

# 2004 Australian Share Ownership Study

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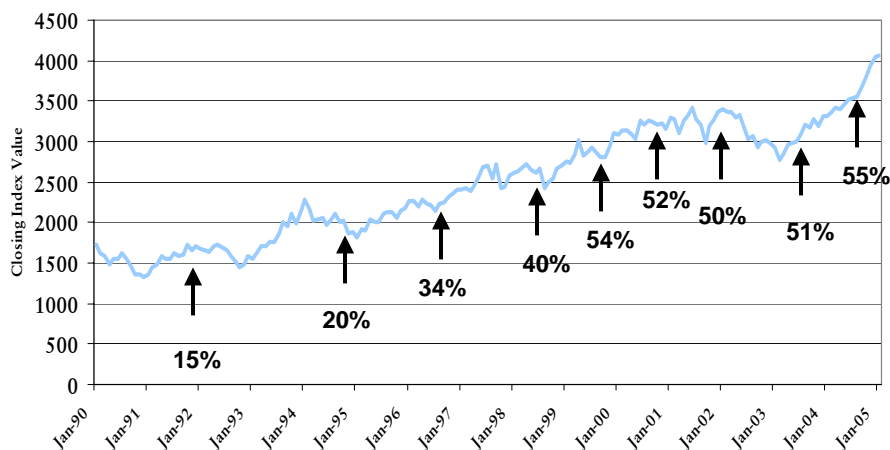


**ASX**  
AUSTRALIAN STOCK EXCHANGE

24 February 2005

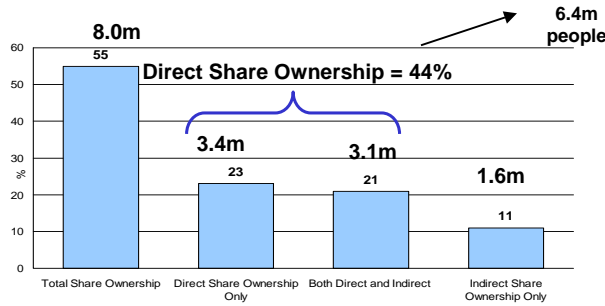
## Australian Shareholders

Share ownership study has found that 55 percent of adult Australians now include shares as an asset class



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# 2004 Total Share Ownership

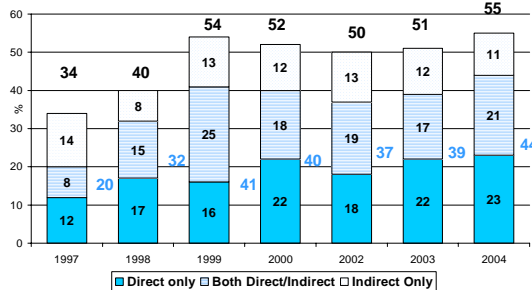


## Direct Share Ownership

Shares in a company listed on a stock exchange (not part of a fund)  
**OR**  
 A direct investment in a listed property trust or a listed managed investment  
**OR**  
 Investments in options, warrants or futures  
**OR**  
 Listed Interest Rate Securities

## Indirect Share Ownership

An investment in a managed fund that is not part of a superannuation fund  
**OR**  
 A personal superannuation fund which you have set up but is managed by someone else  
**OR**  
 A personal superannuation fund which you have set up and directly manage yourself



Base: All Australian adults aged 18 years + (n=2402)



# Sharemarket Landscape 2004

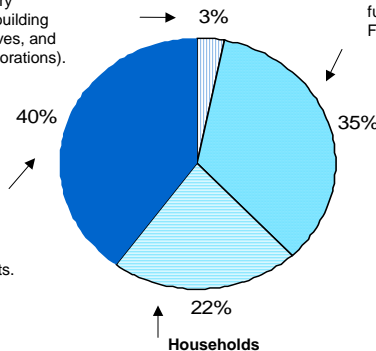
Who owns Australian equities? Retail investors are numerous, but they are not the largest segment of Australian share owners by value

**Corporate, Financial**  
 Private non-financial corporations, banks, and other depository corporations (permanent building societies, credit cooperatives, and Registered Financial Corporations).

**Pension Fund, Insurance, Financial Intermediary NEC\***

Life insurance corporations, pension funds, other insurance corporations, and Financial Intermediaries

**International**  
 All non-resident units.



**Households**  
 Comprises all resident households and includes unincorporated enterprises that are owned and controlled by households.

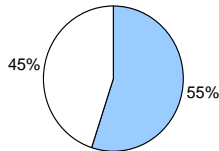
Source: ABS Financial Accounts, Cat 5232.0. Note, there are some differences between the ABS measure of listed equities and ASX market capitalisation. Excludes public sector ownership. \*Not elsewhere classified



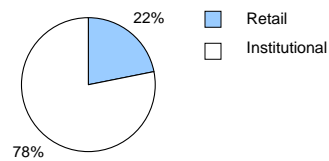
# Retail Investors and ASX

Although retail investors generate the majority of equity trades, they account for less than a quarter of turnover of the equities market.

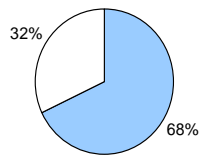
Share of Equity Trade Count 2004



Share of Equity Turnover (Value) 2004



Share of Options Contracts Traded 2004\*



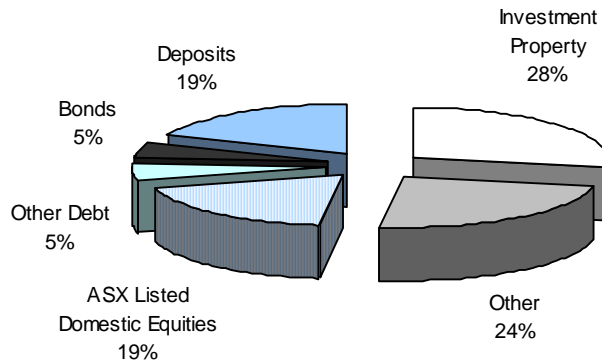
Largest Retail Brokers 2004  
Trade count - A-Z

- ABN Amro Morgans
- AOT Securities
- Bell Potter Securities
- Commonwealth Securities
- Etrade Australia Securities
- Goldman Sachs JB Were
- HSBC Stockbroking
- Macquarie Retail
- Smith Barney Citigroup
- Westpac Securities



\*excludes market makers

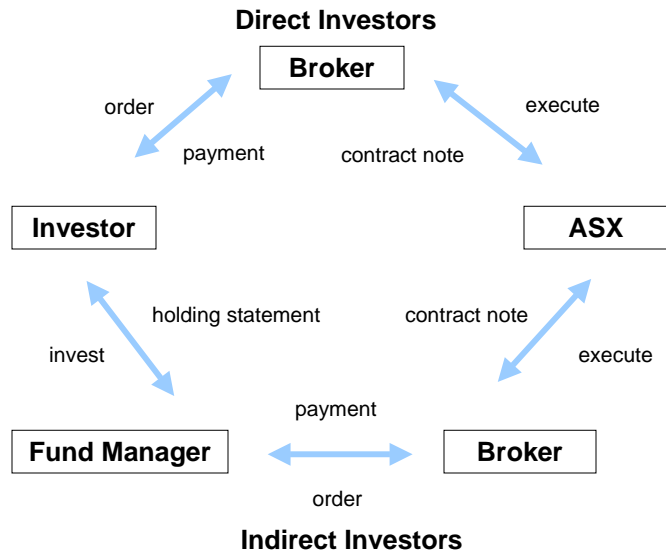
# Australian Household Investor Wealth\* September 2004



Source: ABS Cat No 5232.0, Financial Accounts; RBA, Bulletin. \*Excludes consumer durables, owner occupied housing.. Households investment in superannuation and life offices allocated to components assets. 'Other' includes unfunded superannuation claims, unlisted equity and other.



## All investment on ASX occurs via a stockbroker



## Context for the 2004 study

Post-elections in Australia and United States

Sound macro environment and strong corporate profits

Some evidence of Property slowdown

Bullish market activity:

- November saw the busiest trading month ever on ASX in terms of both value and volume:
- more than 2 million trades (64% increase on Nov. 2003)
- value of \$72.3 billion (71% increase on Nov. 2003)
- S&P/ASX 200 climbing towards 4000

### Three phases

**Initial Qualitative:**  
September 2004

**Quantitative:**  
November 2004

**In-depth qualitative:**  
March 2005

### 2004 Statistics

**Total equity trades:**  
18.84 million

**Turnover value:**  
\$708.9 billion

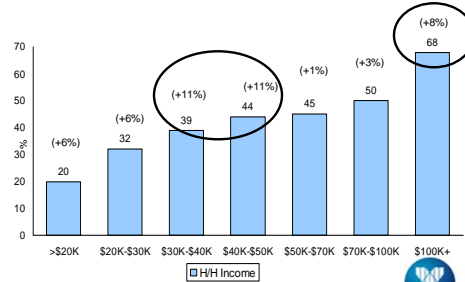
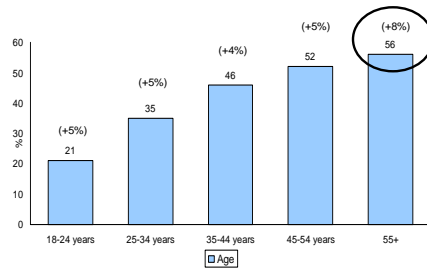
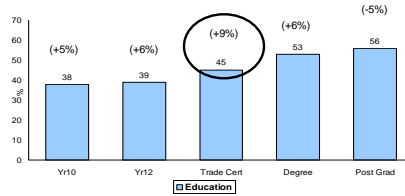
**Options contracts traded:**  
20.7 million



## Who owns shares and what do they own?

Continuing to see more males than females investing directly into the market. There is a growth in non-tertiary educated, growth in all age brackets and strong growth among average income earners

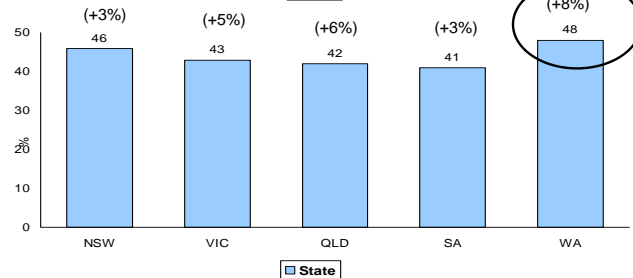
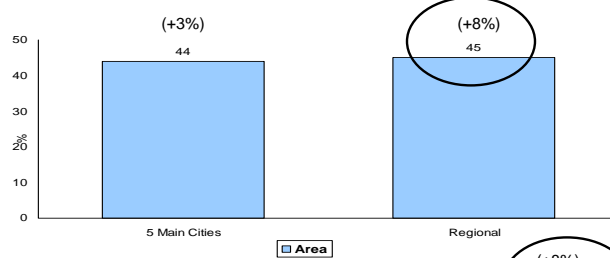
Avg. no. of companies: 6 (-1)  
 Avg. value invested: \$41,400 (+1.5%)  
 % of male population: 50% (+6%)  
 % of female population: 40% (+5%)



Base: All Australian adults aged 18 years + ( 2004 n=2402)

## Direct Share Ownership – Profile

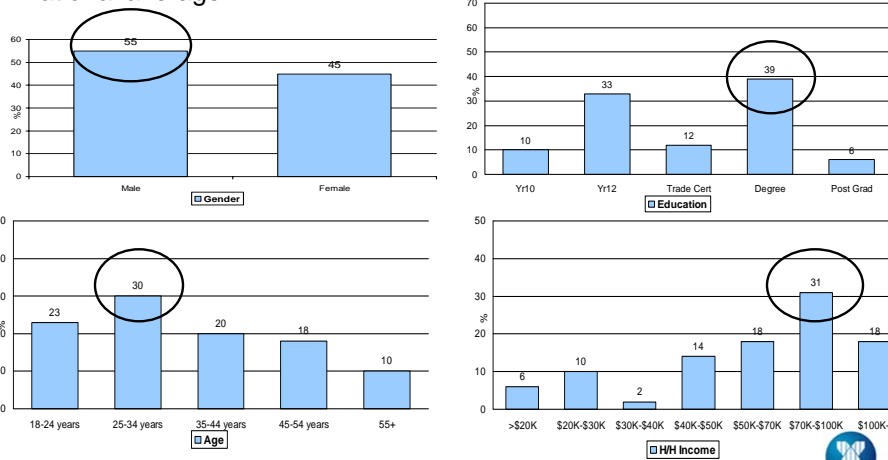
Strong growth from regional areas and a steady increase on a state level



Base: All Australian adults aged 18 years + ( 2004 n=2402)

## New Entrants- first invested in past 1-2 years

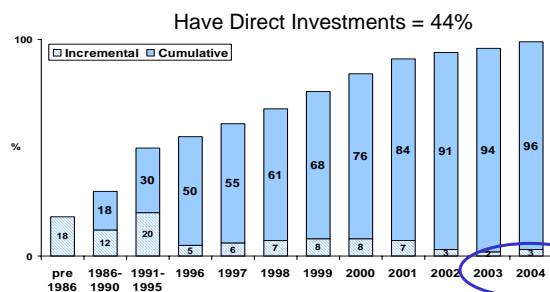
New entrants to the market come from a younger age group (18-34), in a higher income bracket and with a higher level of education, than the national average



Base: New Entrants (2004 n=51)



## Direct Investments: when first acquired



Base: Have direct Investments (n=1067)

5% of share owners acquired direct investments for the first time in the last two years (compared with 4% in 2003 and 2% in 2002)

Qualitative research has provided some insight into why investors are choosing to join the market

*"I am young so I need to start, it is what people what people tell me about investments... I will invest in what I know, science and biotech and you invest in people, particularly those high risk but potential for high growth areas like biotech. There are no hard and fast rules, you invest in people and their network so you have to know them"*

(male aged 25-35)

*"I don't look at it as fun at all. I look at it as necessary, you just cant avoid it. You should be in it"*

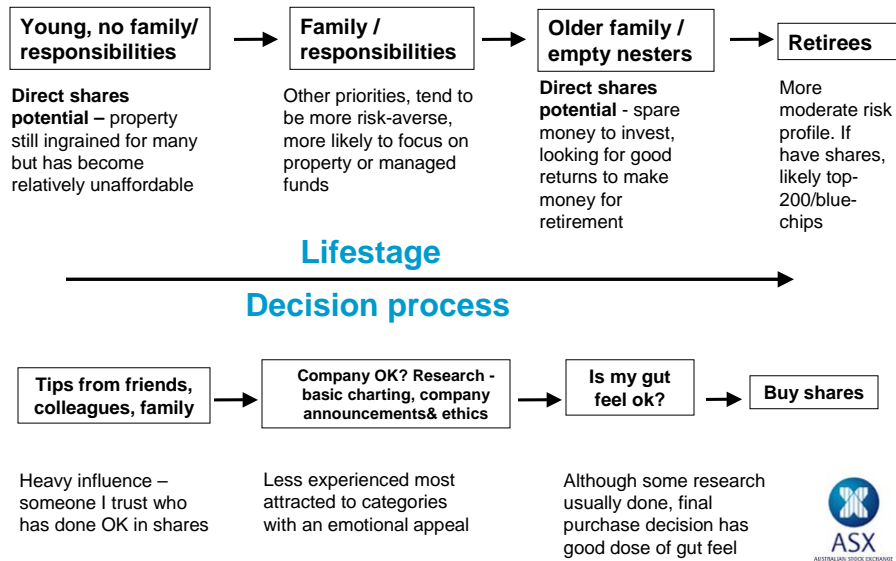
(male 35-45)

*"It is fun and I am not overly concerned with risk at the moment because I am not betting more money than I can afford to lose"*

(male aged 25-45)



## When they invest; how they decide



## Shares: the (perceived) benefits & barriers

The reasons for investing in the market are varied, but some themes emerge:

Higher returns

*"shares have been the best performers over a long period of time"* (male, 25-30)

Liquid

*"It is a lot easier than going out and buying a property!"* (female, 25-45)

Can diversify across sectors

*"you can diversify more easily with much smaller sums of money and if you need the money you can go on the market and sell them"* (female, 25-45)

Fun/excitement

*"It is exciting but nerve racking"* (female, under 35)

Ease of access with smaller entry costs

*"the property market is too expensive for me at the moment"* (male, 25-30)

56 percent of the population do not invest directly into the market. Why?

Other priorities (life stage)

*"a home and super and savings are just fundamental things that happen when you earn a wage or two people earn a wage"* (25-45)

Lack of confidence/ knowledge/time:

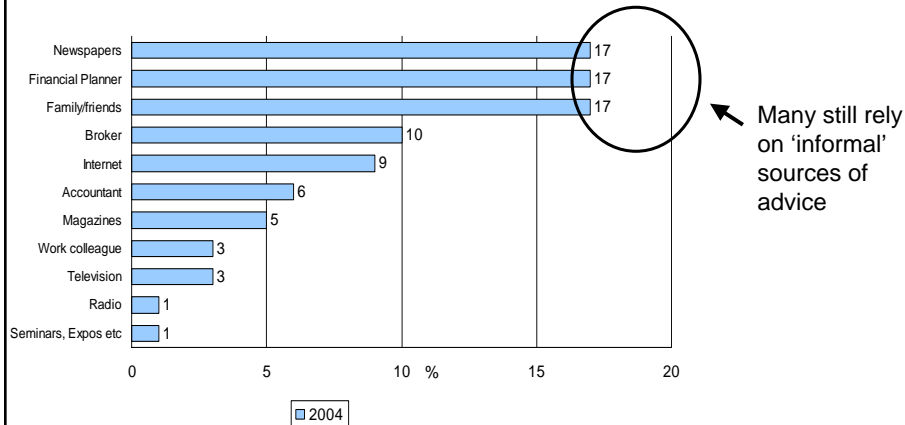
*"One of my barriers to dealing in shares is that I don't know of an easy entry point and I am just scared of the labour intensity already in a normal working life, with family, that means time constraints"* male (40-45)

I have been burnt:

*"I could get \$1 million worth of property because I can leverage it off the bank ... So I would stick to property because I have been burnt by the share market"* Male, 40-45



## Source that most influences their decision



Many still rely on 'informal' sources of advice

*"I consult (my father-in-law) regularly because he is an ex share market worker ... and seems to be anything he buys does extremely well"* Male, 25-45

*"I get lots of hints and a lot of tips ... from people at work who spend a lot more time than I do so that is handy"* Male aged 25-45

*"I tend to go for big companies that are tangible and I see in my life, so I will go for big brands that are Australian as well, so things I know and feel comfortable with, like the banks and Qantas"* Female 25-45



Base: Have direct Investments & used advice in the last 2 years (2004 n=670) Don't knows removed

## Investors' outlook is currently positive

- Investors report a clear sense that shares have 'come good' in the last 12 months or so
- The market is seen to go in peaks and troughs with shares now holding some advantages over residential investment property
- A strong economy and good company profits are seen to have contributed to the performance of shares

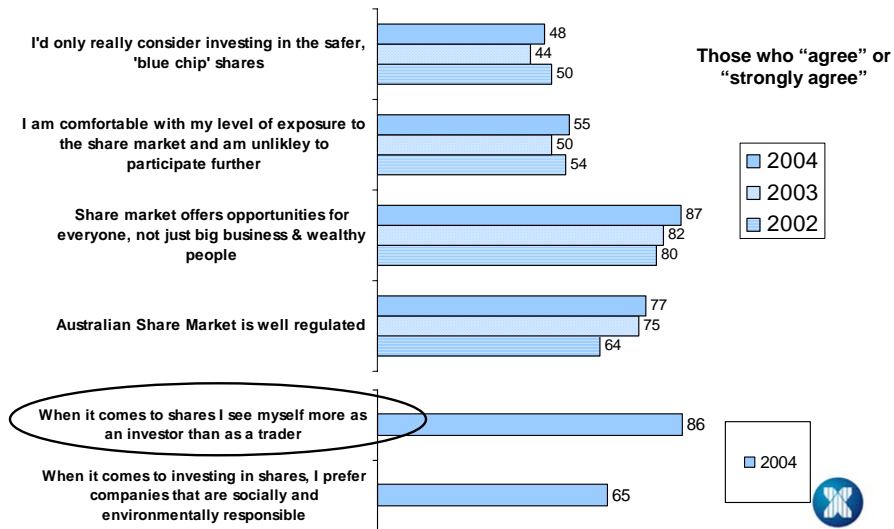
*"its interesting how quicker turnaround we have seen. You have only got to roll back 2 ½ years and everyone's superannuation funds were absolutely hammered and who would have put their money in the share market, then in the last 4-5 months the share market is at an all time high"*

Male, 25-45 yrs

*"I personally think the property market has run its course, so over the last couple of years I have become much more interested in shares"* Female, 25-45 yrs.



## Attitudes to Investments



Base: Have direct Investments 2000 (n=523); 2002 (n=893), 2003 (n=948), 2004 (n=1067)



## Summary

- More Australians than ever are choosing shares as an asset class
- 55% of the adult population owns shares (up from 51% in 2003); their shareholdings represent 22% of the total value of ASX listed shares
- 44% own shares directly (increase from 39%)
- 5% of direct investors first entered share market in last two years
- Average share portfolio after increasing from 6 to 7 in 2003, is back to 6 in 2004, possibly due to new entrants
- Attitudes towards share ownership & investing were again positive in 2004

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2004  
Australian  
Share Ownership  
Study

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