



# "Giving" Advice



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## Good Times for Affluent Investors

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Affluent American investors had a good fiscal year. They see fairly good odds of doing well this year too, especially with U.S. equities.

And unlike prior polls, terrorism is no longer among respondents' top worries.

Those were among the key findings of the 2007 U.S. Trust survey of wealthy Americans. The poll targeted Americans with at least \$5 million in net worth, excluding primary residences.

Of the people polled, 85% said their portfolios met (45%) or topped (40%) their investment return expectations. Investors expected an 8.85% return on their U.S. stocks. They expected 9.66% on international stocks.

The survey did not ask what their actual gains were.

U.S. stocks were the most widespread asset. On average, they made up 34% of the respondents' portfolios. That was up slightly from the prior year's 33%. But it was down from 2004's 36%.

Still, changes in the survey's methodology make direct comparisons difficult.

Real estate was the second-most-common asset. It accounted for 17% of investments. Rich Americans had 15% of their assets in government



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### ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides

*resources for thoughtful giving.* Using its expertise and personalized services,

**Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

securities and bonds. They bet 10% of their money on international stocks.

U.S. Trust asked people how optimistic they are about the U.S. vs. international stock markets. On a scale of 1 to 10, respondents' optimism about the U.S. market averaged 6.33. That beat the 5.90 average for international markets.

Still, 51% of respondents said the U.S. market is becoming riskier. Only 46% felt that way about international markets.

Total assets invested via hedge funds were 2.5%, up from 1.7% last year. This year, 17% of high-net-worth people — who have investable assets of \$5 million to \$25 million — said they invested in hedge funds.

### Hedge Happy

Hedge fund ownership is more widespread among ultra-high-net-worth people. Of those people — who have investable assets exceeding \$25 million — 40% have money in hedge funds.

They had 6% of their assets, on average, in hedge funds. The merely rich — those with \$5 million-\$25 million in assets — averaged only 2.09%.

"People with more money tend to be more comfortable with hedge funds," said Paul Napoli, vice chairman of U.S. Trust.

The apparent warming stems in part from having additional years of exposure to hedge funds.

In prior surveys, respondents cited high risk and lack of transparency as reasons for their caution toward hedge funds.

In the latest survey, many still say it is hard to check out hedge funds. And many still express suspicion about them. But now 55% say hedge funds offer a good return. And 51% say hedge funds cut portfolio risk.

U.S. Trust tweaked its survey methodology this year. As a result, the poll focused on a somewhat richer slice of the upper crust. For the new poll, primary residences were dropped from the measurement of net worth. And household income was not used to decide a person's eligibility for questioning.

In the past, homes were counted as part of net worth. Only people with \$5.9 million or more in net worth were queried, and respondents had to have at least \$300,000 in household income.

Households polled this year averaged \$402,500 in income.

Nearly nine in 10 respondents — 84% — said they built their own wealth. And 87% said they think it is important to encourage entrepreneurial values in their children.

### Donating Dollars

When it comes to charity, one main motivation is a desire to return something to society (88%). Belief in a particular cause was cited by 87% as a key reason to give.

Taxes play a relatively small role. Only 33% cite tax benefits for themselves as a reason to donate money.

And this year terrorism fell out of the top worries of the wealthy. "They're still worried about their children's ability to have as good a financial life," Napoli said. "But terrorism didn't make the list. It had been No. 1 or 2 since 9/11."

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