Proving Worth:
The Values of Affluent Millennials

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SVP, Head of Private Client Group

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Agenda

1. Who are Millennials
2. Why is this important
3. Wealth Transfer & Client Retention Strategy (Findings)
4. Key Findings from the Proving Worth study
   • Views on Wealth and Impact Investing
   • Attitudes Towards Investing
   • The Right Advice
“Money certainly can’t buy you happiness. But if you’re smart about it, patient and mindful of your goals, it can help you to be the best version of you that you can be.”

North American, HNW Millennial
Who are Millennials
Defining this unique generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>Birthdate</th>
<th>Age Range</th>
<th>U.S. Population</th>
<th>Global Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists/Silent</td>
<td>Before 1946</td>
<td>52-70</td>
<td>75Mil</td>
<td>300Mil</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946–1964</td>
<td>37-51</td>
<td>80Mil</td>
<td>1.1Bil</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965–1979</td>
<td>21–36</td>
<td>60Mil</td>
<td>1.5Bil</td>
</tr>
<tr>
<td>Gen Edge (aka Gen Z, Centennials)</td>
<td>1996–present</td>
<td>0–20</td>
<td>78Mil²</td>
<td>2.4Bil</td>
</tr>
</tbody>
</table>

U.S. Millennials: largest living generation in US history²
Who are Millennials
Interesting characteristics of Millennials

Out of 70K Millennials on FB, nearly half are considered affluent¹

Paying down debt is their #1 priority¹

63% of Millennials moved back home after college, mainly to save money (39%), while 21% said to pay down debt²

Seeking advice mostly on, financial planning, investing, budgeting¹

39% of Millennials have never interacted with their parents’ advisors²

Lack of knowledge is preventing them from investing¹

52% say they do not know how to go about starting to build a financial plan¹

Millennials see their parents as peers, friends and mentors²

2. Source – UBS Investor Watch: The ties that bind study
Who are Millennials
Outside influences

Global:

Various events around the globe, including two 100-year financial storms that have shaped their lives:

Financial:

- 2000 Tech bubble burst
- 2007–2008 Financial Crisis
The greatest wealth transfer in history is underway - $59 Trillion is expected to be passed down to heirs, charities and taxes.

UHNW world:
Nearly $4 trillion in ultra-high-net-worth investor assets globally is set to change hands over the next decade.

Why is this important?
Money in Motion

1. Boston College Center study via CNBC
2. Source: Accenture study via CNBC
3. FundFire.com
Wealth Transfer
Impact to Financial Services Industry and Client Retention

• 66% of adult children fire their parents’ advisor after receiving their inheritance.\(^1\)
• 70% of all widows dump the family advisor following their spouse’s death.\(^2\)
• According to advisors, a client passing away (55%) is the most common reason for a client leaving the practice.\(^3\)

We've never interacted with our parents' advisor:
- 39%

We've met, but haven't discussed my financial needs:
- 32%

We've discussed my financial needs, but I'm not a client:
- 18%

I already use my parents’ advisor:
- 11%

\(^1\) Source: InvestmentNews
\(^2\) Source: Investopedia
\(^4\) Chart Source – UBS Investor Watch: The ties that bind study
Prepare Millennials for a $30 Trillion Wealth Transfer
Research Objectives & Goals
Partnership with Campden Wealth to Produce Industry’s 1st Study on Wealthy Millennials

Key Insights:

• Understand Millennials differences/similarities between previous generations

• Demystify the common issues with wealthy Millennials and next wave of investing

• Invest in understanding wealthy Millennials as next generation of investors
Key Findings

Views on Wealth and Impact Investing
Key Findings
Millennial Views on Wealth and Impact Investing

Key Takeaways:

• See wealth as a means to advance causes they support
• Look for sustainable, long-term returns
• High level of self awareness
Areas of Interest for Millennial Impact Investing
Basic Human Rights

Source: OppenheimerFunds & Campden Wealth
Impact Investing: The Things That Matter Most to Millennials

Source: OppenheimerFunds & Campden Wealth
Values-Based Investing: Interest vs. Knowledge

- Philanthropy
- Socially responsible investing
- Microfinance
- Social venture capital
- Impact investing
- Environment, social & corporate governance

Source: OppenheimerFunds & Campden Wealth
Key Findings

Attitudes Towards Investing
Key Findings
Millennial Attitudes Towards Investing

Key Takeaways:

• Risk averse and broadly more conservative
• Strong desires to sustain the family’s wealth and legacy
• High-degree of self-awareness
Conservatism

Dedicated to saving
86% of Millennials put money away each month¹

Underinvested
But they actually are 1.6X more likely than Gen Xers/Boomers to have no investments whatsoever¹

The generation which lived through the financial crisis at an impressionable age, is broadly more conservative than previous generations and more focused on wealth preservation.

Family-Oriented Goals are Important to Millennials

Source: OppenheimerFunds & Campden Wealth
Millennials’ Current Allocation vs. Their Ideal

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Related or Program Related</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Ad Hoc Gifting and/or Charitable Contributions</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Values Based Considerations as Portion of Total</td>
<td>3.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Venture Philanthropy</td>
<td>0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Impact Investment</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Microfinance</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Socially Responsible Investment (SRI)</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Social Venture Capital</td>
<td>0%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth
Key Findings

The Right Advice
Key Findings

Millennials – The Right Advice

Key Takeaways:

• Desire for direct relationships with their advisors

• Want their advisor focused on sourcing business deals and guidance resolving family conflicts

• Leverage today’s technology during direct and personal engagement
Wealthy Millennials have short-term relationships with current advisors

Advisor Attrition Surprisingly High for UHNW Families
Many Millennials are fairly new to their advisor relationships, a circumstance that also applies to a surprising number of wealthy families.

Source: OppenheimerFunds & Campden Wealth
What do Millennials Want?
The Right Advice

UHNW Millennials on What’s Important in an Advisory Service
Millennials see room for improvement from their advisors in many areas of service

Wealth Transfer
Aggregated Reporting
Deal-flow Generation & Due Diligence
Family Governance & Education
Concierge & Estate Management
Competitive Pricing
Online/Mobile Access & Services
Philanthropic Opportunities

Source: OppenheimerFunds & Campden Wealth
How UNNW Millennials Want to Communicate with Advisors
Advisors would be well-served to communicate weekly with Millennials via digital channels

Source: OppenheimerFunds & Campden Wealth
<table>
<thead>
<tr>
<th>Percentage</th>
<th>Method Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>Personal Recommendations (family, friends and colleagues)</td>
</tr>
<tr>
<td>44%</td>
<td>Professional Recommendations</td>
</tr>
<tr>
<td>25%</td>
<td>Perform their own due diligence</td>
</tr>
<tr>
<td>25%</td>
<td>Direct solicitation and/or social interactions</td>
</tr>
<tr>
<td>6%</td>
<td>Social and traditional media advertisements</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth
Critical Implications and Next Steps
Implications

Largest living generation

Want to preserve wealth

Underserved

But willing to engage
Possible Engagement Strategies

1. Evolve from a single relationship with patriarch/matriarch to family relationship spanning multiple generations

2. Engage the Family through Formal Family Meetings
   - Purpose of Wealth
   - Family Values
   - Intergenerational wealth transfer plan
   - Education plan

3. Engage Millennials to network across your client base

4. Willingness to evolve from “what” to the “why”—from practical/tactical engagement to diving deeper beyond the financials
“Our primary advisor is much older than me. There are some cultural and generational differences, but as long as you’re aware of them, I don’t think it precludes having an advisor from a different generation.”

North American, HNW Millennial, mid-20s, 2nd-gen

“Since he was already our family advisor it does help that he understands where I’m coming from, but I had to spend a lot of time with him to get him to understand me as an individual.”

North American, HNW Millennial, mid-20s, 2nd-gen
Appendix
Synopsis:
We surveyed 32 individuals from Campden Wealth’s community of wealth holders in North America.

Methodology:
• All respondents were born between 1980 and 1995.
• They came from families with net worth of $35 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 gender
Disclosures

OppenheimerFunds commissioned Campden Wealth, an organization unaffiliated with OppenheimerFunds, for the purposes of conducting independent research.

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