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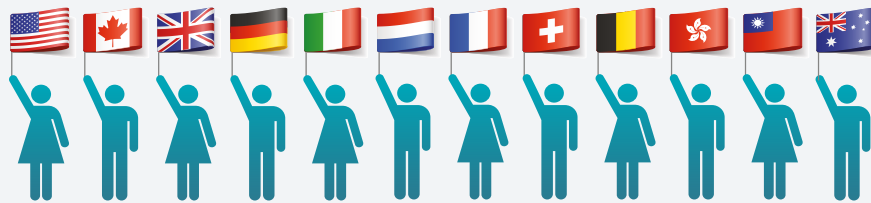
**INVESTOR PULSE
SURVEY 2013**

WHAT AUSTRALIAN
INVESTORS
ARE THINKING

**INVESTOR
PULSE**

BLACKROCK INVESTOR PULSE 2013

17600
P E O P L E



A C R O S S 1 2 C O U N T R I E S

S U R V E Y E D B Y C I C E R O



What are Australian investors thinking?

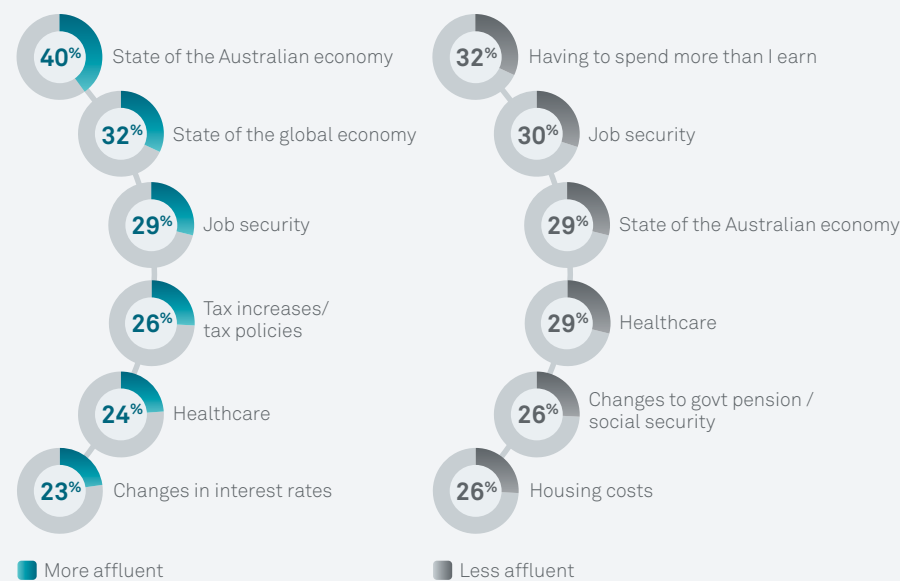
In the face of challenging global economic conditions and a new world of investing, we wanted to know what people in Australia were thinking about their financial futures. So, in partnership with independent research agency Cicero Group, we surveyed 1,000 people in Australia to understand what was on their minds. The survey was also conducted globally, providing responses from a total of 17,600 people aged from 25-75 years old.

CONCERNED AND RISK AVERSE

What are Australians worried about when it comes to their financial futures? When asked to rank their top concerns, the state of the Australian economy was number one, followed closely by job security and having to spend more than they earned. Healthcare costs were also a concern.

Priorities differed with income. Those who were less affluent (defined as individuals with an income of less than \$150K and households with an income of less than \$160K) were most concerned with spending more than they earn. This was followed by job security, the state of the Australian economy and health care costs. Other concerns included government pension reform and housing costs.

The more affluent cohort (>\$150K individual; >\$160K household) were primarily concerned with the state of the Australian economy, followed by the state of the global economy, job security and tax increases. Changes in interest rates and stockmarket volatility were also raised as significant concerns.



Source: BlackRock

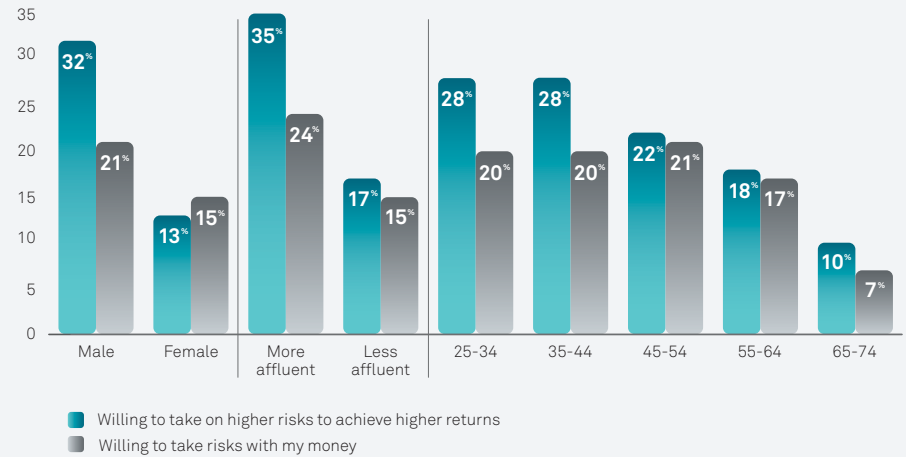


SECTION

CONCERNS ABOUT OUR FINANCIAL FUTURES

RISK APPETITE VARIES WITH INCOME, AGE AND GENDER

Not surprisingly when it came to taking risks with investment decisions the less affluent had lower levels of confidence, even if linked to potentially higher returns. Women were even less prepared to take risks to achieve higher investment returns. By far the most risk averse group were those aged over 64, while those aged 25-44 were the least risk averse, possibly reflecting their income earning years and recognition that they could afford to take risks given the potential longevity of their working lives. The youngest group, below 35 years of age, may have been saving for homes and unwilling to risk their deposits.



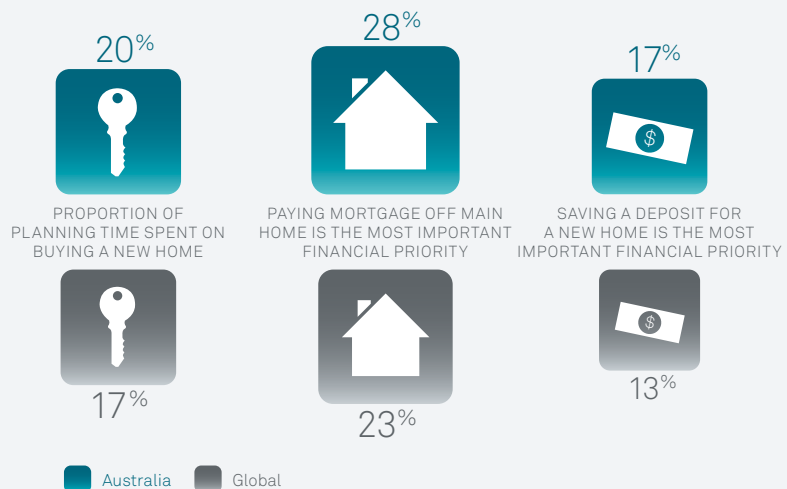
Source: BlackRock

SECTION 2

PROPERTY IS A PRIORITY

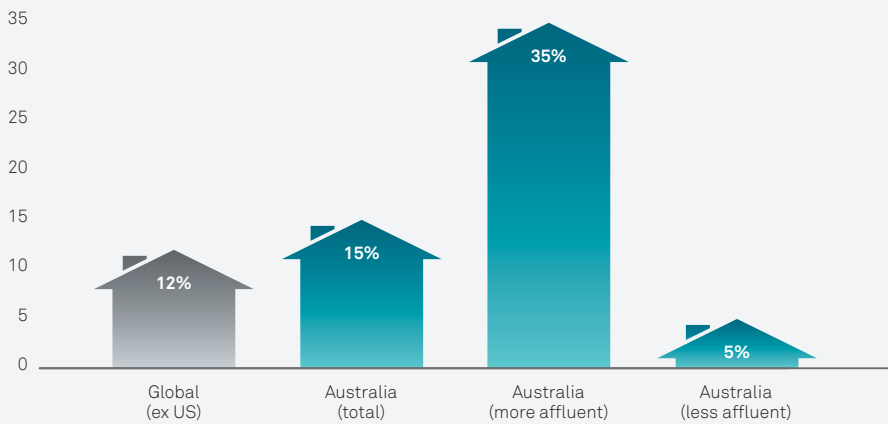
The survey revealed some telling differences between Australians and the rest of the world. We spend more of our planning time on purchasing a new home (20% of time in Australia compared to 17% globally), are more interested in paying off the mortgage on our homes (28% vs 23% globally) and are more interested in saving a deposit for a new home (17% compared to 13% globally).

PLANNING, SAVING AND PAYING OFF OUR HOMES



Source: BlackRock

Australia had one of the highest rates of investment property ownership with 15% of those surveyed holding investment property. This was above the global average of 12%. Both Hong Kong (20%) and Taiwan (19%) had higher levels of ownership in contrast to the EU country average of 10% and North America's 10%.

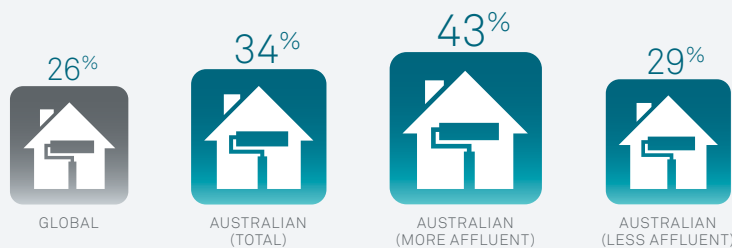


Source: BlackRock

INVESTMENT PROPERTY OWNERSHIP

Possibly reflecting Australia's love of property and the tax advantages of negative gearing, the proportion of the Australian higher income cohort with investment properties was 35% (compared to 5% for less affluent).

And not surprisingly in retirement Australians are more interested than their global counterparts in home improvements and gardening.



Source: BlackRock

RETIREMENT PLANS FOR HOME IMPROVEMENT AND GARDENING

FINANCIAL PLANNING IS KEY TO CONFIDENCE

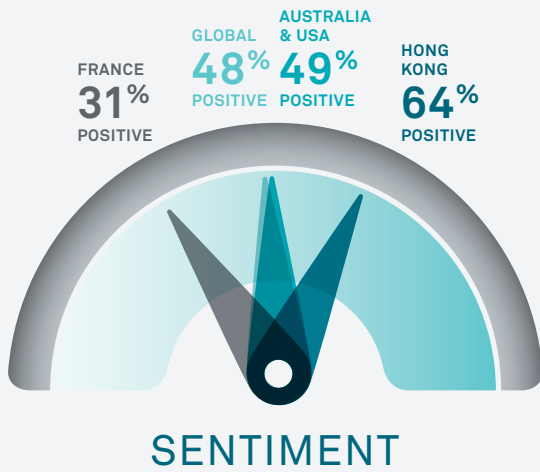
The survey has highlighted the relationship between the use of financial advice and feeling positive about our financial future.

Overall, almost half the Australians surveyed were feeling positive about their financial future, similar to Germany and the US. But in Hong Kong there was considerably more confidence with two thirds of respondents positive about their financial future. In stark contrast was France where only 31% were positive about their financial prospects.

3

SECTION

AUSTRALIANS SLIGHTLY MORE POSITIVE ABOUT FINANCIAL FUTURE THAN GLOBAL AVERAGE



FEELING POSITIVE ABOUT FINANCIAL FUTURE IS HIGHER FOR THOSE AUSTRALIANS USING AN ADVISER

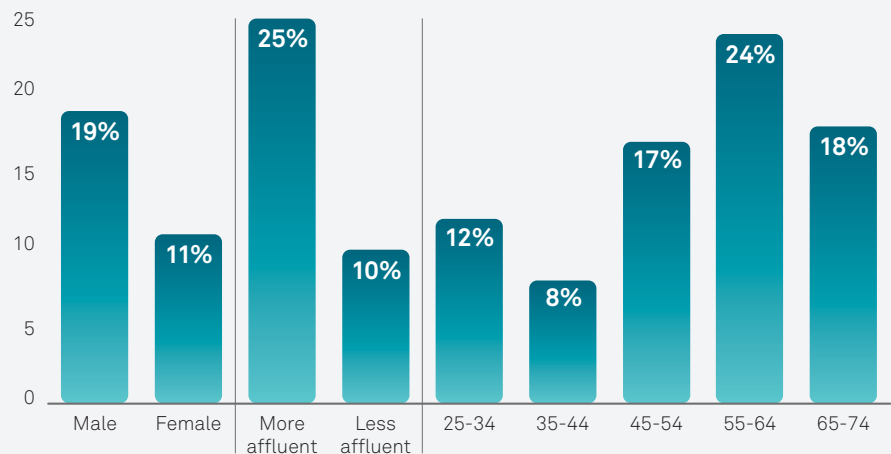


Source: BlackRock

However there was a marked difference in outlook among Australians that use a financial adviser, with almost two thirds feeling positive about their financial future.

But the tendency to seek professional financial advice is low in Australia with only 15% taking this route in contrast to 54% who use their own thoughts and ideas as the basis of their financial planning. Not surprisingly income plays a key role in use of advice with 25% of those who earn in excess of \$150K (or with household income in excess of \$160K) using professional advice compared to 10% of those on lower incomes.

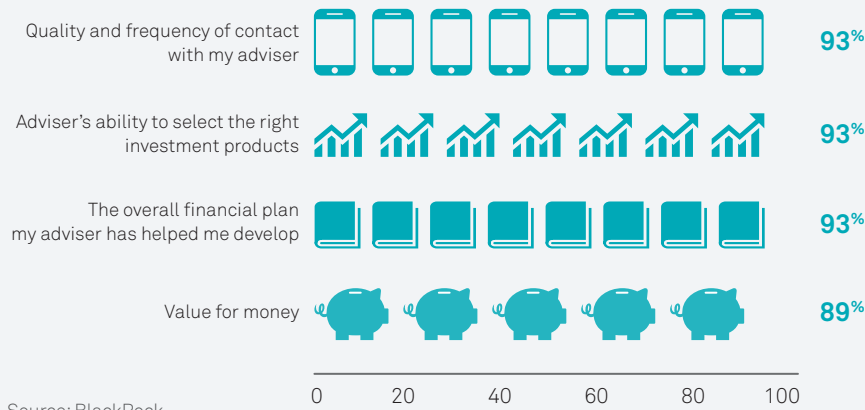
THE USE OF AN ADVISER IS HIGHEST AMONG MORE AFFLUENT AUSTRALIANS



Source: BlackRock

The use of an adviser also peaks as individuals approach retirement, with highest use among the 55-64 age group (24%) followed by the over 65s (18%) and then those aged 45-54 (17%).

Getting advice is still the preserve of a small minority, but where it is used it is highly valued, and nowhere more than in Australia. Globally 84% of advised investors responded that professional financial advice was good value for money (Australia 89%), while 87% said that it helped them to select the right investment products for their needs. In Australia, this increased to 93%, the same level of satisfaction as with the quality of financial planning advice received.



AUSTRALIAN ADVISER SATISFACTION LEVELS ARE VERY HIGH

Source: BlackRock

With professional advice being so strongly endorsed by customers there is an opportunity to broaden the access to this valued service.

INACTION MAY AFFECT RETIREMENT HOPES

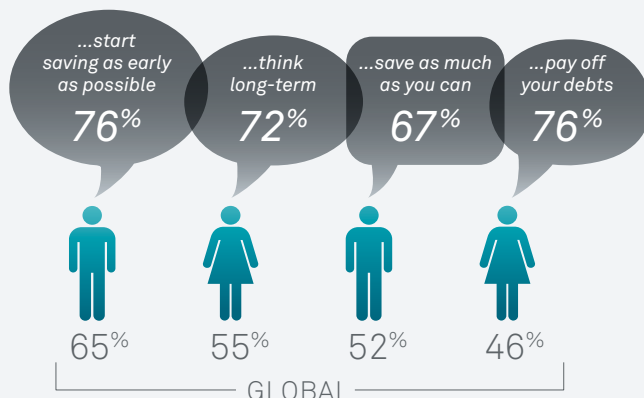
The majority of global retirees recommended that people start saving for retirement as early as possible (65%), think long term (55%), save as much as you can (52%) and pay off your debts (46%).

Australian retirees were the most enthusiastic about the need to plan for a comfortable retirement with 76% encouraging starting saving as early as possible, 72% encouraging long term thinking and 76% recommending paying off your debts.

Perhaps reflecting the challenging times in Europe, Italians were least preoccupied with preparing for retirement with 42% recommending saving early as possible and 41% encouraging thinking long term.

4 SECTION

My advice is...



LESSONS TO BE LEARNED FROM AUSTRALIAN RETIREES

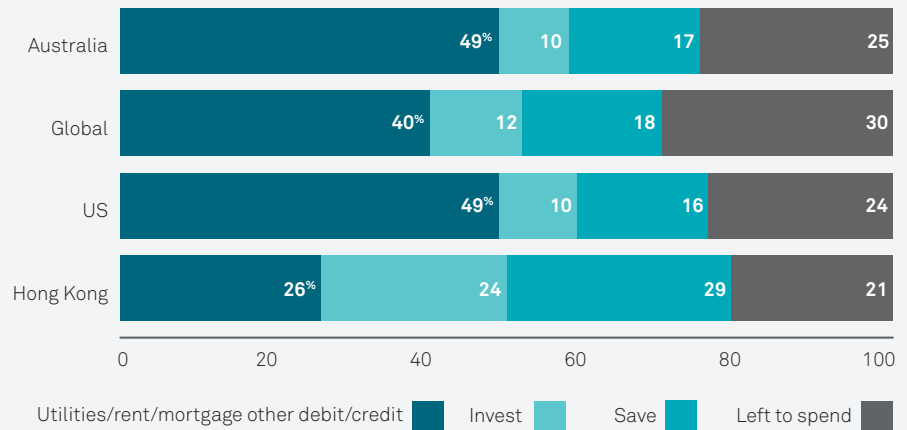
Source: BlackRock

Our research shows that people have a clear idea of the things they would like to be doing in retirement but many do not know what they need to do financially to achieve these goals. So what advice is there from people who have already retired?

So what do I do with my money?

While the wisdom of elders is valued, the question is will it be heeded? A challenge made all the more difficult with the immediate pressures of paying off mortgages, utilities, rent and other bills – which together account for nearly half of Australian take home pay.

ALMOST HALF OF AUSTRALIAN TAKE HOME PAY GOES ON REPAYMENTS, RENT AND UTILITIES



Source: BlackRock

BlackRock Investor Pulse survey, conducted in association with research agency Cicero Group in September 2013 amongst a nationally representative sample of 17,600 individuals in 12 countries aged 25 to 74 years old, of which 1,000 Australian residents. The results of this survey are provided for information purposes. The conclusions are intended to provide an indication of the current attitude of a sample of citizens in Australia to saving and investing and should not be relied upon for any other purposes.

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