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S'pore rich more risk-averse, but expect high returns: Poll

Alvin Foo

Wealthy investors here are more risk-averse and have the lowest level of portfolio diversification than those in Hong Kong and Switzerland, yet they still have the high expectations for returns.

The findings come from a recently released private banking survey sponsored by Liechtenstein's LGT Group, which polled 505 high-net-worth individuals in the three markets last year.

It reports that 25 per cent of those polled here said they were risk-averse, far higher than the 7 per cent in Hong Kong and 12 per cent in Switzerland.

The more conservative nature of Singapore's rich is also reflected in the fact that they hold half their investable assets in cash.

By contrast, Hong Kong investors hold one-third in cash while the Swiss keep only 25 per cent or so.

"Cash is an asset class that risk-averse Singaporean investors usually perceive as a safe and attractive investment with minimal risks, providing generally high liquidity and akin to a safety net in these uncertain times," said Singapore Management University Associate Professor of Finance Annie Koh, who analysed the results.

Investors here also had the lowest diversification in their portfolios: 67 per cent invest in fewer than four asset classes compared with 53 per cent in Switzerland and 45 per cent in Hong Kong.

Singapore investors on average held only three asset classes.

Gold is the most attractive asset among the investors here over the next two years.

The share of assets, excluding cash, in commodities, gold and precious metals is 28 per cent here, compared with 14 per cent in Hong Kong and 8 per cent in Switzerland.

Although they are the most risk-averse, the Singapore rich expect bright returns on their investments.

The mean return strived for from assets over the next five years is 13.3 per cent a year in Singapore, close to Hong Kong's 15.2 per cent but far above the 5.5 per cent in Switzerland.

Singapore-based clients also showed no faith in European blue-chips and bonds.

Prof Koh said: "Given Singapore's proximity to China and the expected growth opportunities in Asia over the next decade, it was not surprising that Singaporean investors rate gold, blue-chip China shares and top-rated (yuan) bonds as being able to deliver the most positive returns."