



Press Release

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Mark Hofmans
GfK Custom Research DTC
Tel. +32 2 47528-00
Fax +49 2 47528-02
mark.hofmans@gfk.com

Marion Eisenblätter
Corporate Communications
Tel. +49 (0) 911 395-2645
Fax +49 (0) 911 395-4041
marion.eisenblaetter@gfk.com

Safety before risk

Findings of the Investment Barometer on the assets of private investors in Europe and the USA

Nuremberg, July 10, 2009 – The top priority for private investors in Europe and the USA is the safety of their investments. To achieve this, they are willing to accept moderate returns. Approximately half of the Europeans and almost seven in ten Americans have invested money in savings deposits. At the same time, the proportion of non-savers has decreased on both continents. These are the findings of the Investment Barometer survey carried out by GfK Custom Research on behalf of The Wall Street Journal Europe.

A total of 91% of Western Europeans prefer low-risk investments in principle. In Central and Eastern Europe, the figure amounts to 84% and in the USA to 81%. At 16% in both countries, the proportion of risk-loving investors is highest in Sweden and the USA. In contrast, Germans and Italians balk at risk, with only 3% indicating that they would opt for high-risk investments which promise high returns.

This cautious fundamental attitude is reflected in the current investment behavior of private investors. In autumn 2007, when this survey was last published, 43% of Western Europeans had parked their cash in savings deposit accounts. Today, this figure is almost 60%. The same trend has also emerged in the USA, with 68% of Americans now investing their money in interest-earning bank deposits. Eighteen months ago, only 53% opted for this form of investment. In Germany, the proportion has risen by 15 percentage points to 55%.

Life insurance policies are also increasingly popular, with 32% of Western Europeans having decided to take one out. This represents a rise of 7 percentage points on autumn 2007. However, the picture varies considerably in the different countries. Around one in two Belgians surveyed has invested in life insurance. Around half of respondents in America have also opted for this type of investment. At the other end of the scale is Spain, where only 4% choose life insurance as a savings option.

GfK SE
Nordwestring 101
D-90419 Nuremberg

Tel. +49 911 395-0
Fax +49 911 395-2209
public.relations@gfk.com
www.gfk.com

Management Board:
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Ranking in third place for Western European investors, with a share of 22%, are equities and equity funds. In the USA, this continues to be the most popular option and is chosen by 80%. Conversely, a mere 3% of Central and Eastern Europeans invest in listed shares.

In autumn 2007, the proportion of private individuals not investing in any of the above savings options was comparatively high, at 42% in Western Europe and 23% in the USA. Today, this figure is significantly lower, with only 29% of private investors in Western Europe and 8% in the USA not saving at all.

Wealth is not evenly distributed

When it comes to accumulating private wealth, Americans are the clear leaders, with 38% of respondents indicating that their private assets exceed USD 50,000. Of this group, 30% stated that their assets totaled more than USD 75,000. Only 8% said that they had no private assets. In Western Europe, only 7% of respondents have saved more than EUR 50,000 for a rainy day. In Eastern Europe, the figure is as low as 4%.

Within Western Europe, Belgium and Sweden are the only countries in which over 10% of citizens stated that they have assets of more than EUR 75,000. At 2%, Spaniards and Germans are at the bottom of the list of those with private wealth in excess of EUR 75,000. Overall, around 50% of all Western European private investors indicated that they had assets of less than EUR 25,000 and 29% that they had no private assets whatsoever. In Central and Eastern Europe this figure is as high as 62%.

Safety will remain a factor in the future

The responses to the question of how private investors would currently distribute EUR 50,000 (USA: USD 50,000) across various investment forms show that they will continue to shy away from risk in future.

A third of Western Europeans would choose bank deposit accounts as their preferred option. In autumn 2007, the proportion selecting this option amounted to only a quarter of private investors. In second place and some considerable way behind are "other investments", followed by life insurances and pension funds, which account for 12%. Bonds are favored by 10% of investors, while only 7% choose equities and equity funds.

The French and Germans emerged as adopting a particularly cautious approach. In each of these groups, 41% stated that they would also invest their money as short-term savings deposits in the future. Along with "other investments", this is also the preferred form of saving in Central and Eastern Europe. Only 23% of Americans prefer the low-risk savings deposits. An equal number stated that they would buy shares or invest in equity funds. However, in autumn 2007 the number of stock exchange



enthusiasts in the USA was still far greater. At that time, 37% of respondents in the USA indicated equities and equity-based instruments as an attractive investment, while only 14% said that bank deposits were their favorite type of investment.

The survey

Since 1999, the Investment Barometer survey has provided information about the investment attitude and behavior of European and American consumers. Survey questions include how much money private individuals invest, how they would invest EUR 50,000 (USA: USD 50,000, Central and Eastern Europe: EUR 25,000) and whether they would invest in low-risk or high-risk instruments. The current survey was carried out by GfK Custom Research on behalf of The Wall Street Journal Europe and with the financial support of The GfK Association in March and April 2009, and comprised around 11,000 respondents in the following 11 countries: Belgium, Czech Republic, France, Germany, Hungary, Italy, Poland, Spain, Sweden, the UK and the USA.

Further information: Mark Hofmans, GfK Custom Research DTC,
Tel. +32 2 47528-00, Fax +32 2 47528-02, mark.hofmans@gfk.com

Wall Street Journal Europe

The Wall Street Journal Europe was founded in 1983 and is based in Brussels. It is part of the leading global news group which also includes The Wall Street Journal, The Wall Street Journal Asia and The Wall Street Journal Online, the world's biggest subscriber news website. Together these publications have a paid circulation of 2.6 million.

Further information: Huss-PR-Consult, Judith Huss,
tel. +49 89 6494-5570, judith.huss@hussprconsult.de

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Responsible under press legislation:
GfK SE, Corporate Communications
Marion Eisenblätter
Nordwestring 101
D-90419 Nuremberg
Tel. +49 911 395-2645
Fax +49 911 395-4041
public.relations@gfk.com