



2017 Millennial Investor Pulse Survey

***Wave 1 - Election Results and
Impact on Financial Sentiment***

March 2017

Millennials Matter – Here's Why

Millennials, or those born between 1980 through 2000, continue to make headlines as businesses attempt to understand their unique worldviews and experiences. As the largest generation in U.S. history at 75 million, this segment is in the process of moving into their prime spending and working years, making up 36% of the workforce in the U.S., which will create a lasting impact on the economy.

Millennials are distrustful of traditional financial institutions, a recent report showed 71% would rather go to the dentist than listen to the banks.¹ They are the first generation to come of age in a digital world, with 68% saying the way we access money will be totally different in five years. Additionally, given the rising costs of student loan debt and an increase in unemployment rates, millennials have less money to spend than prior generations simply because they make less money at their jobs.²

When it comes to investing, recent reports suggest that a \$30 trillion³ generational wealth transfer is currently underway between millennials and older generations, but less than 50% of millennials have started saving for retirement. Of the 75 million millennials operating in the workforce, only 12 million have annual incomes that exceed \$100,000⁴ and they have a combined \$257 billion in savings.

"I have never invested in the stock market but I would love to if I had more money to spare and zero credit card debt. Also, if I could discipline myself to learn more about investing and monitor my portfolio closely."

At Kapitall, we love everything about millennials. On the impact of the election in millennial investing behavior, Barry Mione, president of Kapitall states, "leading up to the 2016 U.S. presidential election, we checked in with our members to get a sense of what they thought of the incoming Trump administration and if the election results would change the ways they allocated their assets now and into the future. In short, we

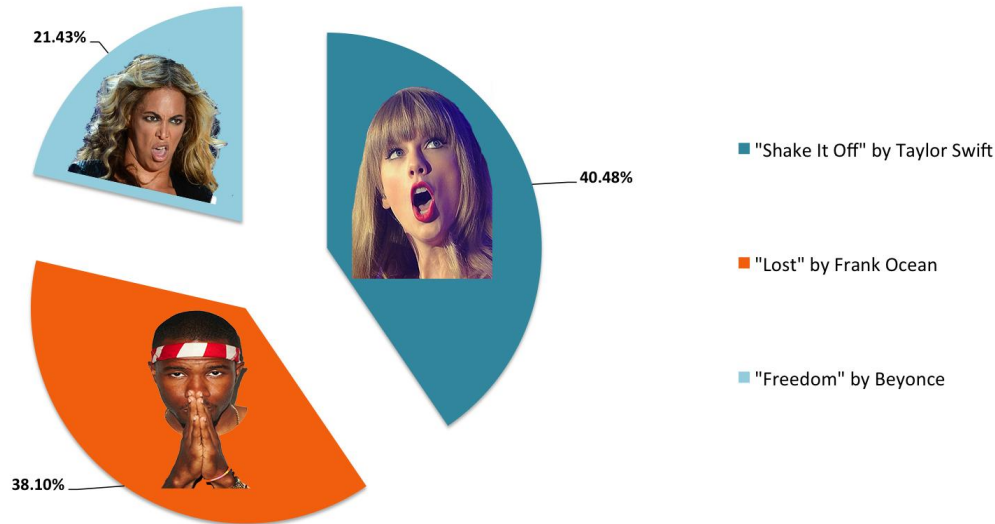
found that millennials don't have what they consider to be the affordable amount of time, expertise, or funds to properly invest. When it comes to needing more education around investing, respondents were relatively even in needing to know more and feeling like they had the appropriate tools to make their own financial decisions on their own, which generally aligns with what we know about this generation."

Key Findings From the Report:

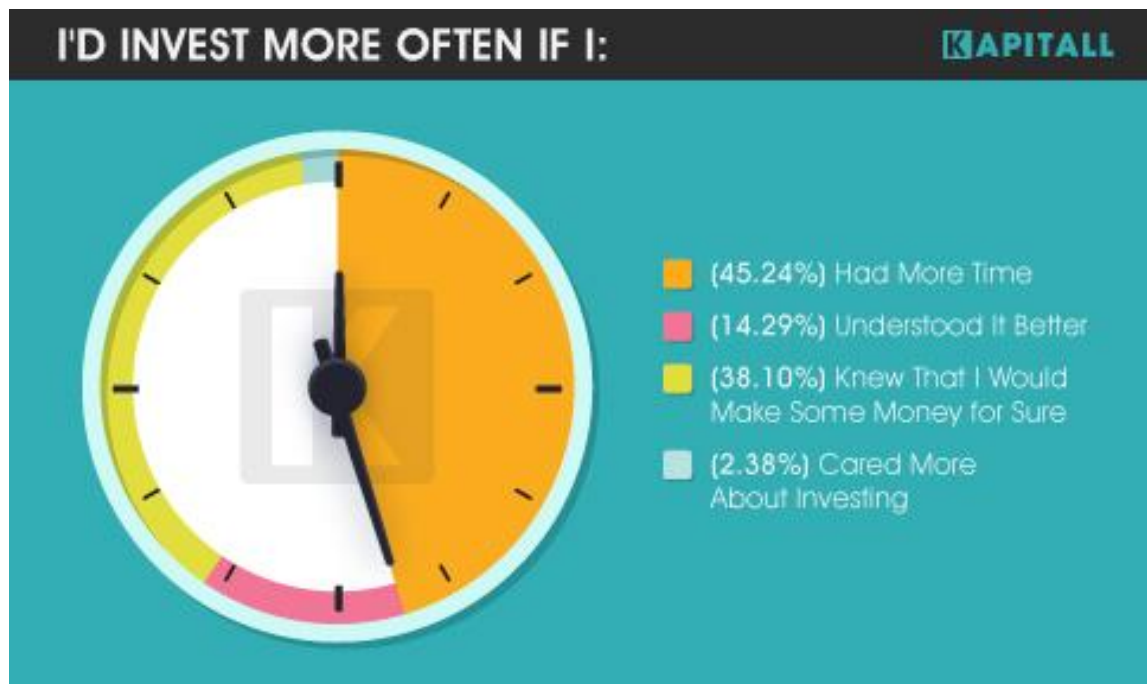
- ❖ 47% said they have less than \$5,000 to spend on investing
- ❖ Most millennials want to shake off the election, identifying most with Taylor Swift's "Shake it Off" as the song title that best reflects their feelings about the results (40%)

Millennial Facts:

- 75 million millennials in the US
- 12 million have annual incomes exceeding \$100,000
- Make up 36% of the US workforce
- Less than 50% have started retirement savings
- Only 11-13% of millennials trust Wall Street most of the time
- \$41 trillion generational transfer of wealth underway
- Millennials are demanding products that make them look good, make them feel good and entertains them



- ❖ When asked how having Trump in office might impact investment decisions going forward, millennials weren't phased by Trump fiscally, with more than 80% responding that they are "just going to keep doing what I'm doing"
- ❖ More than half of the millennial respondents (51%) said that they invest when they "have extra money," but it seems as if most millennials don't have that money with 47% answering they have less than \$5,000 assets from which to invest
- ❖ Millennials remain crunched for time but interested in investing, with 45% of respondents saying that they would invest more if they had more time



- ❖ Among older respondents (age 35 or older), results indicate that they have enough money and education to invest, take slightly more risks than their younger cohorts, are not worried about how politics will affect their finances, and welcome the “change” that a Trump administration would bring to the economic landscape

Millennials Relatively Unfazed About the Election Results

On the election front, responses were relatively negative for both candidates, though slightly more millennials seemed more supportive of giving Trump a chance now that he is in office. When it comes to how the election will impact investment decisions going forward, almost all of the millennial respondents are not going to change course, they see stability and strength in the markets under this new administration.

When we compare these political and investing sentiments against consumer activity with Kapitall Generation, a subsidiary of New Kapitall Holdings LLC (Kapitall), we see continued support of what we know about the millennial generation.

For example, we know that a millennial’s focal point is technology, having come of age during the emergence of unprecedented technological advances. On the Kapitall Generation platform, millennials focused on investing in tech, with most consumers buying stock in Apple (APPL), Go Pro (GPRO) (particularly in Q4 2016 when GoPro had very strong holiday sales) and Advanced Micro Devices (AMD), which consistently beat estimates for 2016.**

We also know that millennials invest in sectors they are passionate about, and are more cause-oriented than other older generations. With Kapitall Generation, millennials invested in Tesla (TSLA), which was down overall in an up market, but given that many millennials are interested in supporting clean energy, Generation Y saw the perceived strength in the future of this new administration under Tesla’s CEO Elon Musk and bought stock in the company as a result.

Additionally, KapitallGenerationsaw an uptick in airline stocks among millennial investors, particularly with Delta (DAL)and American Airlines (AA). Overall, we have found that millennials trust financial personalities like Warren Buffet and Jim Kramer, which lead Kapitall to develop a list of preferred stocks that financial gurus like Buffet and Kramer invest in regularly. In Q4 2016, Berkshire Hathaway took a big interest in airline stocks, including Delta and American, which contributed to the interest among millennials and these stocks specifically.**

Finally, we have seen an increase in ETF purchases year-over-year, with an uptick of 32% in 2016. We are continuing to monitor this activity to derive more specific conclusions of what this upward trend might mean, but it may be an early signal that millennials want diversification in their portfolios while still enjoying the control they have over the stock buying experience.

About the Pulse Survey

At Kapitall, we are always striving to better understand what millennials are most passionate about when it comes to their assets and making sound investment decisions in order to help improve their investing experience. For the first wave of the pulse survey, we thought it would be interesting to collect feedback from our members on the 2016 U.S. presidential election and its possible implications on investing behaviors in both short and long term.

We distributed the survey using Survey Monkey from December 2016 through January 2017 and participants were entered into a drawing to receive an Amazon gift card. In total, 140 individuals responded to our 10 question survey, and of the 42 millennials that responded, 52% were between the ages of 26-30 and 48% spanned the ages of 21-25. A pull quote from one of the survey respondents is included in this report.

We compared the findings from this pulse survey to the behaviors of our members to draw comparisons between what millennials think about the election and whether or not these sentiments align with investing behavior on our platform. We will continue to take a pulse of millennial investing behaviors and sentiments over the course of the year and will keep you updated on any new findings.

About Kapitall

[Kapitall](#) is the premier digital investment platform for the next generation of investors. A fusion of gaming and investing, Kapitall empowers fresh-minded investors to take control of their financial futures via three trading platforms - Practice, Tournament and Live (Kapitall Generation).

Kapitall makes it easy for every type of investor to gain access to the markets at no cost. Beginners can get started by learning how to invest using Kapitall's Practice Portfolio, which is a risk-free way to begin playing with the stock market. Users gain valuable market insight by taking Kapitall Quests and get rewarded while increasing their financial acumen. With Kapitall Tournament, practicing traders can compete against other Kapitall members to see how they trade while having fun exploring the markets and winning prizes. Once comfortable taking investing into their own hands, Kapitall Generation's Live Portfolios allows retail investors the option of investing in the market themselves or selecting a digital portfolio solution that helps with investing in specific sectors of the market, such as renewable energy, entertainment, and tech, at low minimums. Customers can also begin saving for retirement with no minimums, low fees and the ability to build a nest egg via direct deposits monthly.

Founded in 2008, Kapitall uses gaming mechanics to unlock the opportunities provided by investing in the stock market. Since its inception, Kapitall has more than 280,000 members and 55,000 investors trading across its practice and live accounts. In 2015, KapitallGeneration began offering its own proprietary automated portfolios to help guide investors who don't want to go at it alone. And, for the past two years, Kapitall has been a Webby Award honoree in the financial services/banking category, while also receiving recognition for its app, which has been named as one of the top investing apps by *U.S. News & World Report* and *Tech.co*.

Products: Kapitall offers investment products for every millennial lifestage.

- Practice portfolios – grow your investing skills, risk-free
- Live portfolios – choose your own stock picks and trade for real with Kapitall Generation
- Co-Op portfolios – investment clubs with friends
- Autopilot portfolios – invest in digitally managed portfolios
- Guru portfolios – follow experts and mirror their trades
- Tournament portfolios – compete with fellow traders in tournaments
- Bank portfolios (Sparado) – users are incentivized to save with a prize-linked savings account model
- Kapitall Wire – access pertinent financial news and educational content

Services:

- Award-winning gamified user experience
- Financial education tools
- Personal finance news via Kapitall Wire
- Community stock tournaments
- Tournament portfolio performance ranking
- Unlimited practice simulators
- Loyalty marketing & incentive programs

***** Investment Products offered by Kapitall Generation: Not a Deposit • Not FDIC Insured • No Bank Guarantee • Not Insured by any Federal Government Agency • May Lose Value. *****

¹ Millennial Disruption Index, Viacom Media Networks 2014

² Millennials Coming of Age, Goldman Sachs 2017

³ Cam Marston - CNBC Report, July 2014

⁴ Millennials – Pew Research Center 2015 – 2016