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Riding out the storm:

The impact of Coronavirus on personal finances and investments

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US Report

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One-minute takeaway

- Coronavirus is expected to have a detrimental effect on the economy and personal finances. Almost two thirds (63%) of the US population now expect the Coronavirus to have a negative impact on their personal finances.
- A concerning 23% of workers are extremely worried about the risk of being laid off and over one in ten (14%) believe the prospect of this will be extremely likely. In the event of a job loss, the majority will turn to their savings (53%) to get by, but 39% will need to rely on government support.
- 74% of investors are worried about the impact on their investments but a good number are holding tight, with 48% sticking with their current investments in the hope of riding out the uncertainty.
- However, 18% have or will redeem their investments altogether. Others are de-risking their portfolio by switching to alternative lower risk funds (9%) or diversifying their portfolio (9%).
- Investors are divided on their approval of the government's response to Coronavirus when it comes to their investments and the markets. When it comes to their fund manager specifically, approval is less polarized, but many are still unaware of their fund manager's actions suggesting more could be done to communicate and reassure customers in these uncertain times.

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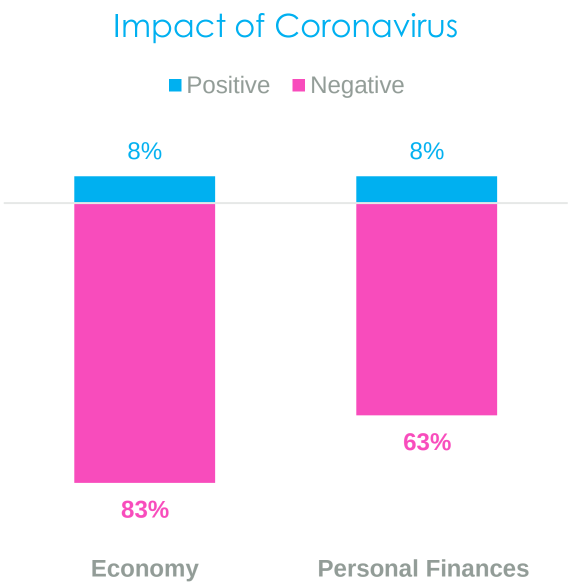
Coronavirus expected to have a detrimental effect on the economy and personal finances

With the markets in turmoil and industry at a standstill, it is no surprise that the majority of the US population (83%) believe the Coronavirus pandemic is having a negative impact on the economy.

Despite the US Federal Reserve slashing interest rates and President Trump signing a $2 trillion stimulus package, the Dow Jones continues to reflect massive uncertainty; with some of the biggest drops and jumps in recent history.

It is against this erratic economic backdrop that a large proportion of the population are now viewing their own personal financial situation.

Over half of the US adult population (63%) expect the Coronavirus to have a negative impact on their personal finances.



The majority of the population (83%) are now worried about a general economic downturn, and as a consequence, also the risk of losing their job. A concerning 23% of workers are extremely worried about the risk of being laid off and over one in ten (14%) believe the prospect of this will be extremely likely.

In the event of a job loss due to Coronavirus, the majority are planning on using their savings (53%) to get by, but 39% will need to rely on government support.

Concerns around the impact of Coronavirus on investments are high, but the majority of US investors remain invested

With the current economic situation and the impact of Coronavirus on the markets, it is not surprising that the majority (74%) of investors are worried about the impact on their investments, with 41% being very concerned. This is particularly true of those in retirement age (55-64) with the number of those concerned rising to 82% as they see their retirement savings rapidly shrinking.

Despite concerns, a good number of investors recognise the importance of remaining invested to make the most of their long-term gains, with 48% planning to stick with their current investments in the hope of riding out the uncertainty. This increases to 62% among those aged 65+. However, a further 23% are keeping a close eye on their returns and will redeem if the situation gets worse.

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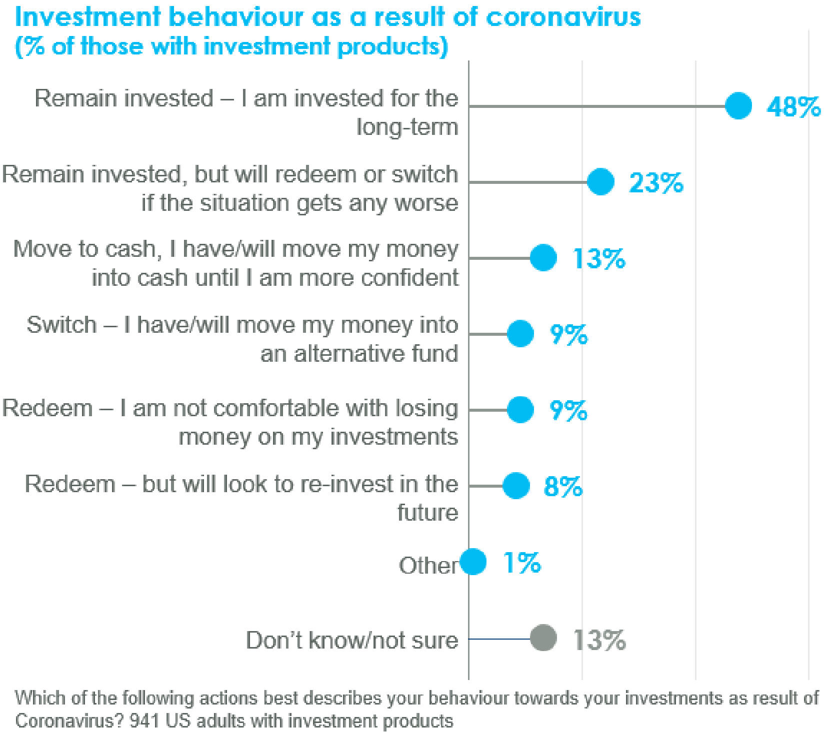
More extreme than that, are the 13% of investors who are looking to move their investments into cash and nearly one in five (18%) have or will redeem their investments altogether. Others are de-risking their portfolio by switching to alternative lower risk funds or diversifying their portfolio (Both 9%)



When it comes to individual stocks and shares, 11% of investors have sold their shares as they have seen them plummet in recent weeks. However, some investors are taking advantage of low share prices, with 15% having bought new shares since the Coronavirus outbreak and 7% having opened a new investment account.

As the pandemic wreaks havoc across the globe, it is clear that investors are now looking closer to home when it comes to investing. The US is the number one market where they see the biggest opportunities for growth over the next 12 months in the light of the recent crisis.

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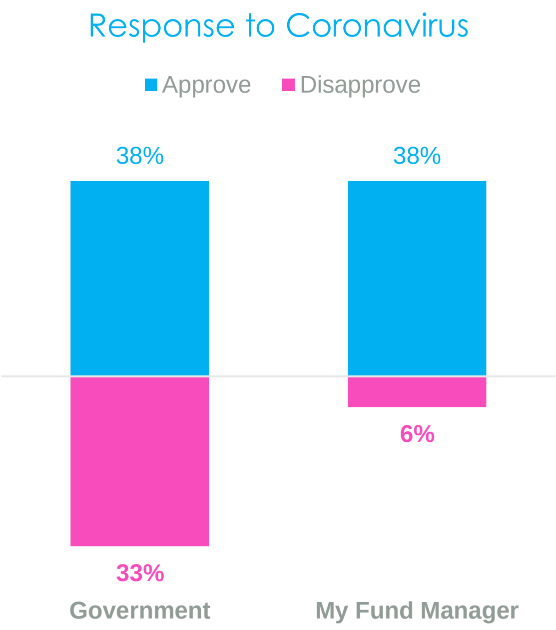
Investors are more critical of the government's handling of the Coronavirus crisis compared to the general public

Whilst nearly half (47%) of the general population approve of the way the government is handling the Coronavirus, investors' approval is more divided. 38% of investors approve of the way the government is responding but a similar number (33%) do not. Disapproval is higher amongst older investors who are feeling the effects more strongly, with only 32% approving compared to 38% who don't. This is in stark contrast to younger investors with twice as many approving of the government than disapproving (44% and 22% respectively)

When it comes to their fund manager specifically, approval is less divided, with 38% approving of their actions compared to only 6% who don't. However, many investors are unaware of their fund managers' actions with over a third (37%) remaining neutral, suggesting more could be done to communicate and reassure customers in these uncertain times.



About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people **think**, **feel** and **do**. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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