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Campden Research
A division of Campden Wealth

Proving Worth—The Values of Affluent Millennials in North America

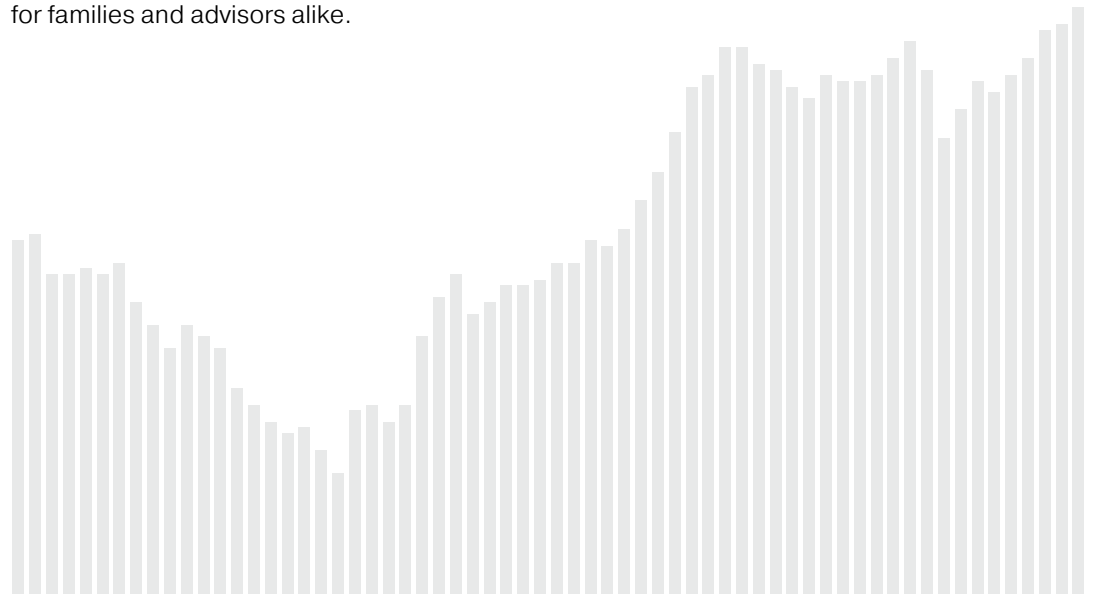
Executive Summary

Young adults born to ultra-high-net-worth (UHNW) families between 1980 and 1995 are playing an ever-increasing role in how their family wealth is managed. The attitudes and opinions of Millennials are quite distinct from the two generations that came before them—Baby Boomers and Generation X—because their experiences are distinct as well. They came of age during some of the worst financial market crises in recent history while their entire adult lives have been spent in the Internet era, with much of the world available at their fingertips.

To deepen our understanding of how this generation of wealth creators and family members think and view the world, OppenheimerFunds partnered with Campden Wealth to conduct this study of ultra-high-net-worth Millennials. The study had three key overall findings:

1. UHNW Millennials have an unambiguous commitment to philanthropy.
2. They harbor a strong desire to preserve wealth and have a lasting and positive impact on the world.
3. Finally—and perhaps surprisingly for a generation so comfortable with digital transactions and communications—they still value professional advice, but on their terms. The advice they receive cannot simply address the overall needs of their families. It must also be tailored to their specific goals and objectives.

The following overview provides highlights of our findings and their implications for families and advisors alike.



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Key Findings of the *Proving Worth* Study Include:

UHNW Millennials see wealth as a means to advance causes they support and that reflect their values.

- Philanthropy and impact investing are conduits for engaging with the causes they believe in, including basic human rights and living conditions, education, the environment and gender equality.
- Those surveyed are both altruistic *and* practical. They are not simply interested in impact investing to feel good about themselves. Results are important and they look for sustainable, long-term returns and expect accountability from the managers of their assets.

They are financially conservative and deeply concerned with preserving the family and the family's wealth, and they are still defining their roles.

- Having lived through major market crises at an impressionable age, Millennials are more risk-averse than some of their forebears and may have more in common with the attitudes of the children of the Great Depression than they do with either the Baby Boomers or Generation X.
- The majority of UHNW Millennials are involved in decision-making in the family office, as they serve on committees or boards. However, most are not yet making strategic decisions.

Many see the value of professional advice from trusted sources but also find there is room for improvement.

- Private bank and family office executives earn high marks for being influential and for understanding and implementing family priorities and goals.
- But respondents clearly indicated a desire for direct relationships with advisors that yield personalized guidance based on their own goals and objectives.
- Millennials want advisors to focus on issues such as wealth transfer and sourcing business deals. They also want help and guidance with resolving family conflicts over wealth management matters. Conversely, estate planning is a low priority, and few expressed a desire for advisors to identify philanthropic opportunities.

Methodology

- All respondents were born between 1980 and 1995.
- They came from families with net worth of \$25 million-\$1 billion.
- The individual net worth of respondents willing to disclose it ranged from less than \$25 million to \$500 million.
- Respondents' gender:
 - 50% female.
 - 42% male.
 - 8% did not identify.

For complete information on the methodology used in this study, please see *Proving Worth—The Values of Affluent Millennials in North America* report.

Chapter 1: Nature—Trying to Do Good

Driven by Their Values and Focused on Results

The overwhelming majority of UHNW Millennials are actively engaged and believe strongly in philanthropy, socially responsible investing (SRI), and impact investing. For example, surveyed Millennials' interest in, or knowledge of, philanthropy was nearly 100%, perhaps, in part, due to many families' existing involvement with philanthropic endeavors.

However, while a majority of this group expressed interest in the investment strategies that can serve philanthropic efforts, the level of understanding of some related strategies was not as strong.

- 96% are interested/very interested in philanthropy.
- 70% are interested/very interested in SRI.
- 64% are interested/very interested in impact investing.

In evaluating impact investing and values-based investment practices, Millennials focus on the long term and are results-driven. **Exhibit 1** ▼ The most important characteristics for them when assessing different approaches are:

- Long-term returns, identified by 96% as important/very important.

- Accountability, cited by 95% as important/very important.
- Sustainability, as 91% said it's important/very important.

The “feel good factor” came in at the bottom of the list, with only 9% ranking it as very important, a result that demonstrates Millennials prefer strategies that deliver results.

Focus on Basic Human Rights

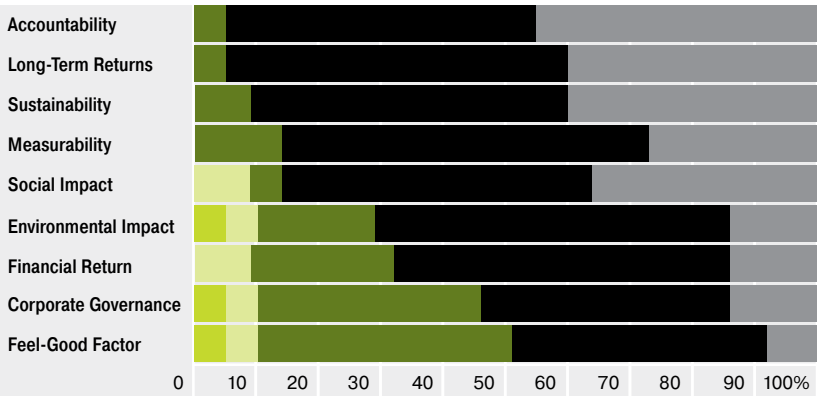
The primary focus of Millennials' SRI and impact investing is on basic human rights. Many Millennials view their commitment to impact investing and SRI as an extension of the values they learned from their families. For many this may stem from direct engagement in their families' philanthropic and charitable activities from an early age, often under the guidance of parents and grandparents.

Exhibit 2 ▼ The top causes they identified as their interests were:

- Education (58%)
- Environment (39%)
- Water (39%)
- Gender equality (30%)
- Clean Energy (30%)
- Housing (26%)
- Clean Technology (22%)
- Healthcare and Pharmaceuticals (22%)
- Fair Trade (22%)
- Land Conservation (17%)
- Agriculture (13%)
- Ecotourism (13%)
- Other (4%)

Exhibit 1

Importance of Common Impact Investing Characteristics

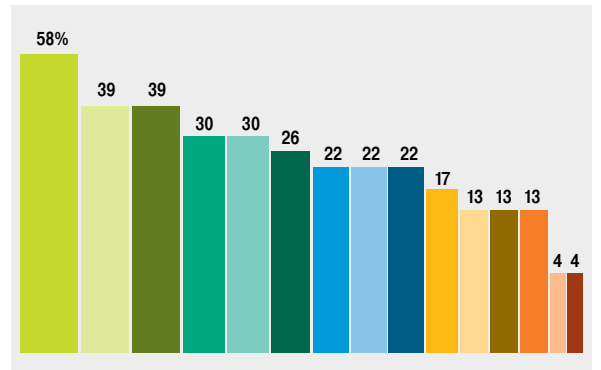


Legend: Very Important (Dark Grey), Important (Black), Moderately Important (Dark Green), Of Little Importance (Light Green), Unimportant (Yellow). Sources: OppenheimerFunds and Campden Wealth.

Exhibit 2

Areas of Interest for Millennial Impact Investing

Multiple Answers Permitted



Legend: Education (Light Green), Environment (Medium Green), Water (Dark Green), Gender Equality (Teal), Clean Energy (Dark Teal), Housing (Blue), Clean Technology (Light Blue), Healthcare and Pharmaceuticals (Yellow-Orange), Fair Trade (Orange), Land Conservation (Dark Orange), Agriculture (Light Orange), Ecotourism (Dark Orange), Other (Red). Sources: OppenheimerFunds and Campden Wealth.

Chapter 2: Decision Making

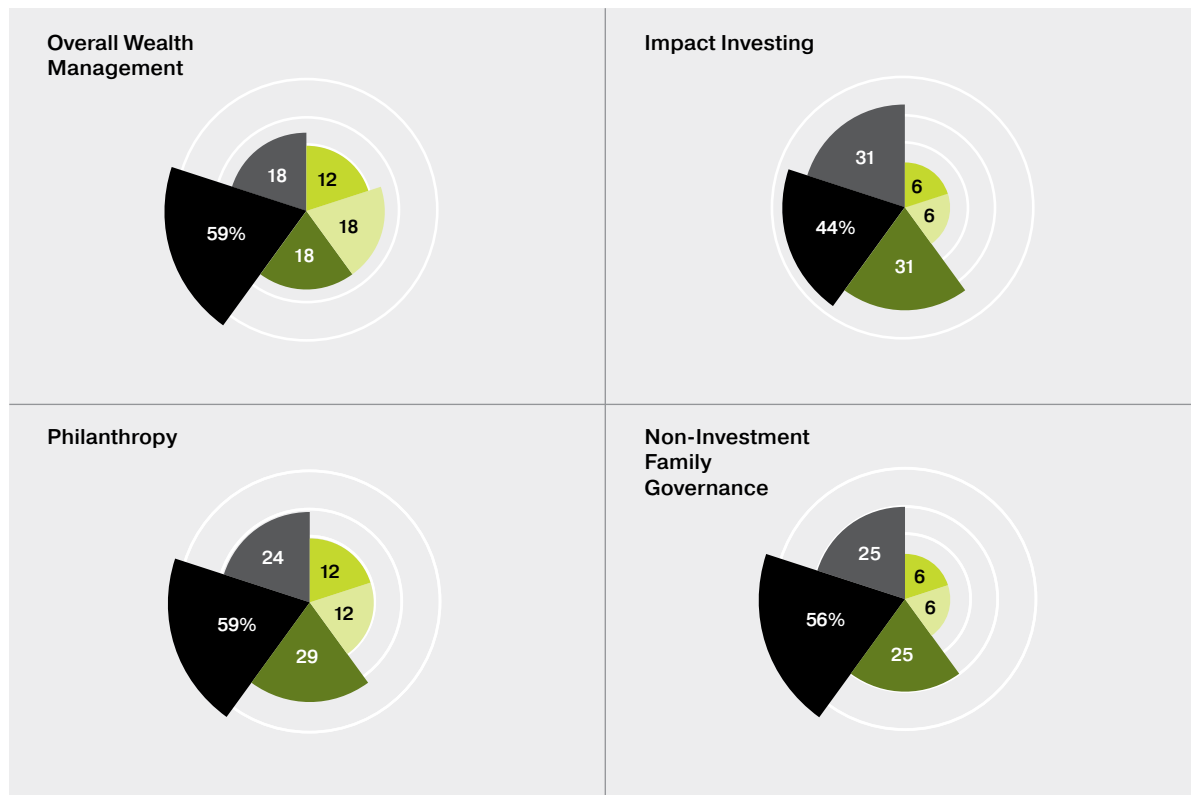
Influencing Family Wealth Decisions

Millennials are actively involved and play an important role in helping manage their family's wealth, especially in areas that are important to them:

- 59% say they serve as a member of their family's wealth management board or committee.
- The same number—59%—hold a decision-making position for family philanthropic activities.
- 31% make strategic decisions about impact investing for the family.
- However, few are currently involved in overall decision-making: Only 18% currently make strategic decisions on the overall management of their family's wealth. **Exhibit 3** ▼

Exhibit 3

Personal Involvement in Managing the Family Wealth Multiple Answers Permitted



■ Tactical
 ■ Operational
 ■ Strategic
 ■ Committee or Board Member
 ■ No Involvement Whatsoever

Sources: OppenheimerFunds and Campden Wealth.

Focus on Family, Preservation of Wealth and Legacy

Having lived through the financial crisis at an impressionable age, UHNW Millennials tend to be more financially conservative and risk-averse than Boomers and members of Generation X.

Millennials expressed strong ties to their families, especially to their parents, and are deeply concerned with sustaining the family, its wealth and legacy. They also want to steer the family toward increasing the positive impact their wealth has on the world: **Exhibit 4** ▼

- 88% rank preservation of family wealth as important/very important.
- 89% say growing the family's wealth is important/very important.
- 94% rank stewardship of family legacy as important/very important.

The convergence of interests in preserving both the family legacy and its wealth revealed itself in another interesting way. When asked how much of the family wealth they anticipate dedicating to various goals and activities,

75% say they plan to allocate 50% or more to the inheritance that will be left for the next generation. That level of commitment to future generations ranked high across the board, regardless of whether the Millennials currently have children or not.

Putting Their Money Where Their Values Are

Many Millennials see a disconnect between their current family portfolio allocations and what they believe to be the "ideal" allocation, which would devote more resources to values-based investing strategies and opportunities.

- Almost half (45%) say their family portfolios currently have no values-based considerations.
- 80% wish at least some of their family portfolio had values-based considerations.

In almost every values-based category, including impact investing, microfinance, SRI and venture philanthropy, Millennials say they would increase their families' portfolio allocations. **Exhibit 5** ▼

Exhibit 4

Family-Oriented Goals Are Important to Millennials

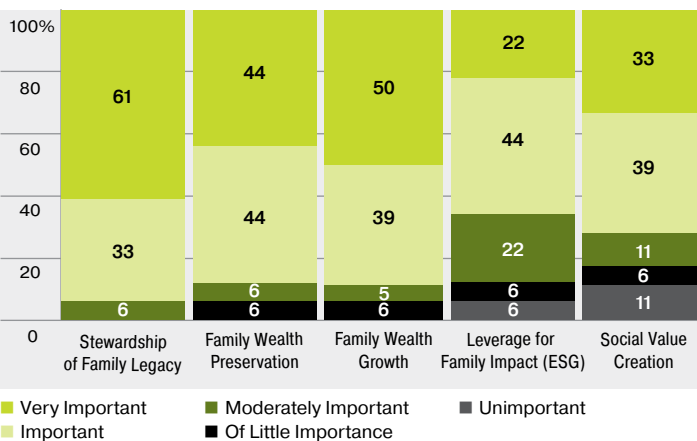
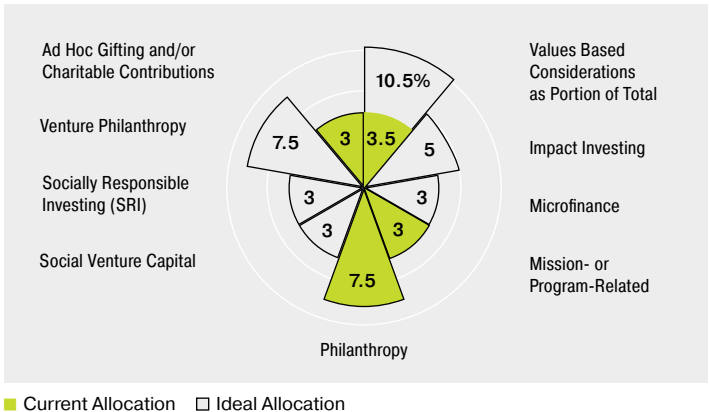


Exhibit 5

Current Values-Based Allocations vs. the Millennials' Ideal Median Allocations



Sources: OppenheimerFunds and Campden Wealth.

Chapter 3: The Right Advice: Very Much Appreciated

Who Millennials Trust

Millennials generally view wealth managers and financial advisors as a welcome source of knowledge and advice.

Exhibit 6 ▼ This favorable opinion holds particularly true for those advisors who have a personal relationship with the individual Millennial and understand their specific goals beyond their families' broader objectives. Whom did the Millennials identify as their primary advisors?

- The family office executive (cited by 25%)
- Their private banker (13%)
- An independent consultant (13%)
- Their trust manager (6%)
- A family business executive (6%)

Another 25% selected "other." When these respondents were asked to elaborate, they identified either their parents or another family member as their primary advisor.

Exhibit 6

Who Influences Millennials? Multiple Answers Permitted



Sources: OppenheimerFunds and Campden Wealth.

What Millennials Want from Advisors

Not surprisingly, almost 90% of Millennials say guidance with wealth transfer is the most important service they want from their advisors. Also ranking in the top three were: **Exhibit 7** ▼

- Finding and vetting direct investment opportunities (cited by 85%).
- Aggregated reporting of accounting, tax and estate information (cited as important/very important by 88%).

Among the least important services were:

- Concierge services and estate management (cited by only 17%).
- Identifying philanthropic opportunities (26%).
- Online/mobile access (43%).

Given that Millennials place a high value on philanthropy, the relatively low ranking of philanthropy as a valued advisory service seems to indicate that Millennials already have or prefer to find their own philanthropic opportunities.

These findings present an important implication for advisors serving UHNW Millennials. They should work to align their efforts to support philanthropies in which their Millennial clients are already interested or engaged, rather than introduce new philanthropic opportunities to them.

It is also critical for advisors to understand that customization is crucial to effectively serve Millennials. Our study's respondents indicated they are particularly averse to prepackaged solutions and advisors who are "product pushers." They want to provide their own ideas and will look to advisors to provide guidance and a framework to implement those ideas.

Room for Advisor Improvements

In general, Millennials rate their primary wealth advisors highly in areas such as understanding, articulating and implementing family priorities, philanthropy, SRI and impact investing. **Exhibit 8** ▼

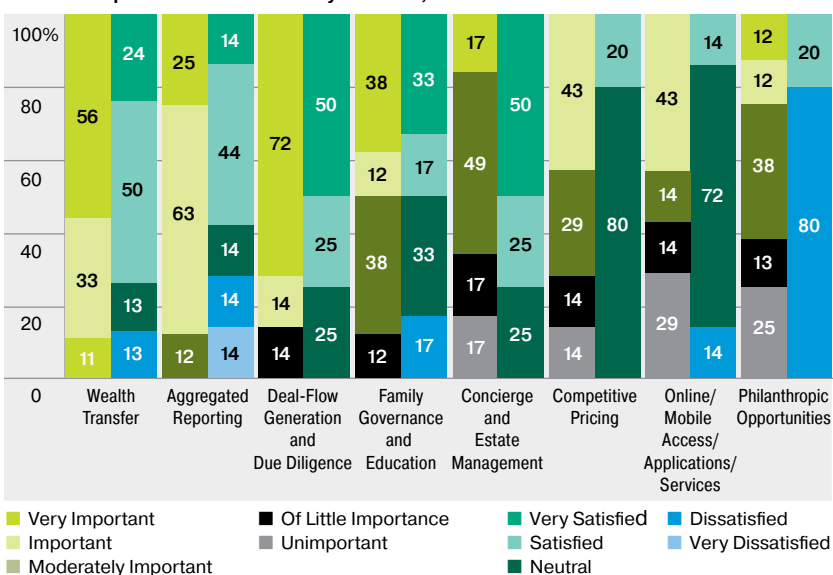
However, improvement is needed in several categories that are most important to Millennials. For instance, there was a wide gulf between the percentage who said their advisor was "Good" on a particular issue and those who rated their advisor as "Excellent" on that issue.

- Impact investing: 67% good vs. 8% excellent.
- SRI: 50% good vs. 17% excellent.
- Environmental, social and governance (ESG): 50% good vs. 8% excellent.
- Philanthropy: 55% good vs. 18% excellent.

Perhaps even more startlingly, when asked to evaluate their advisors' ability to deliver strategies for resolving family conflicts, a majority of the Millennials (55%) rated their advisors as only fair or below.

Exhibit 7

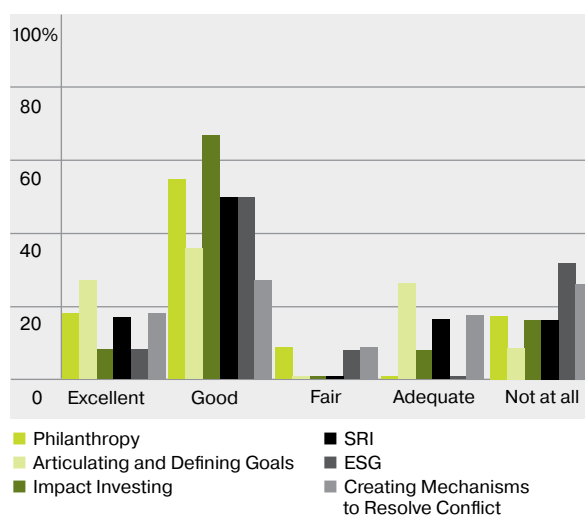
What's Important in An Advisory Service, and How Satisfied Are Millennials?



Due to rounding, totals may not add up to 100%. Sources: OppenheimerFunds and Campden Wealth.

Exhibit 8

Millennials Rate Their Advisors



Sources: OppenheimerFunds and Campden Wealth.

Key TakeAways for Advisors

The good news for advisors is that Millennials generally seek strong relationships with their advisors and welcome the knowledge, services and guidance they can offer.

Yet the survey identified some very specific ways advisors can more effectively engage with ultra-high-net-worth Millennials.

Maintain frequent contact on their terms, which doesn't necessarily have to be in-person meetings, because: Exhibit 9 ▼

- 50% of Millennials want weekly direct digital contact through digital platforms such as Skype.
- 44% want a weekly telephone call.
- 40% want a weekly email.
- Most Millennials are satisfied with face-to-face meetings on a quarterly (23%) or semiannual (38%) basis.

Build contacts with Millennials the old-fashioned way—through your referral network. Personal relationships and personal and professional networks are key for Millennials in their search for an advisor:

- 69% of the Millennials find advisors through recommendations by family, friends and colleagues.
- 44% rely on recommendations from lawyers, accountants and other professionals.

- 31% perform their own due diligence.
- Only 6% of Millennials say they rely on social and traditional media advertising to find advisors.

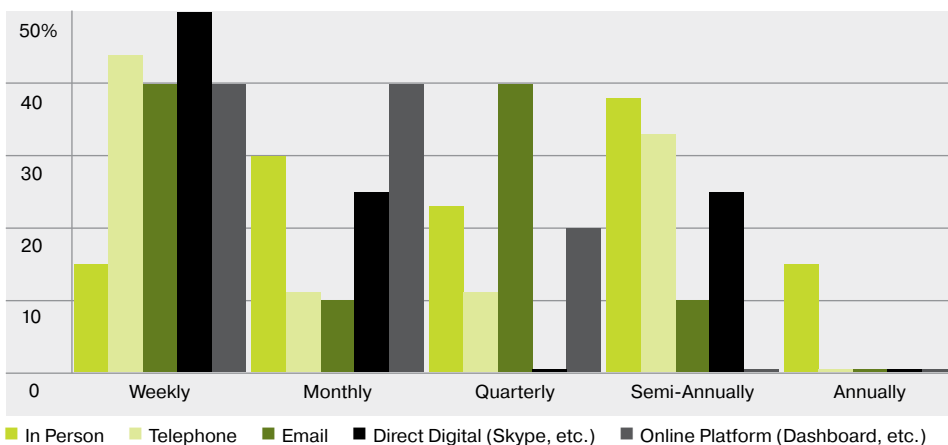
Recognize many Millennials have had short-term relationships with advisors—and want to build their long-term trust.

- More than half (54%) of Millennials have been working with their current advisor for one to five years.
- 42% say they have no plans to change advisors.
- 33% are undecided.
- 17% said they plan to change advisors in the next 5-10 years.

Given the relatively young age of Millennials, these shorter term relationships are perhaps not surprising. The good news for capable advisors is that there seems to be little appetite among Millennials for changing advisors. *To cement long-term relationships with this group, advisors may be well served by enhancing the service and support they deliver in the areas that Millennials identified as needing improvement.*

Exhibit 9

Preferred Method and Frequency for Interaction



Sources: OppenheimerFunds and Campden Wealth.

Additional Opportunities Revealed

Beyond the responses to specific questions, additional themes emerged that clearly point to ways advisors can strengthen and expand their relationships to ultra-high-net-worth Millennials.

Help Millennials Structure Their Engagement in Family Decision-Making

A number of Millennials made clear they were uncertain about how to engage with family members on topics of interest to them. Advisors can provide a key service by explaining policies and procedures Millennials can introduce to family, board, and committee discussions to help make them more productive.

Offer Personal and Holistic Recommendations

It's important to avoid assuming Millennials think and behave in the same way previous generations do. Helping Millennials find ways to discuss impact investing with the entire family—and ensuring that they can specify how these investment practices can address the family's broad needs—will help the younger generation raise their profile in the family's wealth management discussions and help strengthen the relationship advisors have with Millennials.

Nurture Relationships

Building relationships takes time, and the connections made now may not reap immediate results. Still, Millennials are already sitting on family boards and committees. While they are not yet involved in broad strategic decision-making, they eventually will be. They are likely to value and remain loyal to the advisors who support their interests and efforts from the early stages.

Engage with Them on Their Terms

For younger generations, there really isn't the same distinction older generations might make between the digital world and "real life." It is all a continuum for Millennials, so advisors should be comfortable keeping in frequent contact with Millennials across a range of media, customizing engagements to the needs and preferences of their clients, and scheduling in-person meetings either quarterly or semiannually.

To read the full *Proving Worth—The Values of Affluent Millennial Americans* report by OppenheimerFunds and Campden Wealth, please contact your OppenheimerFunds consultant.



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