# TAKING STOCK: DEAR MILLENNIALS, WHAT DO YOU WANT FROM YOUR INVESTMENT PORTFOLIO?

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**BLOG POST**

September 23, 2019

A key objective for an advisor is to know your investor. It is vital to understand who they are, their journey and their destination. You need to know their threshold for risk, their return expectations and what drives their investment perspective. Only then can the advisor begin the task of constructing an investment portfolio that is in sync with an investor's constraints and goals.

However, when an investor group is the largest and most diverse generation in U.S. history, that's easier said than done. Each generation perceives expendable income, debt, opportunity and risk differently. For millennials—the generation of people born between 1981 and 1996—these perceptions have been shaped and formed in an environment marked by many factors. In addition to seismic shifts in technology, and the economic and financial upheaval caused by the global financial crisis that altered the investment landscape, millennials are also contending with heavier debt loads fueled by higher costs of living and education, greater concern around the environment, and longer life expectancies. It is essential to keep these influences and factors in mind while coming up with investment solutions to meet the financial needs and objectives of millennials.

For instance, millennials may be potentially risk averse and distrusting of financial institutions given their age (many were entering the workforce) during the financial crisis. As a result, they may be willing to sacrifice some upside in favor of investments that leave them less exposed to credit risk or volatility. Perhaps they will opt for a defined contribution plan with a glidepath model that can map their journey to retirement in a transparent and structured way; it is also likely they will be wary of high fees. Millennials will probably live longer and will likely have to work longer than their predecessors to ensure their financial security as employers cut back or eliminate pension benefits.

Their increased awareness of environmental and socio-economic conditions may attract them to investments that incorporate ESG factors. For example, this may lead them to invest in a start-up technology company specializing in renewable energy over an established energy business. While millennials may be one of the most educated generations, they are also one of the most financially stretched given the high cost of college. In addition to the burden of student debt, higher living expenses mean that many millennials are more likely to live with their parents, postpone homeownership, delay marriage, and either postpone or avoid having children.

To be sure, many millennials will have experienced different combinations of these issues, and some may experience none. Their investment outlook can also vary by age, gender, ethnicity and geography. For instance, a mid-20s female living in a rural area of Ohio may have a completely different financial perspective than a male in his mid-30s living in Manhattan. To this end, we believe it is important to understand that this is a large generation with layered and complex connections to its environment. We continue to closely study its needs and habits so we may come up with [investment solutions](investment solutions) that best serve its financial priorities.

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