

Paris, August 28, 2014

## Retirement – The French paradox: savers choose very safe investments while harboring grand hopes as regards revenue and capital appreciation

Natixis Global Asset Management today published the results of its 1st annual survey of French individual investors with financial assets of between €75,000 and €300,000 held in banks\*. This survey of 984 clients of French banks was conducted in July 2014.

**Retirement is a major concern for French individual investors. They entertain ambitious financial objectives with a view to maintaining their lifestyle.**

Retirement is a priority for over 70% of savers. Concretely, 64% of them save money in view of retirement, while 8% intend to do so. 69% do not believe that retirement pensions alone will be enough to allow them to maintain a reasonable lifestyle.

When asked to estimate retirement needs, one of every two investors stated that at least an additional thousand euros per month would be necessary to live comfortably, while one of five stated at least €1,500. To feel reasonably secure, 3/4 would like to have saved at least €100,000 towards retirement.

According to Christine Lacoste, Head of network development at Natixis Asset Management, *"The results of the survey confirm that when faced with questions concerning the future of pay-as-you-go retirement, creating long-term savings is more than ever a major concern for French savers."*

**But these objectives are irreconcilable with the extremely safe investment strategies adopted.**

Savers who have put in place a financial strategy for retirement opted for safe or known investments: term deposits and passbook savings accounts (33%), life insurance in euros or units of account (28%). Less than 10% of the individual investors questioned opted for financial or stock market investments. Retirement specific products were even less popular: only 16% subscribed to an individual pension plan.

Christine Lacoste stated *"It is unfortunate that these savers overlook the potential for performance offered by financial investments over the long term. Yet, against the background of very low interest rates and returns, preparation for retirement should involve a more dynamic investment approach, with a portion of savings being allocated to financial markets, and reasonable risk."*

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Generally, whether or not they have begun preparing for that long-term goal, the majority of savers (55%) want a safe investment offering capital protection. Specifically, half say they prefer investments that are least exposed to market fluctuations, and over four out of ten are looking for rock-solid investments (41%). Despite this enormous paradox, practically all savers (90%) believe that their investments perfectly match their investment objectives.

**Beyond an extremely cautious attitude provoked by economic conditions, this paradox between the scale of objectives and safety of the methods deployed can be attributed to an ignorance of investment solutions.**

82% of savers questioned demonstrated a high level of uncertainty concerning financial matters and savings. Furthermore, there was little knowledge about solutions offered in real terms. When asked to rate six bank savings plans and financial investments in terms of perceived profitability from 1 to 6, (passbook savings accounts, Livret A savings accounts, ten-year French government bonds, CAC 40, PEL home savings plan and euro-nominated life insurance), savers surveyed found little difference among them, indicative of an inability to differentiate between the investment solutions available.

Furthermore, when questioned about four types of funds (capital guaranteed or protected, flexible, low volatility stocks and SRIs), only 15 to 20% of savers believed they were knowledgeable about them. The vast majority (nearly 60%) admitted to being completely ignorant of them. Furthermore, this ignorance also extended to the area of taxation. Thus, a little over 1/4 were aware that the ceiling for PEA share savings plans had been raised at the beginning of this year, or had heard of the PEA-PME investment vehicle reserved for SMEs). Yet, the tax benefits offered by the product subscribed was considered of major importance when choosing (69%).

**Client education and support measures all the more essential, as after explanation, investors were very interested in one or several investment solutions offered.**

After a quick presentation of the four investments solutions previously tested, many of those questions demonstrated a real interest and desire to invest in them: 55% opted for formula or protection funds, nearly 30% for flexible funds and over 40% for low volatility stocks. Finally, 57% of savers would be interested in long-term growth, an important criterion when making investment decisions with 1/5 even setting it as a priority.

**For savers, their bank's financial advisor is at the center of support and information services in terms of generating savings.**

Savers prefer banks to manage their portfolios: nearly 3/4 considered banks' advisory and information services of primary importance. Client education and information services are critical: Before making an investment, "knowing and understanding in what their investment has been made, in concrete terms" follows just behind capital protection for 50% of participants.

*According to Christine Lacoste, " In addition to bank savings, Asset Managers have a vital role to play vis-à-vis individual clients in creating profitable, long-term savings solutions. In order to respond to needs of investors looking above all for capital protection, we have launched several innovative product offerings, combining market access and capital protection. For those keen to reinvest on equity markets, we have opted for themed and/or SRI funds, thereby restoring meaning to their investment."*

\* Average household holdings cumulated over the last 3 months.

## Press Contacts

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## Methodology

Carried out by CoreData on behalf of Natixis Global Asset Management, this survey involved French individual investors with financial assets, held in bank, of between €75,000 and €300,000 (average assets over the preceding 3 months aggregated at household level). The survey was carried out online between July 7 and 13, 2014 and involved 984 French banking network customers.

The survey looks at the attitude of retail investors in relation to their needs, their goals and their pension arrangements, as well as their savings expertise and expectations.

To check out the full report click on the following link – Please note that the full report is only available in French : <http://www.nam.natixis.com/fr-FR/Presse/Communiqués-de-presse>

## About Natixis Asset Management

*As asset management company for Groupe BPCE, Natixis Asset Management meets the financial savings and investment needs of the individual, professional and SME investors within the Group's banking networks.*

*With assets under management of €307.8 billion and 588 employees, Natixis Asset Management ranks among the leading European asset managers. Natixis Asset Management is organized into 6 investment divisions: Fixed income, European equities, Investment and client solutions, Structured and volatility developed by Seeyond<sup>1</sup>, Global emerging, and Responsible investing developed by Mirova<sup>2</sup>.*

Source: Natixis Asset Management – June 30, 2014.

<sup>1</sup> Seeyond is a brand of Natixis Asset Management. <sup>2</sup> Mirova is a wholly owned subsidiary of Natixis Asset Management. An SA with a share capital of €50,434,604.76 - Paris Trade Registry No. 329 450 738 - AMF Approval No. GP 90 009

## About Natixis Global Asset Management

*Natixis Global Asset Management ranks among the world's largest asset managers based on assets under management<sup>1</sup>. Its affiliated asset management companies provide investment products that seek to enhance and protect the wealth and retirement assets of both institutional and individual investor clients. Headquartered in Paris and Boston, Natixis Global Asset Management's assets under management totaled €679.6 billion at June 30, 2014. Natixis Global Asset Management is part of Natixis.*

Source: Natixis Global Asset Management – June 30, 2014.

<sup>1</sup> Source: Cerulli Quantitative Update: Global Markets 2014 ranked Natixis Global Asset Management as one of the largest asset manager in the world based on assets under management at December 31, 2013.