of Hong Kong (“HKU”) commissioned by Convoy. From 3 June 2015 to 12 June 2015, the Public Opinion Programme conducted phone interviews with 1,001 Hong Kong residents aged between 18 and 65 to understand the financial management habits and preferences of different age groups.

More Than 90% of Share Holders Do Not Exit the Stock Market When Facing Losses

The survey found that respondents are willing to allocate 23% of their monthly income to investment. More than 80% said that they had invested in stocks (82.7%). The second most popular investment/financial management products are “Funds” (34.5%) and “Renminbi/foreign currency savings plans” (15.8%). Among these means of investment, stocks are subject to the highest investment risk. However, 92.3% of stock investors did not plan to exit the market due to fears of major losses. Among different age groups, 34.6% of respondents aged 18-29 chose to “cut their losses and invest in other products” when encountering investment loss, which accounts for a much higher percentage than the groups aged 30-39 (22.7%), 40-49 (15.1%), 50-59 (12.2%) and 60-65 (9.6%). However, the survey also showed that most respondents believe that their own risk tolerance is medium (31%) and only 11% respondents believe they can bear “high risks.”

The survey results also indicated that most investors did not seek professional investment advice. Almost half of them made their investment decisions based on “analyses in newspapers” (48.9%). 29.7% chose their investment products based on “recommendation from the host of a financial TV program”, 18.9% preferred “recommendations from relatives and friends” and 18.6% from “online financial information.”

Willing to bear an investment loss exceeding four months’ salary, a gambler’s mentality

As for investment expectation, the survey showed that more than 40% of respondents said they are willing to bear a one-off investment loss equivalent to “one month to less than three months of salary” (42.5%), 20.7% can accept a loss of “three months to less than six months of salary,” 9.2% can accept a loss of “six months to less than 12 months of salary” and 9.1% can even accept a loss equivalent to “more than a year’s salary.” To summarise, this means on average they can accept an investment loss equivalent to around 4.4 months’ salary.

The survey also found that 24.6% of respondents review their investment/wealth management portfolio every day, and nearly 15% evaluate weekly or quarterly (14.1% and 14.8% respectively) while 15.9% do so monthly. Most respondents prefer a long-term investment, with nearly 60% reporting that they hold investment products for more than a year (57.1%), in contrast to the 21.9% who keep their investment products for less than a year.

As for investment returns, respondents hope to gain 20.4% return a year on average. When comparing different age groups, those aged 18-29 tend to be more aggressive with an average expected return of 23.9%, followed by the age 40-49 segment longing for a 22.5% return and those aged 50-59 being the lowest (16.6%).

Wealth management advice: Good investment discipline is essential

Rosetta Fong, Vice Chairman of the Group, said, “There is a fine line between investment and speculation. While most investors can accept a higher one-off loss, it is vital to have good investment discipline. We suggest that investors set clear targets, not to be affected by short-term fluctuation. Besides, they may consider diversifying their investments in different areas and assets, such as entrusting professional fund managers to select the right stocks for them through funds. For young investors who are more aggressive, they should assess the risk exposure of investment options and their own risk tolerance, and regularly review their portfolio to absorb investment experience, so as to realise their goals earlier.”

Mr. Mark Mak concluded, “With the current skyrocketing property prices and low interest rates, it is difficult for young people to buy their own properties solely with savings within a few years. If they are not prudent in investment, merely relying on market speculations and not seeking any professional advice will make it even more difficult for them to realise their goal. Wealth management is a long-term life strategy. When setting wealth management targets, investors should consider the actual need over different stages and prioritize based on risk exposure and tolerance. They should also regularly review their portfolio, so as to formulate a comprehensive and complete wealth management plan.”

Highlights of Other Findings across Age Groups:

Investment Habits and Approaches

- Overall, 40.0% of the respondents have a habit of saving while 59.9% of the respondents don't. Out of the respondents who save money monthly, their average investment amount per month accounts for 23% of their monthly income. A declining trend in the average monthly investment percentage can be observed in the group of interviewees who would place 30%-39% of his/her monthly salary to investment as their age increases up to age 60: age 18-29 (23.4%), age 30-39 (9.9%), age 40-49 (9.5%), age 50-59 (5.5%) and age 60-65 (21.1%).
- Of the respondents who have an investment habit, most of them (82.7%) said that they had invested in stocks. Nearly 35% said that they had invested in funds (34.5%). About 15.8% had invested in “Renminbi/foreign currency savings plans.” Only 0.2% said that they had invested in “derivative investment product”.

Life Goals

- Regardless of the age group, “buying property” is the life goal that respondents want to achieve the most, accounting for 18.7% (18% last year) which is a tally similar to that of last year.

Besides, 9.9% want “to be healthy,” 6.9% want to “retire earlier” and “become wealthy,” 6.8% wish to “travel around the world” and 4.1% wish to “be a successful person/have a family.”

- To conclude, when respondents were asked about their level of confidence in achieving life goals, they said 5.6 points* on average, which is identical to last year, meaning their confidence tends to be at the “median” level.

Note:

*0 represents “No confidence,” 10 represents “Very confident,” and 5 represents the median indicating “Average confidence.”

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About Convoy Financial Holdings Limited

Established in 1993, Convoy Financial Holdings Limited (“Convoy” or “the Group”, stock code: 1019), has major members including Convoy Financial Services Limited, Convoy Asset Management Limited and Convoy Collateral Limited. Since establishment, the group strives to provide corporate institutional as well as individual clients integrated financial services with its prudent management and professional service standard. Services include financial planning, life and general insurance, MPF, asset management, loans services, risk management, capital investment immigration consultancy and mortgage referral, etc.

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