



Peace of mind through diversification



Opening up a world of opportunity

The secret connection between resilience, risk, and portfolio diversification

Written in collaboration between HSBC and the Wellbeing Research Centre at the University of Oxford.

- ◆ Financial resilience, the ability to recover from financial setbacks, is strongly linked to overall Quality of Life.
- ◆ Highly resilient individuals tend to have more diversified investment portfolios. Building a diversified investment portfolio as part of an overall wealth plan can provide protection and better equip individuals to manage unforeseen setbacks.
- ◆ Having a solid financial plan, access to financial resources, and increasing financial knowledge are key ingredients for improving Quality of Life.

For many of us, our daily routines have changed profoundly over the last few years. An increase in remote or hybrid work and limited social interactions during the pandemic, have led us to re-evaluate what truly matters: our Quality of Life.

HSBC research shows that financial resilience, or the ability to recover from financial setbacks, is strongly linked with our Quality of Life as it provides peace of mind and a layer of financial security.

Having a financial plan is crucial for building financial resilience and the HSBC Quality of Life Report 2024¹ also shows that portfolio diversification plays a significant role in managing our finances effectively, improving our Quality of Life.



¹The HSBC Quality of Life Report 2024 interviewed over 11,230 individuals across 11 different markets to understand what they consider to be a good Quality of Life. The report uncovers the connections and balance between physical and mental wellness with financial fitness and how they differ between generations. It also explores 4 main priorities shaping how people plan and prepare for their short, medium, and long-term life goals.

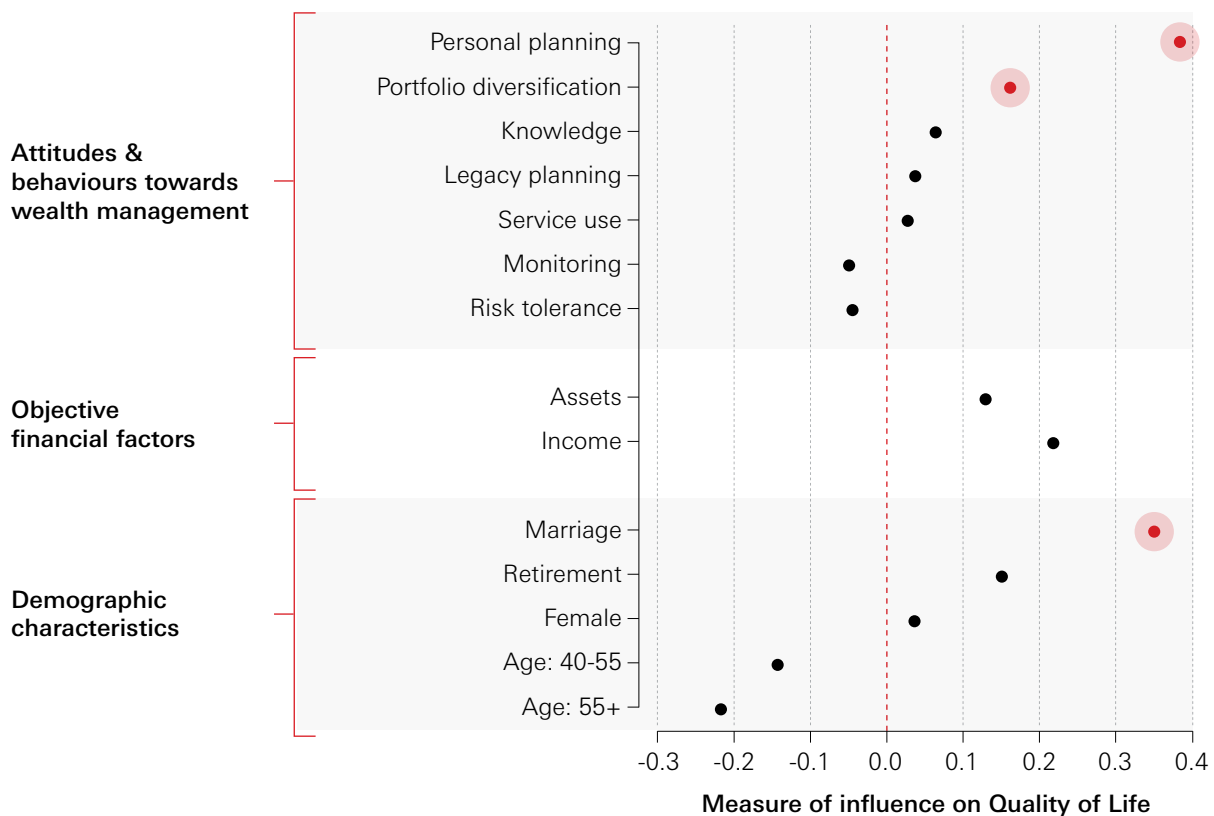
A framework for financial resilience

Resilient financial planning and a better Quality of Life go hand-in-hand.

According to HSBC’s Quality of Life research, attitudes and behaviours towards financial planning emerge as the most critical factor influencing our Quality of Life. Surprisingly, personal planning even surpasses the influence of marriage on our well-being.

Comprehensive financial planning and having the right insurance can reduce financial stress and increase financial resilience. Having the right protection and plan in place can provide a safeguard that enables us to focus on what truly matters – living our lives to the fullest.

Potential determinants of Quality of Life



Dr Caspar Kaiser,
HSBC Research Fellow
at the University of
Oxford’s Wellbeing
Research Centre

“By having a solid understanding of portfolio diversification and risk management, people can become more financially resilient and open to exploring new opportunities. Ultimately, this can improve their sense of well-being and Quality of Life, while also helping to protect against unforeseen financial difficulties later in life.”



Prioritising peace of mind

Highly resilient individuals tend to have more diversified investment portfolios.

Resilience, which encompasses financial, mental and physical confidence and the ability to manage change, contributes significantly to our overall Quality of Life. The research indicates that financial resilience is closely associated with greater portfolio diversification, while the connection to mental and physical resilience is comparatively less pronounced.

By building diversified investment portfolios as part of an overall wealth plan, individuals feel protected and better equipped to manage unforeseen setbacks. As a result, they rate their Quality of Life higher.

People also placed a high importance on financial planning as an influence on their Quality of Life – even more so than actual assets and levels of wealth. This shows that ultimately, a sense of security is more important than the level of wealth.

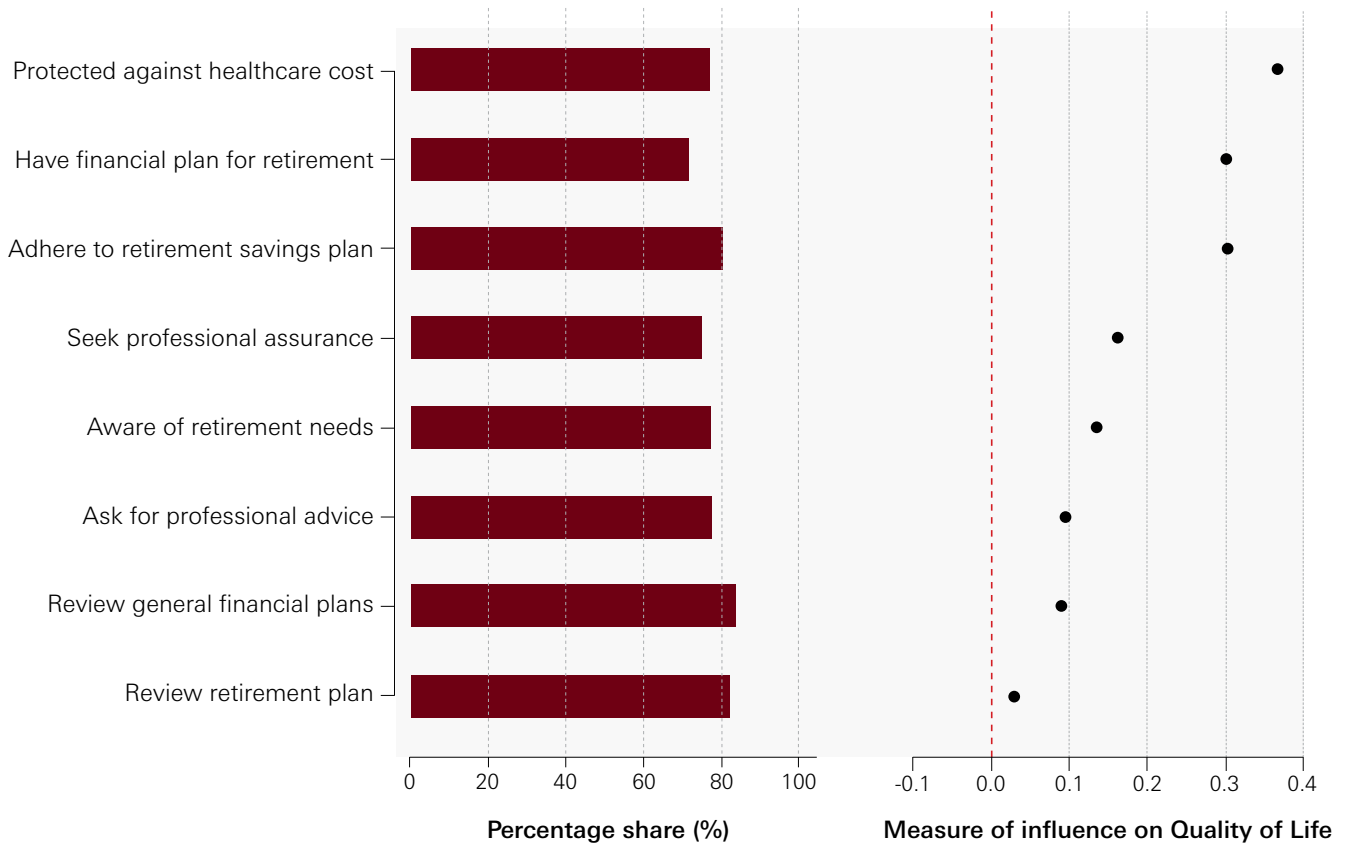
Taking control of your wealth plan

Our Quality of Life improves when our financial knowledge increases.

When it comes to determining your Quality of Life, having a solid plan and access to financial resources are key ingredients for success. Building a strong wealth strategy entails having access to the right information and expert guidance. Being armed with the right knowledge can lead to stronger financial decision-making.

Zooming in on personal planning

Percentage share of individuals answering 'yes' to various components of financial planning, and how each component is associated with overall Quality of Life.



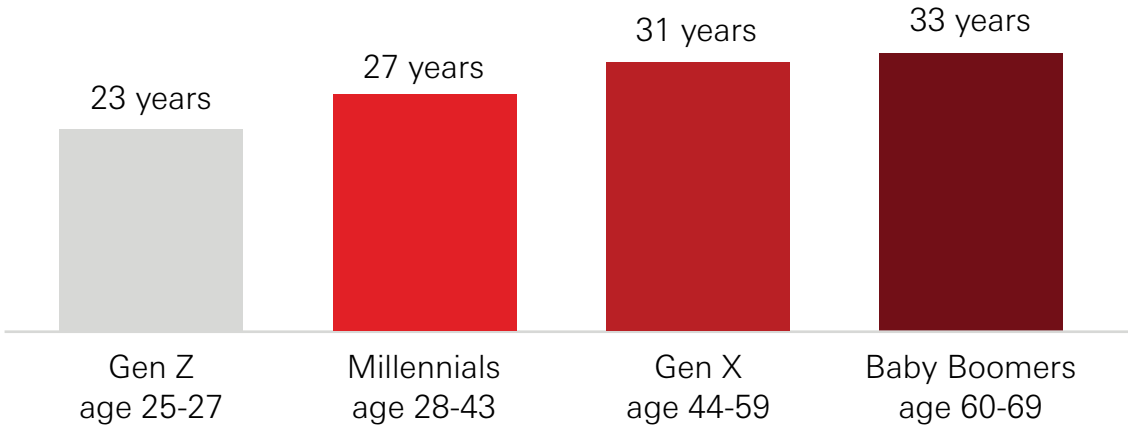
Jan-Marc Fergg, Global Head of ESG & Managed Solutions, HSBC

“A key aspect of effective wealth management is diversification. Research has shown that including a broader range of investments in a wealth portfolio can help create a solid financial foundation that supports both stability and growth. By embracing a broader range of investment opportunities, individuals can position themselves for long-term success and better navigate the ever-changing world of finance with confidence.”

Early investing

| Younger generations are starting to invest earlier.

Average age to start investing



The HSBC Quality of Life Report 2024 highlights the significance of investing early. Gen Z and Millennials, on average, start investing earlier (at 23 and 27 years old, respectively) than Gen X (31) and Baby Boomers (33). The report also reveals that they invest a higher portion of their income and tend to monitor their portfolios more frequently. This active interest in investing contributes to a sense of control and well-being.



Practical steps to boost your financial well-being

Your Quality of Life could improve with a robust financial plan. Consider these five practical steps when planning the financial future for yourself and your loved ones.



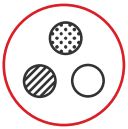
1. Improve your financial knowledge

Take the time to understand the various investment options available to you. This knowledge could empower you to make informed decisions about your portfolio and financial plan. Building a firm understanding of wealth management helps lay a solid foundation for future financial security. .



2. Start investing

Think big, start small. One of the key steps towards securing your financial future is to start investing. After assessing your financial goals and risk tolerance, take the first step on your investment journey.



3. Explore diversification

Investing in a variety of markets or asset classes could help you capture opportunities and be more resilient against market volatility.



4. Make a financial plan

Consult with financial specialists and establish a plan, then review it regularly to ensure it covers your present and future needs.



5. Regularly review

Your Quality of Life can decline as you go through different stages of life. Making sure you are covered for potential setbacks with a robust financial plan can help you ride out any future bumps in the road.

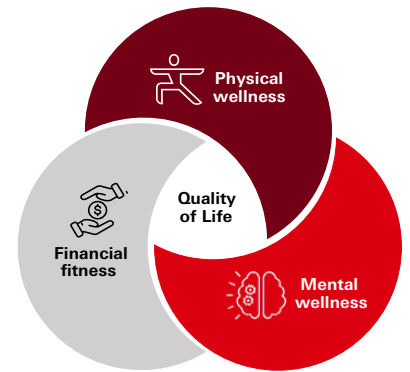
Seeing the connection between resilience, portfolio diversification and Quality of Life is crucial.

By understanding the importance of resilient financial planning, individuals can become more financially secure and prepared for the future, able to embrace new opportunities with more confidence.

Prioritising peace of mind and taking practical steps to enhance financial knowledge can help establish robust plans and raise overall Quality of Life. By adopting these strategies, individuals can navigate uncertainties with increased confidence, paving the way for a more secure and prosperous future.

The HSBC Quality of Life Report 2024

The HSBC Quality of Life Report interviewed over 11,230 individuals across 11 different markets to understand what they consider to be a good Quality of Life. The report uncovers the connections and balance between physical and mental wellness with financial fitness and how they differ between generations. It also explores 4 main priorities shaping how people plan and prepare for their short, medium, and long-term life goals.



You can read the full report [here](#)

About the HSBC Research Fellowship



HSBC and the Wellbeing Research Centre at the University of Oxford have partnered on a two-year programme that seeks to advance the understanding of the relationship between financial health and general well-being. The fellowship will conduct interdisciplinary research on the role and impact that different themes such as financial fitness and mental well-being play for our overall Quality of Life.

Disclaimer

This report is issued and published by HSBC Holdings plc, 8 Canada Square, London E14 5HQ. HSBC Holdings plc and the HSBC Group (together, "HSBC") are not responsible for any loss, damage, liabilities or other consequences of any kind that you may incur or suffer as a result of, arising from or relating to your use of or reliance on this report. The contents of this report are subject to change without notice. HSBC gives no guarantee, representation or warranty as to the accuracy, timeliness or completeness of this report.

This report is for general circulation and information purposes only. This report is not prepared with any particular customers or purposes in mind and does not take into account any investment objectives, financial situation or personal circumstances or needs of any particular customer.

HSBC is a trademark of HSBC Holdings plc and all rights in and to HSBC vest in HSBC Holdings plc. Other than as provided above, you may not use or reproduce the HSBC trademark, logo or brand name. This report may not be distributed to any jurisdiction where its distribution is unlawful.

This report does not constitute and should not be construed as legal, tax or investment advice, solicitation and/or a recommendation of any kind from the bank to you nor is it intended to sell any investments, financial products or services or solicit purchases or subscriptions for them. You should not use or rely on this document in making any investment decision. HSBC is not responsible for such use or reliance by you.

Any market information shown refers to the past and should not be seen as an indication of future market performance. This article should not be used as the basis for any decision on taxation, estate, trusts or legacy planning. You should always consider seeking professional advice when thinking about undertaking any form of prime residential or commercial property purchase, sale or rental. It is important to note that the capital value of, and income from, any investment may go down as well as up and you may not get back the original amount invested. Past performance is not a guide to future performance. You should consult your professional advisor in your jurisdiction if you have any questions regarding the contents of this article.

No part of this document or video may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of HSBC Holdings plc.

© HSBC Holdings plc 2024. All rights reserved.