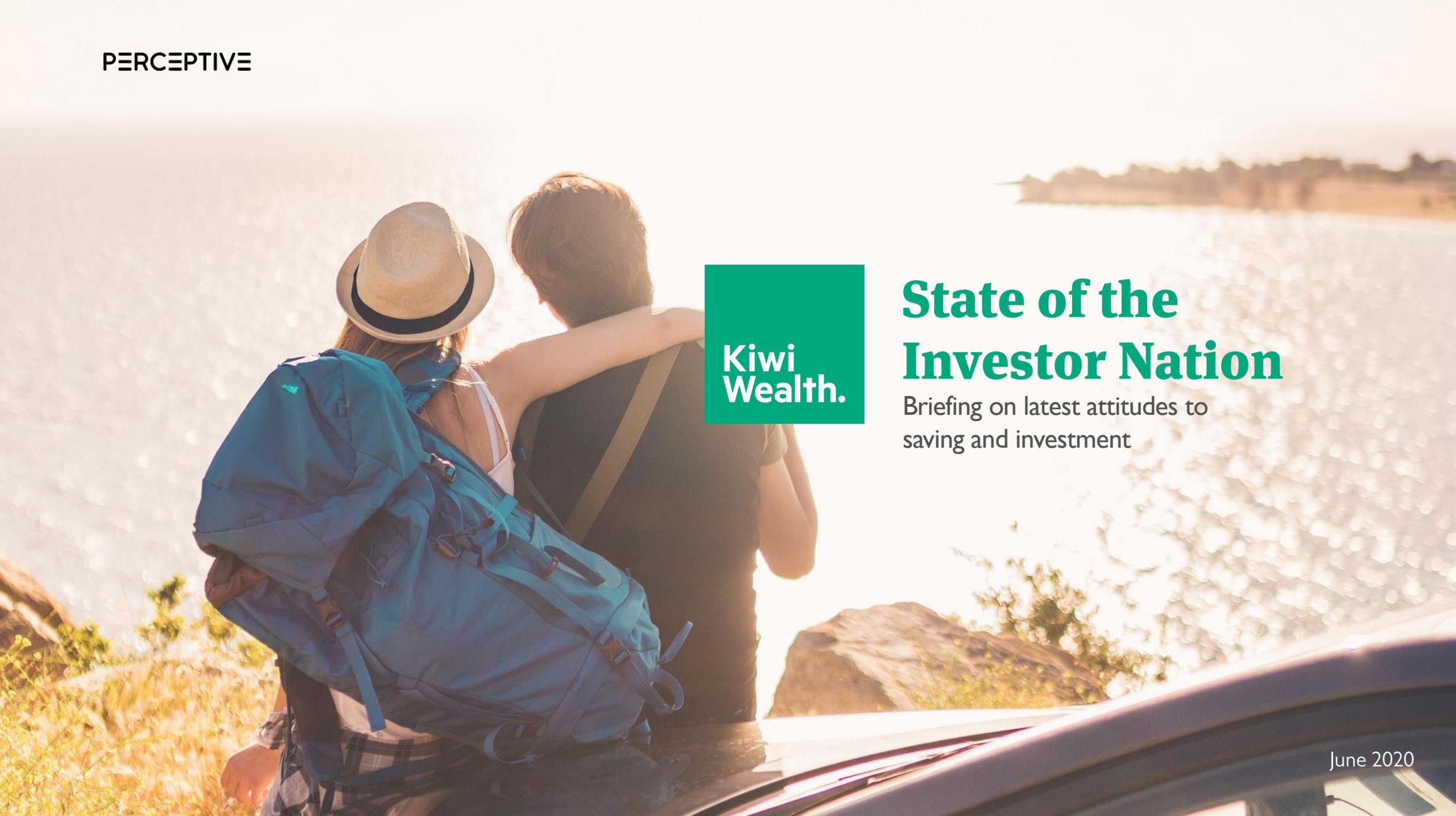


PERCEPTIVE

A couple is seen from behind, standing on a rocky shore and looking out over a large body of water. The woman on the left is wearing a light-colored hat and a large blue backpack. The man on the right has his arm around her shoulder. The scene is bathed in the warm, golden light of a sunset or sunrise, with the sun low on the horizon, creating a shimmering effect on the water's surface. The overall mood is peaceful and contemplative.

**Kiwi  
Wealth.**

# State of the Investor Nation

Briefing on latest attitudes to  
saving and investment

June 2020

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**Kiwi  
Wealth.**

**01**

Confidence and  
perceptions on wealth

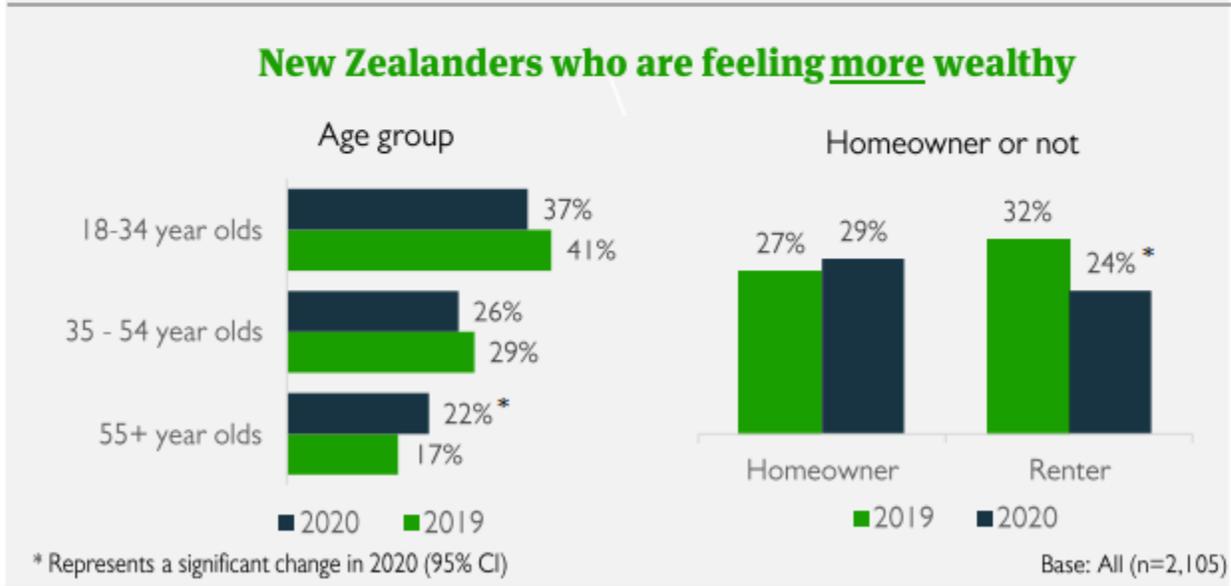
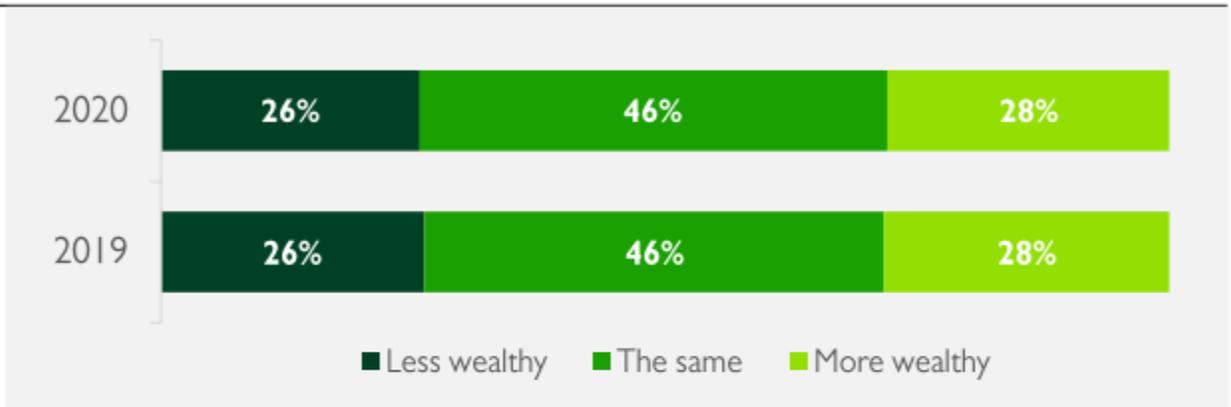
# How wealthy do Kiwis feel? **Pre COVID**

The proportion of New Zealanders who are feeling more wealthy has remained consistent in 2020, with just over a quarter (28%) indicating so.

In 2020, however, we see a growing disparity in the wealth perceptions of homeowners vs renters and younger New Zealanders vs older New Zealanders.

- This dichotomy is particularly evident in the main centres, with the proportion of renters who are feeling more wealthy this year dropping by 26 percentage points in Christchurch, 12 in Wellington and 11 in Auckland.

This indicates wealth perceptions of New Zealanders are strongly tied to the housing market, which has continued its strong growth over recent months, notably picking up again in the main centres.



Q. Do you feel more or less wealthy now than you did 12 months ago?

# How wealthy do Kiwis feel? **Post COVID**

New Zealanders are feeling significantly less wealthy in June 2020 compared to what they were in February 2020.

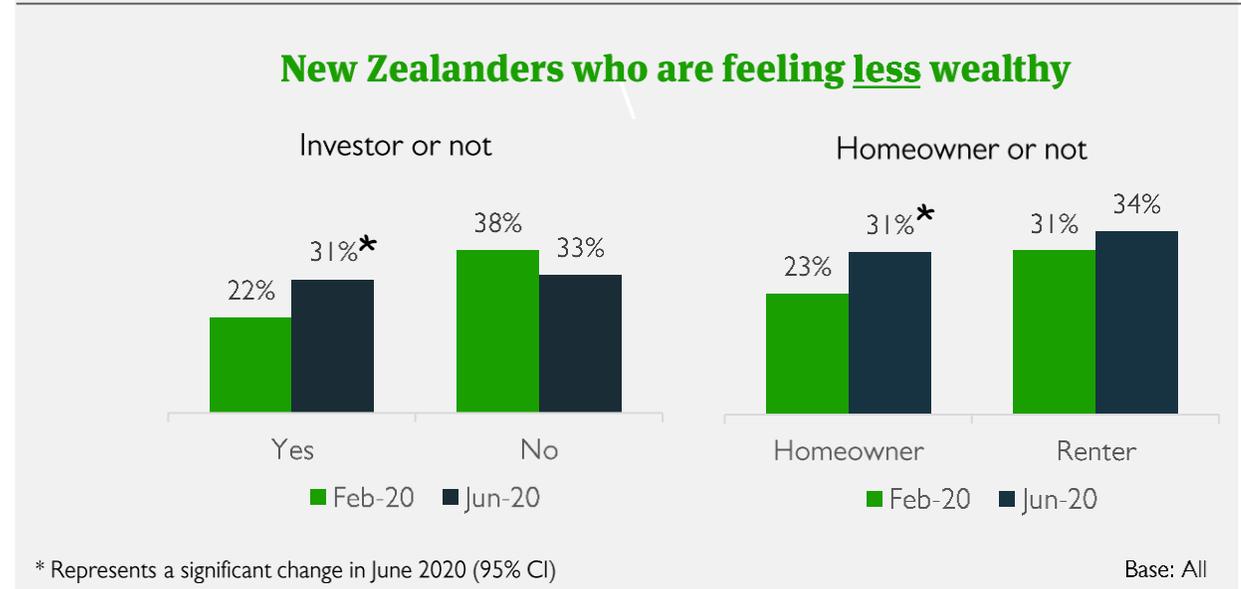
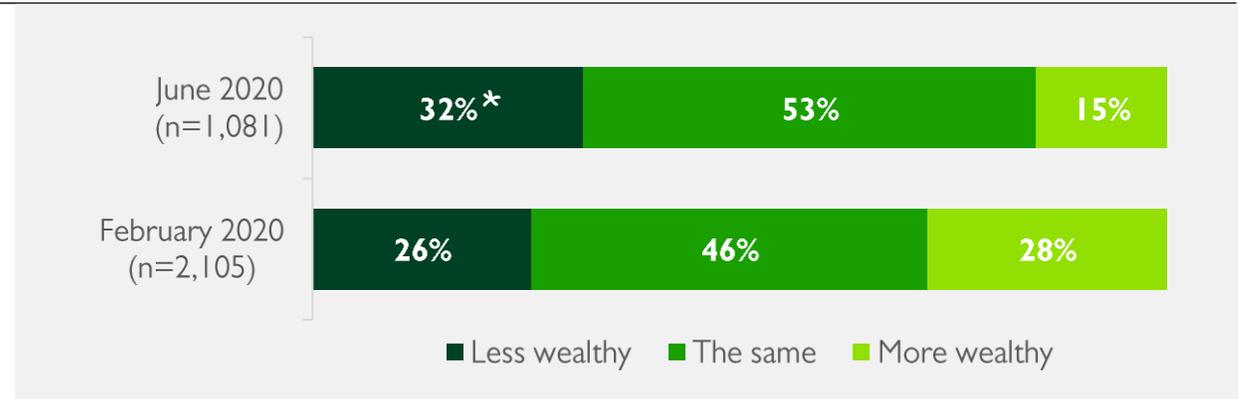
In February, rising house prices and strong financial market performance, resulted in a growing disparity between the perceptions of wealthy and less wealthy New Zealanders.

The last 3 months have appeared to stall this effect, with no significant changes existing in the wealth perceptions of lower income earners (up to \$70k), renters and Kiwis without investments, over the last 3 months.

Homeowners and investors have been hit particularly hard by the pandemic, with both groups showing significantly higher proportions of people who are feeling less wealthy in June 2020 compared to February 2020.

- This is also shown through household income where 31% of those who have a household income of over \$130k are feeling less wealthy in June compared to only 13% among the same group in February.

Q. Do you feel more or less wealthy now than you did 3 months ago?



# Confidence in economy, markets and property Pre COVID

New Zealanders' confidence in the economy, financial markets (both domestically and globally) and property has increased in 2020, with a significant increase in confidence surrounding the housing market (up by 6 percentage points compared to 2019).

In addition to the strengthening housing market, economic growth has been relatively strong over recent times, as has the performance of the NZ financial markets, being reflected in New Zealanders' confidence levels.

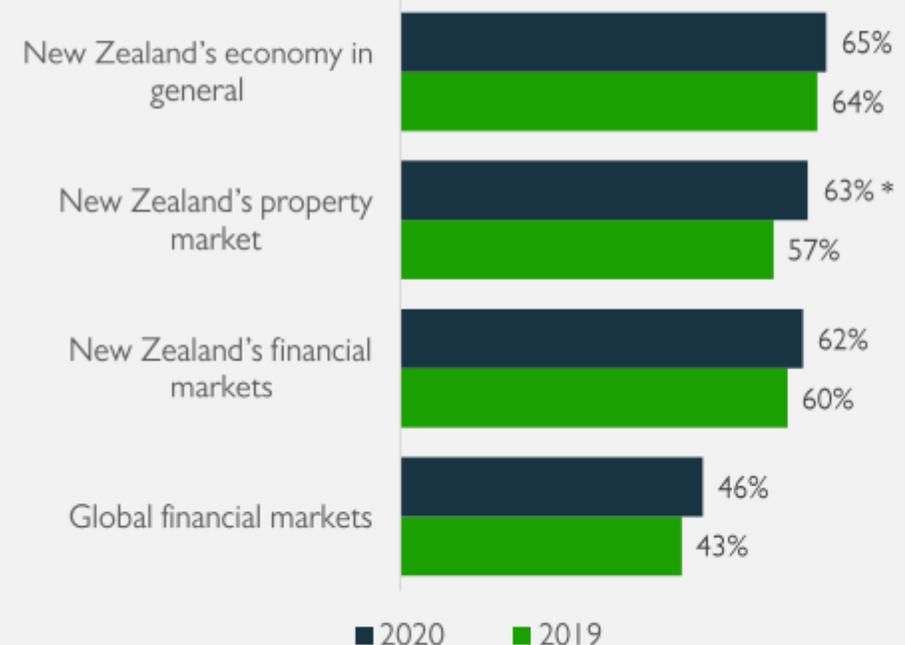
- The main threat to the economy currently is Coronavirus (Covid-19), which at the time of this survey is yet to be having an effect on New Zealanders' confidence levels.

## Who is the most confident in the economy?

Confidence in the economy is particularly high among:

- Investors (67%) n/c vs 2019
- Homeowners (70%) ↑ 2 vs 2019
- Households with incomes over \$70,000 (72%) ↑ 2 vs 2019

## Level of confidence\*\*



\* Represents a significant change in 2020 (95% CI)

\*\* %'s represent those who indicated they are Somewhat or Very confident

Base: All (n=2,105)

Q. How confident do you feel in the following over the next 5 years?

# Confidence in economy, markets and property Post COVID

Confidence in the economy and financial markets over the next 5 years has reduced significantly in June 2020, reflecting imminent recessions, both domestically and abroad.

Over half of New Zealanders still show some level of confidence in the domestic property market, financial markets and economy in general despite recent events however, reflecting some optimism in New Zealand's ability to recover over the medium-long term.

- This is particularly present in perceptions around the property market, where confidence over the medium to long term has remained strong.



Q. How confident do you feel in the following over the next 5 years?

# Personal financial stability **Pre COVID**

A similar proportion of New Zealanders are struggling to make ends meet in 2020 (8%).

## Who is most likely to be struggling?

In particular, Kiwis feeling like this over-index among

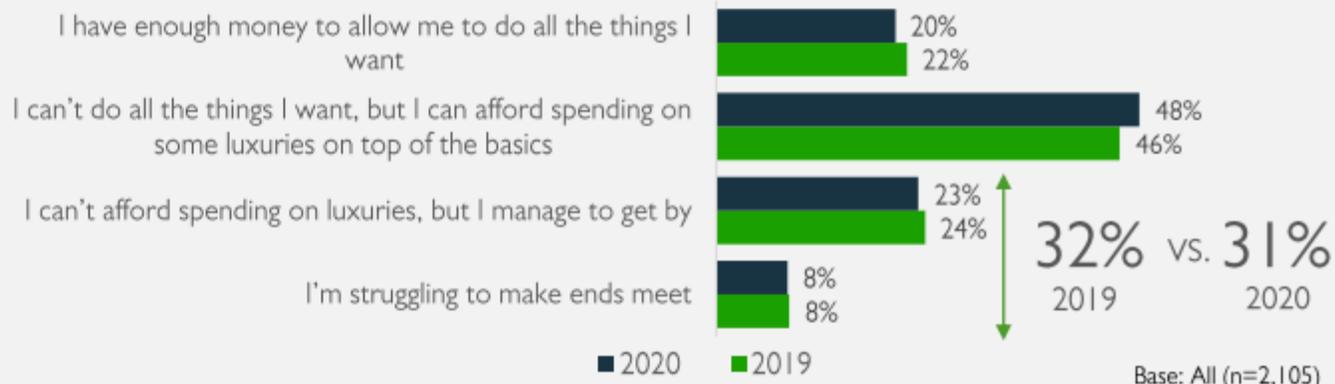
- 35-54 year olds (10%) ↓ 1 vs 2019
- Renters (13%) ↓ 1 vs 2019
- Non-investors (19%) ↓ 2 vs 2019
- Up to \$70,000 incomes (13%) ↑ 1 vs 2019
- Māori and Pasifika. (15%) ↑ 2 vs 2019

Kiwis continue to be less confident when they think about retirement with around 2 in 5 New Zealanders predicting that they will only be able to make ends meet or will struggle to get by in retirement.

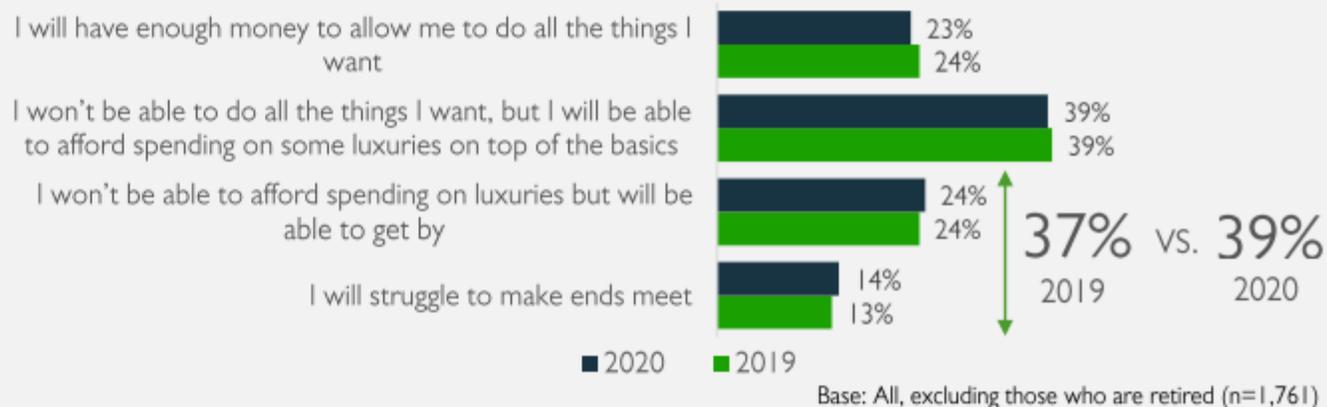
Q. Which of these statements best describes your lifestyle?

Q. Which of these statements best describes the retirement lifestyle you think you are likely to have?

### Current situation



### Retirement



# Personal financial stability **Post COVID**

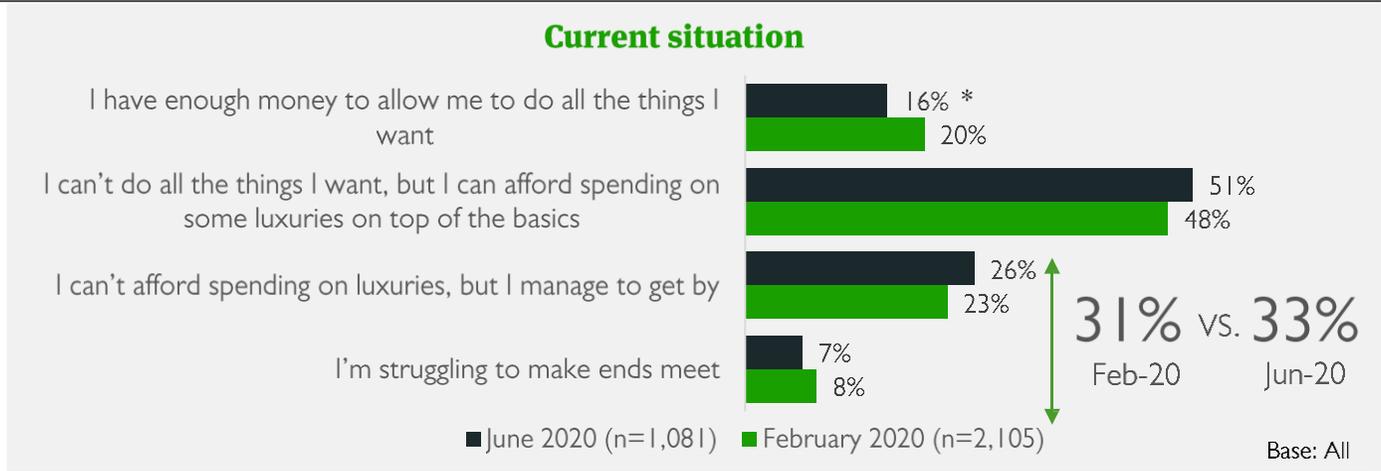
New Zealanders have become more negative with regards to their current personal financial stability in June 2020, with a significantly smaller proportion of New Zealanders feeling as though they have enough money to allow them to do all the things they want (20% in Feb-20 vs 16% in Jun-20).

## Who is more likely to have had their current financial situation impacted

- Mid-income earners (\$70,000 to \$130,000)
- Homeowners
- Investors
- Aucklanders
- Non-NZ Europeans

Perceptions around retirement have shown a similar trend, with homeowners, mid-aged New Zealanders and Aucklanders showing the biggest drop in confidence around retirement as a result of the pandemic.

Q. Which of these statements best describes your lifestyle?  
 Q. Which of these statements best describes the retirement lifestyle you think you are likely to have?



\* Represents a significant change in June 2020 (95% CI)



**Kiwi  
Wealth.**

**02**

New Zealanders'  
wellbeing

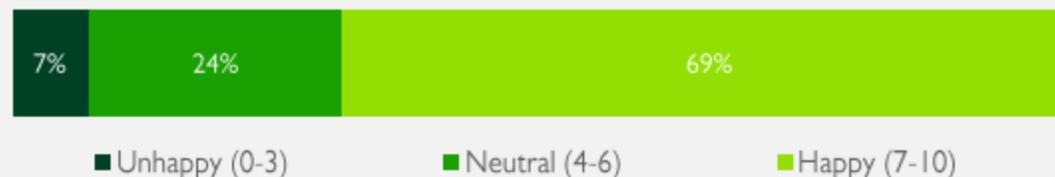
# Wellbeing of New Zealanders **Pre COVID**

New Zealanders' levels of happiness and overall wellbeing are reasonably strong, however, stress is an issue with a higher proportion reporting they are stressed compared to those who aren't.

**New Zealanders who are feeling the worst**  
(show significantly higher levels of unhappiness, stress and poorer levels of overall wellbeing).

- Younger New Zealanders (18-34 year olds).
- Renters.
- Non-investors.
- Lower income earners (Less than \$70,000).

## General happiness



## Stress levels



## Overall wellbeing



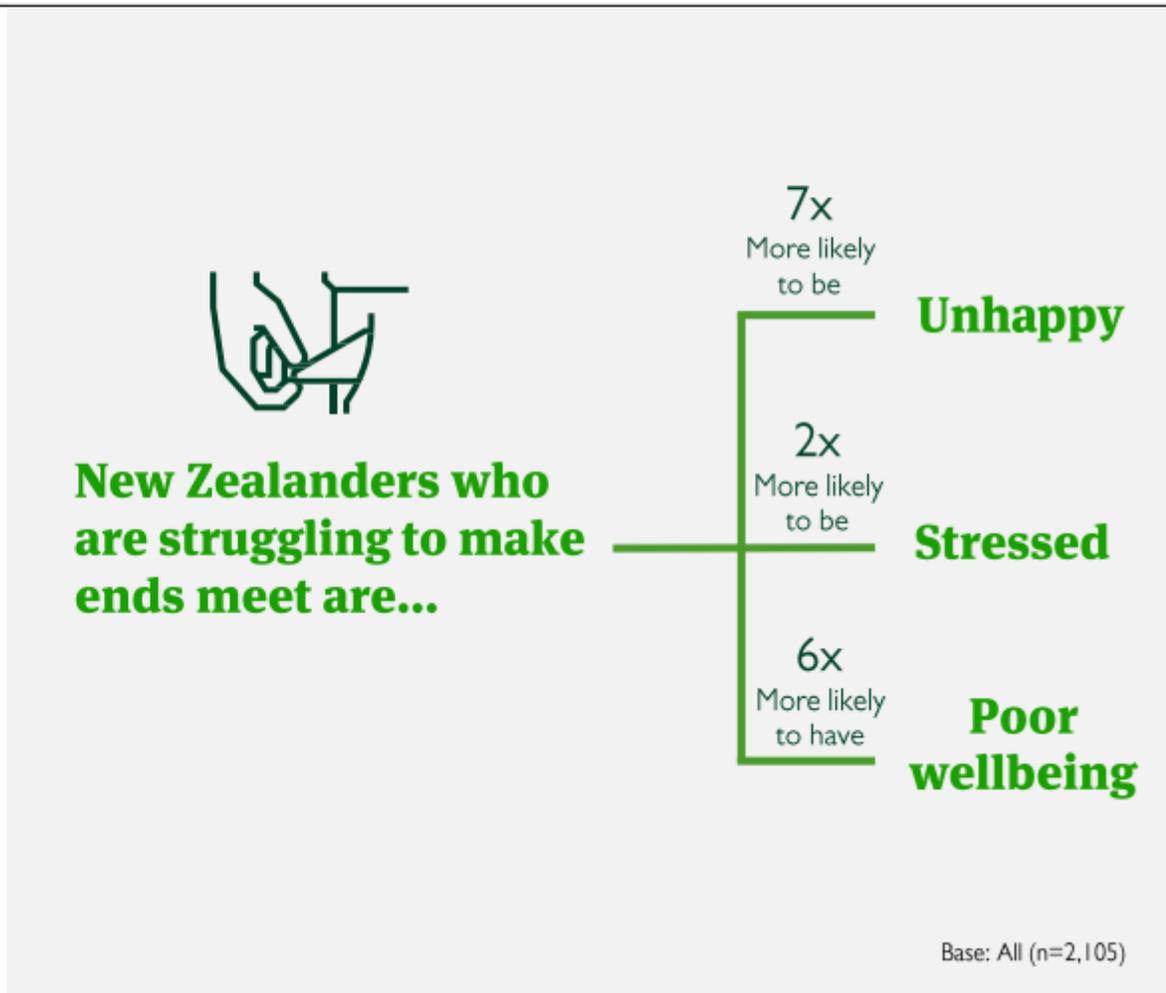
Q. Thinking generally, how happy are you in your life at the moment?

Q. How stressed are you at the moment?

Q. How would you describe your current overall level of well-being?

# How financial position effects wellbeing

New Zealanders who are struggling to get by (which includes nearly 1 in 10 Kiwis) are significantly more likely to be stressed, unhappy and have poorer levels of overall wellbeing.



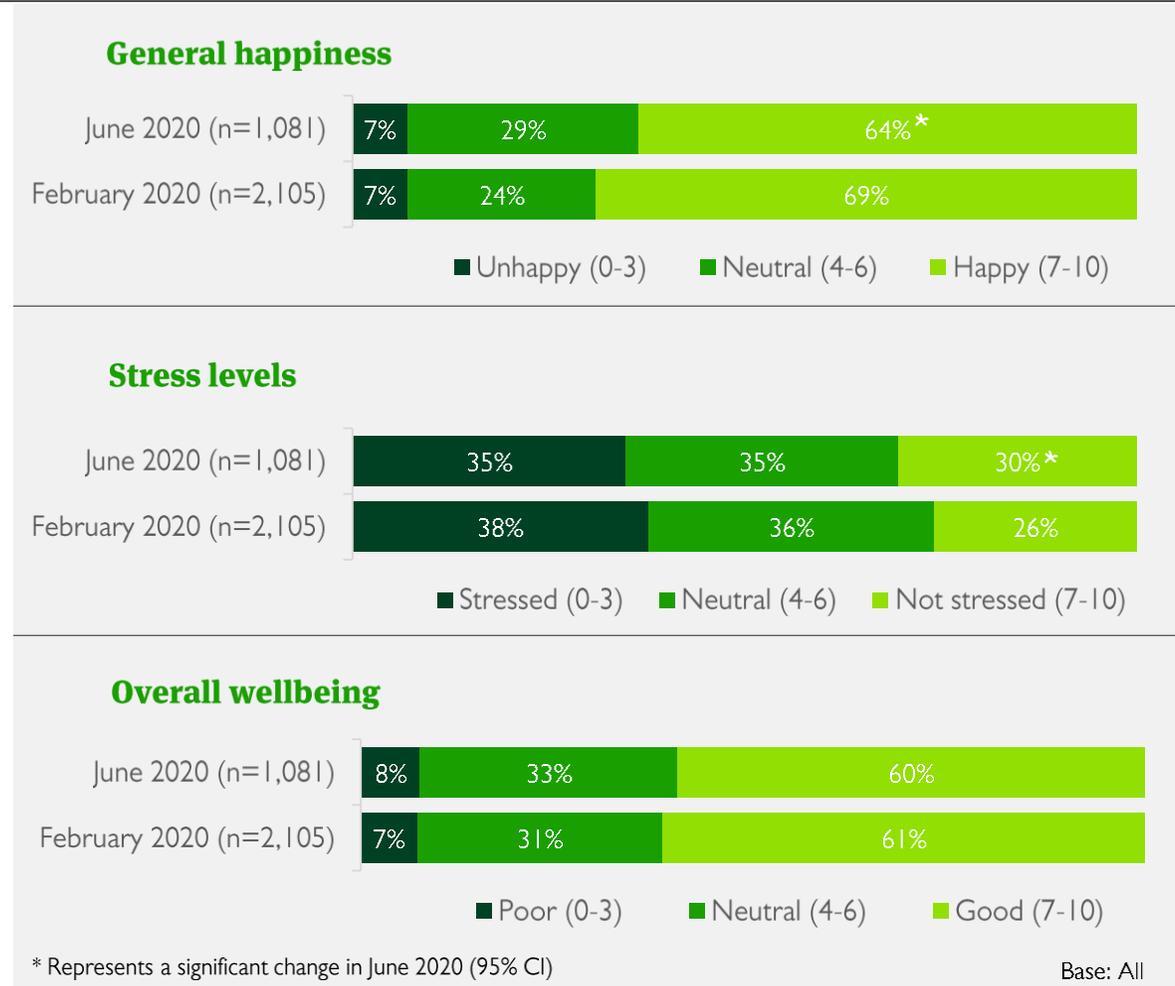
# Wellbeing of New Zealanders **Post COVID**

A significantly lower proportion of New Zealanders say they are happy in June 2020 (64%) compared to February 2020 (69%), with more of the population sitting in the neutral space.

Interestingly, a significantly higher proportion of New Zealanders have indicated that they aren't stressed in June 2020.

So both happiness and stress have reduced post COVID (!)

- Q. Thinking generally, how happy are you in your life at the moment?
- Q. How stressed are you at the moment?
- Q. How would you describe your current overall level of well-being?



# Retirement stress **Pre COVID**

New Zealanders show similar levels of confidence around their ability to create enough wealth to meet their retirement goals this year, with 2 in 5 New Zealanders who aren't retired saying they are confident.

However, almost a quarter of non-retired New Zealanders state that they are stressed about retirement.

Of those who are stressed about their ability to retire, 15% have visited their GP or seen a psychologist in an attempt to reduce this stress.



Base: All, excluding those who are retired (n=1,761)



Base: Those who are stressed about their ability to retire (n=363)

Q. How do you feel about your ability to create enough wealth to meet your retirement goals?

Q. Which of the following have you done in an attempt to reduce stress stemming from your ability to create enough wealth to meet your retirement goals?

# Retirement stress Post COVID

New Zealanders' confidence in meeting retirement goals has decreased significantly during the Covid-19 pandemic.

Those who have shown the biggest drop in confidence again exist around:

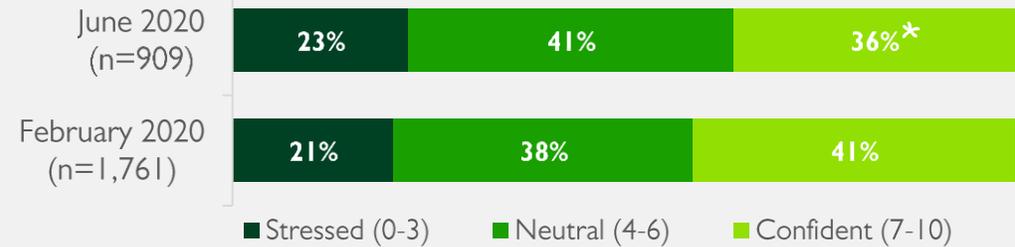
- Mid-aged New Zealanders (35-54 year olds)  
*confidence level down 9%*
- Homeowners  
*confidence level down 10%*
- Higher income earners (\$130k+)  
*confidence level down 11%*

For those who are stressed about meeting retirement goals, speaking to friends/family remains the key method of trying to reducing this.

Q. How do you feel about your ability to create enough wealth to meet your retirement goals?

Q. Which of the following have you done in an attempt to reduce stress stemming from your ability to create enough wealth to meet your retirement goals?

### Feelings around New Zealanders' ability to create enough wealth to meet retirement goals



Base: All, excluding those who are retired

### Ways New Zealanders are trying to reduce stress surrounding retirement



\* Represents a significant change in June 2020 (95% CI)

Base: Those who are stressed about their ability to retire



**Kiwi  
Wealth.**

**03**

Investment portfolio  
design and management

# Who's investing and what are their investment goals?

8 in 10 New Zealanders have investments in 2020 - a similar level to 2019.

## Who is investing more in 2020?

While no significant changes exist, there is an indication that the following groups are more likely to have investments this year compared to 2019:

- 18-34 year olds. (82%) ↑ 3 vs 2019
- Renters. (71%) ↑ 2 vs 2019
- Māori and Pasifika. (77%) ↑ 6 vs 2019

Similar to 2019, the key things New Zealanders are investing for are retirement (particularly strong among older New Zealanders) and a first home (particularly strong among younger New Zealanders).

Q. Do you currently have money invested / saved?

Q. What is the key thing you are investing / saving for?

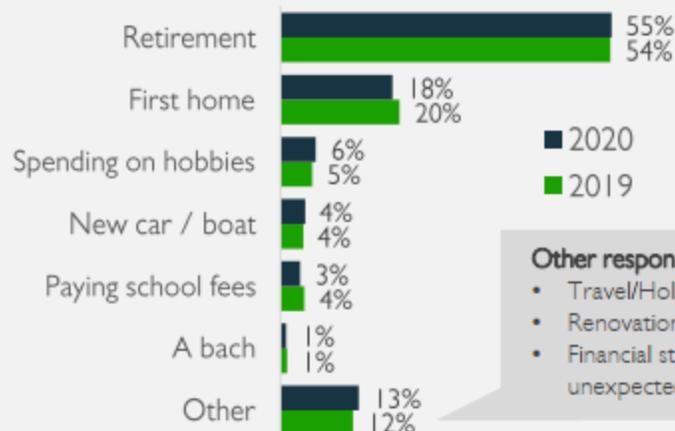
### New Zealanders who have investments/savings

*excluding any owner occupied housing*



Base: All (n=2,105)

### Key things investing for



#### Other responses include

- Travel/Holiday
- Renovations/buying more property
- Financial stability/saving for unexpected expenses

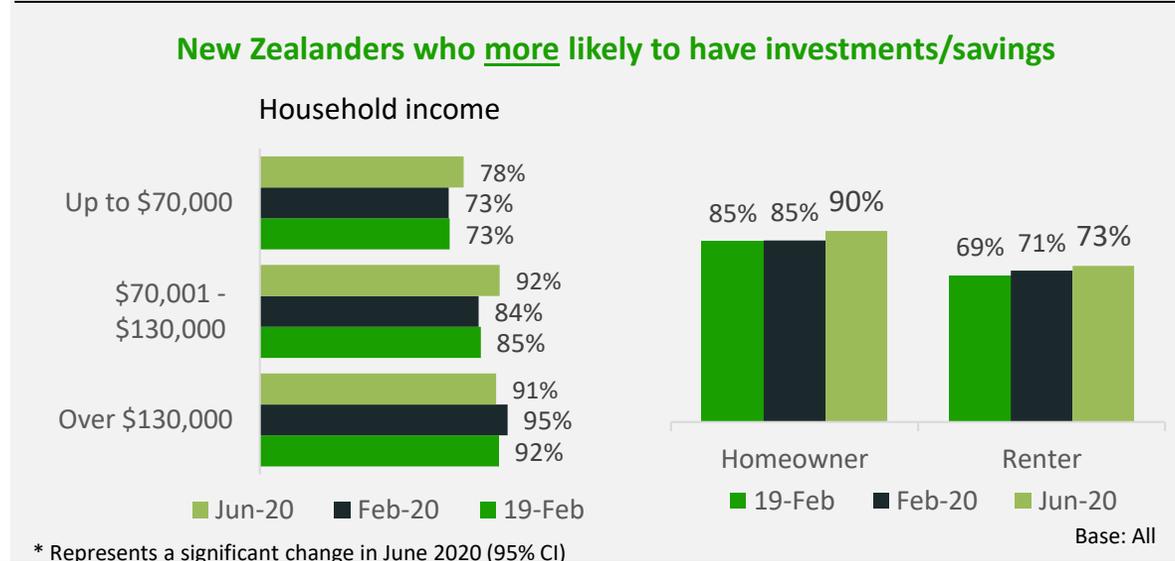
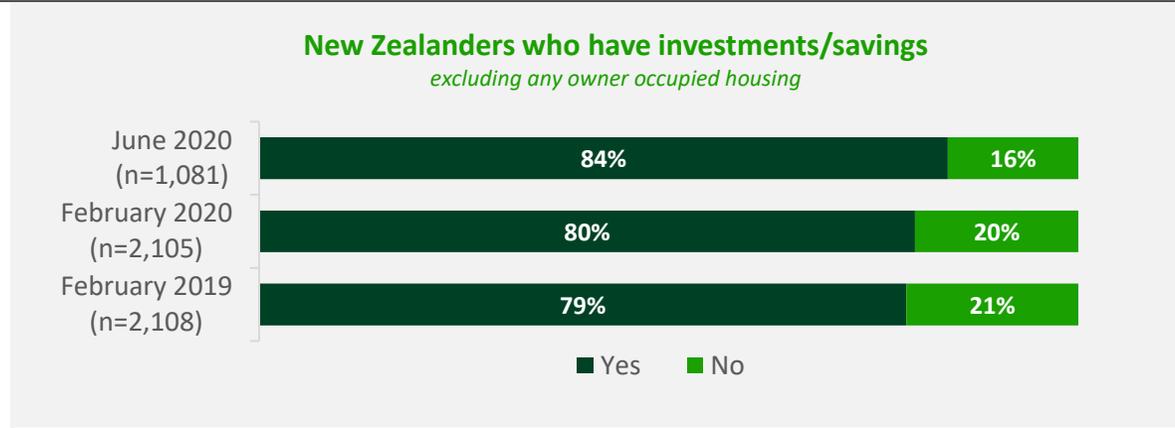
Base: Investors (n=1,687)

# Who's investing **Post COVID**

A growing trend in New Zealanders who have investments/savings

A significantly higher proportion of New Zealanders have investments/savings in June 2020 compared to February 2020.

This is particularly common among lower and mid-income earners (under \$130k) and homeowners, likely resulting from the reduced ability to spend over the lockdown period.



Q. Do you currently have money invested / saved?

\* Represents a significant change in June 2020 (95% CI)

# Size of investment portfolio by asset class

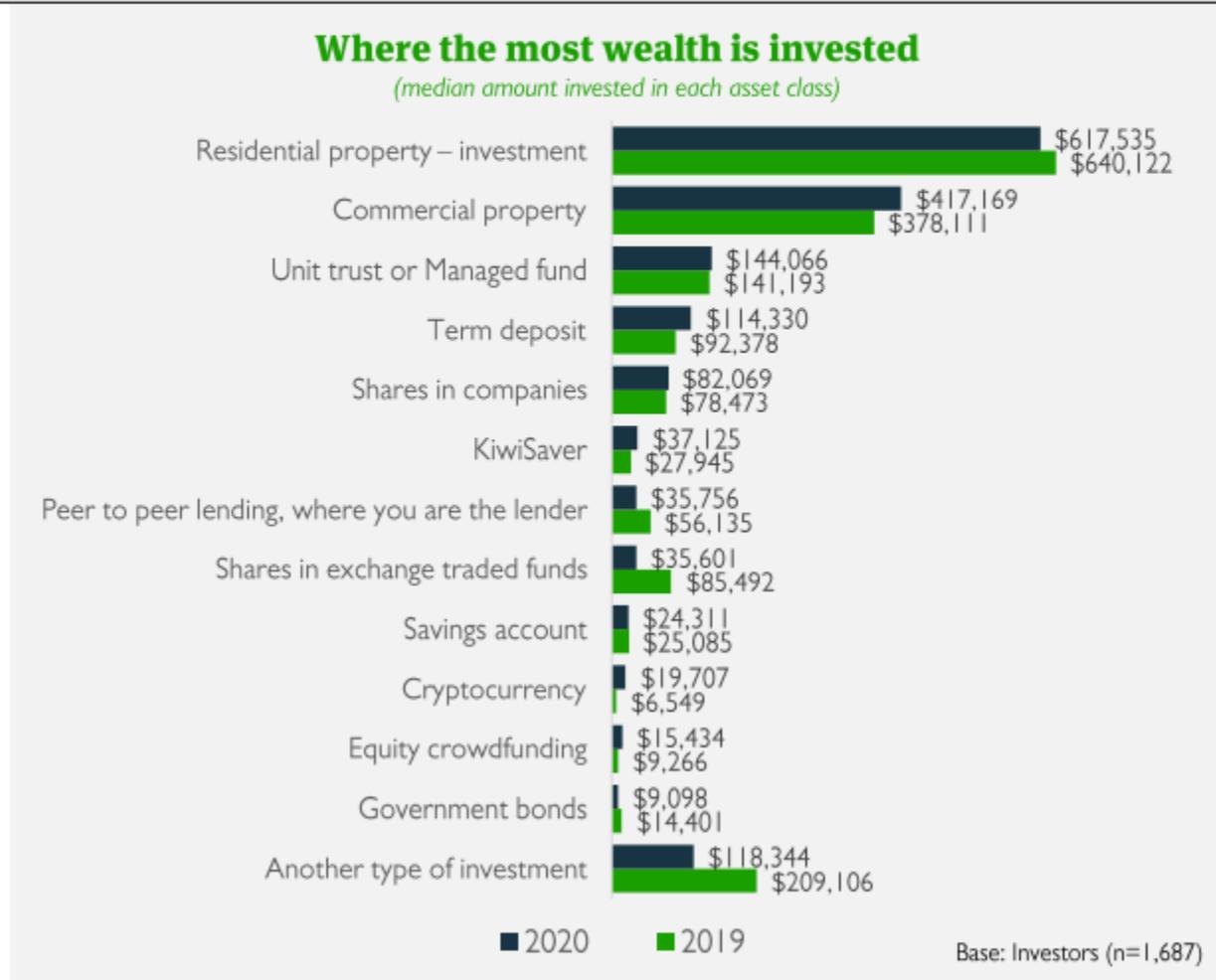
The mean portfolio size of New Zealand investors has increased in 2020 (by \$2,245).

The most notable increases within individual asset classes exist around:

- Commercial property (up by \$39,058).
- Term deposits (up by \$21,953, potentially reflecting investors with smaller sums of money shifting their funds elsewhere).



Q. Approximately how much money (in NZD) do you have invested in the following investment types?



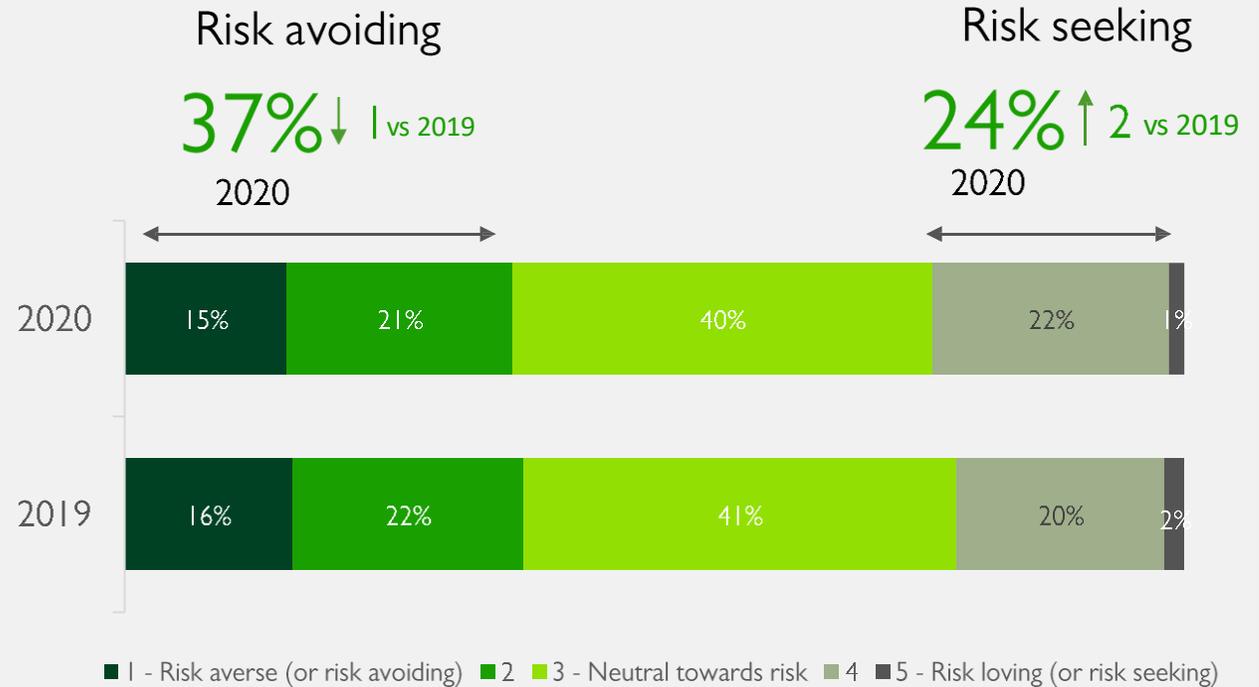
# Risk profile of New Zealanders

A similar number of New Zealanders classify themselves as risk averse this year (37%), while a slightly higher proportion have identified themselves as risk seeking (24%, up 2 percentage points compared to 2019).

## Who is more likely to be a risk seeker?

- Younger New Zealanders (18-34 year olds).
- Higher income earners (\$130,000+).
- Investors.

No significant changes were observed among any demographics with regards to their risk profile either increasing or decreasing over the past 12 months.



Base: All (n=2,101)

Q. On the scale below, please indicate where you sit in regard to how you feel about risk

# Risk allocation – KiwiSaver and mutual funds

While not significant, the proportion of KiwiSaver investors in New Zealand who are predominantly invested in a growth fund has increased in 2020, to almost 2 in 5.

- KiwiSaver fund allocation continues to be linked to risk appetite in 2020 where younger New Zealanders (18-34 year olds) and higher income earners (\$130,000+) are more likely to be invested in a growth fund.

The number of investors who don't know what fund they are in has also increased this year (to almost 1 in 5).

- Lower income earners (up to \$70,000), younger New Zealanders (18-35 year olds), and renters are all less likely to know what KiwiSaver fund they are in.

Q. What type of KiwiSaver fund are you invested in?

Q. What type of Trust / Managed Fund are you invested in?

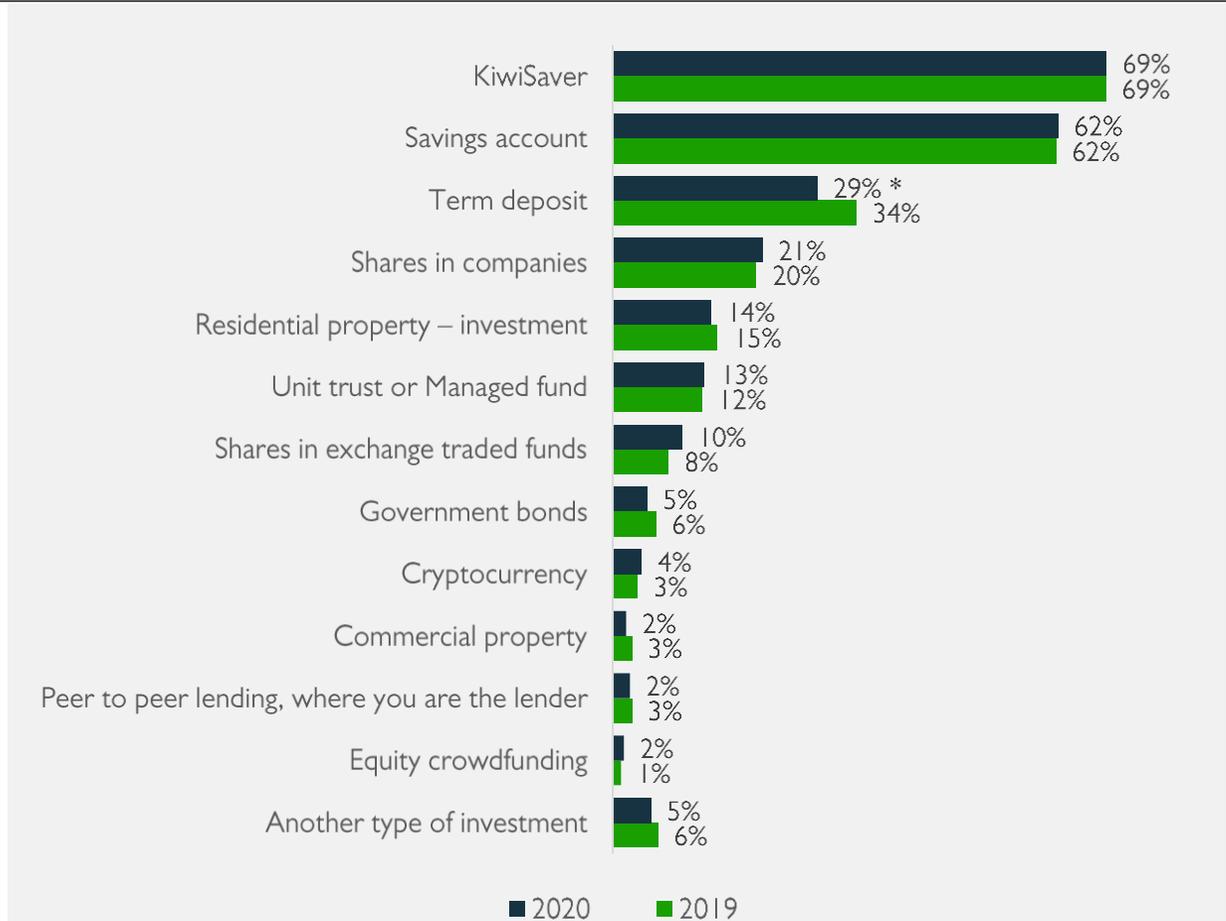


# Which asset classes are most popular?

KiwiSaver and savings accounts continue to be the most popular asset classes among New Zealanders again in 2020.

Despite still being the 3<sup>rd</sup> most popular asset class, a significantly lower proportion of New Zealand investors have money in term deposits this year, likely being a reflection of persisting low interest rates.

On the other end of the spectrum, we have seen a slight increase in the popularity of equities this year as Kiwi's seek to chase asset classes that yield higher returns.



\* Represents a significant change in 2020 (95% CI)

Base: Investors (n=1,687)

Q. Which of the following do you have money invested / saved in?

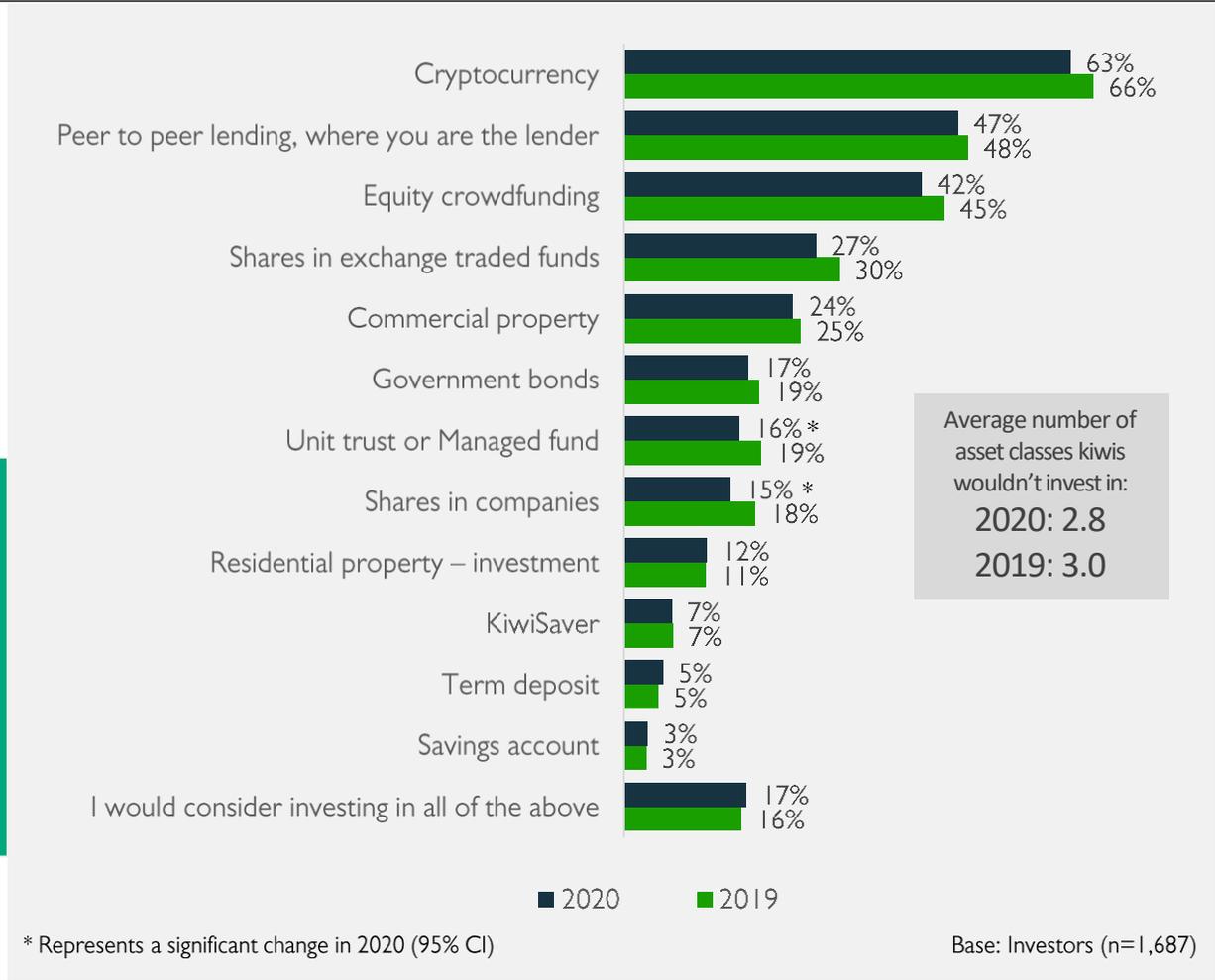
# Asset classes Kiwis wouldn't invest in

Across the board New Zealanders are more open to investing in a range of asset classes in 2020.

The biggest changes exist around equities, where a significantly lower proportion of Kiwi investors say they wouldn't consider investing in managed funds and shares in companies.



Reluctance around the share market is most commonly driven by high risk perceptions and a lack of trust. Findings in 2020 indicate that Kiwi investors are regaining their trust in the share market, which is contributing to increased investment in this area.



Q. Which of the following would you never consider investing in?

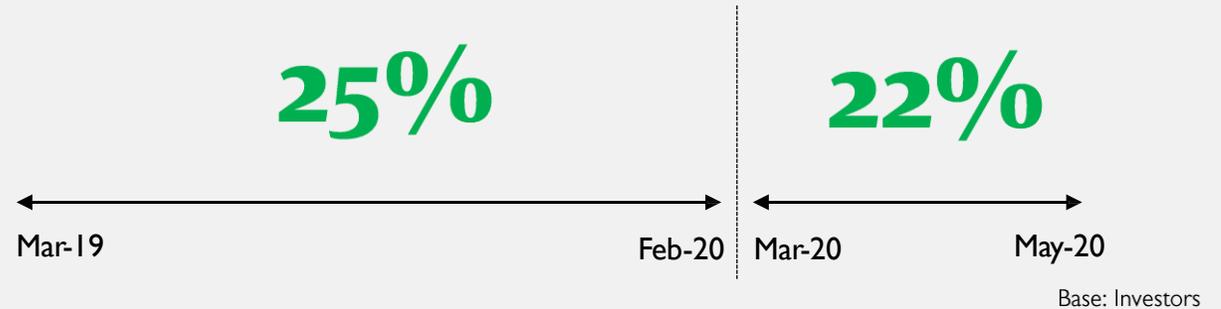
# Changes to investments

22% of Kiwi investors have made changes to their investments in the past 3 months, compared to 25% who made changes over the 12 month period of Mar-19 to Feb-20.

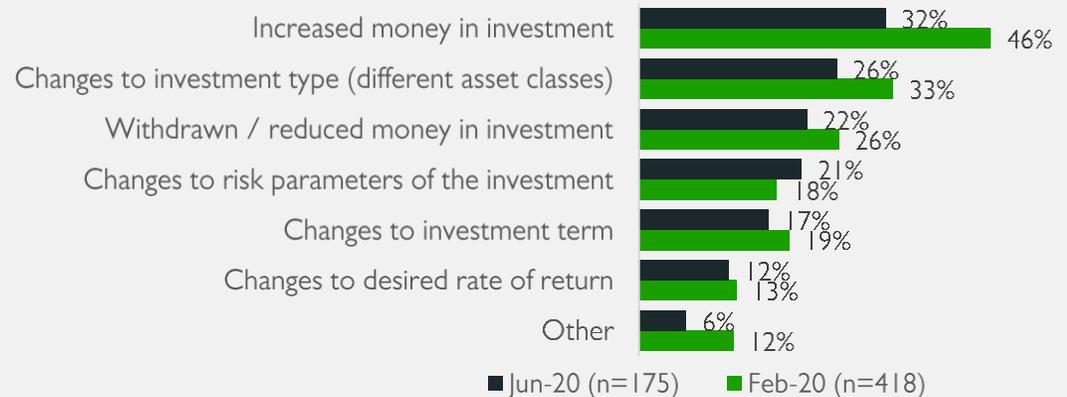
Of those who have made changes in the past 3 months, a higher proportion say they changed the risk parameters on their investments compared to February 2020.

- This was particularly common among investors with KiwiSaver (26% vs 13% of investors without KiwiSaver investments who have made changes to their investments).

## Investors who have made changes to their investments



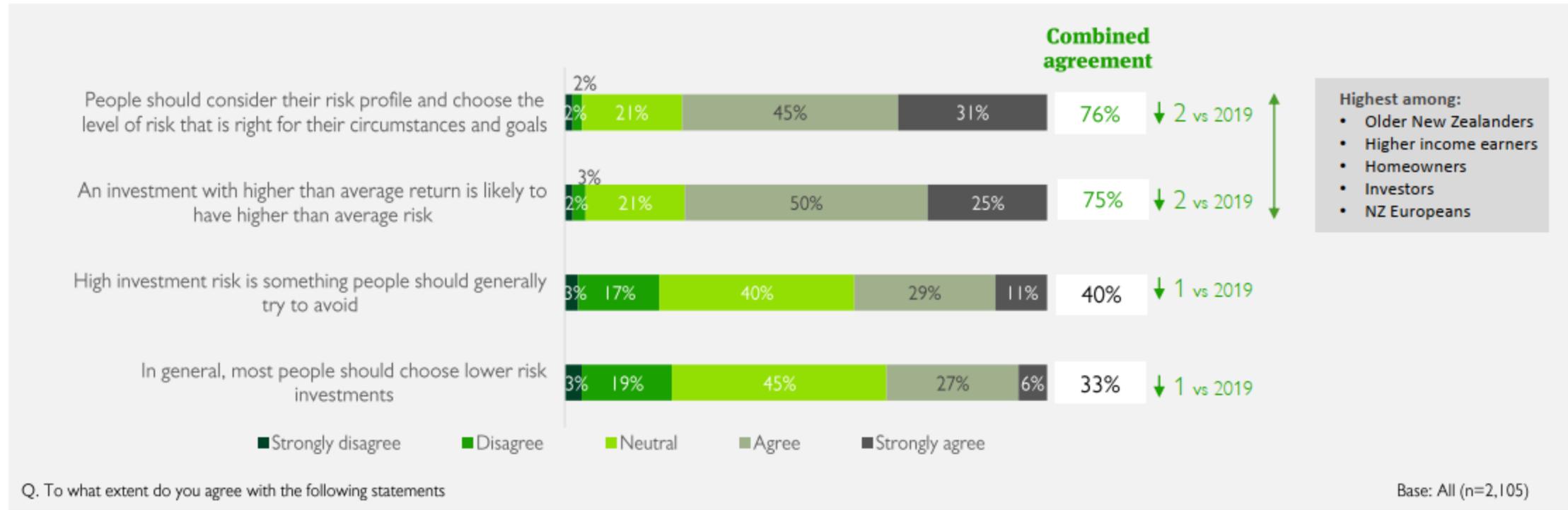
## What are the most common changes made in the past 3 months?



Q. In the last 3 months, have you changed anything about any of your investments?  
 Q. Specifically, what changes have you made in the last 3 months? (select all that apply)

# Perceptions of risk and the risk/return trade-off

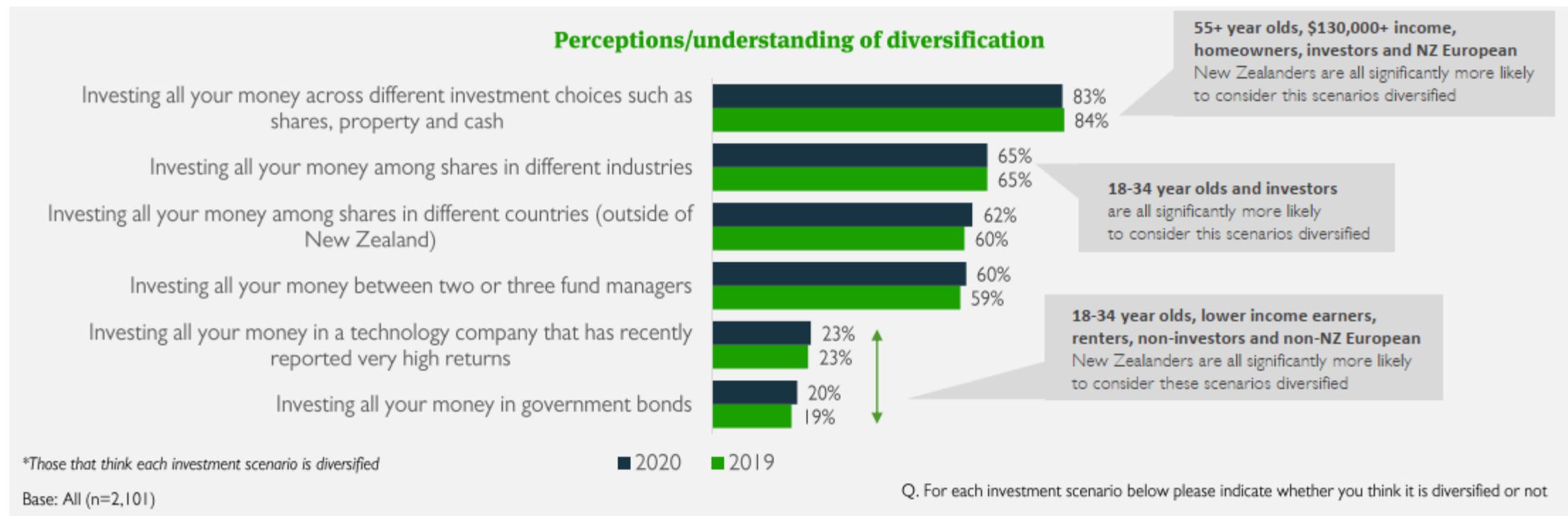
New Zealanders continue to be well aware of the need to personalise their risk/return trade-off to their own circumstances, along with understanding the potential risk trade-off that goes along with having a higher yielding investment.



# Perceptions of investment diversification

Again in 2020, the investment scenario most commonly considered diversified is investing money across different asset classes, such as shares, property and cash. This is particularly strong among older Kiwis and higher income earners.

Younger New Zealanders, renters, non-investors and non-NZ Europeans are more likely to consider being diversified as investing 100% of their funds in a tech company and/or investing 100% in government bonds, indicating lower understanding of diversification among these groups.

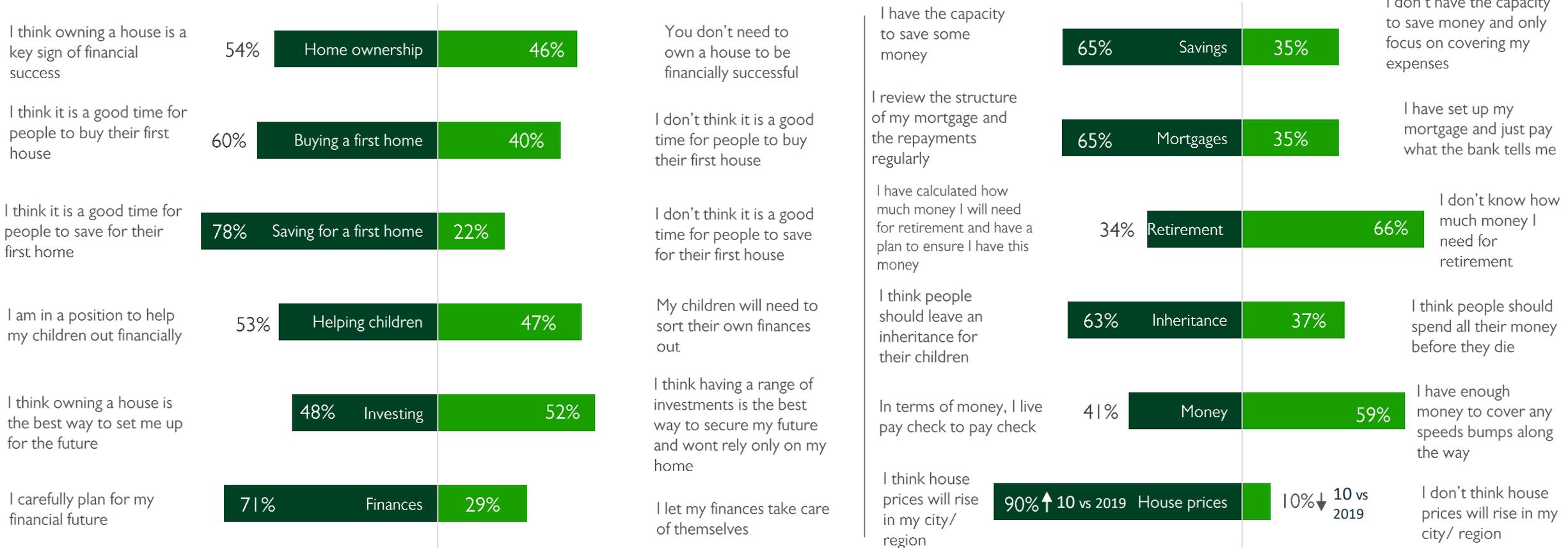


PERCEPTIVE



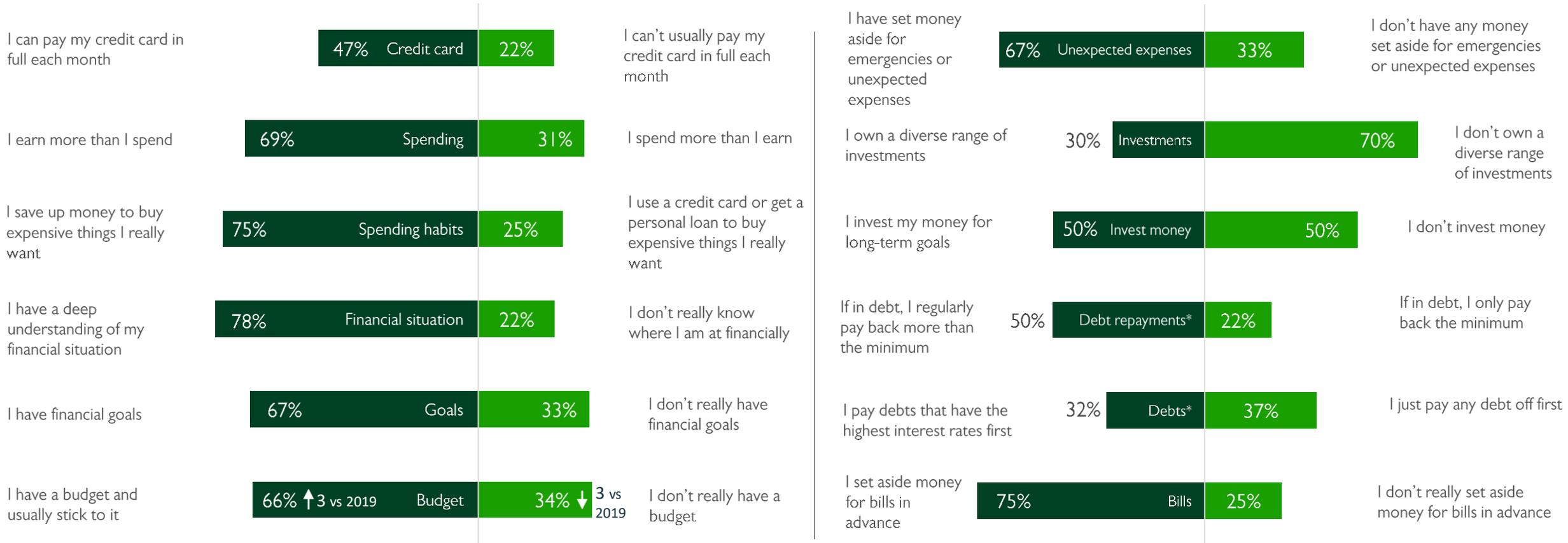
Appendix

# Psychographic questions



↑↓ Represents a significant change in 2020 (95% CI)

# Psychographic questions cont...



↑↓ Represents a significant change compared to 2019

\*Not applicable option included

