

UBS Investor Watch

Singapore insights on investor sentiment / 2Q 2018

The Century Club

The rising prospect of living ten decades

100

The idea of living a century was once confined to science fiction. But no longer. For Singapore's wealthy, living a 100-year life is not an outcome they consider a mere possibility. It's one they expect.

In this first global issue of *UBS Investor Watch* – the largest recurring survey of wealthy investors in the world – we explore the interplay among wealth, health and longevity. More than 5,000 investors in Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, Taiwan, the U.S., U.K. and UAE shared their views with us. This included over 400 in Singapore.

We found that nearly half of investors in Singapore expect to live 100 years. Regardless of how long they expect to live though, health is of paramount importance to nearly everyone. In fact, most consider their health to be more important than their wealth.

Given this importance, it should be no surprise that they are willing to invest significant sums to maintain their health. Investing to improve the health of wider society is something that Singapore's investors feel equally strongly about. As is the case in Hong Kong and Taiwan, this passion comes from a passionate sense of "duty" among Singapore's wealthy.

While confidence is high about living long lives, many investors are anxious about the financial implications of this. Healthcare costs are the top concern.

They also worry about having less to pass on to successors and having to work for longer to afford the retirement they want. In the face of these concerns, many have already started to adjust their financial holdings and inheritance planning.

As for whether they are successful, the ultimate judge will be time itself.

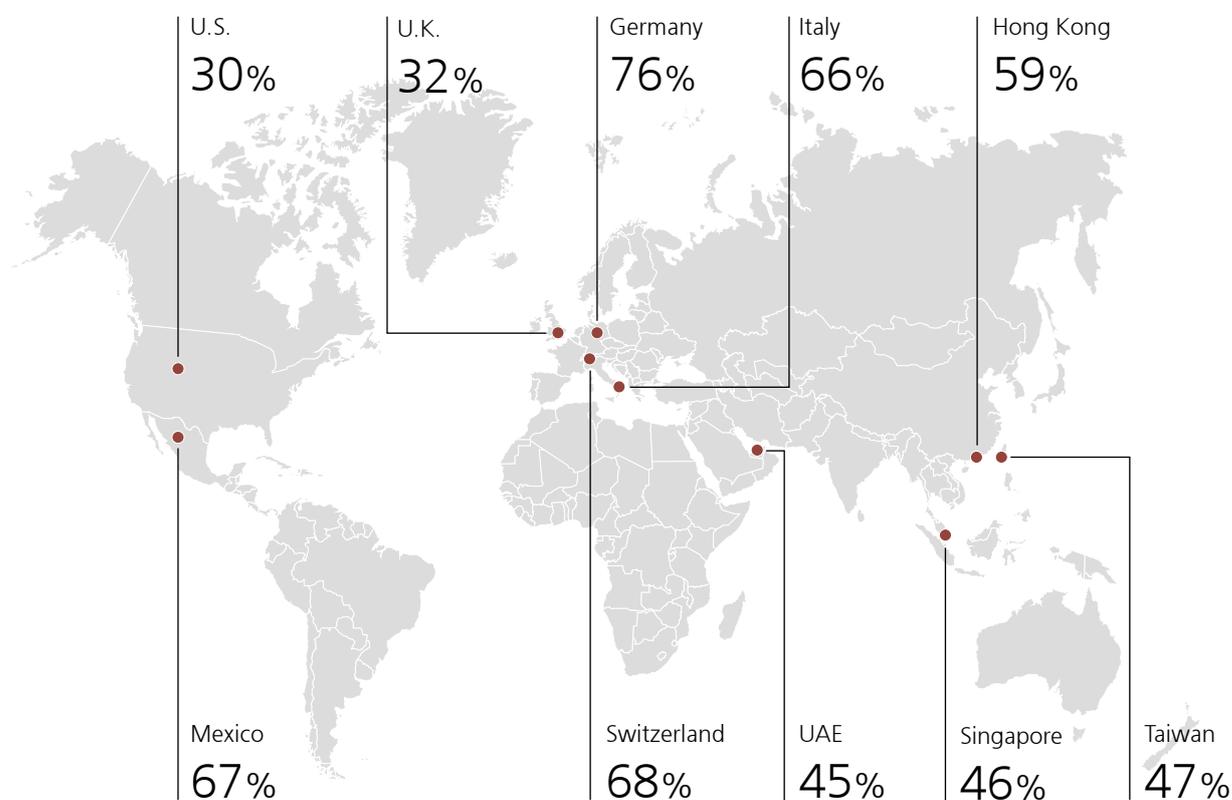
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Many wealthy investors in Singapore expect to live for 100 years

On average, 46% of wealthy investors in Singapore expect to reach age 100. This is considerably higher than the 80-year life expectancy in most developed countries today. Expectations for longevity vary by country and region however. Investors' expectations in Singapore and Taiwan are lower than those in Hong Kong, while in continental Europe the percentage is markedly higher. In Singapore, men are also far more likely to believe they will reach 100 than women.

Waiting for one hundred

Percentage of investors who expect to live to 100



The prospect of living to 100 creates financial anxiety

Despite their wealth, investors in Singapore worry about affording a 100-year life. Healthcare costs are a key concern, with two thirds of investors worried about rising medical expenses. As a result, Singapore's investors plan to allocate 30% of their wealth in retirement to healthcare costs. In addition, nearly 50% worry about having to work for longer to afford their retirement. The impact of living longer on legacy plans and their successors is another key concern for Singapore's investors. Planning for a 100-year life is likewise a challenge. While 79% have a plan in place, the majority of investors admit they find it difficult to make effective plans over more than 10 years, and confidence drops when planning for even longer periods. Investors in Singapore find this challenge less difficult than their counterparts in Taiwan.

Top concerns due to longevity



Rising healthcare costs

66%



Working longer to afford their lifestyle after retirement

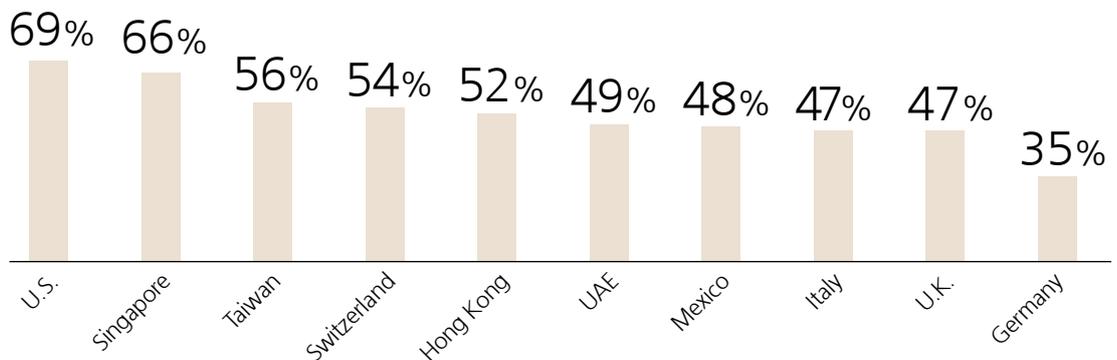
48%



Lower wealth to pass on to successors

41%

Concerns about rising healthcare costs



“It's time to save more and spend less.”
– Singapore, Female, 42

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Health is more valuable than wealth

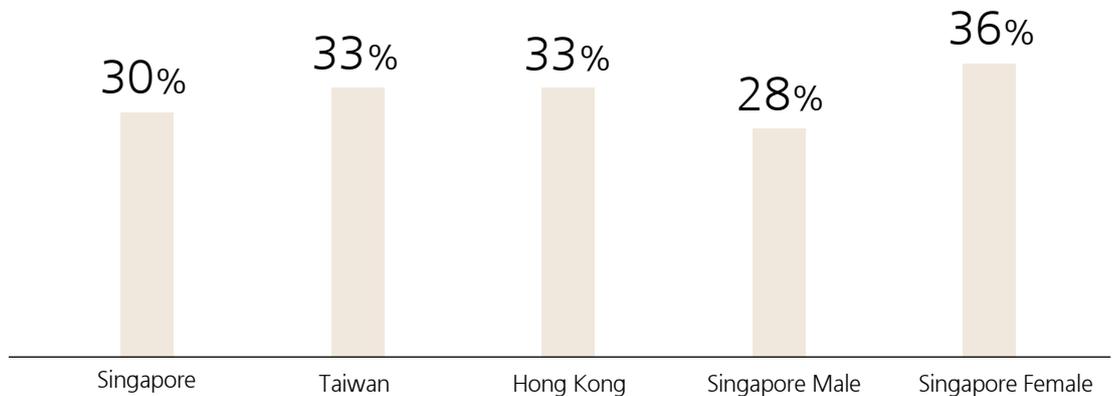
Being healthy is the top priority – and the top concern – for Singapore’s investors. In fact, 92% say investing in their health is more important than growing their wealth. Investors in Hong Kong and Taiwan feel similarly. At the same time, 83% of investors in Singapore worry about their health deteriorating in the next decade. Men are more concerned than women about this. Happily, a similar number are at least satisfied with their current health. The amount spent on health is also significant, especially among entrepreneurs, and also those over 65. In addition to doctors’ visits and health insurance, preventative services are also popular, with investors spending significantly on gyms, coaches, supplements and other “lifestyle” expenses. As a result, on average, Singapore’s wealthy would be willing to sacrifice nearly a third of their wealth to ensure an extra 10 years of healthy life. This is similar to investors in Hong Kong and Taiwan. Women though, would be prepared to give up significantly more wealth than men.

Health over wealth



Wealthy investors willing to sacrifice wealth for health

Percentage of wealth willing to sacrifice by country and gender



“We need to make healthcare more affordable.”
– Singapore, Female, 40

Investors in Singapore believe working longer ensures well-being ...

Most wealthy investors see work as inseparable from longevity. On one hand, 85% of those in Singapore believe the activity and engagement of work has positive effects on health. On the other hand though, many believe they will have to work longer to afford the years ahead. Nearly 70% of Singapore's wealthy are already working beyond the traditional retirement age, or would consider doing so, in order to maintain their lifestyle. Similar numbers in Hong Kong will do so, while this belief is even stronger in Taiwan. While work is seen as beneficial, many investors are also taking steps to balance careers and personal lives. In fact, Asian markets are more likely to do this than other places globally. Many investors have reduced their hours and stopped working on weekends and holidays.

Is working longer the fountain of youth?

Percentage who agree with each statement:



85% Working as long as possible is **good for your health**

84% Male investors 88% Female investors



68% I am or expect to work longer to **maintain my lifestyle**

76% 18 to 34 71% Over 65s

Investors strive to work more sensibly

Percentage who have made the following changes to improve work / life balance in the last 3 years

74% Not working on holiday



68% Stopped working on weekends

59% Not using work phone or email outside working hours



48% Taken a sabbatical from work

“ I'd like a slower pace of work. ”
– Singapore, Male, 52

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Investors care about the health of wider society as well

While their own health may be extremely important, Singapore's investors are equally concerned about the health of wider society as well. Indeed, 87% believe it's their "duty" to help less fortunate members of society stay healthy. This view is held to a similar degree in Taiwan and Hong Kong. In particular, older investors in Singapore feel passionately about this issue. More than 90% of investors over the age of 65 feel this way.

Wealthy investors feel a strong duty to society on health

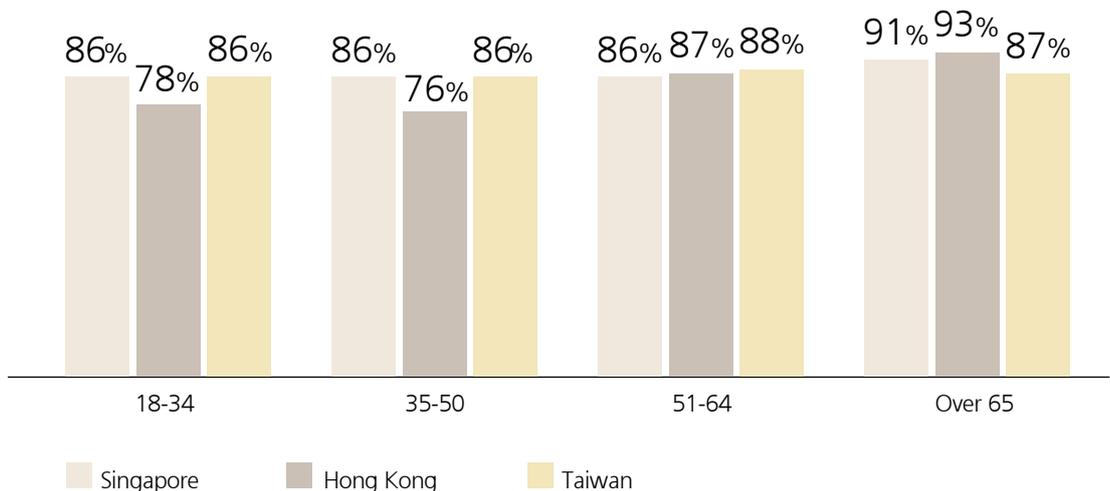


87%

of Singapore's investors believe they have a duty to **improve the health of wider society**

Older investors are even more passionate about this duty

Percentage who agree they have a duty to improve the health of wider society



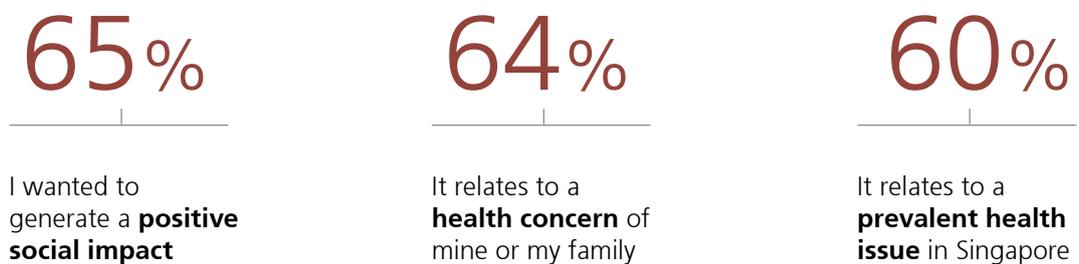
“We should make health costs more affordable.”
– Singapore, Male, 65

Investing in health is highly popular

Singapore's wealthy not only feel a strong duty to improve society's health. They are actively investing to address this. Nearly two thirds have invested in an area of health to generate positive social impact. This behavior is much more prominent among female rather than male investors. In addition, 60% have invested in an area of health that it is a significant issue in Singapore. More generally, Singapore's wealthy are keen to invest in various parts of the healthcare sector. Compared to other industries, healthcare is seen by investors as the strongest sector to invest in for the long-term. Health insurance, biotech and pharmaceutical companies are all seen as good investment choices.

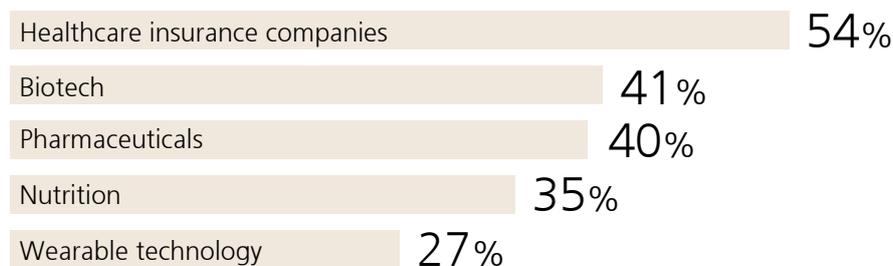
Investing to improve society's health is highly popular

Percentage who have invested in an area of health for a certain reason



Certain parts of the healthcare sector are particularly appealing

Percentage who are currently invested in different areas of healthcare



“ I want to donate more to medical research. ”
– Singapore, Female, 59

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Longevity is prompting investors to act differently

Nearly all of Singapore’s wealthy investors say they have made or will make financial changes in response to increasing life expectancy. Nearly half are adjusting their spending habits, and 41% are making longer-term investments. Equities and real estate investments are seen as the strongest long-term investment to make in Singapore. This view is similar in Hong Kong as well. However, 40% of investors also feel cash is a good long-term investment. Belief in equities is strongest among those under 35 and over 65. Real estate investments are seen as much more attractive for millionaires aged between 35 and 65 however. The healthcare and information technology sectors are the most popular places for long-term investing, followed by the financial, real estate, and consumer staples industries. Singapore’s younger millionaires are particularly keen on the consumer discretionary sector.

Longevity impacts investing, planning and spending

Percentage who have responded to increased life expectancy

46%

I have adjusted / will **adjust my spending patterns**

45%

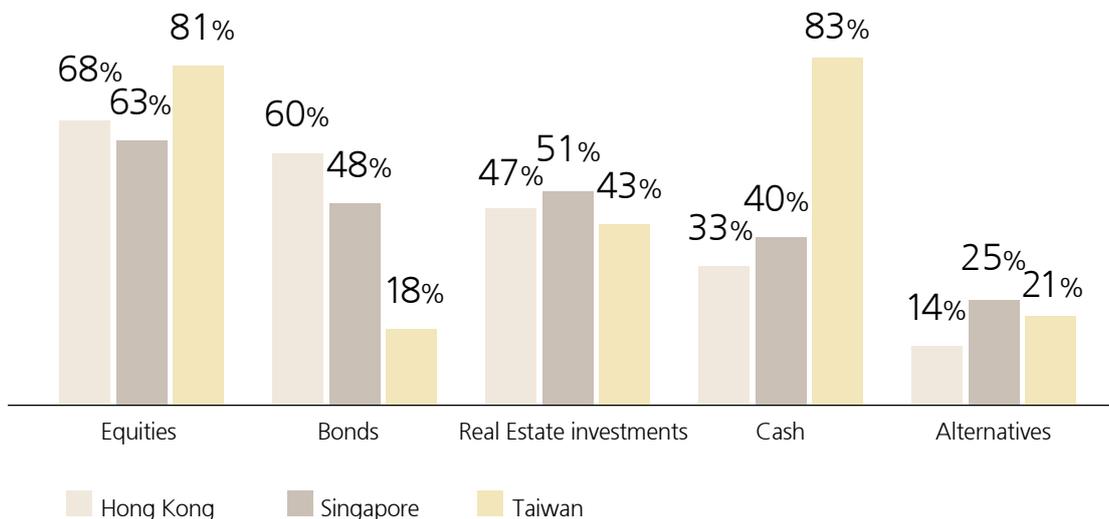
I have adjusted / will **adjust my long-term financial plan**

41%

I have made / will **make longer-term investments**

Investors show strong appetite for equities and real estate investments long-term

Percentage who see different asset classes as a strong long-term investment



“ If I knew I’d live to 100 I would change my investments to cover a longer period of time. ”

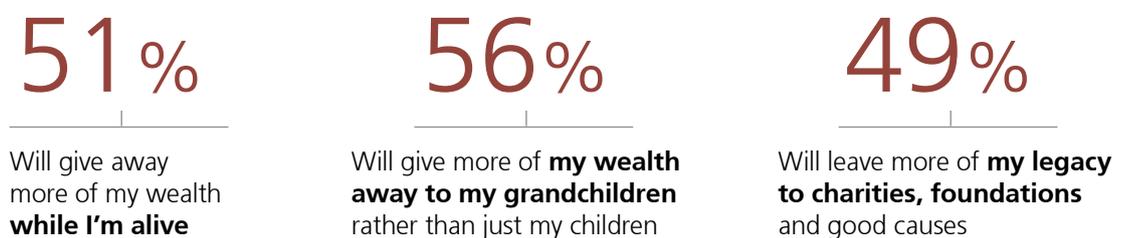
– Singapore, Female, 47

Investors adapt legacy plans to accommodate longer lives

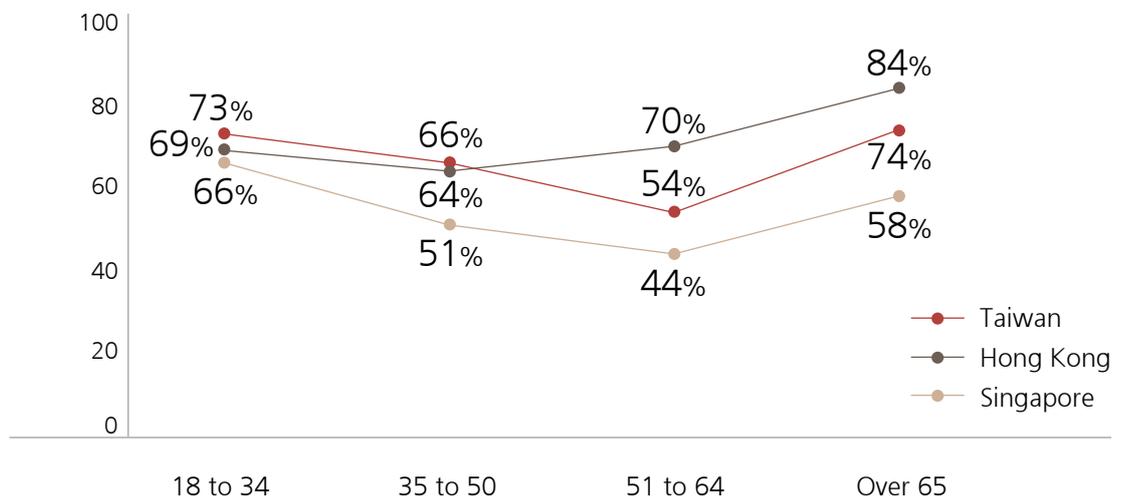
Not only is longevity affecting the wealthy's investment approach, it is also impacting their legacy planning. In Singapore, over 50% of investors plan to give more of their wealth away while they are still alive to see heirs enjoy it. This is significantly lower than in Hong Kong or Taiwan however. Giving patterns are changing as investors age and watch grandchildren grow into adulthood, with all the accompanying responsibilities of career and family. Over half of Singapore's wealthy therefore plan to give more of their wealth to grandchildren than children, believing it will be more useful at their grandchildren's stage of life.

Giving while living is increasingly popular

Percentage who are doing each of the following due to increased life expectancy



Percentage who give away more of their wealth while still alive



“It's time to make a will and divide my wealth.”
 – Singapore, Male, 65

About the survey: UBS Global Wealth Management provides financial advice and solutions to wealthy, institutional and corporate clients worldwide. As part of our leading research capabilities, we survey global investors on a regular basis to keep a pulse on their needs, goals and concerns. Since 2012, *UBS Investor Watch* tracks, analyzes and reports the sentiment of high net worth investors.

UBS Investor Watch surveys cover a variety of topics, including:

- Overall financial sentiment
- Economic outlook and concerns
- Personal goals and concerns
- Key topics, like aging and retirement

For this edition of *UBS Investor Watch*, we surveyed more than 5,000 high net worth investors (with at least \$1 million in investable assets). The global sample was split across 10 markets: Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, Taiwan, the U.S., U.K. and UAE. The research was conducted between December 2017 and April 2018.



Explore more insights at ubs.com/investorwatch-sg

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