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The U.S. High Net Worth Market

Impact of the Financial Crisis - A Segmented View – August, 2009

Report Prospectus

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Major Topics Covered

■ Segments profiled:

- \$1MM+ investable assets
- \$1-4.9MM investable assets
- \$5MM+ investable assets

■ Comparison Periods

- Crisis & Post Crisis: October 2008 through June, 2009
- Versus Pre-Crisis: 2007-08

■ Attitudinal Shifts

- Involvement in investments
- Confidence in stock market
- Risk tolerance
- Advice orientation
- Asset consolidation
- Financial actions taken
- Concerns about economy and personal investments
- Financial objectives
- Changes in discretionary spending

■ Report Format: Text discussion and charts/tables

■ Pricing:

- \$10,500
- Purchase by July 31, 2009: \$9,500

■ Asset Allocation Shifts

- Overall assets
- Investable assets
- Planned and actual investment changes

■ Retirement Shifts

- Attitudes and retirement horizon
- Retirement planning and needs for advice

■ Primary Financial Provider Shifts

- Top primary providers
- Assets under management by channel
- Switching

■ Advisor Shifts

- Attitudes toward advisor
- Channels used; primary channel
- Satisfaction and loyalty by segment
- Reasons for satisfaction
- Importance of elements of advisory relationship and ratings by segment

■ Product Ownership Shifts

- Investments, including managed accounts, hedge funds, private equity, etc.
- Brokerage and CMA accounts
- Real estate, including vacation properties
- Insurance and annuities
- Retirement accounts
- Credit products
- Insured deposits

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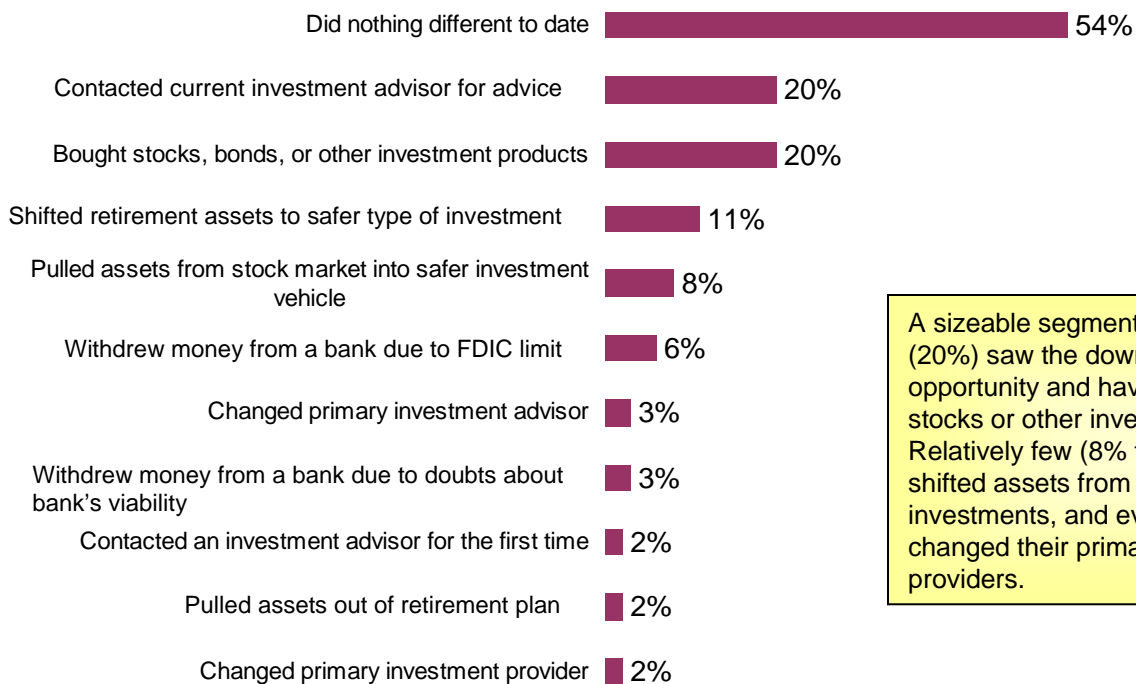
Examples From Previous HNW Reports



Reactions to the Financial Crisis

Most Millionaire investors appear to be waiting out the storm, although some are being opportunistic. To date, though, as with their approach to investing, most are keeping their use of investments and investment professionals stable, at least for now.

Changes in Investment Behavior as a Result of Financial Crisis \$1MM+ Households, October, 2008



A sizeable segment of millionaires (20%) saw the downturn as a buying opportunity and have purchased stocks or other investments. Relatively few (8% to 11%) have shifted assets from equities to safer investments, and even fewer have changed their primary advisors or providers.

Which of the following have you done in the past month as a result of the financial and economic environment?

Millionaires mostly view the government's rescue plan as a necessary evil to stem the crisis. Only about one-quarter agree with it and 12% are not sure.

Opinion of Government Rescue Plan

I don't agree with it, and believe that the government should not get involved	17%
I don't agree with it, but believe that it is necessary to prevent a more severe economic downturn	45%
I agree with it, and believe that it is necessary to prevent a more severe economic downturn	26%
Not sure	12%

Investment Advisor Relationships

While there are some differences in the top reasons for satisfaction with their primary advisors, for the most part, satisfaction is driven by two main factors: the quantitative metric of investment performance, and the very qualitative metric of the personal relationship with the advisor. The former is pretty straightforward, while the latter encompasses many different aspects of human nature and personality. The most common of these relationship aspects in driving advisor satisfaction are knowledge, trustworthiness, and responsiveness to questions/problems. An investment advisor needs to demonstrate not only that they are knowledgeable, but also that they are honest, deserving of the investor's trust, and responsive to the investor's needs for quick and accurate service.

Top Reasons for Satisfaction with Primary Advisor* By HNW Segment

\$1MM - \$4.9MM

#1	Investment Performance	19%
#2	Knowledge/Quality of advice	14%
#3	Quality of Service/Problem Solving Ability	11%
#4	Relationship	11%
#5	Trustworthiness/Honesty	10%

While investment performance is a key reason for advisor satisfaction among HNW investors, relationship factors are also very influential. When taken as a group, they surpass investment performance as influencers of satisfaction.

\$5MM - \$9.9MM

#1	Investment Performance	28%
#2	Knowledge/Quality of advice	17%
#3	Quality of Service/Problem Solving Ability	12%
#4	Trustworthiness/Honesty	9%
#5	Relationship	8%

Investment performance and the knowledge/quality of advice are the top two reasons for satisfaction among all three HNW segments. Given the recent economic environment and market performance, we might expect investment performance to decline in importance and relationship attributes to become more important due to increasing economic turmoil.

\$10MM+

#1	Investment Performance	23%
#2	Knowledge/Quality of Advice	20%
#3	Quality of Service/Problem Solving Ability	14%
#4	Trustworthiness/Honesty	6%
#5	Relationship	4%

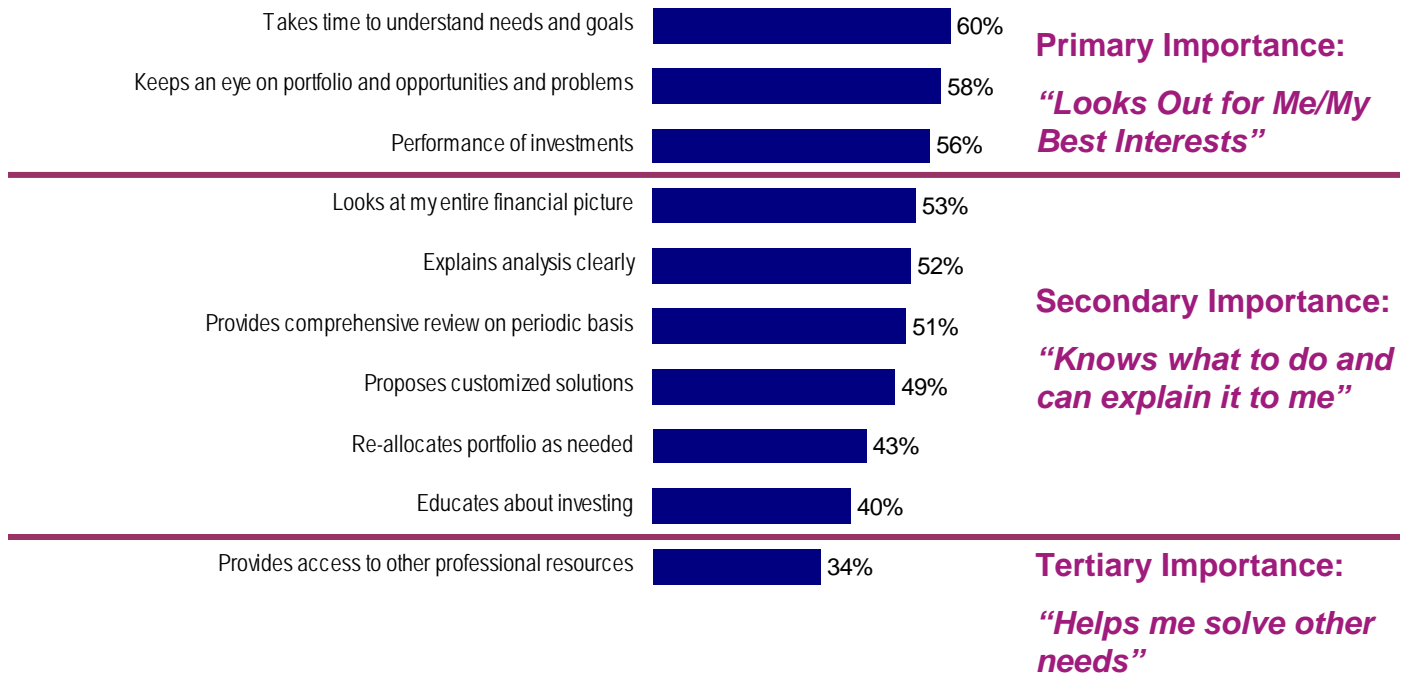
* Among those highly satisfied (6 or 7 on 1 to 7 scale) with their primary advisor

Importance of Advisor Services

Based on High Net Worth investors' ratings of the importance they place on the services of their investment advisor, these services can be grouped into three tiers: Highest in importance are the services that best serve the self-interest of the investor (understanding his/her needs and goals, keeping an eye on his/her portfolio, and investment performance). The second tier encompasses the analytical skills and knowledge of the advisor, as well as the ability to communicate this knowledge clearly to the investor, and of tertiary importance is a single service element (provides access to other professional resources).

**Importance Placed on Advisor Services
Among HNW Investors**

Percent Rating "Extremely Important"



As the following pages show, there are distinct differences among the High Net Worth segments in the importance they place on these advisory services.