

**EMBARGOED UNTIL 10 A.M. ET ON WEDNESDAY, JAN. 29, 2014**

## **TRI-STATE INVESTORS OPTIMISTIC ABOUT 2014, SAYS MORGAN STANLEY WEALTH MANAGEMENT'S INVESTOR POLL**

***TECHNOLOGY, ENERGY, PHARMACEUTICALS ARE MOST FAVORABLE SECTORS***

***INVESTORS LESS CONFIDENT ON AEROSPACE AND INSURANCE DESPITE HEAVY TRI-STATE INDUSTRY PRESENCE***

NEW YORK, JANUARY 29, 2014 – Parallel with a rising stock market, New York Metro (Tri-State) region investors are optimistic about their portfolios for 2014 yet concerned about stock market volatility and the potential for increased foreign conflict.<sup>1</sup>

- 86% expect their investment portfolios to be “better” or “the same” at year-end, and 84% believe their financial well-being will be the same or better
- Investors (83% “same” or “better”) are most bullish about their local metro area economies followed by the state economy (76%), global economy (74%), and the U.S. economy (71%)
- Increased foreign conflict remains one of the top concerns of Tri-State investors, although the concern is reduced from a similar Morgan Stanley Wealth Management poll conducted in early 2013 (83% in Q4 2013 vs. 90% in Q1 2013)
- 74% of investors also said they were concerned about stock market volatility

Other top concerns of Tri-State region investors include U.S. economic prospects (89%) and the federal budget deficit (83%). Concern about the trade deficit declined from 85% in the first quarter of 2013 to 78% in the final quarter. A potential U.S. debt rating downgrade (85% in Q1 2013) was not among the top five concerns in the latest poll.

### ***Area industries showing less confidence with investors polled***

Except for pharmaceuticals, industries with a significant presence in the Tri-State area were mostly out of favor by investors nationally and regionally. Aerospace (just 25% said “good”), insurance (30%) and tourism (31%) were not favored by investors for 2014.

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<sup>1</sup> **Survey Methods:** as part of the national survey of 1,004 US investors, age 25 to 75, with \$100,000 or more in investable household financial assets, an oversample of 315 Chicago area investors were interviewed. Approximately one-third of those interviewed had \$1 million or more in household financial assets. Poll conducted Oct. to Dec. 2013, by GfK Public Affairs and Morgan Stanley Corporate Communications.

The sectors most favorably cited were technology (79% “good”), energy (77%), biotechnology (63%) and pharmaceuticals (56%).

Unlike the national results, those surveyed in the Tri-State area viewed healthcare among the favored sectors for 2014 (55% “good” in Tri-State vs. 45% nationally).

### ***Tri-State investor attitudes differ from other regions***

Investors in the Tri-State region expressed greater concern for terrorism in the U.S. versus investors in other regions of the country: 82% Tri-State versus 66% in San Francisco and 63% in Denver, for example.

- 70% of Tri-State investors surveyed expressed concern over their families’ financial well-being versus 59% nationally and, for example, 53% in Atlanta
- 70% of Tri-State investors surveyed said they were concerned about having funds for the unexpected, versus 58% nationally
- Tri-State investors also were more concerned about the ability to retire: 63% in their region versus 53% nationally, 41% in Houston and 51% in Chicago
- 61% of Tri-State investors said dividend-bearing stocks are a good investment, versus only 46% in Denver
- 44% of Tri-State investors said they like gold as an investment for 2014, versus 32% in Los Angeles
- Both in the Tri-State region and nationally, investors said they want guidance from a financial advisor on their portfolios’ asset allocation (89% in Tri-State and 87% nationally)

### ***Most investors don’t know about alternative investment opportunities***

The majority of investors nationwide said they were not knowledgeable alternative investments such as hedge funds, commodities and real estate although Tri-State region investors were more knowledgeable than other areas.

- 66% of those in Atlanta and 60% in San Francisco said they were not knowledgeable about alternative investments compared to 48% in Tri-State
- Real estate was the most frequently mentioned alternative investment owned by millionaires (64% in Tri-State vs. 77% nationally)

### ***Asset allocation favors equities***

In the Tri-State region, 23% said that cash was favored for asset allocation – despite the sharp rise in the stock market in 2013 and the near zero return on cash-related instruments. As in the earlier poll, the most favored type of investment remained equities.

Asked to classify investment prospects for 2014 as good, bad or neutral, investors favored dividend-bearing stocks (61% “good” vs. 48% in Q1 2013 poll) and S&P 500 index funds (54% vs. 44% in the Q1 2013 poll).

- Investors classified corporate and government bonds and treasuries having the lowest “good” investment prospects

### ***In-favor and out-of-favor countries***

- Tri-State, 61% of those polled said the U.S. was their first choice for a positive investment outlook for 2014, versus 52% nationally
- India, Japan, China and Brazil were the next choices both nationally and regionally, viewed favorably by more than a third of those polled
- Interestingly, 14% of Tri-State investors said the Middle East had a good investment outlook for 2014 versus 5% nationally
- Russia was not viewed favorably for 2014 in both Tri-State (9% positive) or nationally (8% positive)

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