

International Share Ownership

(COMPARISON OF SHARE OWNERS)

KEY HIGHLIGHTS

September 2005



Introduction

This paper summarises the latest key findings from international studies that report the incidences of share ownership within their respective populations. Also included for most is a demographic profile of a typical share owner, plus a brief description of share behaviour, and for some an insight into share owners' investment attitudes.

In reading this report, please remember that results are not directly comparable due to differences in time periods in which data was collected, definitions of shares/stock and securities, methodologies used to collect the data and sample criteria and sizes.

Consequently this paper looks at trends and patterns rather than absolute comparisons.

Trends of Share Ownership

- While a typical share owner across countries studied share similar characteristics – male, in his 40's with a higher than average education and personal/household income and consequently in a high white collar occupation, the trend of share ownership differs. Collectively there does not appear to be a consistent trend in share ownership among the countries reporting such incidences.

	80s	90-7	98	99	00	01	02	03	04
Australia - Direct Direct/Indirect	86 & 88-9%	91-10% 15% 94-16% 20% 97-20% 34%	32% 40%	41% 54%	40% 52%	N/a	37% 50%	39% 51%	44% 55%
Hong Kong -Shares	N/a	92-9% 94-10% 97-16%	N/a	16%	22%	20%	20%	18%	24%
Korea - Stocks	N/a	95-5% 96-7% 97%-6%	7%	9%	9%	8%	8%	8%	8%
Germany - Shares Shares/Funds	88-7%	92-6% 94- 6% 96-6% 97-6% 9%	7% 11%	8% 13%	10% 19%	9% 20%	8% 18%	8% 17%	7% 16%
Switzerland - shares Shares/funds	N/a	N/a	N/a	N/a	32% 34%	N/a	24% 25%	N/a	20% 21%
Sweden - shares	N/a	N/a	N/a	N/a	22%	22%	21%	23%	N/a
Finland - stocks Shares/funds	N/a	90-22% 37% 92-14% 18% 97-17% 28%	N/a	N/a	22%	26% 40%	N/a	20% 37%	N/a
Netherlands - shares	N/a	N/a	21%	25%	28%	26%	24%	20%	N/a
UK - Stocks/shares	N/a	97-28%	24%	25%	25%	24%	22%	N/a	N/a
Canada - Shares/Funds	83-13% 86-18% 89-23%	96-37%	N/a	N/a	49%	N/a	46%	N/a	49%
USA - Direct/Indirect	83-19% 89-33%	92-37% 95-41%	49%	48%	N/a	52%	50%	N/a	N/a
New Zealand - Direct	N/a	N/a	N/a	N/a	21%	N/a	N/a	N/a	23% (05)

NB: Studies not directly comparable. Finland, Netherlands and USA based on households, others on individuals

* Please see page 4 for sources

- Both Australian and Hong Kong have witnessed growth in the penetration of share ownership during the eighties/nineties, before stabilising somewhat and increasing again in 2004.

The trend of direct share ownership in Australia increased steadily during the late eighties and early nineties, where it spiked in 1999 at 41%, and hovered at around two in five until 2004, before reaching its highest penetration of both direct and total share ownership (44% and 55% respectively).

Incidence of share ownership in Hong Kong also increased steadily during the nineties. At the turn of century it stabilized at one in five and despite dipping slightly in 2003 (18%), it increased in 2004 to almost a quarter (24%), being its highest reported incidence.

- The trend of share ownership for Korea, Sweden and Germany has remained relatively static. That of Korea has spanned narrowly from its lowest incidence of 5% in 1995 to its highest at 9% in 1999 and 2000 for almost a decade. Likewise, since the turn of the century Sweden's share ownership has remained rather constant at around one in five.

Share ownership in Germany has only ranged from 6% during the nineties to its highest at 10% in 2000. When funds are included in the definition, the incidence is healthier increasing consistently from 9% in 1997 to 20% in 2001, however has been steadily declining since to 16% in 2004.

- Penetration of share ownership in Switzerland has decreased dramatically from 32% in 2000 to 20% in 2004.
- Stock ownership (with and without funds) in Finland has been rather erratic reporting zigzagging behaviour throughout the nineties and into this century, with the latest figures in 2003 being 37% and 20% respectively.
- Ownership of shares in the Netherlands has increased from 21% in 1998 peaking in 2000 at 28%, and steadily declining ever since to 20% in 2003.
- In the UK penetration of stocks/shares was 28% in 1997 and remained static at around a quarter from 1998 to 2001 before declining marginally to 22% in 2003.
- Incidence of direct/indirect share/stock ownership in both Canada and the USA increased steadily during the eighties and nineties and has since remained somewhat static. Share/fund ownership in Canada rose sharply from the early eighties (from 13%) to the turn of the century (49%) where it has more or less hovered at one in two until and including 2004.

In the US stock ownership increased dramatically from 19% in 1983 to 49% in 1998 where it has stabilized through to 2002.

- In New Zealand, direct share ownership increased marginally from 21% in 2000 to 23% in 2005.

*** Table Sources:**

- Australia** – ‘2004 Australian Share Ownership Study’, Australian Stock Exchange 2005
- Hong Kong** - ‘Retail Investor Survey 2004’, Hong Kong Exchanges & Clearing Ltd, January 2005
- Korea** - ‘2004 Shareownership in Korean Stock Market’ The Korea Exchange, March 2004
- Germany** - ‘Deutsches Aktieninstitut FactBook’, Deutsches Aktieninstitut, January 2005
- Switzerland** - ‘Equity Ownership in Switzerland 2004’, Swiss Banking Institute, University of Zurich
- Sweden** - ‘Ownership of shares in companies quoted on Swedish Exchanges’, Statistics Sweden, December 2003
- Finland** - ‘Survey of household saving & investing patterns 1990-2003’, Finnish Foundation for Share Promotion
- Netherlands** - Statistics Netherlands, Voorburg/Heerlen
- UK** - ‘Private Share Ownership in Britain 2002’, Proshare, September 2002
- Canada** - ‘Canadian Shareowners Study 2004’, Toronto Stock Exchange, July 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
- New Zealand**- ‘More New Zealanders are Investing in the Share Market’, NZX, July 2005

Summary of Findings

Hong Kong (latest available 2004)

Incidence

- In 2004, 25% of the adult population in Hong Kong were retail investors in either stocks (including shares, warrants and Exchange Traded Funds) or derivatives traded on the Hong Kong Exchange (HK Ex). Looking specifically at stocks, 24% were stock investors, while 1% were derivative investors.
- The incidence of share investors grew from 1992 to 2000, where it plateaued in 2001 and 2002 before falling to 18% in 2003. It increased in 2004 to 24% being the highest recorded to date.

Year	1992	94	97	99	2000	01	02	03	04
% owning shares	9%	10%	16%	16%	22%	20%	20%	18%	24%

- Proportion of derivative investors continues to fall to 1% in 2004, from 3% in 2003, 4% in 2002 and 5% in 2001.

Profile

- The typical Hong Kong retail stock investor is a 42 year old male with a high level of education (ie at least upper-secondary), high personal income and high work status (ie managers/administrators/ professionals or white collar).
- A typical derivative investor is similar to a retail stock investor although has a higher personal income.

Behaviour

- The median number of stock transactions by stock investors in Hong Kong in 2004 was 4, similar to that of 2003, and an increase from 2 in 2002 and 3 in 2001. The average value per stock transaction was at a median of HK\$30,000. One in ten (7%) stock investors had an average stock transaction value of more than HK\$100,000.
- Median number of derivative transaction by derivative investors was 10, an increase from 5 in 2003.
- Proportion of stock investors who had not traded in 2004 was 28% similar to 2003 at 30% yet down from 40% in 2002. A quarter (26%) of stock investors undertook more than 10 transactions in 2004, which again was similar to 2003 (28%), yet higher than reported figures in 2001 and 2002 (22%).

- A quarter (26%) of stock investors in 2004 had traded stocks online, an increase from 21% in 2003 and returning to similar levels reported in 2002 (27%). Of derivative investors, 29% traded derivatives online in 2004, up from 26% in 2003 and also returning to 2002 levels (30%). Overall, online traders tended to be young males with high education, personal incomes and work status.
- Online traders traded more frequently than those who traded by other mediums.

Attitudes

- Stock investors were positive about the stock market in terms of:
 - ⇒ Good trading information available (76% agreed)
 - ⇒ Market was fair and orderly (69% agreed)
 - ⇒ Enough good quality listed companies available for investment (67% agreed)
 - ⇒ Regulation of stock brokers was effective (59% agreed), and
 - ⇒ Regulation of listed companies was effective (56% agreed).

Background

- Methodology: 2,023 randomly selected individuals aged 18 years plus interviewed by telephone in October 2004, and supplemented with an additional 512 stock/derivative traders to allow for further analysis.
- Source: 'Retail Investor Survey 2004', Hong Kong Exchanges and Clearing Ltd, January 2005.

Korea (latest available 2004)

Incidence

- As in previous years, 8% of the total population invested in shares, either on KSE or KOSDAQ in 2004.

Incidence and trends of share holders amongst population										
Year	1995	96	97	98	99	2000	01	02	03	04
% investing in stocks	5%	7%	6%	7%	9%	9%	8%	8%	8%	8%

- Individual shareowners made up 46% of the number of shares and 21% of market capitalization.

Background

- Sources: '2004 Shareownership in Korean Stock Market', The Korea Exchange, March 2004.

New Zealand (latest available 2005) (check)

Incidence

- In 2005, 23% of the adult population in New Zealand were owners of direct shares, a marginal increase from 21% in 2000.
- When indirect shares are included, ie shares acquired through a managed fund, index or exchange traded fund, the penetration of total share ownership increases to 39%

Behaviour

- The media is regarded as the most influential source of information for investments by 28% of share investors, while 14% cited a share broker or NZX advisor.
- Three in five (57%) have less than \$50,000 invested in shares.
- A quarter (24%) of share investors hold shares in only 1 company, with a further 36% holding shares in 2 to 5 companies.
- Of share investors, 38% purchased their shares mainly through a share broker or NZX advisor, 21% through a fund manager, 6% through a financial planner and a further 6% directly via an online trading facility.

Background

- Source: 'More New Zealanders are Investing in the Share Market', NZX, July 2005

Germany (latest available 2004)

Incidence

- Proportion of the German population aged 14 plus that own direct shares has been relatively stable from the late 80's to 2004 at around 6% to 8%. The highest incidence was in 2000 at 10%.
- With the inclusion of investment funds, total ownership increased continually from 9% in 1997 to 20% in 2001 (where it peaked) and has slowly declined to 16% in 2004.
- A shareholder is one with employee and other shares, while an investment fund holder has shares funds and mixed investment funds.

Incidence and trends of share holders amongst adult population (14 years plus)												
Year	1988	92	94	96	97	98	99	2000	01	02	03	04
% of share holders	7%	6%	6%	6%	6%	7%	8%	10%	9%	8%	8%	7%
% of investment fundholders	N/a	N/a	N/a	N/a	4%	5%	7%	13%	15%	13%	13%	12%
% of share & invest't fundholders	N/a	N/a	N/a	N/a	9%	11%	13%	19%	20%	18%	17%	16%

Profile

- In 2003, 10% of males were share holders and 20% had shares and investments (ie total shares). Corresponding figures for females were 6% and 15%.
- Share ownership and total share ownership is more likely among those aged 30 to 59 years at 30% and 68% respectively.
- They also tend to be mid-to-high income earners with higher education and white collar occupations.

Background

- Source: 'Deutsches Aktieninstitut FactBook', Deutsches Aktieninstitut November 2003 and January 2005

Switzerland (latest available 2004)

Incidence

- Since 2000, the proportion of the Swiss population that own shares has consistently declined from 32% to 24% in 2002 and again to 20% in 2004.
- When investors with pure equity funds units only (ie indirect equity) are included to make up the definition of direct/indirect equity ownership the decline has been from 34% in 2002 to 21% in 2004.

Incidence and trends of share holders amongst population			
Year	2000	02	04
% investing in direct equity	32%	24%	20%
% investing in pure equity fund units only	2%	1%	1%
% investing in direct/indirect equity	34%	25%	21%

Profile

- A typical equity owner in Switzerland is a 47 year old male with a university education, higher average income and total assets, and owns property.

Behaviour

- The proportion of equity owners investing in listed mid and small caps has increased from 19% in 2002 to 43% in 2004, at the expense of the blue chips, falling from 74% to 45% respectively.
- The median number of companies, share investors have equity in is three, while the average is 5.
- In 2004, 29% of equity owners had shares in only 1 company, with 44% having shares in 2 to 5 companies. These figures were similar to those reported two years earlier at 27% and 43% respectively.
- The press was again cited as the main medium for investment issues by 72% of share holders, despite decreasing from 90% in 2000.
- The internet was also used as a source of financial information by 60%, and as a medium of online trading to 28% (an increase from 16% in 2000). Main trading mediums were direct through a bank (in person) 43% and phone (34%).
- Other sources of information sought were discussions with acquaintances/friends (50%), talking to an investment professional (48%), letters to shareholders/quarterly reports (41%), annual reports (40%) and research reports issued by banks (39%).

- On average a median of 1 and a mean of 12 transactions were executed. Corresponding figures for two years prior were a median of 3 and a mean of 11.
- There were more inactive investors, with 38% not transacting compared to the previous figure of 30%.

Attitudes

- Respondents' investment horizon in 2004 appears longer with those saying 1 to 3 years and 3 to 8 years decreasing from 18% in 2000 to 14% in 2004, and 46% to 42% respectively. Those with a longer investment horizon of over 8 years increased from 29% to 35%.
- Their risk tolerance has also decreased. In 2002, 29% were risk tolerant compared to 20% in 2004, with the proportion being risk adverse increasing from 23% to 31% over the same period of time.
- In terms of financial knowledge, respondents believed they have basic knowledge which decreased from 63% in 2002 to 52%. Those citing no knowledge and good knowledge increased over the same period of time (9% to 16%, and 22% to 26% respectively).
- Overall their main objective for investing in equities is for capital accumulation (60%).
- Key factors which influence stock selection are security (39%), country/currency (30%) and performance (29%).

Background

- Methodology: random sample of 2,000 people aged 18 to 74 who made financial decisions in the household interviewed by telephone in July/August 2004
- Source: 'Equity Ownership in Switzerland 2004', Swiss Banking Institute, University of Zurich

Sweden (latest available 2003)

Incidence

- Incidence of shareownership amongst Swedish population has remained static at around one in five since the turn of the century.

Incidence and trends of share investors amongst adult population					
Year		2000	01	02	03
% with shares		22%	22%	21%	23%

Profile

- Males (26%) are more likely than females (18%) to own shares. Of those aged 55 to 64 years 35% own shares as do 34% of those aged 65 to 74 years.

Behaviour

- Both the average portfolio value and median portfolio value have increased. In the last six months of 2003, average value increased by 22% and the median value increased by 27%. These were after decreases from 2001 to 2002 of 23% and 33% respectively.

Background

- Methodology: Swedish individuals who are identifiable as holder of an account at VPC (the Securities Register Centre).
- Source: 'Ownership of Shares in Companies quoted on Swedish Exchanges', Statistics Sweden, December 2003 (Report predominately in Swedish)

Finland (latest available 2003)

Incidence

- In 2003, 37% of Finnish households owned securities (ie listed stock, mutual funds units and convertible bonds), 20% owned listed stock and 18% mutual funds. These figures were all down from those reported in 2001 at 40%, 26% and 19% respectively.

Incidence and trends of share investors amongst households						
Year	1990	92	97	2000	01	03
% with listed stock	22%	14%	17%	22%	26%	20%
% with mutual fund units	N/a	N/a	3%	N/a	19%	18%
% with securities	37%	18%	28%	N/a	40%	37%

Behaviour

- In 2003, the market value of securities usually ranged between 2,000 and 10,000 euro, while for 35% of respondents this was over 10,000 euro.
- About half of the share owning Finnish households that own shares, have shares in only one or two companies. Average number of purchase or sale transactions was 2.
- Of all households, 13% plan to invest in securities, of which 59% intend to invest in mutual fund units and 29% in listed stock. About 50% estimate this investment would be less than 2,000 euro.
- Mass media was the main source of information on the economy, with the internet and company websites increasing in significance.

Background

- Methodology: 1,000 randomly selected people interviewed by phone during August/September 2003 by TNS Gallup Oy.
- Source: 'Survey of household saving and investing patterns 1990-2003' Finnish Foundation for Share Promotion

Italy (latest available 2004)

Incidence

- Since 1999 retail investors' shareholding has been relatively stable at around 25% of the total Italian market capitalization, increasing to a third if mutual funds are included.
- Three million Italian families or 14% of the total number of families in Italy invest in the Italian stock market

Profile

- Of share holders 66% were male, 61% aged between 35 and 54 years, with a university education (22%).
- They also tend to be professionals, self-employed or entrepreneurs (17%) and with a higher average incomes and assets than the rest of the population.

Behaviour

- The vast majority of shareholders own shares in blue chip companies (90%), with 51% having just one stock and 24% having two stocks. Two in five investors acquired their shares through privatisations.
- Investor activity is down from the previous study three years ago. Two in three did not make a trade in the preceding 12 months up from 27%. Investors who did trade, did so less often – average of 12 trades compared to 18.
- Among sources of information, there was an increase in personal relationships from 50% to 78%, yet a decreased in newspapers (from 65% to 53%). In 2004 30% mentioned TV/radio as a source, followed by the internet at 15%.
- Type of information is mainly advice from experts or friends (52%), rather than articles (31%), charts (21%) forecasts (17%), financial statements (13%) or analyst reports (9%).
- Number of families worried about their current financial situation doubled from 14% to 28%, while those worried about their future financial conditions tripled from 5% to 16%. The number of self-defined 'conservative investors' rose from 55% to 69%.

Background

- Methodology: Survey carried out by Doxa December 2003-January 2004 via personal interviews of families who invest in the stock market, ie bought or sold shares in Italian companies in 2001 to 2003.
- Source:
 1. 'Focus' October 2004 No 140, World Federation of Exchanges
 2. 'Retail investors and the stock market' Second report by Borsa Italiana' November 2004

UK (latest available 2002)

Incidence

- Share Ownership in the UK has remained static since December 1997 at 24%, with the latest reported figure (June 02) being 22%. This is a decline from 28% in June 1997, as shown below.

Incidence and trends of share holders amongst adult population (14 years plus)												
Year	Jan 97	Jun 97	Dec 97	Jun 98	Dec 98	Jun 99	Dec 99	Jun 00	Dec 00	Jun 01	Dec 01	Jun 02
% holding any stock & shares	20%	28%	24%	24%	23%	25%	25%	25%	24%	24%	22%	22%

Behaviour

- Initial exposure to share market is increasingly coming from employee share schemes (17% introduced to the share market this way), although demutualisation (26%) and privatisation (25%) continue to be the dominant introductions.
- Popular methods of acquiring shares in 2002 were from a demutualisation (61%), a company privatisation (52%), via a stock broker (41%) and via an employees share scheme (29%).
- 67% believed the underlying value of their portfolio had fallen in last year (compared to 35% in 2001).
- Median value of shares decreased 15% from 2000, however increased by 67% from 2001.
- Median number of companies held in 2002 was 3.07, up from 2.96 in 2001 and 3.03 in 2000.
- Trading activity (buying and selling) in 2002 was 3.2, down from 3.40 in 2001 and 5.19 in 2000.
- Typical amount of money last invested via a stock broker decreased by 13% from 2000 and increased by 10% from 2001 (median value).
- Most popular source of information used to help with buying and selling decisions were newspapers/magazines (56%) followed by friends/family (19%).

Background

- Methodology: 1,008 holders of shares interviewed by telephone in July to August 2002. Samples representative of shareholder population by gender, age and social grade.
- Source: 'Private Share Ownership in Britain in 2002', ProShare, September 2002

Canada (latest available 2004)

Incidence

- Share ownership (either direct or indirect through stock-based funds) among adult Canadians in 2004 was 49%, an increase from 2002 at 46% and matching incidence reported in 2000.

Incidence and trends of share investors amongst adult population							
Year	1983	86	89	96	2000	02	04
% with shares/funds	13%	18%	23%	37%	49%	46%	49%

- In 2004, 57% of share holders held stock (up from 54% in 2002 and 51% in 2000), while 81% held mutual funds (drop from 87% in 2000). One in ten own derivatives, 9% income trusts and 7% exchange traded funds (ETFs).
- In terms of share owners' holdings in 2004, 9% were from income trusts and ETFs, that of mutual funds dropped from 64% in 2002 to 56% in 2004 (despite the number of funds increasing marginally from 6.3 to 6.8), while that of stocks remained consistent at 36%

Profile

- Share owners are more likely to be male (48%), aged 35 to 54 years (51%), with the average age increasing from 43 in 2000 to 48 in 2004. University graduates (42%) and those with incomes of over \$CAN100,000 (23%) were more likely to be share owners.

Behaviour

- Average stock portfolio values have continued to increase from \$CAN72,000 in 2000 to \$CAN75,000 in 2002 and again to \$CAN76,100 in 2004.
- Average number of stocks held also increased from 4.9 in 2000 to 5.2 in 2002 and 6.0 in 2004. About the same proportion of stock owners actively traded compared to 2 years ago (54% in 2002 and 53% in 2004), a decline from 64% in 2000.
- Average trading activity increased from 14.6 in 2002 to 16.1 in 2004, yet still below 2000 at 17.4. Total value of stock traded increased consistently from \$CAN59,500 in 2000 to \$CAN62,100 in 2004.
- Channels most likely used to trade stock appear to be moving away from phone (from 60% in 2000 to 48% in 2004) towards the internet (from 27% to 35%).
- Key sources of investment advice by share owners were again bank/trust company (51%), family/friends (39%) and financial advisor (37%), all decreasing from 2002 (56%, 44% and 40% respectively). Financial advisors (23%) and bank/trust company (26%) had the greatest impact.

- Sources of investment information used were newspapers (57%), annual reports (47%) and internet (43% increasing from 34% in 2002).
- Currently, 25% check their stock at least once a week.
- Attitudes towards investing shows concern over volatility, skepticism about corporate reporting, lack of active trading excitement and concern in sudden movements. Despite these, half of share owners are optimistic for the future.
- Share owners were again more likely to maintain their investment levels in stocks (54%) than to increase it (36%) in 2004, which was reversed in 2002 (39% and 47% respectively).
- Of non-share owners 16% had previously owned stock in 2004, up from 13% in 2002.

Background

- Methodology: 2,000 share owners and 500 non-share owners aged 18 years plus were interviewed by telephone in April and May 2002
- Source: 'Canadian Shareowners Study 2004', Toronto Stock Exchange, July 2004 (by DINE and Associates)

USA (latest available 2002)

Incidence

- Albeit based on households, the percentage of households owning shares remained somewhat constant in recent years, where as growth during the 1980's was more substantial (ie from 1983 to 1989).
- In 2002, half US households held equities, up marginally from 48% in 1999.
- Of US families 52% owned stocks either directly or indirectly through their pension funds in 2001, an increase from 49% in 1998. One in five (21%) held stock directly (up from 19% in 1998) and 52% held retirement accounts (up from 49%).*

Incidence and trends of share holders amongst US Households								
Year	1983	89	92	95	98*	99	2001*	02
% investing in direct/indirect stocks	19%	33%	37%	41%	49%	48%	52%	50%

* different data source

- When removing equities from an employer-sponsored retirement plans, 34% of households owned equities in 2002, a decline from 36% in 1999.

- In 2002, of US equity investors, 52% only held stocks in mutual funds (up from 47% in 1999), 11% only individual stock (down 15% in 1999) and 38% held both stock mutual funds and individual stocks (38% in 1999).
- A shareowner is one who owns stock directly through a mutual fund, in a self directed retirement saving account or through a defined contribution pension fund (ie where the pensioner does not control the allocation of assets in these plans).

Profile

- In 2002 ownership rates tend to be highest amongst families with higher incomes and families headed by a person aged 35 to 64.
- A typical equity investor in 2002 was 47 years, with a median household income of \$US62,500, median household assets of \$US100,000 (an increase from \$US85,000 in 1999) and is likely to have a college or postgraduate degree.

Behaviour

- Of equity owners, 66% initially bought stock mutual funds, 22% initially purchased individual stock and 12% made their investments in both in the same year.
- Equity owners held a median of 4 equity investments (individual stock or stock mutual funds), the same median owned in 1999.
- The median value of a household's equity assets was \$US50,000 in 2002 (same as in 1999) with the mean being \$US171,000 (up 2% from \$US167,100 in 1999).
- Looking at individual stock holdings, the median value decreased by 17% from \$US30,000 in 1999 to \$US25,000 in 2002, while mean value decreased by 4% from \$US152,000 to \$US145,800 over the same time period.
- Mean number of equity investments held increased from 7 in 1999 to 8 in 2002. That of individual stocks owned remained constant at 7.
- 40% of all equity investors bought or sold equities in 2001, down slightly from 42% in 1998. Average number of transaction conducted increased from 10 in 1998 to 11 in 2001 (median remained static at 4).
- More equity investors purchased their first equity investment inside employer-sponsored retirement plans in 2002 than in 1999.
- Most popular channels used to purchase individual stocks (outside employer plans) in 2002 were full service brokerage (47%) and direct from the company issuing the individual stock (32%, up from 23% in 1999). Those using discount brokerage available only online almost doubled from 9% to 17%.

- Use of the internet to conduct equity transactions (outside employer sponsored retirement plans) doubled from 15% in 1998 to 3% in 2001. Those using the internet tend to be younger (41 years) male with a high household income (\$US87,500) and a college or postgraduate degree conducting more equity transactions than non-internet users (median of 7 vs 3).
- In 2002 58% of equity owners relied on professional advice from professional financial advisers when making equity purchase and sales decisions, a decline from 64% in 1999.

Background

- Sources:
 1. 'Recent Changes in US Family Finances: Evidence from 1998 & 2001 Survey of Consumer Finances', Federal Reserve Bulletin January 2003, US Federal Reserve System
 2. 'Shareownership 2000' (Based on Survey of Consumer Finance by the Federal Reserve System 1998 study and reports from the Securities Industry Association), New York Stock Exchange
 3. 'Equity Ownership in America 2002', Investment Company Institute and the Securities Industry Association
- Methodology:
 1. Survey of Consumer Finance: 2 part study with a random sample and over-sample of wealthy families weighted to reflect total population. 4,449 families interviewed in 2002 either in person or by telephone.
 2. Equity Ownership in America 2002: random probability sample conducted by telephone in January/February 2002 among 2,165 financial decision makers of households 18 years plus owing traded stock or stock mutual funds, inside or outside employer-sponsored retirement plans. Sample augmented with high net worth equity investors and total sample data weighted to represent population.

South America (latest available 2004)

Brazil

- In 2004, 7% of Brazil's 182 million population invested either directly or indirectly in stock.
- Most Brazilian investors hold shares indirectly through pension plans and government programs. A sizeable number also hold telecommunication-sector stock acquired decades ago through former state-run phone monopoly.

Chile

- In Latin American terms, Chile is the leader in terms of share ownership with about a fourth of its population holding shares, almost exclusively through the nation's compulsory pension fund system.

Background

- Source: 'Share Ownership Grows in Brazil', Wall Street Journal, March 2005

Australia (latest available 2004)

Incidence

- In 2004, 55% of the Australian adult population, or approximately eight million people, owned shares directly (ie shares in a company listed on a stock exchange, listed property trust, listed managed funds, derivatives or listed interest rate securities) or indirectly (via a managed fund or self-managed superannuation fund). This was a significant increase from 51% in 2003 and 50% in 2002.
- Of the population, 44%, or about 6.4 million, held shares directly, again a significant increase from 39% in 2003 and 37% in 2002.
- 2004 witnessed the highest penetration of share ownership in Australia marginally surpassing its peak in 1999 at 54%.

Incidence and trends of share holders amongst Australian population (18 years plus)											
Year	1986	88	91	94	97	98	99	2000	02	03	04
% investing directly in share market	9%	9%	10%	16%	20%	32%	41%	40%	37%	39%	44%
% investing in sharemarket (direct & indirect)	N/a	N/a	15%	20%	34%	40%	54%	52%	50%	51%	55%

Profile

- One in two (50%) men and two in five (40%) women were direct investors in 2004.
- Share ownership increased in all age brackets, with the 55 years and older group showing a significant increase from 48% in 2003 to 56% in 2004.
- While the incidence of direct share ownership continues to increase with higher levels of education, household income and assets, healthy increases were reported across the board. 2004 saw significant inroads among those with a trade certificate or degree, and among those with household incomes of \$AUS30,000-\$40,000 and \$AUS40,000-\$50,000.
- Almost one in two metropolitan (44%) and regional (45%) dwellers were share owners, with the latter showing a significant increase from 37% in 2003.

Behaviour

- The average share portfolio declined slightly from 7 companies in 2003 to 6 in 2004, yet still higher than those reported in 1998 at 3.

- Over the same period of time, the average dollar value directly invested in the share market, as reported by respondents increased marginally from \$AU40,800 to \$AU41,400.
- Once again around one in two share owners (52%) did not trade in 2004, yet the average number of trades increased from 6 in 2003 to 7 in 2003.
- Amongst traders, the average value of trades also increased marginally by 5% from \$AUS10,650 in 2003 to \$AUS11,1400 in 2004.
- Popular means of acquiring direct investments in the past two years were via a full service/advice broker (22%), a float/prospectus (21%) or a discount/non-advice internet broker (16%).
- Use of a financial planner to acquire direct investments grew from 9% in 2003 to 15% in 2004. Financial planners were also listed by 30% of investors as a source of information and advice about shares.
- Nearly half (46%) of investors reported monitoring their shares and investments at least weekly, with a further 19% doing so on a monthly basis. The types of information most often used for monitoring were company/annual reports (50%), delayed share prices (45%) and company news (40%).
- Sources most frequently cited for advice or information about shares in the last 12 months were newspapers (44%), family/friends (33%), and as stated above, financial planners (30%).
- In 2004, 45% of direct investors indicated that they were likely to buy shares in the next 12 months, a decline from 50% in 2003.

Attitudes

- Three in four (74%) investors agreed that in the prevailing economic environment there were many opportunities in the share market. The economy was seen as being healthy, despite the concern of rising interest rates. The perceived lackluster performance of the property market was also reported as a factor that made shares more attractive.
- Of investors, 87% believed that the market offers opportunities to all investors, not just to big business and the wealthy, while 77% saw the Australian share market as well regulated, suggesting an underlying level of confidence in the market.

Background

- Methodology: A stratified random sample of 2,402 Australian adults aged 18 years interviewed by telephone in November 2004. Data was weighted to reflect the population.
- Source: '2004 Australian Share Ownership Study', Australian Stock Exchange, 2005