

Futu Investor Report - Investment Preferences and Financial Freedom

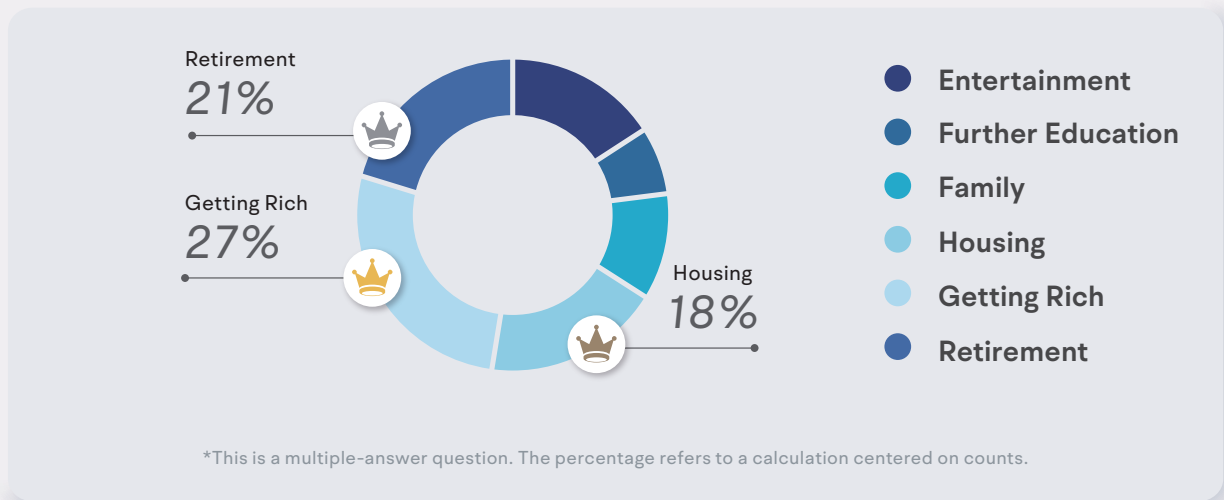
As the largest digital brokerage in Hong Kong, Futu Securities (Futu) has been committed to providing diversified digital financial services and improving investing experience. Its trading app, Futubull, has created an investment ecosystem that connects users, investors, analysts, media, corporates, and institutions. Nearly 20 million users worldwide constitute the investment ecosystem. The dynamics and interactions in the Futubull Community unveil what's trending and needed by the investors.

Futu conducted a questionnaire survey on the Futubull platform and collected the backgrounds, investment goals, preferences, and behaviors of 2,000 respondents for analysis in early February. The purpose was to observe the link between Hong Kong investors' investment goals and behaviors, and interpret their investment orientation. This report consists of three parts: investment goals, investment behaviors, and investment opportunities. Through its observation and analysis of investors, Futu aims to boost the sound development of the financial market and overall investor services.

Hong Konger's Investment Goals

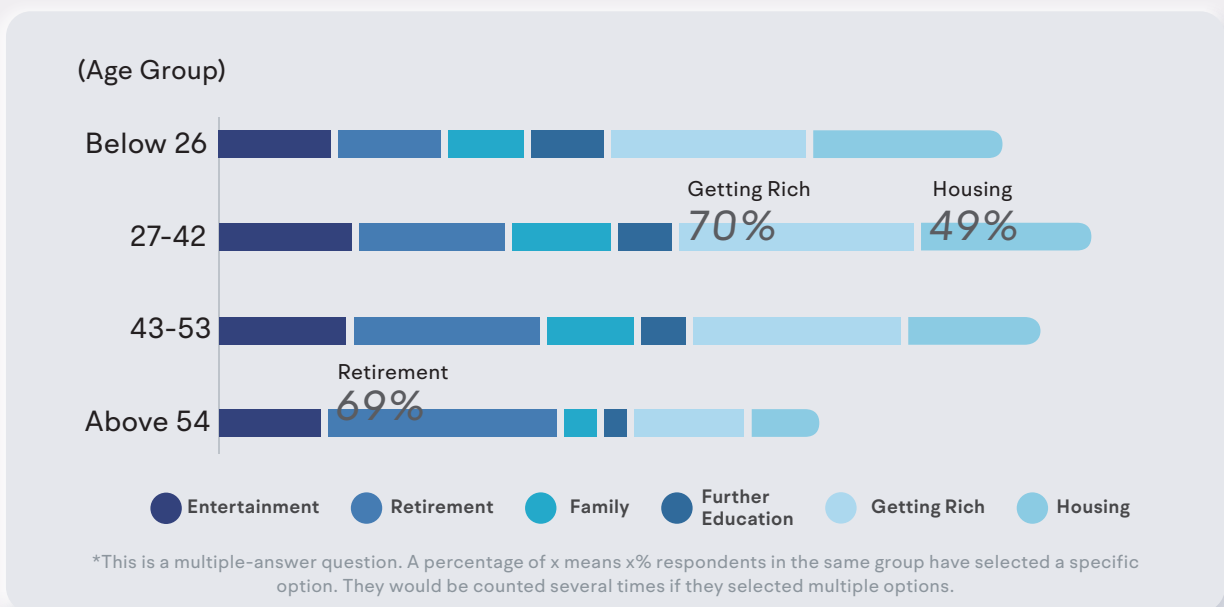
Despite the common desire to grow their assets, people's investment goals vary. As the survey suggests, "Getting Rich" is the most sought-after goal (27%); "Retirement" ranks second (21%); "Housing" for the purpose of reinvestment comes next (18%). Obviously, living an ideal life is what investors want to achieve most through investment.

The most sought-after goals



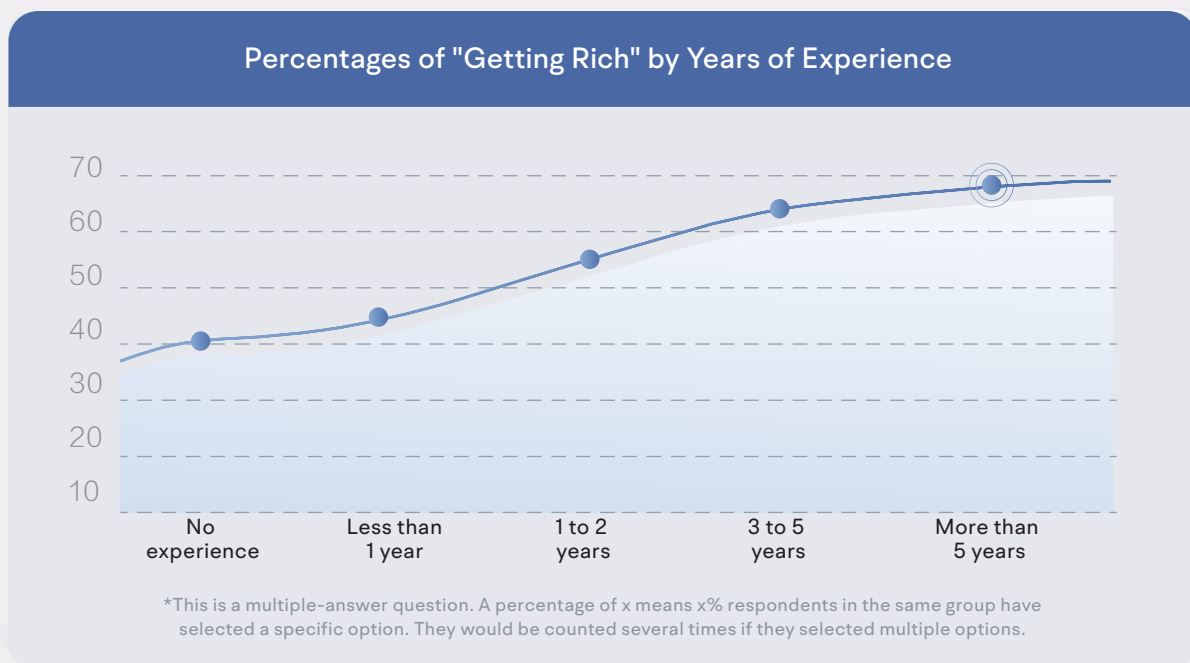
Demographic Analysis — the middle group being the most ambitious

By demographic analysis, the ratio of people considering "Retirement" as an investment goal increases with age : 69% of respondents above 54 selected this goal, up from 33% in the group below 26. The goals of older investors tend to converge. The percentage of "Getting Rich" is the highest (70%) in the age group of 27 to 42. This trend can also be found in the analysis by income level. The middle-income group (a monthly salary of HKD 30,000 to HKD 50,000) are the most ambitious, showing the biggest thirst for "Getting Rich" (67%) and "Housing" (47%).

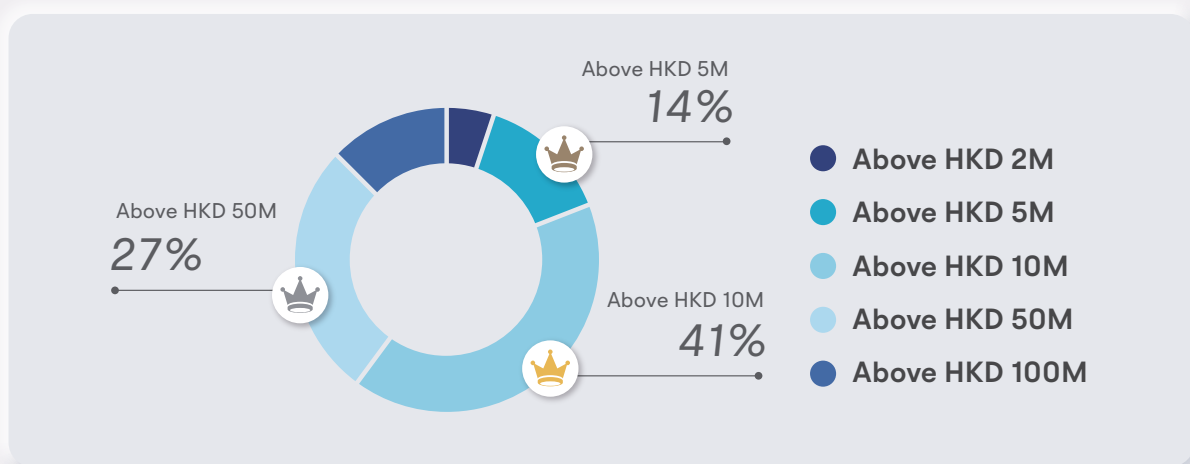


The savvier in investing, the higher expectation for wealth?

Overall, more experienced investors have higher expectations for wealth. Merely 41% of respondents with zero experience ticked the "Getting rich" option as a goal. As they invest longer, the percentage goes up. 67% of people with over five years of experience invest for this goal. The highest percentage of vote for "entertainment" (46%) is found among those who have never invested.



Investors also have different understandings of financial freedom. A majority of respondents (41%) believe that \$10 million is the threshold, significantly higher than those who selected HKD 50M (27%).



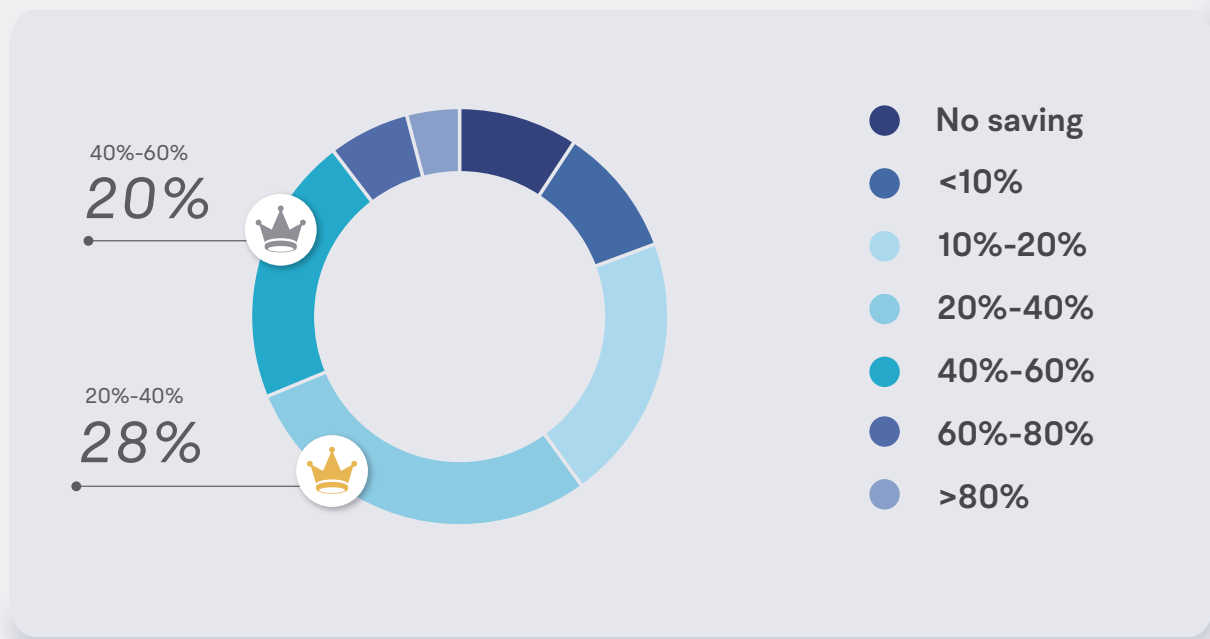
When comparing investors who define having HKD 100M or HKD 10M as being financially free, we found the former group invest a larger proportion — mostly 20% to 40% — of their income, while the latter generally spends between 10% and 20% of their income on investment. What's more, the HKD 100M group achieved better return last year. Against the market decline and underperformance of multiple indicators, 26% of investors who aimed for HKD 100M still realized a handsome return of over 10%, doubling the percentage of the HKD 10M group (13%) for the same performance. This tells us the savvier investors aim higher for wealth.



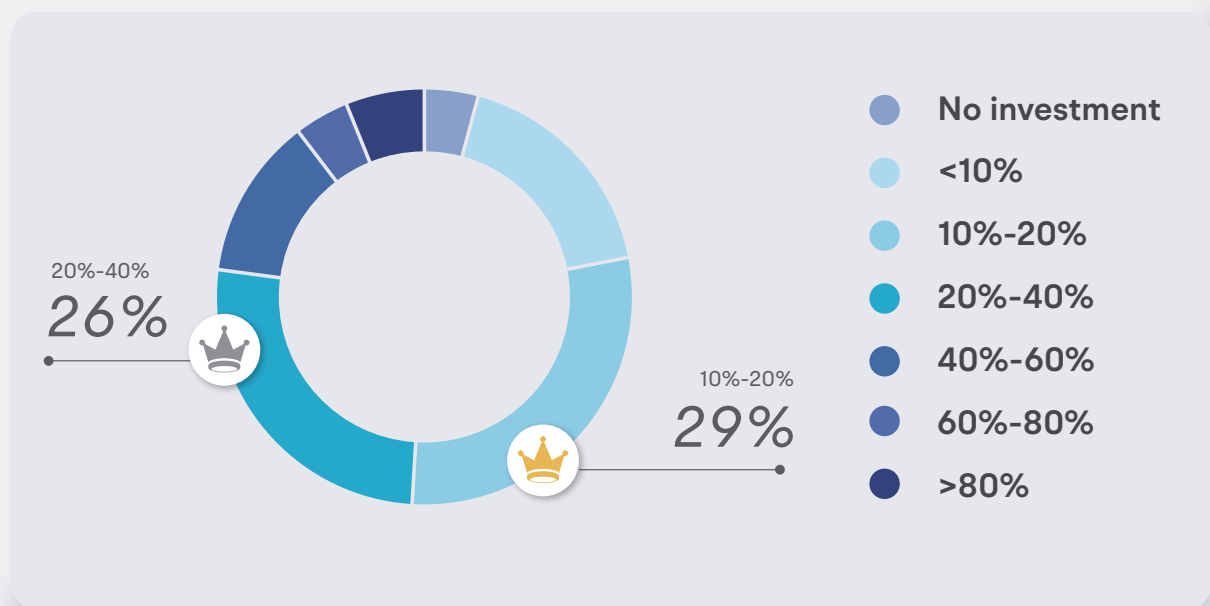
Hong Kongers' Financial Management Model

Big savers, conservative investors

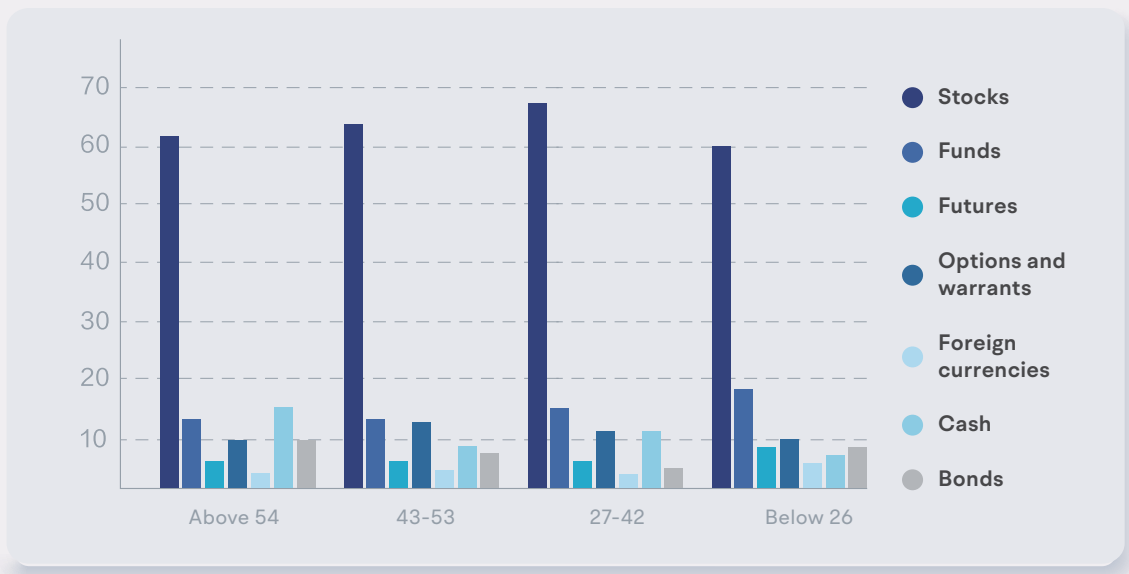
As for how Hong Kong people manage their assets, most of the surveyed saves 20% to 40% of their income. One in every five people save 40-60% who are mostly between 27 and 42 years old.



On the other hand, nearly 30% of the respondents invest 10-20% of their income, while 26% invest 20-40% of their income. People with an investment income ratio of 20-40% are concentrated in 27-42 years old (25%) and 43-53 years old (31%).



The survey reveals prevailing preferences for stocks and funds in the past year. People aged over 54 tend to hold cash, as compared with others, taking up over 10% of that specific age group; 27 to 42 age group follows (9%). The 43 to 53-year-old are more likely to include options and warrants in their portfolios.



Narrow the gap to reaching financial freedom

Among the surveyed who deem having HKD 10 million to be financially free, most of them (28%) earn HKD 20,000 to HKD 30,000 a month, and a majority (30%) save 20% to 40% of their income. Using the medians of the two ranges for calculation as an example, which are HKD 25,000 and 30%, one would save HKD 7,500 a month, in other words, be at least over 111 years away from hitting their HKD 10 million goal.



"Certainly, it's unrealistic to reach financial freedom through 111 years of saving. The simplest way to realize your goal in advance is to start investing earlier and invest harder, while finding more sources of income at the same time. Most importantly, we need to keep investing to offset the erosion of purchasing power by inflation. Let's use the HKD 10M goal as an example. If investors lift their investment-to-income ratio to 40%, i.e., invest HKD 10,000 a month, given the 8% annual return (MSCI World's annualized return in the past 10 years was about 9.6%), they can see their dream come true in 26 years.

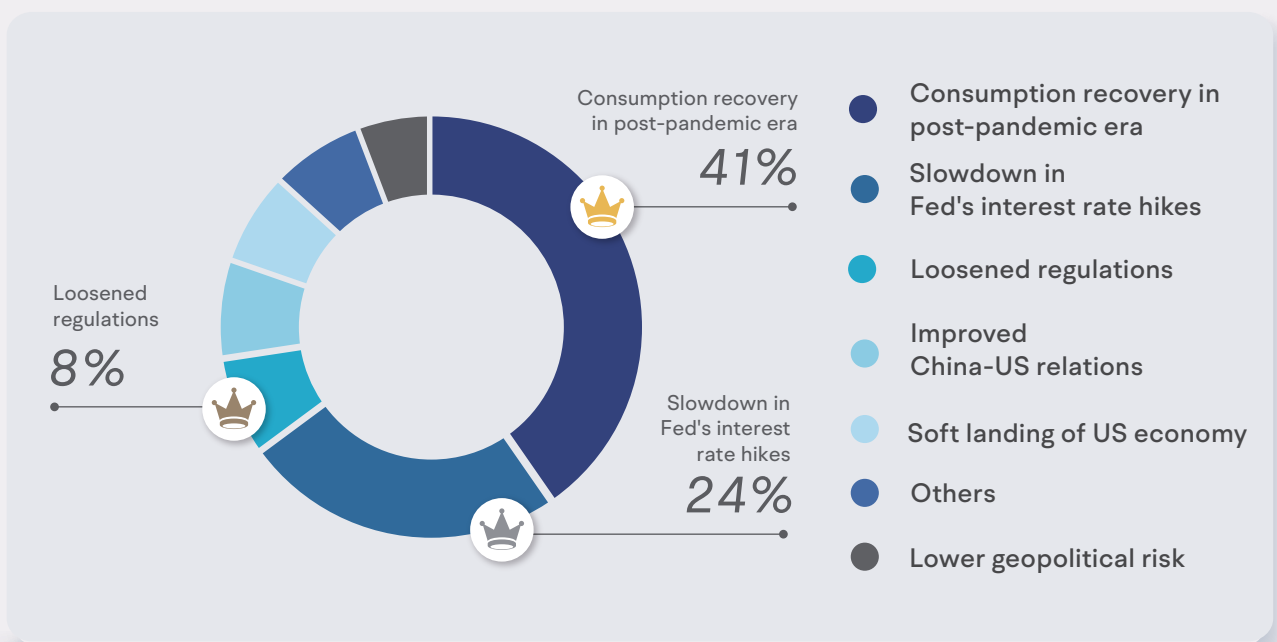
However, over half of investors merely invest less than 20% of their income. And not a few are unaware of inflation's impact on purchasing power, which potentially pushes them further away from their goal. We see a significant room for people's investment-to-income ratio to go up." said Dickson Kwong, Senior Investment Consultant for Futu Securities.



Brave the Storm—Follow Smart Money

The dawn of a new investment landscape in 2023

Investment plays a crucial role in growing wealth to achieve various targets. But is it possible to turn the tables in 2023 with last year's complex investment environment in the rear-view mirror? As the survey suggests, most investors identify two major factors that are going to influence the market: 41% of respondents expect consumption to pick up in the post-pandemic era, and close to 24% of respondents believe that the Fed will slow down its interest rate hikes. With a whole new picture ahead, investors appear rather active in choosing investment tools: stocks are the most popular choice to seize investment opportunities; following by funds, options and warrants.



RANKING 1

Stocks



RANKING 2

Funds



RANKING 3

Options and warrants

4

Cash

5

Futures

6

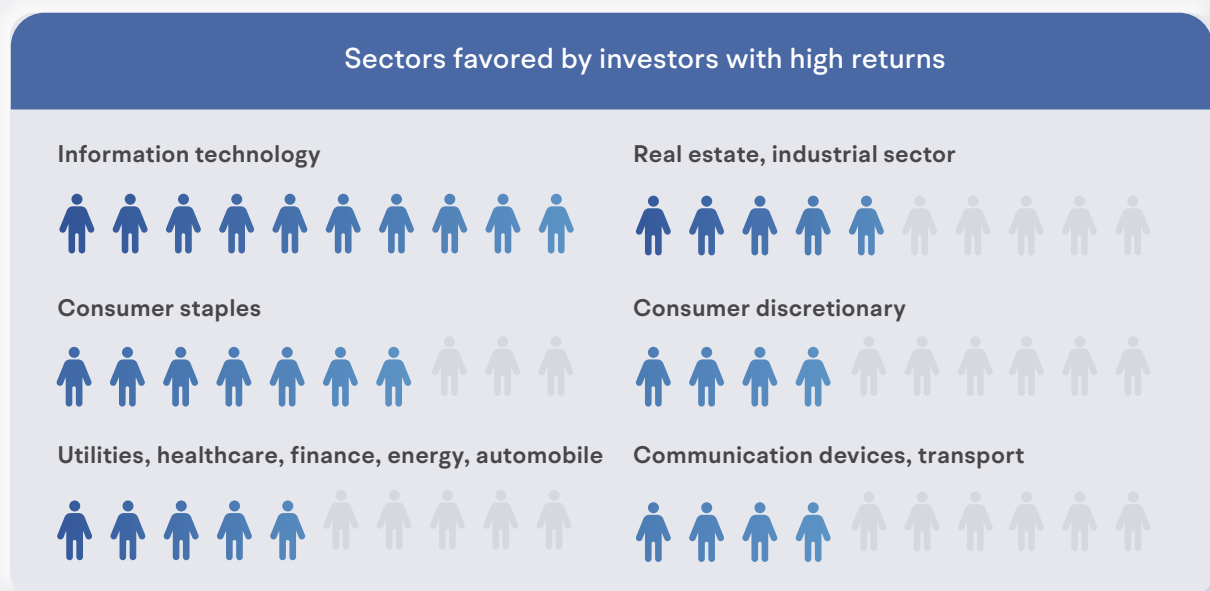
Bonds

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Foreign currencies

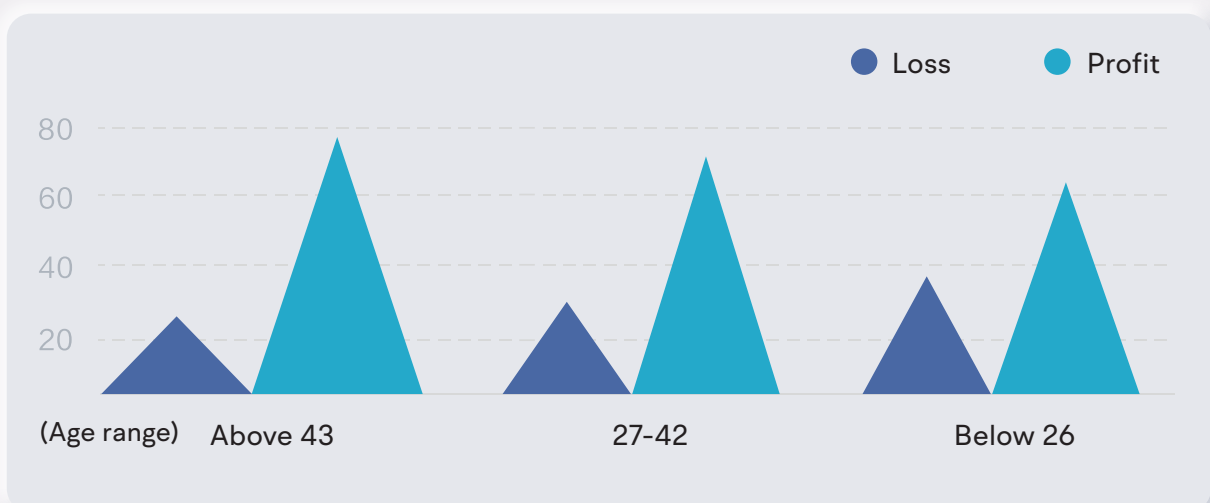
What do last year's winners say?

Though the market was shrouded in shadow last year, some respondents secured high returns on Futu's trading platform. Those who had a return of over 30% are predominantly from the high-income group. Among these successful investors' preferred sectors this year, Information technology won the highest number of votes (20%); next to it are consumer staples (15%) and utilities (9%). From another perspective, the survey implies that investors are not only seeking profits in growth sectors but also hedging against market volatility via deploying defensive sectors.

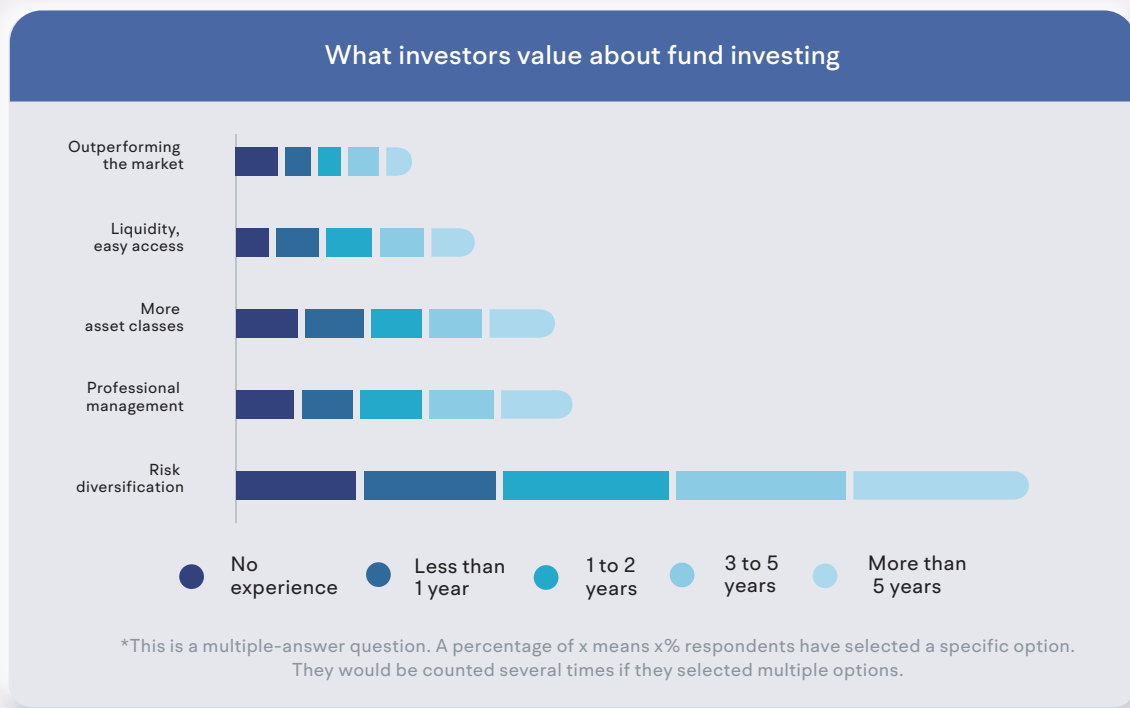


Funds become a straw to clutch at

While stocks and bonds both got clobbered in 2022, most investors still stuck to the stock market last year and will do so this year. Yet a group of experienced investors has long mastered the tactic to profit in different market situation. According to data from Futu's platform, more than 70% of fund investors last year received positive returns. By dividing them into different groups, we found that investors with more experience tend to hold funds for a long time. Among them, older investors with a lower risk appetite could gain higher profit: 76% of investors above the age of 43 had positive return, higher than the percentages in the 27 to 42 age group (72%) and the below 26 age group (62%).

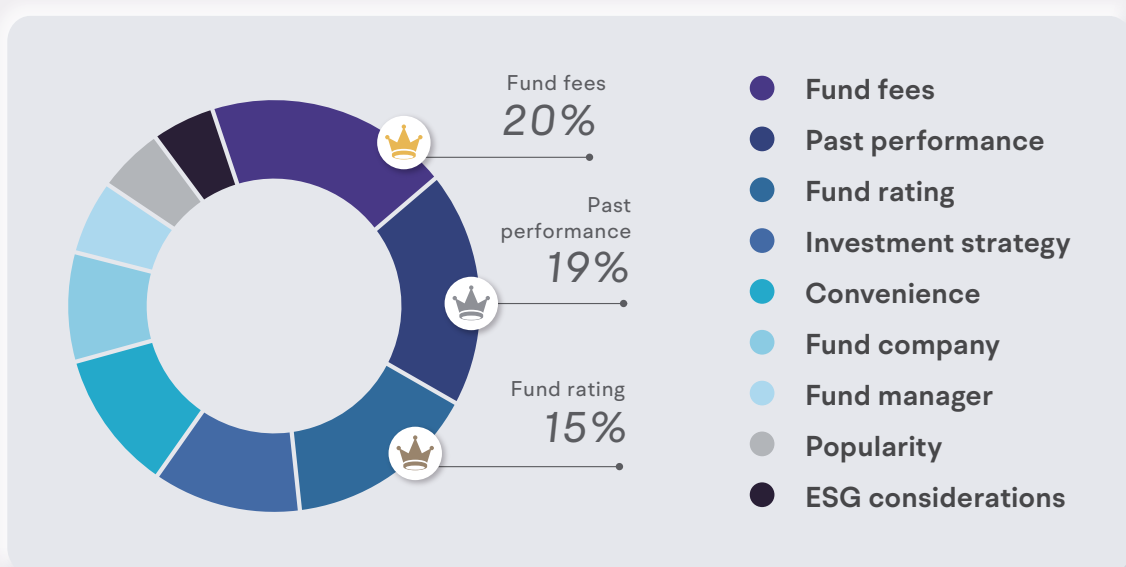


The survey also shows that more experienced investors better recognize the importance of fund investing in achieving diversified asset allocation and mitigating risk in a volatile market. Moreover, they believe that funds are run by professional fund managers who would better navigate different market conditions by adjusting investment strategies in a timely matter.



Five factors to consider about fund

Fees are the biggest concern (20%) of fund investors, as the survey finds, representing a major worry about the end returns being cannibalized. The fund's past performance (19%) and rating (15%) follow as a factor to consider a fund. Also, many investors tend to look at how a fund's strategy matches its investment goals as well as the level of convenience of fund subscription.



Summary:

Take the First Step Toward Investing

As indicated by the survey, financial freedom cannot be reached with ease. The current investment-to-income ratio of most of the surveyed still falls behind to become financially free. Yet, investment makes it a rational goal to go for. Regardless of this goal, investors should still prepare sufficient budget for retirement. Whether they choose to set their sights high or keep their feet on the ground, creating a wealth management plan is still a lifetime business. To get prepared for future needs, **it is key for investors to start investing early, increase their investment-to-income ratio, expand the sources of income, and review their investment portfolio regularly to improve returns.**

With all that said, choosing a one-stop trading platform with a wide range of features, easy operations, and competitive fees becomes evermore important. A great investment platform is a trustworthy partner that could help investors achieve more along their journey toward financial freedom.

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