

AMF HOUSEHOLD OBSERVATORY NEWSLETTER

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EDITORIAL

Supporting the return of savers to stock markets

The return of the French to stock markets, first noted in 2017, has taken hold. The latest results of the annual Kantar TNS survey, which can be found on page 2, show that the reported rate of equity investment ownership has increased over the last two years.

Primarily concerned with the suitability of investments to savings needs, the AMF wants to ensure that this increase in interest fits into a long-term approach to diversify French savings. To this end, it monitors the quality of investment advice given by professionals via professional certification mechanisms and ongoing knowledge maintenance. For investors, it develops an instructional approach that helps them to ask the

right questions and make appropriate choices.

After several years of rising markets, teaching savers about balanced risk-taking is more necessary than ever. This instruction must not lead them to underestimate, nor to overestimate risk. Diversification in equities supposes several prerequisites: savers must have the resources to carry out such a diversification and must be aware of the possibility of major fluctuations in equity markets over several years.

The AMF recommends a constant and regular effort to invest with a long-term savings horizon, in retirement savings, for example. This approach offers a solid response to a need shared by many savers, who currently focus too often on short- and medium-term investments.

Only then will savers' return to equities be sustainable

FOCUS ON

French and financial advisers

In its saving and investment barometer, the AMF interviewed French people about their relationship with financial advisers.

Savers prefer to manage their investments themselves...

59% of French people "generally" prefer to manage their money and savings themselves without outside help. 36% prefer to manage themselves while obtaining advice from professionals on a regular basis, and 5% prefer to delegate the management of their savings to a professional.

Overall, 4 out of 10 French people say they need support from a professional (36% to obtain advice and 5% to delegate management).

... But many of them turn to professionals to subscribe their investments

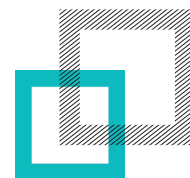
When choosing their investment subscriptions, 57% of French people say they need assistance from their usual bank adviser (57%) or their insurer (23%). At the same time, 41% say they seek advice from their friends and family and 16% consult opinions online.

Finally, 24% of French people say they do not rely on any outside advice when making their investment decisions. ■

In terms of savings and investment, whose advice do you seek when choosing your subscriptions? More than one answer is possible



Source: AMF saving and investment barometer, sample of 1,200 French people 18 years of age and over interviewed in October 2017



Equity investments: the return of savers takes hold

Since 2016, the number of equity investors has continued to rise.

More equity investors

The latest survey conducted by Kantar TNS confirms the trend noted in 2017. The number of investors who report that they hold shares (directly or via an equity fund) has increased in the last two years.

The reported rate of direct share ownership stands at 7.5% in 2018, confirming the figure from 2017 (7.6%), which marked a sharp rebound compared with 2016 (>6.2%).

At the same time, the rate of unitholding in collective equity investments has not declined any further. It stands at 2.7% in 2018 (2.5% in 2016).

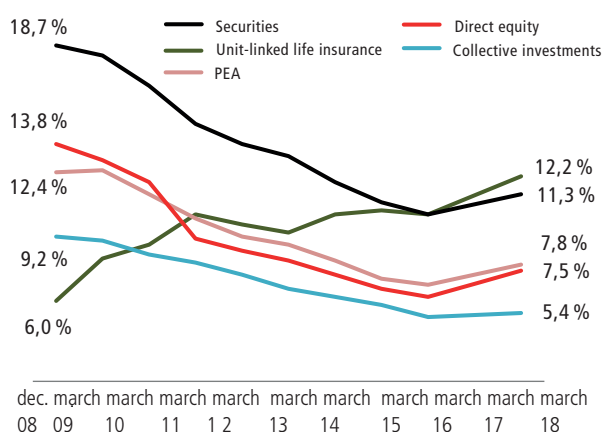
Overall, the number of equity investors (direct or via an equity fund) has increased: it stood at 8.8% in March 2018 after falling to 7.6% in 2016, its lowest

Focus on employee savings and retirement savings ownership

Employee savings ownership¹, estimated based on PEE employee savings plan ownership, is at 7.1% in 2018. It stands at 22.8% in the category of managers and professionals.

The rate of ownership of retirement savings plans (including PERCO) is estimated at 12.9% in 2018. For PERCOs and PERPs, the rates of ownership are estimated at 3.8% and 5.8% respectively. ■

Figure 1: Change in holding rates of a few investments



Source: Kantar TNS, June 2018

Note: Given the margin of error (more or less 0.5 point), we decided to spread the changes in holding rates over the 2016-2018 period on this chart.

A significant increase

Given the size of this survey sample, the margin of error is around 0.5 point. This means, for example, that the rate of direct shareholding in 2018 has a 95% probability of lying between 7 and 8% and at a higher rate than in 2016. ■

level since the first survey in 2008.

Ownership of tax and legal wrappers also increased over the last two years. Ownership of PEAs (equity savings plans) rose from 6.8% in 2016 to 7.8% in 2018, while that of securities accounts rose from 5% to 5.6%.

Unit-linked life insurance gains ground

If direct ownership of collective investments saw little growth overall (5.4% in 2018 compared with 5.2% in 2016), that of unit-linked life insurance rose 2 points since 2016 to stand at 12.2% in 2018. In 10 years, unit-linked life insurance holding has doubled.

Who invests in securities?

Investors in securities (shares, bonds, collective investments) are most often men (two-thirds of holders), aged over 45 (also two-thirds). They are mainly self-employed, executives and professionals. Moreover, 6 out of 10 securities holders have monthly income of over €3,000 or financial wealth of more than €50,000.

This profile varies according to the investment held, as shown in table 1. From one product to another, profiles differ mainly in terms of income and financial wealth. For example, unit-linked life insurance and employee savings holders generally have less financial wealth than equity investors.

1. Kantar TNS interroge les Français sur leur détention d'épargne salariale et d'épargne retraite depuis 2017.

Table 1: Investor profiles based on the investment held

Comprehension key: 34.1% of direct shareholders are 65 years of age or over

	French people aged over 15 years	Unit-linked life insurance holders	Employee savings scheme holders (PEE)	Equity product holders (1)	Direct shareholders
Gender					
Male	47,9 %	54,3 %	58,4 %	66,4 %	67,9 %
Female	52,1 %	45,7 %	41,6 %	33,6 %	32,1 %
Age					
Under 45	44,0 %	25,7 %	50,3 %	22,5 %	22,5 %
45 - 64 years	32,2 %	44,1 %	43,1 %	43,9 %	43,1 %
65 and over	23,8 %	30,2 %	6,6 %	33,6 %	34,1 %
Monthly household income					
Less than €3000	62,0 %	45,1 %	35,2 %	34,3 %	34,3 %
More than €3000	34,5 %	53,8 %	61,4 %	64,0 %	65,0 %
No response	3,5 %	0,9 %	3,4 %	1,7 %	0,7 %
Household financial wealth					
Less than €50 000	65,8 %	35,9 %	50,8 %	26,2 %	25,4 %
More than €50 000	26,8 %	60,9 %	46,8 %	71,5 %	72,6 %
No response	7,4 %	3,2 %	2,5 %	2,3 %	2,0 %

(1) Via funds and Equity SICAVs or direct
Source: Kantar TNS, June 2018

Individual shareholders are getting older

Direct shareholders are older than other investors, who are themselves older than savers in general. They are also wealthier on average.

These differences have become more marked every year. The portion of individual shareholders over 55 years old (57%) has doubled in 10 years and

that of those under 45 has fallen from 32% to 22%. The portion of those with monthly income of more than €3,000

rose from 55% to 65%. The average financial wealth of individual shareholders increased: the portion of those with financial wealth of more than €50,000 rose from 18 to 29%.

The highest holding rates

For funds, SICAVs and direct equity, the highest holding rate is for those between 65 and 74 years old.

Table 2: The highest holding rates

	Unit-linked life insurance	Funds and SICAVs	Direct equity
65-74 ans	19,2 %	19,6 %	14,1 %
Managers and professionals	24,0 %	13,4 %	18,6 %
Monthly income above €6,000	32,6 %	20,2 %	30,5 %
Household financial wealth: above €100,000	32,1 %	19,1 %	26,5 %

Source: Kantar TNS, June 2018

Kantar TNS SoFia survey

The SoFia survey, launched in 2008, examines a panellised sample of the French population made up of 11,000 people aged over 15, whom it interviews by post once a year. This sample is supplemented with 1,000 people with wealth of more than €50,000 and 1,000 people aged 15 to 25 (interviewed via internet).

The aim of this survey is to monitor changes in the holding rates of financial products (banking, loans, insurance, investments) as well as the profile of holders according to age, gender, socio-professional category, income, place of residence and level of household financial wealth. ■



Investments in 2017: primarily sight deposits and life insurance

In 2017, French people mainly added to their current accounts, their passbook savings accounts and their unit-linked life insurance.

Deposits in bank accounts and passbook savings accounts rose by €6 billion last year. Net inflows from life insurance stood at €5 billion. At the same time, direct investments in listed shares or in collective investments only slightly outnumbered disinvestments in the same products. In life insurance, unit-linked policies saw more investments than did euro funds. This trend increased in the first quarter of 2018, during which unit-linked products received € billion while payouts exceeded payments in euro funds. ■

Source: "Household Investments and Wealth", Banque de France, May 2018; FFA (Fédération française de l'assurance), June 2018.

The French are concerned about financing their retirement

78% of French people believe it will be difficult to finance their retirement

Only 31% of French people believe that the retirement system will guarantee them a decent retirement, and >80% say it is a subject of major concern to them.

To finance their retirement, 29% say they would choose life insurance (46%), 9% a PEA (19% wealthy households) and 68% a guaranteed bank savings account.

For advice on the best method of financing their retirement, 32% say they ask their family and friends and 58% a professional. ■

Source: "The French and Major Life Expenses", Opinion Way for Lyxor, 1,028 French people aged 18 years and over, June 018.

Security still far ahead of performance

For 55% of French people, the most important aspect of saving is security.

The "performance" and "liquidity" aspects were chosen only by 15% and 13% of French people interviewed, respectively. This prioritisation of security is confirmed by a strong preference for "safe investments at low interest rates" (71% of responses). The "participating in the development of a project" and "financing the French economy" themes received 7% and 5% of responses. ■

Source: Odoxa for Linxea and Les Echos, 1,017 French people aged 18 and over, May 2018.

Sharp increase in French financial wealth in less than 20 years

Between 1998 and 2015, household financial wealth rose by 75%.

According to Insee, this increase, mainly attributable to the period between 2004 and 2010, primarily benefited the wealthiest 10% of households: their diversified portfolios doubled between 1998 and 2015. In 2015, 42% of the financial assets of households

with the most financial wealth were invested in life insurance (including half in multi-vehicle policies), 26% in securities (equity, funds, bonds, etc.) and 11% in savings products (tax-free passbooks, home savings).

Over the same period, the financial wealth of the least wealthy 10% of households, invested mainly in current accounts and passbook savings accounts, fell by 31%. ■

Source: Insee Références, Household Wealth, June 2018.

THE AMF BAROMETER FIGURE

Only 25% of French people consider that financial investments (equity, bonds, funds, etc.) are well-suited for "long-term investment (over 15-20 years, for retirement for example)", far behind real estate (51%) and on equal footing with unusual investments. ■

Source: AMF saving and investment barometer, January 2018.

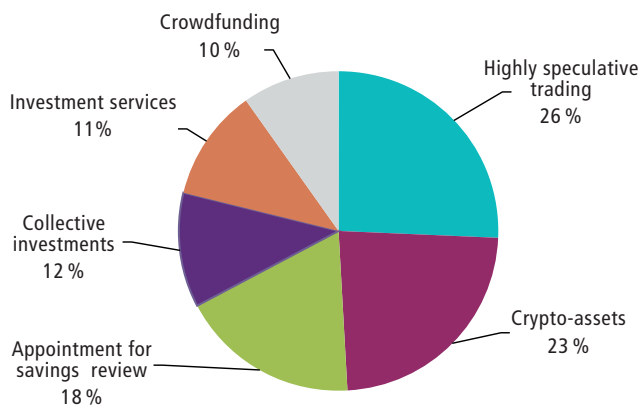
Advertisements for investment products and services

Many online advertisements encourage the purchase and sale of crypto-assets.

From January to April 2018, advertisements for the purchase and sale of crypto-assets (or "cryptocurrency") increased sharply. They accounted for 23% of advertisements for investment products and services seen (primarily online). Advertisements encouraging online trading (via a financial instrument) also remain frequent (26% of total). ■

Source: AMF

Figure 2: Breakdown of advertisements for investment products and services



Source: Kantar Media, AMF calculations, June 2018