



**BLACKROCK®**

**COLOMBIA INVESTOR PULSE  
2014**

*First Edition*

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# BlackRock Global Investor Pulse Survey

*What's on the minds of investors?*

## Objectives

- ▶ **Understand** people's financial needs and priorities
- ▶ Take the pulse of people on a regular basis, **assessing** their **attitudes** towards savings and investments
- ▶ Learn about the people who have **the best saving** and **investing habits**

## Scope

- ▶ Nationally representative sample of 27,500 people aged 25 to 74 years old across 20 countries\*
- ▶ LatAm sample: 1,000 household financial decision makers in each Colombia, Brazil, Mexico, Chile



Fieldwork conducted online from August to September 2014

Cicero Group is an independent, international market research agency. This content is for educational use only and not to be taken as investment advice.

\*Sample per market is as follows: UK (2,000), Germany (2,000), Italy (2,000), France (1,000), Netherlands (1,000), Sweden (1,000), Belgium (1,000), US (4,000), Canada (1,000), Mexico (1,000), Colombia (1,000), Brazil (1,000), Chile (1,000), China (2,000), India (1,500), Japan (1,000), Taiwan (1,000), Hong Kong (1,000), Singapore (1,000)

## Key findings

- 1** Confidence in financial future exists despite economic concerns
- 2** Asset allocation should align with financial goals
- 3** Investing outside country lines: an opportunity for Colombians
- 4** Retirement underfunded given future income expectations
- 5** While largely untapped, advice is key

## Part 1: Confidence in financial future exists despite economic concerns

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## Colombians are above the global average in financial optimism

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### ***Financial Optimism:*** *Confidence in financial future*

**84%** **Colombia**

77% Brazil  
69% Chile  
65% Mexico

**74%** positive



**56%** positive



**Colombia leads the most positive region surveyed**

Question: Overall, which, of the following words best describes how you feel about your financial future? Positive: Confident, Optimistic, Hopeful, Certain, Comfortable;  
Negative: Concerned, Nervous, Depressed, Pessimistic, Frustrated  
BASE: Global (n=27500) Colombia (n= 1000)

Colombians are above the global average in terms of feeling in control of their financial futures

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*Financial Control:*

**67% Colombia**

73% Brazil

59% Chile

59% Mexico

More of these respondents answered "completely in control" or "very confident/ somewhat confident" when asked how in **control of their financial future** and how **confident** they are in their ability to meet financial goals

**64% In Control**



**55% In Control**



**Colombians and Brazilians lead the region in regards to feeling in control of their financial future, while Chileans fall behind**

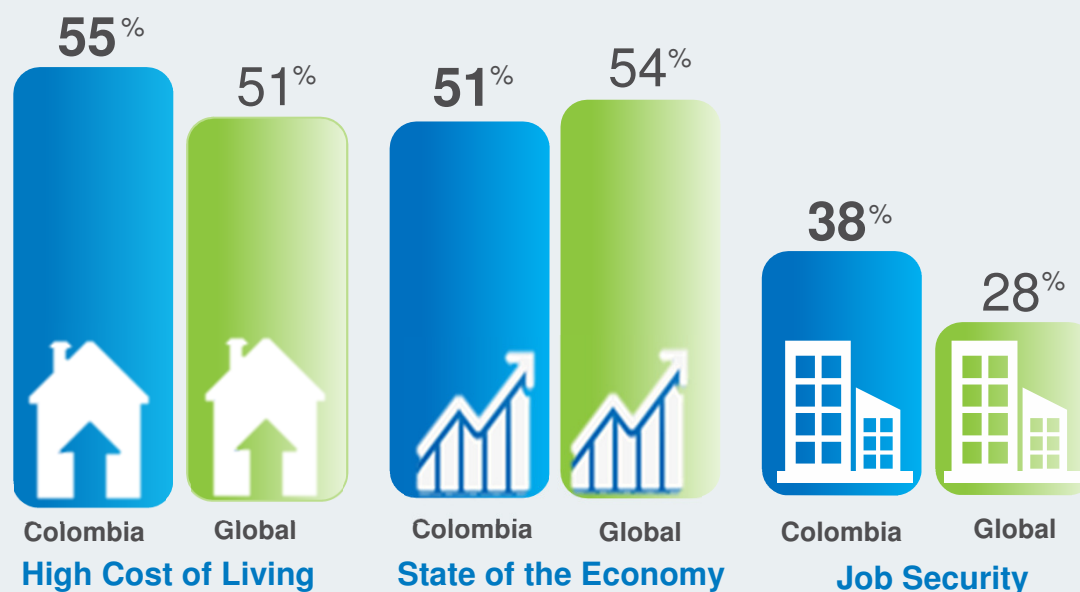
Question: To what extent do you feel in control of your financial future? Please use a scale of 1 to 5, where 1 means not at all in control and 5 means completely in control.  
BASE: Global (n=27500) Colombia (n= 1000)

## Greatest risks to Colombians' financial future

*Cost of Living - over State of the Economy, Job Security and tax policies (not shown; 31%)*



## Main risks to financial future



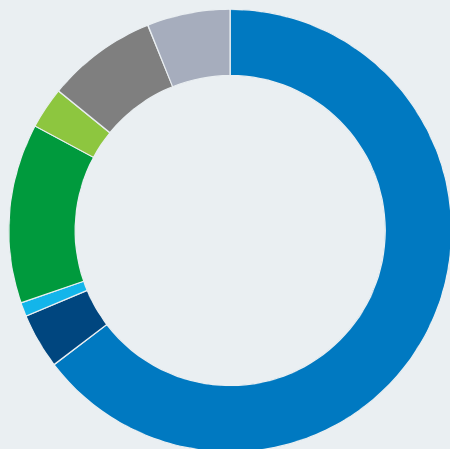
**24% feel the economy and 33% feel the job market is getting worse**

## Part 2: Asset allocation should align with financial goals



## The Cash Conundrum: Colombians are holding more cash than they know they should be

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**Cash: 64%**

Equities: 4%

Bonds: 1%

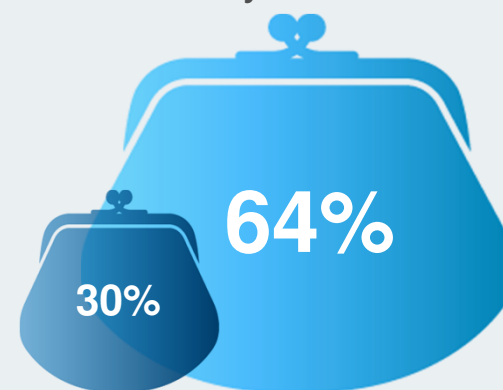
Investment Property: 13%

Alternatives: 3%

Life insurance products  
and mutual funds: 8%

Other: 6%

People hold far more cash than they  
think they should



**Ideal**

**Actual**

**Cash and cash-like insurance products dominate Colombian investments**

## Colombians intend to add more cash over the next year...

Add more money

66%

Keep the same

26%

Take  
money  
out

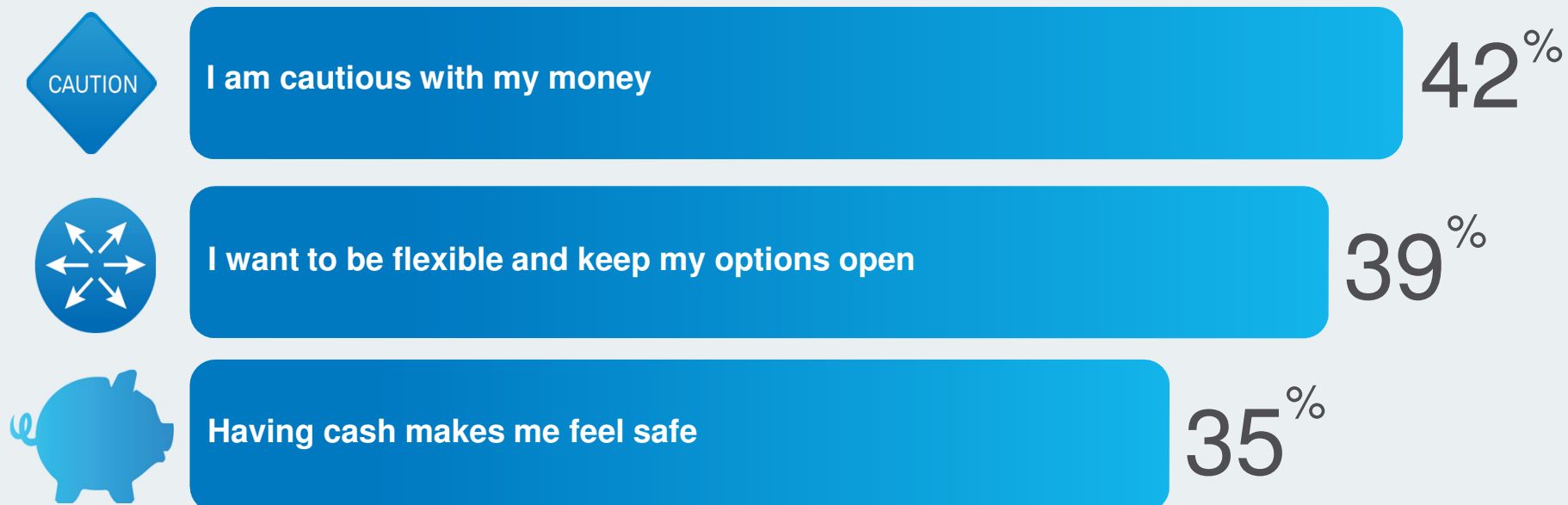
3%

Don't know

5%

Question: For your cash deposits and savings accounts, over the next 12 months will you add more money, keep the same or take money out?  
BASE: those holding cash

## Why are Colombian investors holding cash?



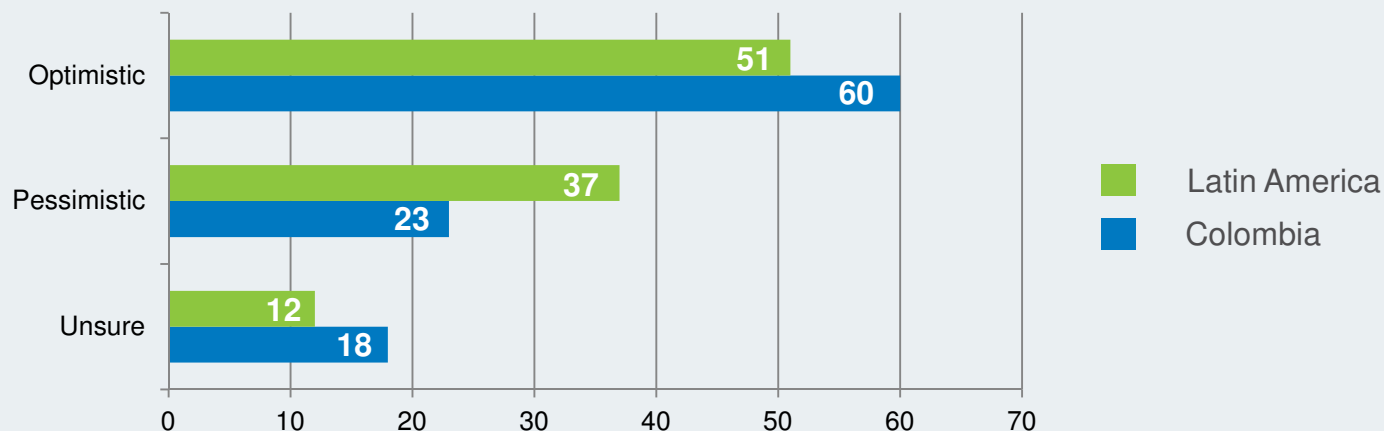
BASE: those holding cash

## An opportunity for stocks?

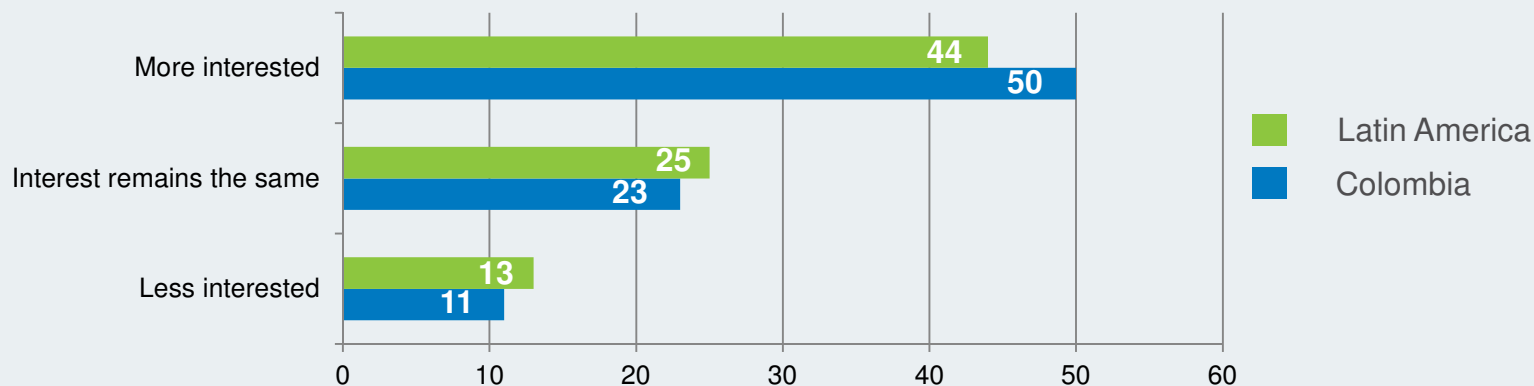
*Like Latin America as a whole, Colombians are very confident in their stock market's future and many are interested in investing in stocks*

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***How do you currently feel about the domestic stock market's likely performance over the next 12 months? (%)***



***Compared to 5 years ago, are you more or less interested in investing in stocks\*? (%)***



**Colombians lead Latin America in optimism toward their stock market's performance (60%) and interest in stock investing (50%)**

Note: Unsure and not interested are not shown

## Part 3: Investing outside country lines: an opportunity for Colombians

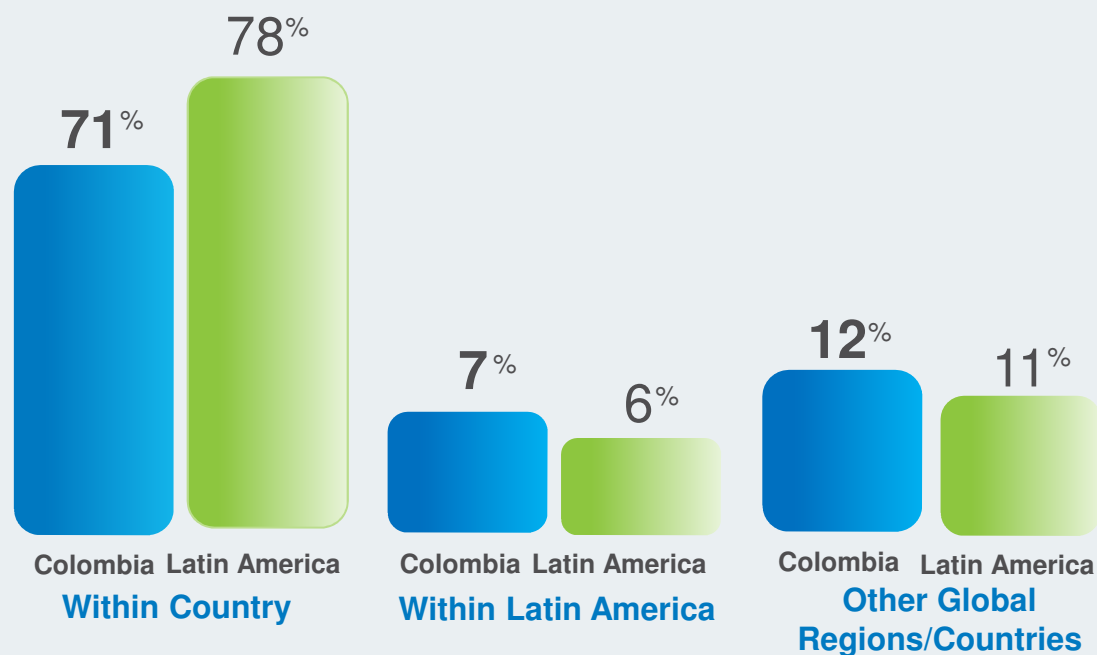
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## A strong home bias exists in Colombia and Latin America

Only 18% of Colombians have investments outside of their country in Latin America or other regions representing 13% of their assets

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***In which of the following countries and regions do you currently have any investments\*?***



Based on those with investments – 86% of Colombia; 82% of Latin Americans

## Unfamiliarity is a barrier to global investments

*Regardless of what investments you currently have, how interested are you in holding investments such as funds in your own country vs. other global regions/countries?*

**Domestic**  
90% interested

**Other  
Regions/Countries**  
54% interested

*Why are you interested in investing abroad?*



Based on a subset of respondents who said they were interested in investing in other regions/countries

## Colombia & Latin America lead in eagerness to learn about investing

71% of Colombians say that they enjoy managing their investments

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*Agree: I am interested in learning more about investments*



**80%**

Colombia



**75%**

Latin America



**54%**

Global



**69%**

Greater  
China



**65%**

Asia



**39%**

Europe



**51%**

United  
States



**49%**

Canada

**There is an opportunity for growing financial education and engagement in Colombia**



## Part 4: Retirement highly underfunded given future income expectations

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## Retirement savings underway in Colombia\* – above the global average, Europe, United States and Canada

*Colombians identify saving for retirement as a key priority*

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**70%**

Colombia



**67%**

Latin America



**62%**

Global



**56%**

Europe



**69%**

Asia



**76%**

Greater China



**59%**

United States



**59%**

Canada

**The percentage of those who have started saving for retirement in Colombia exceeds both Latin American and Global averages**

Figures above based on those not retired

## However, retirement highly underfunded given future expectations

*The Retirement Income Gap*

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**Expected retirement replacement incomes** vary greatly within Latin America.

**Colombian Pre-Retirees** have saved enough to only independently fund **1** approximately years of their retirement

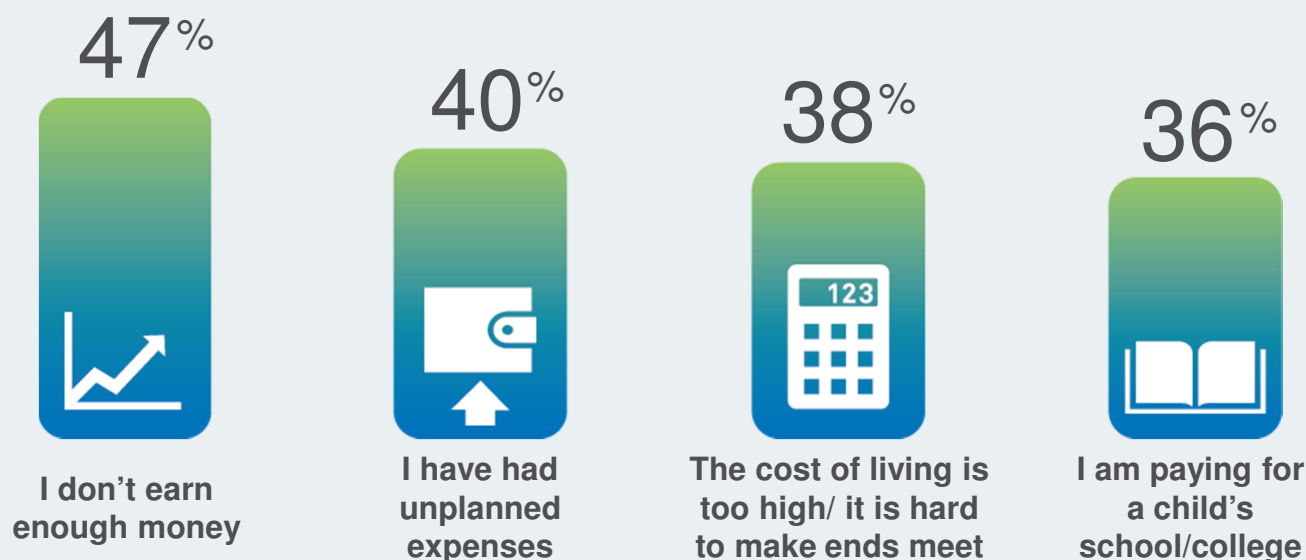
### THE RETIREMENT INCOME GAP

PRE-RETIRES AGES 55-64	AMOUNT ALREADY SAVED	ANNUAL INCOME <b>EXPECTED</b> IN RETIREMENT	NUMBER OF FUNDED YEARS IN RETIREMENT
 MEXICO	220,000 PESOS	173,000 PESOS	< 2 YEARS
 BRAZIL	6,250 REAL	67,000 REAL	< 1 YEAR
 COLOMBIA	9,050,000 PESOS	11,793,000 PESOS	< 1 YEAR
 CHILE	47,879,000 PESOS	8,800,000 PESOS	< 6 YEARS

## Key impediments to saving for retirement

79% of Colombians find it is hard to save for retirement and keep up with daily expenses. Why?

### Factors making it hard to save for retirement



Given what costs could be by the time they retire, it is not surprising that **90% of Colombians are concerned they will not be able to live comfortably in their retirement.** Latin Americans (84%) lead the globe (69%) and all other countries/regions surveyed in having this level of concern.

Based on those who are not retired

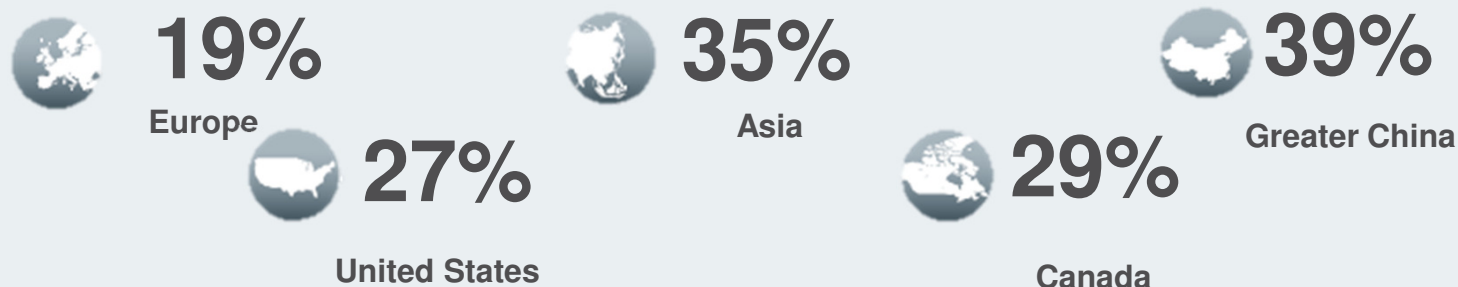
## Part 5: Taking control: advice is key

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## Colombia trails Latin Americans in terms of using financial advisors



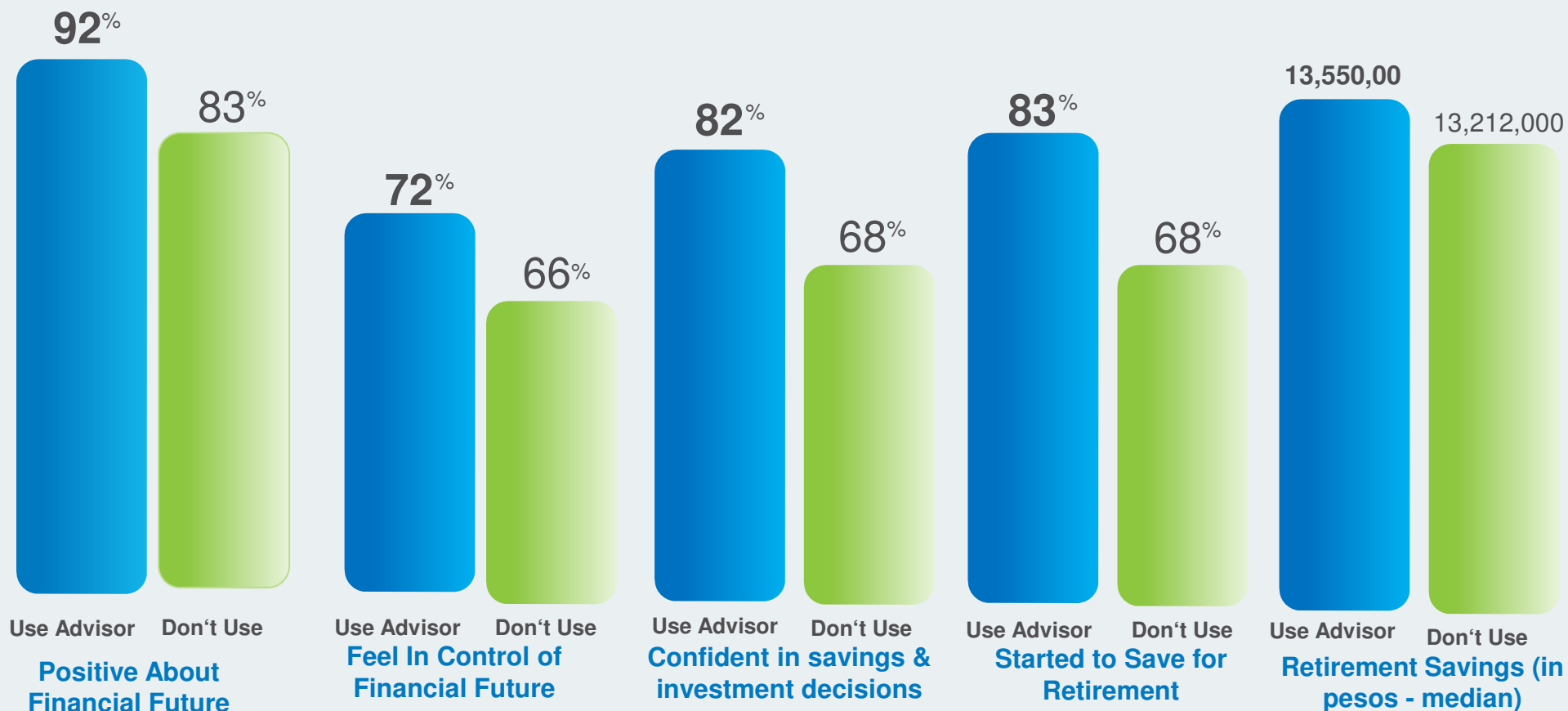
...Yet, **71%** of Colombians are **very/somewhat likely** to use advisors in the future



Mexico leads the region in the use of professional financial advisors, trumping Brazil's 18%, Colombia's 15%, and Chile's 13%

“Advised” Colombians are more confident and engaged and are more effective savers and investors

*Advised Colombians are more likely to have started saving for retirement*

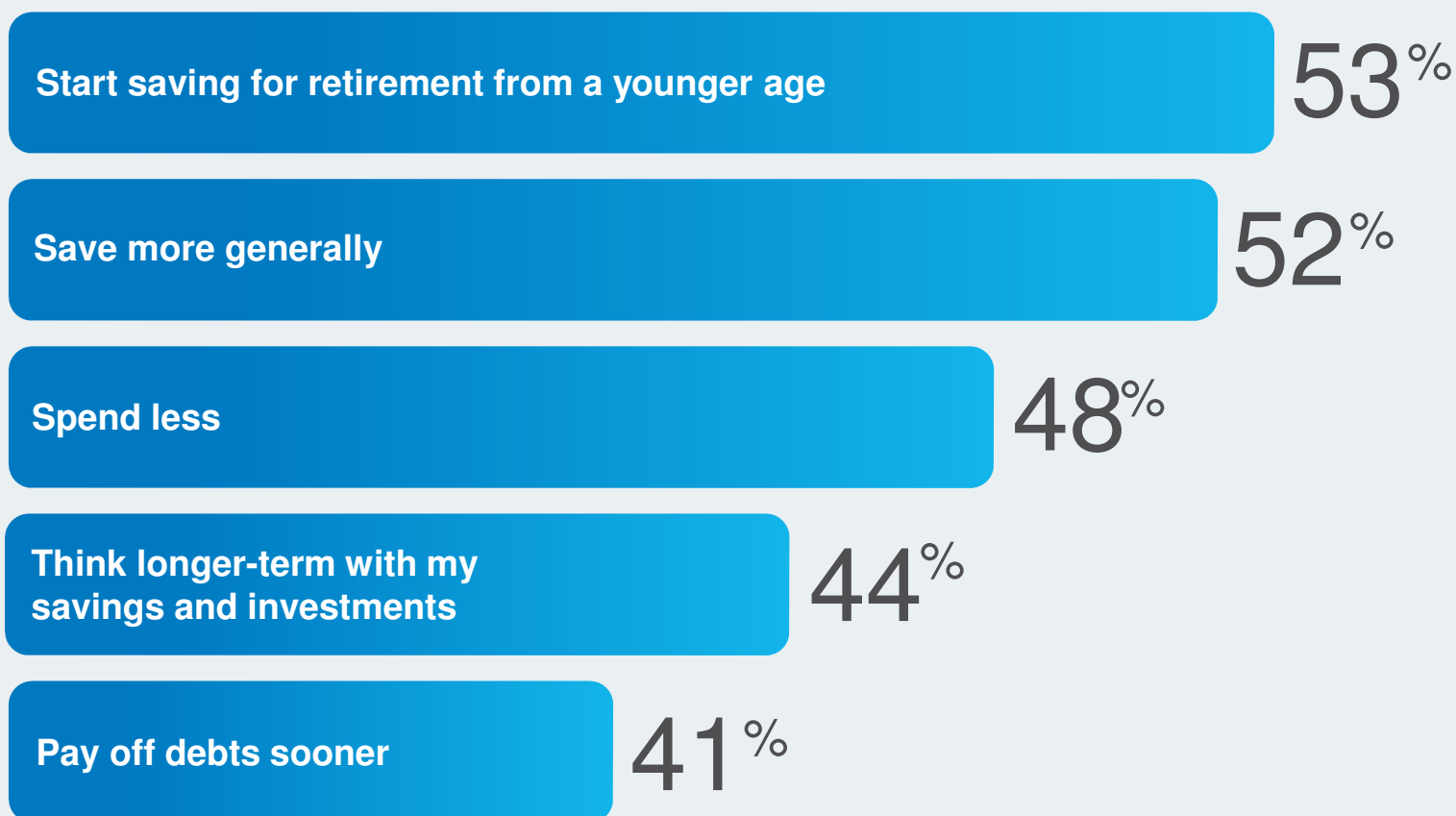


## Conclusion

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## What would Colombians advise their younger selves?



The conclusions are intended to provide an indication of the current attitude of a sample of Colombian investors to saving and investing and should not be relied upon for any other purpose.

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