

Investment



Summary :

Bonds and money market instruments, cash and bank dunning and non-standard bond assets are the main configurations of China's personal investment wealth management products.

Different families have similar Internet investment and financial preferences, and Bao products (balanced wealth management products linked to money funds) are the first choice for all families, followed by P2P products.

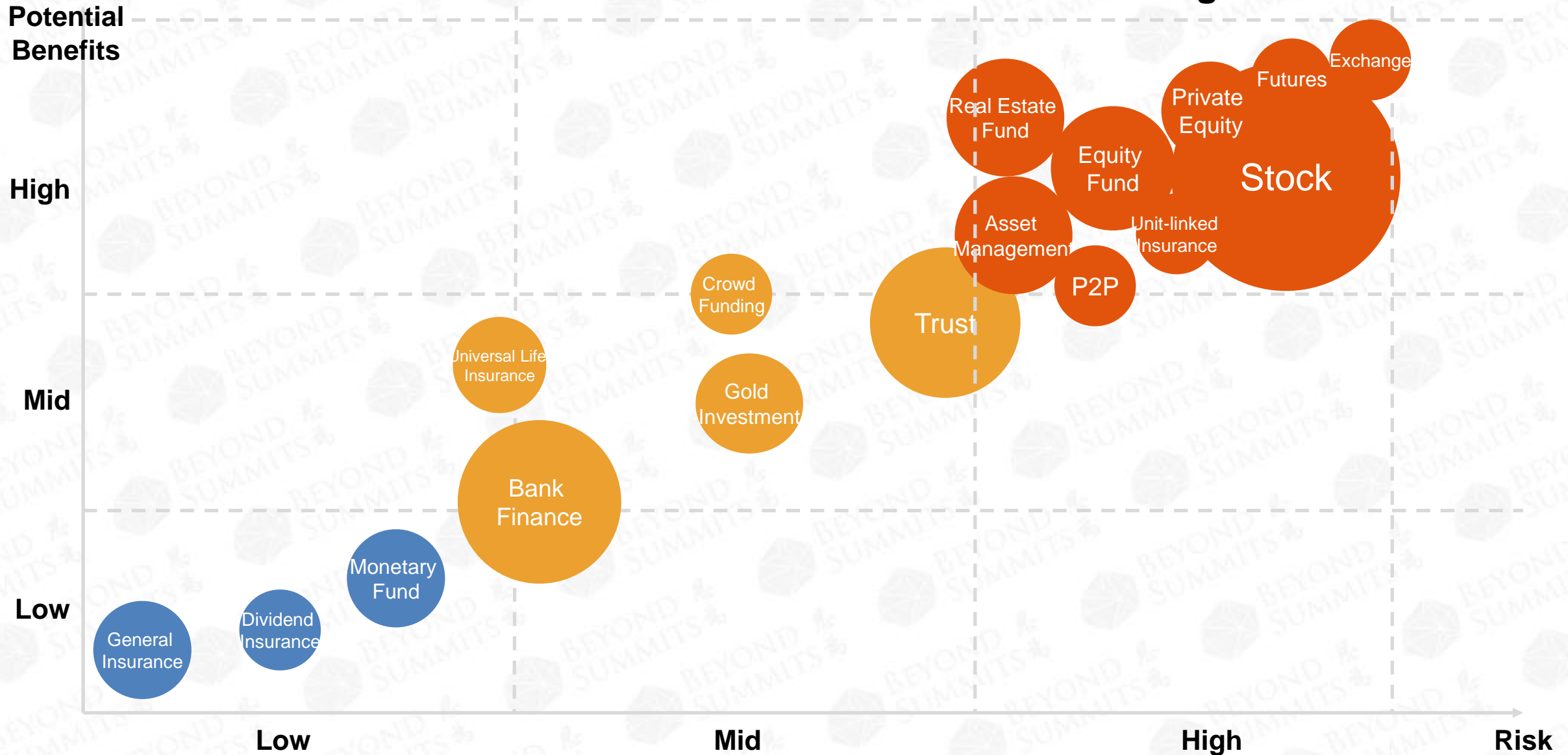
In terms of mobile Internet-based finance, the largest proportion of investment with total money of more than 100 thousand, reached 32%; followed by 50-100 thousand, accounting for 25%.

MI Finance occupied the first place in the market for investment and wealth management applications, mainly due to the large number of users of Xiaomi's mobile phones, 99% of which are pre-installed customers. In terms of the number of daily active users, the app Straight Flush, a stock investment wealth management, ranked first.

Summary :

- In 2011-2016, the scale of high-net-worth people with an asset of 10 million in Mainland China has grown rapidly, reaching 1.34 million in 2016, an increase of 10.7% over the previous year.
- For overseas investment allocation, overseas real estate is the most popular. In addition, fixed income products, overseas stocks, industry, insurance and funds are also favored.
- When high-net-worth individuals in China make overseas financial investments, the main product they choose is foreign exchange deposits, which accounts for more than half of the total, followed by insurance and stocks.
- The most preferred trading and cooperative institutions for high-net-worth individuals in China when investing in overseas financial institutions are banks, accounting for 77% of the total. Among bank products, foreign exchange deposits, standard wealth management products and gold are the most preferred products.
- In terms of the source of information channels, banks and recommendations from friends and relatives are the most important channels, as well as the most trusted channels for high-net-worth individuals to obtain overseas financial investment information.

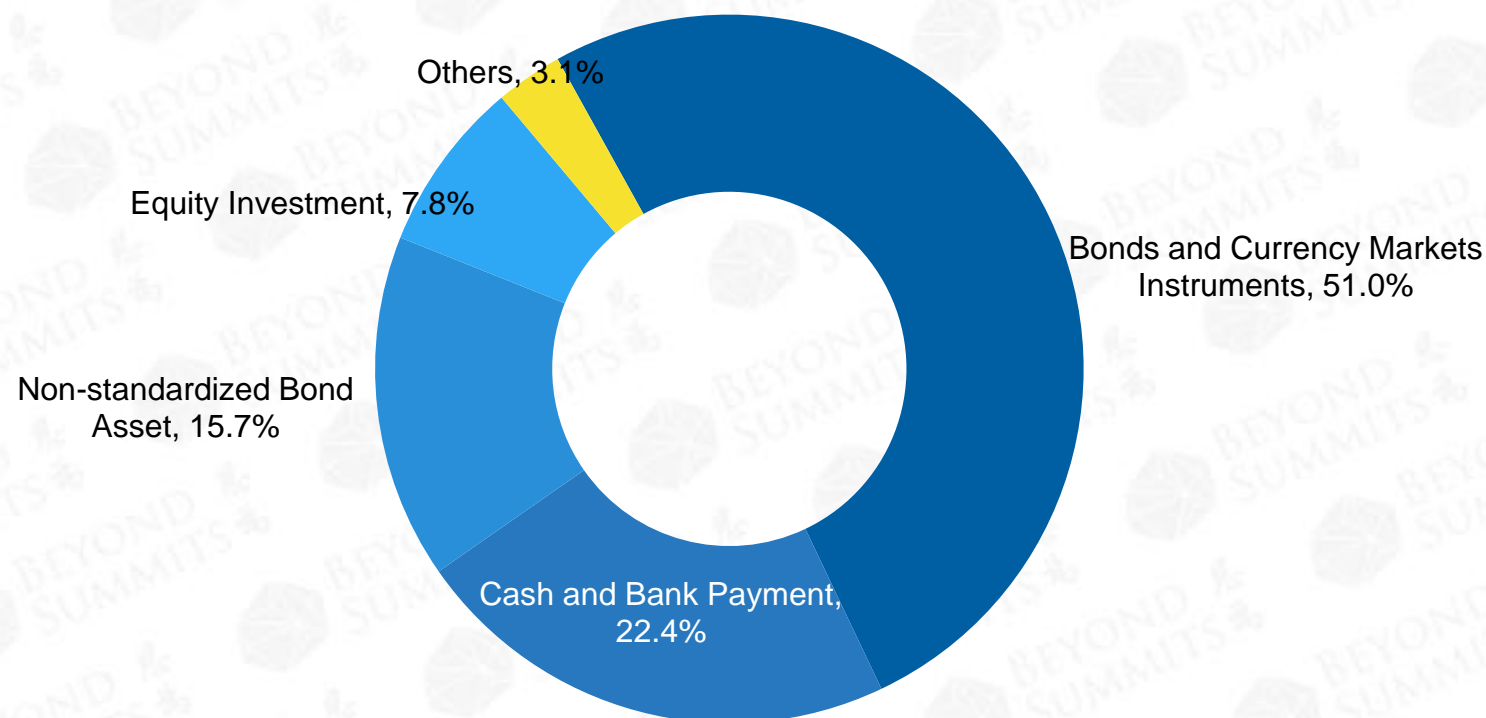
Main Products in China's Personal Investment Wealth Management Market



Source : China's Personal Financial Market Research Report, 2016

Bonds and money market instruments, cash and bank dunning and non-standard bond assets are the main configurations of China's personal investment wealth management products, accounting for 89.1% of the total.

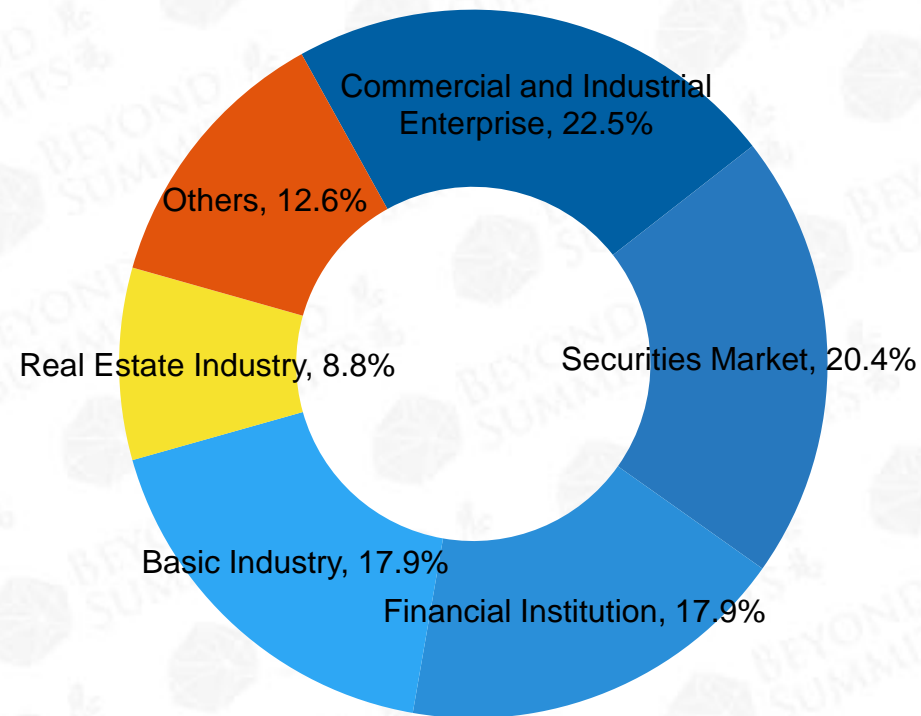
Asset Allocation of Bank-Financing Products



Source : China's Personal Financial Market Research Report, 2016

Industrial and commercial enterprises, securities markets and financial institutions are the main configurations for investment in trust funds. It is noteworthy that the securities market has grown faster.

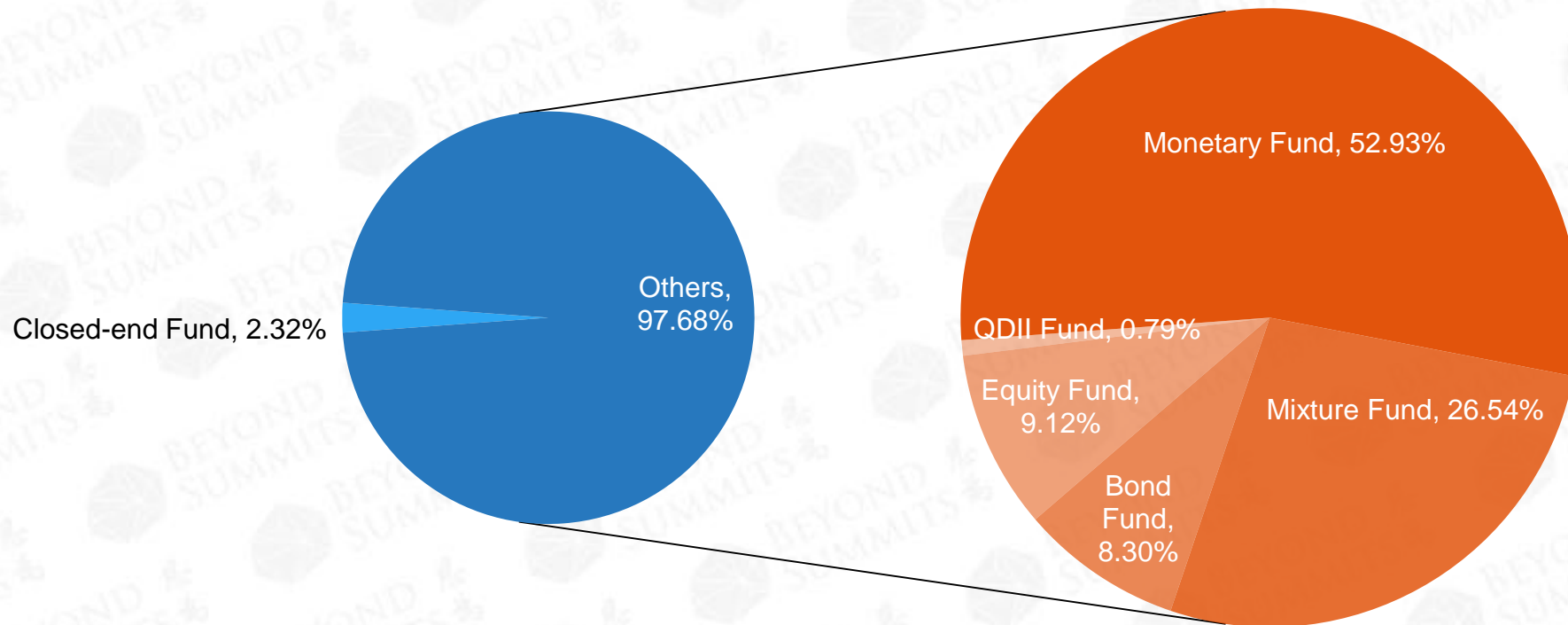
Allocation of Trust Fund Investment



Source : China's Personal Financial Market Research Report, 2016

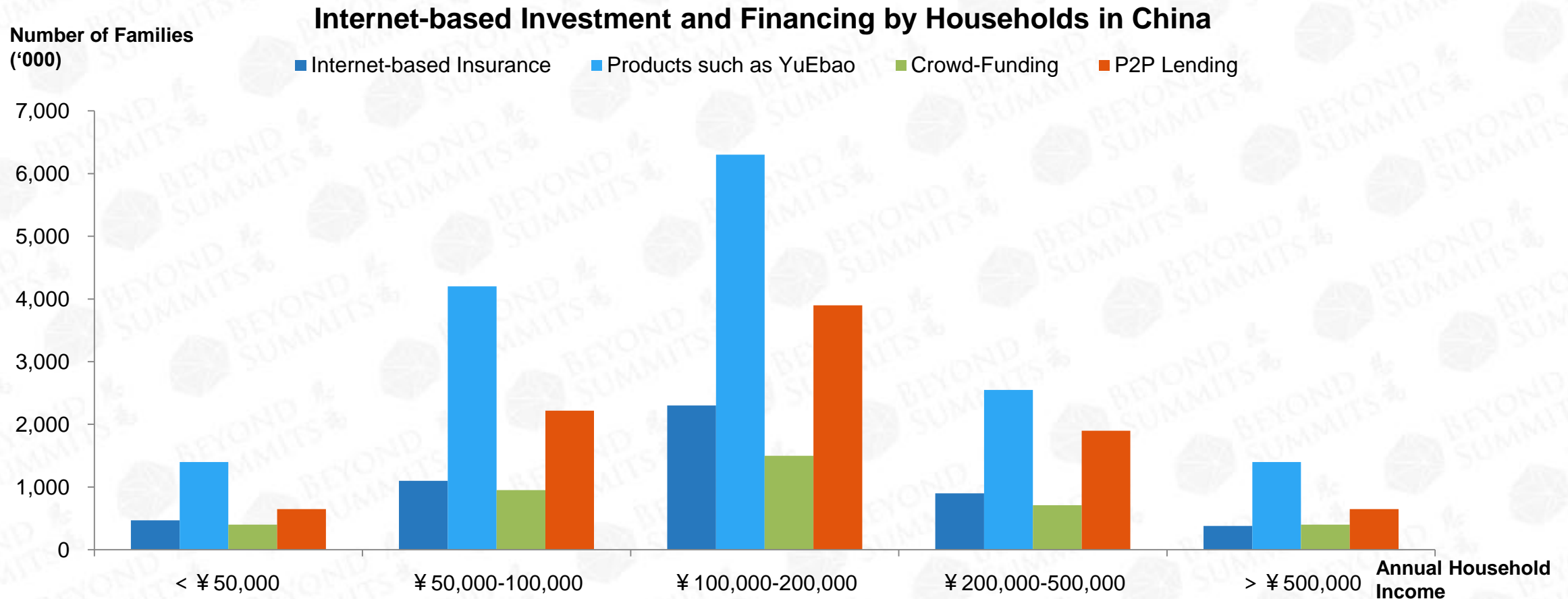
In respect of the net value of public funds, the proportion of monetary funds exceeds 50%, indicating that cash management products with high liquidity and low risk are most favored by Chinese investment managers.

Distribution of Public Funds



Source : China's Personal Financial Market Research Report, 2016

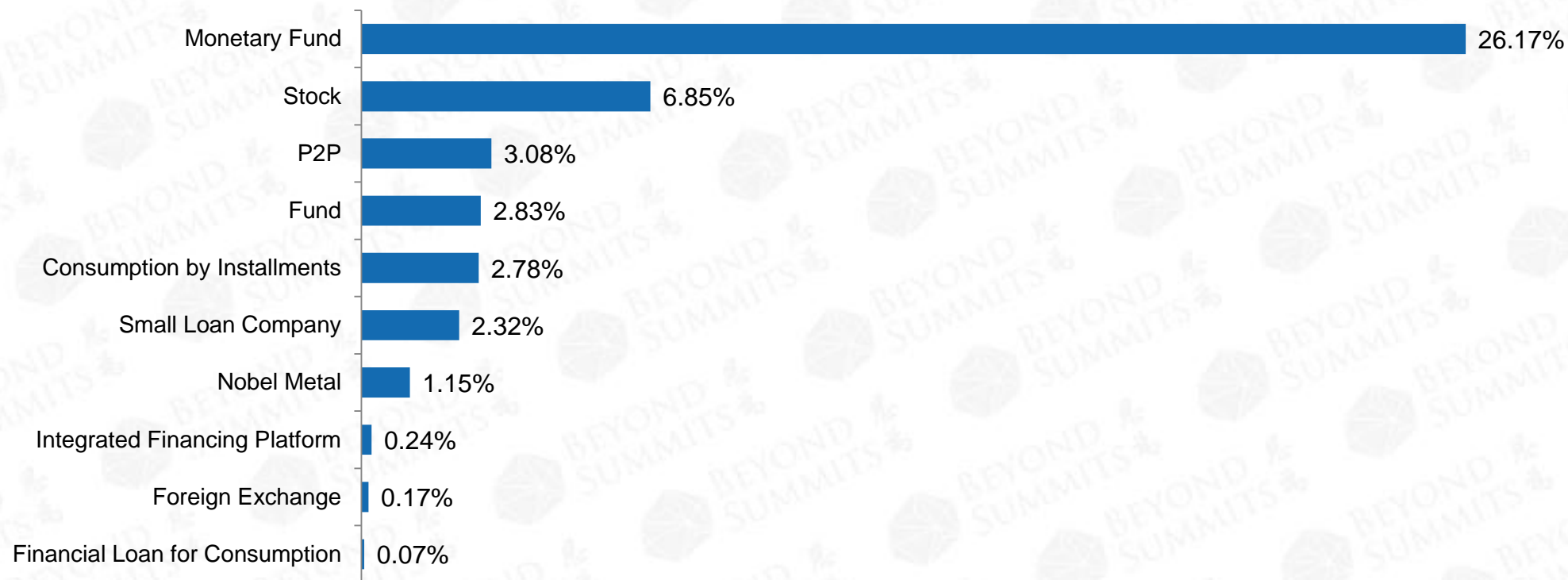
Different families have similar Internet investment and financial preferences, and Bao products (balanced wealth management products linked to money funds), such as YuEBao, are the first choice for all families, followed by P2P products.



Source : China's Personal Financial Market Research Report, 2016

Among the major wealth management products, the proportion of Internet users in the money funds is the highest, reaching 26.17% with 370 million Internet users.

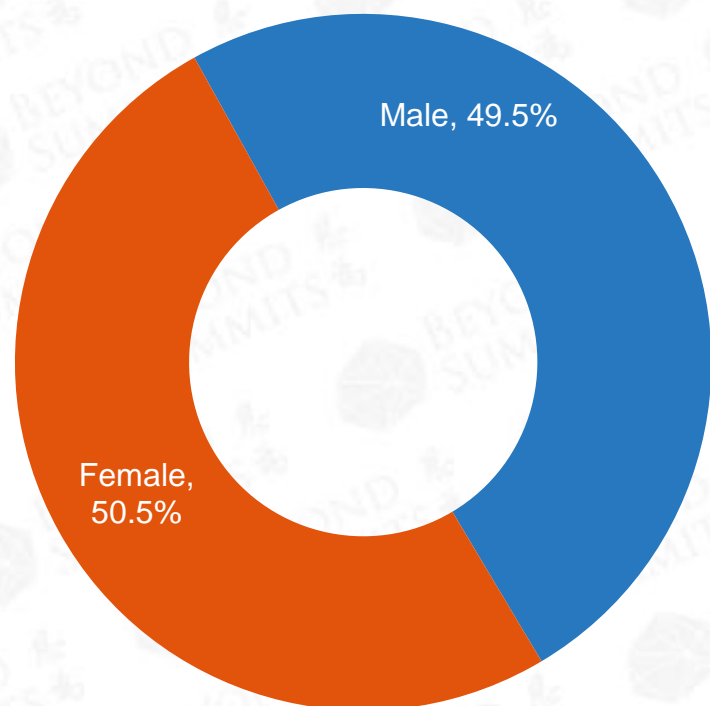
各理财产品互联网用户比例 (%)



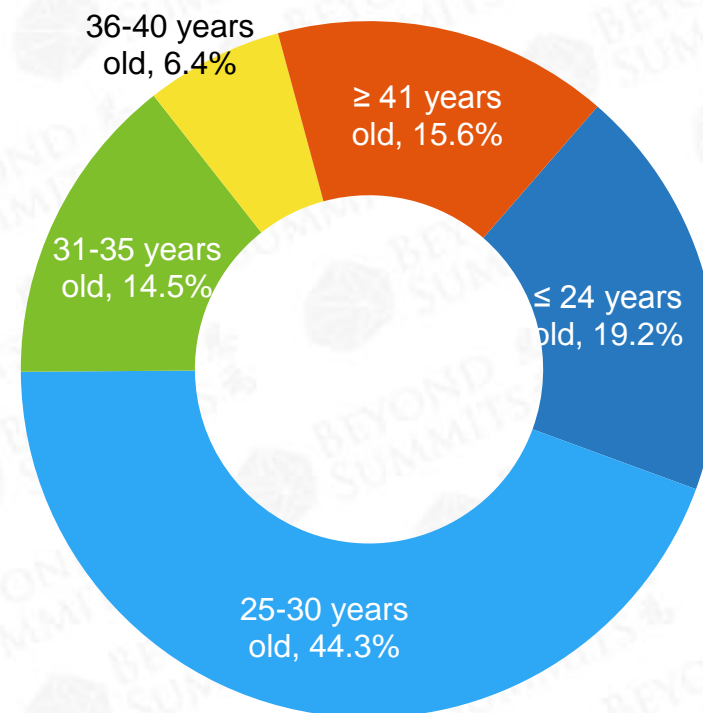
Source : Big Data Analysis of China's Internet -based Financing Products, 2017

There are slightly more women than men in China's Internet-based financing market, among which young people aged 25-30 account for the majority of users.

Gender Ratio of China's Internet-based Financing Investors



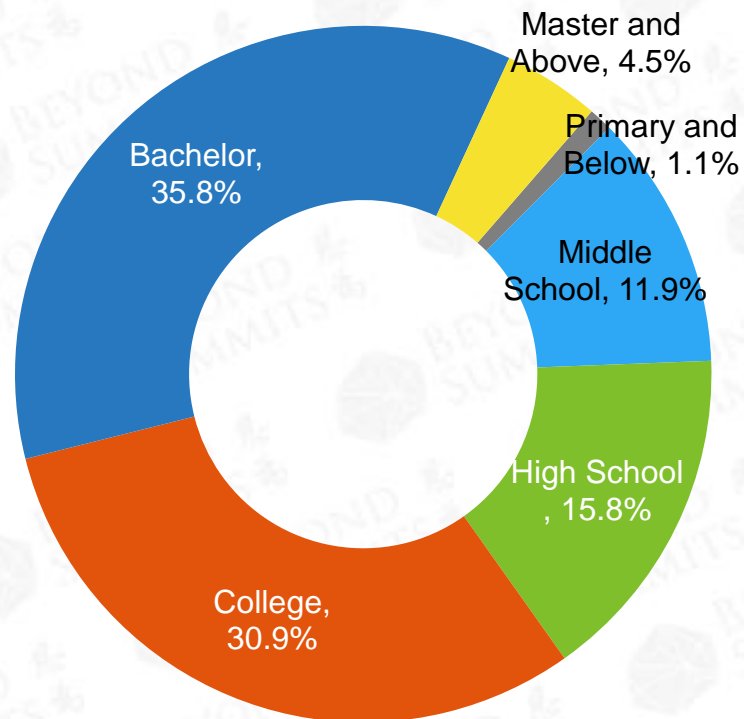
Distribution of China's Internet-based Financing Investors by Age



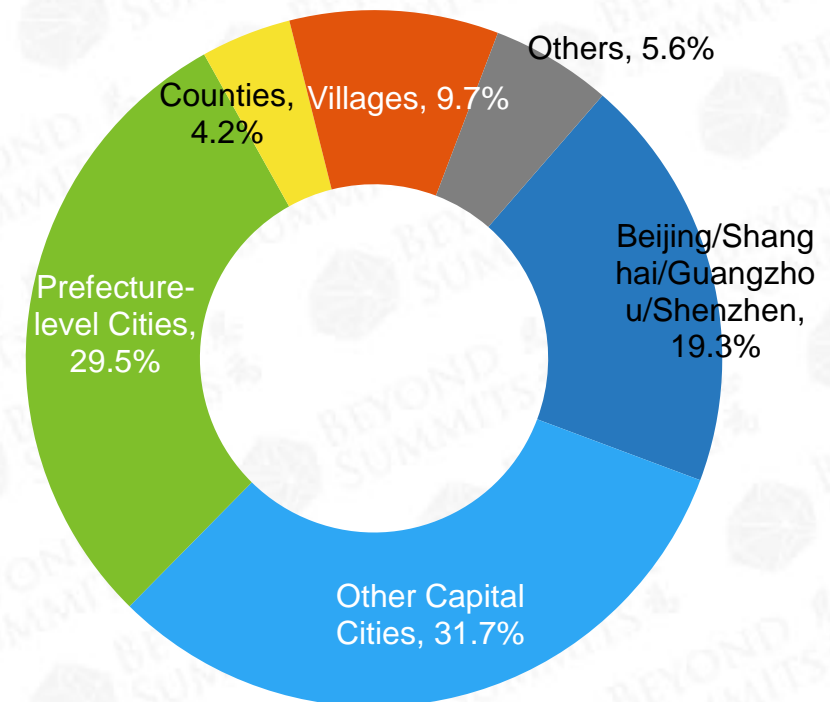
Source : China's Internet-based Financial Market Research Report

China's Internet-based wealth management market investors are mainly highly educated people concentrated in prefecture-level cities.

Distribution of China's Internet-based Financing Investors by Education



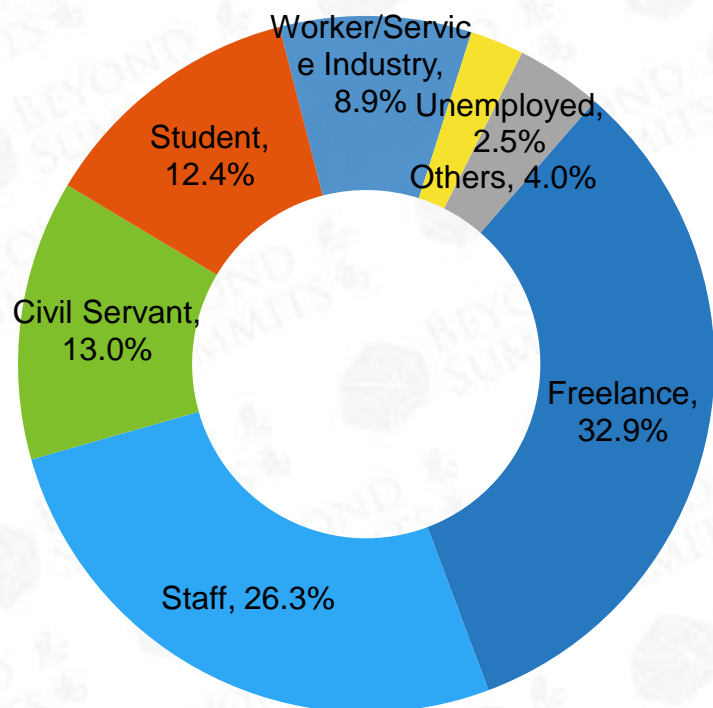
Distribution of China's Internet-based Financing Investors by Region



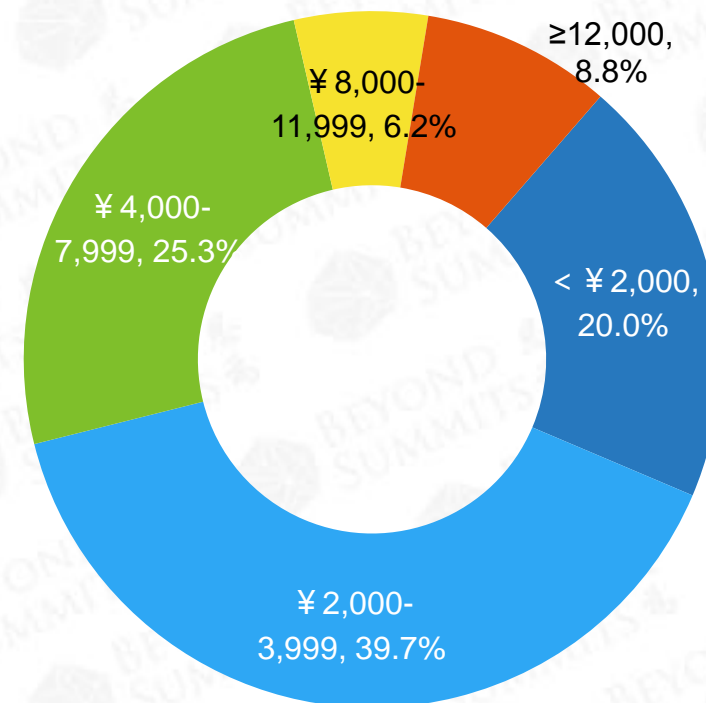
Source : China's Internet-based Financial Market Research Report

Most of China's Internet-based financing investors had lower-middle income.

Distribution of China's Internet-based Financing Investors by Occupation

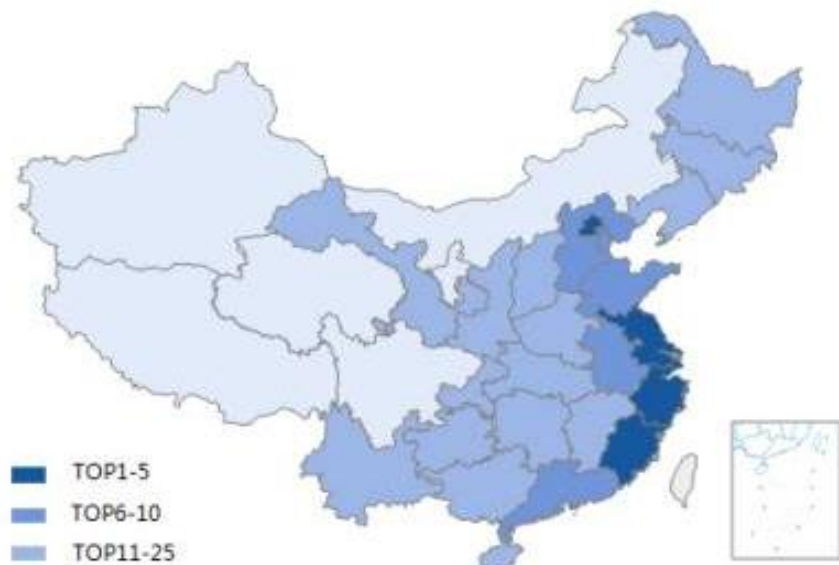


Distribution of China's Internet-based Financing Investors by Monthly Income



Source : China's Internet-based Financial Market Research Report

In terms of geographical distribution, developed regions, especially the eastern coastal regions, have a strong preference for investment and financial management, with Shanghai ranking first.

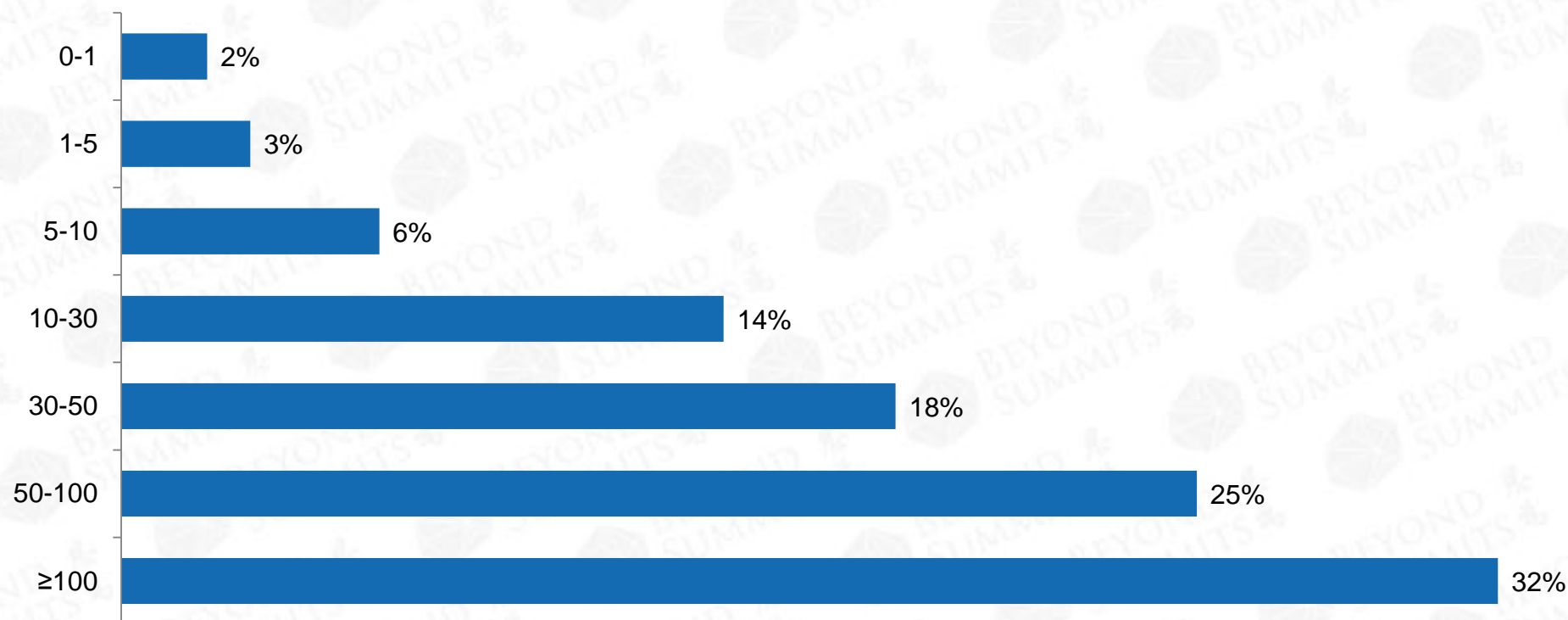


Ranking	Province/Province-level Municipality
1	Shanghai
2	Fujian
3	Jiangsu
4	Beijing
5	Zhejiang
6	Guangdong
7	Shandong
8	Anhui
9	Tianjin
10	Hebei

Source : Big Data Analysis of China's Internet -based Financing Products, 2017

In terms of mobile Internet-based finance, the largest proportion of investment with total money of more than 100 thousand, reached 32%; followed by 50-100 thousand, accounting for 25%.

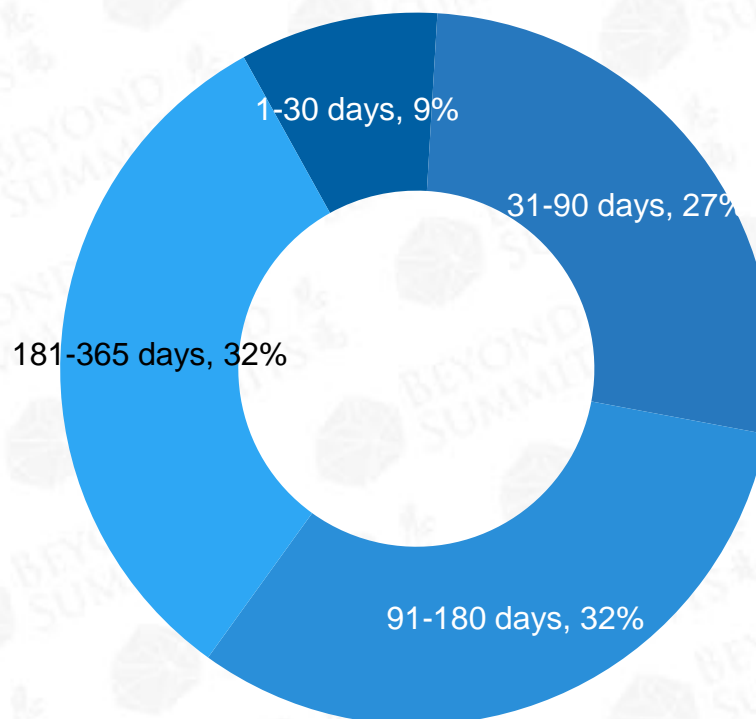
China's Mobile Internet-based Financing Investors' Investment Amounts (thousand yuan)



Source : Annual Analysis of China's Internet-based Financing Investors, 2017

In 2016, China's mobile Internet-based financing users' preference for short-term financial products slacked down. The overall investment period has been extended, with an investment period of over 90 days accounting for more than 60%.

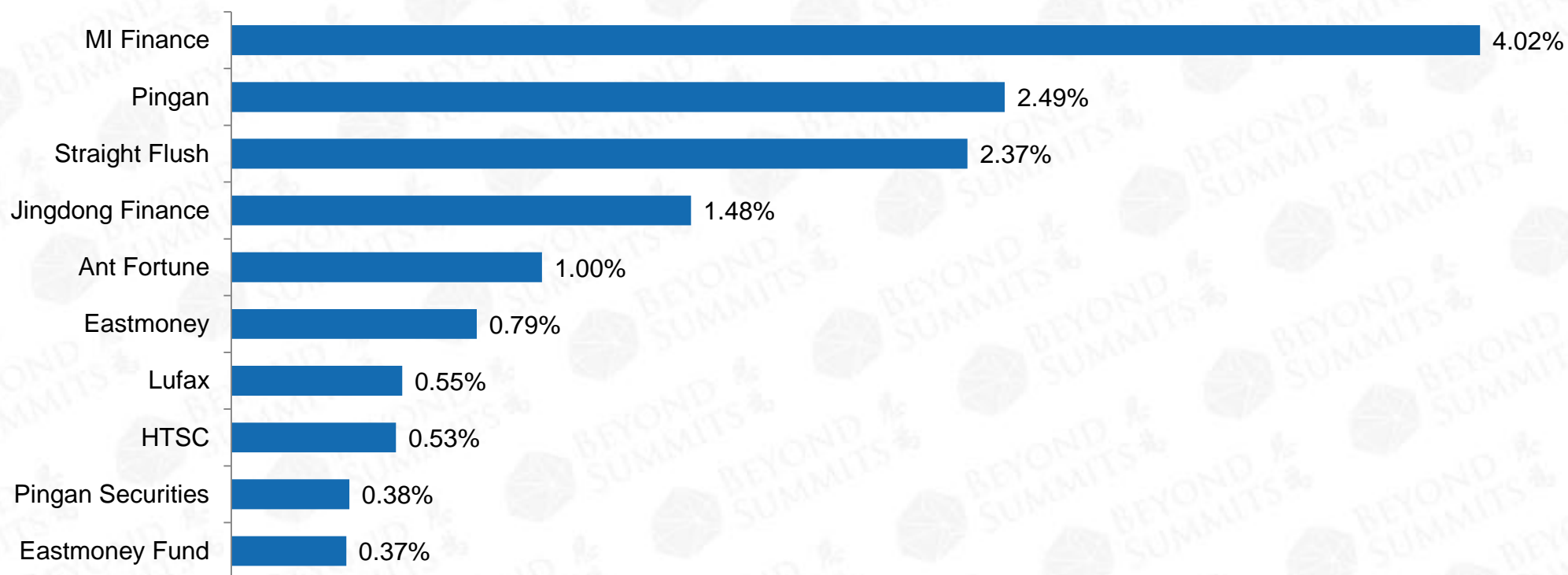
China's Mobile Internet-based Financing Users' Investment Period



Source : Annual Analysis of China's Internet-based Financing Investors, 2017

MI Finance occupied the first place in the market for investment and wealth management applications, mainly due to the large number of users of Xiaomi's mobile phones, 99% of which are pre-installed customers.

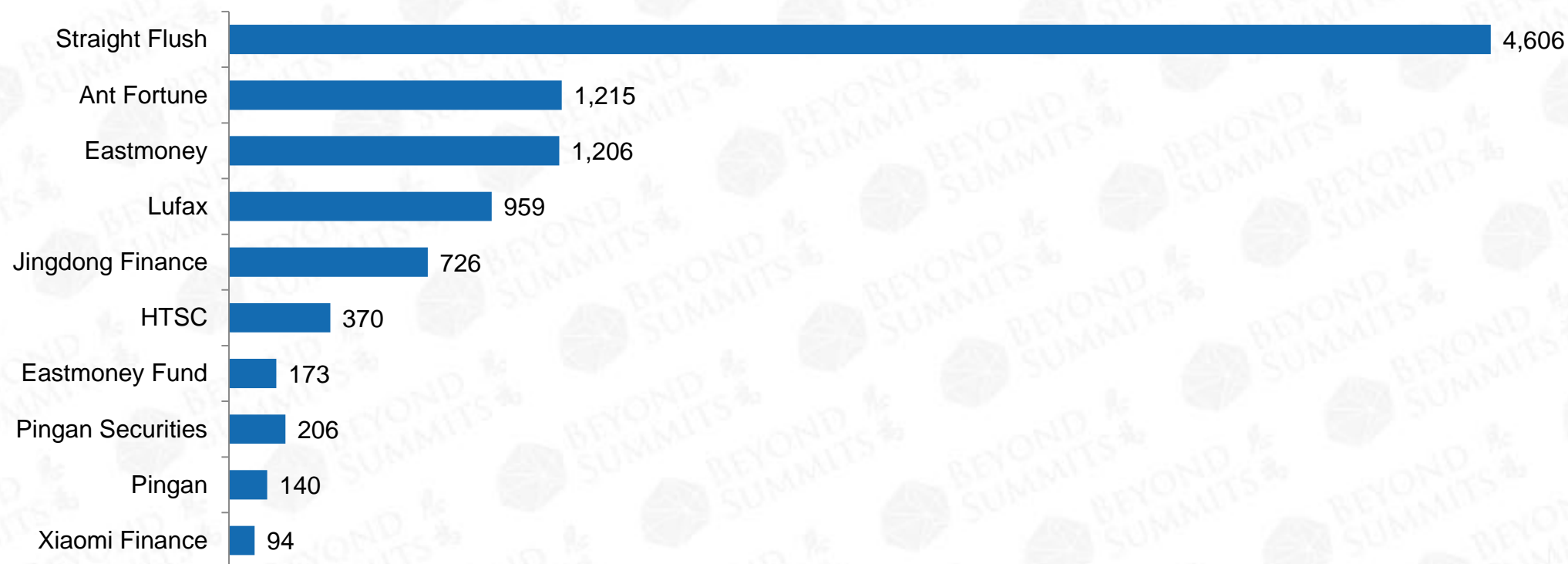
Penetration of Investment and Financing App Market



Source : Research Report of Investment and Financing app , 2016.12

Straight flush, a stock investment and financing app, gathers 4,606,000 daily active user (DAU), ranking the first in the investment and financing app market. Next came Ant fortune, with a DAU at 1,215,000.

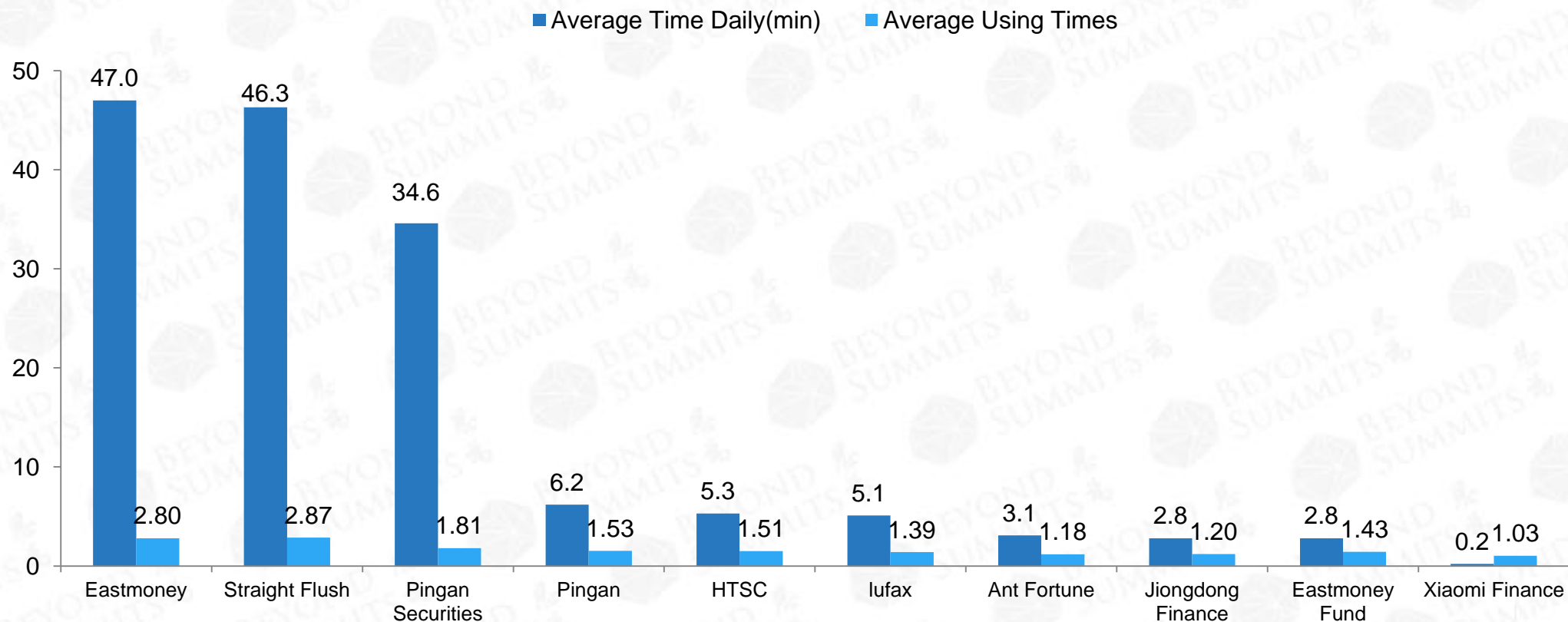
Daily Active User (DAU) in Investment and Financing App Market (thousand)



Source : Research Report of Investment and Financing app , 2016.12

Average using time of Stock apps, such as Eastmoney, Straight Flush and Pingan Securities, was much longer than other types of investment and financing apps.

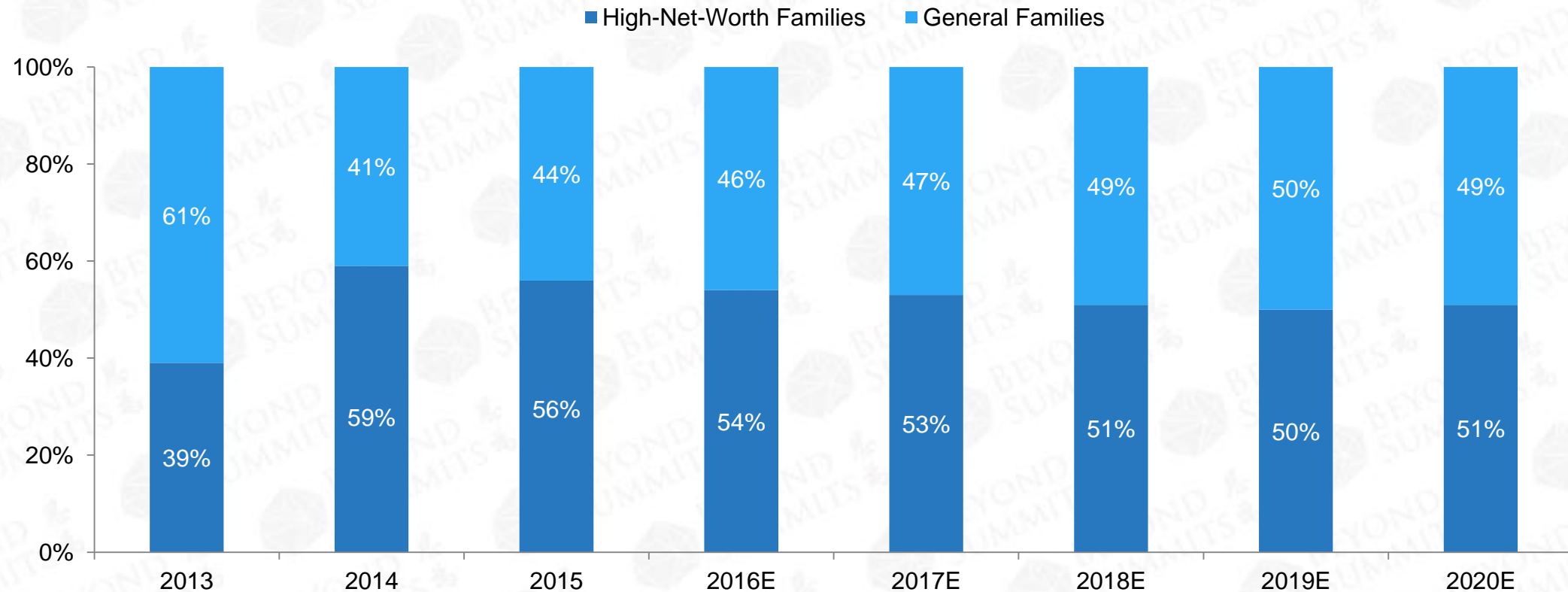
Usage Habits of Investment and Financing App



Source : Research Report of Investment and Financing app , 2016.12

China's high-net-worth individuals' investable assets have increased by 15% for recent years. It was estimated that China's high-net-worth individuals' total investable assets would exceed the general families in 2020.

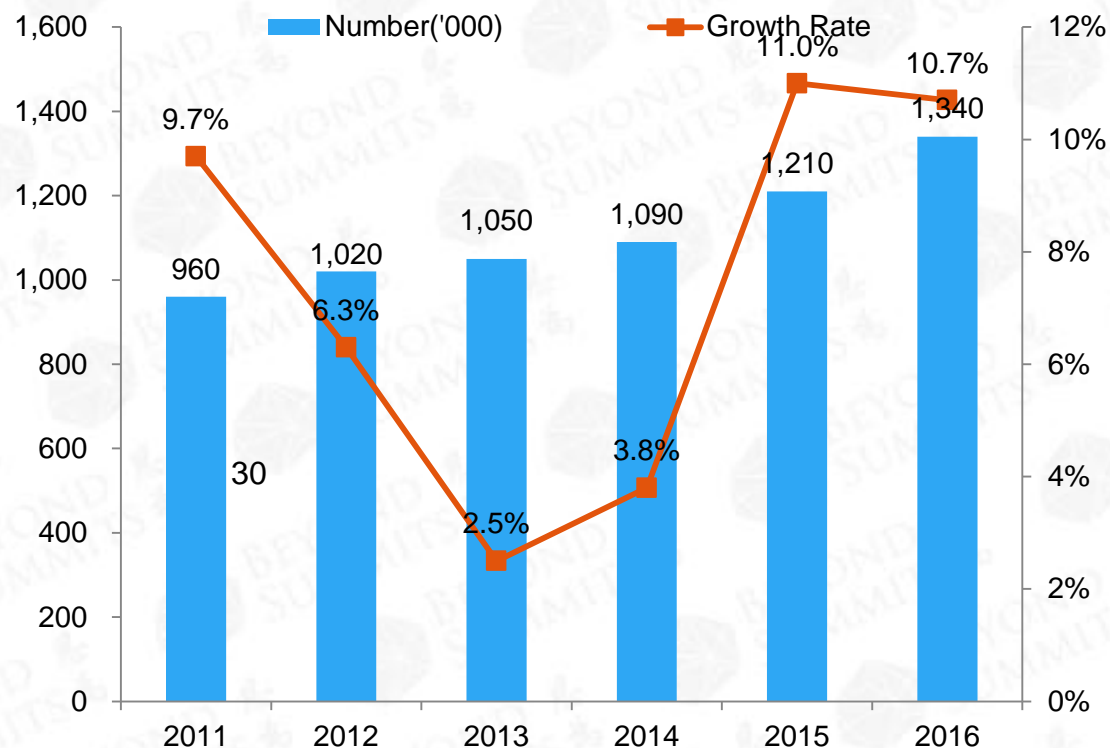
Structure of Individual Investable Assets in China



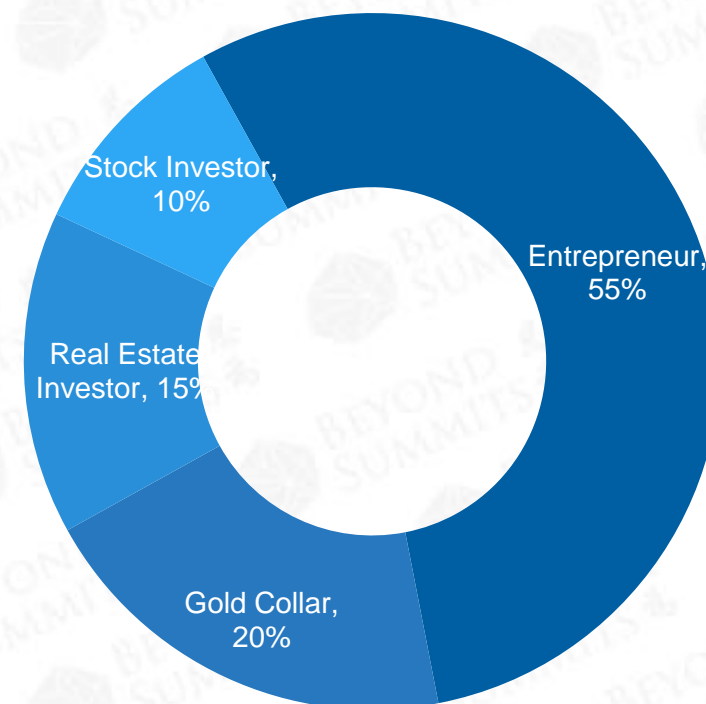
Source : China Private Bank 2016

From 2011 to 2016, the scale of the high-net-worth people with assets of 10 million in the Chinese mainland grew rapidly. By 2016, it had reached 1.34 million, an increase of 10.7% over the previous year. Among these groups, business owners and gold leaders accounted for the largest proportion, while the proportion of real estate speculators rose from the previous year, which was mainly affected by the skyrocketing housing prices in first-tier cities.

The Number & Growth Rate of High-net-worth Individuals in China (thousand)



Occupation Distribution of China's High-net-worth Individuals in 2016

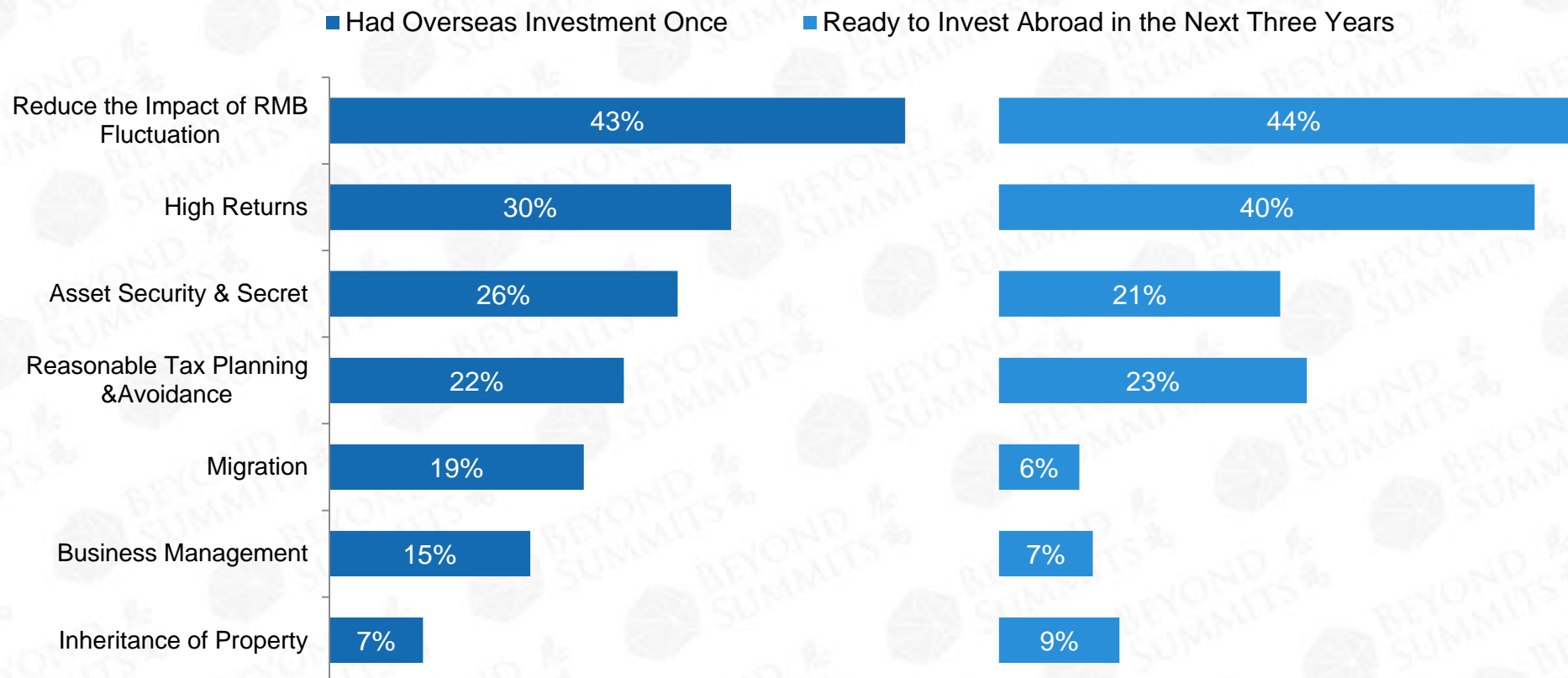


Source : Hurun Institute

Note : High-net-worth individuals' assets include fixed asset and current assets

Among the people who have already invested overseas, the main purpose is maintaining or increasing the value of their assets. Among the people considering overseas investment in the next three years, appreciation and hedging are still the main purposes, but the demand for hedging increases significantly.

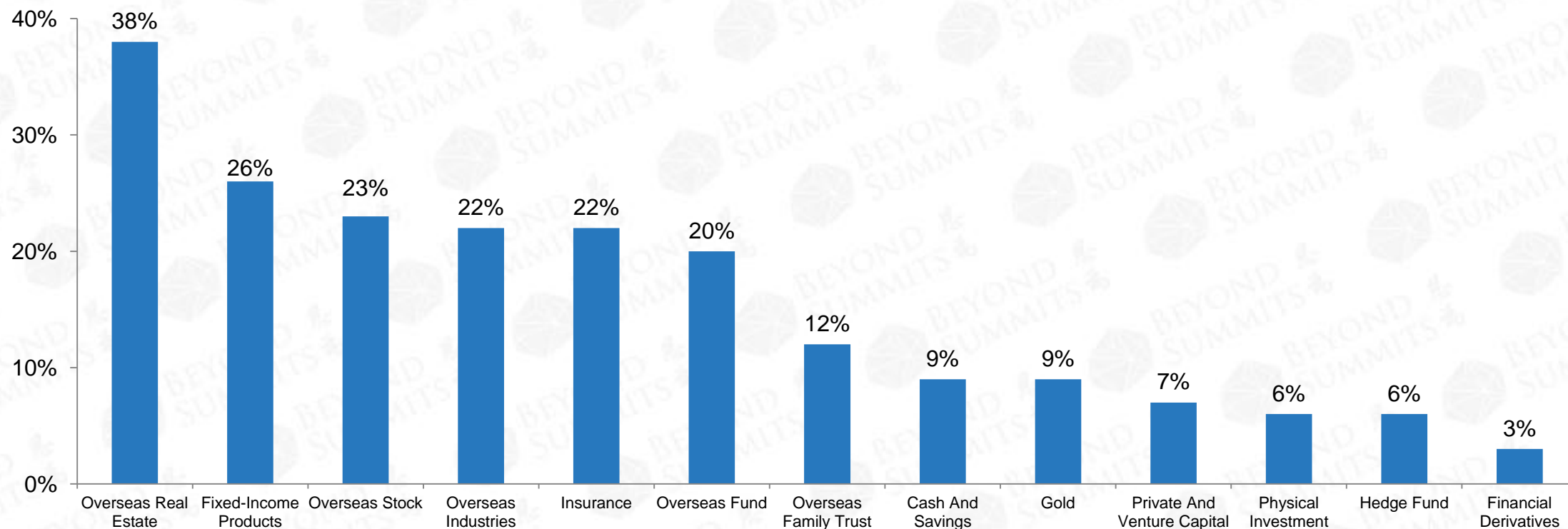
The Purpose of China's High Net Worth Individuals to Invest Overseas



Source : China Private Bank 2016

For overseas investment allocation, overseas real estate is the most popular. In addition, fixed income products, overseas stocks, industry, insurance and funds are also favored.

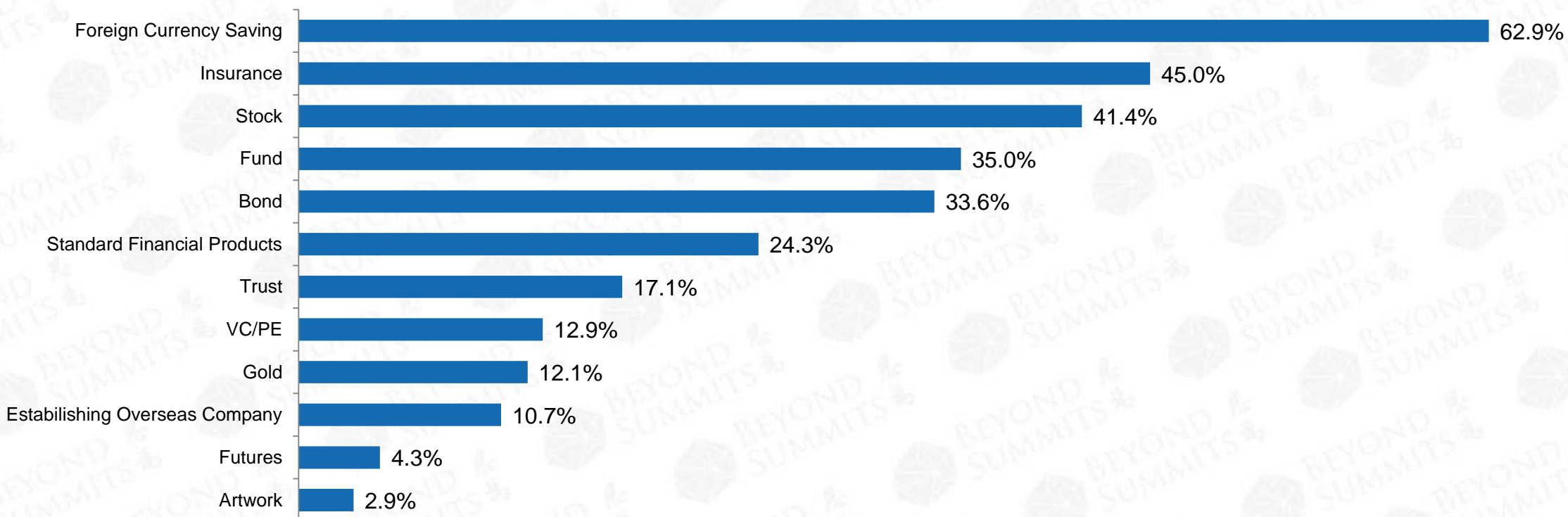
Overseas Investment Products that Would See an Overweight in the Next Year



Source : China Private Bank 2016

When high-net-worth individuals in China make overseas financial investments, the main product they choose is foreign exchange deposits, which accounts for more than half of the total, followed by insurance and stocks.

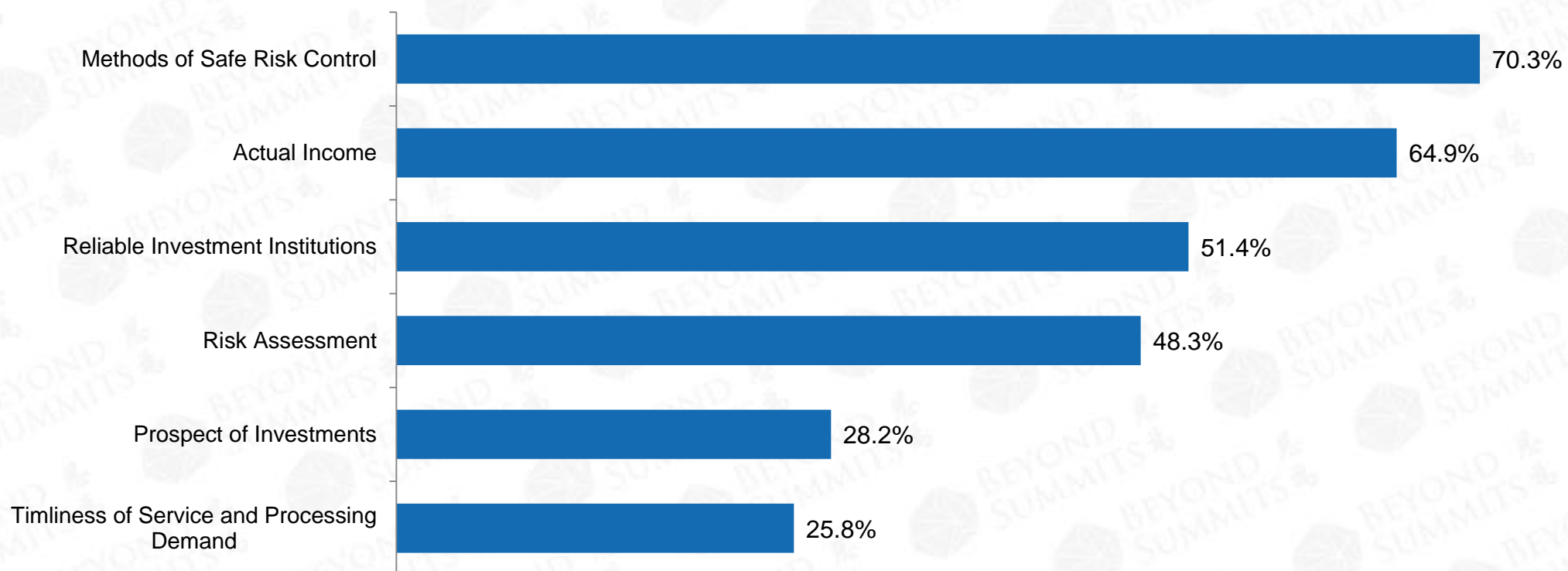
Overseas Investment Products Chosen by China's High-net-worth Individuals



Source : Going Global: Trends of the Chinese HNWI 2016

When choosing an investment product, the most important thing for China's high-net-worth individuals is the security risk control method, followed by the actual income.

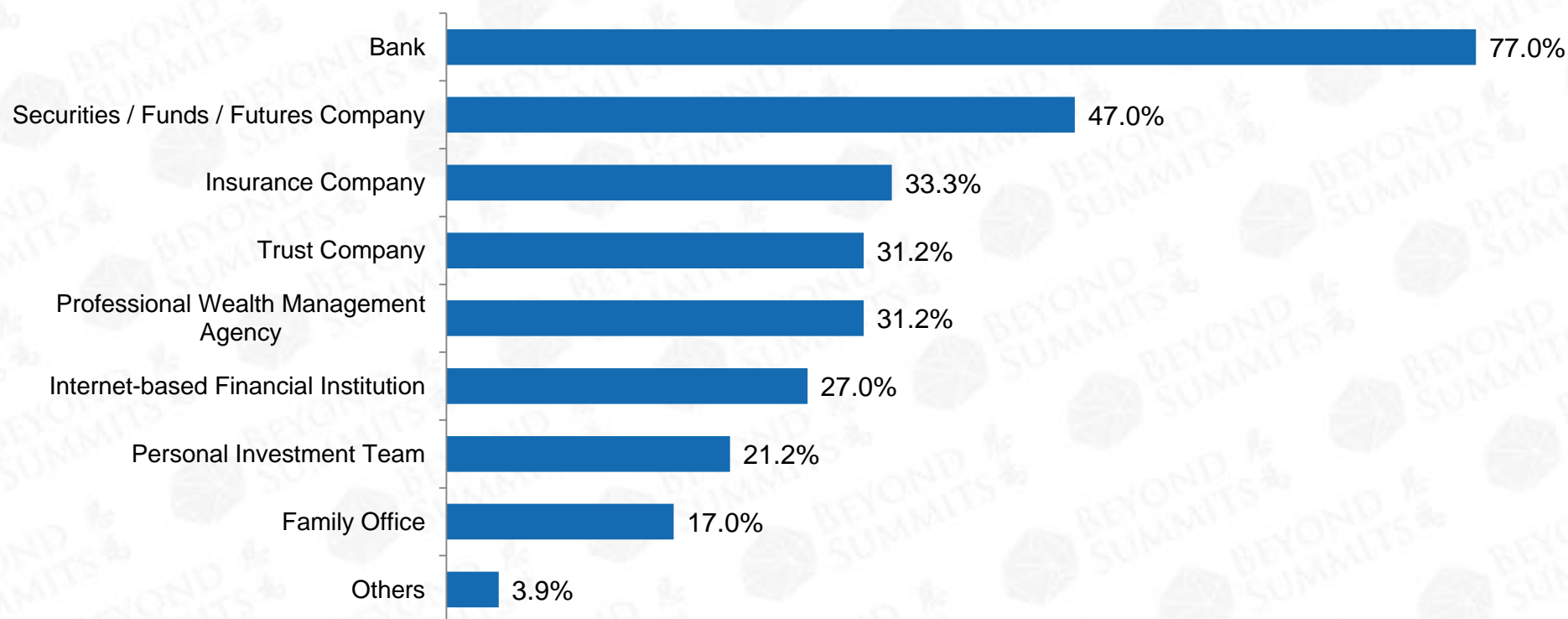
Factors that Influenced China's High-net-worth Individuals' Choices on Overseas Investment Products



Source : Going Global: Trends of the Chinese HNWI 2016

The most preferred trading and cooperative institutions for high-net-worth individuals in China when investing in overseas financial institutions are banks, accounting for 77% of the total. Among bank products, foreign exchange deposits, standard wealth management products and gold are the most preferred products.

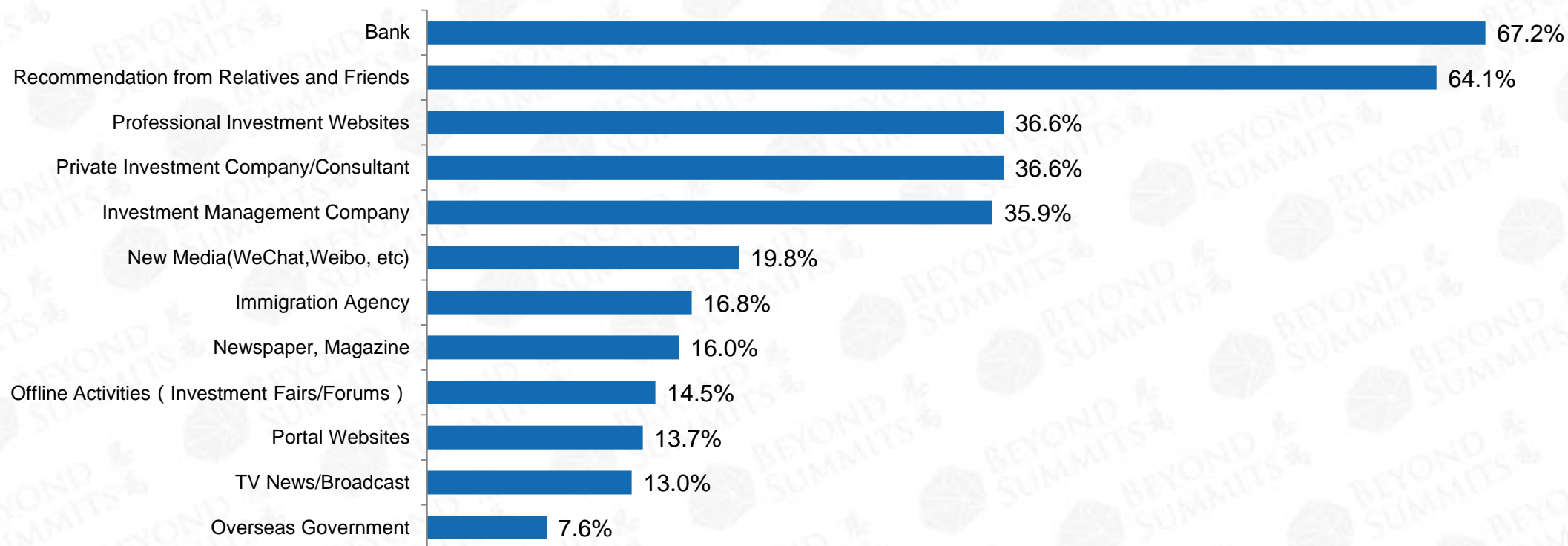
Channels of Overseas Financial Investment for China's High-net-worth Individuals



Source : Going Global: Trends of the Chinese HNWI 2016

In terms of the source of information channels, banks and recommendations from friends and relatives are the most important channels, as well as the most trusted channels for high-net-worth individuals to obtain overseas financial investment information.

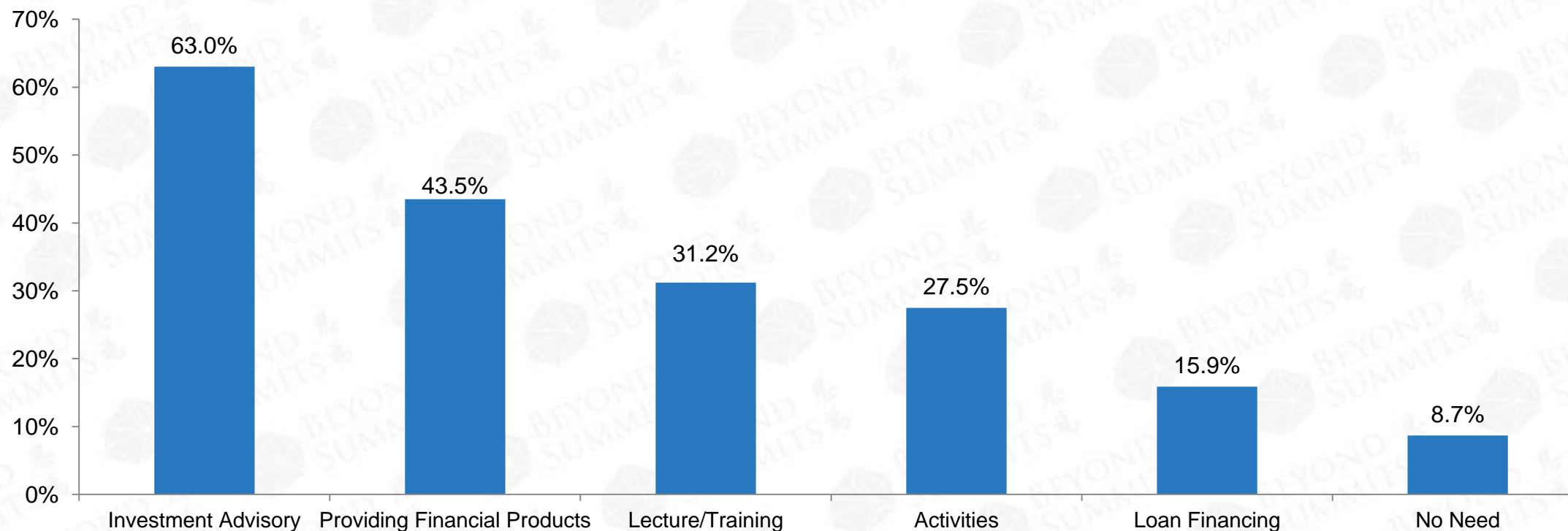
Channel to Obtain Information of Overseas Financial Investment for China's High-net-worth Individuals



Source : Going Global: Trends of the Chinese HNWI 2016

As China's high-net-worth people gradually increase their awareness of risk control, for future overseas financial investments, they expect to get investment consulting services mostly.

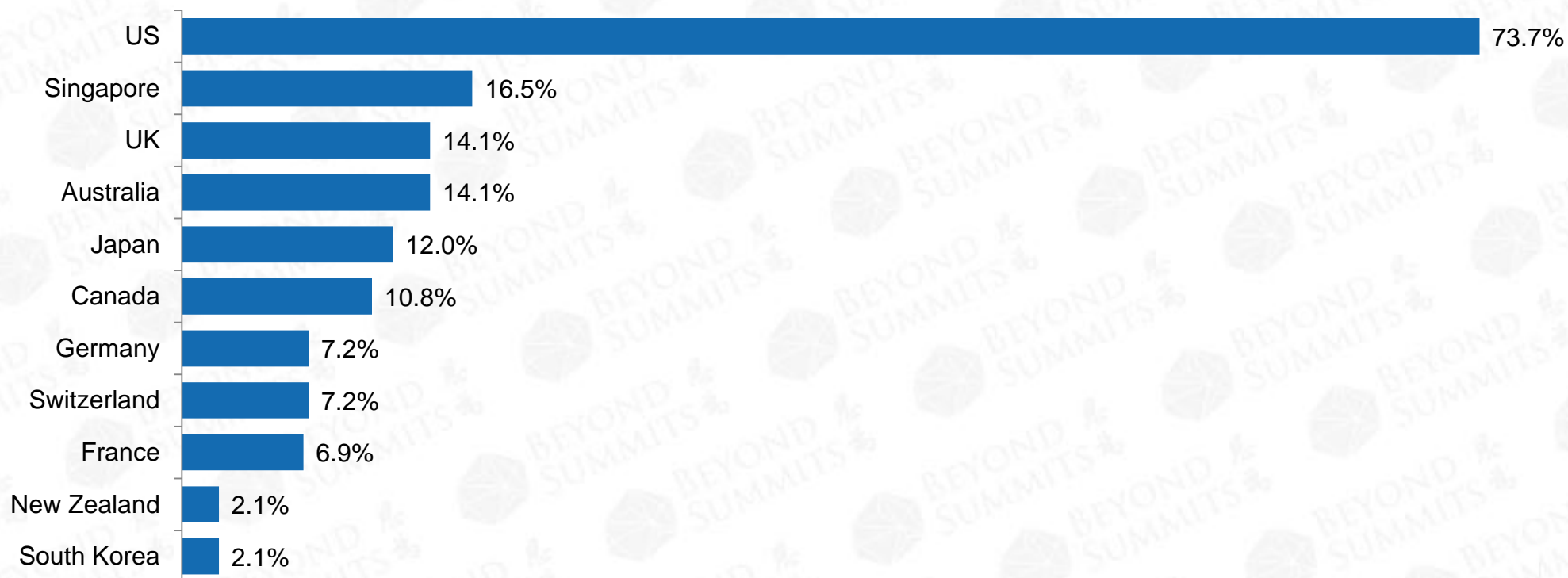
Most Expected Services for Overseas Financial Investment among China's High-net-worth Individuals



Source : Going Global: Trends of the Chinese HNWI 2016

The United States, with the advantages of investment, immigration and education, has become the first choice for China's high-net-worth individuals to make overseas financial investment in, accounting for 73.7% of the total.

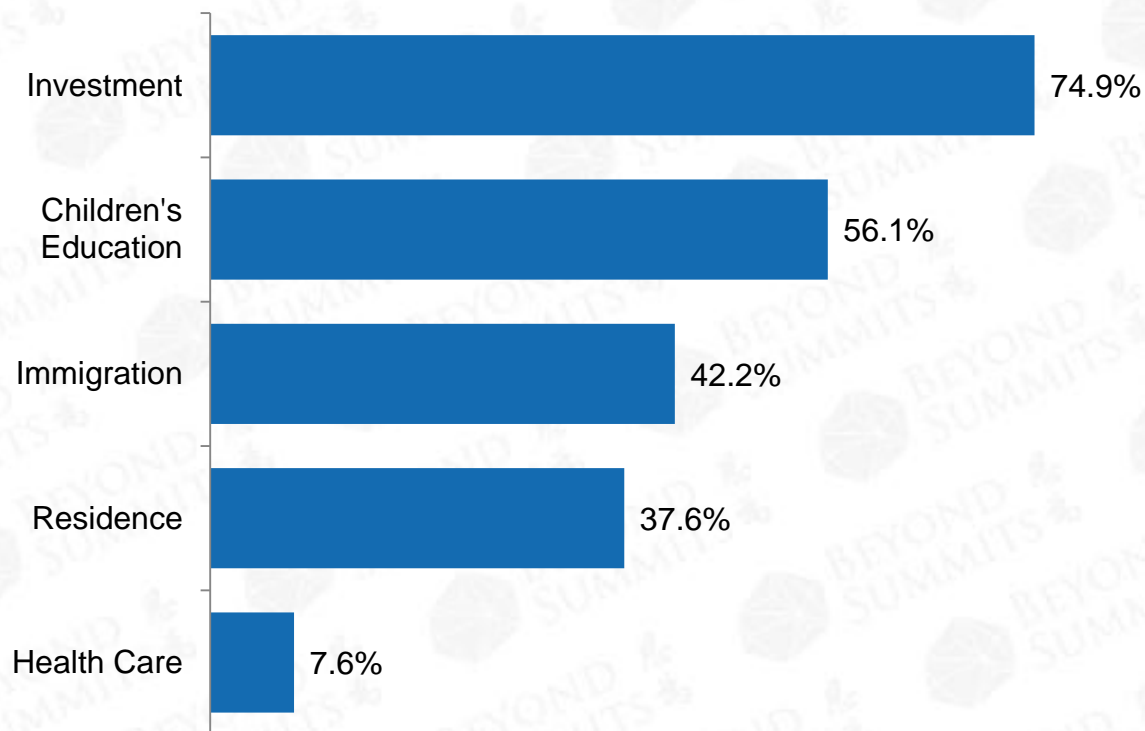
Popular Overseas Countries for Financial Investment among China's High-net-worth Individuals



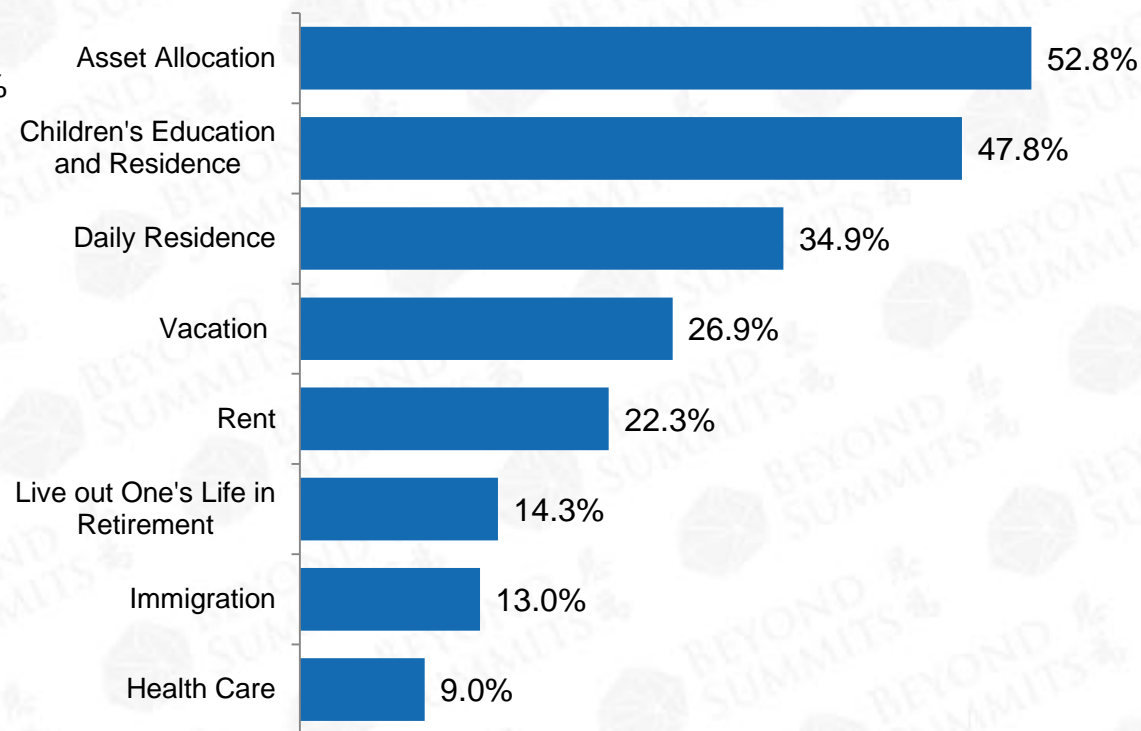
Source : Going Global: Trends of the Chinese HNWI 2016

For China's high-net-worth individuals, they bought house abroad mainly for the purpose of better investment and children's education.

China's High-net-worth Individuals' Purpose to Buy House Abroad



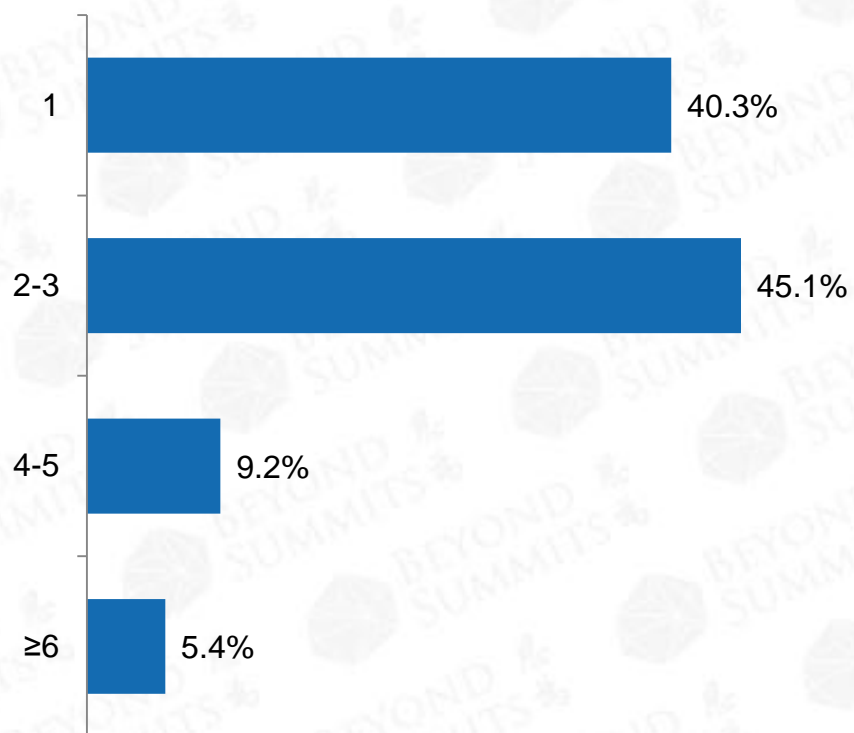
Use of China's High-net-worth Individual's Houses Bought Overseas



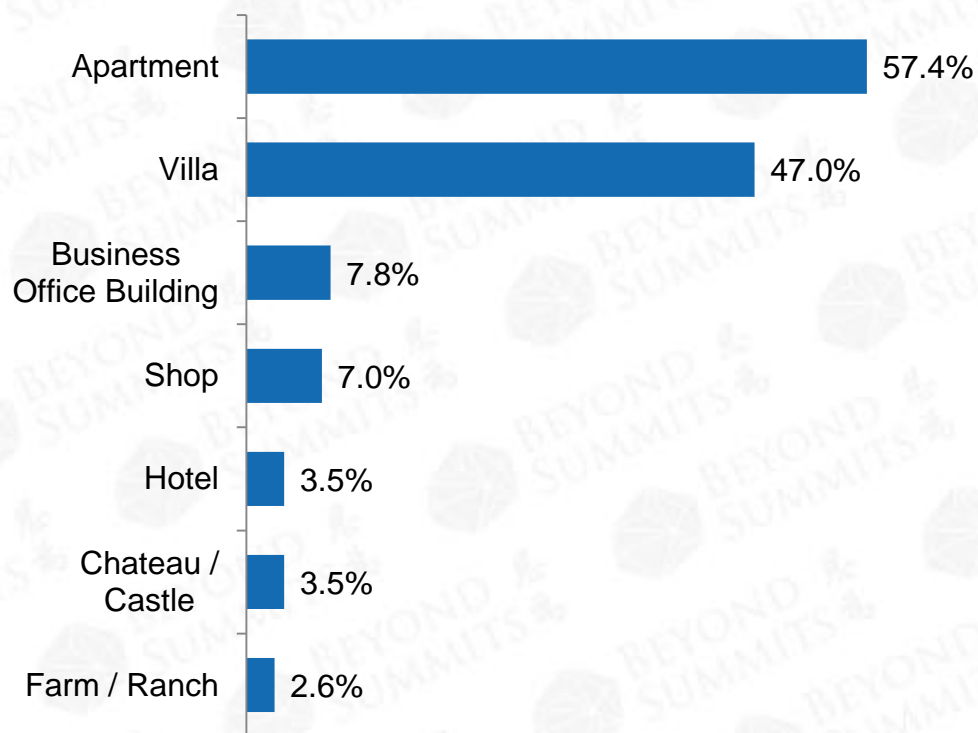
Source : Going Global: Trends of the Chinese HNWI 2016

Most China's high-net-worth individuals had less than 3 overseas houses, mainly being apartments and villas.

The Number of China's High-net-worth Individuals' Overseas House Property



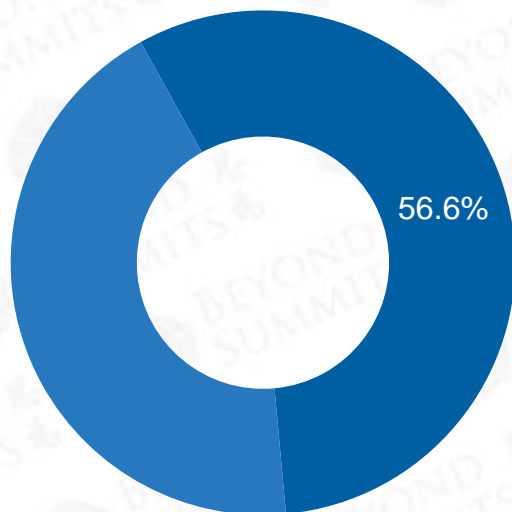
Type of China's High-net-worth Individuals' Overseas House Property



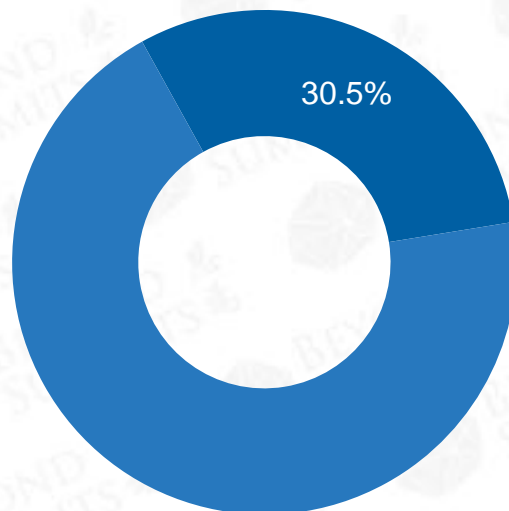
Source : Going Global: Trends of the Chinese HNWI 2016

In the coming few years, 56.6% of China's high-net-worth individuals will maintain the number of current overseas house property, 30.5% will continue to buy more and 12.9% will sell some of them.

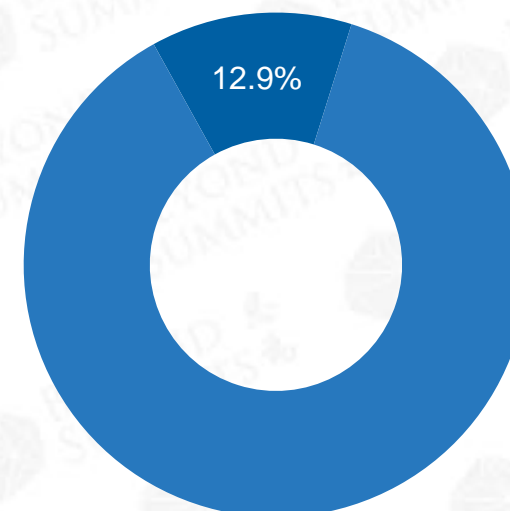
Maintain the Current Situation



Continue to Buy

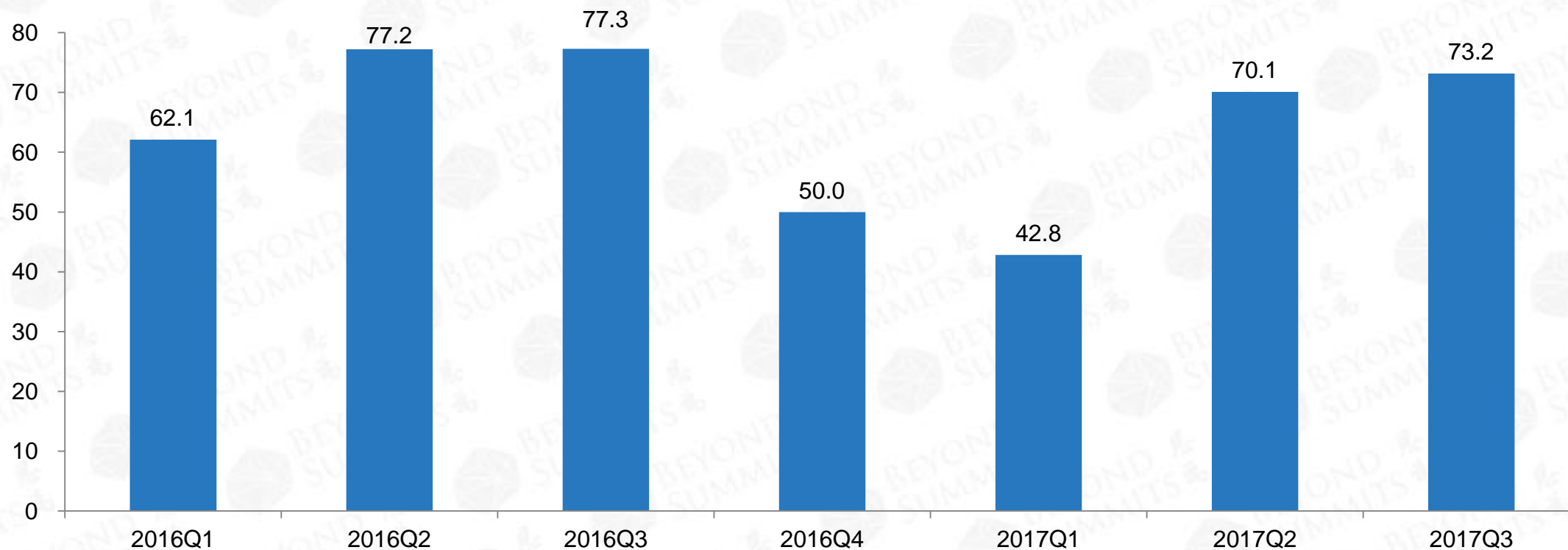


Sell



In the third quarter of 2017, China's Internet-based venture capital investment reached 73.17 billion yuan, slightly higher than the second quarter, and the capital investment was more concentrated.

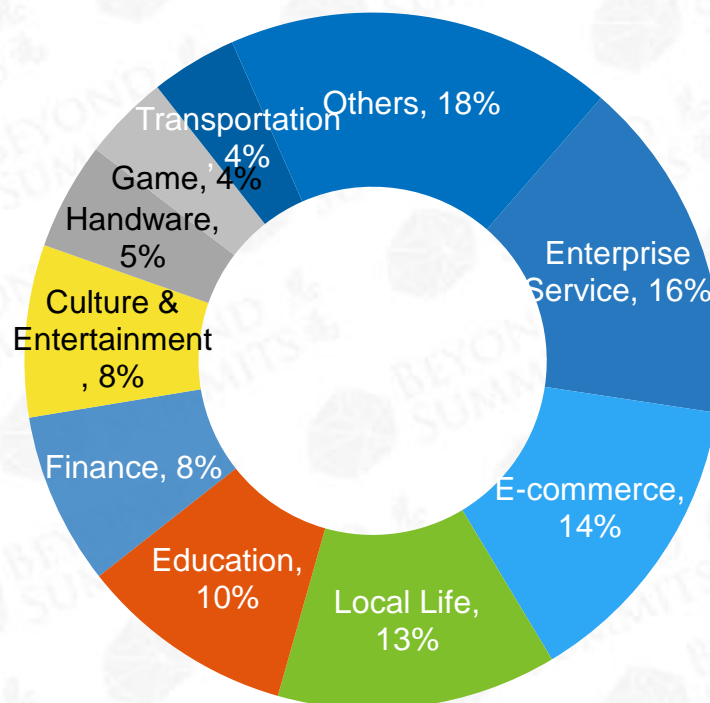
Amount of China's Internet-based Venture Capital Investment(billion yuan)



Source : Analysis of China's Internet-based Venture Capital Investment , 2017Q3

In the third quarter of 2017, the most popular channels for entrepreneurs were business service, e-commerce, and local life.

2017Q3 China's Internet-based Venture Capital Distribution



Source : Analysis of China's Internet-based Venture Capital Investment , 2017Q3



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