

For immediate release

Contact:

Marina Totsuka
+813 4530 5602
marina.totsuka@barclays.com

Andrew Smith
+813 4530 5626
andrew.x.smith@barclays.com

Precious metals most popular treasure asset for Japanese high net worth individuals: Barclays report

Tokyo, 12 June 2012;

The most popular treasure asset for Japanese high net worth individuals (HNWIs) is precious metals, with 49% of respondents surveyed currently holding this asset. This is followed by precious jewellery (36% of respondents) and fine art pictures & paintings (34%). Compared to their global counterparts, Japanese HNWIs rank third in terms of the highest proportion of respondents owning precious metals, behind China (86%) and Saudi Arabia (55%). They rank second (24%) in terms of having the highest proportion of respondents owning stamp collections, behind Singapore (25%).

Launched today, the report, *Profit or Pleasure? Exploring the motivations behind treasure trends*, provides an in-depth study of investment trends across the world in these 'treasure assets' as well as offers insight into the financial and emotional motivations for wealthy individuals holding these particular assets. Treasure assets refer to assets such as fine art pictures and sculptures, antique furniture, precious jewellery, precious metals, classic automobiles and wine collections. Two thousand wealthy respondents were surveyed globally, including 100 respondents from Japan.

"Our survey also shows that close to 60% of Japanese high net worth individuals agree on the value of diversification. This may possibly explain why the most popular asset held is precious metals, given that this is an asset traditionally seen as holding its value when financial markets are turbulent," said Cedric Lizin, Head of Business, Japan for the wealth and investment division of Barclays.

Japanese high net worth individuals have on average nine percent of their net worth tied up in treasure assets, in line with the global average of around 10%. The wealthy in the UAE (18%) have the highest concentration of their net worth in treasure assets, while those in the UK (7%), India (3%) and Qatar (2%) hold more conservative levels. A third of the respondents surveyed globally confirmed that they were holding more treasure types today than five years ago.

Treasure Trends

A number of different factors appear to affect the popularity of treasure asset types, from the age of the investor to the wider economic stability of their region. Precious jewellery is by far the most popular treasure asset type for wealthy individuals across most countries, with 70% of respondents investing in this asset, followed by fine art (49%) and antiques (37%).

Amongst global respondents, age is an important differentiator. Fine art and antiques tend to be more popular among older individuals, while the younger generation prefers cars, wine, precious metals and jewellery. In general, younger individuals also tend to hold a higher proportion of their total wealth in treasure assets, which experts have attributed in part to young people's willingness to adopt higher-risk investment strategies.

For immediate release

Contact:

Marina Totsuka
+813 4530 5602
marina.totsuka@barclays.com
Andrew Smith
+813 4530 5626
andrew.x.smith@barclays.com

Lizin comments: “Whilst the type of treasure assets people choose to invest in varies slightly from country to country, the growth in the popularity of treasure is consistent with a general move towards simplicity, familiarity and tangibility in investing. Investing in assets as a like-for-like alternative to traditional asset classes should, however, be done with extreme caution as there may be high costs involved in keeping these treasure assets, from insurance fees to maintenance costs.”

The Endowment Effect

The report also reveals that wealthy collectors often require a very high price increase before they consider selling on their treasure. On average, Japanese high net worth individuals seek an average of a 60% price increase before they are willing to consider a sale of their treasures, in line with the global average of 62%. For treasure assets such as wine collections (67% appreciation) and precious jewellery (66% appreciation), the required price increase is higher.

This endowment effect, whereby people expect a higher price for an item when selling it than they would be willing to pay for it, is prevalent amongst wealthy collectors. Additionally, some types of treasure asset are more likely to be considered priceless than others – that is, they would not part with it at any price. Just under half of respondents (44%) globally who own precious jewellery, fine art sculptures and antique furniture consider their treasure to be priceless.

Emotional motivations as main drivers

Similarly to their global counterparts, the motivations for Japanese HNWI to hold these treasure assets go beyond investment purposes. Only 15% of treasure assets are held by Japanese HNWI for financial motivations. This compares to 36% of treasure assets across Asia and 19% globally.

Enjoyment of these assets (53% of treasure assets owned), the appreciation that they are part of their family and culture (23%) and wanting to protect them for their future generations to enjoy (21%) are the primary drivers for wealthy Japanese.

“At Barclays, we pride ourselves on having an in-depth understanding of high net worth individuals. We are pioneers in the field of behavioural finance, and have long acknowledged the importance of understanding the emotional aspect behind financial decisions through our proprietary Financial Personality Assessment.

This report reiterates the fact that there will always be an emotional and financial component in the decision making process. In the instance of investing in these alternative treasure assets, our study suggests that the emotional motivations are the more dominant part of an investors decision-making process.

This is why we have integrated the field of behavioural finance and our Financial Personality Assessment as part of our investment philosophy. Through this, we can help clients make more effective investment decisions and accordingly develop highly customised investment portfolios,” concluded Lizin.

-end-

Notes to editors:

Barclays moves, lends, invests and protects money for customers and clients worldwide. With over 300 years of history and expertise in banking, we operate in over 50 countries and employ over 140,000 people.

We provide large corporate, government and institutional clients with a full spectrum of solutions to their strategic advisory, financing and risk management needs. Our clients also benefit from access to the breadth of expertise across Barclays. We're one of the largest financial services providers in the world, and are also engaged in retail banking, credit cards, corporate banking, and wealth and investment management.

Barclays offers premier investment banking products and services to its clients through Barclays Bank PLC.