



RISKY BUSINESS?
What Makes You Invest (or Not)



Janus Henderson Investors recently partnered with global research firm HarrisX to conduct a survey exploring American consumers' attitudes and behaviors regarding financial planning and investing.

The findings revealed a significant gap between consumers' financial aspirations and their financial behaviors.

The research illuminates the need for greater transparency, simplified information, and additional resources from the investment sector to foster a healthier understanding and increased participation in investing.

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INVESTING IN AMERICA

New waves and missed opportunities

Almost half of all survey respondents (48%) do not hold any investments* in funds. However among those individuals who are not investing, 46% plan to commit to investing sometime in the future, and 37% have plans to start in the next three years.

When we asked those not investing but who intend to in the future why they were not yet investing, reasons included a preference for having easy access to funds through savings or checking accounts (38%), preexisting debts or financial obligations (30%), and a lack of understanding of investment methods (30%).

One of our most striking findings was that younger generations exhibit the most doubt in terms of investment understanding. As we will explore later in this report, 45% of Generation Z respondents who aren't currently investing but intend to in the future confessed that lack of knowledge is the biggest barrier preventing them from investing currently.

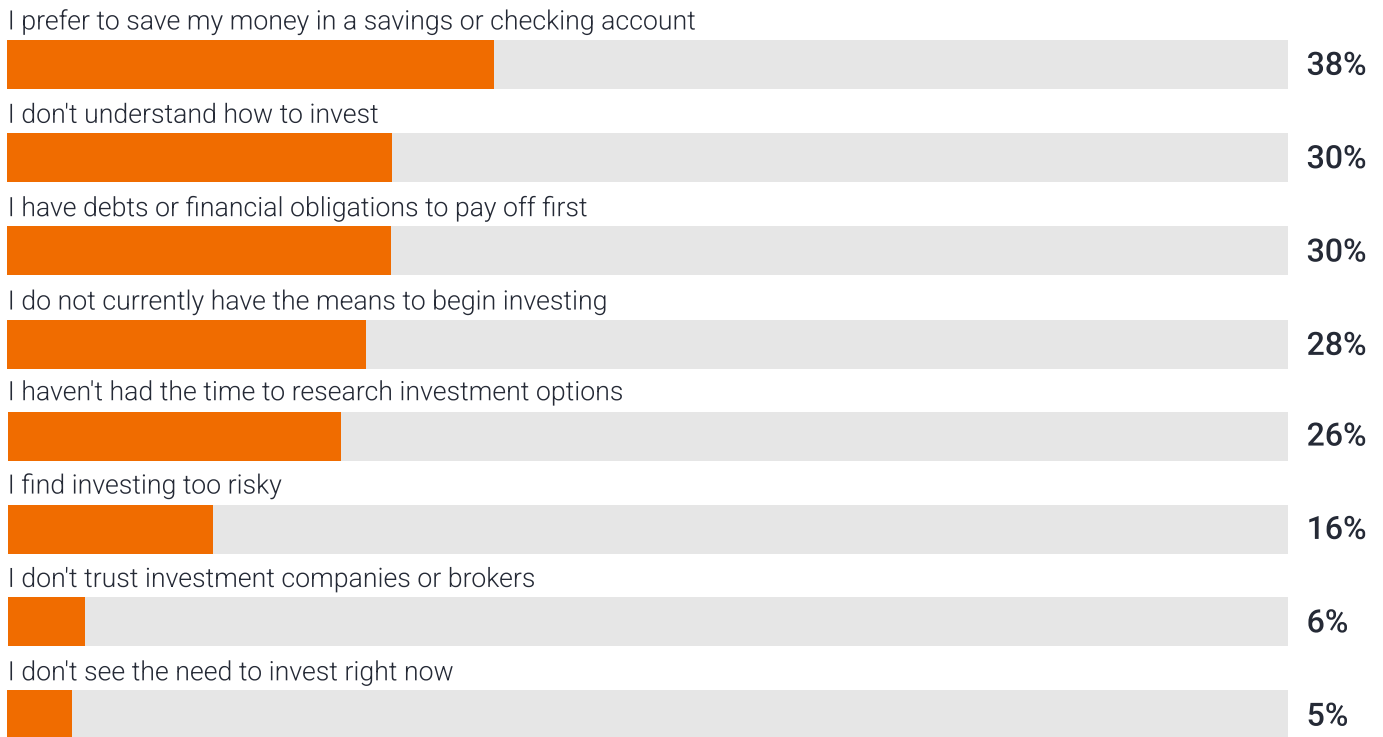
We also noticed marked differences in attitudes and behaviors across gender lines. Just 40% of women currently hold any type of investment*, compared to 65% for men. Of those women who said they have no intention of investing in the foreseeable future, 23% cited a professed lack of understanding as a crucial hindrance compared to only 17% of men.

Outside of investing, other financial concerns appear to be weighing heavily on a large percentage of respondents. More than two in five (42%) report that the rising cost of living is their primary worry. This issue significantly outweighs the next biggest concern: saving for retirement, at 14%.

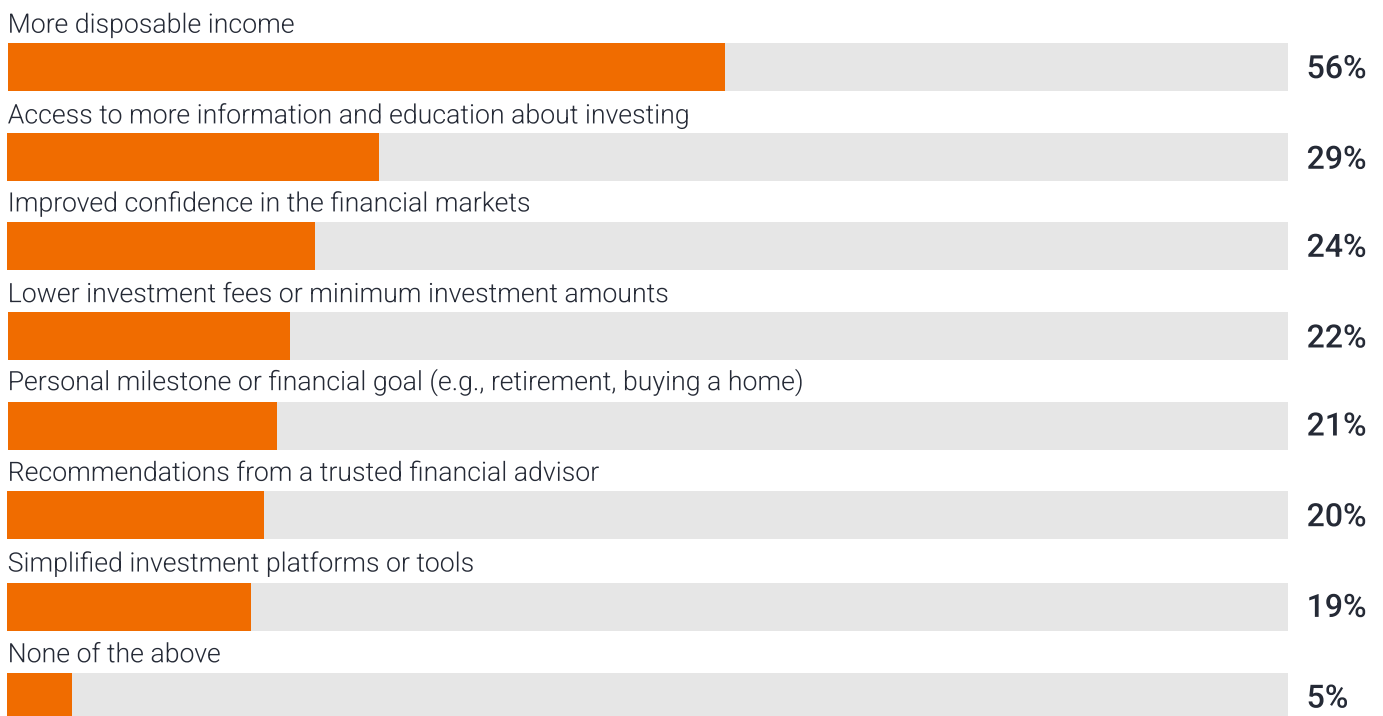
Read on for a more thorough analysis of the survey findings.

*This includes stocks, bonds, and mutual funds

OF THOSE INTENDING TO INVEST, STATED REASONS THEY ARE NOT CURRENTLY INVESTING ARE:



THE FOLLOWING WOULD ENCOURAGE THOSE NOT CURRENTLY INVESTING TO INVEST SOONER:



GEN Z'S MONEY PARADOX

Big dreams vs. limited investing knowledge

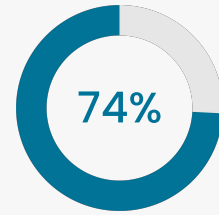
As Gen Z has matured, so has their financial outlook. Like their Millennial and Gen X predecessors, this demographic is adversely impacted by the rising cost of living, escalating housing expenses, and accumulated debt.

Despite aspirations of financial security in the form of home ownership and achieving debt-free status, one-third of Gen Z respondents not currently investing said they have no intention of investing in the foreseeable future. Approximately 28% don't see the need to invest, a sentiment likely influenced by their age, and 34% say they lack an understanding of investing.

Gen Z respondents who currently invest are predominantly sourcing financial advice from family members and friends (48%), with 29% reporting they are satisfied with the advice they receive. However, our survey found that satisfaction with financial advice increases to 42% when engaging with a professional advisor.

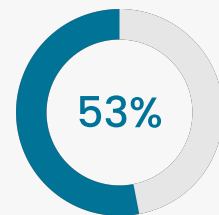
A considerable barrier for the 45% of Gen Z that plans to invest but is not currently is a lack of understanding of the investing process. That said, 25% stated that they might be persuaded to participate in investing sooner with the provision of high-quality advice and a comprehensive introduction to investment fundamentals.

While Gen Z may seem reserved about individual investing, an impressive 79% of those intending to invest foresee doing so within the next three years. They are prepared to seize the opportunity investing presents if they experience a surge in disposable income (48%), gather more reliable information (33%), achieve their personal targets (28%), or become motivated by a financial advisor (26%).



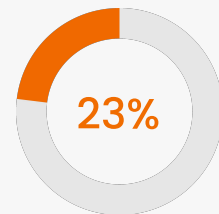
of Gen Z responded "yes" when asked if they would consider using a financial advisor.

This is a higher percentage than other generations.

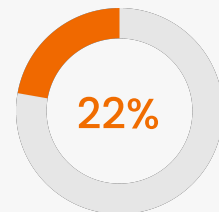


of Gen Z responded "yes" when asked if they would consider using an investment brokerage firm for financial advice.

This is a lower percentage than other generations.



of Gen Z who are unwilling to seek advice from an investment broker view their income/asset base as too low to access a brokerage firm, and...



say they don't trust investment brokers.

CAUTION VS. FINANCIAL AMBITION

Female investors at a crossroads



It is not only generations that differ in their attitudes toward financial planning and individual investing; a significant gender gap also exists. Our survey found that women are consistently more conservative in their approach to wealth management than their male counterparts.

Just 40% of female respondents currently hold investment funds, a stark contrast to the 65% of men who do. This 25 percentage-point gap indicates there is a substantial portion of women missing out on opportunities for wealth accumulation and financial independence.

For women who do invest, caution is a defining characteristic. Only 32% of female respondents commit over 10% of their salary to investing, compared to 44% of male respondents. While this risk-averse approach reduces exposure to market volatility, it may also limit potential returns over time.

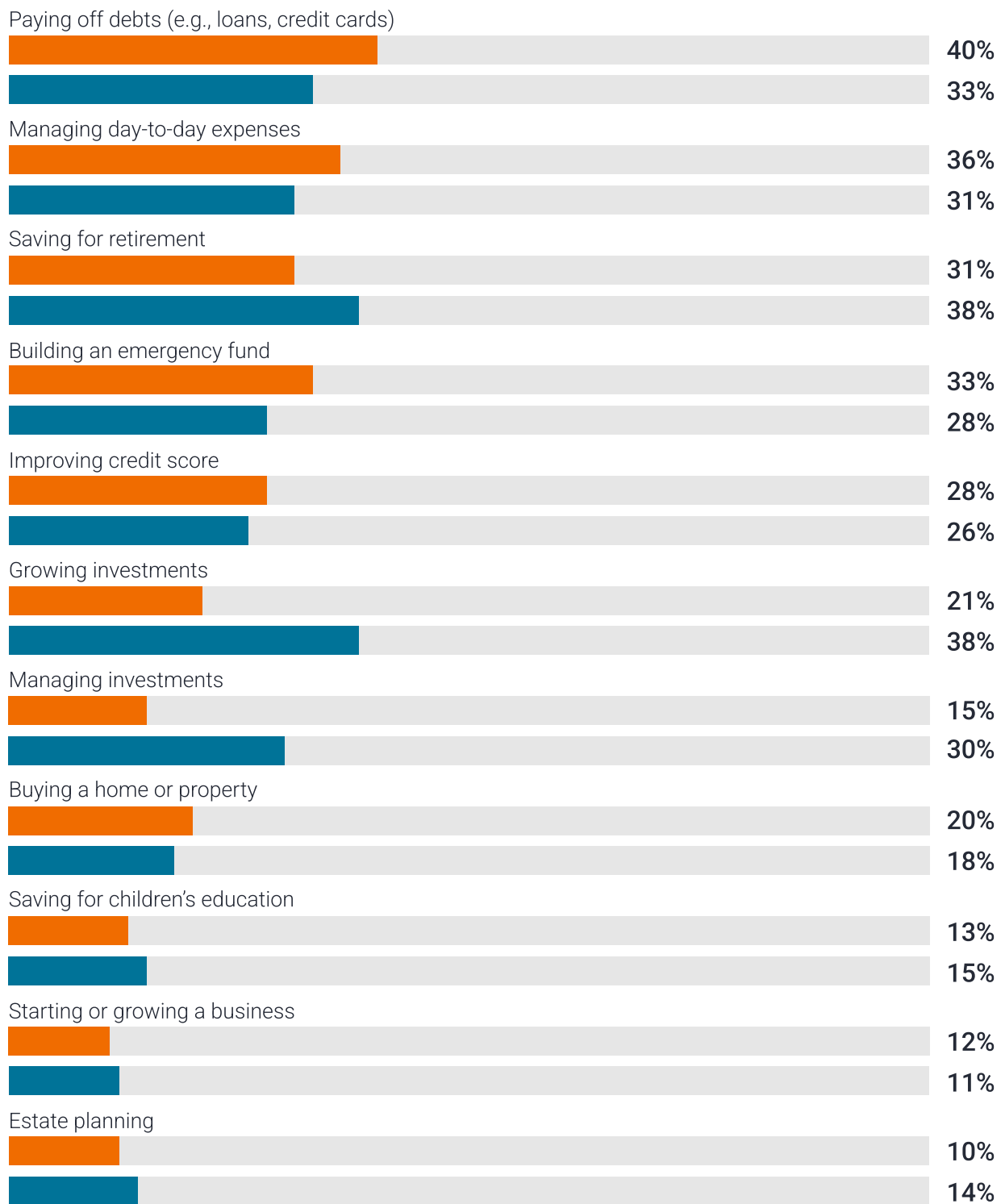
Among female respondents who don't invest, 23% cite a lack of understanding about how to invest as the primary reason compared to 17% of men, showing a critical need for targeted financial education and support for women.

Paradoxically, the abundance of available investment advice seems to contribute to the problem rather than solve it. A substantial percentage of female respondents who invest or intend to invest (43%) report feeling overwhelmed by the sheer volume of investment advice available and express uncertainty about which sources to trust. Moreover, 14% of those who invest or intend to invest indicate they wouldn't know where to find investment advice at all, indicating a significant information gap.

These factors culminate in divergent financial priorities between men and women.

For example, female respondents report lower levels of confidence in making decisions to address their financial priorities within the next three years, especially around retirement planning and investment management. Of those female respondents who claim “saving for retirement” is a priority, only 55% feel confident in making decisions about their retirement compared to 71% of men. The gap narrows slightly but remains significant when it comes to managing investments, with 62% of women expressing confidence versus 75% of men.

WHICH, IF ANY, OF THE FOLLOWING ARE A PRIORITY FOR YOU OVER THE NEXT 3 YEARS?



FEMALE **MALE**

Conclusion

Looking at our survey findings, one thing is clear: Targeted financial education, increased access to clear and trustworthy investment advice, and efforts to boost investor confidence are imperative when it comes to empowering current and potential investors to make the right financial decisions for their future.

Janus Henderson Investors launched our Direct Advice offering to address the clear and present need for greater access to financial advice for current and potential individual investors. Our research shows just how needed services like this are, with one in three respondents (30%) citing a lack of understanding of how to invest as a barrier.

Investing is a key pillar of individual financial planning and is often absolutely vital for individuals hoping to meet their retirement goals. To be effective, financial advice not only needs to cover how to invest, but also how to plan and execute an investment strategy that matches investors' risk tolerance and meets their goals.

For more information, visit: janushenderson.com/advice

Research Methodology

Data is based on an online survey conducted from June 28-July 5, 2024. Sample size n=5,010 Americans aged 18+. Data has been weighted to be representative of the national population.

Research conducted by HarrisX, <https://www.harrisx.com/>

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