

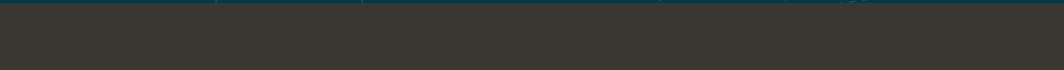
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DISRUPTIVE TECHNOLOGIES:

IN LIFE & PORTFOLIOS

GLOBAL ✕

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Beyond Ordinary ETFs™





In our 3rd annual survey of affluent investors, we explore how investors use cutting edge technology in their lives each and every day. Yet investment portfolio exposure to these technologies tends to lag behind. How can investors better capture the growth potential we’re seeing in disruptive tech? Let this survey and analysis of affluent investors illustrate what your clients want and how you can help achieve those outcomes.

WHO DID WE SURVEY?

LEVEL OF INVESTABLE ASSETS	HAS A FINANCIAL ADVISOR	DOES NOT HAVE A FINANCIAL ADVISOR
\$100,000 to < \$250,000	100	100
\$250,000 to < \$500,000	100	100
\$500,000 to < \$1,000,000	100	101
\$1,000,000 to < \$5,000,000	100	100
\$5,000,000+	100	100
TOTAL	500	501

In Q2 2018, we surveyed 1,001 affluent investors to get their perspective on tech and investing today, tomorrow and in the years to come.¹ First, those who have a financial advisor are using technology more often in their daily lives than in their portfolios. Additionally, tech use is expected to grow quickly in areas like mobile banking, smart home devices, and smart energy. Also, affluent investors currently view renewable energy and artificial intelligence as being the tech trends presenting the greatest degree of investment opportunity, followed by Internet of Things and e-commerce. Last, retention of affluent clients over the next 12 months is at risk across all levels of net worth we surveyed, but most affluent investors will either keep their FA-managed assets at the same percentage or increase that percentage over the next 3-5 years. An opportunity exists to retain current clients, as well as to recruit wealthy prospects.

¹Note: Not all 1,001 investors surveyed are represented in the results shown on subsequent charts, in following with research best practices and to ensure a demographically representative sample, where desirable

DISRUPTIVE TECH: IN LIFE & PORTFOLIOS

HOW AFFLUENT INVESTORS USE AND INVEST IN TECH

Smart home devices (e.g., home voice assistants), smart energy, mobile banking/payment apps, and seamless commerce are the largest anticipated growth areas in terms of usage in the coming year. Therefore, it would behoove financial advisors to become familiar with these disruptive tech trends and the investment vehicles available in the market that provide exposure to them.

EXPECTED TECHNOLOGY USE IN THE NEXT YEAR

Q: "How do you see the frequency of your usage for the following technologies changing in the next year?"
n=500, Includes Investors Both With & Without an Advisor

■ MUCH/SOMEWHAT MORE



35%

SMART HOME DEVICES



34%

SMART ENERGY



33%

MOBILE BANKING/PAYMENT APPS



30%

SEAMLESS COMMERCE

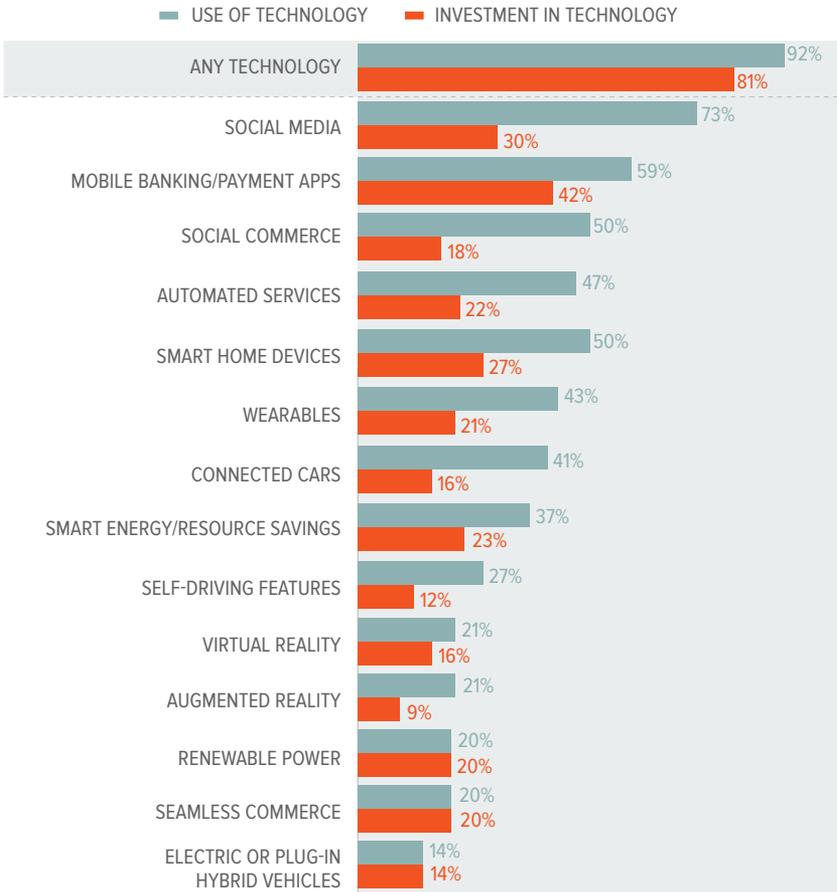


Affluent investors with a financial advisor are using technology more often in their daily lives than in their portfolios.

According to the chart below affluent investors' tech usage and tech investment differ – sometimes substantially so. Given this difference between an affluent investor's usage of tech and actual exposure in his/her portfolio, we believe there is an opportunity to better align clients' portfolios with the technology they are using in their everyday lives.

TECH vs. INVESTMENT IN TECH

Q: "How frequently do you use the following technologies?" (% reporting at least weekly use)
 Q: "Thinking of the companies that you currently invest in, which of the following technologies do they offer?"
 n=216, Has a Financial Advisor



DISRUPTIVE TECH: IN LIFE & PORTFOLIOS

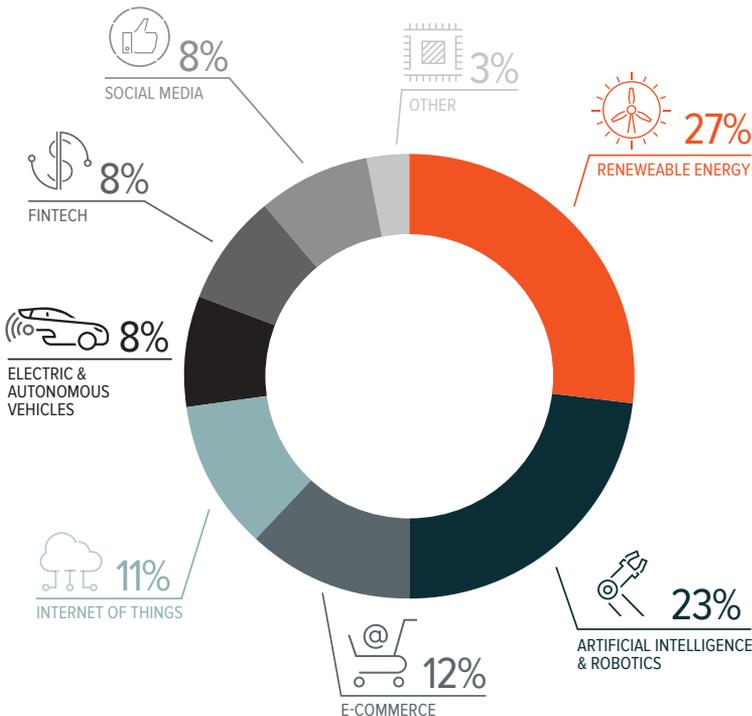
Affluent investors are tapping current tech investments and see the potential for increasing those investments in the years to come.

QUICK FACTS ON THE OPPORTUNITY AFFLUENT INVESTORS SEE IN DISRUPTIVE TECH TRENDS

The seven biggest tech trends that affluent investors with financial advisors see as opportunities are listed below. Getting smart on at least the top four – renewable energy, artificial intelligence & robotics, Internet of Things and e-commerce – would be a wise move for any financial advisor.

BIGGEST TECHNOLOGICAL INVESTMENT OPPORTUNITIES

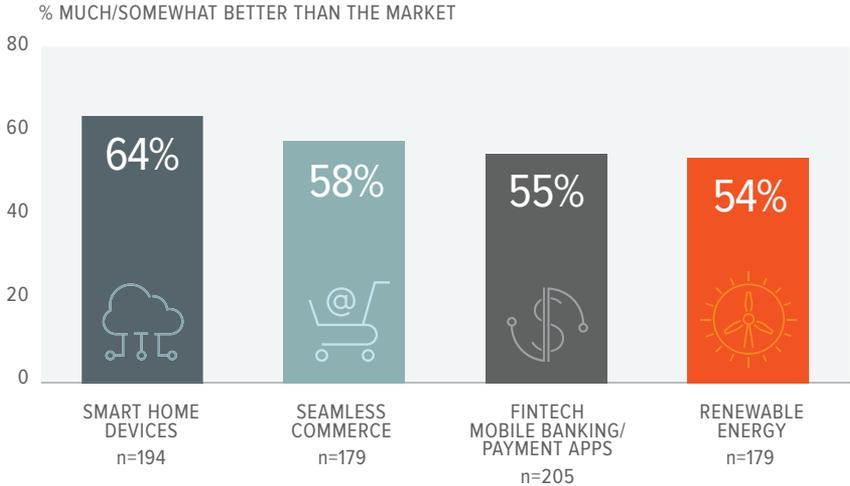
Q: “Which one of the following technological trends do you think presents the biggest investment opportunity?”
n=216, Has a Financial Advisor





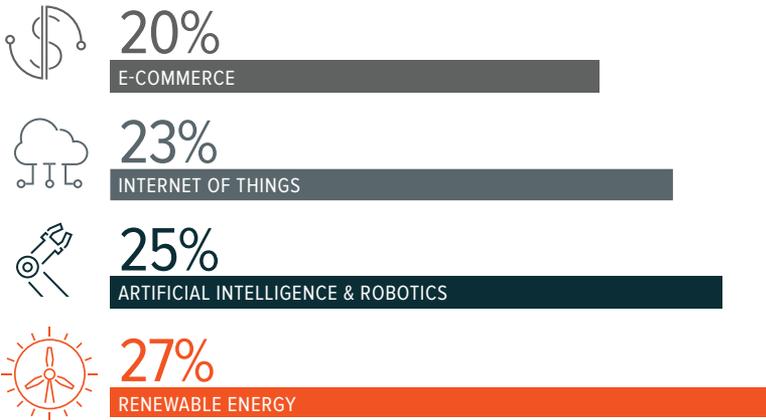
CONFIDENCE IN TECH PERFORMANCE

Q: "How do you think companies that offer the following technologies are likely to perform over the next decade?"
n=179-205, Has a Financial Advisor & Familiar with Technology



AFFLUENT INVESTORS WHO BELIEVE THEIR INVESTMENT IN DISRUPTIVE TECH WILL INCREASE IN THE COMING YEAR

Q: "Over the next year, do you anticipate an increase in the percentage of your investments in companies that focus on the following technologies?" (% Yes)
n=500, Includes Investors Both With & Without an Advisor



DISRUPTIVE TECH: IN LIFE & PORTFOLIOS

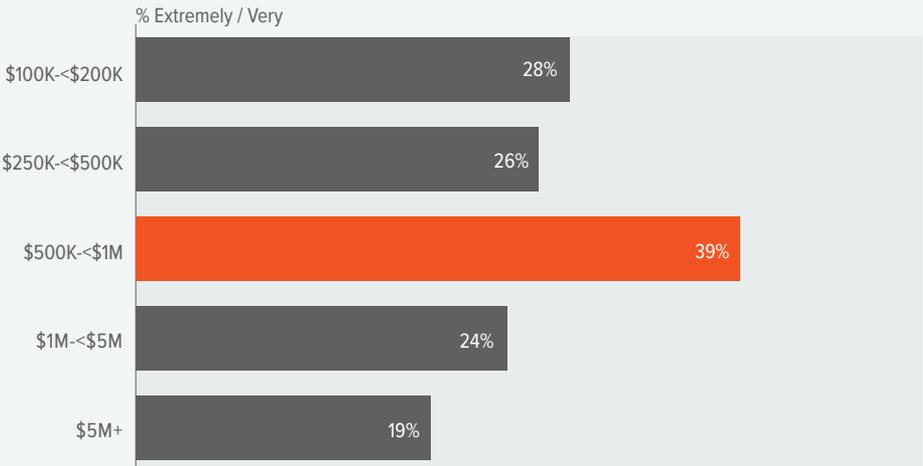
Roughly one-in-five investors who currently have a financial advisor believe he/she is likely to change to a new financial advisor in the next 12 months.

A FORWARD-LOOKING APPROACH TO MANAGING AFFLUENT CLIENTS

Retention of affluent clients over the next 12 months is at risk across all levels of net worth we surveyed, but the majority of high net worth investors will either keep their FA-managed assets at the same percentage or increase that percentage over the next 3-5 years. An opportunity exists to retain current clients, as well as to recruit wealthy prospects. Possible recruiting tools include: aligning client portfolios with disruptive technologies they are using in their everyday lives, aligning their portfolios to their personal values, and increasing social media communication to keep them informed on the markets.

LIKELIHOOD TO CHANGE FINANCIAL ADVISORS IN THE NEXT 12 MONTHS

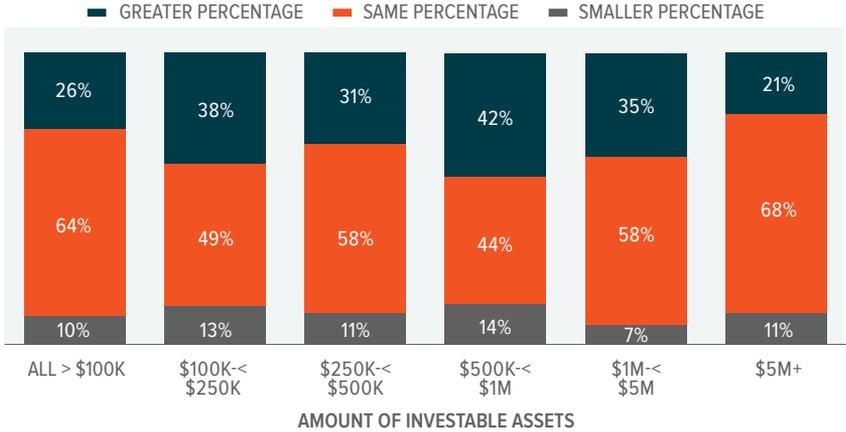
Q: "How likely are you to change financial advisors/brokers?" n=216, Has a Financial Advisor





LIKELIHOOD THE MANAGEMENT OF INVESTABLE ASSETS WILL CHANGE

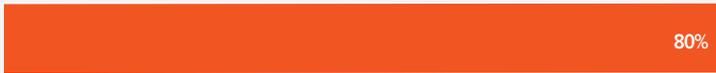
Q: "Over the next 3-5 years, do you believe your financial advisor or broker will manage a greater, smaller or the same percent of investable assets?" n=216, Has a Financial Advisor



ALIGNING INVESTMENT STRATEGY WITH PERSONAL VALUES

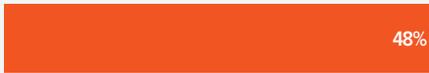
Q: "How important is it to you that your investment strategy connects with your personal values?" n=216, Has a Financial Advisor

% Extremely / Very / Somewhat Likely



Q: "How likely would you be to pay a higher fee for a portfolio that connects with your personal values?"

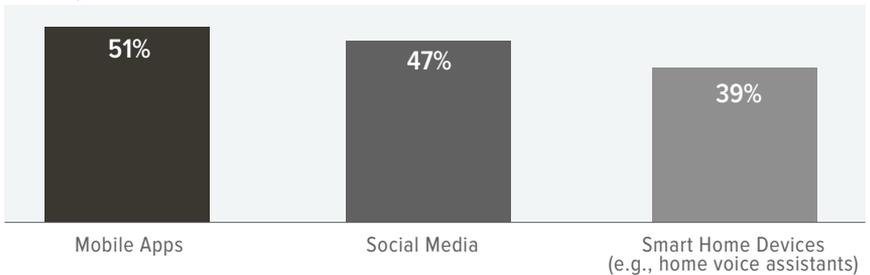
% Extremely / Very / Somewhat Likely



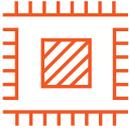
AFFLUENT INVESTORS WITH A FINANCIAL ADVISOR USE TECH TO STAY INFORMED ON THE MARKETS

Q: "How frequently do you use the following products to stay informed with what is happening in the market?" n=216, Has a Financial Advisor

% Weekly or More



KEY TAKEAWAYS ABOUT DISRUPTIVE TECH AND PORTFOLIOS



Use of Tech

Affluent investors with a financial advisor are using technology more often in their daily lives than in their portfolios.



Growth in Use of Tech

Technology use is expected to grow quickly in key areas like mobile banking, smart home devices, and smart energy.



Biggest Tech Investment Opportunities

Affluent investors currently view renewable energy and A.I. as the tech trends presenting the greatest degree of investment opportunity, followed by Internet of Things and e-commerce.



The Influence of Social Media

Roughly a third of consumers use social media to stay informed with the market, but only one-quarter say it influences their investment decisions. However, those with a financial advisor are most likely to use it and be influenced by it.



Recruiting and Retaining Clients

Retention of affluent clients over the next 12 months is at risk across all levels of net worth we surveyed. Therefore, an opportunity exists to increase effort into retaining current clients as well as in recruiting wealthy prospects.

Investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations.

The information provided is not intended for trading purposes and should not be considered investment advice.

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