



ASX

AUSTRALIAN SECURITIES EXCHANGE

2008 Australian Share Ownership Study



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Introduction

The Australian Securities Exchange (ASX) is pleased to release the findings of the 2008 Australian Share Ownership Study, conducted in December 2008. As the eleventh in a series dating back to 1991, it provides insights into the attitudes, knowledge and behaviour of retail share market investors in Australia. And given the series' longevity, we're able to track key changes over time.

The latest study identified that approximately 6.7 million people, or 41% of the adult Australian population, own shares. This is down from 46% two years previously and, undoubtedly, reflects investors' responses to current volatile market conditions after long periods of strong market performance.

While share ownership has declined, there are signs of optimism and resilience among Australian investors. The indications are that experiences gained in past market conditions are holding many investors in good stead today. There are, however, signs of caution and conservatism, as many investors take time to consider their responses to the current environment.

Significantly, despite the challenges presented by the global financial crisis, an increasing proportion of investors show a high degree of confidence in the supervision of the Australian market. Specifically, the Study found that investors trust ASX to run a well supervised market. Future intentions about the share market also remain favourable.

The Study revealed that while Australian investors are diverse in terms of their knowledge and interest in the share market, clearly defined market segments are in evidence. These segments can be used to help describe investors' approach to investing in the share market.

ASX would like to acknowledge the assistance of the Finance Industry Development Account (FIDA) of the National Guarantee Fund which has again funded this study. We also acknowledge Ipsos Research and Creative Catalyst Insights, the market research companies commissioned to conduct the 2008 study on behalf of ASX. The research companies worked well together, achieving a useful mix of market experience with fresh insights.

ASX is most especially grateful to the 2,400 adult Australians who participated in this Study and were willing to share their thoughts, attitudes and behaviours. It assists us greatly in understanding the key patterns and trends of investing, and in identifying the needs and priorities of investors. Our thanks go to all who participated.

We hope you find this publication valuable.

Key Highlights

The 2008 Australian Share Ownership Study was conducted at a time of considerable challenge for many investors. In this report ASX is pleased to share the key findings of the study and highlight the behaviour, attitudes and some of the challenges facing investors as expressed in late 2008. Key highlights of the 2008 Australian Share Ownership Study include the following:

41% of Australians own shares

In late 2008, 6.7 million people, or 41% of the adult Australian population, participated in the Australian share market. Their participation was either direct (via shares or other listed investments) or indirect (via unlisted managed funds). The level of direct participation was 36%, or approximately six million people. In 2008 the definition of direct investment was revised to include the investments of self-managed superannuation funds (SMSFs), unless those investments were in unlisted managed funds, to reflect the personal decision-making of the owner of the SMSF.

Total share ownership (direct plus indirect) has declined since 2006, although the proportion of investors who only invest directly has remained stable

Total direct share investment (direct investments held alone or concurrently with indirect investments) declined from 41% to 36%, while indirect share investment declined from 21% to 16% over the same period. The proportion of the population who *only* have direct investments has remained stable over the period, at 25% of the adult population. All forms of personal investing, including property, have declined since 2006.

Retail investors have rationalised their share portfolios

Investors have reduced the mean number of shares in their portfolios from eight to seven. In 2006, 24% of direct investors held shares in more than 11 companies. This proportion has fallen to 19% in 2008. However, over the period the average value of trades has remained constant.

Investors have become more cautious

While overall sentiment is still positive, the level of uncertainty in the market has risen. In 2008, more direct investors said that they preferred blue-chip shares; more felt confused about the information available on shares; and more lacked confidence in investing.

Overall, a sense of optimism remains

22% of retail investors claim they will buy shares in the next 12 months – this proportion rises to two thirds amongst confident investors, those most active and comfortable in the market. Similarly, most investors felt that late 2008 was a good time to buy or to hold onto shares, rather than to sell. The Study also found that investors trust ASX to run a well supervised market.

Four types of current investor

The study identified that four very different share market investor types exist. They are differentiated by two key dimensions – their level of skill and knowledge, and their emotional engagement with share market investments and investing.

- Confident investors are the most knowledgeable, enthusiastic and active.
- Diligent investors have similar skills and knowledge, but lack the emotional engagement with share ownership that confident investors have. They are often focussed on retirement, and are typically self-reliant and ensure they are well informed.
- Aspirational investors want the lifestyle of the confident investor, but lack knowledge and confidence.
- Delegators know that they need to use the share market, but wish to interact with it as little as possible.

Fewer confident direct investors

The Study suggests that some previously confident investors have changed their attitudes to investing, becoming more cautious and 'diligent'. Some have left the market altogether, but do show a pre-disposition to return.

Some lapsed investors will return

For the first time, the 2008 Australian Share Ownership Study measured the attitudes and behaviour of lapsed investors. 15% of all Australian adults used to own shares or listed investments but no longer do so (mirroring the decline in ownership mentioned above).

ASX has labelled some lapsed investors as 'potential' investors because they exhibit attitudes commensurate with investing. For them, the share market is exciting and they would get more involved if they knew more about it or had greater financial resources.

However, the return of lapsed investors may take time; only 29% of the 'potential' segment say that they will definitely or probably return in the next 12 months.

Brokers

The study reveals investors seem to be developing transaction-based relationships with brokers and moving away from service-based relationships. 53% of 2008 direct investors said they had a broker they currently had a service-based relationship with, compared to 58% in 2006.

Overall satisfaction with online and full-service brokers, and financial planners and advisers remains high. Different segments show a preference for different channels, in line with their knowledge levels and emotional engagement with investment.

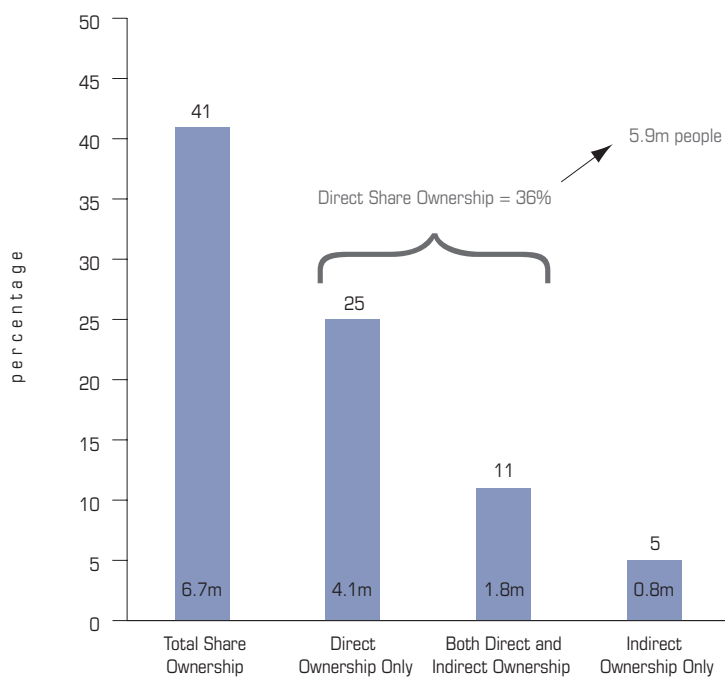
Key Findings

Share Ownership in Australia

Overview

In late 2008, 6.7 million people, or 41% of the adult Australian population, participated in the Australian share market either directly (via shares or other listed investments) or indirectly (via unlisted managed funds). The level of direct participation was 36%, or close to six million people. Note that the Australian Share Ownership Study does not seek to measure share ownership through superannuation, other than SMSFs.

Total share ownership



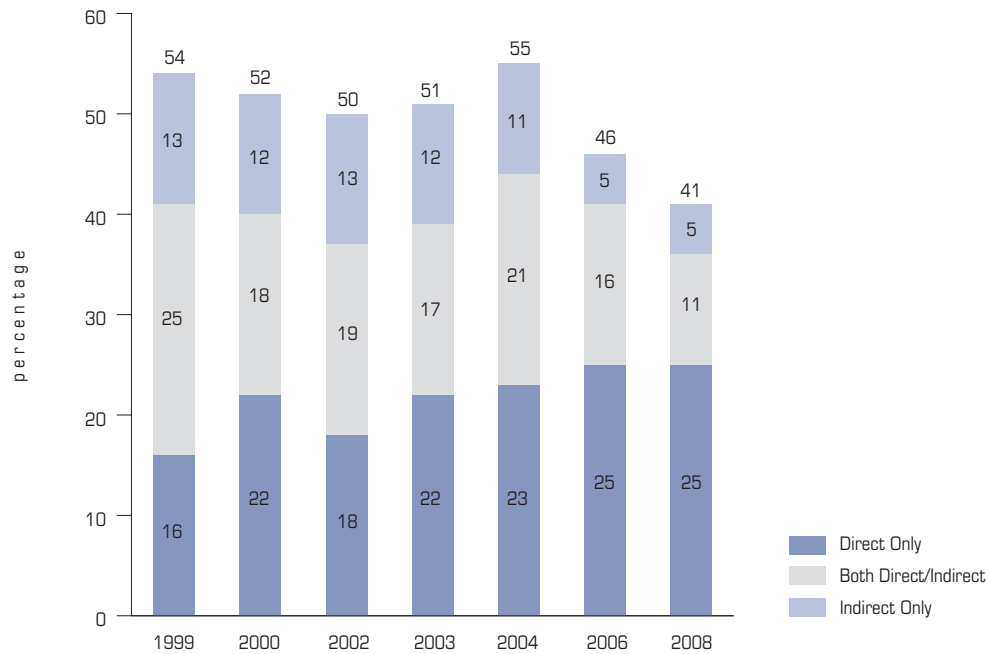
Base: All aged 18+ years: 2008 (n=2400)

Trend of Share Ownership

From highs of 55% in 2004, total share ownership (direct plus indirect) fell in 2006 and, again, in 2008. The decline in overall share ownership in 2008 was due to a drop in the proportion of the population investing *both* directly and indirectly. The proportion of the Australian population only investing directly remained stable at 25% between 2006 and 2008.

It should be noted that the definition of indirect ownership was revised in 2008. The 2006 figures were recalculated based on the revised 2008 definition. The previous definition resulted in direct ownership of 38% in 2006 and indirect share ownership of 24%. Under the revised definition SMSF share investments are considered to be direct unless they are investments in an unlisted managed fund.

Total share ownership



Base: All aged 18+ years: 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401)

NB: The definition of indirect ownership was revised in 2008 and the 2006 figures were recalculated based on that revised 2008 definition. The revised definition includes the share investments of self-managed superannuation funds as direct investments, unless they are investments in unlisted managed funds.

THE TOTAL NUMBER OF AUSTRALIANS INVESTING IN SHARES (000'S)

	1997	1998	1999	2000	2002	2003	2004	2006	2008
Direct only	1,645	2,277	2,184	3,133	2,628	3,212	3,358	3,471	4,096
Both	1,177	2,101	3,520	2,563	2,774	2,482	3,066	2,524	1,802
Indirect only	1,881	1,148	1,852	1,709	1,898	1,752	1,606	1,262	820
Total	4,703	5,526	7,556	7,405	7,300	7,446	8,030	7,257	6,718
2008 ABS population estimates 18+								15.8m	16.4m

While overall share ownership dropped from 46% to 41% from 2006 to 2008, in light of population growth figures this resulted in approximately 540,000 fewer Australian share owners by 2008.

Similarly, the percentage decline in direct share ownership from 41% to 36% from 2006 to 2008 meant that there were 100,000 fewer direct investors in 2008 than there were in 2006.

Why the Decline in Share Ownership?

As the following section shows in detail, the decline in share ownership between 2006 and 2008 is also mirrored in declining ownership of all other key types of investments over the same period. This suggests that volatile market conditions and a more pessimistic economic outlook have impacted on people's propensity to invest.

Other research, anecdotal evidence and observations of what is happening in other asset classes support the theory that many investors are currently focused on reducing their debt levels.

The proportions of investors who held only managed funds or direct share investments remained stable at 2006 levels. The decline in ownership came from the group of investors who own *both* direct share investments and managed funds. Although we cannot say with certainty, the data suggests these investors reduced their holdings in both shares and managed investments.

The data provides some insights into why these investors may have behaved as they did. Investors with dual holdings (direct and indirect) tended to come from the professional, university-educated sector; rely on 'experts' and have links to financial planners. They were

less likely to be self-directed investors. It is, therefore, more likely that their decision was based upon professional advice.

The 2008 Share Ownership Study measured, for the first time, the attitudes and behaviour of lapsed investors. The Study found that 15% of all Australian adults (approximately 2.5 million people) used to own shares or listed investments but no longer do so. Approximately half (46%) were labelled as 'likely to return' or 'lapsed potentials'. This contrasts with the findings of the qualitative research conducted as part of the 2006 study, where lapsed investors were generally disinterested in entering the share market.

Those likely to return as share owners say they still find the share market exciting and that they would get more involved if they knew more about it. 57% of 'lapsed potentials' said they believed it was a good time to buy shares, while another 24% said they thought it was a good time to hold shares.

Most don't expect to return to the market quickly. Only 29% of the 'potentials' say they will definitely or probably return in the next 12 months. They are likely, though, to keep a watchful eye on the market and work on building their knowledge for their return.

Of the lapsed investors, those who are likely to enter the market again at some stage are more likely to be males and they are younger than those less likely to return. They are also more likely to have pre-school or school age children, with the related financial obligations restricting their ability to be as active in the share market as they would like (particularly in the current environment where many are concerned about reducing their debt).

Ownership of Investments

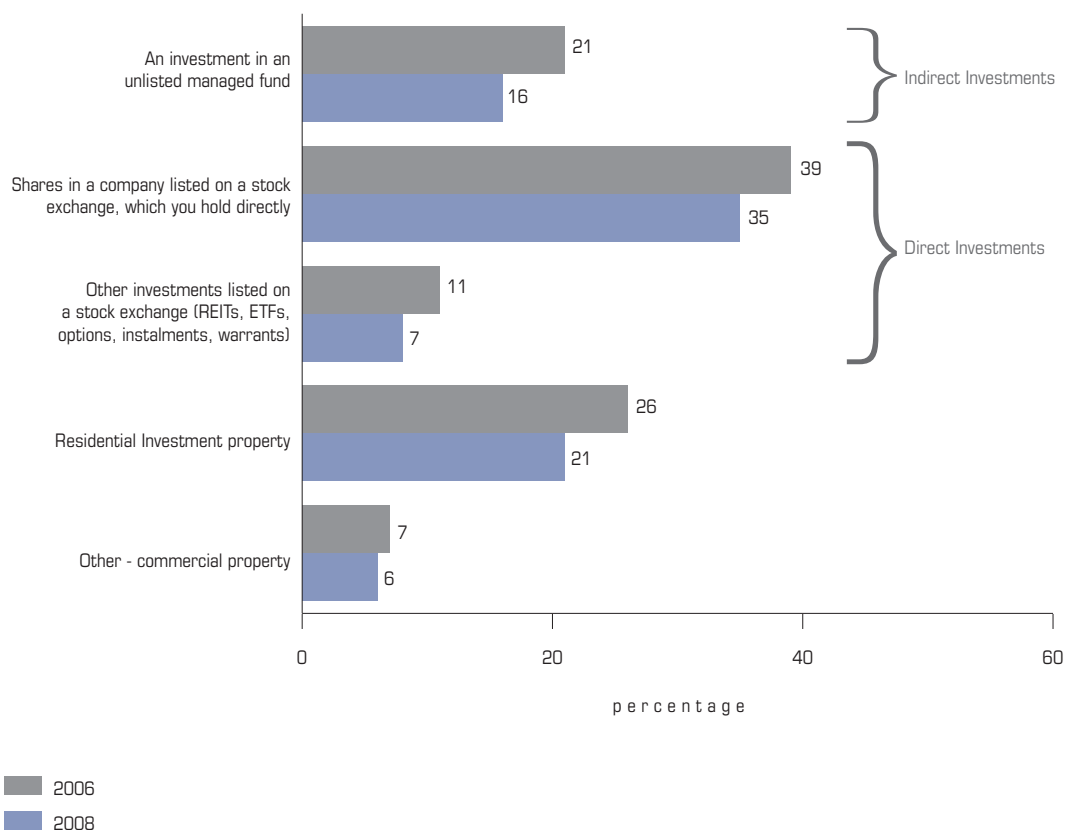
The decline in share ownership is also mirrored in declining ownership of other key types of investments among Australian adults.

The percentage of the population investing in unlisted managed funds that are not part of a superannuation fund continues its downward trend, from 22% in 2004, to 21% in 2006 and now to 16% in 2008.

Ownership of residential investment property has also declined.

There has been a decline in the percentage of the population holding other listed investments (not shares) on the stock exchange.

Ownership of investments



Base: All aged 18+ years: 2008 (n=2400); 2006 (n=2405)

The 2006 data has been recalculated, as described on page 6, to enable comparison between 2006 and 2008. The 2008 Study also included investments in self-managed superannuation for this question. The data reported in 2006 referred only to personal investments.

Direct and Indirect Share Ownership

Direct Share Ownership

There were 100,000 fewer direct investors in 2008 compared to 2006, with the percentage of direct investors declining from 41% to 36% (or to 35% for shares only).

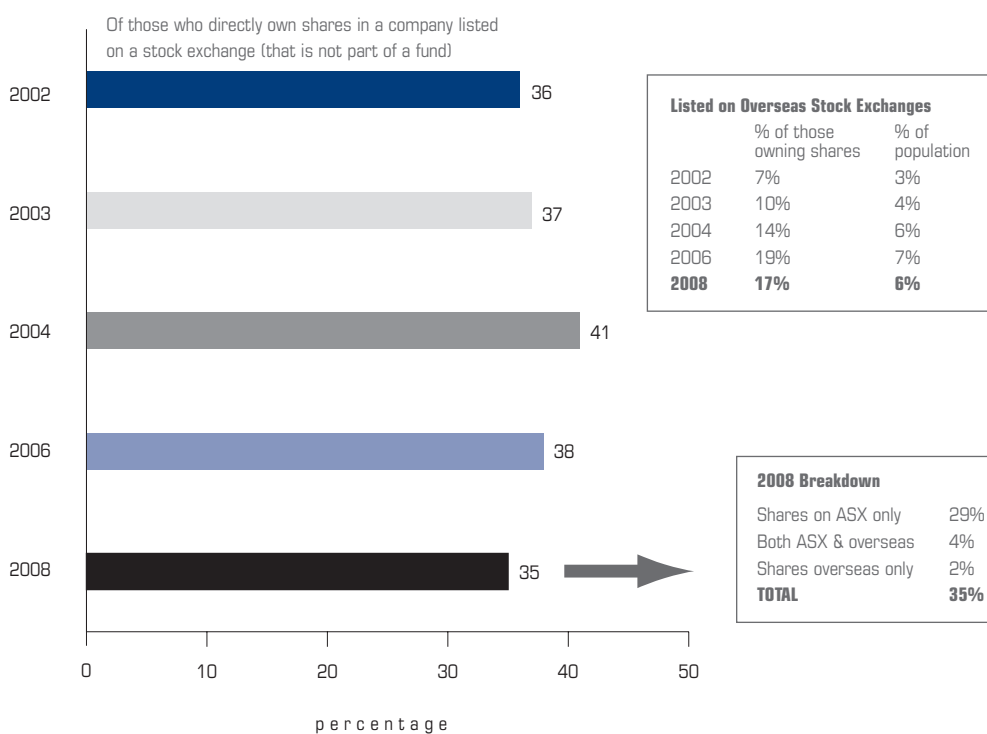
Direct share ownership is defined as having:

- Shares in a company listed on a stock exchange that are held either personally, via an SMSF, or via a company structure, but not as part of a managed fund or a superannuation fund;

- Other investments listed on a stock exchange, eg Real Estate Investment Trusts (or REITs), which were previously known as Listed Property Trusts (LPTs), Exchange Trade Funds (ETFs), options, instalments or warrants.

The growth in recent years in the proportion of share owners also having shares listed on an overseas exchange (up from 7% in 2002 to 19% by 2006) has shown signs of stabilising, with 17% of share owners in 2008 also having shares listed on other exchanges. The vast majority of those owning shares on ASX (83%) don't hold shares on overseas exchanges.

Ownership of shares



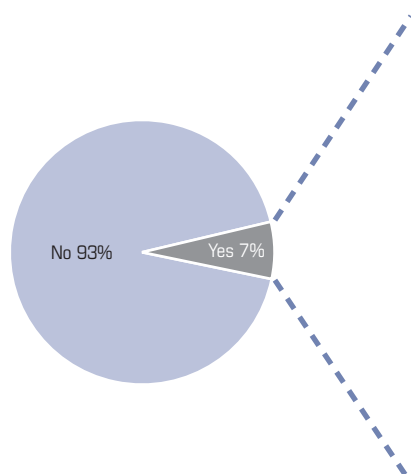
Base: All aged 18+ years: 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401)

The 2008 Study drilled down more than previously into the types of other listed investments held. REITs remain the major form, increasing from 51% in 2006 to 55% in 2008. The level of ETF holdings is quite low, reinforcing that the global growth of the ETF category has not been mirrored in the Australian market.

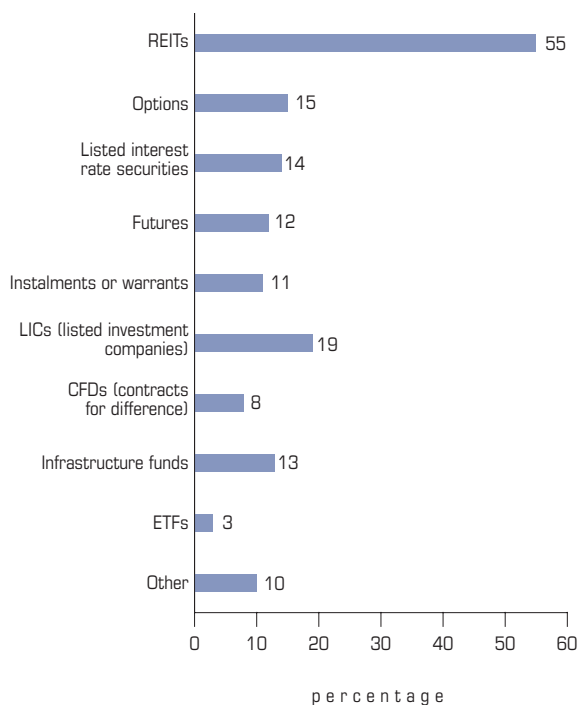
One area of growth has been in listed interest rate securities, up from 6% in 2006 to 14% in 2008.

Other direct investments held

Have other investments listed on a stock exchange



Type of other listed investments held



Base: All aged 18+ years: 2008 (n=2400)

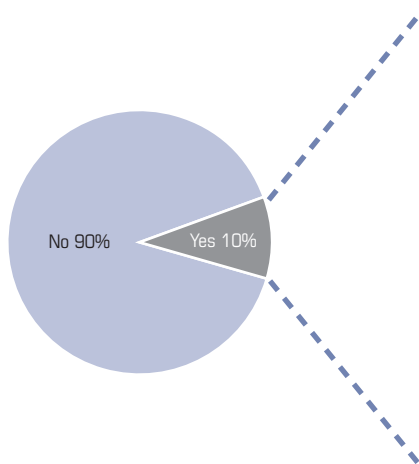
Base: Other listed investments held personally, via an SMSF or company structure (n=167)

Self-Managed Superannuation Fund Investments

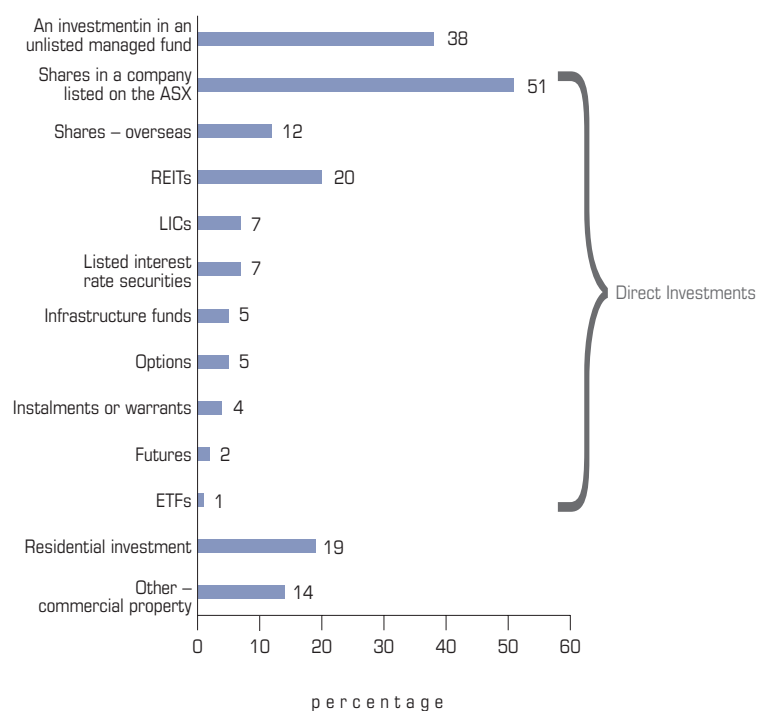
The 2008 Study captured more specific information of the range of listed investments held by SMSFs. The proportion investing in unlisted managed funds decreased from 48% in 2006 to 38% in 2008. The other top investment choices for SMSFs remain shares in a company listed on ASX, overseas shares and REITs, as in 2006.

Investments held as part of self-managed superannuation fund

Own self-managed superannuation fund



Types of investments held as part of a self-managed superannuation fund



Base: All aged 18+ years 2008: (n=2400)

Base: Have self-managed superannuation fund (n=241)

Indirect Share Ownership

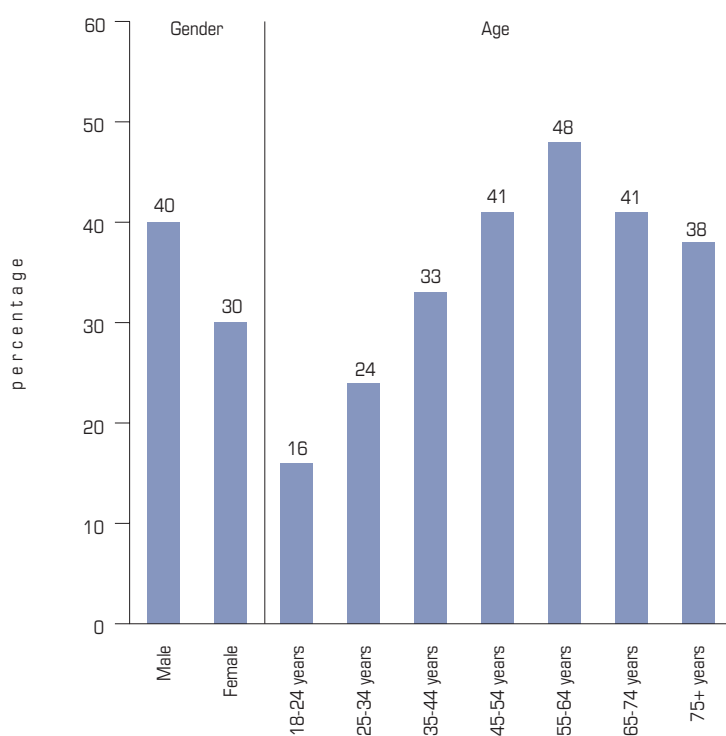
Indirect share ownership declined by 5% as measured in the 2008 Study. Under the revised definitions, indirect investments are investments in an unlisted managed fund that is not part of a superannuation fund. All investments held within SMSFs were previously considered as indirect. Now, listed investments held by SMSFs are considered direct, reflecting the personal decision-making of the owner of the SMSF.

Typical Profile of a Direct Share Owner

40% of adult Australian males were direct share owners in 2008, the same figure as in 2006. However, the proportion of women who are direct share owners declined from 37% in 2006 to 30% in 2008.

The age profile of share owners was similar in 2006 and 2008, with the likelihood of share ownership increasing with age. The 2008 Study was more granular in questioning the 55-plus population, with the result showing that the peak level of share ownership is the 55-64 age group. The level of share ownership declines after age 65, although it remains strong, with almost four in 10 of those aged 75-plus being share owners.

Gender and age of direct share owners

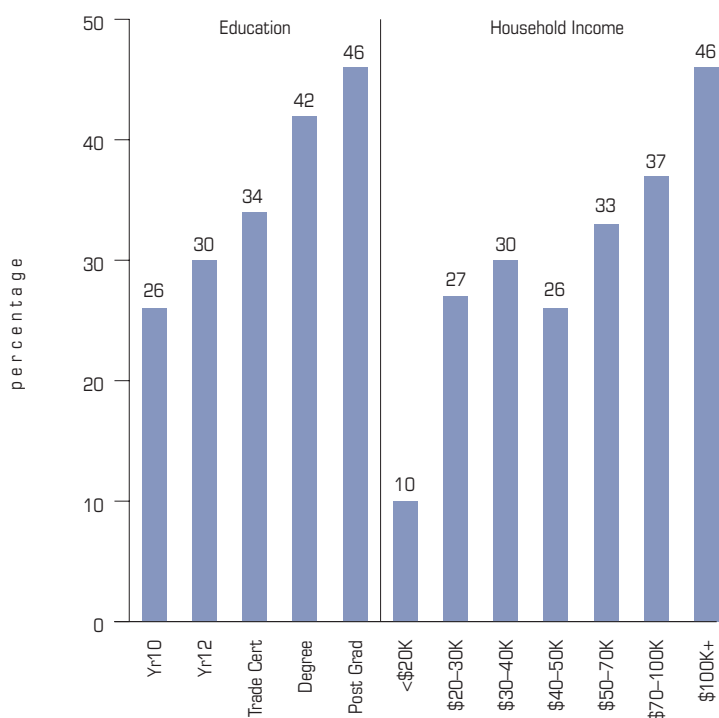


Base: All aged 18+ years: 2008 (n=2400)

2008 showed similar education and income profiles for direct share owners as were seen in 2006. In both years, people with higher education levels were more likely to be share owners than those with lower levels. While 50% of those with post graduate degrees were share owners in 2006, this declined to 46% in 2008.

People with higher household incomes were also more likely to be direct share owners, with almost half of those with household incomes over \$100,000 p.a. being direct share owners.

Education and household incomes 2008

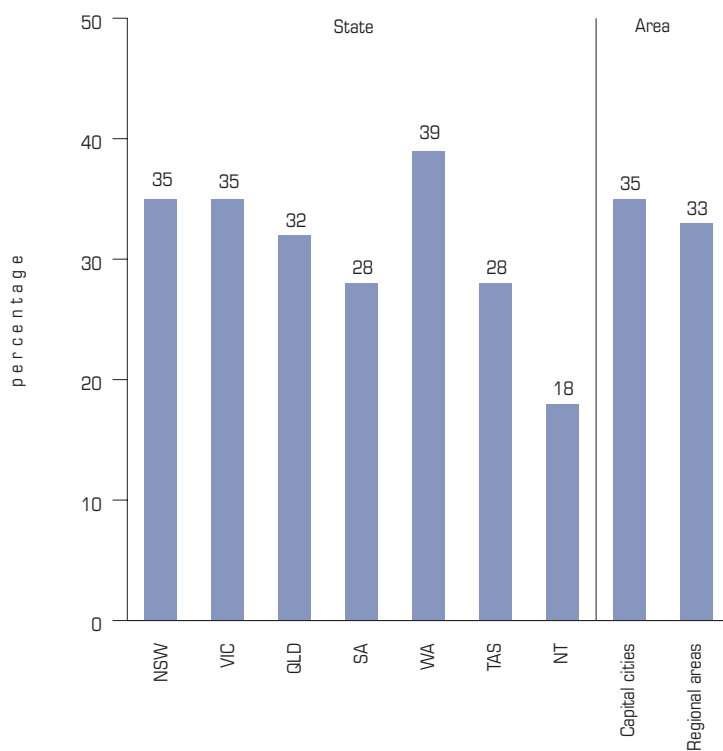


Base: All aged 18+ years: 2008 (n=2400)

In 2008, direct share ownership was highest in Western Australia (at 39%), with the percentages in both NSW and Victoria being 35%.

In 2008 there was not the same marked difference between direct share ownership in capital cities and regional areas as there was in 2006, when the percentage in capital cities was 42% and the percentage in regional areas was 32%.

State and area of direct share owners 2008



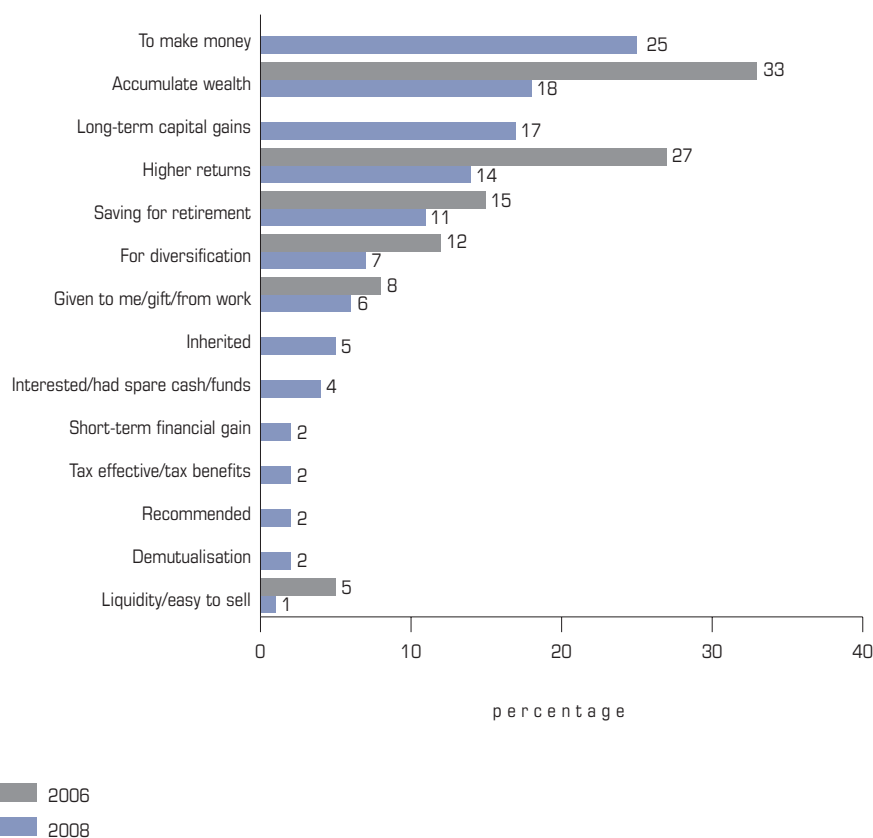
Base: All aged 18+ years: 2008 (n=2400)

Investor Behaviour

Reasons for Investing in Direct Shares

Some additional statements were added to the Study in 2008. The predominant reason for investing in shares in 2008 was to 'make money'. Relatively fewer people said they were looking to accumulate wealth. In 2008, 17% said their reasons were longer term focused, in that they were seeking to achieve long-term capital gains. In 2008 there was more diversity in people's reasons for directly investing, with some investing inheritances or spare cash and others taking a more short-term perspective.

Reasons for investing in shares

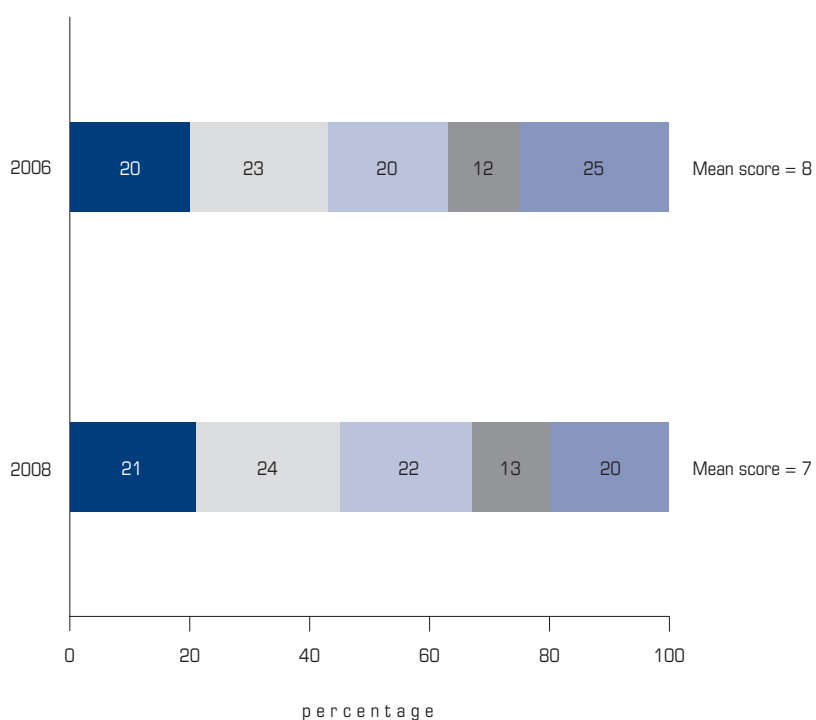


Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904)

Number and Type of Stocks in Share Portfolio

In 2008 the indications were that the most active retail investors were rationalising their share portfolios. The number of investors with portfolios of 11 or more companies declined from 25% in 2006 to 20% in 2008, while the number holding shares in six companies or less increased from 63% in 2006 to 67% in 2008. Over the period the mean number of companies in which shares were held declined from eight to seven.

Number of companies in share portfolio



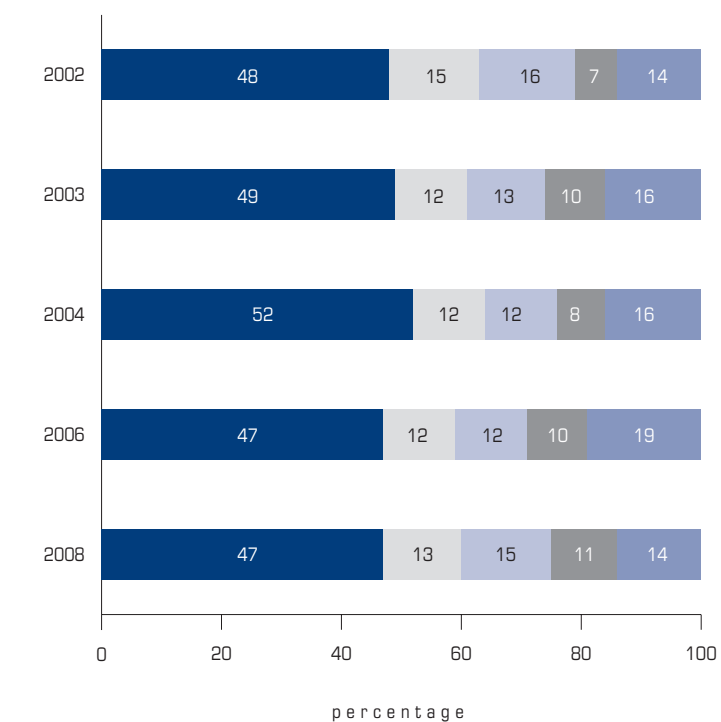
- One
- Two to three
- Four to six
- Seven to 10
- 11+

Base: Current share owners (Australia) (excludes other listed investments): 2008 (n=765); 2006 (n=883). Don't knows excluded.

Investor Activity

Trading activity levels in 2008 were very similar to 2006, with 47% in both years saying they hadn't traded shares in the past 12 months. In 2006, investors were a little more likely to have traded four or more stocks than they were in 2008.

Number of times bought or sold shares in the past year

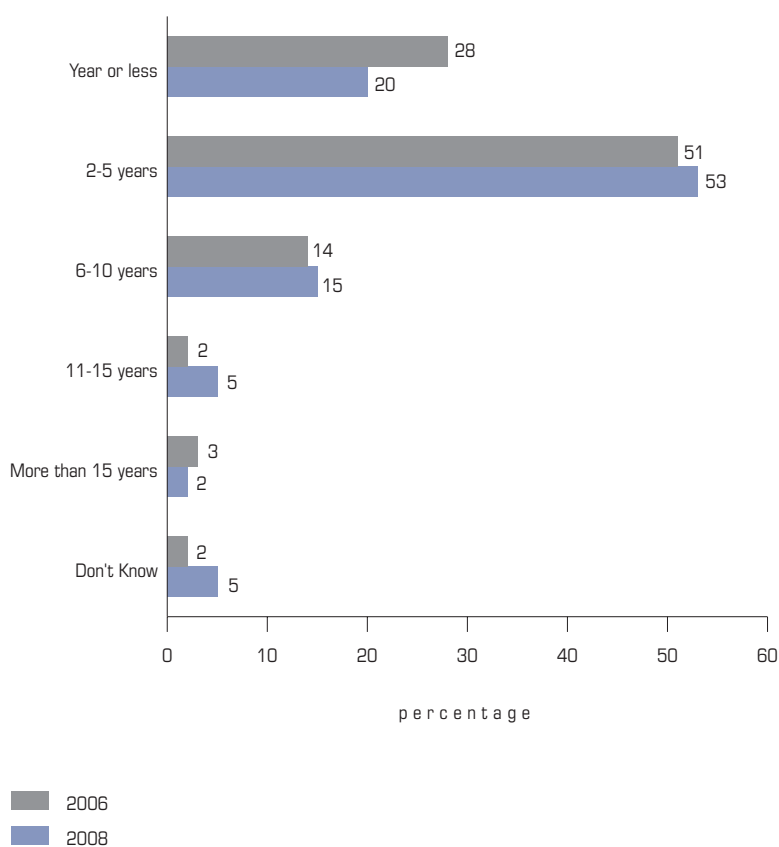


- None
- One
- Two to three
- Four to six
- Seven +

Base: All current direct investors (Australia) (excludes don't knows): 2008 (n=816); 2006 (n=904); 2004 (n=1044); 2003 (n=914); 2002 (n=815)

Of those who sold shares in the 12 months prior to late 2008, half had held them for two to five years, a similar proportion as in 2006. In 2008 fewer share owners sold shares they had held for less than 12 months. Recent market conditions may have discouraged many investors from a short-term, speculative approach to the market. Very few share owners sold shares they had held for over 10 years.

Portfolio turnover



Base: Direct investors who have sold in the last 12 months: 2008 (n=247); 2006 (n=316)

The table below shows the average value of trades increased only slightly from that of 2006. However, the average value invested declined substantially, going back towards the figures of 2004. The portfolios of many share owners have clearly been impacted by the decline in market performance over that period.

INVESTOR ACTIVITY

	2002	2003	2004	2006	2008
Average value of trades	\$8,830	\$10,650	\$11,150	\$14,200	\$14,400 ¹
Average value invested	\$77,800	\$124,050	\$120,450	\$190,600*	\$130,100

* 2006 clarified to value of shares today not the value when first purchased.

¹ These average trade figures refer to direct shares traded in the last 12 months. In 2008 we also measured the average number of trades in other listed investments in the last 12 months – see page 32.

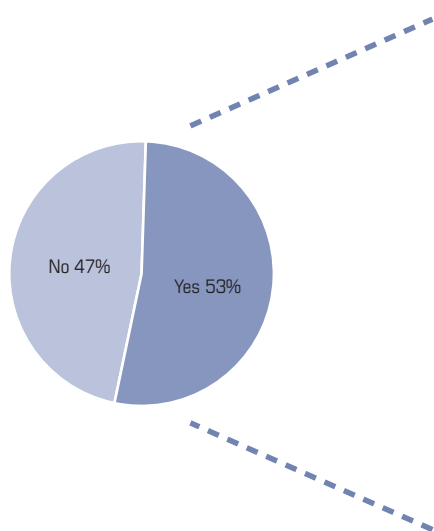
Note: Please be aware that average figures are indicative and directional only as these rely on memory and 'average' figure reports. In effect, we are averaging reported 'averages'.

Use of Brokers

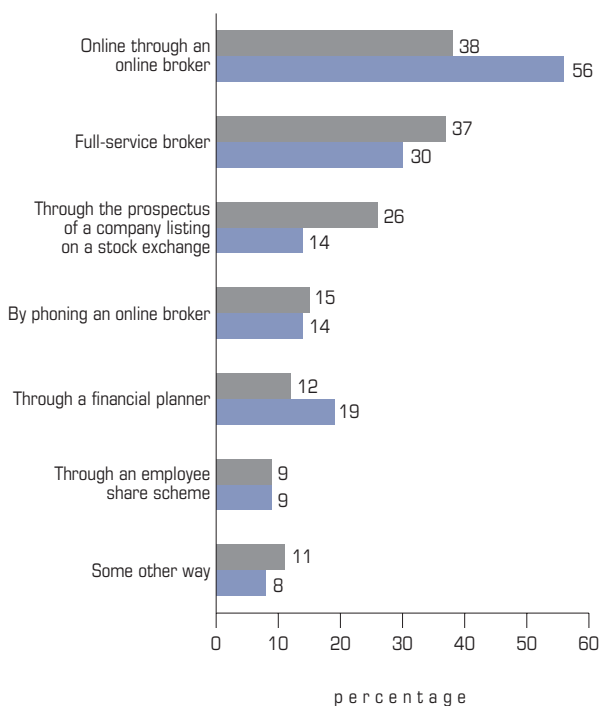
Just over half of those with direct investments traded shares in the last two years, with an increasing proportion using online brokers. While 70% overall used online brokers (either via an internet site or via phone), this was especially high for the confident segment of investors (79%). Use of financial planners and advisers also grew, largely because of the strong reliance upon them by the delegator segment.

Method of buying or selling shares

Have bought or sold shares in the last two years



Method used for buying or selling shares in last two years



2006
2008

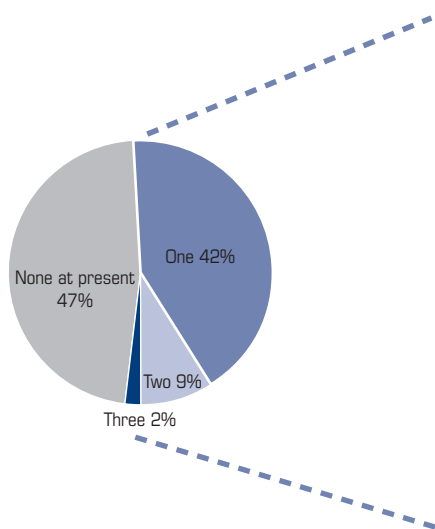
Base: All current direct investors (Australia): 2008 (n=816)

Base: Have bought or sold shares in the past 2 years: 2008 (n=435); 2006 (n=475)

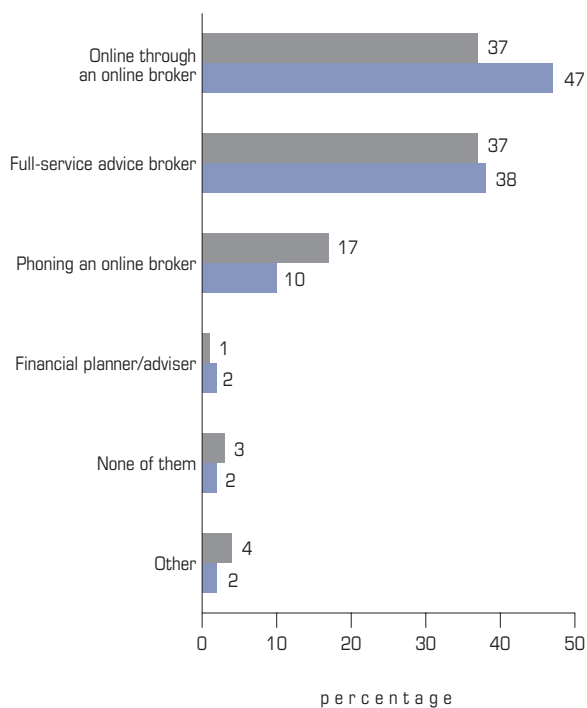
Of those with direct investments, 47% said they did not currently have a broker. If they used brokers, most said they only used one. Again, usage of online brokers (especially via their websites rather than phone) increased substantially.

Number and type of broker used

Number of stockbrokers currently use



Type of broker used



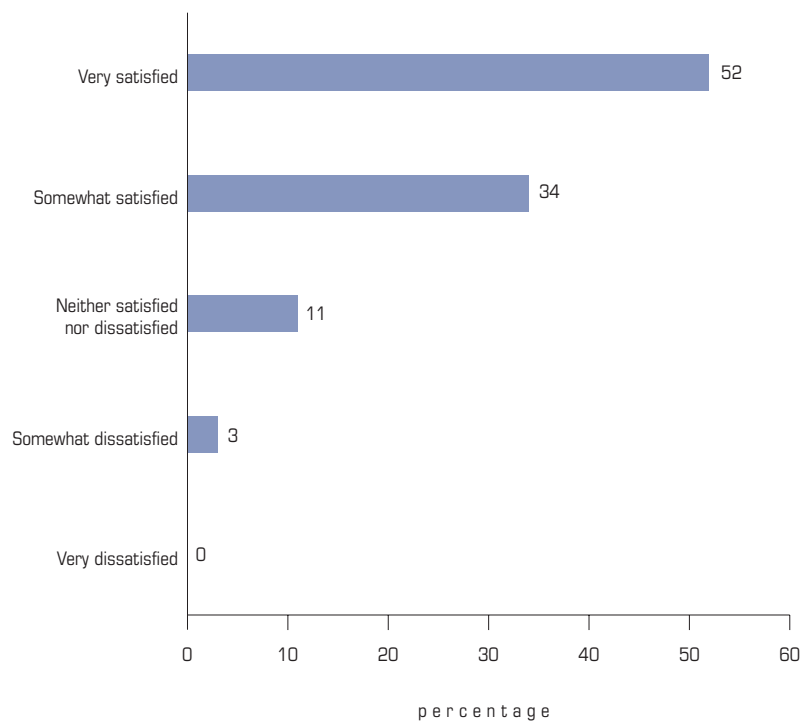
2006
2008

Base: All current direct investors (Australia): 2008 (n=816)

Base: Those having a current broker: 2008 (n=426); 2006 (n=520)

While choice of broker type varies between segments of investors, overall satisfaction levels with brokers (be they online or full-service) remain very strong. Scores for the confident segment were especially strong.

Satisfaction with brokers

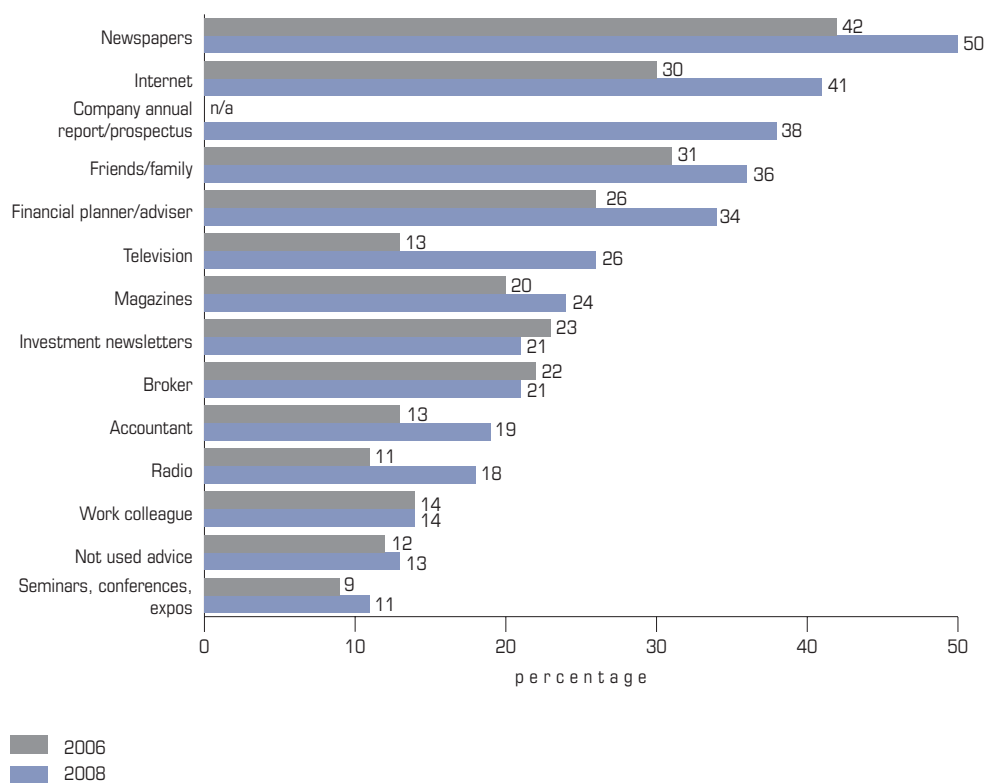


Base: All having a current broker: 2008 (n=426)

Sources of Advice and Information

In 2008 current direct share owners showed, once again, that they are active seekers of information about the market and the performance of their investments. They read ever more widely – newspapers, annual reports and company prospectuses, magazines and newsletters. They continue to use the internet even more. They speak increasingly to ‘experts’, particularly financial planners and advisers, brokers and accountants. They are keen to learn from the experience and hear the advice of trusted family and friends.

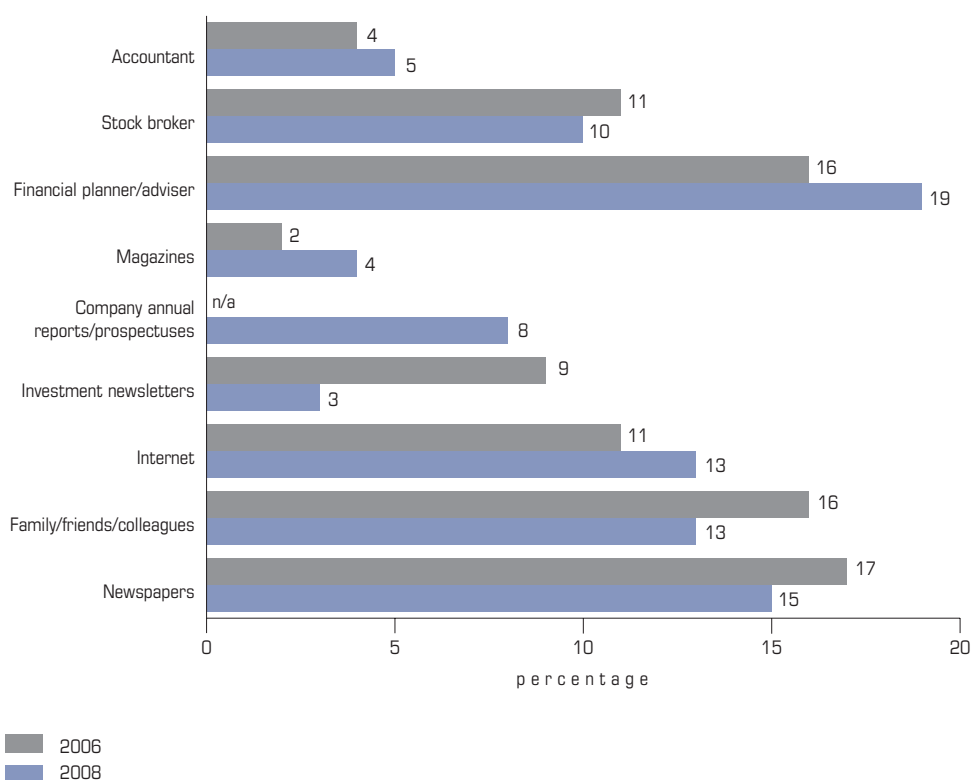
All sources of advice and information



Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904)

Interestingly, when asked what source of investment advice and information influenced their decisions most, the responses of direct investors were split between those who identified a 'professional adviser' such as a financial planner or adviser, a stock broker or an accountant, and those whose preference was to be more self-reliant in making their decisions. The latter identified newspapers and magazines, the internet, family, friends and colleagues, or company or annual reports as their main source of information or advice. The study reinforced that many of today's investors prepare themselves quite thoroughly and make independent decisions.

Key sources of advice and information



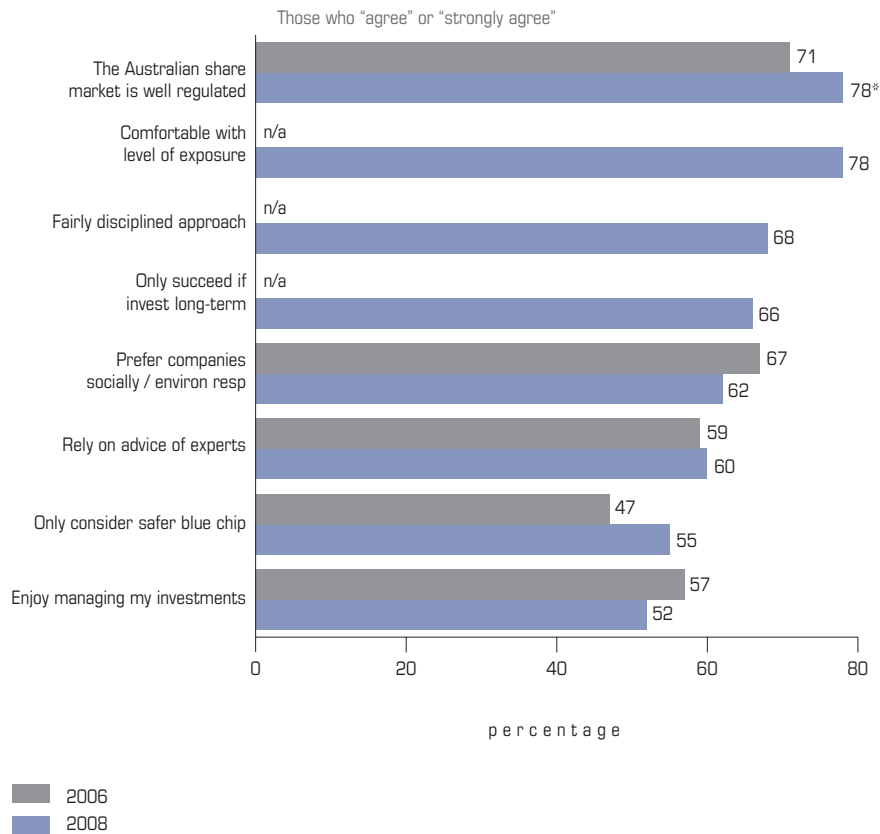
Base: All current direct investors (Australia) who have used advice in the last 12 months: 2008 (n=711); 2006 (n=509)

Investor Attitudes

Key Attitudes

The research results showed that the majority of direct investors are quite comfortable with their level of exposure and revealed that direct share owners mostly take a disciplined and long-term approach to their share market activity. 2008 direct investors showed continuing interest in the share market, with over half still saying they enjoyed managing their investments. More direct investors showed a preference for investing in blue chip shares, a reflection of their uncertainty about the market. Interestingly, there has been a slight decline in the percentage of direct investors expressing their preference for investing in socially and environmentally responsible companies.

Attitudes towards investing

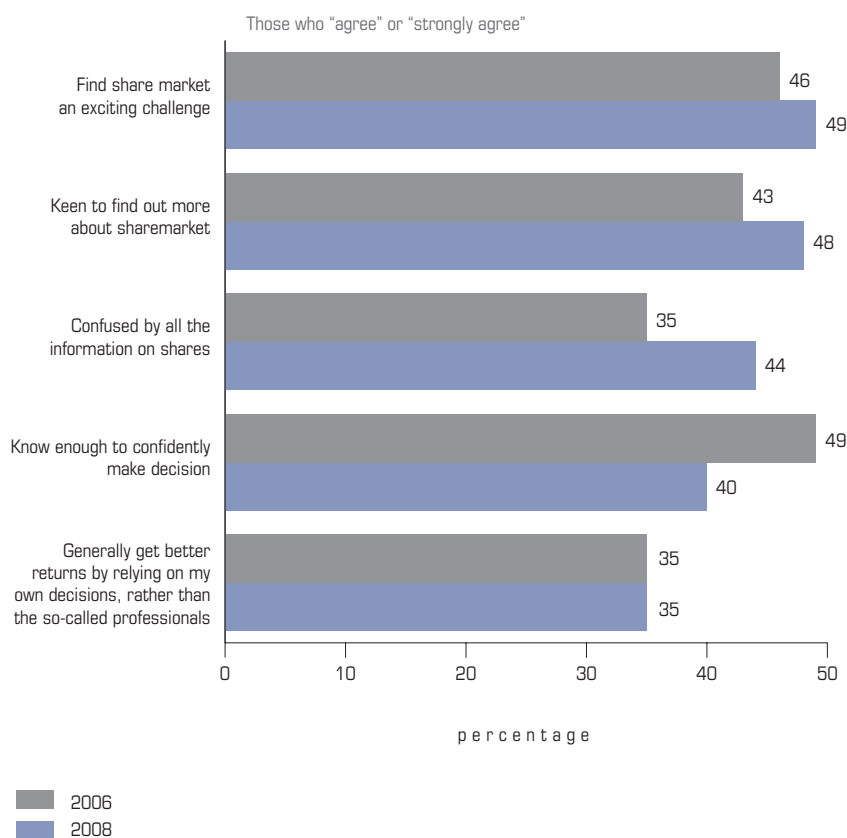


Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904)

* In 2008 the specific statement was changed to the following: 'I trust ASX to run a well regulated market'.

While overall sentiment was still positive, the level of uncertainty in the market had risen. More direct investors felt confused about the information available on shares, and more lacked confidence in investing. At the same time, and in challenging market conditions, one in two direct investors expressed their desire to find out about the share market, which they find an exciting challenge. This supports the view of the resilience of Australian share owners.

Attitudes towards investing



Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904)

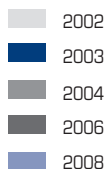
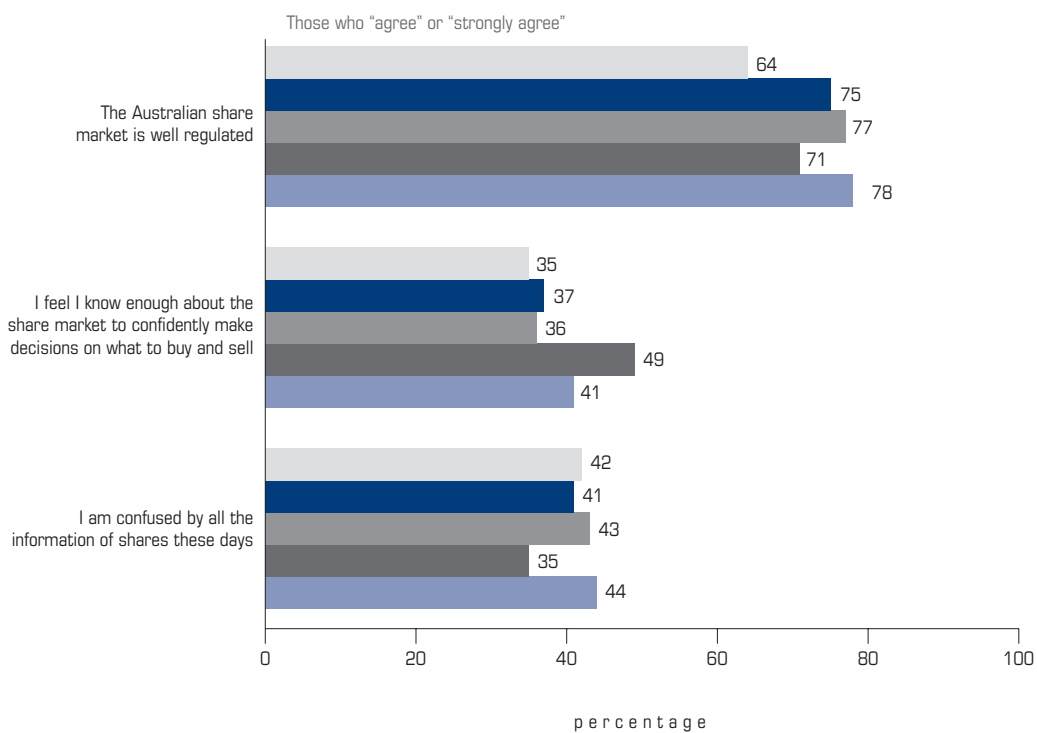
Changes to Attitudes

One of the major benefits of conducting a similar study for over a decade is the ability to track key attitudes over time. Importantly, confidence in the regulation of the Australian share market continues to grow. The specific statement about the regulation of the Australian share market was changed in 2008 to 'I trust ASX to run a well regulated market'. It is also clear that investors' personal confidence in their ability to make the right buy/sell decisions declined in 2008 (compared to 2006), although investor confidence is still higher than it was in 2004 and earlier.

As is perhaps not surprising, investor 'confusion' is also higher than it was in 2006.

The overall message from 2008 investors appears to be that they retain optimism about and interest in the share market. However, they are a little less assured that they are making the right investment decisions and a little more confused about what the available information is telling them.

Changing attitudes

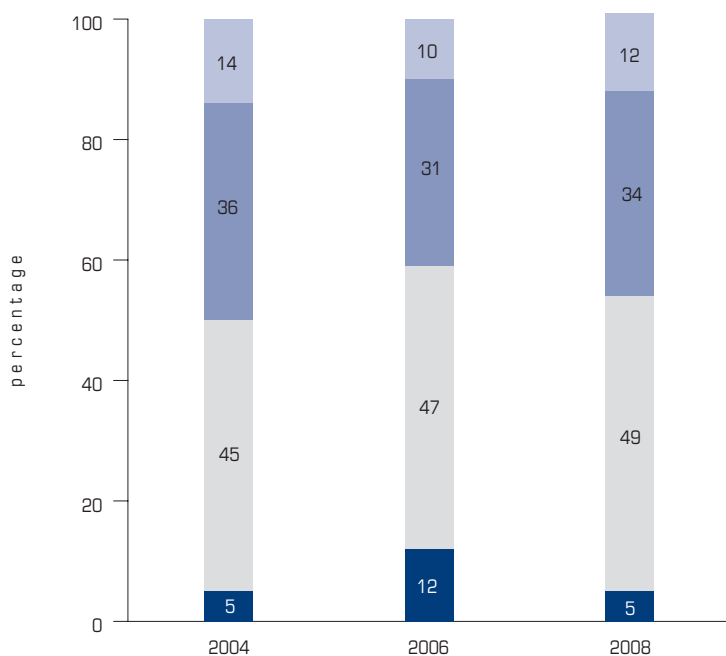


Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904); 2004 (n=1067); 2003 (n=948); 2002 (n=893)

Perceived Knowledge about Shares

In light of the challenges presented by the world's markets in recent times, it is probably not surprising that a declining percentage of adult Australians would rate themselves as very knowledgeable about shares. Experiences have made them a little more wary. Confidence has not been dented greatly, though, with over half rating themselves as very or somewhat knowledgeable. It appears for the majority of share owners that the experiences gained while markets were performing more strongly have been valuable in dealing with more challenging market conditions. 46%, though, are not very confident about their knowledge levels.

Perceived share knowledge



- Very knowledgeable
- Somewhat knowledgeable
- Not very knowledgeable
- Not at all knowledgeable

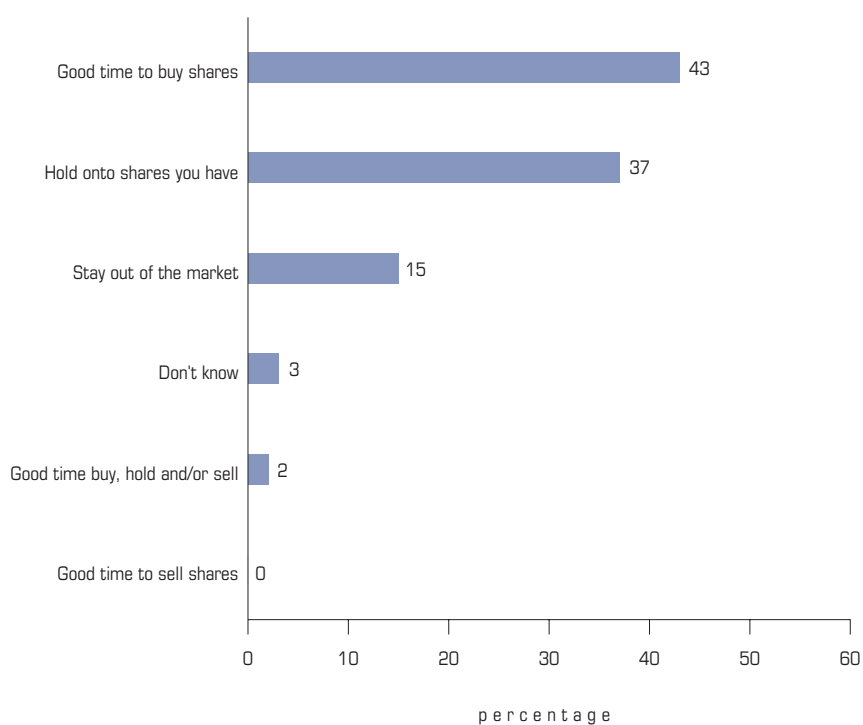
Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904); 2004 (n=1067)

The Outlook

A Sense of Optimism Remains

In 2008 investors were asked their views about whether it was a good time to buy/hold/sell shares or stay out of the market. Four in 10 current direct share owners considered it was a good time to buy, while another four in 10 saw it as a good time to hold. Two in 10 thought it was a good time to stay out of the market or sell.

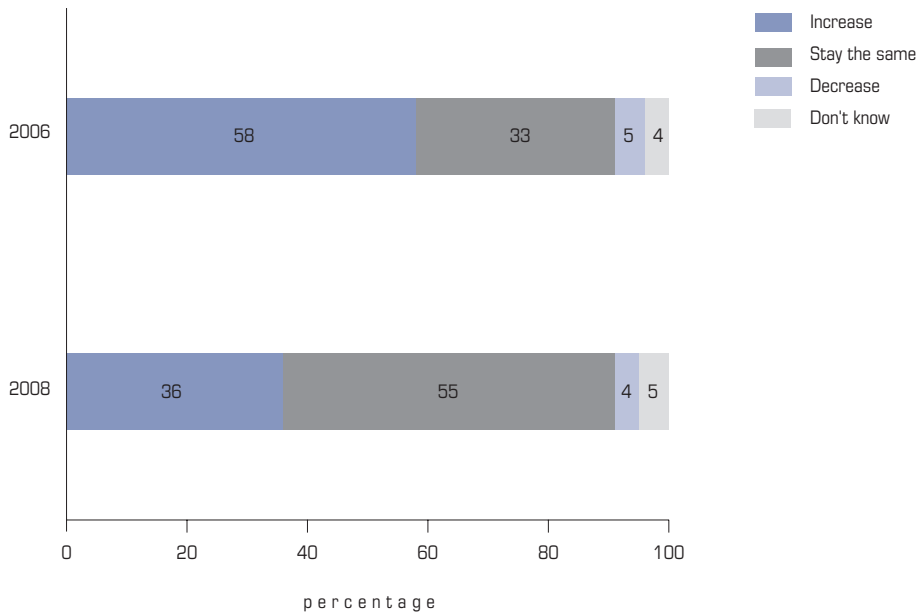
Current views about investing



Base: All current direct investors (Australia): 2008 (n=816)

When asked about the likelihood of increasing the proportion of their own funds in shares, the percentage of current direct share owners who said they were likely to increase the proportion of their funds in shares was considerably lower than in 2006. However, it still represented one in three direct share owners. Most envisaged their proportion would stay the same. The chart on the following page shows the 2006 and 2008 comparison.

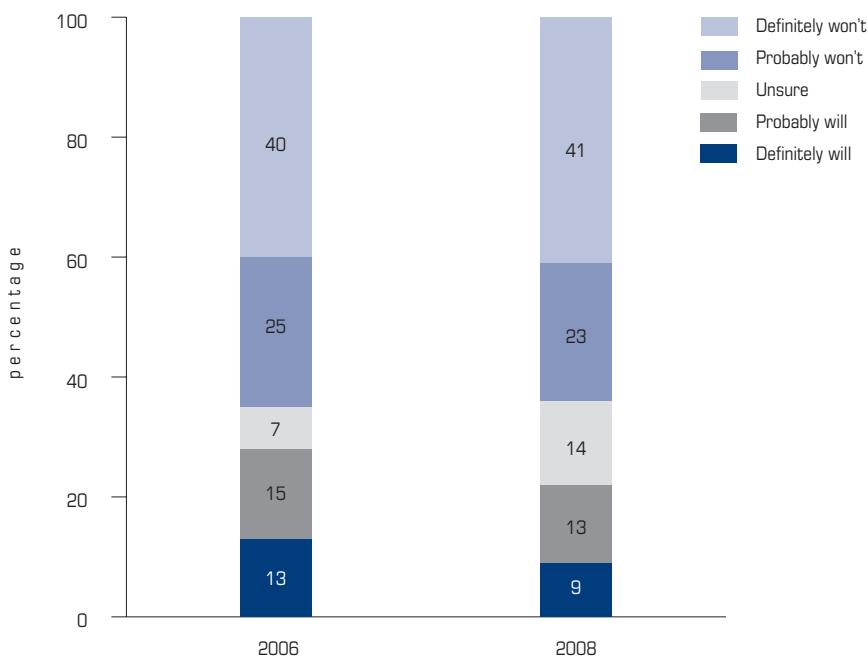
Proportion of funds into shares



Base: All current direct investors (Australia): 2008 (n=816); 2006 (n=904)

All those surveyed were asked about their likelihood of buying shares in the next 12 months. Uncertainty was a little higher in 2008, with 9% claiming they *definitely* would buy (vs 13% in 2006) and 13% claiming they *probably* would buy shares (vs 15% in 2006).

Likelihood of buying shares



Base: All aged 18+ years: 2008 (n=2400); 2006 (n=2405)

Direct Share Owners – A Natural Segmentation

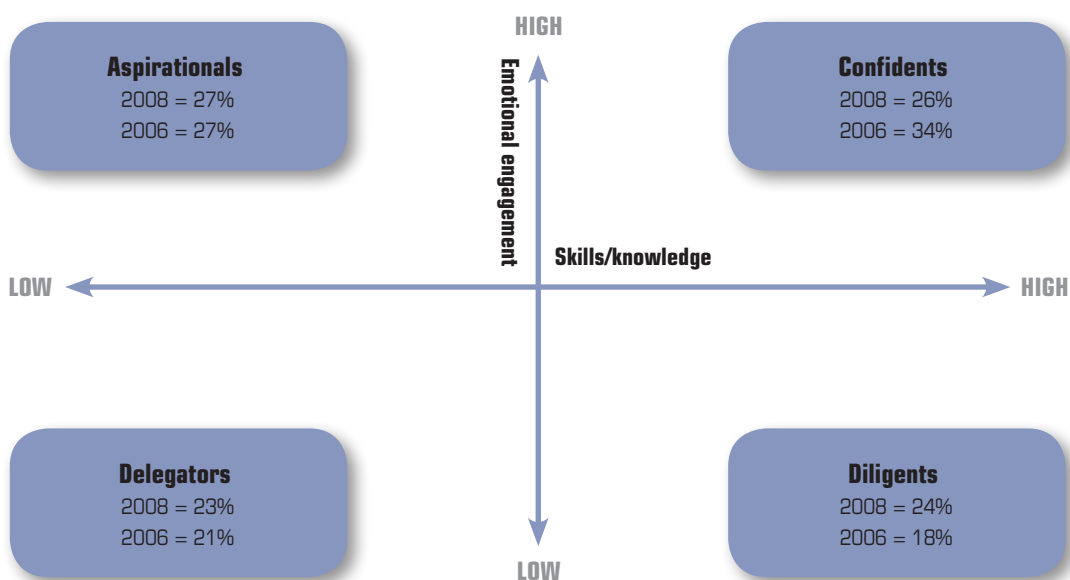
The 2008 Study reinforced that Australia's direct share owners are not all the same. While there are a multitude of needs, knowledge levels, preferences, behaviours, expectations and interests among share owners, the Study showed that direct investors tend to fall into one of four main segments, with similar sets of needs, attitudes and behaviours.

Key dimensions along which share owners segment are 'skills and knowledge' and 'emotional engagement'. An understanding of how the market segments is important in ensuring the development of a relevant range of 'solutions' or offerings.

The table below identifies the four segments and shows the relative size of the segments in 2008 and 2006. There is evidence of an attitudinal shift in 2008 towards more conservative investing. Of note is the reduced size of the 'confident' segment and the larger 'diligent' segment.

It is also important to note that the four attitudinal segments differ only to a small extent in their demography. The key differences are attitudinal and skills/knowledge based. However, aspirational and confident are younger than the other two segments on average, with a related increase in the proportion of full-time workers, families with children, and higher incomes in these two segments.

Current direct investors – segmentation



Base: All current direct investor segments: (n=771)

Confident

About a quarter of all investors combine self-confidence in investing with a love of the 'buzz' and excitement of trading. This translates into approximately 1.5 to 1.6 million 'confident' investors in Australia. While only 14% rate themselves as very knowledgeable, a further 77% rate themselves as 'somewhat knowledgeable'. This is one element that distinguishes them from the broader direct investor population, where just over half rate themselves as 'very or somewhat knowledgeable'.

Confident investors are eager to find out more and more about the share market. They are the most active information seekers. They are the main users of newspapers, the internet, company reports, TV, magazines, newsletters and brokers. Yet, they don't necessarily see themselves as experts.

Confident investors clearly dominate trading activity. They have the largest share portfolios and are also much more likely to have other investments listed on ASX. The average value of their trades is the highest of the segments and their average amount invested is the largest, albeit considerably lower than it was in 2006, with market performance having a major impact. Being true to their name, half of confident investors think it's a good time to buy shares, with eight out of 10 saying they are definitely or probably likely to buy shares in the next 12 months.

Aspirational

The aspirational investors (referred to in earlier studies as the 'highly receptive') aspire to the world of the confident investor but lack their knowledge and experience. The study showed that there are approximately the same number of aspirational investors as there are confident investors.

They love the challenge of investing but admit to being quite confused about all the information available. Current market conditions would only exacerbate this. A third think it's a good time to buy shares, while another 41% think holding onto the shares they have is the right approach at the moment. One in five thinks it makes sense to stay out of the market right now. They do seek information and are the most likely to seek the advice of family and friends ('someone they trust').

On average, their portfolios are smaller than other direct investors and the average value of their trades is also the lowest of the segments. These are people who are likely to watch markets closely, talk to others frequently, with a view to building their knowledge and being able to increase their share portfolios in time.

Diligent

Another key segment of direct investors are the diligent. With comparable knowledge levels to confident investors, they are more 'diligent' in their approach, and have a longer-term, more blue-chip focus. Interestingly, this segment (previously referred to as 'security conscious') has grown in size since 2006, while at the same time the confident segment has decreased in size. This may reflect an attitudinal shift in some previously confident investors, who have found the 'going tougher' in the current market.

Diligent investors are disciplined in their approach, more risk averse, more confident in their 'gut instincts' than others and the least likely to rely on the advice of experts. Two-thirds of them expect to maintain their current exposure over the next 12 months. They are newspaper readers rather than internet users, rating newspapers as their source of greatest influence.

The average value of their portfolios is the second highest after the confident sector. Diligent investors tend to be older, with no children still at home, and retired, which affords them more time to closely watch their portfolio and the markets. They are much more likely to be male. They have higher average assets than all but the confident sector.

Delegators

Previously referred to as 'uninvolved investors', the delegators have neither knowledge nor interest in the share market. They have investments, but they delegate their management to others. They get none of the energy and excitement from the markets that others do. They are quite 'blue chip' focused but rely on the advice of experts. Sorting out what they see as 'confusing' does not interest them.

They are fairly similar demographically to diligents (older, in retirement and with adult children, but not as predominantly male).

Delegators are much less likely than other investors to read, listen or talk about the markets. Their dominant source of influence is a financial planner or adviser.

Differing Investor Activity

The table below highlights some of the key differences between the segments in terms of their trading activity levels, and trade and portfolio sizes. Note, especially, how dominant the confident segment is in the trading of other listed investments.

ACTIVITY SUMMARY BY SEGMENT

	Aspirationals	Confidents	Delegators	Diligents	Average
Average number of companies	5	10	5	7	7
Average times bought shares	3	8	1	2	4
Average times sold shares	2	5	1	1	2
Number of trades in last year	5	13	2	3	6
Average value of trades* ¹	\$11,500	\$16,400	\$15,500	\$13,200	\$14,400
Average value invested*	\$83,400	\$203,400	\$94,600	\$131,700	\$130,100
Average times bought other listed [^]	1	9	0	0	4
Average times sold other listed [^]	1	7	0	0	3
Number of trades in last year [^]	2	16	0	0	7

[^] New calculation based on expanded ranges.

* Clarified to value of shares today not the value when first purchased.

¹ Please be aware that average figures are indicative and directional only as these rely on memory and 'average' figure reports. In effect, we are averaging reported 'averages'.

Base: All current direct investor segments (n=771): Aspirational (n=210); Confident (n=202); Delegator (n=176); Diligent (n=179)

Non-Share Owners

For the first time, the 2008 Australian Share Ownership Study measured the attitudes and behaviour of lapsed investors. It found that 15% of all Australian adults used to own shares or listed investments but no longer do so (mirroring the decline in ownership mentioned previously). Half of the population has never owned shares.

Some Lapsed Investors Will Return

Some lapsed investors have been labelled as 'potential' investors because they exhibit attitudes commensurate with investing. They represent slightly under half of all lapsed investors (or 1.1 to 1.2 million people). They find the share market exciting and are keen to find out more. They would love to get more involved if they knew more about it. One-third of them see themselves as very or somewhat knowledgeable about shares. Six out of 10 think it's a good time to buy shares, but their return to the market is not likely to be rapid, with only 29% of the 'potential' segment saying they will definitely or probably return in the next 12 months.

They are likely to be watching and building their knowledge, though, with a view to returning to the market.

Share Owners of the Future

Of the non-investor population, the study identified 38% (approximately 1.1 million people) who may become share owners in the future. They do have a sense of excitement about the sharemarket. The barrier is their perceived lack of knowledge. They express a sense of not knowing where to start. They tend to be young singles (male and female) but they are not asset rich at this stage.

International Comparisons

ASX has again completed an international comparison of share ownership as part of the 2008 Australian Share Ownership Study. The best available figures have been used. However, it should be noted that the Study does not provide an absolute comparison, due to differences in methodology, sampling, timing and definitions with the available international studies. The ability to look back several years is useful. It allows trends to be observed, as well as the incidence of share ownership in various countries.

Slight declines in share ownership are observable in several countries, as well as Australia. However, the incidence of share ownership in Australia is still one of the highest, in comparison with the levels reported by other countries.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia – direct	40	n/a	37	39	44	n/a	41	n/a	36
direct / indirect	52	n/a	50	51	55	n/a	46	n/a	41
Hong Kong – shares	22	20	20	18	24	29	n/a	36	n/a
Korea – stocks	7	8	8	8	8	7	7	9	n/a
Germany – shares	10	9	8	8	7	7	7	6	6
shares / funds	19	20	18	17	16	17	16	16	14
Switzerland – shares	32	n/a	24	n/a	20	n/a	20	n/a	20
shares / funds	34	n/a	25	n/a	21	n/a	21	n/a	21
Sweden – shares	22	22	23	22	22	21	20	19	18
UK – stocks / funds	26	25	25	24	22	21	20	20	18
Canada – shares / funds	49	n/a	46	n/a	49	n/a	n/a	n/a	n/a
USA – direct / indirect	n/a	52	^ 50	n/a	49	^ 50	n/a	n/a	45
New Zealand – direct	24	21	n/a	22	23	23	26	23	n/a

NB. Studies are not directly comparable. US and UK data is based on households, not individuals. UK and New Zealand data use different sources to earlier editions, resulting in changes to previously published data.

Table Sources:

Hong Kong	<i>Retail Investor Survey 2007</i> , Hong Kong Stock Exchange (2008).
Korea	<i>Investing population 2004-2008</i> , Korea Exchange website, http://eng.krx.co.kr/sns/sta/sta_I_076.jsp , visited 13 May 2009.
Germany	<i>Number of shareholders in Germany – entire Germany</i> , Deutsches Aktieninstitut e.V., 1988-2008.
Switzerland	<i>Aktienbesitz in der Schweiz 2008</i> (Shareholdings in Switzerland 2008), Institut für Schweizerisches Bankwesen, Universität Zürich.
Sweden	<i>Ownership of shares in companies quoted on Swedish exchanges</i> , December 2008, Statistics Sweden and Swedish Financial Supervisory Authority.
UK	<i>Family Resources Survey</i> , UK Department for Work and Pensions. Survey available annually from 2000-2008.
Canada	<i>Canadian Shareowners Study 2004</i> , Toronto Stock Exchange, July 2004.
USA	<i>Appendices: Additional Figures for Equity and Bond Ownership in America 2008</i> , Investment Company Institute (ICI) and the Securities Industry and Financial Markets Association (SIFMA). Figure C.1. Data for 2001 comes from <i>Recent Changes in US Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances</i> , US Federal Reserve Board, and <i>Equity Ownership in America 2005</i> , Investment Company Institute and the Securities Industry Association. There are changes in methodology between the 2008 survey and those of previous years.
New Zealand	<i>NZ Equity Market Ownership</i> , Goldman Sachs JB Were (New Zealand), 11 July 2007.

About This Study

Background

ASX undertook its first Share Ownership Study of the Australian population in 1986. The studies have become a benchmark for profiling share owners and continue to provide valuable information to stakeholders, the media and the ASX.

The overall aims of the 2008 Study were to:

- Track the incidence of share ownership among the Australian population and the factors driving this;
- Profile share owners and non share owners demographically, attitudinally and behaviourally;
- Update/revisit the current share investor segments.

This study was made possible with the funding of the Financial Industry Development Account of the National Guarantee Fund.

Approach

ASX commenced the 2008 Study with a more thorough qualitative research phase than in 2006. We needed to identify the main implications of current economic, environmental and market changes, and emerging issues for share owner behaviour; to ensure an optimal survey design.

The qualitative research process was used to validate the wording, language and attitudinal dimensions used in the Study. While we were aware of the need to minimise changes, given the need for ongoing tracking of key dimensions, we needed to fine-tune the survey to reflect the current mindset. Key issues explored in the qualitative phase included:

- Market dynamics – are they changing?;
- Key drivers of market behaviour;
- How and why has people's behaviour changed;
- Can we respond to changes in behaviour?

Assisting ASX with the qualitative research study was Creative Catalyst Insights (CCI), which has worked with ASX on previous Australian share ownership studies.

ASX commissioned Ipsos Research to conduct the quantitative study, after a tendering process. Ipsos conducted a telephone survey, using CATI (computer assisted telephone interviewing), between November 20 and December 10, 2008. A representative sample of 2,400 randomly selected people aged 18 years and over was generated from across all states, covering both metropolitan and regional areas. All interviewers were fully trained and all interviews complied with Interviewer Quality Control Australia.

As this Study was based on a sample of people and not the entire population (ie census) 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.

Being derived from a sample, and consistent with all sample-based research, the data is also subject to sampling error. 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 survey results is as follows:

PERCENTAGE RESULT	SAMPLING TOLERANCE
Near 5 or 95	+ / - 1%
Near 10 or 90	+ / - 1%
Near 15 or 85	+ / - 1%
Near 20 or 80	+ / - 2%
Near 30 or 70	+ / - 2%
Near 40 or 60	+ / - 2%
Near 50 or 50	+ / - 2%

For example, the study found that 36% of the adult population holds shares directly. In 95 cases out of 100 it will fall between 34% and 38% (36% +/- 2%) and still be a valid and reliable finding.

Definitions

ASX Listed CFDs

ASX Listed CFDs are the only CFDs (contracts for difference) listed, traded and cleared on ASX, providing a fully regulated and transparent market.

Direct Investments

Any investment listed on the ASX, ie shares, options, warrants, futures, interest rate securities, listed managed investments, REITs (previously known as listed property trusts) or contracts for difference (CFDs).

Direct Share Owner

One who owns shares or other investments listed on a stock exchange. Other listed investments include REITs, ASX Listed CFDs, other derivatives, and listed interest rate securities. (The term is used interchangeably with the term 'direct investors' in this report.)

Exchange Traded Funds

ETFs invest in a portfolio of securities, which may include Australian shares, international shares, commodities, REITs or a combination of asset classes. They can provide a diversified portfolio in the one transaction, through a single security.

Indirect Share Owner

An investor in an unlisted managed fund that is not part of a superannuation fund. The investment can be held personally, via an SMSF or via a company structure.

Infrastructure Funds

Infrastructure funds invest in public infrastructure assets.

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 Managed Investments

Funds listed on ASX whereby fund managers hold, manage and trade a portfolio of assets on behalf of their investors.

Real Estate Investment Trusts

REITs (previously known as listed property trusts) allow investors to purchase an interest in a professionally managed portfolio of commercial real estate. Real estate trust investors gain exposure to both the value of the real estate the trust owns and regular rental income generated from the properties.

Total Share Ownership

The sum of adult Australians who own shares directly and/or indirectly.

Warrant

A warrant is a form of derivative that derives its value from an underlying instrument. Some give holders the right to buy or to sell the underlying instrument, such as a share or ETF, to the warrant issuer for a particular price.

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