

## ***Surveyed Americans Working with Financial Advisors Have Greater Fixed Income Understanding and Exposure***

***BNY Mellon Investment Management “Fixed Income, Not Fixed Thinking” Study Finds Two-Thirds of Those Who’ve Worked with Financial Advisors Express Knowledge of Fixed Income Asset Classes Compared with Just One-Third of Those Who Haven’t***

### ***Study Findings Underscore Need for More Financial Education***

**NEW YORK, NEW YORK, December 16, 2019** — A major research study from BNY Mellon Investment Management, one of the largest asset managers in the world with \$1.9 trillion in AUM as of September 30, 2019<sup>1</sup>, and the world’s third-largest fixed income manager by assets<sup>2</sup>, revealed a dramatic difference in levels of sophistication about fixed income investing between those surveyed who have worked with professional Financial Advisors (FAs) vs. those who have not. For example, nearly two-thirds (64%) of respondents who’ve worked with FAs reported they understand fixed income securities “a lot” or “somewhat” compared with just over one-third (35%) of those who’ve not enlisted professional guidance.

Greater knowledge about fixed income asset classes seems to have a correlation with increased portfolio allocation, with 64% of those who have worked with FAs reporting they have some allocation toward fixed income products compared with just 25% of those who have had no experience working with an FA. Working with Financial Advisors also appears to increase appetite for risk among Americans surveyed, with 42% of those who’ve worked with FAs expressing “some or strong” appetite for risk compared with just over one-quarter (27%) for those who have not.<sup>3</sup>

“The study suggests a real benefit to working with Financial Advisors when it comes to having a deeper appreciation of the range and variety of available fixed income asset classes and the role they play in designing one’s investment portfolio,” said Liz Young, Director of Market Strategy, BNY Mellon Investment Management. “FAs can provide real value and understanding in determining the best ways to incorporate a fixed income allocation into one’s investment portfolio based on an individual’s goals and personal set of circumstances.”

BNY Mellon Investment Management’s “Fixed Income, Not Fixed Thinking” national research study surveyed 2,007 Americans age 18 or older. The study examined respondents’ knowledge, attitudes, and behaviors about fixed income assets and how they are shaped by their risk tolerance, past and present investing performance, and experience engaging with professional Financial Advisors. Complete research study findings are available at the [link](#).

### ***Working with FAs Might Not Translate Into Greater Insight around Fixed Income Investing Beyond Retirement Planning***

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<sup>1</sup> BNY Mellon earnings as of September 30, 2019.

<sup>2</sup> As of 12-31-2018, *Pension & Investments*.

<sup>3</sup> Among those surveyed who have worked with Financial Advisors 84% expressed having “any” appetite for risk compared with just 59% who have not.

Working with FAs appears to help surveyed Americans understand the importance that fixed income investing plays in retirement planning. For example, when asked at what point in time the average investor should consider adding fixed income to their investment portfolios, nearly two-thirds (64%) of those surveyed who have worked with an FA reported “before retiring,” while only 44% of those who have not worked with FAs.

Persistent misperceptions exist surrounding fixed income investing, however, regardless of whether survey respondents have had the benefit of professional financial advice, for example:

- 33% of those who’ve worked with an FA and 28% of those who have not believe that all bonds provide the same level of risk;
- 70% of those who’ve worked with an FA and 66% of those who have not believe that investing in equities (stocks) requires more knowledge and skill than fixed income investing;
- 50% of those who’ve worked with an FA and 39% of those who have not believe that fixed income fund returns cannot approach equity fund returns;
- Half (50%) of those who’ve worked with an FA believe that investors must always hold bonds to maturity and 41% who have not worked with an FA; and
- 41% of those who’ve worked with an FA believe that taxes should never be a consideration in deciding the types of bonds an individual adds to his/her investment portfolio compared with 35% of those who have never worked with a professional FA.

“Given the importance of fixed income investing in a balanced portfolio—especially as it relates to retirement planning—the survey suggests a real opportunity for financial professionals to help improve investors’ appreciation of fixed income,” said Andy Provencher, Head of North American Distribution, BNY Mellon Investment Management. “Often, that means speaking plain and helping clients appreciate and match their individual goals and needs with the full range of fixed income solutions available to them.”

### **BNY Mellon Investment Management “Fixed income. Not fixed thinking” National Research Study Methodology**

ENGINE Insights CARAVAN Surveys, on behalf of BNY Mellon Investment Management, fielded the “Fixed income. Not fixed thinking” national survey from July 8-14, 2019. This online omnibus study was conducted among a sample of 2,007 adults comprised of 1,003 men and 1,004 women 18 years of age and older. The sample captured a broad range of respondents by age, gender, geographic location, education level, ethnicity, and household wealth. The survey sample of 2,007 has  $\pm 2.19\%$  Margin of Error (MoE) at 95% confidence at the “All Respondent” level and  $\pm 3.09\%$  to 4.4% MoE at 95% confidence for demographic, behavioral, attitudinal and other subgroups. ENGINE Insights is not affiliated with BNY Mellon.

### **About BNY Mellon Investment Management**

BNY Mellon Investment Management is a leading investment manager and one of the top U.S. wealth managers, with US \$1.9 trillion in assets under management as of September 30, 2019. Through an investor-first approach, the firm brings to clients the best of both worlds: specialist expertise from eight world-class investment managers offering solutions across every major asset class, backed by the strength, stability, and global presence of BNY Mellon, one of the world’s most trusted investment partners.



BNY Mellon Investment Management is a division of BNY Mellon, which has US \$35.8 trillion in assets under custody and/or administration as of September 30, 2019. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of the Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on [www.bnymellon.com](http://www.bnymellon.com). Follow us on Twitter @BNYMellon or visit our newsroom at [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.

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