

Elon Musk, Cryptocurrency and Ethical - New Investor Research

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Elon Musk, cryptocurrency and 'driving positive social change' are just a few of the primary factors influencing today's younger investor - according to new research published today.

The **Investor Index**, an annual survey of investor behaviours conducted amongst 1080 UK adults (18+) with £10,000+ invested, was launched in April 2020 to assess the immediate impact of Covid 19 on the UK investment marketplace. Conducted jointly by London-based communications agency **AML Group** and the research and planning experts, **The Nursery**, the study has quickly established itself as a rigorous barometer of investor behaviour based on hard data.

Ethics trump returns

82% of younger investors (18-34) are willing to take a hit on returns in exchange for 100% ethical investments compared to just 36% of investors aged 55+. And 'ethical' has increased in importance significantly amongst all investors in the last 12 months rising from 37% to 44%. Indeed three-quarters of investors aged 18-44 stated that they *actively prioritise* positive social impact when making investment decisions.

Commenting on the findings, Christian Barnes, Head of Strategy, AML Group says: *"Especially among younger investors, we're seeing a pattern of breadth and variety not only in asset types but in sources of influence and 'advice', in attitudes to risk, 'retirement' and 'ethical' investing. This broadening of range extends beyond investing into employment trends, income sources, even signs of crisis fatigue."*

Influenced by 'Finfluence'

Financial influencers or 'finfluencers' play an important part for younger investors when it comes to gathering information and making investment decisions. Just over half of investors aged 18-34 (51%) currently follow a 'finfluencer' online with 40% identifying Elon Musk as someone they trust to offer good financial advice. And when it comes to making investment decisions, 69% are swayed by the financial influencers they follow.

"With younger investors preferring to source advice from trusted social media presences or by asking friends and family their experiences, advisors and providers are being forced to re-establish their value proposition to this audience." says Sarah Nunneley, Strategist, AML Group *"It seems tomorrow's investors are here, investing with more heart than ever before, ready to take on more risk in pursuit of the 'better tomorrow' we all say we want."*

A gambler's mindset?

Crypto is currently crashing and with it millions of 'get rich quick' fantasies and dreams of early retirement. And yet, whilst crypto's volatility is well documented with even so-called 'stable coins' such as Terra LUNA recently seeing 99% of its value wiped out – cryptocurrency looks set to remain a favourite investment option for the younger UK investor.

And while only 18% of UK investors currently hold crypto as part of their investment portfolio, 76% of young investors (18-34) stated that they *would* invest in cryptocurrency with 75% identifying crypto as a future mainstream investment choice and 70% citing NFTs as becoming 'more mainstream' in five years' time.

The study has also revealed that there is a propensity for risk among the younger investor which isn't necessarily backed up by knowledge or sound advice. 37% of investors aged 18-34 stated they are making 'higher risk decisions' with almost half (46%) taking *more* investment risks as inflation rises. Coupled with often scant financial knowledge - only 18% of younger investors understand what the 'E' in ESG stands for with 64% claiming to not know the BoE rate of interest - it paints a potentially risky and volatile picture for today's younger investor.

"There would appear to be something of a gambler's mindset amongst younger investors." says **David Alterman**, CEO, The Nursery Research & Planning *"Perhaps because they are too easily influenced*

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by influencers the aspirational side of investing draws them to greater risk - and this is at its clearest when we look at cryptocurrency."

Key findings (across all age ranges):

- Russia/Ukraine war (55%) and Inflation (54%) identified as top two factors impacting on returns.
- Martin Lewis (58%) and Warren Buffet (25%) top two experts for financial advice.
- Only 28% of investors aged 55-64 consider themselves to be financially knowledgeable compared to 54% aged 18-34.
- Company stocks and shares are the most commonly held investment products (51%)
- Younger investors have a more diverse investment portfolio – with 33% holding at least three products compared to just 9% for investors 55+
- Just 3% of investors 55+ hold cryptocurrency
- 26% of younger investors (18-34) plan to retire by 50.
- Aviva (47%) and Hargreaves Lansdown (46%) identified as brands 'on the up'.

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