ASX
AUSTRALIAN STOCK EXCHANGE

2003 Australian Share Ownership Study

ASX Registered Office

Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000
Facsimile (02) 9227 0885

PO Box H224
Australia Square
Sydney NSW 1215

ASX Customer Service
1300 300 279

ASX Website
http://www.asx.com.au

Published by: Australian Stock Exchange Limited
ABN 98 008 624 691

Contents

Foreword

Stock markets are, by their very nature, volatile beings. First and foremost, they reflect sentiment – the investing public's sentiment – as to the likelihood and extent of future earnings and future valuations. However, it is vital to remember that the public's sentiment is reflected not only in the value it places on investments – whether share prices go up or down – but in their very participation and activity.

The Australian investing public has voted with their feet in their continued and increasing engagement with the stockmarket, their market, as highlighted in this 2003 Share Ownership Study. Buying and selling is not just a statement about a certain investment's value, but also a vote of confidence in the market itself. We at ASX consider this particularly encouraging, following as it did the first real bear market since the "nation of shareholders" came into being.

Investors felt positive about investing in the market – positive about investment opportunities, and positive too about how the market operates. A large and increasing number of investors believe the market is well-regulated. There is a direct link between that finding and increased market participation. High integrity is a critical foundation for any successful market, and one without which no market can thrive.

The Study, the latest in a series stretching back to 1986, showed that Australians not only follow the market more closely than ever, but that they are more committed, more attentive and increasingly involved participants. The headline figures remain impressive, at least on a par with those of previous years, but the underlying details suggest a more mature, better informed, field of investors could be developing. Yes, 7-million-plus people own shares in some form, but many of them have not been in the market for very long. In their unrealized potential lies the future growth of our market.

That is why ASX seeks, through investor education, to ensure that investors new and old are able to take advantage of the many opportunities our market can provide. This Study shows not only the fruit of such endeavours, but the reason for them.

.

Colin Scully
Chief Operating Officer
Australian Stock Exchange

Background

The 2003 Australian Share Ownership Study is the latest research report from the Australian Stock Exchange (ASX). Being the eighth such study since 1991, it continues to look at the incidence of share ownership within Australia and the profile of share investors.

This study was conducted with the assistance of Millward Brown Australia, an independent and international market research company. It was undertaken during November 2003, where 2,402 randomly selected Australians participated in a telephone survey. The results of this study are drawn from this sample which was weighted to represent the Australian adult population.

The 2003 Australian Share Ownership Study is made possible with the funding of the Financial Industry Development Account of the ASX National Guarantee Fund.

The 2003 study found that 51% of all adult Australians or 7.4 million people own shares either directly or indirectly (via a managed fund or self-managed superannuation fund), while 39% or 5.7 million Australians own and manage their own share portfolio.

While the level of share ownership has remained relatively consistent over the past few years, and is unlikely to increase greatly, what is being seen is a greater level of activity among current share investors. This is evident through broader share portfolios, greater value of share investments and parcel sizes, regular monitoring and continued sourcing of share and investment advice/information.

What has changed about this study

To keep the research as consistent as possible over time, minimal changes have been made to how the study is conducted. Changes to the questionnaire have been made over time to reflect changes in the investment environment, with the main ones being:-

- The definition of "indirect investment in shares" was enhanced in 1997 to include:
  - Managed funds that invest wholly or partly in the share market (including managed equity trusts and balanced/diversified funds).
  - Personal superannuation funds managed by a professional fund manager that invest wholly or partly in equities and receives contribution only from the individual and not their company.
  - Personal superannuation funds that have been established and are personally managed by the individual, and invest wholly or partly in equities.

Studies prior to 1997 had a narrower definition of indirect investment that largely captured managed equity trusts.

- In 1998 a new category of direct investment in equities was introduced which captured information on 'shares listed on an exchange other than ASX'.

In the same year, indirect investment in shares through managed funds that invests wholly or partly in the share-market were separated into Australian and overseas shares.

- In 2002, the definition of 'direct share ownership' was expanded to include listed interest rate securities such as corporate bonds, convertible notes and preference shares.

Please note:
Due to rounding off, percentages may not add up to exactly 100%. There may also be some discrepancies in extrapolating findings to the population at large, hence the number of people reported should only be treated as indicative figures not as absolute.

Study dates

- Throughout the report reference is made to previous share ownership studies. The table below provides some information on these studies.

Study Date	Interviewing Period	Sample Size	Methodology
1997	March	2,400	Telephone Interviews
1998 update	December	1,200	Telephone Interviews
1999	November	1,213	Telephone Interviews
2000 update	November	1,200	Telephone Interviews
2002	November	2,401	Telephone Interviews
2003	November	2,402	Telephone Interviews

Key Highlights at a Glance...

Incidence of share participation

- 2003 saw 39% of the Australian population or 5.7 million people directly owning shares – a slight increase from 37% on the previous year.
- When indirect share ownership is included (ie those acquired via managed funds or self-managed superannuation funds), the total share ownership figure increases to 51% or 7.4 million in 2003. This corresponds with that reported in 2002 at 50%.
- Amongst those with investments, the average of total funds invested in shares has increased from 16% in 2002 to 20% in 2003 (excluding 2% in overseas shares).

Demographic profile

- As in previous years, males are still more likely than females to directly invest in shares. In 2003 incidences of both gender owning shares directly have increased from 2002. In 2003, two in five males and one in three females participated directly in the sharemarket.
- There continues to be a growing trend with baby boomers (those aged 55 years and over) owning shares directly increasing from 41% in 1999 to 48% in 2003. 2003 also saw the return of those aged 35 to 44 and 45 to 54 to the market, with both age groups reporting healthy increases from 2002.
- The incidence of share ownership increases as education, household income and household assets increase.

Geographic profile

- Geographically, share ownership among both metropolitan and regional dwellers increased, although there is still a slight skew towards those from metropolitan areas. In 2003, 37% of those from regional areas owned shares directly, up from 33%, with the corresponding figures for their metropolitan counterparts being 39% and 41% respectively.
- Direct share ownership across the country either increased or remained constant. In NSW the figure increased to 43% in 2003 from 40% the previous year, after falling from 48% in 2000.
- Direct share ownership amongst Victorians remained constant at 38%, while that of Queensland and South Australia increased to 36% and 38% respectively reaching levels reported in 1999. Western Australia has remained very consistent since 1999 at two in five, while that of Tasmania appears to have been increasing since 2000.

Investor behaviour

- Over time direct share owners have increased their share portfolio. In 1998 the average number of companies invested in was three increasing to seven in 2003. Over the same period of time, those owning shares in just one company has halved from 41% to 20%, while those investing in at least four companies has doubled from 26% to 51%.
- The average value of shares invested directly in the share market has increased by 41% since 2000 to almost $41,000 in 2003. This is likely to be attributed to investments in more companies as well as the increase in the value of shares previously held.
- Only 4% of direct share investors first entered the share market in the last two years, with 60% of those being under 35 years of age.
- Whilst a similar proportion of direct investors did NOT trade (ie buy or sell shares) in 2003 and 2002 (49% and 48% respectively), those who did trade were more active, resulting in the average number of trades increasing from 5 in 2002 to 6 in 2003.

- Average value of trades has also increased from $8,830 in 2002 to $10,650 in 2003, representing a 20% increase.
- The proportion acquiring shares via a full service/advise broker or an internet broker has increased since 1999. In 2003 these were 25% and 18% respectively. The trend is reverse for those acquiring shares through a float/prospectus or a financial planner, which in 2003 stood at 23% and 9% respectively.
- Around one in two direct investors still use only one broker. Those using two increased from 6% in 1999 to 12% in 2003.
- When it comes to sources used for advice/information about shares in the last 12 months, newspapers (46%) and family/friends (32%) remain the most popular.
- In terms of the main sources of advice/information about shares, newspapers are still regarded as key at around one in five. The figure for financial planners fell from 22% in 2002 to 19% in 2003, while that for brokers increased (from 10% to 14%) as has the internet albeit it marginally (from 8% to 10%).
- Share investors appear to be more actively monitoring their shares and investments, with approximately one in four doing so weekly in 2003, up from one in five 12 months previously.

Investor attitudes

- In terms of attitudes, there is still a strong sense of taking responsibility for one's own financial future amongst direct investors, as well as a positive perspective towards shares and the opportunities offered by the sharemarket.
- There is still a reliance on the advice of experts and a belief that knowing when to sell is harder than knowing when to buy.
- More investors believe the Australian share market is well regulated. While they believe there are opportunities to get more involved in the sharemarket, many claim they do not know how to and/or do not have the time.
- Those considering investing in blue chip shares have decreased, possibly in light of publicity surrounding some well recognised companies.

Future intentions

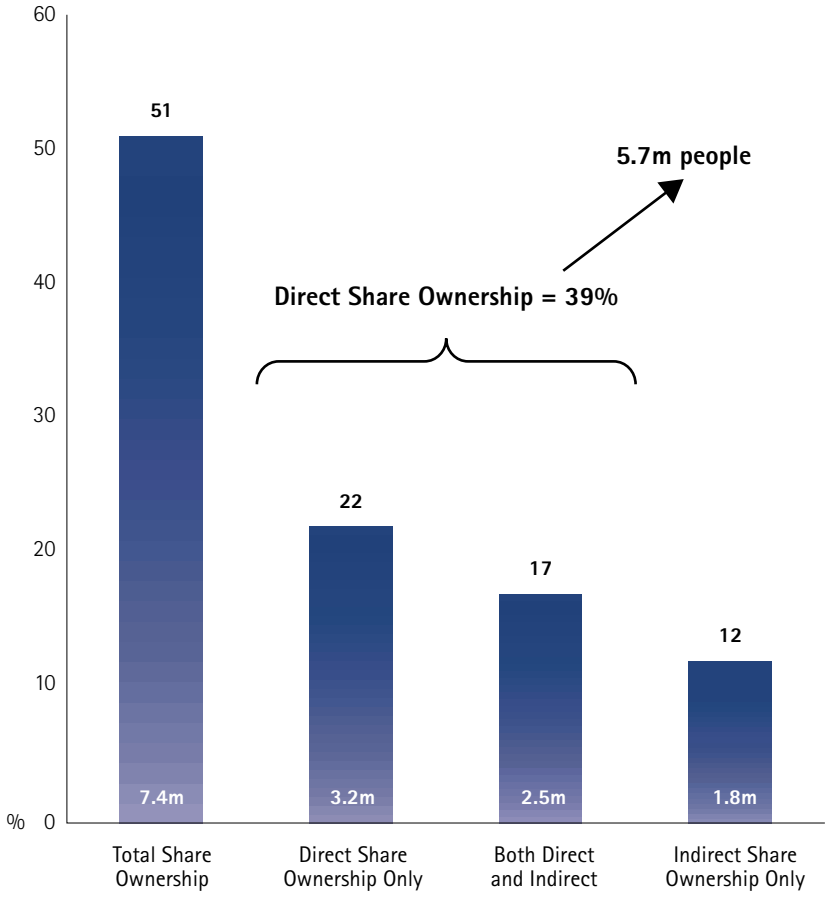
- In 2003 half of direct share owners intended to buy shares in the next 12 months, an increase from 40% in 2002. In terms of the total population this represent 20% or 2.8 million, and 15% or 2.2 million people respectively.

Share Ownership in Australia

Overview

- One in two (51%) of the Australian adult population owned shares either directly or indirectly in 2003. This equates to 7.4 million people.
- This 51% is comprised of 22% that own direct shares only (ie shares listed in their names), 12% who only have indirect shares (ie through a managed fund or self-managed superannuation fund) and 17% who have both types.
- In 2003, 39% or 5.7 million people held shares directly.

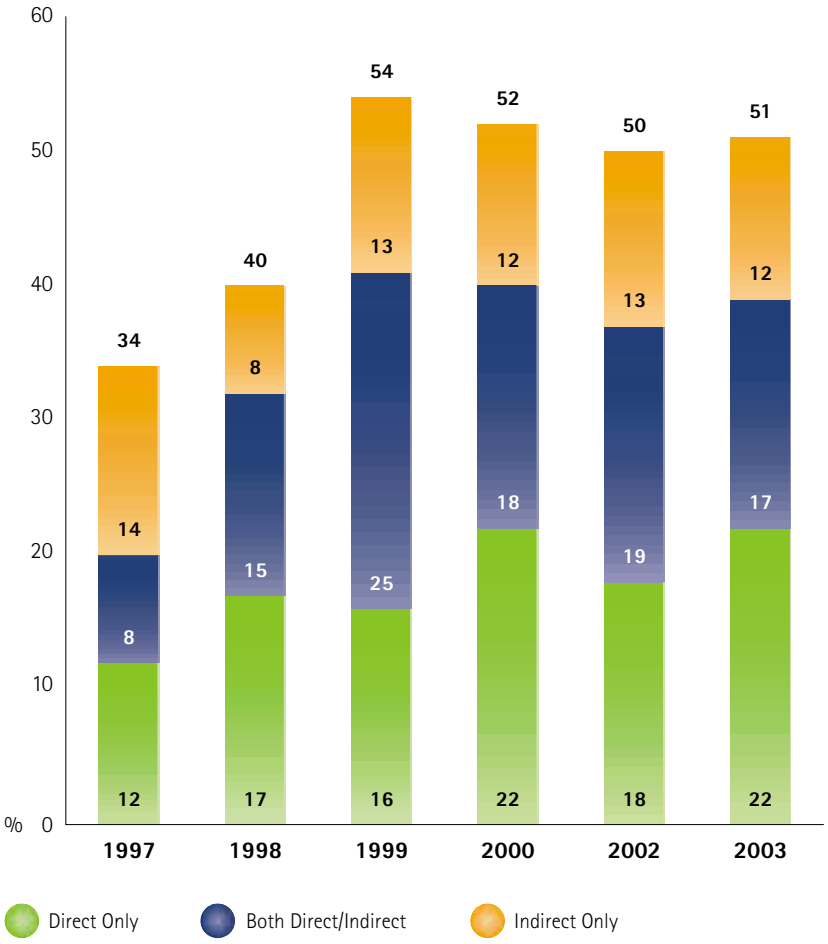
Total Share Ownership



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

- Since 1999, Australia's share ownership among the general population has been healthy at around one in two adults. What is evident is the proportion of investors holding both direct and indirect shares decreasing from one in four in 1999 to around one in five in more recent years. It appears that some of these investors are surrendering their indirect share involvement to focus solely on direct share investment.
- Total direct share ownership marginally increased from 37% in 2002 to 39% in 2003.

The Trend of Share Ownership



Base: All Australian adults aged 18 years +

NB: Change in definition of indirect share ownership in 1997.

- Since 1997, the number of retail investors has increased by 58%, which is largely due to the increase in direct share ownership.

The total number of Australians investing in shares (000's)

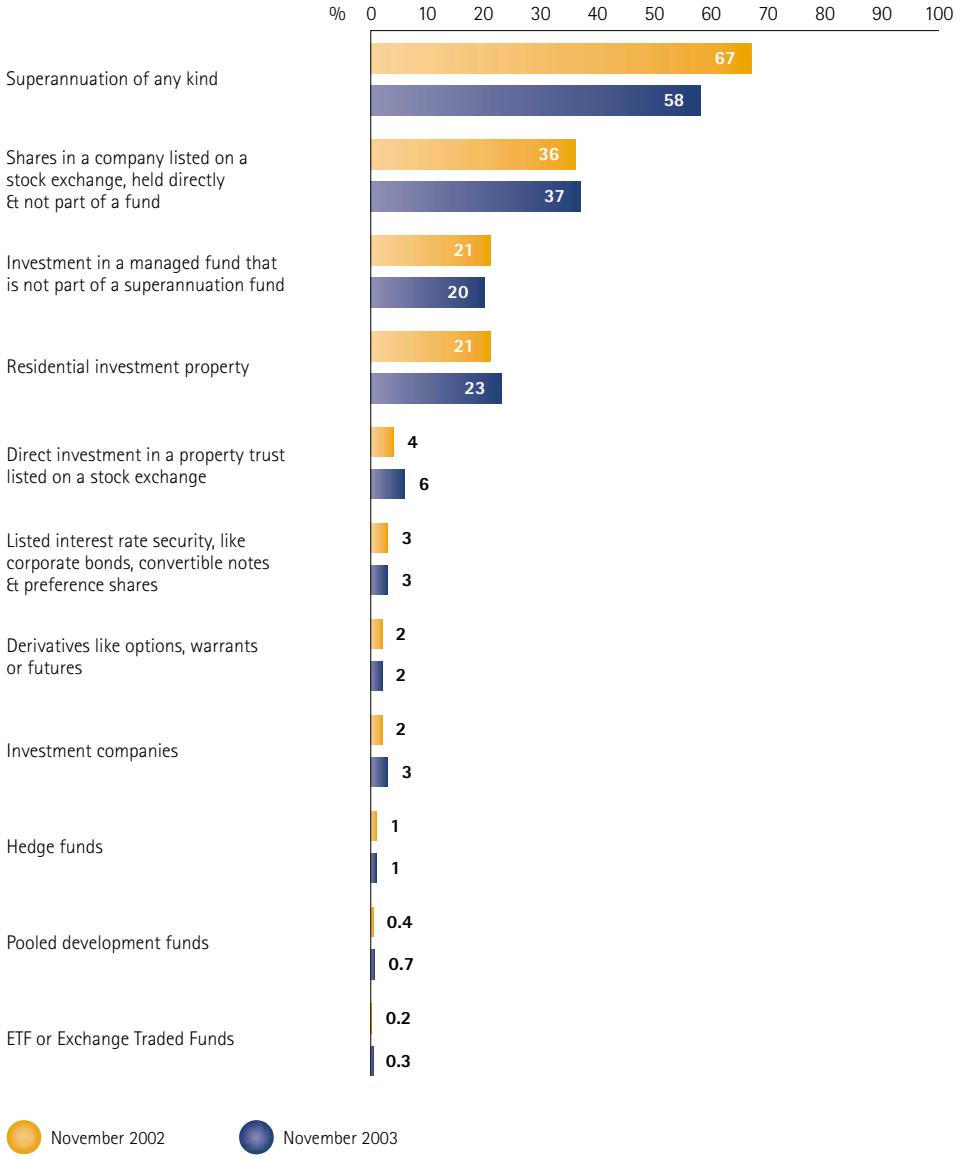
	1997	1998	1999	2000	2002	2003
Direct Only	1,645	2,277	2,184	3,133	2,628	3,212
Both	1,177	2,101	3,520	2,563	2,774	2,482
Indirect Only	1,881	1,148	1,852	1,709	1,898	1,752
Total	**4,703**	**5,526**	**7,556**	**7,405**	**7,300**	**7,447**

Share Ownership in Australia

Ownership of investment types

- As in the previous year, the incidence of investments in other listed products (other than shares) like listed interest rate securities, derivatives, investment companies, hedge funds, pooled development and exchange traded funds is still very low among the general population.
- The incidence of investment in shares has remained consistent at 37%. There has not been any great change in the types of investments held by the Australian population with the exception of superannuation, which has decreased from 67% to 58%. It is likely that this does not represent an actual decline, rather one that indicates that for some people superannuation is no longer regarded as an investment.

Ownership of Investments



Base: All Australian adults aged 18 years + (2002 n = 2401; 2003 n = 2402)

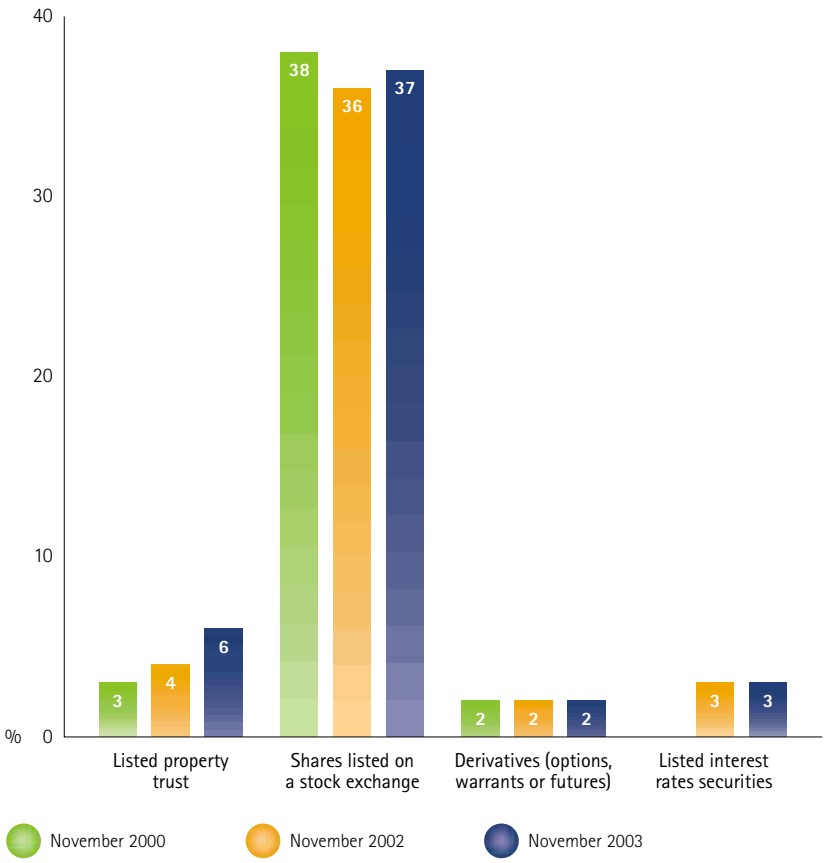
Direct and Indirect Share Ownership

Direct share ownership

The definition of 'direct share ownership' for the purpose of this study, has been kept consistent with that of previous studies. It is defined as:

- Shares in a company listed on a stock exchange, which are held directly and not part of a fund, or
- A direct investment in a property trust which is listed on a stock exchange, or
- Derivatives such as options, warrants or futures, or
- Listed Interest Rate Securities such as corporate bonds, convertible notes and preference shares.

Type of Direct Share Ownership

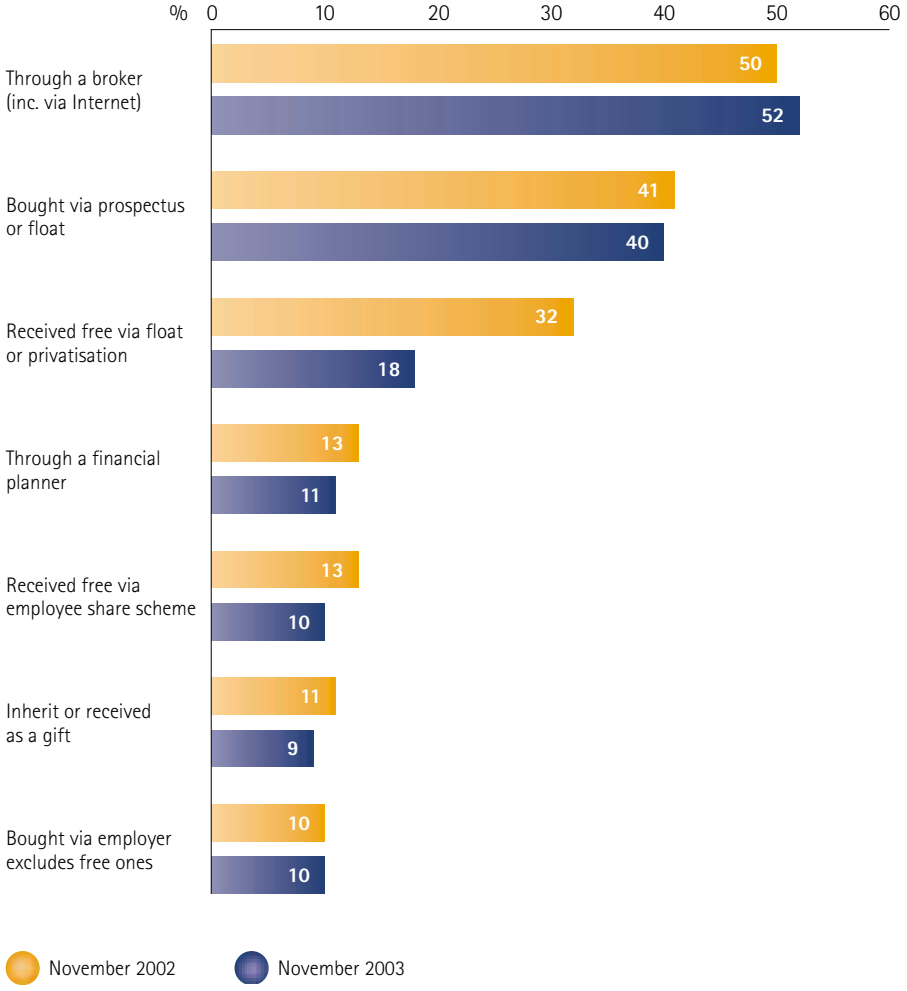


Base: All Australian adults aged 18 years + (2000 n = 1200, 2002 n = 2401, 2003 n = 2402)

- As in previous years, shares listed on a stock exchange largely make up the definition of direct share ownership.
- Whilst the direct ownership of shares, derivatives and listed interest rate securities among the general population has remained constant in recent years, that of listed property trusts has been showing an increasing trend.
- Of those with shares listed on a stock exchange, 7% owned shares listed on an overseas stock exchange in 2002, which increased to 10% in 2003.

Direct and Indirect Share Ownership

Source of Direct Share Ownership



Base: Directly held shares listed on Australian Stock Exchange + (2002 n = 809; 2003 n = 870)

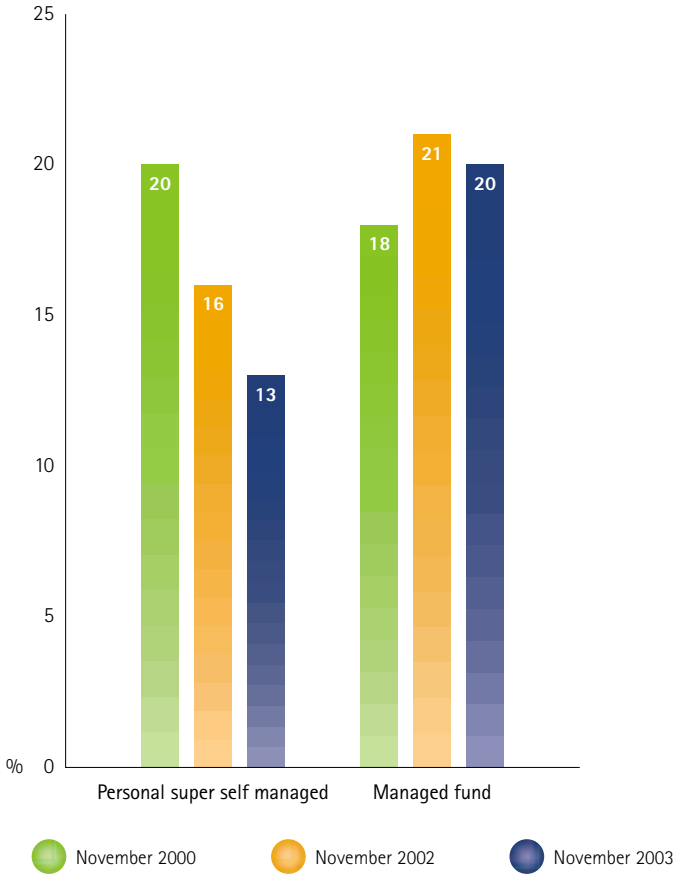
- As in 2002, of those who directly own shares listed on the Australian Stock Exchange (97%) one in two purchased them via a broker. The purchase of shares via a prospectus or float has also remained relatively static at approximately two in five. The only significant shift experienced was the acquisition of free shares via a float or privatisation, having almost halved from 32% in 2002 to 18% in 2003.

Indirect share ownership

Once again, the definition of indirect share ownership remained the same in 2003, ie:

- An investment in a managed fund that is not part of a superannuation fund, or
- A personal superannuation fund that the investor has set up but is managed by someone else, or
- A personal superannuation fund that the investor has set up and directly manages.

Type of Indirect Share Ownership



Base: All Australian adults aged 18 years + (2000n = 1200, 2002 n = 2401, 2003 n = 2402)

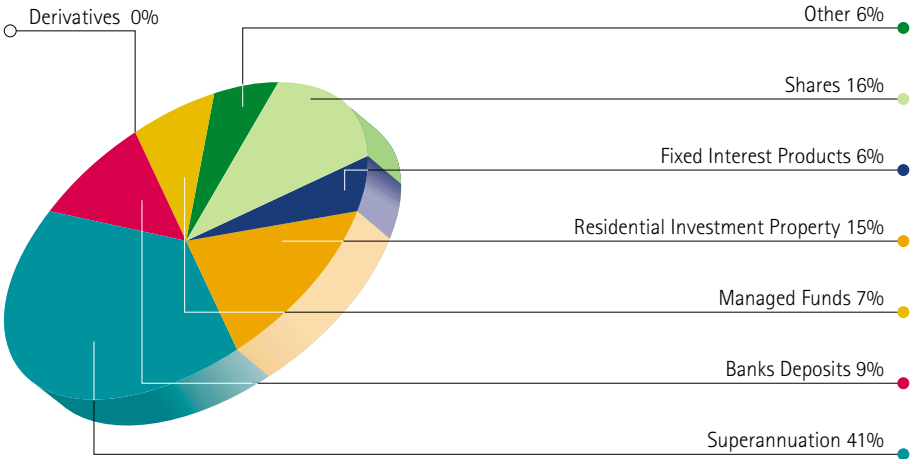
- Over recent years the proportion of people claiming to have a self-managed superannuation fund has decreased from 20% in 2000 to 13% in 2003. This is unlikely to be the case, with a possible explanation being that people have a better understanding of what a self-managed superannuation fund is and therefore may no longer classify themselves as having one in 2003.
- The 13% of people who have a managed superannuation fund is made up of 9% who have set up their own fund that is managed by someone else and 5% who have set up and manage their fund themselves.
- Ownership of a managed fund in 2003 remained consistent with that in 2002 at one in five.

Share of total investments

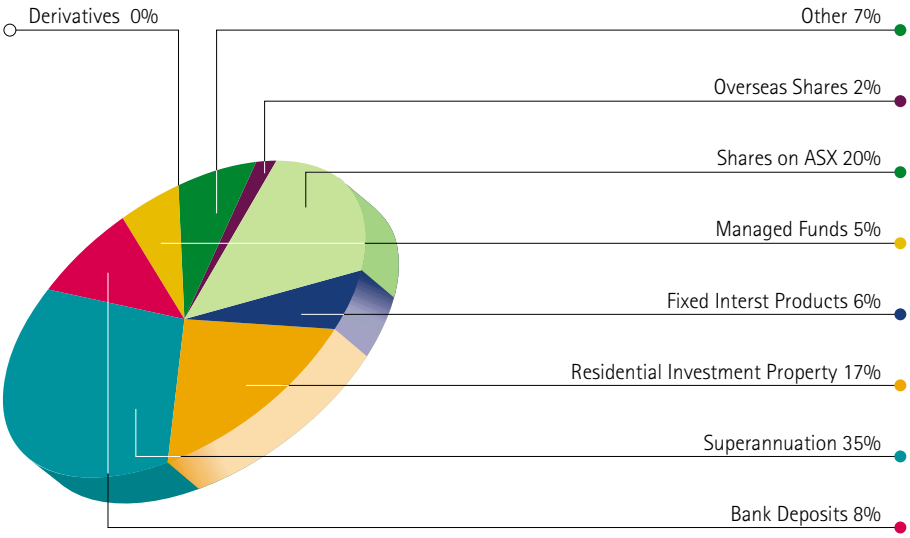
- Based on those who have investments, the proportion of funds invested in superannuation remains the largest despite decreasing from 41% in 2002 to 35% in 2003.
- The two categories that have reported a shift are shares and residential investment property. In 2002, investors had 16% of funds invested in shares increasing to 20% in 2003 (excluding 2% in overseas shares), and 15% in residential property increasing to 17% over the same period of time.

Share of Total Investments

2002



2003



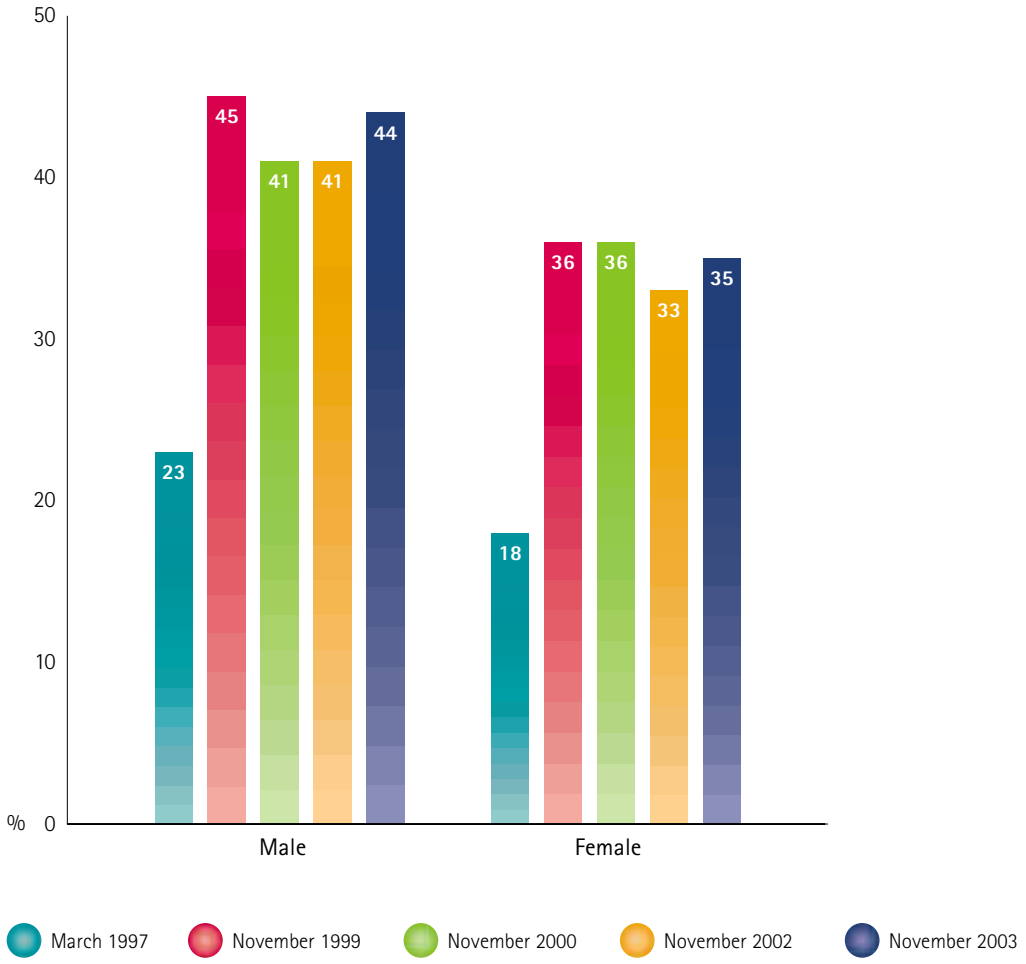
Base: Have Direct or Indirect Investments 2002 (n = 1615); 2003 (n = 1414)

Demographics of Share Ownership

Gender

- The proportion of males and females directly owning shares in 2003 both increased. That of males increased from 41% in 2002 to 44% in 2003, while that of females increased from 33% to 35%, almost returning to figures reported in 1999.
- Overall, the trend that males are more likely than females to hold shares directly continued in 2003.

Direct Share Ownership – Gender
% owning shares directly



Base: All Australian adults aged 18 years +

Demographics of Share Ownership

In 2003, approximately 3.1 million males and 2.6 million females directly invested in shares. When indirect shares are included, total share ownership increases to almost 4 million males and 3.6 million females.

	2003 Direct Share Ownership		2003 Total Share Ownership	
	%	No in 000s	%	No in 000s
Males	44	3,128	56	3,980
Females	35	2,623	48	3,597

Age

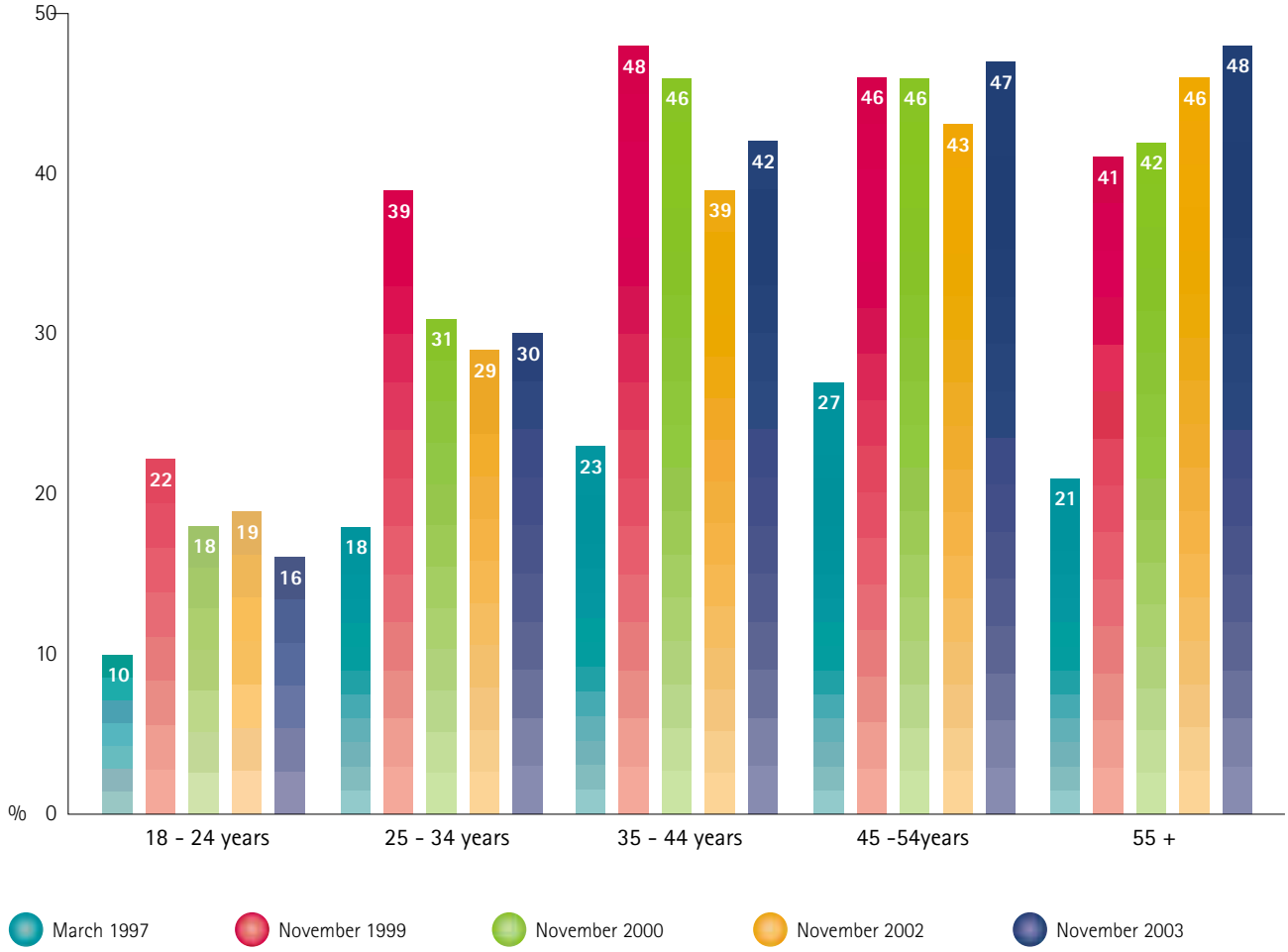
- In 2003, those aged 35 to 44 and 45 to 54 returned to the share market after an absence in 2002. About two in five people aged 35 to 44 owned shares directly in 2003, and half of those aged 45 to 54.
- Direct share ownership among those aged 55 years and over has increased consistently over the years from 21% in 1997 to account for almost half the age group in 2003.
- Direct ownership of shares among younger people, ie those aged under 35 years, is relatively lower compared to the other age groups. In 2003, 30% of those aged 25 to 34 years directly owned shares, a fall from 39% in 1999, while over the same period of time, that of those aged 18 to 24 years decreased from 22% to 16%. The effects of the dot com era in the late 1990's, the recent bear market and property 'boom' may explain some of these figures.
- The only age group to report continuous increases since 1997 are those aged 55 years plus which represents the growth in the baby boomer segment. In this group 2 million people own shares directly, which increases to 2.7 million when indirect shares are included.

Ownership of shares by age

	2003 Direct Share Ownership		2003 Total Share Ownership	
	%	No in 000s	%	No in 000s
18-24 years	16	303	24	455
25-34 years	30	854	43	1,224
35-44 years	42	1,207	55	1,580
45-54 years	47	1,232	57	1,495
55 years+	48	2,084	63	2,735

Direct Share Ownership – Age

% owning shares directly



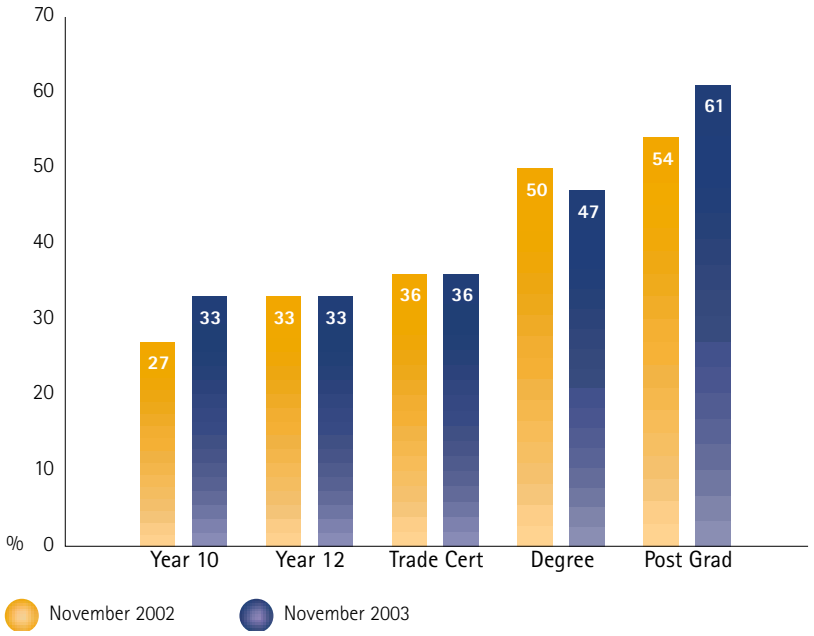
Base: All Australian adults aged 18 years +

Demographics of Share Ownership

Education

- As was the case in 2002, the incidence of direct share ownership generally increased as the level of education increased. In 2003, about three in five postgraduates owned shares directly compared to a third of those with a year 10 or year 12 education level.
- There was an increase in the percentage of people with a year 10 education level owning shares in 2003 at 33%, up from 27% in 2002. This was also the case for those with postgraduate qualifications, increasing from 54% to 61%, while those with a degree qualification decreased marginally from 50% to 47%.
- Direct ownership of shares and total share ownership appears to be significantly greater among those with degrees (47% and 59% respectively) and postgraduate studies (61% and 71% respectively).
- It is encouraging to witness that all people, regardless of level of education, own shares.

Direct Share Ownership – Education
% owning shares directly



Base: All Australian adults aged 18 years + (2002 n = 2401; 2003 n = 2402)

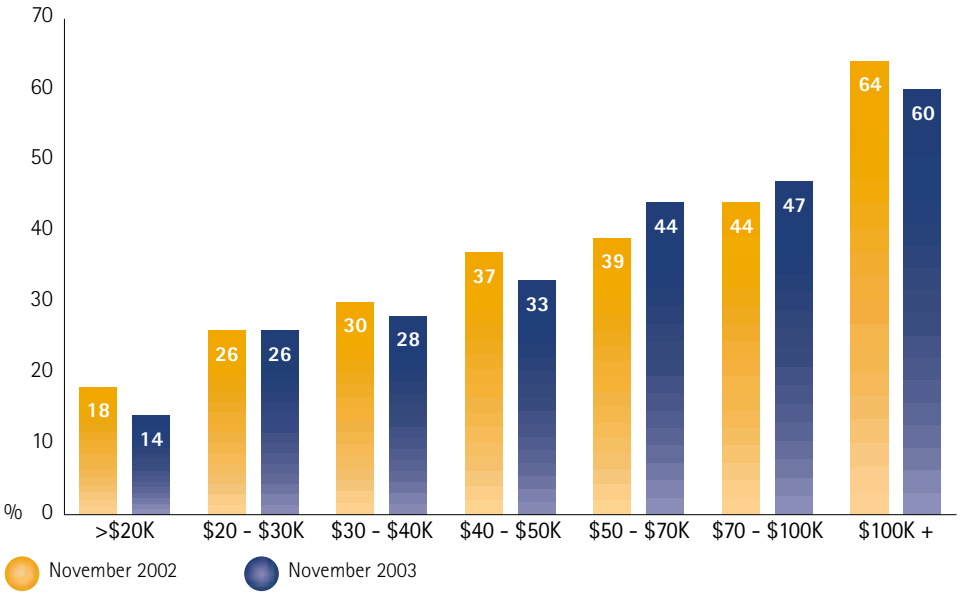
Total share ownership by education

	2003 Total Share Ownership
	%
Year 10	44
Year 12	47
Trade	50
Degree	59
Postgrad	71

Household income

- As was the case in 2002, ownership of shares (both direct and total) in 2003 increased as household income increases, and jumped significantly from the $70,000 to less than $100,000 income bracket (47% direct and 59% total) to the $100,000 plus income group (60% direct and 71% total).

Direct Share Ownership – Household Income
% owning shares directly



Base: All Australian adults aged 18 years + (2002 n = 2401; 2003 n = 2402)

- Direct share ownership among middle-income earners ($40,000 to less than $50,000) remains healthy at around three in ten, with total share ownership at around one in two.
- Over the past year there has been slight decreases in direct share ownership among those with household incomes of less than $20,000, $40,000 to less than $50,000, and those with at least $100,000. Increases were seen for those earning $50,000 to less than $70,000, and $70,000 to less than $100,000.

Total share ownership by household income

	2003 Total Share Ownership
	%
<$20k	28
$20k - <$30k	35
$30k - <$40k	41
$40k - <$50k	48
$50k - <$70k	55
$70k - <$100k	59
$100k+	71

Demographics of Share Ownership

Household assets

- The incidence of share ownership (both direct and in total) on the whole increases as the value of household assets (excluding the family home) increases.
- In 2003, the level of direct share ownership appears to increase significantly from the $75,000 to less than $100,000 bracket, to the $100,000 less than $200,000 bracket.
- The household asset brackets reporting main increases in direct share ownership from 2002 to 2003 are those in $25,000 to less than $50,000 bracket, and in the $100,000 to less than $200,000 bracket.
- Those showing decreases are people in the $75,000 to less than $100,000 bracket, and in the $300,000 to less than $400,000 bracket.

Direct Share Ownership – Household Assets
% owning shares directly

Base: All Australian adults aged 18 years + (2002 n = 2401; 2003 n = 2402)

Total share ownership by household assets

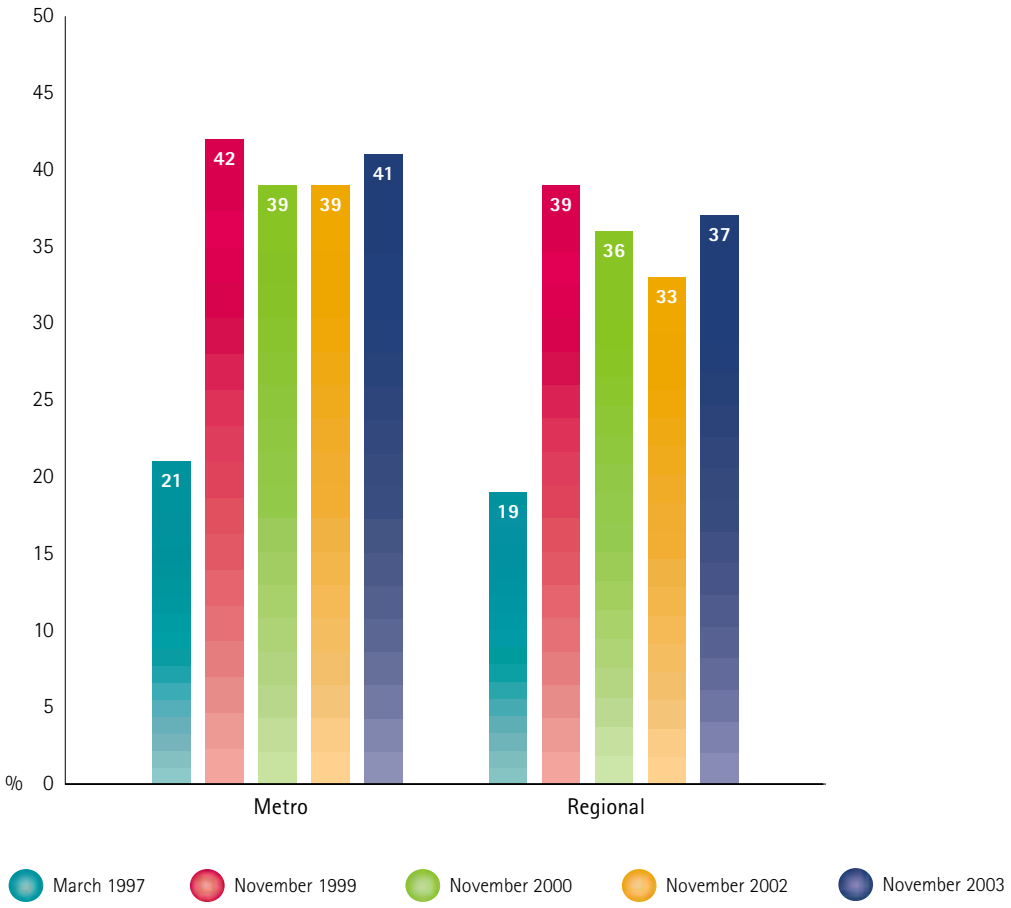
	2003 Total Share Ownership
	%
<$25k	41
$25k - <$50k	58
$50k - <$75k	63
$75k - <$100k	83
$100k - <$200k	79
$200k - <$300k	75
$300k - <$400k	83
$400k+	84

Geographic Location of Share Ownership

Region

- Whilst direct share ownership increased among those who reside in the metropolitan and regional areas, the skew towards those in the metropolitan areas is still evident.
- Direct ownership among regional dwellers increased from 33% in 2002 to 37% in 2003, while that of their metropolitan counterparts increased from 39% to 41%. Both results showing a reversal of the downward trend seen in previous years.

Direct Share Ownership – Region
% owning shares directly



Base: All Australian adults aged 18 years +

Share ownership by region

	2003 Total Share Ownership
	%
Metro	53
Regional	49

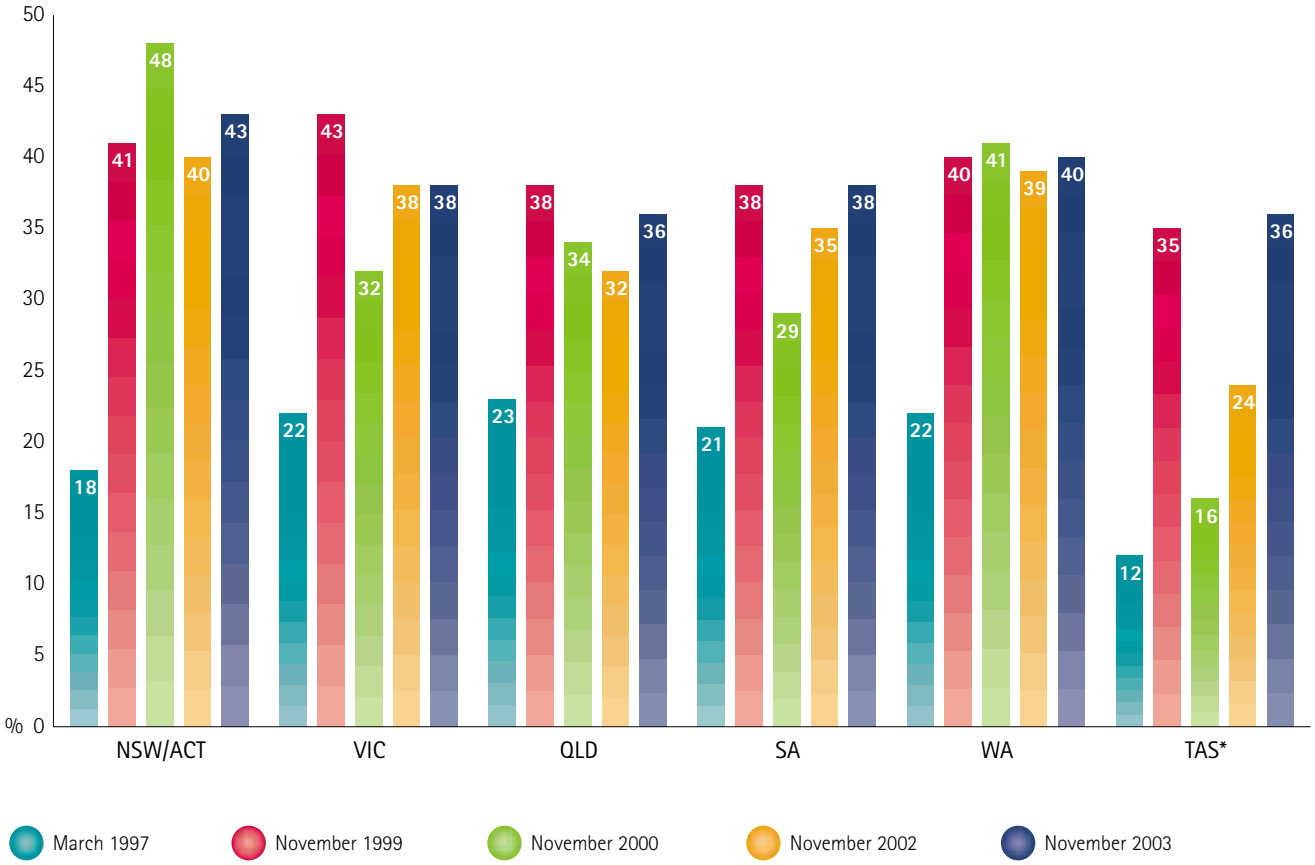
Geographic Location of Share Ownership

State

- Direct share ownership across all the States have either increased or remained consistent in 2003.
- That of NSW increased from 40% in 2002 to 43% in 2003, although still short of its peak of 48% in 2000.
- Direct ownership in both Queensland and South Australia increased in 2003, almost returning to levels reported in 1999.
- Ownership in Victoria in the past two years remained at about two in five. Only Western Australia appears to have remained very consistent in their level of direct share ownership since 1999 at around 40%.
- Whilst figures for Tasmania are hard to conclude due to the small sample size, it is fair to say that the trend for Tasmanians has been an increase in their share participation since 2000.

Direct Share Ownership – State Comparison

% owning shares directly



** = Small base*
Base: All Australian adults aged 18 years +

- In terms of numbers, NSW/ACT has the highest number of direct share owners at around 2.2 million increasing to about 2.8 million for total share owners.

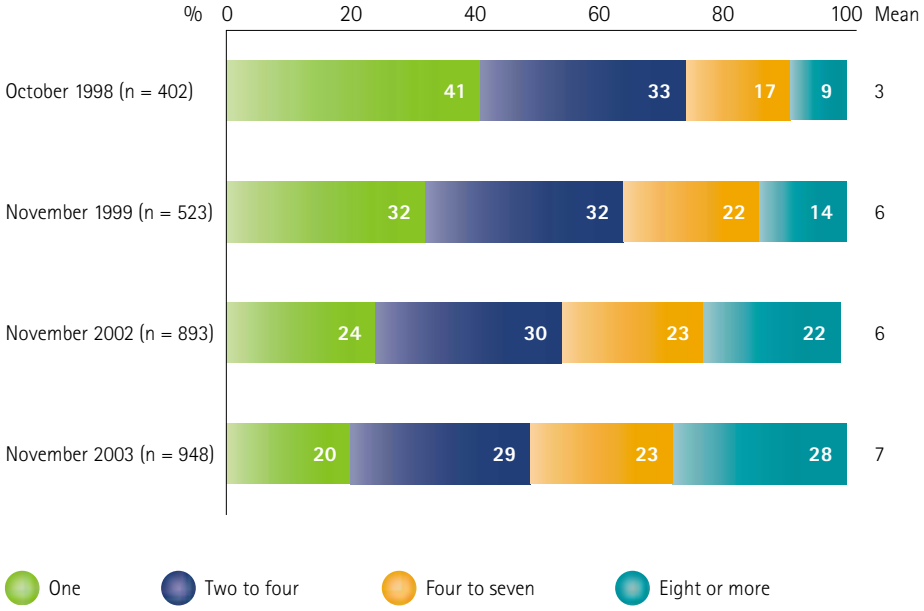
Ownership of shares by state

	2003 Direct Share Ownership		2003 Total Share Ownership	
	%	No in 000s	%	No in 000s
NSW/ACT	43	2,240	54	2,813
VIC	38	1,387	49	1,789
QLD	36	997	50	1,385
SA	38	440	52	603
WA	40	583	50	729
TAS	36	127	48	170

Number and type of stocks in share portfolios

- Since 1998, the composition of direct investors' share portfolio has been changing. In 2003, direct share owners were more likely to have invested on average, in about twice as many companies than in 1998 (from 3 to 7).
- The proportion investing only in one company has halved from 41% in 1998 to 20% in 2003, while those owning shares in at least four companies has doubled from 26% to 51% over the same period of time.
- This highlights that investors are broadening their share portfolio rather than concentrating solely in one company. It is anticipated that this trend will continue in the future.

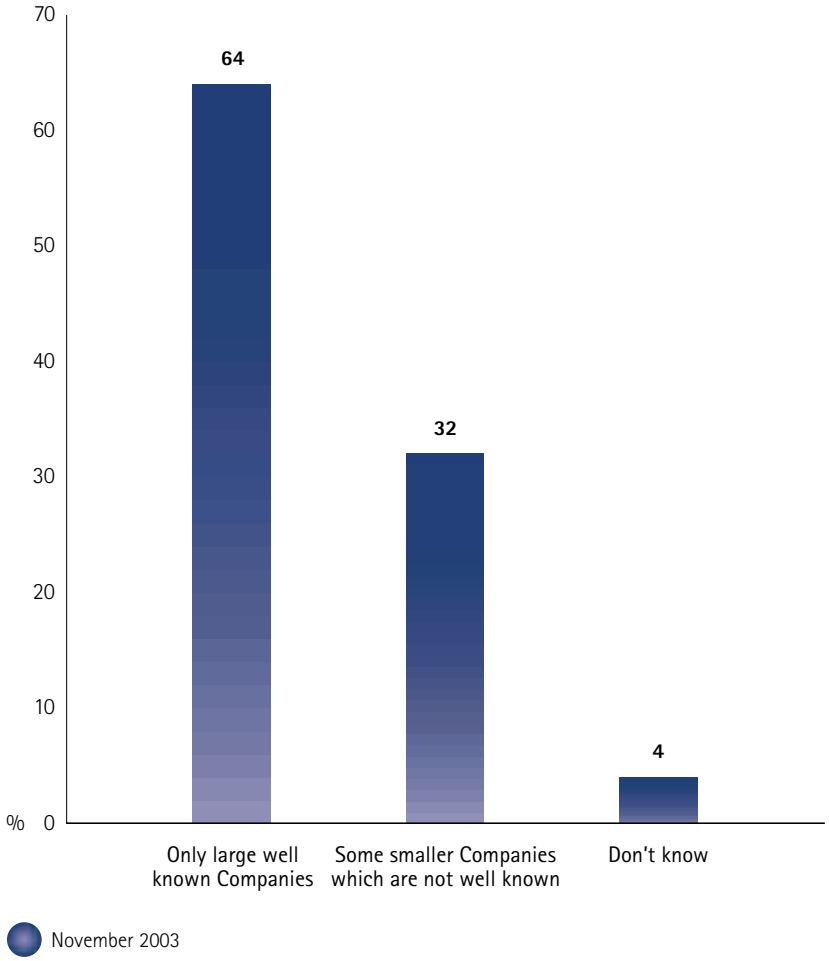
Number of Companies in Portfolio



Base: All direct shareholders – Don't knows removed

- For the first time in 2003, people were asked about the type of companies they purchase shares in. Approximately two thirds of direct share owners only invest in large well known companies (ie 'blue chip' companies), while about one third also invest in smaller lesser known companies.

Size of Companies



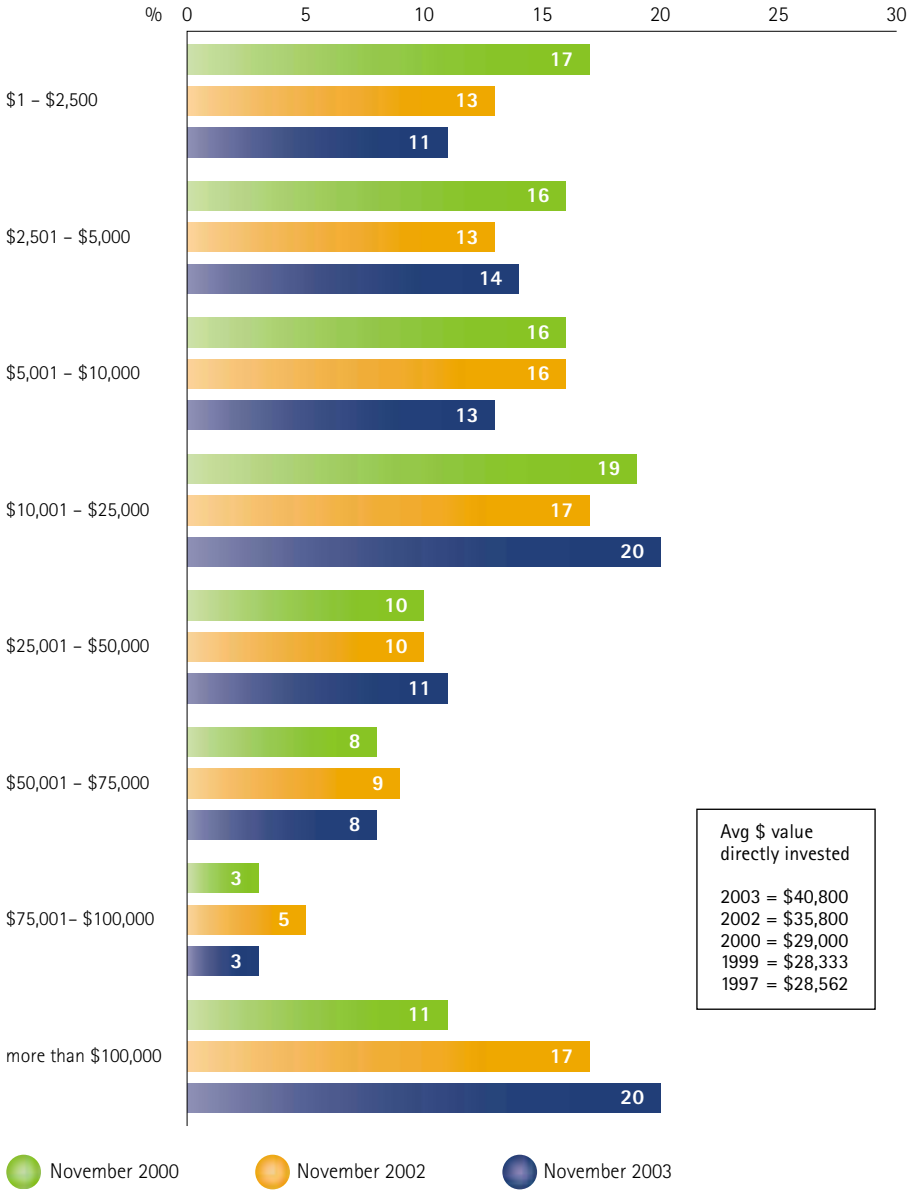
Base: Have direct investments (n = 948)

Value of share portfolio

- Since 2000, the proportion of direct share owners with $2,500 or less directly invested in the sharemarket has decreased from 17% to 11% in 2003, while those with more than $100,000 has increased from 11% to 20%
- The average value of funds directly invested in the sharemarket has increased by almost 41% since 2000. Part of this growth would be represented by the increase in the value of existing holdings, as well as the expanding portfolio of investors generally.

Value of Direct Investments in Share Market

Amount of money invested in direct investments

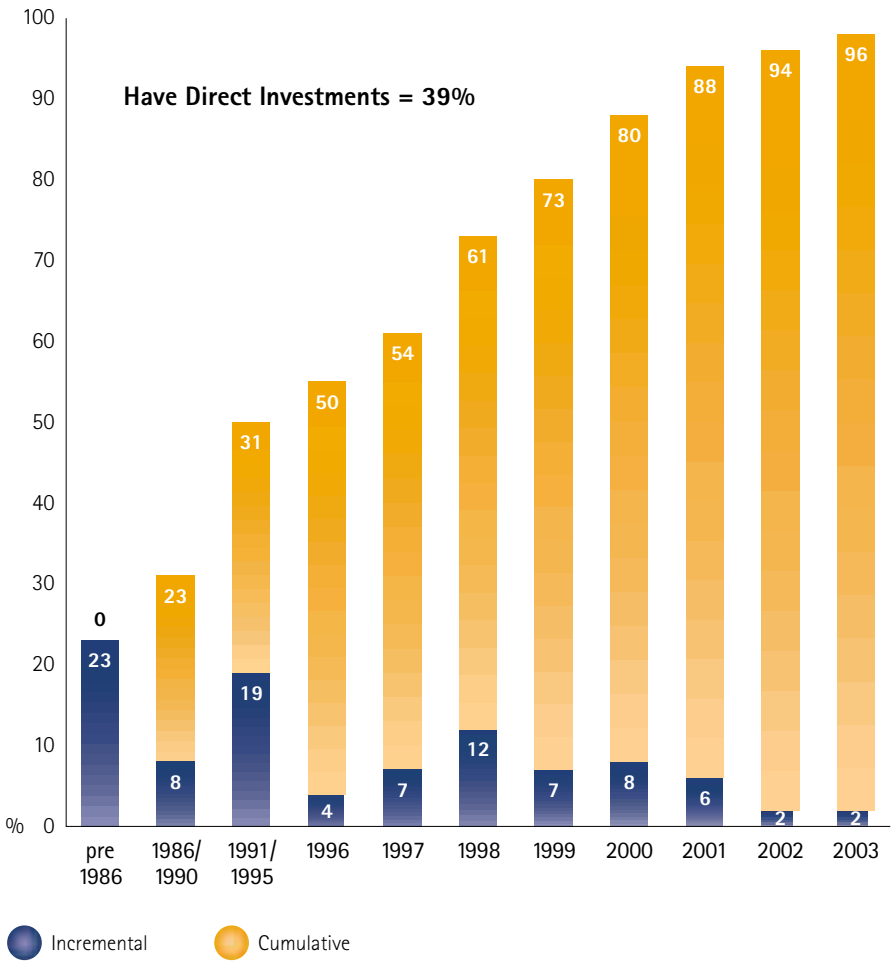


Note: Don't know removed
Base: All direct shareholders (2000 n = 312; 2002 n = 688; 2003 n = 642)

Entry into the share market

- In the last two years, only 4% of people who invest directly in shares entered the sharemarket for the first time, of which 60% are aged under 35 years. This suggests that it is the younger generation that is more likely to be new entrants into the share market, while the older age group would probably have entered the share market for the first time in the mid to late nineties with major floats and privatisations.

Direct Investments – Commencement
Year first acquired direct investments



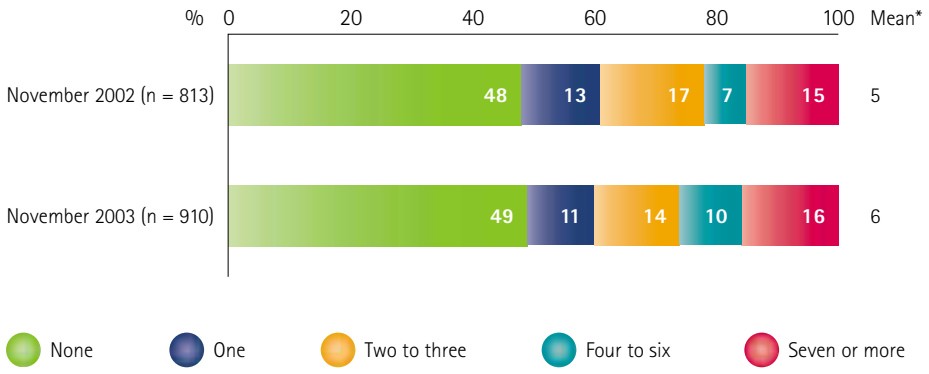
Base: Have direct investments (n = 948)

Frequency of trading

- The average number of trades (ie selling or buying) over the past 12 months has increased from 5 to 6. Whilst approximately the same proportion (one in two) continue not to trade in 2002 and 2003, the results indicate that those who did trade tended to do so more often in 2003.
- This suggests that there is potential among the 49% of current direct share owners who do not currently trade to increase their engagement with the share market.

Trading Activity

Number of times bought or sold direct investments in last 12 months



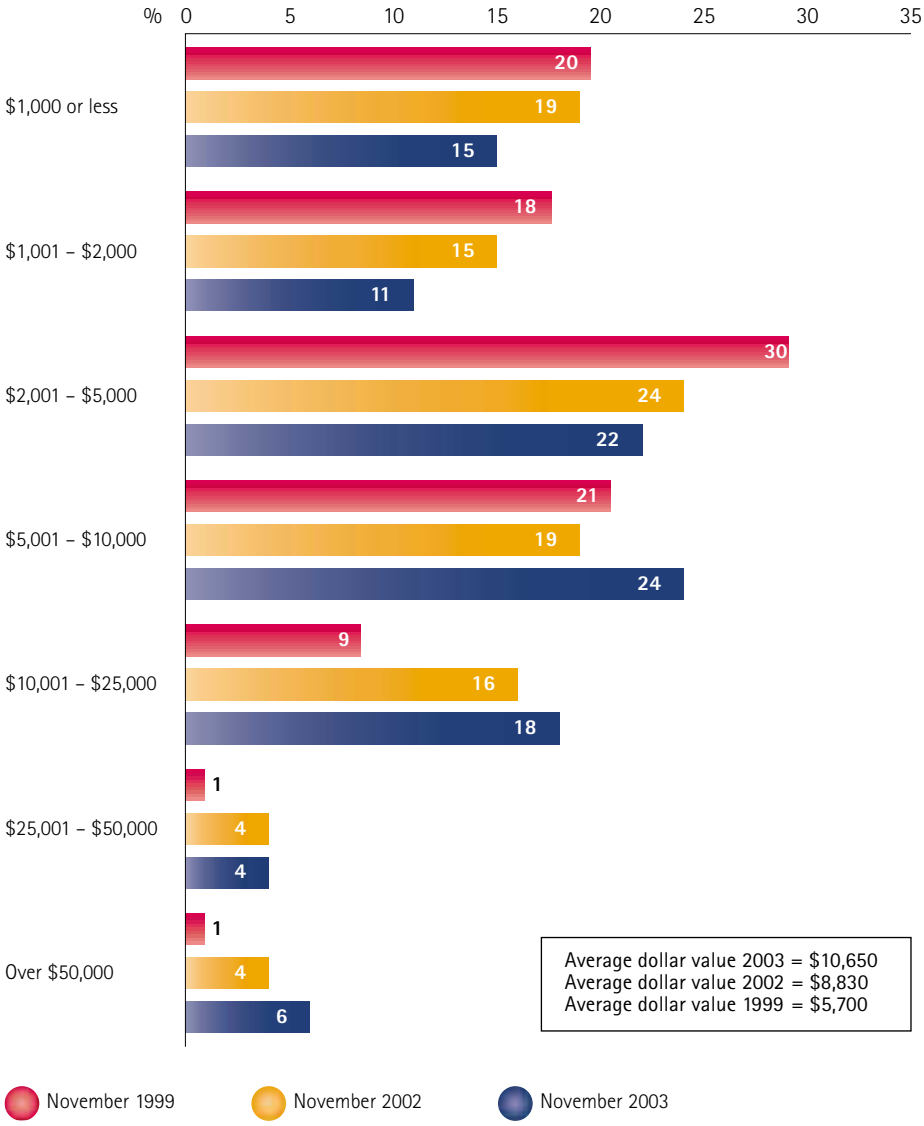
**Based on new method of calculation*
Base: All direct shareholders – Don't knows removed

Value of trades

- Among those who had traded in the past 12 months (51% of direct investor), the average dollar value of share parcels has increased since 2002 by about 20%, from $8,830 to $10,650.
- This appears to be due to a move away from smaller parcel sizes (ie $5,000 or less), towards larger parcel sizes, particularly towards sizes of between $5,001 and $25,000. In 1999, about 68% of investors who traded did so with share parcels of $5,000 or less, while for 30% of trading investors, the parcel size was between $5,001 and $25,000, and for 2% of trading investors, the parcel size was over $25,000. Corresponding figures for 2003 were 48%, 42% and 10% respectively.

Average $ Value of Trading Activity

Average dollar value of share parcels bought or sold in last 12 months

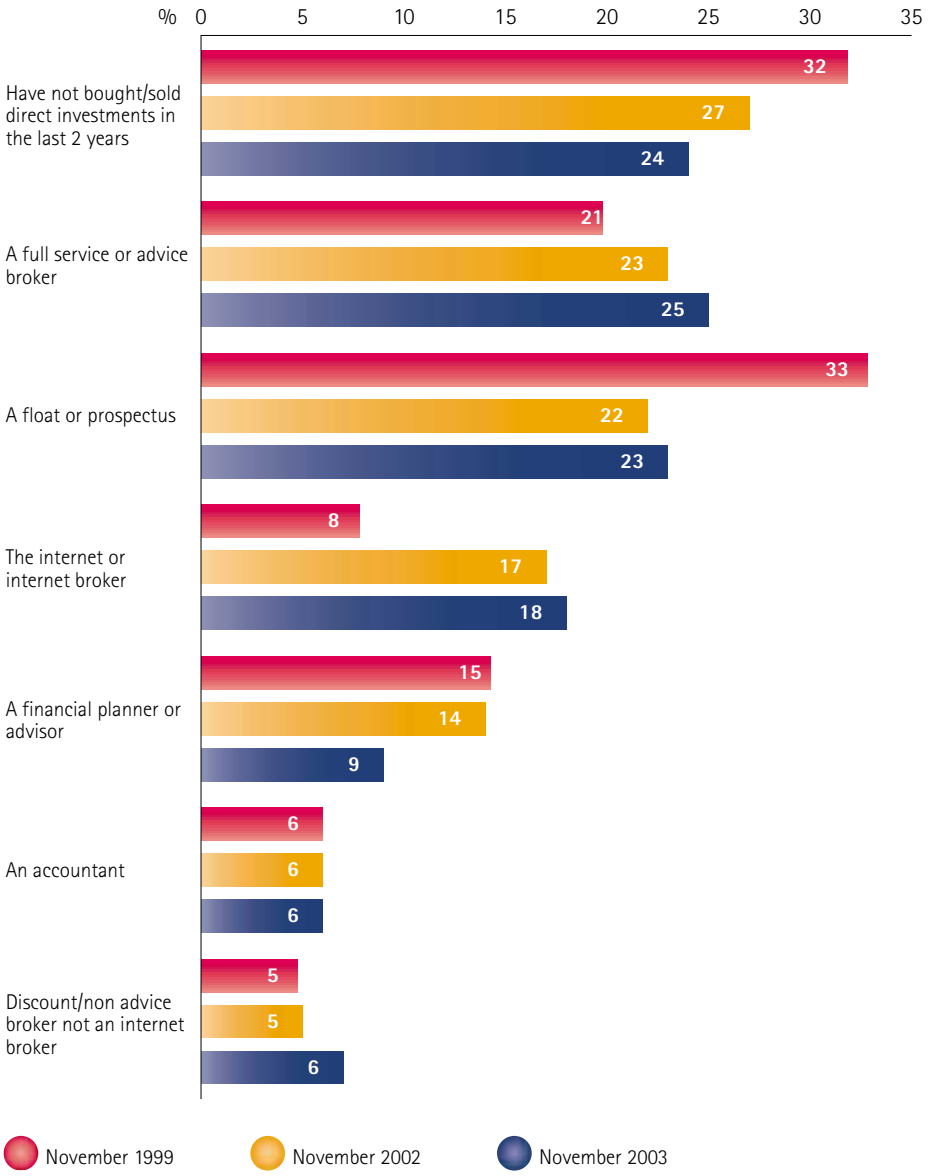


Note: Don't know removed
Base: All direct shareholders who have bought/sold shares in the past 12 months,
(1999 n = 273; 2002 n = 363; 2003 n = 466)

Trading mediums

- Key trends since 1999 have been the decline in the use of floats or prospectuses as a medium for purchasing shares, from 33% in 1999 to 23% in 2003, and utilising the services of a financial planner also decreasing from 15% to 9% over the same period of time.
- More people are likely to use either a full service/advice broker or internet broker in 2003 (25% and 18% respectively) than in 1999 (21% and 8%) respectively.

Direct Investments – How Acquired
(Medium traded via in past 2 years)



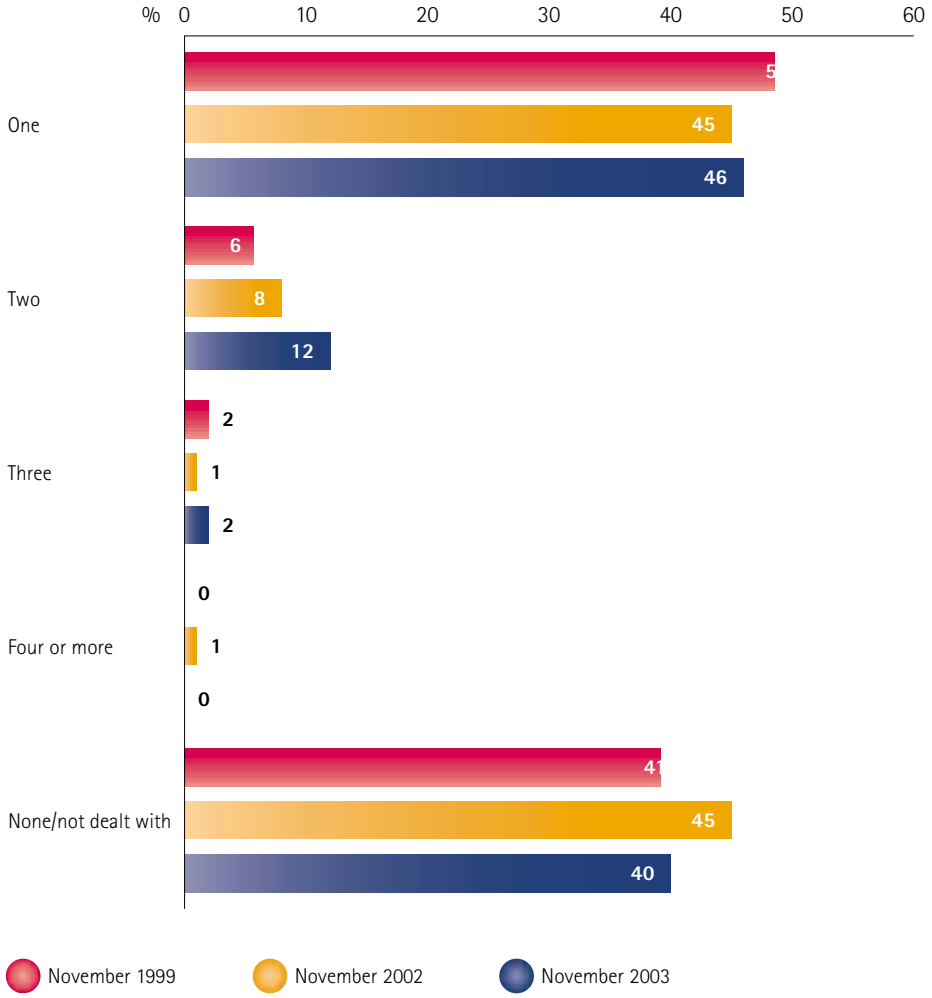
Base: Have direct investments (1999 n = 496; 2002 n = 893; 2003 n = 948)

Number and type of brokers used

- As the average number of trades have increased over the past years, so too has the proportion of direct investors using two brokers, which has increased from 6% in 1999 to 12% in 2003.
- Still half of direct investors only use one broker. Those not dealing with any are likely to be the inactive investors.

Brokers

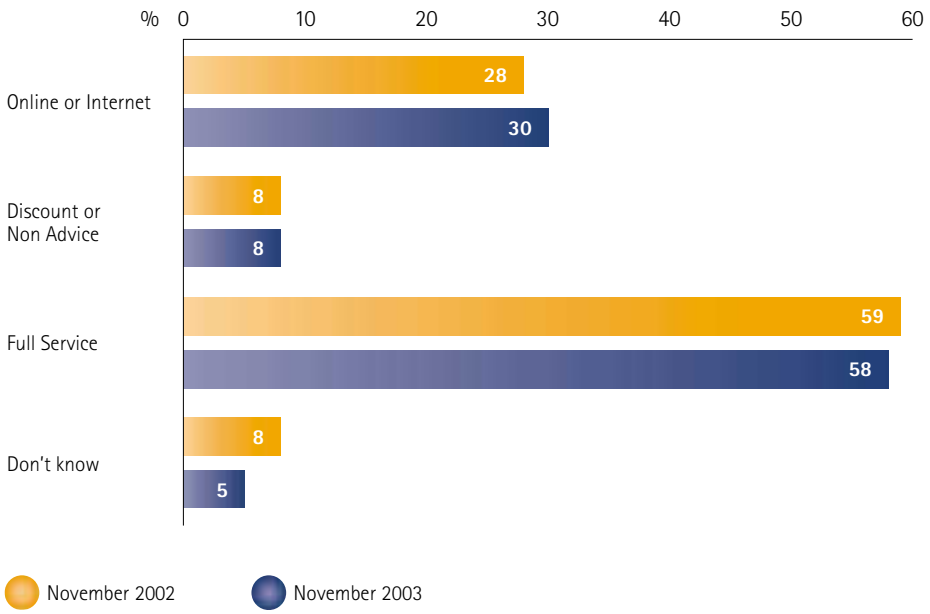
Number of brokers currently use



Base: Have direct investments (1999 n = 523; 2002 n = 893; 2003 n = 948)

- Of direct investors who currently have a broker, the main type used was a full service broker.

Type of Main Brokers



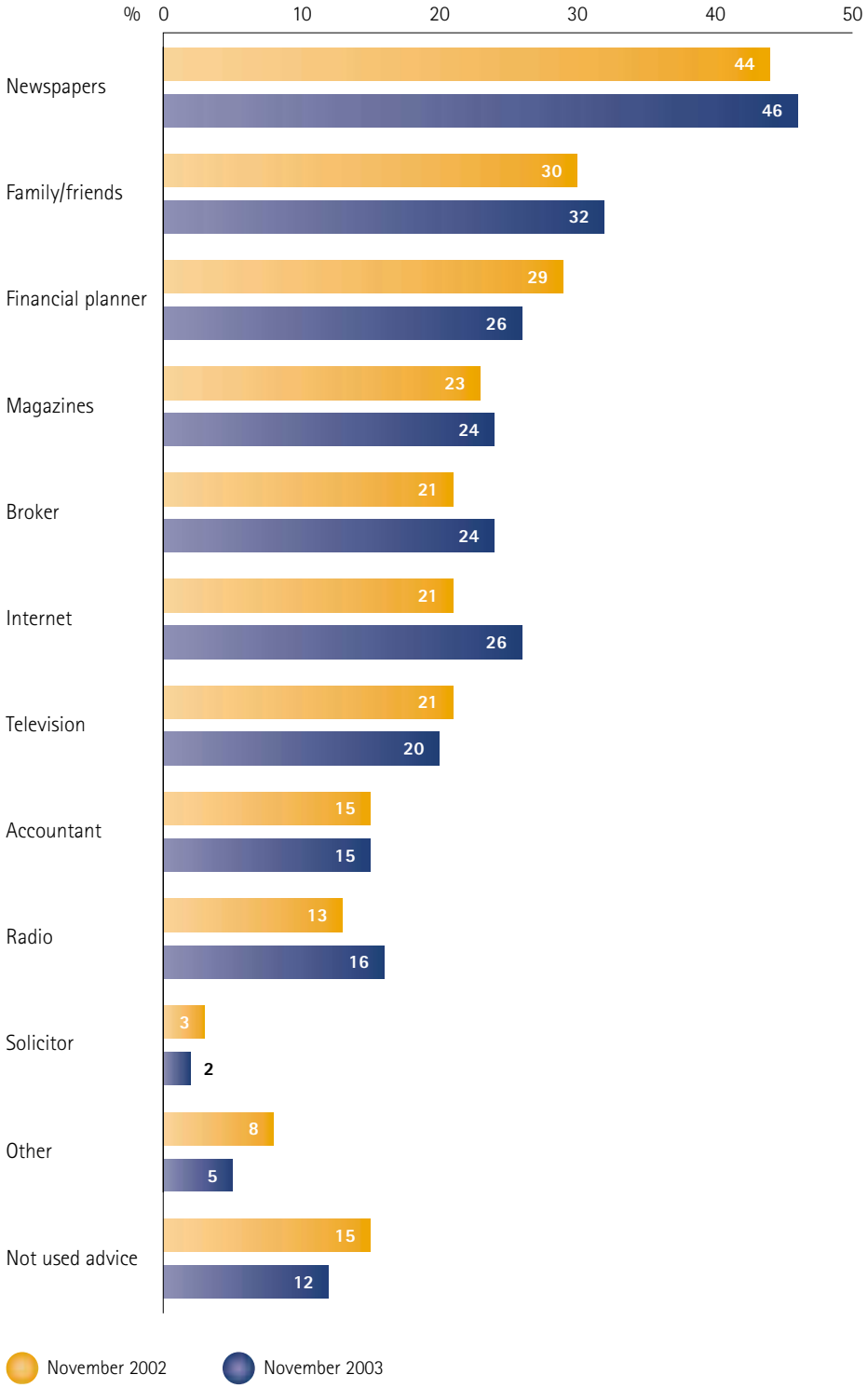
Base: Those having a broker (2002 n = 563; 2003 n = 565)

Sources of share advice and information

- Newspapers remain the most popular source used in the past 12 months for advice or information on shares being used by one in two direct investors.
- This is followed once again by family/friends (32%) and financial planners (26%).
- Over the year the use of brokers and the Internet as a source of advice or information have both increased to 24% and 26% respectively.

Source of Advice

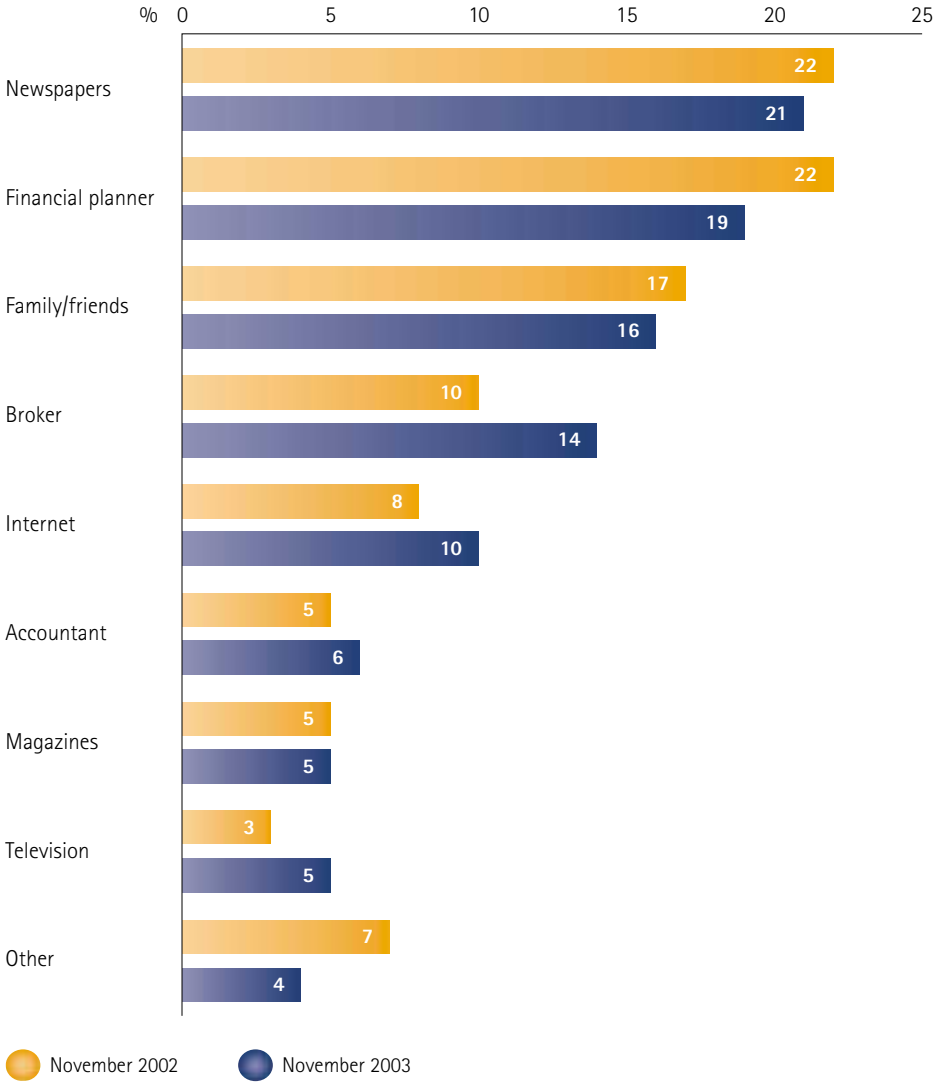
Sources used in last 12 months to obtain advice/information about shares



Base: Have direct investments (2002 n = 893; 2003 n = 948)

- Probably of more significance is the medium people regard as their main source of share advice. Based on this, newspapers are still regarded to be the most popular main source, being used by about one in five people.
- The use of financial planners as the main source of share advice has decreased from 22% to 19%, while those using brokers has increased from 10% to 14%.
- In total, two in five direct investors rely mainly on advice from a professional - a financial planner, broker or accountant.
- A further two in five seek advice from the media as their main source, being newspaper, Internet, magazines or television, while the remaining one in five consider word of mouth from family/friends as their main source of advice for shares.

Main Source of Advice for Shares

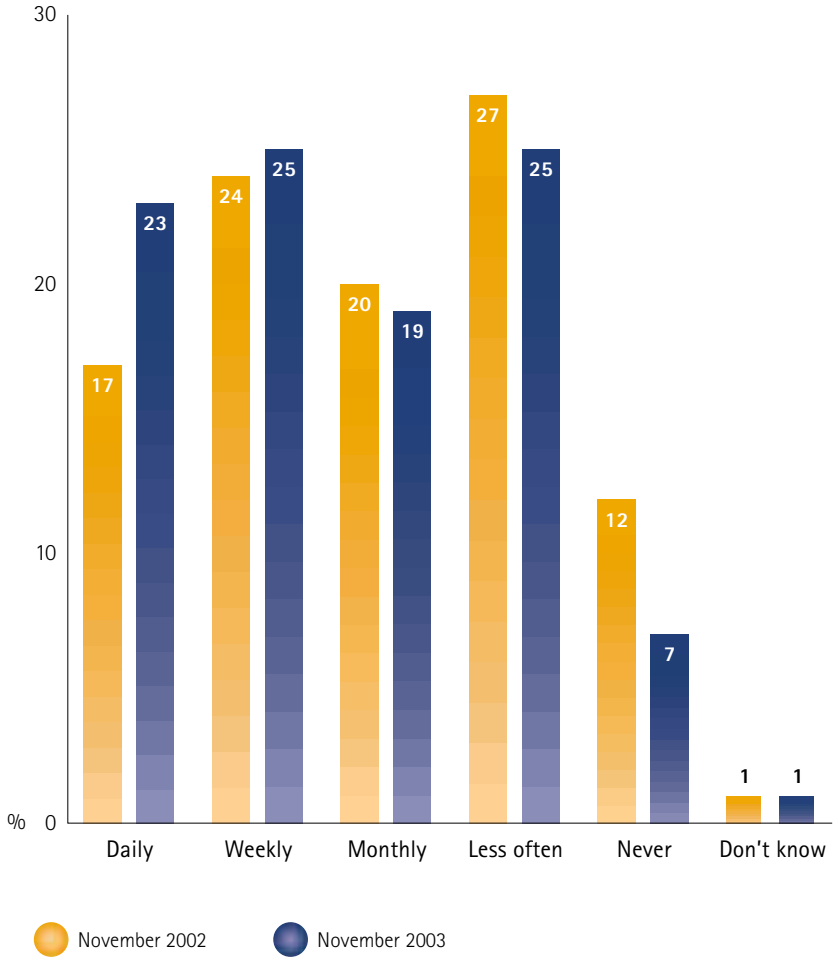


Note: Don't know removed
Base: Have direct investments & have used advice in the last 2 years
(2002 n = 692; 2003 n = 756)

Monitoring shares and investments

- There has been an increase in the percentage of share owners who monitor their shares and investments daily from about one in five in 2002 to about one in four in 2003.
- Close to one in two monitor their shares at least weekly in 2003 up from 41% in 2002.
- Consequently those claiming to never monitor their shares have decreased from 12% to 7% over the past year.

Frequency of Monitoring Shares & Investments

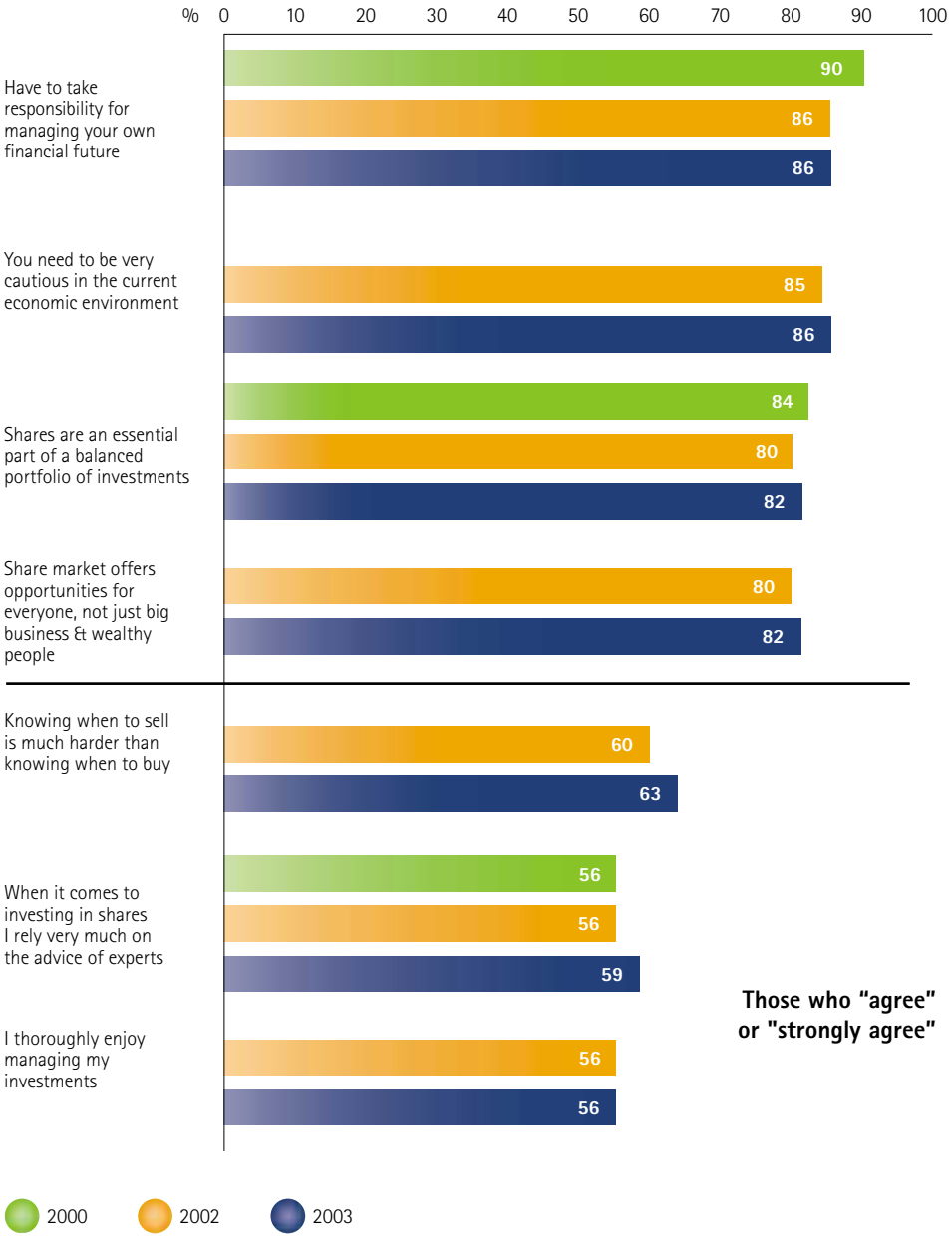


Base: Have direct investments (2002 n = 893; 2003 n = 948)

Investors' Attitudes Towards Shares

- As in 2002, share owners still strongly believe that they have to take responsibility for managing their own financial future, that shares are an essential part of a balanced portfolio of investment and that the share market offers opportunities for everyone. They also feel they have to be cautious in the current economic climate.
- They also still enjoy managing their own investment, despite relying on the advice of experts and believe that knowing when to sell is much harder than knowing when to buy.

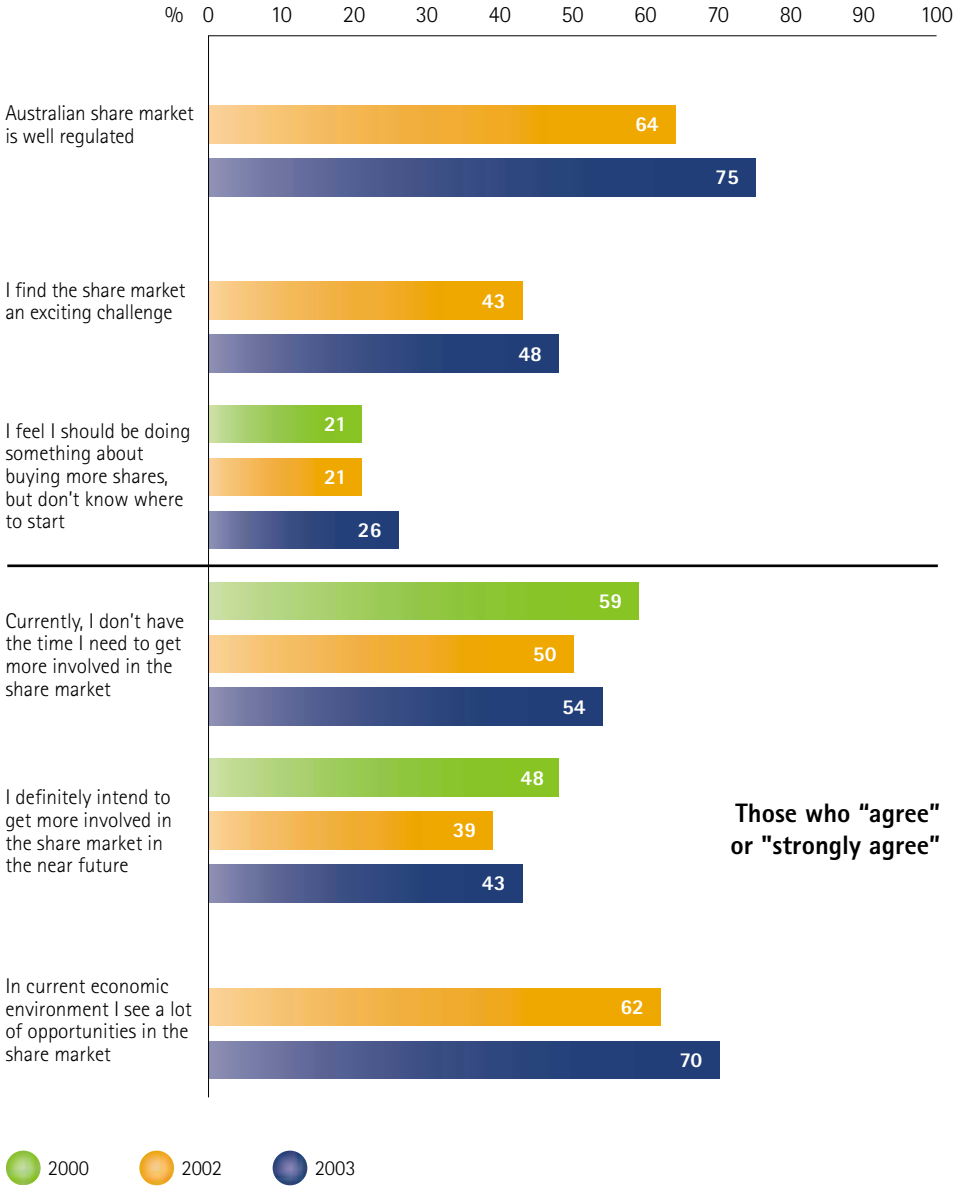
Consistent Attitudes to Investments



Base: Have direct investments (2000 n = 523; 2002 n = 893; 2003 n = 948)

- Positive changes in attitudes have been the belief that the Australian share market is well regulated (increasing from 64% to 75%) and that the sharemarket is an exciting challenge (43% to 48%). They are more likely to believe there are opportunities in the sharemarket (62% to 70%) and have an intention to get more involved in the near future (39% to 43%).
- There are more people claiming they don't know where to start when it comes to shares (21% to 26%) and that they don't have time to get more involved (50% to 54%).

Changing Attitudes to Investments

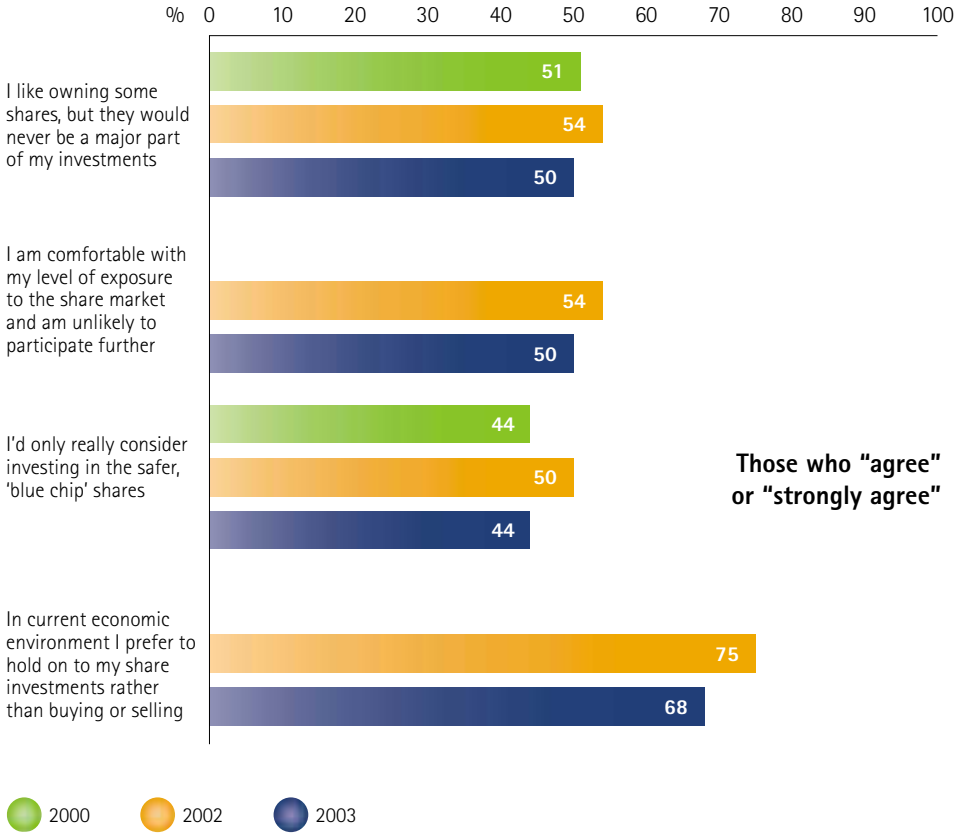


Base: Have direct investments (2000 n = 523; 2002 n = 893; 2003 n = 948)

Investors' Attitudes Towards Shares

- Other more positive attitude shifts have been that fewer people are saying that shares will never be a major part of their investments and that they are unlikely to participate further (from 54% in 2002 to 50% in 2003, in both cases), and that they would prefer to hold onto shares rather than buy or sell (75% in 2002 to 68% in 2003).
- The proportion only considering investing in blue chip shares has decreased from 50% in 2002 to 44% in 2003, possibly in light of recent publicity surrounding some well known companies.

Changing Attitudes to Investments



Base: Have direct investments (2000 n = 523; 2002 n = 893; 2003 n = 948)

Likelihood of future activity

- In 2002, 40% or 2.2 million direct share investors indicated that they are likely to purchase shares in the next 12 months. In 2003, this increased to 50% or 2.8 million people. In terms of the total population this is an increase from 15% to 20%.
- The proportion of non-direct shareowners anticipating purchasing shares in the next 12 months has increased marginally from 12% to 14%.
- Consequently in terms of the total population, those likely to purchase shares in the next 12 months has increased from 22% to 28% in 2003, largely due to the anticipated activity by direct share owners.

International Share Comparison

- Based on recent trends and market conditions, it is anticipated that like the Australian experience, many countries may show a favourable level of share ownership among the general population. It is still expected that Australia will have one of the highest levels of share ownership among the population.
- Please note that this table is provided to give an indicative comparison and not an absolute comparison. Several factors lead to the findings not being directly comparable including different definitions of direct, indirect, shares, stocks and funds; different methodologies, sample sizes, sampling frames and different interviewing periods.
- At the time of writing this report, the release of many major international share owners studies were still pending.

International Comparison

	98	99	00	01	02	03
Australia – Direct Direct/Indirect	32% 40%	41% 54%	40% 52%	n/a	37% 50%	39% 51%
USA – Direct/Indirect	49%	48%	n/a	52%	50%	n/a
Canada – Shares/Funds	n/a	n/a	49%	n/a	46%	n/a
Switzerland – Shares Shares/Funds	n/a	n/a	32% 34%	n/a	24% 25%	n/a
Germany – Shares Shares/Funds	7% 11%	8% 13%	10% 19%	9% 20%	8% 18%	8% 17%
UK – Stocks/Shares	24%	25%	25%	24%	22%	n/a
Hong Kong – Shares	n/a	16%	21%	20%	20%	n/a
Korea – Stocks	7%	9%	9%	8%	8%	n/a
Sweden – Shares	n/a	n/a	22%	22%	21%	23%
Finland – Shares Shares/Funds	n/a	n/a	22%	26% 40%	n/a	26% 37%
Netherlands – Shares	21%	25%	28%	26%	24%	20%

NB: Studies not directly comparable due to different data collection methods & definitions.
NB: USA & Finland studies based on households, other studies are based on individuals.

Sources:

Australia	'2003 Australian Share Ownership Study', Australian Stock Exchange March 2004
USA	'Recent Changes in US Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances', US Federal Reserve Board, and 'Equity Ownership in America 2002', Investment Company Institute and the Securities Industry Association
Canada	'Canadian Shareowners Study', Toronto Stock Exchange, July 2002
Switzerland	'Equity Ownership in Switzerland 2002', Swiss Banking Institute, University of Zurich
Germany	'Deutsches Aktieninstitut FactBook', Deutsches Aktieninstitut, November 2002 & November 2003
UK	'Private Share Ownership in Britain 2002', Proshare, September 2002
Hong Kong	'Retail Investor Survey 2001 and 2002', Hong Kong Exchanges and Clearing Limited, May 2002 & April 2003
Korea	'2002 Shareownership in Korea' Korea Stock Exchange
Sweden	'Ownership of shares in companies quoted on Swedish Exchanges', Statistics Sweden, November 2002 & 2003
Finland	'Survey of household saving and investing patterns 1990-2003', Finnish Foundation for Share Promotion
Netherlands	Statistics Netherlands, Voorburg/Heerlen

About the 2003 Australian Share Ownership Study

This research report is based on the findings from a comprehensive quantitative study and was funded from the National Guarantee Fund's Financial Industry Development Account (FIDA) to support industry knowledge on Australian investors.

Undertaking this study on behalf of ASX was Millward Brown – an independent and international market research company.

The main aim of this study was to continue to statistically track the incidence of share ownership among the Australian population and to profile current shareholders in terms of demographics, activity, trading behaviour and attitudes.

A sample of 2,402 Australian adults aged 18 years plus was drawn from across all States (including the ACT) covering both metropolitan and non-metropolitan areas using the latest Telstra White Pages.

Interviews were conducted by telephone in November 2003, with each taking on average 20 minutes to complete.

Strict stratified random sampling procedures were employed, including random selection of households, and random selection of individuals in each household. To ensure the sample captured those people who are frequently away from home, a system of callbacks and appointments was incorporated. This ensured the integrity of the sample.

All interviewers were fully trained and all interviews complied with Interviewer Quality Control Australia and were under constant managerial supervision.

To accurately reflect the population, the data was weighted to reflect the known Australian adult population by gender, age and State as per the latest Australian Bureau of Statistics information.

As this study was based on a sample of people and not the entire population (ie census) it is subject to sampling error, which is inherent in all sample based research. Any analysis of this study should therefore take into account the likely variability of findings using the table below:

For a sample of 2,500 at a confidence level of 95%, sampling tolerance (variability) for percentaged survey results at or near...

Percentage near 5 or 95 + _1
Percentage near 10 or 90 + _1
Percentage near 15 or 85 + _1
Percentage near 20 or 80 + _2
Percentage near 30 or 70 + _2
Percentage near 40 or 60 + _2
Percentage near 50 or 50 + _2

Using the finding of 39% of the population owning direct shares as an example. This figure is close to 40%, so in 95 cases out of 100 it will fall between 37% and 41% (39% +_ 2%) and still be a valid and reliable finding.

Definitions

Adults
All people in Australia aged 18 years and over.

Both (ie multiple ownership)
People who have invested directly in the sharemarket as well as indirectly via managed funds or a personal superannuation plan that invests in shares and is set up by the individual and managed either by a fund manager or personally by the individual.

Derivatives
Derivatives are defined as call or put options, warrants or futures. These instruments give the right, but not an obligation, to buy or sell an underlying security or notionally buy or sell a market index.

Direct Share Owners
Owners of shares in companies listed on a stock exchange. Shares may be purchased via a broker or prospectus, units in a listed property trusts purchased through a broker or prospectus, received as an inheritance, a gift, as part of a demutualisation or an employee share scheme. Also includes listed property trusts, derivatives and listed interest rate securities.

Incidence
This measurement refers to the penetration of share ownership in a defined group. For example, the incidence of direct share ownership among women was 35%. This means that 35 out of every 100 women invested directly in shares.

Indirect Share Owners
Indirect investment in either investment in a managed fund or personal superannuation that invests wholly or partly in shares where, (a) the individual has set up but is managed by someone else, or (b) the individual has set up and directly manages.

Listed Interest Rate Securities
An interest rate security is a security that pays a fixed or floating rate of return. The issuer usually promises to pay the investor a specified rate of interest per annum over the life of the security and to repay the principal at maturity.

Listed Property Trust
Listed Property Trusts allow investors to purchase an interest in a professionally managed portfolio of commercial real estate. Property trust investors gain exposure to both the value of the real estate the trust owns, and regular rental income generated from the properties.

Metropolitan
This term refers to the capital cities in each State.

Regional
Regional refers to all areas with the exception of capital cities in each State.

Retail Investor
A retail investor is an individual investing either directly or indirectly in the sharemarket.

Total Share Ownership
The sum of adult Australians who own shares directly, indirectly and both directly and indirectly.

For further information on products and services, including educational courses, please visit www.asx.com.au

Notes

Notes