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Amid Uncertainty, Investors With Financial Advisers Are More Confident About Their Investment Strategy, Study Finds

In turn, those with greater confidence are more likely to engage in economy-boosting public consumption

WASHINGTON, D.C. — Amid pandemic-fueled economic uncertainty, more than one-third (35%) of [investors with financial advisers](#) are “very confident” in their investment strategy, compared to those without advisers who are “very confident” (15%). Those with high confidence are in turn more likely to have engaged in consumer behaviors critical to economic recovery — such as reserving a hotel, renting a car or booking a flight. The new findings correlating engagement of a financial adviser with confidence and public consumption come from the [Franklin Templeton-Gallup Economics of Recovery Study](#), an ongoing study of Americans’ propensity and readiness to resume pre-COVID-19 economic behaviors, based on surveys completed by more than 5,000 U.S. adults between Oct. 1 and Oct. 9.

Financial Advisers Are Associated With Greater Confidence in Investment Strategy

The survey found that nearly half of investors (48%) say they are working with a financial adviser. Those who are not are twice as likely to say they are “not too confident” or “not confident at all” in their investment strategy as those who are (30% versus 15%).

Generally, investors with higher incomes are more likely to be confident in their investment strategy. However, the impact of a financial adviser, and the perception of greater economic confidence, is consistent across income groups. Among investors with annual household incomes below \$120,000, as well as among those making above that threshold, respondents with advisers are more than twice as likely to express the highest levels of confidence.

Financial Advisers Associated With Greater Confidence Among Both Lower-Income and Higher-Income Investors

	Stock investors overall %	Investors with a financial adviser %	Investors with no financial adviser %
Household income less than \$120K			
Very confident	23	33	14
Somewhat confident	52	51	54
Not too confident	22	14	27
Not confident at all	4	2	5
Household income \$120K or more			
Very confident	32	42	18
Somewhat confident	53	46	61
Not too confident	13	10	16
Not confident at all	3	1	4

Franklin Templeton-Gallup Economics of Recovery Study, Oct. 1-9, 2020

Investors with financial advisers are also more likely to have a positive view of the stock market's performance. Thirty-five percent of investors with an adviser — versus 22% of those without one — say the market is "much higher" or "somewhat higher" today than it was before the pandemic began.

Confidence in Investment Strategy Is Key to Economic Activity and Recovery

Confidence in one's investment strategy ripples far beyond the realm of investment activity. Among those surveyed, respondents with the highest levels of confidence in their investment strategy are more likely to have engaged in consumer activities in industries especially hard hit by the pandemic, including dining indoors at a restaurant in the past 24 hours, reserving a hotel, renting a car or booking a flight for use within 30 days. These differences are present among both lower-income and higher-income investors.

Investors Who Are “Very Confident” They Have the Best Possible Investment Strategy Are More Likely to Have Engaged in Key Consumer Behaviors

	Household income less than \$120K		Household income 120K or more	
	%	%	%	%
	“Very confident” investors	All other investors	“Very confident” investors	All other investors
Booked a flight that leaves within 30 days	33	13	39	13
Reserved a hotel for use within 30 days	36	12	37	15
Rented a for use within 30 days	29	8	33	8
Dined indoors at a restaurant in the past 24 hours	32	15	46	14

Franklin Templeton-Gallup Economics of Recovery Study, Oct. 1-9, 2020

“Financial advisers have always helped educate investors about their investment options, but this research shows that their steady hand is also correlated with a stronger sense of control and confidence by investors in their financial future, which translates into broader engagement in consumer activity that the economy needs now,” said Sonal Desai, chief investment officer, Franklin Templeton Fixed Income. “By laying the groundwork for investor confidence, advisers’ work is enabling the type of consumer confidence needed to stimulate further economic recovery.”

“Identifying the factors associated with increased public consumption confidence will be critical to understanding paths to economic recovery,” said Jonathan Rothwell, Gallup principal economist. “Along with things like confidence in one’s ability to protect oneself from COVID-19, investment confidence is an attitude that will open up consumer spending that can buoy some of the U.S. economy’s hardest-hit industries.”

To learn more about the analysis and study methodology, click [here](#).

About Franklin Templeton

Franklin Resources, Inc. [NYSE:BEN] is a global investment management organization with subsidiaries operating as Franklin Templeton and serving clients in over 165 countries. Franklin Templeton’s mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives. With offices in more than 30 countries and approximately 1,300 investment professionals, the California-based company has over 70 years of investment experience and approximately \$1.4 trillion in assets under management as of Oct. 31, 2020. For more information, please visit franklintempleton.com.

About Gallup

Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.