



Providing for old age by targeting share investments

0% interest? No, thanks!

Even when interest rates are low, investors can build up a pot of assets by themselves. Attractive financial instruments, such as shares, exchange-traded funds (ETFs) and other investment funds, are worth considering as alternatives to a call account and allow investors to benefit from the successes achieved by high-growth companies.

“Funded pension provision is organised differently in each EU state. We want to create a European quality standard for pension products.”

Valdis Dombrovskis
Vice-President of the European Commission

There is a need to raise awareness of shares and other investment formats

Despite a high savings rate, EU households invest little in shares. In Germany too, there are billions of euros sitting in call accounts – earning 0 per cent interest. The proportion of shareholders in Germany stands at 6 per cent (as at 2016), meaning that only around five million Germans, or roughly one in 16 citizens, invest in shares. According to the latest figures from Deutsches Aktieninstitut (DAI), the number of direct investors in shares climbed to 7.7 per cent of the population in 2017. Looking at the number of direct shareholders and holders of equity funds, the number rose by an average of almost 1.1 million year on year in 2017: in total, around ten million citizens, or 15.7 per cent of the population, owned shares or equity funds in 2017. But this merely means that the number of

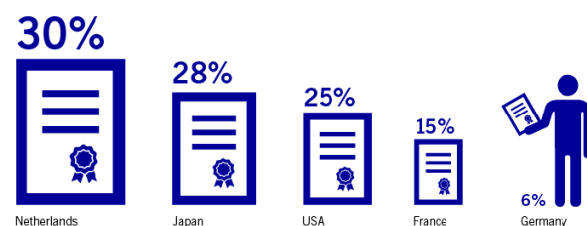
shareholders has reattained the level reached before the financial crisis.

Shares are profitable investments over the long term

Shares are securities that document ownership interests in a company, i.e. the owners of a share – the shareholders – hold an interest in the company’s share capital, either a percentage interest or an interest equal to the par value shown on the share. Shares are traded on securities exchanges. Here too, supply and demand usually determine the value of a share.

Shares generally entail both opportunities and risks, as their quoted prices can rise or fall. Their price (or quoted price) is driven by expectations for a company’s profits. As investors have different expectations for companies’ future performance, supply and demand for a share rise and fall, causing share prices to rise and fall too.

Direct investors in shares, % of the population (as at 2016)



Although this means that share prices can fluctuate sharply over the short term, they have proven to be a profitable investment over the long term. Despite

the financial crisis, investors in European shares earned an average return of 4.8 per cent a year between 2005 and 2015.



Historical share document of Herlitz AG

ETFs can help you minimise your investment risk

In recent years, ETFs have been more successful worldwide than almost any other innovative financial instrument – both for professionals and for private investors. ETFs enable you to invest in hundreds of shares worldwide, in different sectors or currency areas at the same time. ETFs replicate the equity markets on which they are issued. By allocating (or spreading) investors' money among different assets, ETFs enable investors to diversify their securities portfolio.

ETFs (exchange-traded funds)

... are fund units that investors can buy or sell on the stock market in the same way as shares. ETFs must meet two criteria:

1. Transparent portfolio: ETFs publish the composition of their portfolio on a daily basis. This gives investors a regular overview of the weighting of the individual shares in the portfolio based on the previous day's closing prices.

2. Creation/redemption: ETFs have a "creation/redemption" mechanism that allows professional market participants to do a swap with the fund company at any time, exchanging

This reduces the risk of a loss, a risk an investor would enter into were they to invest all their money in just one share. Fluctuations in individual assets can be smoothed out: if the number of securities in the securities portfolio rises, the risk in the overall portfolio falls.

Diversification

Spreading and reducing risk by investing money in a number of different securities.

In a diversified securities portfolio, the overall risk is lower than the weighted average of the risks of all individual holdings. Securities funds are based on the principle of diversification.

STOXX Europe 600

Of the European indices, the STOXX® Europe 600 Index offers the broadest diversification. It comprises the 600 largest companies by market capitalisation from 18 European countries, including the UK, Switzerland and Sweden. ETFs on this index yielded an average return of 11.4 per cent a year between 2011 and 2015.

Over the long term, ETFs offer sound returns: ETFs on the STOXX Europe 600 Index yielded an average return of 11.4 per cent a year between 2011 and 2015. From just €50.00 a month, ETFs are a worthwhile investment.

Pension provision is becoming ever more important. But Germans continue to invest too little in shares or ETFs, primarily because they do not know anything about this investment format.

Access to the world of stock markets – financial education must become part of general education

Deutsche Börse Group believes that financial knowledge impacts on growth, employment and prosperity. It therefore supports financial education and the development of the equity culture through numerous initiatives:

- Each year, some 40,000 visitors, many school pupils among them, experience the goings-on in the exchange's trading room live and free of charge.
- Around 100 times a day, various TV stations report to the entire world from the Frankfurt trading room – the only one of its kind in Europe.
- Our Capital Markets Academy offers knowledge of the financial market and a number of stock market products. The training on offer ranges from basic seminars through to the stock market certificate and trader examinations.
- On the Deutsche Börse web pages, you can find information such as fact sheets, videos and webinars on capital-market-related topics.
- Our latest offering is the digital learning portal.

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Deutsche Börse Group – we make markets work

Headquartered in Frankfurt/Main, Deutsche Börse Group is one of the largest exchange organisations worldwide. It operates markets that provide integrity, transparency and security for investors wishing to invest capital and for issuers wishing to raise capital. On these markets, institutional traders buy and sell shares, derivatives and other financial instruments in accordance with clear rules and under strict supervision.

Deutsche Börse Group is now more than just a trading venue or exchange – it is a provider of financial market infrastructure. Its products and services span the entire finance value chain – its business areas range from pre-IPO services and the admission of securities, through trading, clearing, settlement and custody of securities and other financial instruments to collateral management. It also offers IT services, indices and market data worldwide.

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