

ASX
Australian
Investor
Study
2020





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WELCOME

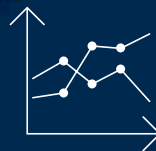
Since 1986, the ASX Share Ownership Study and its successor, the ASX Australian Investor Study, have provided an authoritative guide to the evolution of our investment markets and changing investor behaviour. Our 2020 study comes at a critical moment, as investors respond to the ongoing fallout from the COVID-19 pandemic, and the opportunities and challenges it presents. While the resulting market volatility has caused many investors to re-examine their financial plans, our research also reveals a renewed focus on diversification and risk management, along with an increased willingness to seek professional advice.

In this report, we provide an in-depth analysis of Australian investors today – who’s investing, where they’re investing, their decision-making process, and their investment goals. We also explore the next generation of investors, many of them women, whose distinctive preferences and investment approach will shape the markets of the future. And we look at the investment strategies investors use to navigate a complex investment landscape at an eventful time in the history of our markets.

Dominic Stevens
Managing Director and CEO



**LIFE
STAGE**



**INVESTMENT
ACTIVITY**



**HIGH VALUE
INVESTORS (HVIs)**

**IN THE
TOP 20%
FOR BOTH**

ABOUT THE RESEARCH

This report is based on two in-depth surveys of a nationally representative sample of Australian adults, conducted on behalf of ASX by Investment Trends:

- A wide-ranging online survey of 5,002 people conducted in January 2020, including investors, self-managed super fund (SMSF) trustees, lapsed investors, and non-investors.
- A follow-up online survey of 507 investors and SMSF trustees conducted in May 2020, focused on the investment impact of the COVID-19 pandemic.

Each sample was post-weighted to match Australian Bureau of Statistics data on the composition of the Australian adult population and the correct distribution of SMSF trustees, investors and non-investors. The maximum sampling errors (centre of the range) at the 95% confidence interval for the two surveys are +/-1.41% and +/-4.3% respectively.

Some figures may not total 100% due to rounding or multiple responses being allowed.

MAPPING THE MARKET

To better understand the preferences and behaviour of different investors in different life stages and situations, we have further analysed the results using these definitions:

NEXT GENERATION INVESTORS

AGED

18-24

WEALTH ACCUMULATORS

AGED

25-59

EARLY WEALTH ACCUMULATORS

AGED

25-44

MATURE WEALTH ACCUMULATORS

AGED

45-59

RETIREES

AGED

60+



CURRENT INVESTORS
Holding any investment product today



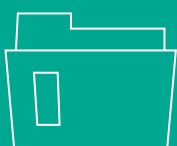
LAPSED INVESTORS
Previously held an investment product but do not now



NON-INVESTORS
Do not currently hold any investment products (either lapsed investors or have never invested)



INTENDING INVESTORS
Non-investors planning to begin investing within 12 months



PORTFOLIO SIZE
(excluding institutional super and primary residence, but including SMSF holdings)

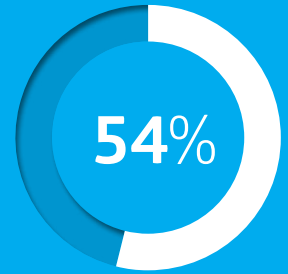


TRADING VALUE OVER THE LAST 12 MONTHS
(trading frequency multiplied by average trade size)

KEY FINDINGS



THE IMPACT OF COVID-19



HAVE MADE CHANGES TO THEIR PORTFOLIOS



INVESTING IN 2020



TOTAL ADULT POPULATION

19.4m



OF THESE

46%
OR 9m

AUSTRALIANS HOLD INVESTMENTS OUTSIDE THEIR HOME AND SUPER



DEMOGRAPHICS



NEXT GENERATION INVESTORS



FEMALE INVESTORS

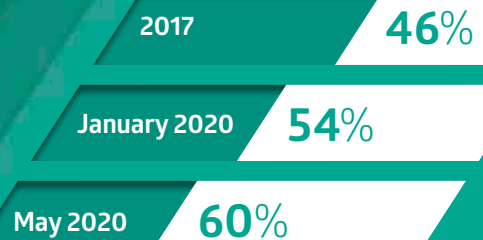


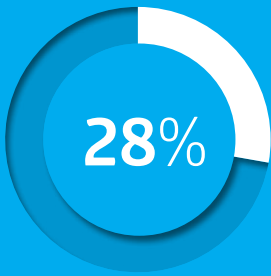
HIGH VALUE INVESTORS



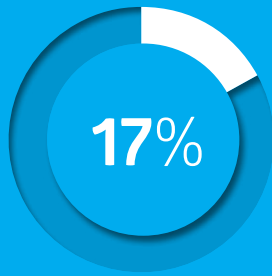
INVESTMENT STRATEGIES

DIVERSIFIED INVESTORS

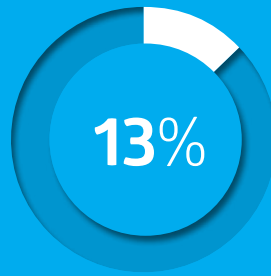




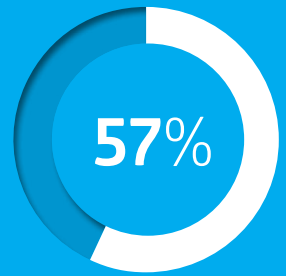
HAVE CHANGED THEIR RETIREMENT PLANS



HAVE INVESTED ALL THEIR SPARE CASH



HAVE INCREASED THEIR ALLOCATION TO CASH



PLAN TO BUY AUSTRALIAN SHARES

OF THOSE WHO INVEST

74% OR
6.6m

AUSTRALIANS HOLD LISTED INVESTMENTS (35% OF 19.4M)

OF THOSE WHO HOLD LISTED INVESTMENTS

23%

BEGAN INVESTING IN THE LAST 2 YEARS

OF THOSE WHO BEGAN INVESTING IN THE LAST 12 MONTHS

45%

ARE WOMEN

900k

INTENDING INVESTORS PLAN TO BEGIN INVESTING WITHIN 12 MONTHS



TOP INVESTMENT CHALLENGES



NEXT GENERATION INVESTORS
Underperformance and hidden fees



WEALTH ACCUMULATORS
Market volatility and information overload



RETIREEES
Market volatility and low interest rates

VIEWS OF FINANCIAL ADVICE

63%

OF AUSTRALIANS ARE OPEN TO RECEIVING FINANCIAL ADVICE

27%

OF INVESTORS USED AN ADVISER, STOCKBROKER OR WEALTH MANAGER IN THE LAST 12 MONTHS

17%

ARE MORE LIKELY TO SEEK ADVICE AFTER COVID-19



THE IMPACT OF COVID-19

Resetting retirement plans and hunting for bargains

Unsurprisingly, the extreme volatility and sudden decline in asset values caused by the COVID-19 pandemic has had a considerable impact on investors. As this report goes to press, much of that impact has yet to play out, with the full economic consequences of the pandemic still to become fully clear.

For some investors, the fallout has been substantial. Retirees and those approaching retirement have been most impacted, with a significant number rethinking retirement plans or lowering their lifestyle expectations.

Yet there are also some positive signs. Our survey suggests many investors have responded to the crisis by becoming more focused on diversification and risk management, together with the sustainability of returns. Many have also sought to capitalise on falling prices by creating or adding to investment portfolios.

The resulting rise in market activity points to a risk, highlighted by ASIC¹, that some investors may be engaged in short-term speculation rather than long-term investment, exposing them to losses if their attempts to time market movements are unsuccessful. Yet our survey also suggests that a significant proportion of investors have been building their portfolios with more long-term goals in mind, seeking to diversify their holdings at current valuations.

Those who receive professional advice have been particularly active in increasing their holdings, with most agreeing that their adviser has helped them manage the impacts of the pandemic more effectively.

FIGURE 1

HOW INVESTORS HAVE RESPONDED TO COVID-19 MARKET VOLATILITY

Shifts in sentiment and behaviour between January 2020 and May 2020

EXPECTED INVESTMENT RETURNS OVER THE NEXT 12 MONTHS HAVE FALLEN FROM A MEDIAN

8.4% TO **5%**

54% HAVE MADE CHANGES TO THEIR PORTFOLIOS

28% HAVE CHANGED THEIR RETIREMENT PLANS

17% HAVE INVESTED ALL THEIR SPARE CASH

THOSE WHO HAVE INVESTED ALL THEIR SPARE CASH ARE NOW MORE LIKELY TO HOLD DIRECT AUSTRALIAN AND INTERNATIONAL SHARES AND ETFs

13% HAVE INCREASED THEIR ALLOCATION TO CASH

57% PLAN TO BUY AUSTRALIAN SHARES

17% PLAN TO BUY INTERNATIONAL SHARES

28% PLAN TO BUY ETFs

17% ARE MORE LIKELY TO SEEK ADVICE

¹Australian Securities and Investments Commission. Retail investor trading during COVID-19 volatility, May 2020.

RESPONSES BY LIFE STAGE

YOUNGER INVESTORS

ARE MOST LIKELY TO HAVE MADE SIGNIFICANT SHIFTS

OLDER INVESTORS

ARE MORE INCLINED TO STICK WITH THEIR EXISTING STRATEGY

Responses to the pandemic vary significantly by age, with sudden market falls underlining the importance of sequencing risk – the risk that poor investment performance occurs when investors are approaching retirement, when they typically have the largest portfolios and the least time to recover from losses. More than one in five investors aged between 35 and 64 say they plan to delay retirement, while 29% of 55 to 64 year olds intend to live on less money or rely on social security.

As the COVID-19 market disruption unfolded over the three months to May, 54% of investors made changes to their portfolios, with younger investors most likely to have made significant shifts and older investors more inclined to stick with their existing strategy. Twelve per cent of retirees (defined as those aged 60 and over) and wealth accumulators (aged 25–59) switched from risky investments to more secure options, while 5% of accumulators sold everything and moved to cash.

Yet overall, investors were more likely to increase their holdings of growth assets like shares, rather than reduce them. Among the 54% who made changes to their investment mix, 17% took advantage of lower asset prices to invest all their spare cash, including 34% of next generation investors (aged 18–24) and 18% of accumulators. Similarly, 17% of investors increased their allocation to Australian direct shares, with just 3% selling down their shareholdings.

That suggests very few investors have sold into a declining market, crystallising their losses, with many viewing market volatility as a buying opportunity. However, it also raises the possibility that at least some new recent market entrants have been engaged in short-term speculation rather than long-term wealth creation, potentially putting them at risk of losses if the recent volatility continues.

FIGURE 2
THE IMPACT OF COVID-19 ON RETIREMENT PLANS
How has the recent market performance affected your retirement plans?

- I'm already retired
- No impact
- Other
- I'll rely on social security
- I'll live on less money
- I'll delay my retirement

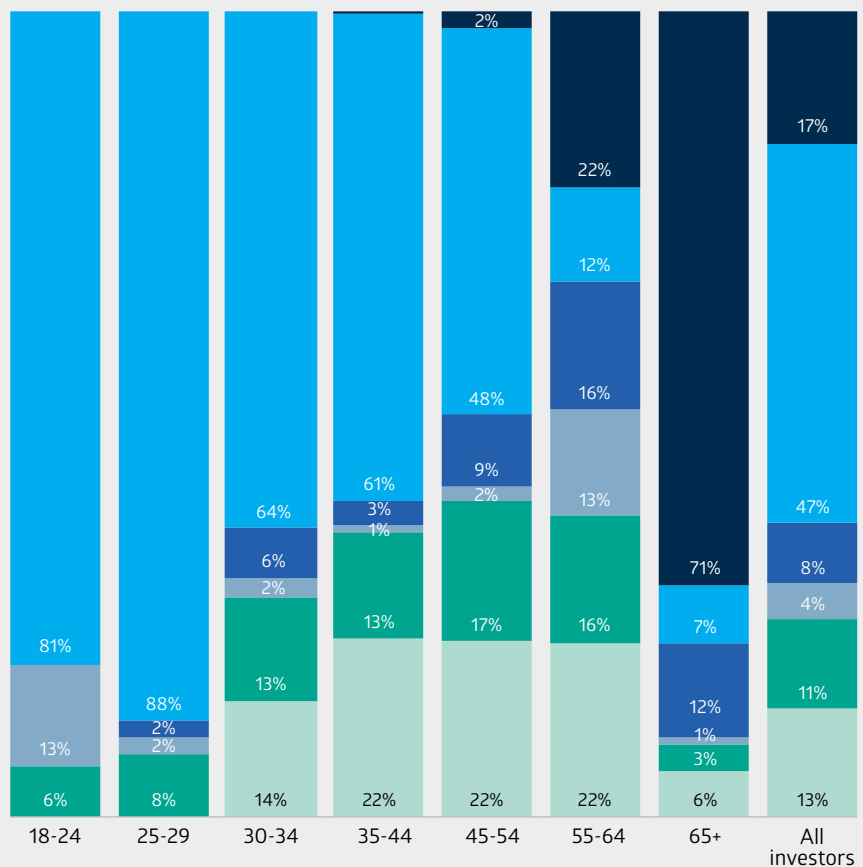
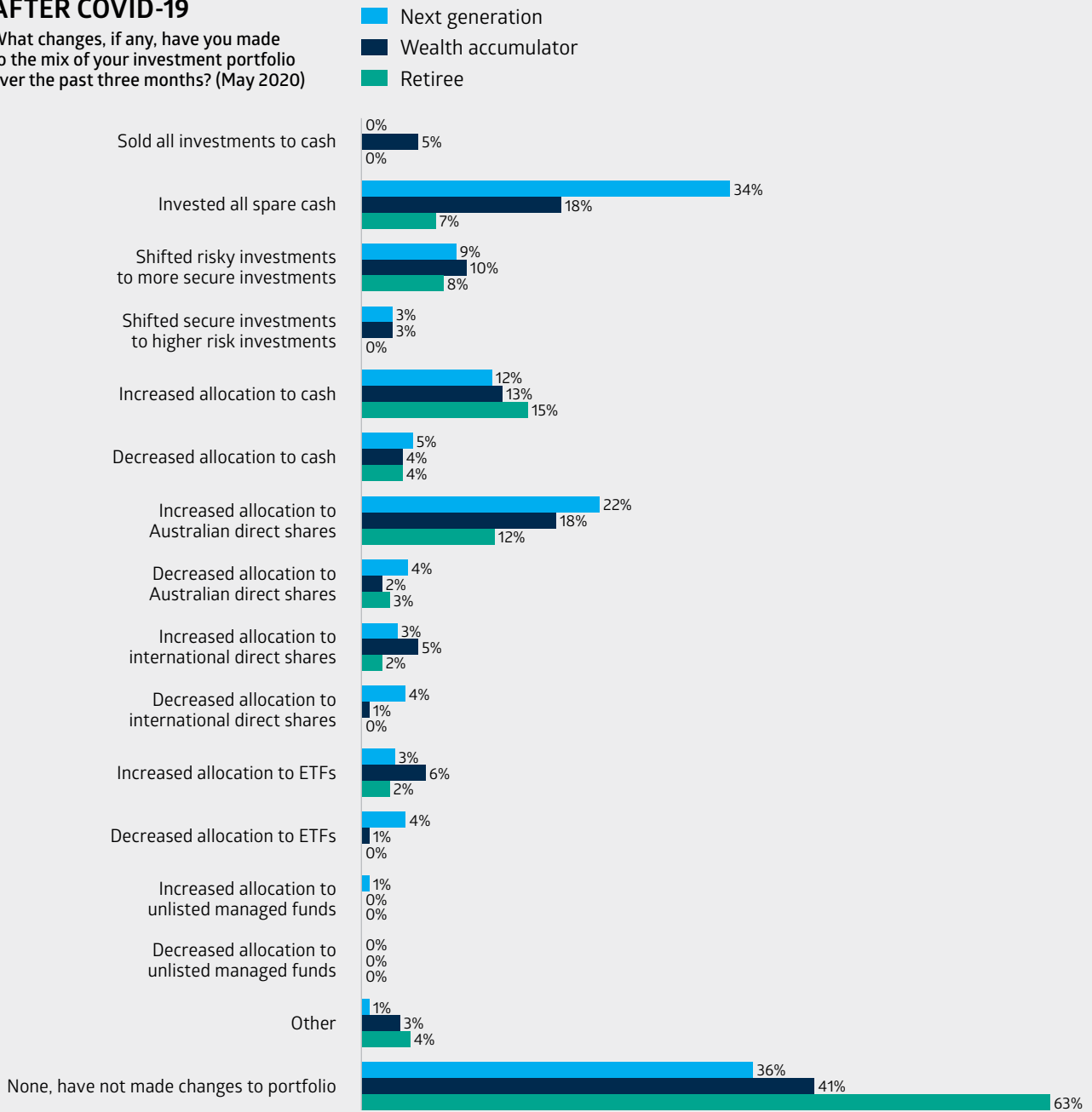


FIGURE 3

PORTFOLIO CHANGES AFTER COVID-19

What changes, if any, have you made to the mix of your investment portfolio over the past three months? (May 2020)



CHANGING INVESTMENT PRIORITIES

While the rise in volatility has led investors to re-examine their attitudes to risk, few have become more risk averse. Instead, 64% of investors surveyed in May said they would accept moderate or high variability with the potential for higher returns, an increase of 18 percentage points from our January survey. In contrast, the proportion who said they preferred guaranteed returns fell from 16% to just 5%.

At the same time, the events of early 2020 have prompted investors to put a higher priority on risk reduction techniques like diversification, hedging and liquidity management. Questioned about the effects of the COVID-19 outbreak on their investment priorities, 31% say they now place a greater emphasis on the impact of diversification on volatility and returns, with next generation investors especially likely to prioritise this (64%).

These younger investors seem to have been particularly apt to learn from the crisis, with one in three saying hedging strategies are now a higher priority than before, and one in five more focused on liquidity and defensive assets. Meanwhile, investors in all life stages say they will focus more strongly on the future sustainability of dividends.

FIGURE 4

CHANGES IN ATTITUDES TO RISK AFTER COVID-19

How would you describe your attitude to financial and investment risk?

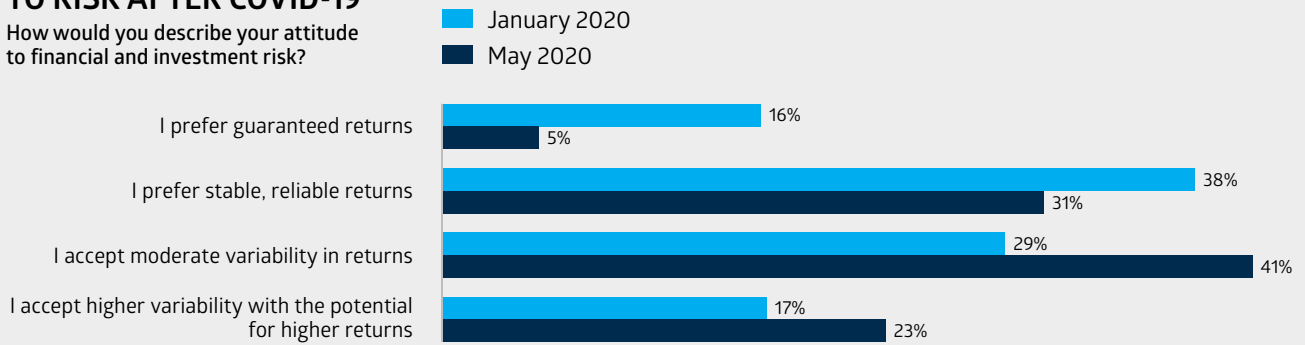
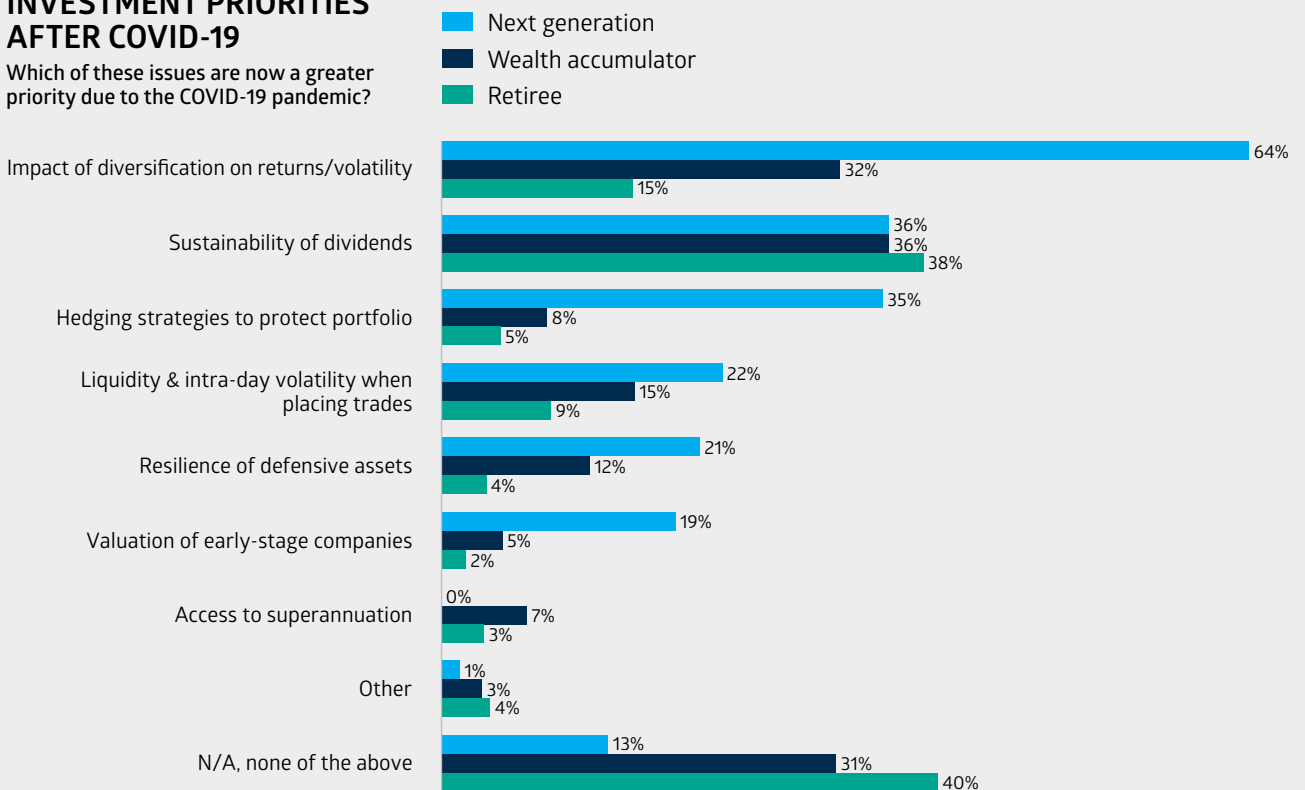


FIGURE 5

CHANGES IN INVESTMENT PRIORITIES AFTER COVID-19

Which of these issues are now a greater priority due to the COVID-19 pandemic?



45%

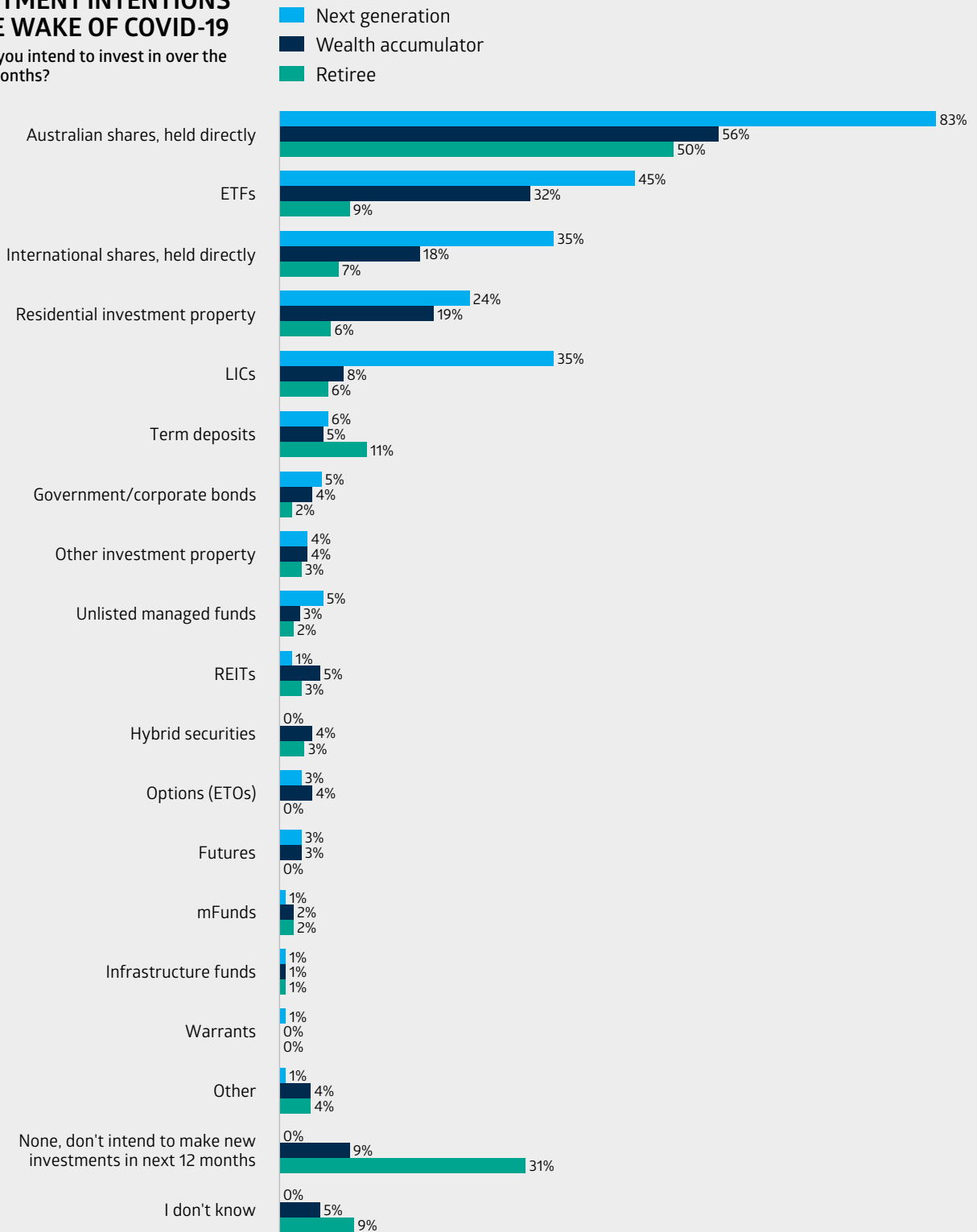
OF NEXT GEN INVESTORS ARE PLANNING TO INVEST IN ETFs IN THE NEXT 12 MONTHS

Investors are also keen to continue taking advantage of lower asset prices by building their holdings of listed assets. Asked about their intentions for the next 12 months, 57% of investors say they plan to invest in Australian direct shares, including 83% of next generation investors. Seventeen per cent are also planning to invest on international exchanges, while many next generation investors are interested in diversified investment vehicles like exchange traded funds (ETFs) and listed investment companies (LICs).

FIGURE 6

INVESTMENT INTENTIONS IN THE WAKE OF COVID-19

What do you intend to invest in over the next 12 months?



THE BENEFITS OF FINANCIAL ADVICE

68%

OF ADVISED INVESTORS MADE CHANGES TO THEIR PORTFOLIOS IN RESPONSE TO THE PANDEMIC

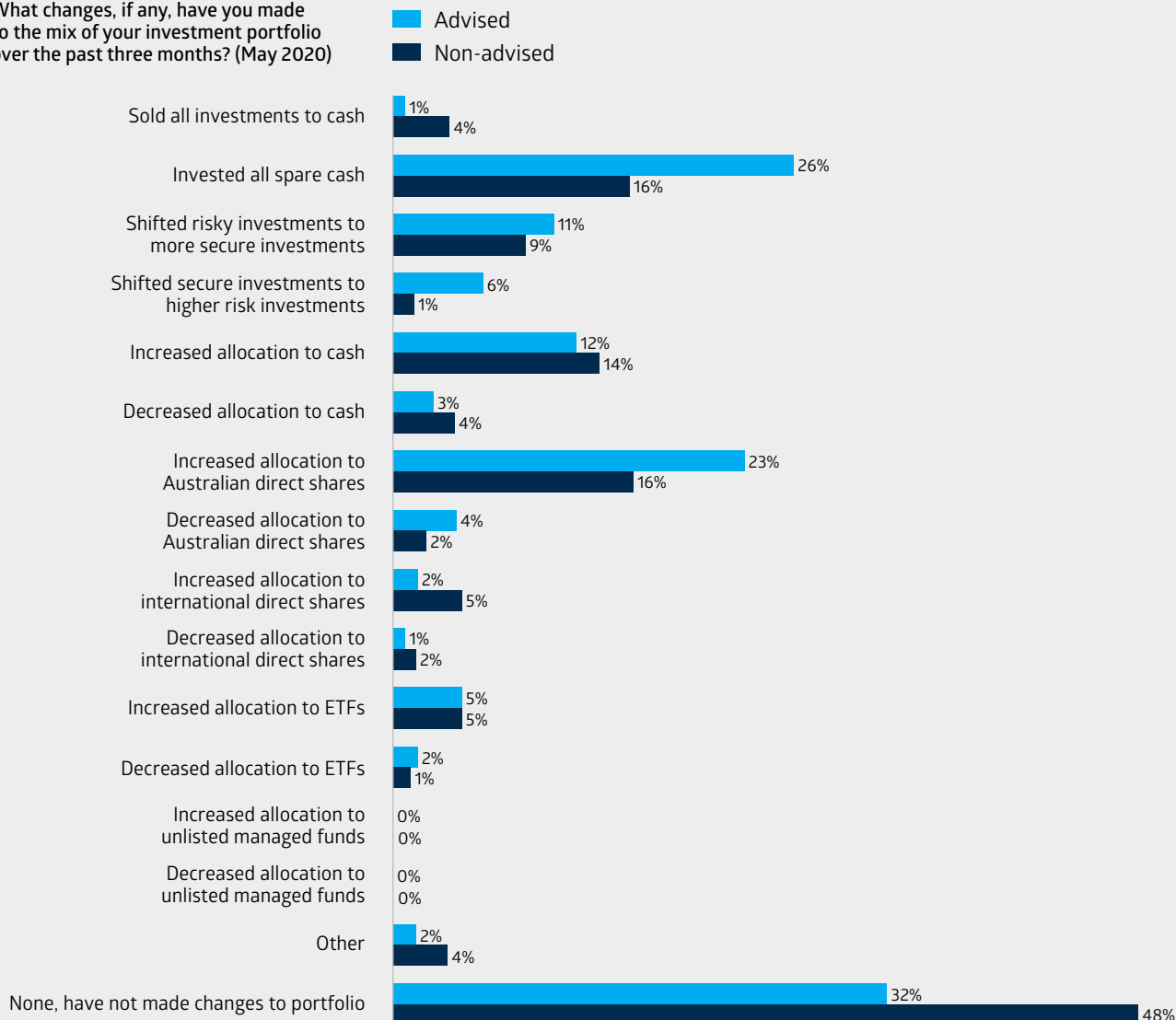
Advised investors have been particularly active in responding to the pandemic, with 68% making changes to their portfolios, compared to 52% of other investors. They have also been more likely to invest all their spare cash (26% versus 16%) and increase their allocation to Australian direct shares (23% versus 16%).

Asked how helpful their financial adviser has been in managing the impact of COVID-19, 84% of advised investors say they have been helpful, with 41% saying they were “extremely” or “very” helpful – although 13% say they are yet to hear from their adviser.

There has also been a renewed interest in advice in the wake of recent market volatility, with 17% of non-advised investors saying they are more likely to consult a financial adviser in future.

FIGURE 7
RESPONSE TO COVID-19 BY ADVISED INVESTORS

What changes, if any, have you made to the mix of your investment portfolio over the past three months? (May 2020)





INVESTING IN 2020

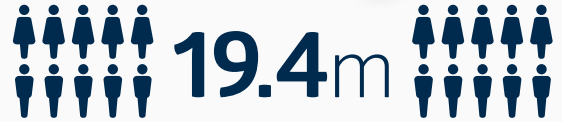
The state of the market

Australia continues to be a nation of investors, with 46% of Australian adults currently holding investments other than their primary residence (including SMSFs, but excluding other superannuation). Among those who invest, more than half invest in direct shares, which have cemented their place as Australia's most accessible and widely used investment option, especially for younger investors. While the overall proportion of Australians with on-exchange investments has consolidated below the high point of the early 2000s, there has been an increase in new investors over the last few years, many of them young and female. Perceptions of the amount of capital you need to start investing have also fallen, as a wide variety of Australians seek to build wealth for the future.

FIGURE 8 KEY FINDINGS

A snapshot of Australian investors in 2020

TOTAL ADULT POPULATION



OF THESE

46% OR 9m

AUSTRALIANS HOLD INVESTMENTS
OUTSIDE THEIR HOME AND SUPER

OF THOSE WHO INVEST

74% OR 6.6m

AUSTRALIANS HOLD LISTED
INVESTMENTS (35% OF 19.4M)

OF THOSE WHO HOLD LISTED INVESTMENTS

23% BEGAN INVESTING
IN THE LAST
2 YEARS

OF THOSE WHO BEGAN INVESTING IN THE LAST 12 MONTHS

45% ARE
WOMEN

900k INTENDING INVESTORS PLAN
TO BEGIN INVESTING WITHIN
12 MONTHS

AVERAGE AGE
OF INTENDING
INVESTORS

34

AVERAGE AGE
OF CURRENT
INVESTORS

46

HOW MANY AUSTRALIANS INVEST?

Among 19.4 million Australian adults, 9 million (or 46%) held investments outside their homes in January 2020 (including SMSFs, but excluding other super). Another 2.6 million lapsed investors had previously owned investments, but did not do so at the time of our survey, while 900,000 intending investors planned to begin investing in the next 12 months. Only around one in three (36%) had never invested and did not plan to do so.

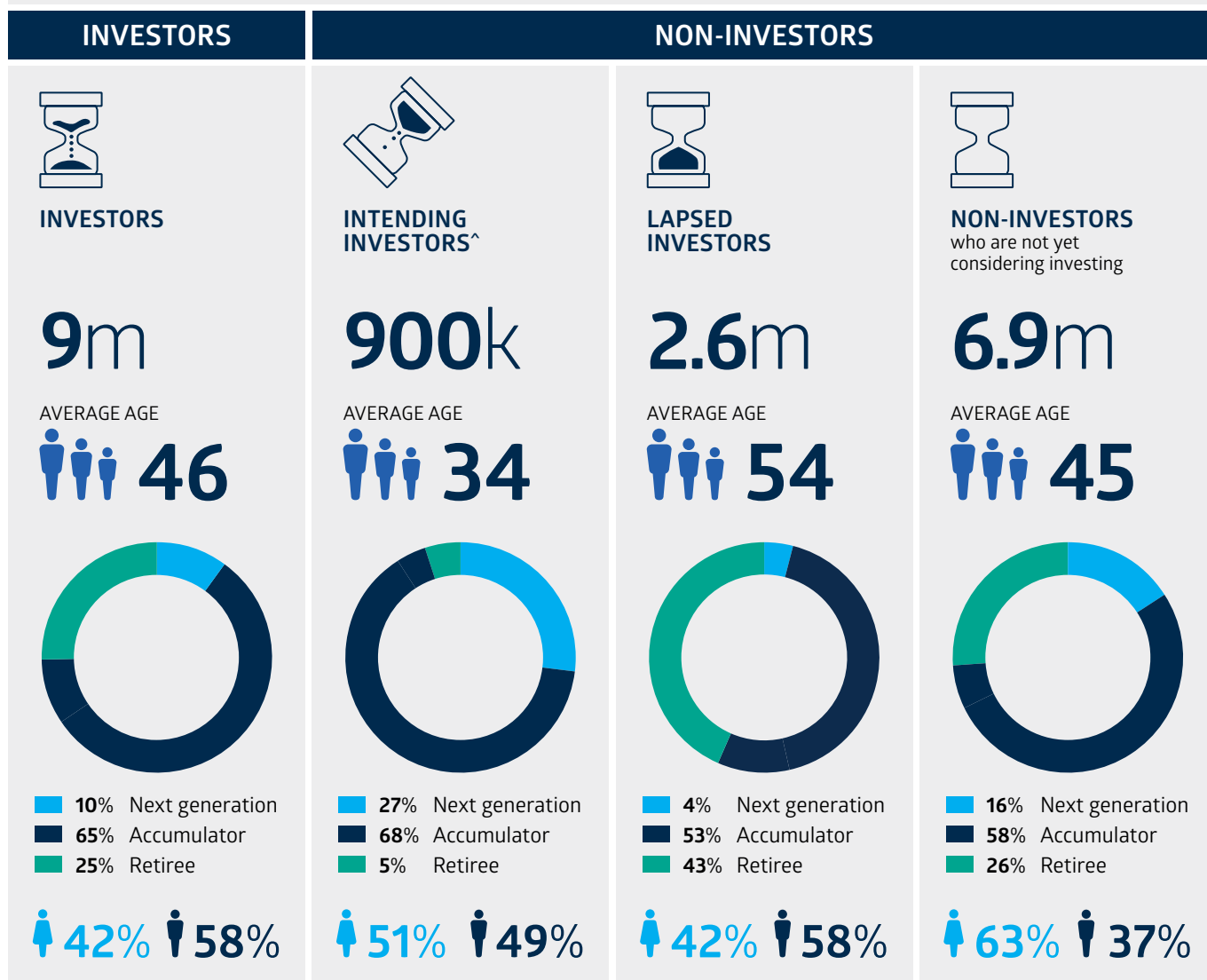
Despite a proliferation of investment options, the enduring appeal of property, and the growing proportion of household wealth tied up in residential property, directly owned shares remain a popular option for Australians seeking to build wealth for the future. After the rapid growth in share ownership during the late 1990s and early 2000s, fuelled by the rise of online broking and a string of de-mutualisations and privatisations, the proportion of people who invest on a securities exchange has stabilised at around 35% of the adult population. Of 9 million Australian investors, 6.6 million (or 74%) hold shares or other on-exchange investments.

FIGURE 9
A NATION OF INVESTORS

Adults who hold investments outside their home and super



NUMBER OF ADULTS*
19.4m



*Source ABS 2019. ^Note Current intention does not always translate into future action.

FIGURE 10
A DEMOCRACY OF SHAREHOLDERS

Proportion of the Australian adult population with on-exchange investments

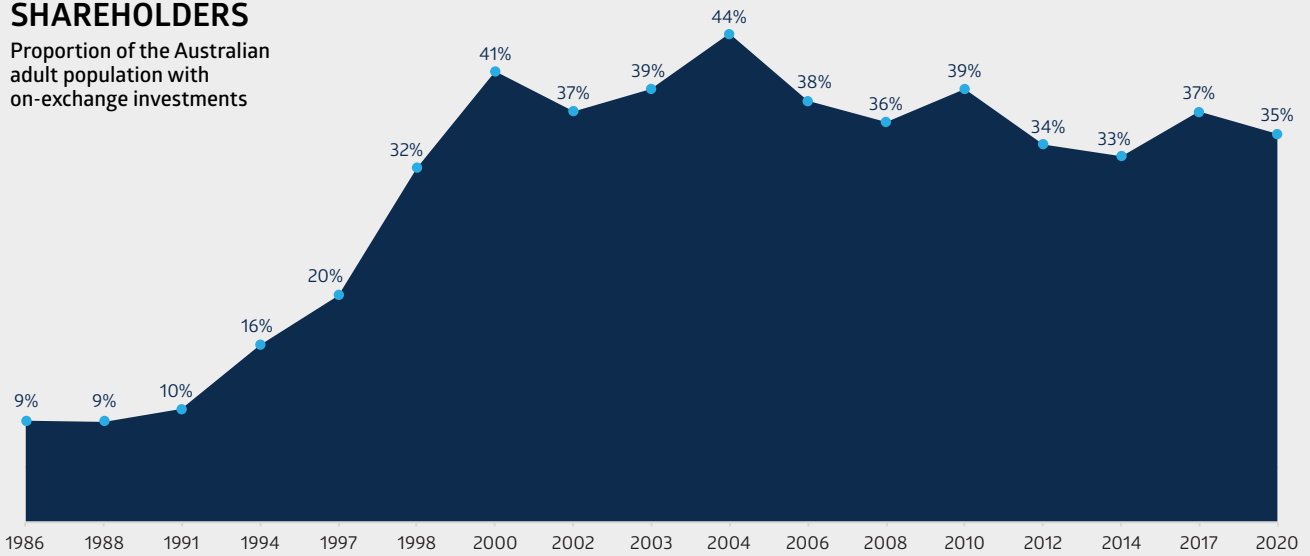
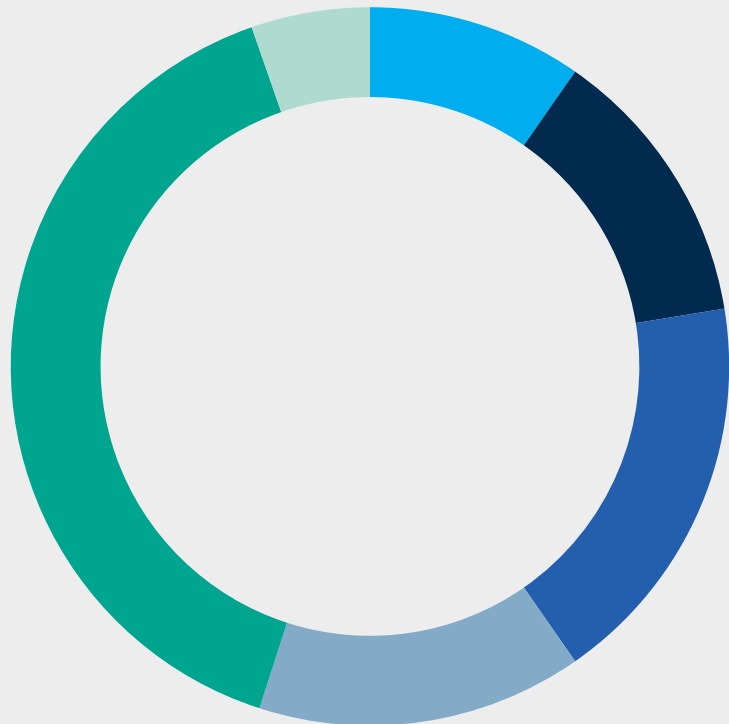


FIGURE 11
NEW INVESTORS RISE

How long ago did you begin investing? (Investors)

- 10% Within the last 12 months
- 13% 1-2 years ago
- 18% 2-5 years ago
- 15% 5-10 years ago
- 40% More than 10 years ago
- 5% Don't remember



ALL INVESTORS
MEDIAN[^]

7.4 YEARS

[^]MEDIANS CALCULATED EXCLUDING 'DON'T REMEMBER'.

While the overall proportion of Australians investing on-market has stabilised, new investor numbers have increased over the last few years, even before the upswing in activity during the COVID-19 crisis. Around one in four current investors (23%) began investing less than two years ago.

Although existing investors are predominantly male (58%) and middle aged, with an average age of 46, the next few years are set to see a growing number of women and younger Australians actively investing. Intending investors have an average age of just 34, with 27% under 25.

WHY WE INVEST

Australians invest for a wide range of reasons – some near-term, some looking far into the future. Asked about the personal and financial milestones they want to achieve over the next three years, survey respondents listed a variety of goals, from going on a holiday (50%), to becoming debt free (34%) or saving for something big (25%).

Among investors, the most common goal in investment selection is to build a sustainable income stream. Interestingly, next generation investors are particularly likely to focus on income, perhaps reflecting a desire for day-to-day independence among a generation that increasingly sees home ownership as undesirable or unachievable. In contrast, retirees place a higher priority on asset and income protection (21%), although 27% are still focused on capital growth – either on its own, or in balance with risk management.

FIGURE 12

PERSONAL AND FINANCIAL GOALS

Which of the following personal or financial milestones are you aiming to achieve in the next three years?
(All respondents)

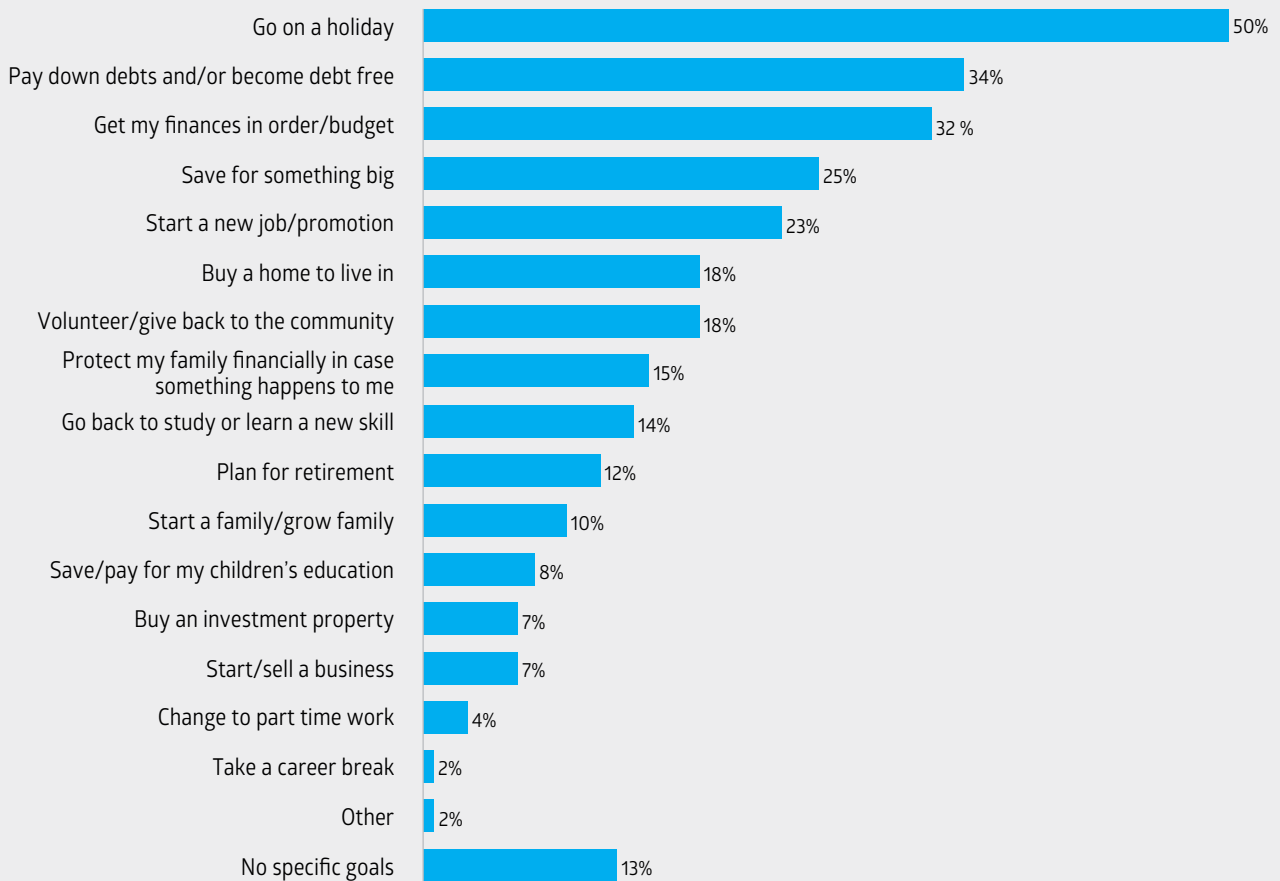
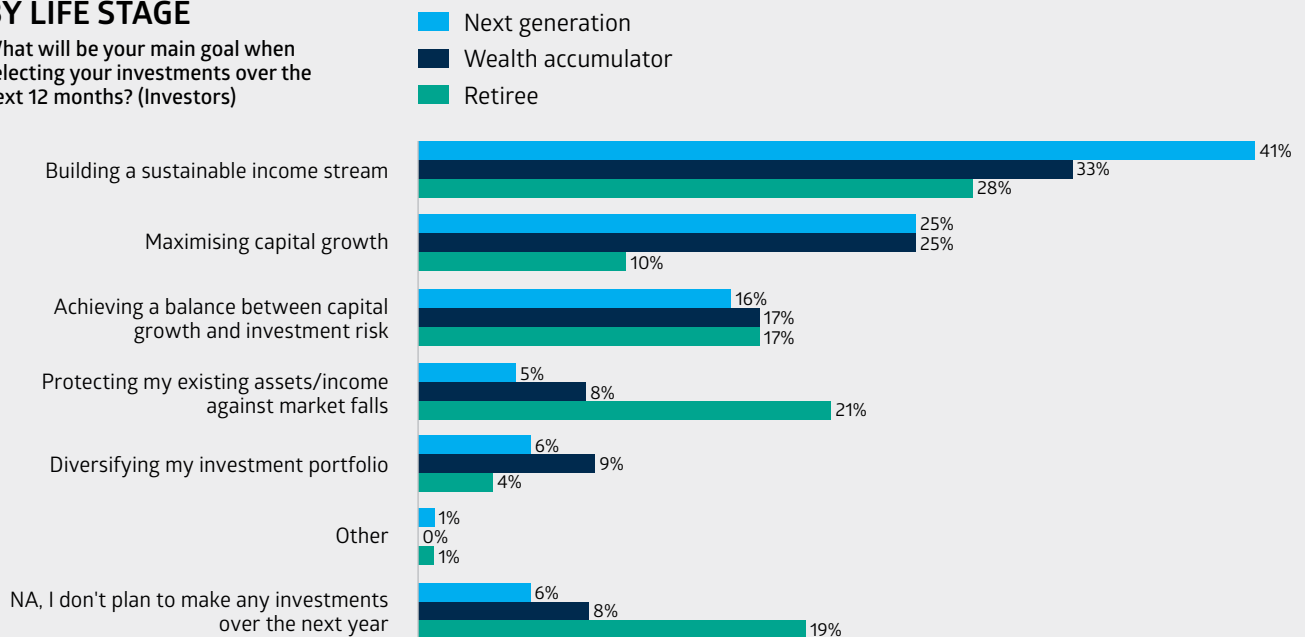


FIGURE 13

INVESTMENT GOALS BY LIFE STAGE

What will be your main goal when selecting your investments over the next 12 months? (Investors)



36%

OF INVESTORS SAY THEIR GOALS HAVEN'T CHANGED

Against this backdrop, the three months to May 2020 saw a marked shift in investment goals, with a significant number moving the dial to growth. While 36% say their goals haven't changed, 16% say they will focus more on maximising capital growth, while another 11% say they will place a greater emphasis on balancing growth with risk.

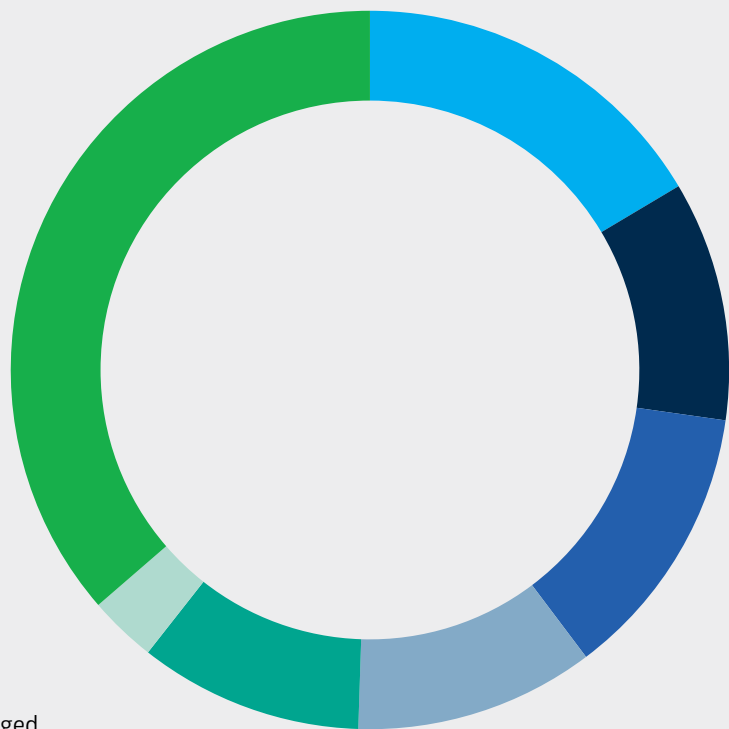
FIGURE 14

INVESTMENT GOALS IN THE WAKE OF COVID-19

How have your investment goals changed in the last three months (March-May 2020)? (Investors)

Focusing more on:

- **16%** Maximising capital growth
- **12%** Building a sustainable income stream
- **11%** Achieving a balance between capital growth and investment risk
- **11%** Diversifying my investment portfolio
- **10%** Protecting my existing assets/income against market falls
- **3%** Other
- **36%** N/A, my investment goals haven't changed



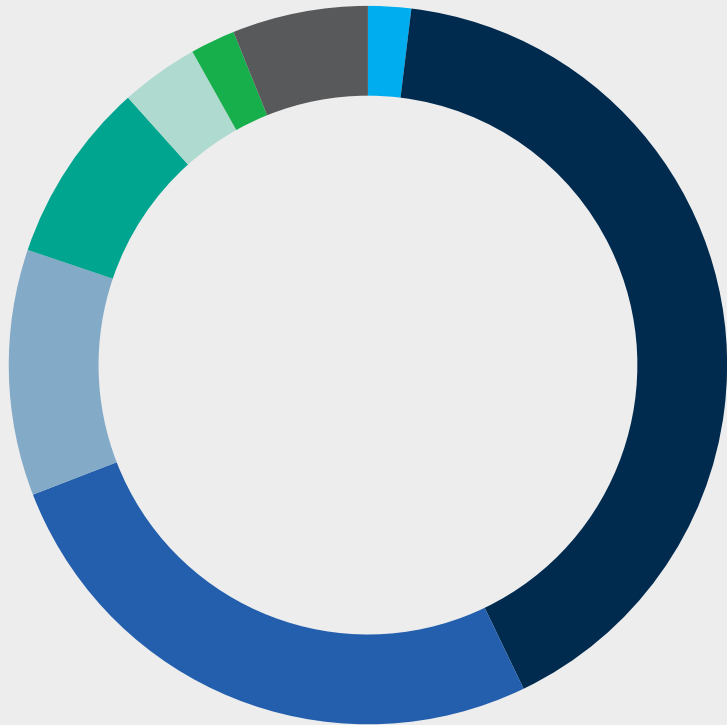
WHERE WE INVEST

Our survey shows Australians understand they don't need large amounts of capital to invest, and that listed investments can be an accessible method of building wealth for the future. Among those currently investing outside their homes and super, the median portfolio size was \$130,000, with 41% of portfolios under \$100,000 and 28% under \$50,000. The amount non-investors believe they need to start investing has also fallen by more than a third since our last study in 2017, from a median of \$6,800 to just \$4,300.

FIGURE 15
**FROM LITTLE THINGS,
BIG THINGS GROW**

What is the size of your investment portfolio? (Investors)

- 2% No investments
- 41% < \$100k
- 26% \$100k - \$500k
- 11% \$500k - \$1m
- 8% \$1m - \$2.5m
- 4% \$2.5m - \$5m
- 2% > \$5m
- 6% I'd rather not say



MEDIAN INVESTMENT PORTFOLIO

\$130k

Australian direct shares are by far the most widely held asset class, owned by 58% of investors. That compares to just 38% of investors who hold residential investment properties and 28% who hold term deposits (still surprisingly popular, despite record low interest rates). Nonetheless, residential property comprises more than half of the median portfolio by value, reflecting its significant entry cost. In contrast, ETFs, while held by 15% of investors, account for just 2% of investments by value, reflecting their appeal to investors with limited capital as a vehicle for cost-effective diversification.

The vast majority of investors (86%) hold at least some investments in their own names, either in a personal or joint account. However, while just 5% of Australians and 10% of investors have an SMSF, those investors account for an outsized proportion of assets. On average, SMSF investors have a total portfolio of \$1.8 million including SMSF but excluding home and other superannuation, and more than half of SMSF investors (54%) have total portfolios over \$1 million.

58%

OF INVESTORS HOLD AUSTRALIAN DIRECT SHARES

54%

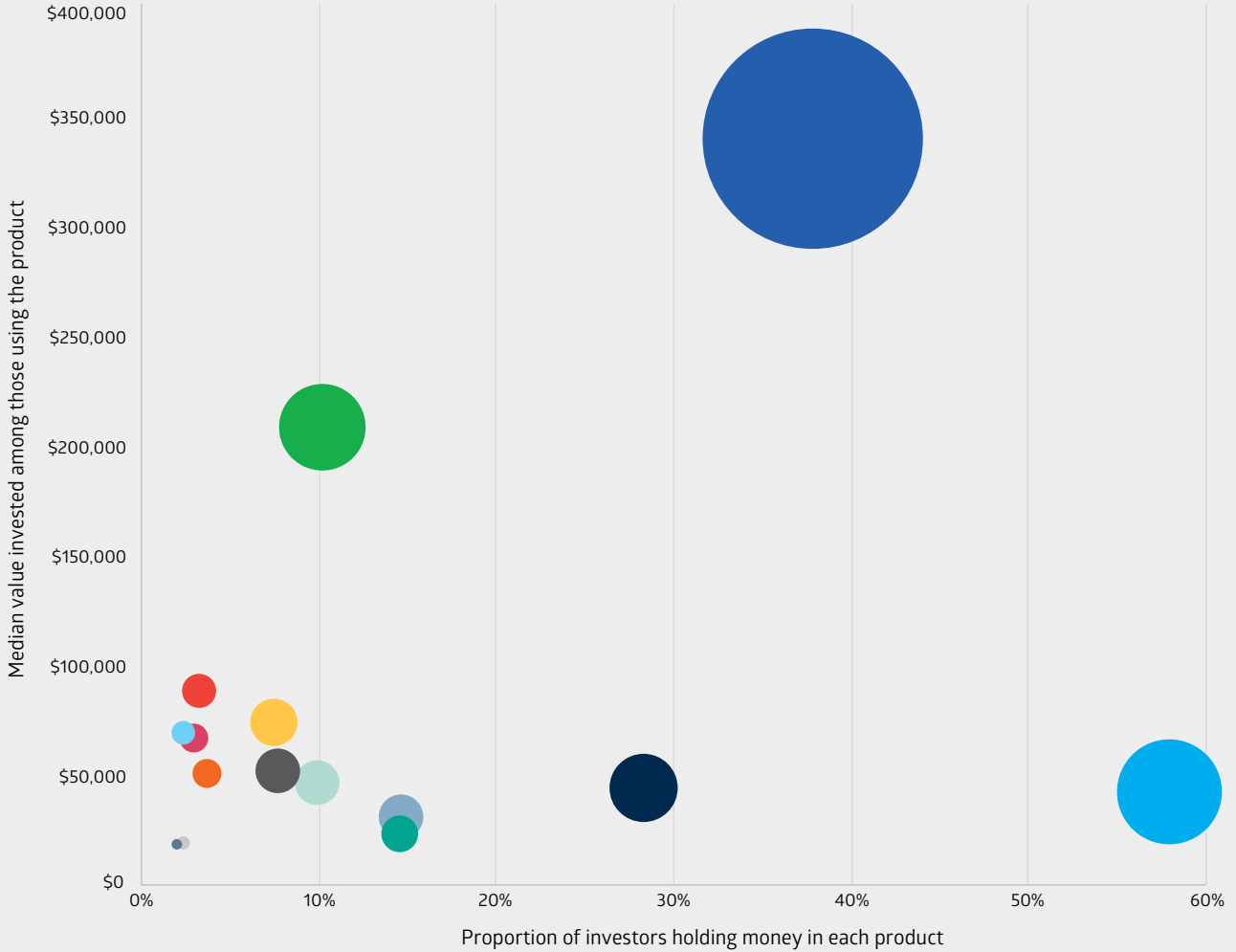
OF SMSF INVESTORS HAVE TOTAL PORTFOLIOS OVER \$1 MILLION

FIGURE 16

SHARES REMAIN AUSTRALIA'S MOST POPULAR INVESTMENT OPTION

Median amount invested versus proportion of investors holding each investment type (Investors).

Bubble size represents the proportion represented in the average investor portfolio.

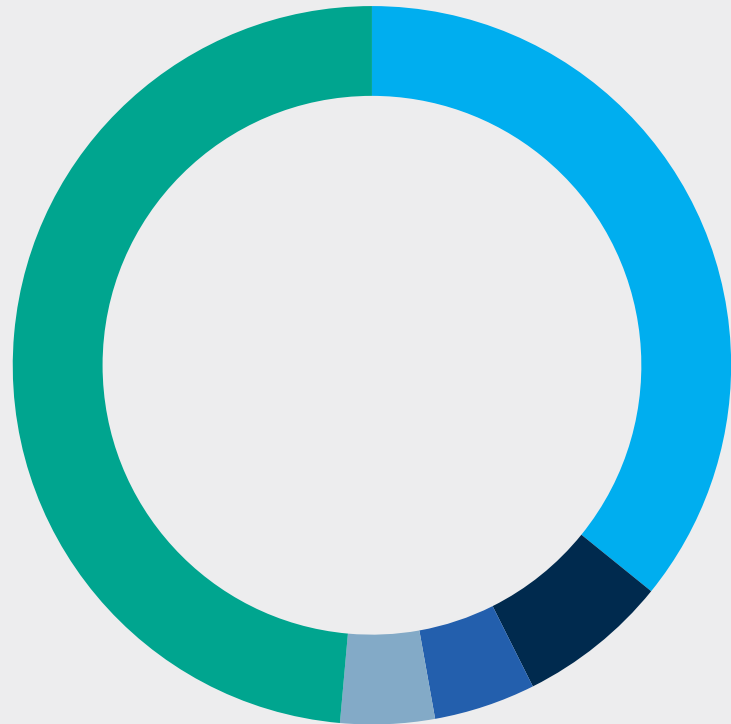


- **13%** \$41,960 Shares listed on an Australian exchange, held directly
- **56%** \$338,261 Residential investment property
- **5%** \$43,895 Term deposits
- **2%** \$30,725 Shares listed on an international exchange, held directly
- **2%** \$23,192 Exchange traded funds (ETFs)
- **2%** \$45,720 Listed investment companies (LICs)
- **9%** \$207,347 Other investment property
- **2%** \$51,782 Real Estate Investment Trusts (REITs)
- **2%** \$73,423 Unlisted managed funds
- **1%** \$50,173 Government/corporate bonds
- **1%** \$87,801 Hybrid securities
- **1%** \$66,416 Infrastructure funds
- **0%** \$19,372 Options (ETOs)
- **1%** \$68,973 mFunds
- **0%** \$18,040 Futures

FIGURE 17

INVESTMENT VEHICLES

Which of the following investments do you have outside your home and super? (All respondents)



Investments held in:

- 40% Personal capacity (own or joint names)
- 8% Family trust
- 5% SMSF
- 5% Company structure
- 54% None of these

A NEW GENERATION

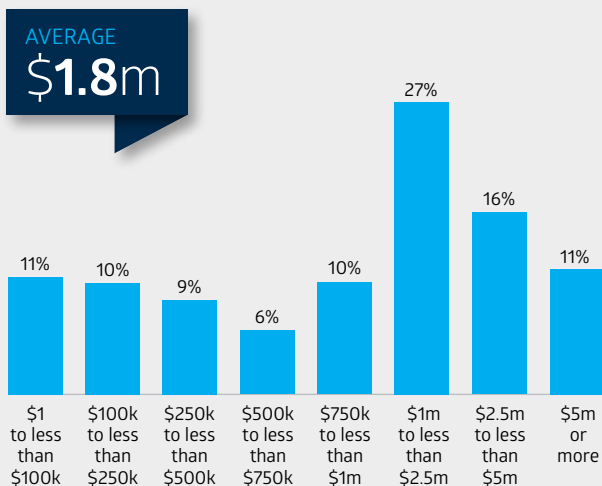
OF INVESTORS BEGINS TO PLAN FOR RETIREMENT

SMSF numbers could be set to increase over the next few years, as a new generation of investors begins to plan for retirement. Twenty-seven per cent of non-SMSF investors say they are likely to set one up in future, including 9% who say they are likely to do so within a year. While most of those interested in starting an SMSF are early wealth accumulators (aged between 25 and 44), around a quarter are next generation investors aged 24 and under. That trend could be accelerated by a higher superannuation guarantee contribution rate, scheduled to increase 0.5% a year to 12% by FY2026, driving higher super balances at a younger age.

FIGURE 18

SMSF INVESTOR PORTFOLIO SIZE

Total portfolio size including SMSF, but excluding home and any other super (SMSF investors)



Total SMSF portfolio size (SMSF investors)

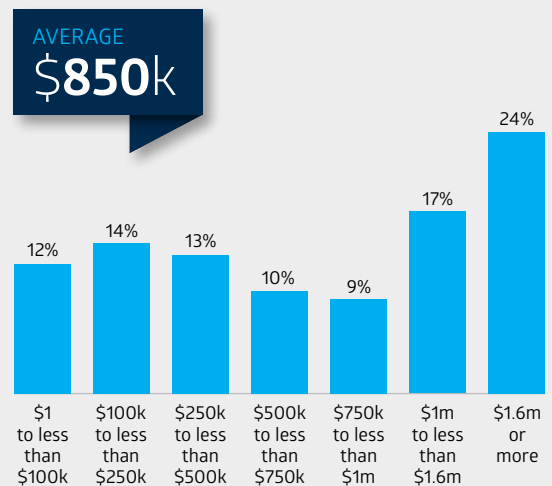
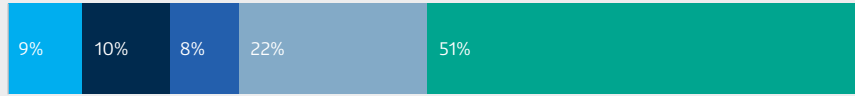


FIGURE 19

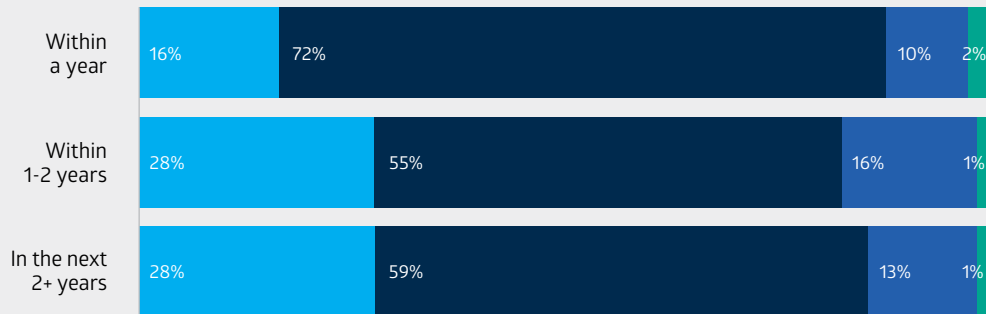
INTENTION TO SET UP AN SMSF

Are you likely to set up an SMSF in the future? (Non-SMSF investors)

- Yes, in the next 12 months
- Yes, in the next 12-24 months
- Yes, in the next 2+ years
- Don't know/unsure
- No, I'm not planning to set up an SMSF



- Next generation
- Early wealth accumulators
- Mature wealth accumulators
- Retirees



HOW WE INVEST

Investors consider a wide range of factors when making investment decisions, from ethical concerns to tax effectiveness. Asked to name their top three considerations, survey respondents were most likely to evaluate the potential return (65%), followed by potential risk (48%) and their personal circumstances (40%). However, around one in three also considered the need for diversification – a proportion likely to have increased in the wake of COVID-19.

Most investors are actively engaged with their investments, with 61% checking their portfolios at least once a month – although 7% only do so annually, and 4% say they never do so.

While attitudes to risk vary by life stage, investors become more risk tolerant as they gain investment experience. Asked to rate their attitude to risk in January 2020, 46% of current investors said they would accept moderate or higher variability with the potential for higher returns, compared to 35% of lapsed investors, 26% of intending investors, and just 15% of non-investors. As we noted above, that number rose to 64% in the wake of recent market volatility, suggesting that the experience of navigating volatile markets has made at least some investors more resilient, rather than less so.

61%

OF INVESTORS CHECK THEIR PORTFOLIOS AT LEAST ONCE A MONTH

FIGURE 20

A FOCUS ON RISK AND RETURN

What are your top three considerations when making investment decisions? (Investors)

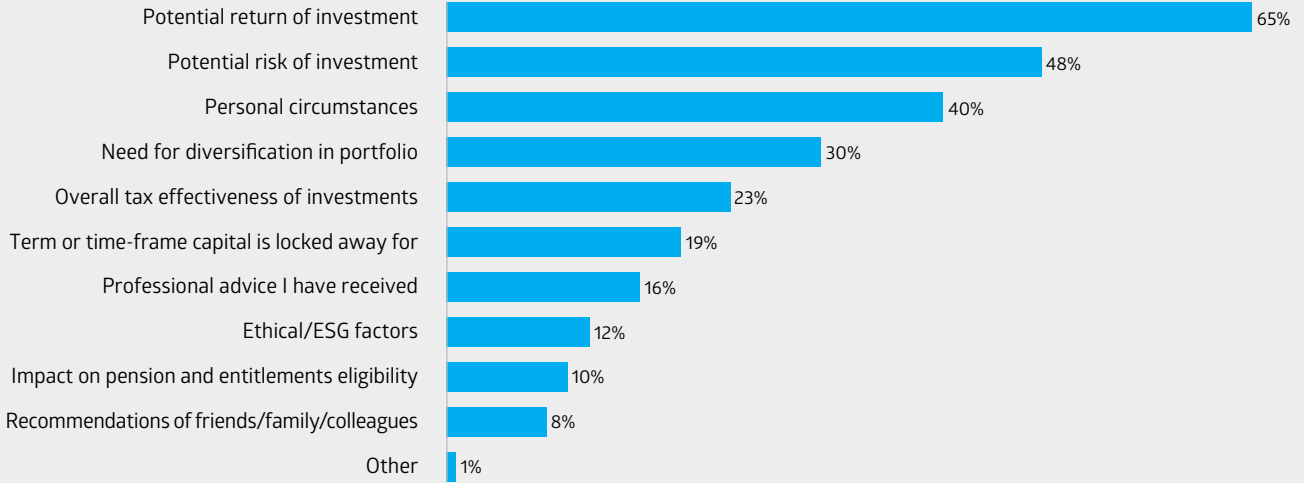
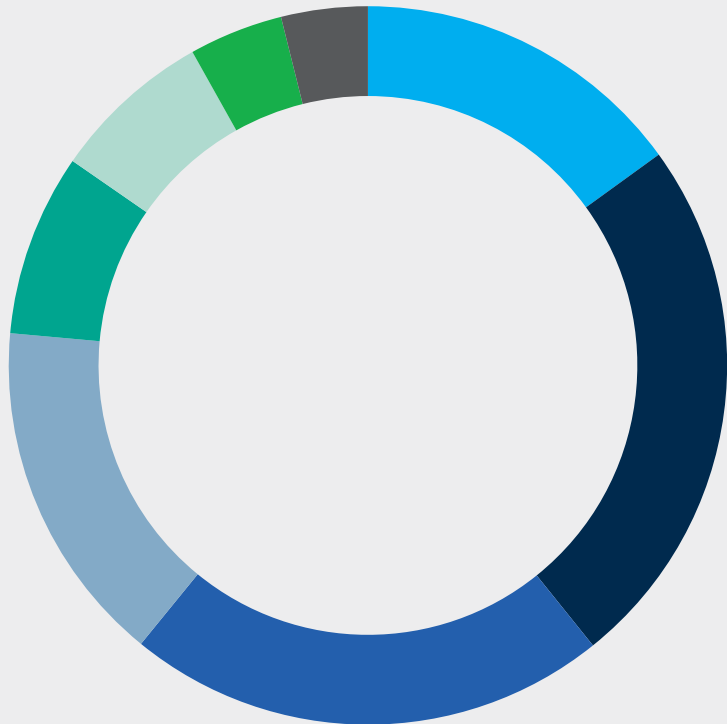


FIGURE 21

MOST INVESTORS ARE ACTIVELY ENGAGED

How often did you view or review your overall portfolio in the last 12 months? (Investors)

- 15% Daily
- 24% Weekly
- 22% Monthly
- 16% Every quarter
- 8% Twice a year
- 7% Annually
- 4% Never
- 4% Don't know/unsure



NUMBER OF DAYS BETWEEN REVIEWS
MEDIAN[^]

14

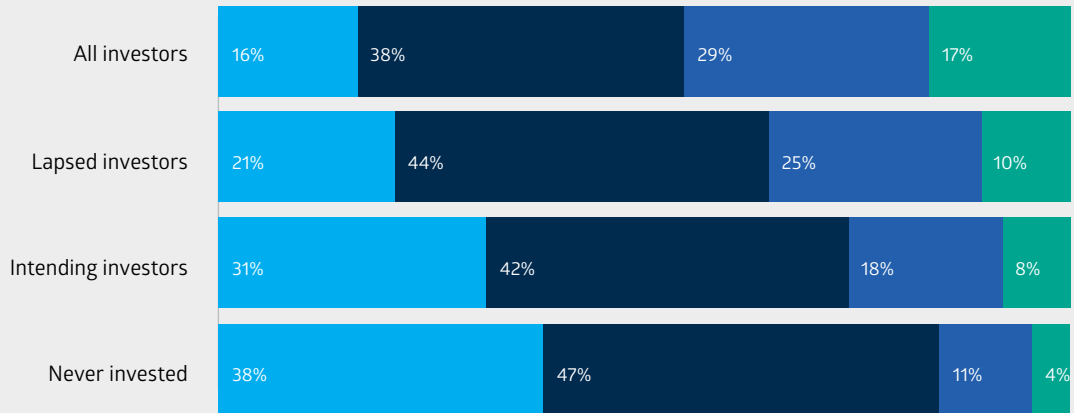
[^]Medians calculated excluding those who said 'Never' or 'Don't know/unsure'.

FIGURE 22

ATTITUDES TO RISK

How would you describe your attitude to financial and investment risk? (All respondents)

- I prefer guaranteed returns
- I prefer stable, reliable returns
- I'd accept moderate variability in returns
- I'd accept higher variability with the potential for higher returns



INDIVIDUAL INVESTORS HAVE REACTED TO MARKET VOLATILITY, USING FALLING PRICES TO EXPAND AND DIVERSIFY THEIR PORTFOLIOS

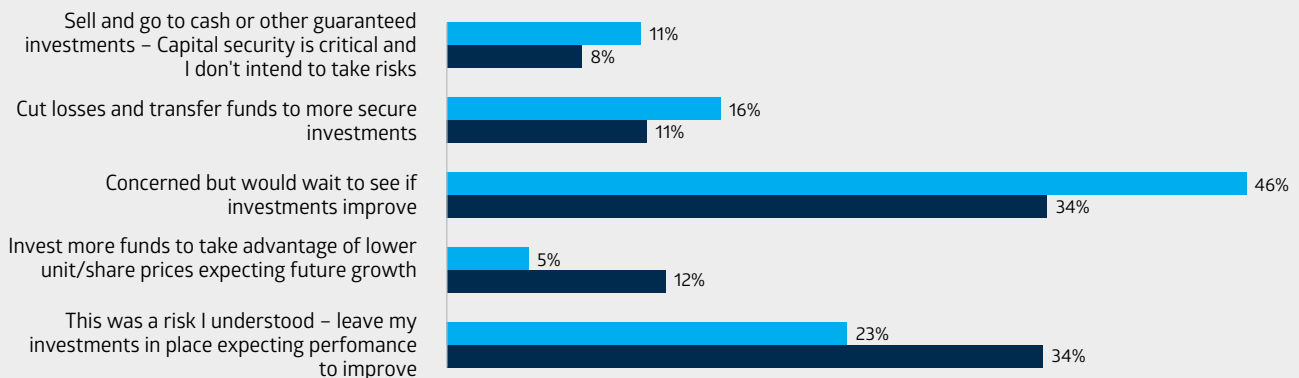
A similar pattern emerged when we asked investors how they would respond to a sudden 20% fall in their investment balance. Nineteen per cent of investors in our January 2020 survey said they would cut their losses and move to cash or more secure investments (down from 27% in 2017), while 12% said they would invest more to take advantage of lower prices (up from 5%). Yet when investors actually experienced a 20%-plus fall in asset prices during the first three months of 2020, only 3% decreased their allocation to Australian shares, while 17% invested all their spare cash. Once again, it seems that individual investors have reacted to market volatility with some sophistication, using falling prices to expand and diversify their portfolios.

FIGURE 23

RESPONDING TO A CORRECTION

How would you react if you woke up tomorrow and found your investment balance had dropped 20%? (Investors, Jan 2020)

- 2017
- 2020



AUSTRALIA'S MOST TRUSTED FINANCIAL ORGANISATIONS

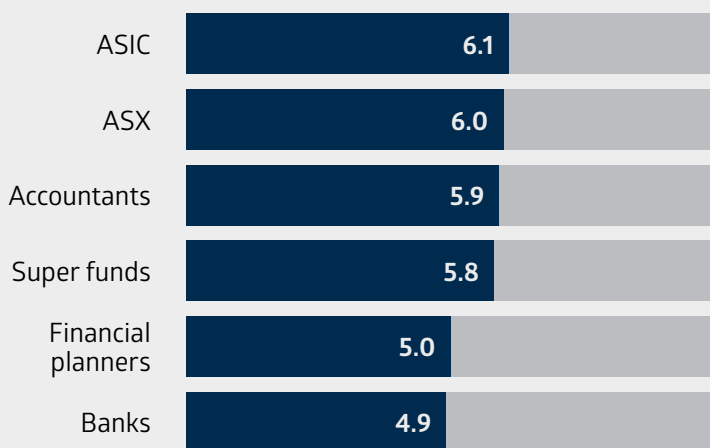
Our survey shows that Australians generally have a high level of trust in both ASIC and ASX, rating them ahead of accountants, super funds and the major banks. Among the one in two Australians who have an opinion about ASX, 46% say it runs a well-regulated market and 35% say it's a world-class exchange.

High value investors (HVIs) and retirees are most likely to rate ASX highly, while non-investors are least likely to do so – suggesting that those who rely strongly on ASX services are most likely to view it positively.

FIGURE 24
ATTITUDES TO FINANCIAL ORGANISATIONS



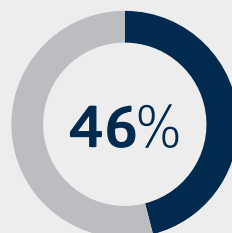
AUSTRALIA'S MOST TRUSTED FINANCIAL SERVICES ORGANISATIONS (RATED OUT OF 10)



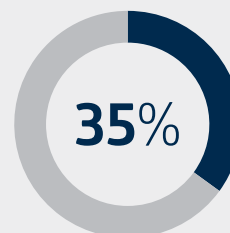
1 IN 2 AUSTRALIAN ADULTS VISITED THE ASX WEBSITE IN THE LAST 12 MONTHS



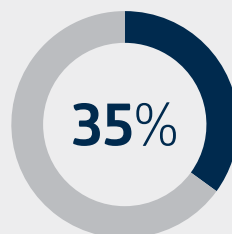
AMONG THE
53%
WHO HAVE A VIEW ON ASX



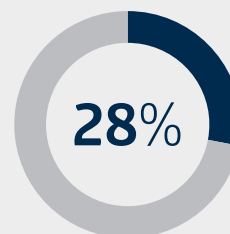
SAY IT RUNS A WELL-REGULATED MARKET



SAY IT PROVIDES OBJECTIVE, UP-TO-DATE INFORMATION



SAY IT'S A WORLD-CLASS EXCHANGE



SAY IT PROVIDES CRITICAL INVESTMENT INFRASTRUCTURE



DEMOGRAPHICS

The changing face of Australian investing

The increase in new investors over the last few years has seen a marked shift in investor demographics, particularly among those who hold listed investments. Driven by the number of women and younger Australians actively investing, this trend looks set to accelerate over the next few years, as a new wave of investors enter the market.

Meanwhile, a cohort of older Australians have cemented their place as the country's highest value individual investors, with large portfolios and high trade volumes, many of them executed through an SMSF.

FIGURE 25
KEY FINDINGS
Three groups shaping the future of investing


NEXT GENERATION INVESTORS


FEMALE INVESTORS

AGED
18-24


HIGH VALUE INVESTORS

42%
OF CURRENT INVESTORS

10%
OF CURRENT INVESTORS

TOP
20%
BY PORTFOLIO SIZE AND TRADING VALUE

45%
OF RECENT ON-EXCHANGE INVESTORS

25%
OF RECENT ON-EXCHANGE INVESTORS

41%
HAVE AN SMSF

51%
OF INTENDING INVESTORS

27%
OF INTENDING INVESTORS

MEDIAN PORTFOLIO SIZE
\$1.2m

MEDIAN PORTFOLIO SIZE
\$90k

MEDIAN PORTFOLIO SIZE
\$50k

ON-EXCHANGE TRADING ACTIVITY (LAST 12 MONTHS):
MEDIAN NUMBER OF TRADES **20**
MEDIAN TRADE SIZE **\$17,000**

ON-EXCHANGE TRADING ACTIVITY (LAST 12 MONTHS):
MEDIAN NUMBER OF TRADES **5**
MEDIAN TRADE SIZE **\$4,250**

ON-EXCHANGE TRADING ACTIVITY (LAST 12 MONTHS):
MEDIAN NUMBER OF TRADES **10**
MEDIAN TRADE SIZE **\$4,150**



THE NEXT GENERATION

The last two years have seen an influx of younger investors into the market. Among those who began investing on a securities exchange within the last two years, a quarter are next generation investors. And this trend looks set to continue, with 27% of intending investors (those planning to begin investing within 12 months) also under 25.

Characterised by distinctive investment preferences and behaviours that distinguish them from their older peers, next generation investors want to learn more, seeking information from a wide variety of sources, including social media. Many are also inclined to seek professional help, with more than a third saying they lack the confidence to invest on their own. Comparatively risk averse, they have tended to focus on generating a reliable income stream – at least until the COVID-19 induced market plunge led to a new emphasis on capital growth. Yet they also actively seek new opportunities, monitoring their portfolios frequently, despite having relatively little capital at their disposal.

FIGURE 26
PROFILE OF A NEXT GENERATION INVESTOR

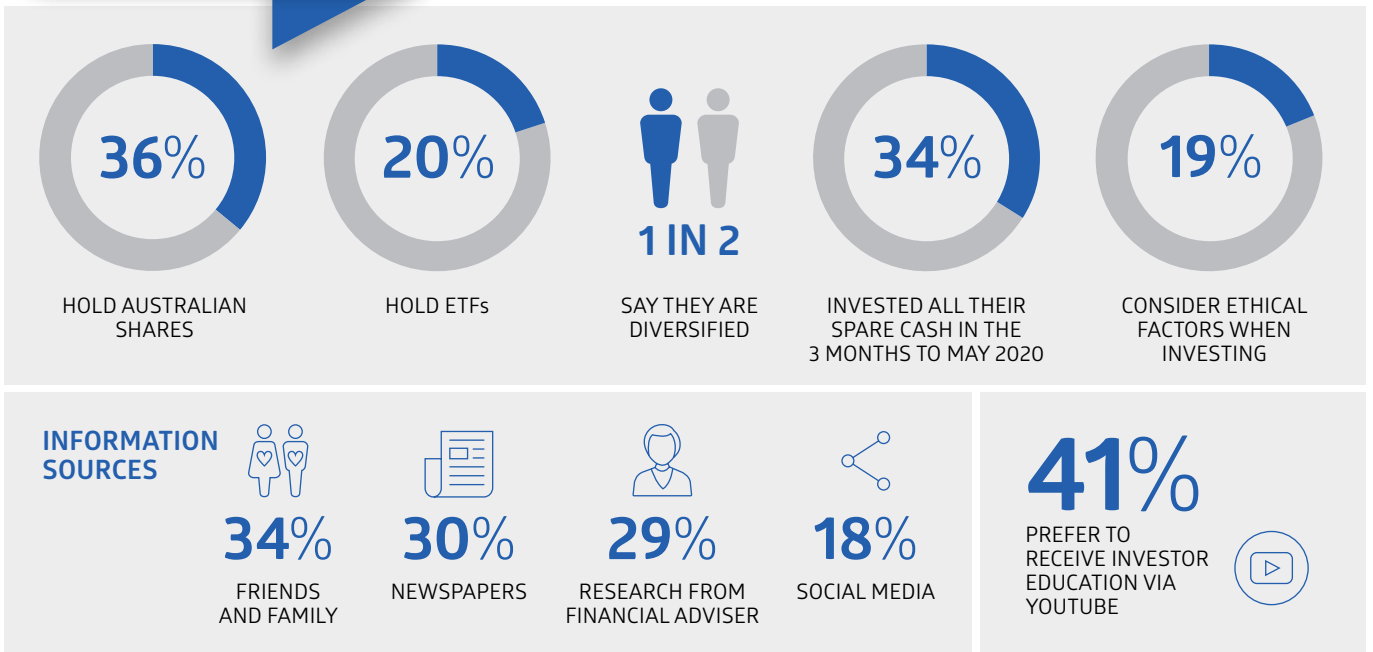


FIGURE 27
A RISING GENERATION OF NEW INVESTORS

How long ago did you begin investing?
(On-exchange investors)

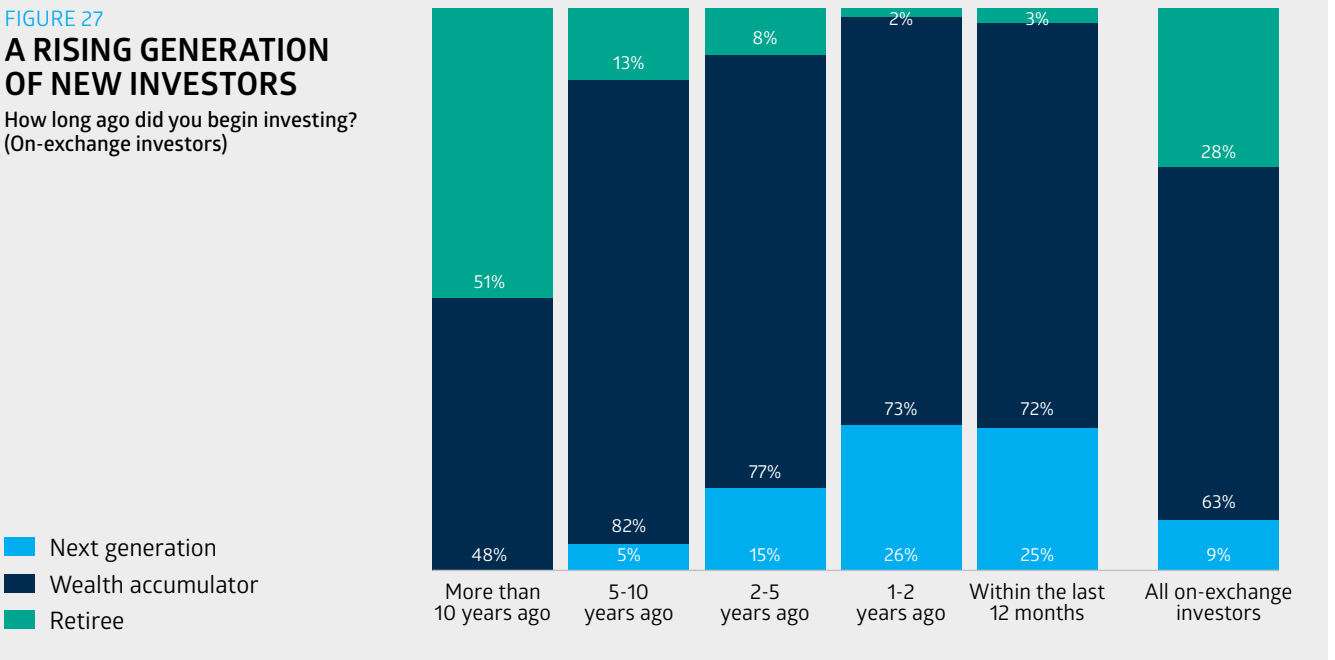
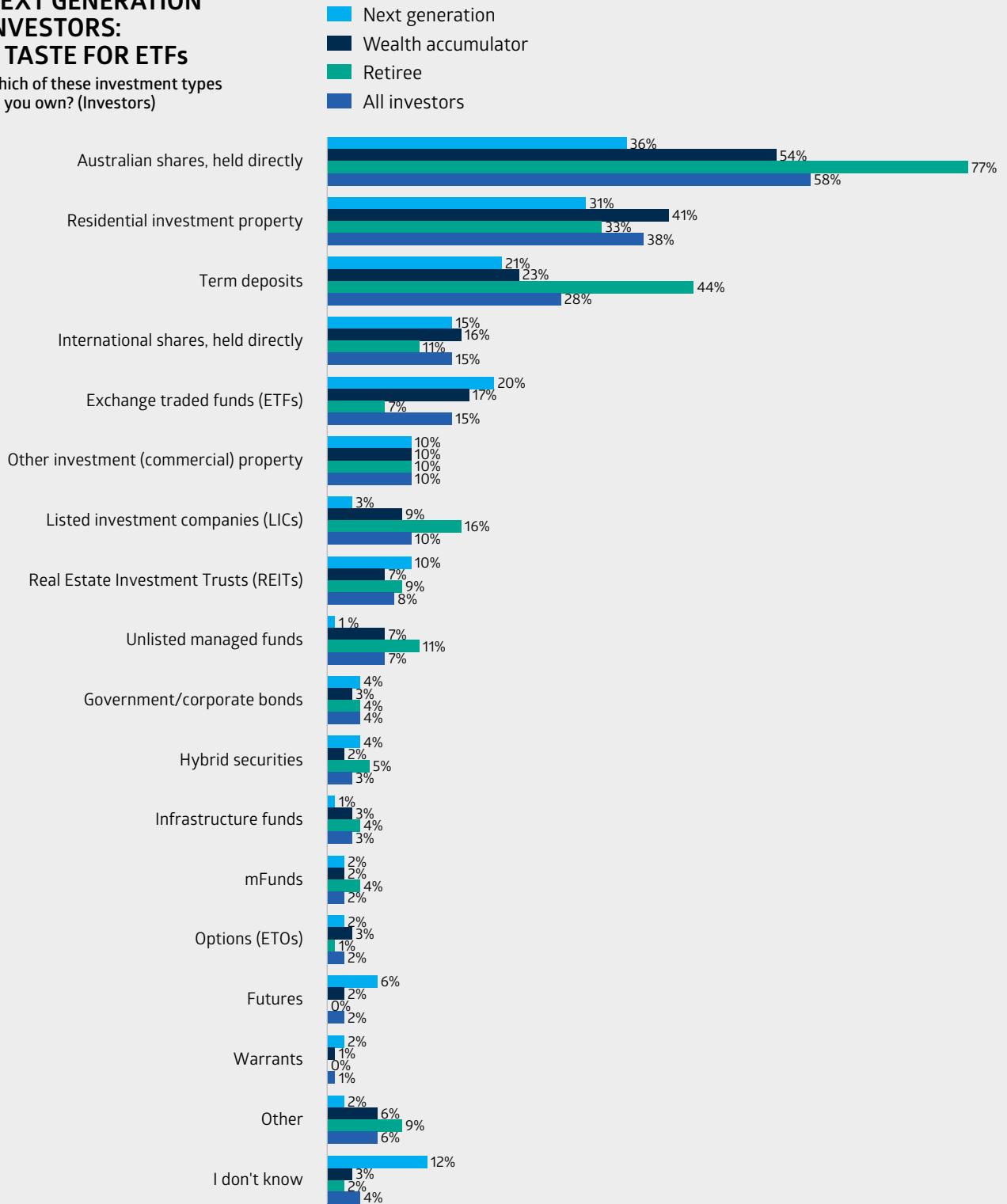


FIGURE 28

NEXT GENERATION INVESTORS: A TASTE FOR ETFs

Which of these investment types do you own? (Investors)



NEXT GENERATION INVESTORS

SHOW A RELATIVELY HIGH DEGREE OF WILLINGNESS TO SEEK ADVICE

Next generation investors are the group least likely to hold direct Australian shares (36%, compared to 77% of retirees), but most likely to hold ETFs (20% versus 7%), a convenient vehicle for low-cost diversification for an investor group that typically has smaller amounts of capital. They are also less likely than other generations to own residential property, with one in 10 holding real estate investment trusts (REITs) as an avenue for affordable property exposure.

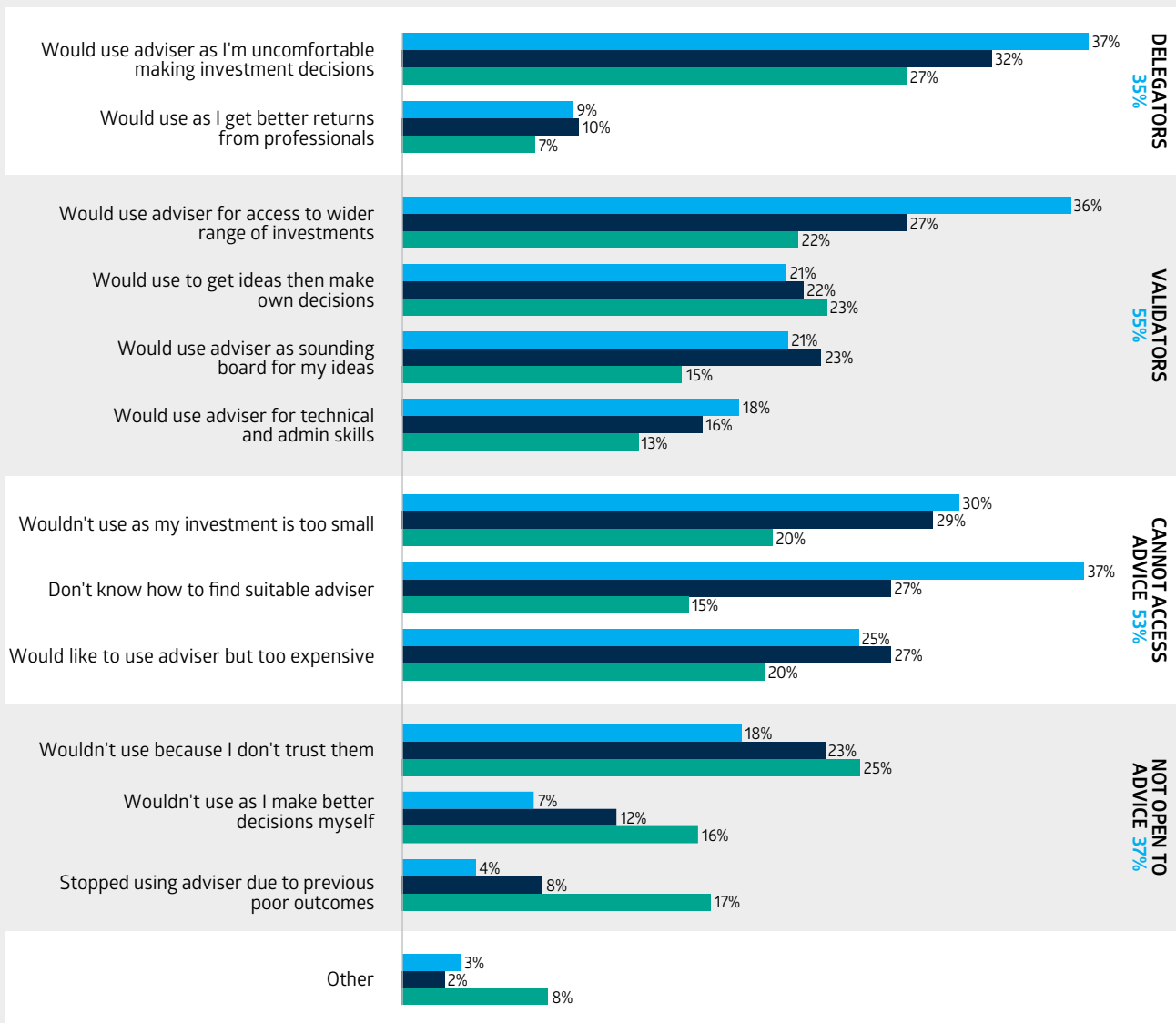
Hungry for knowledge and aware of their relative lack of investing experience, members of the next generation show a relatively high degree of willingness to seek advice, with 36% saying that they would use an adviser to access a wider range of investments, while 37% say they would use an adviser because they don't feel comfortable making investment decisions on their own. However, many are held back by a lack of knowledge about how to find a suitable adviser, together with the perception that they don't yet have enough capital to justify seeking advice.

FIGURE 29

ATTITUDES TO ADVICE BY AGE

Which of these statements about financial advisers do you agree with? (All respondents)

Next generation
Wealth accumulator
Retiree



46%

CHANGED THEIR INVESTMENT GOALS TO FOCUS ON MAXIMISING CAPITAL GROWTH

Their willingness to learn from experience was also reflected in their response to the COVID-19 pandemic and the accompanying market volatility. They were the group most likely to say they had updated their investment priorities due to the COVID-19 outbreak, placing a greater focus on diversification (64%), hedging strategies (35%), liquidity (22%) and defensive assets (21%) - refer to Figure 5. They were also the group most likely to have invested all their spare cash during the market downturn (34%).

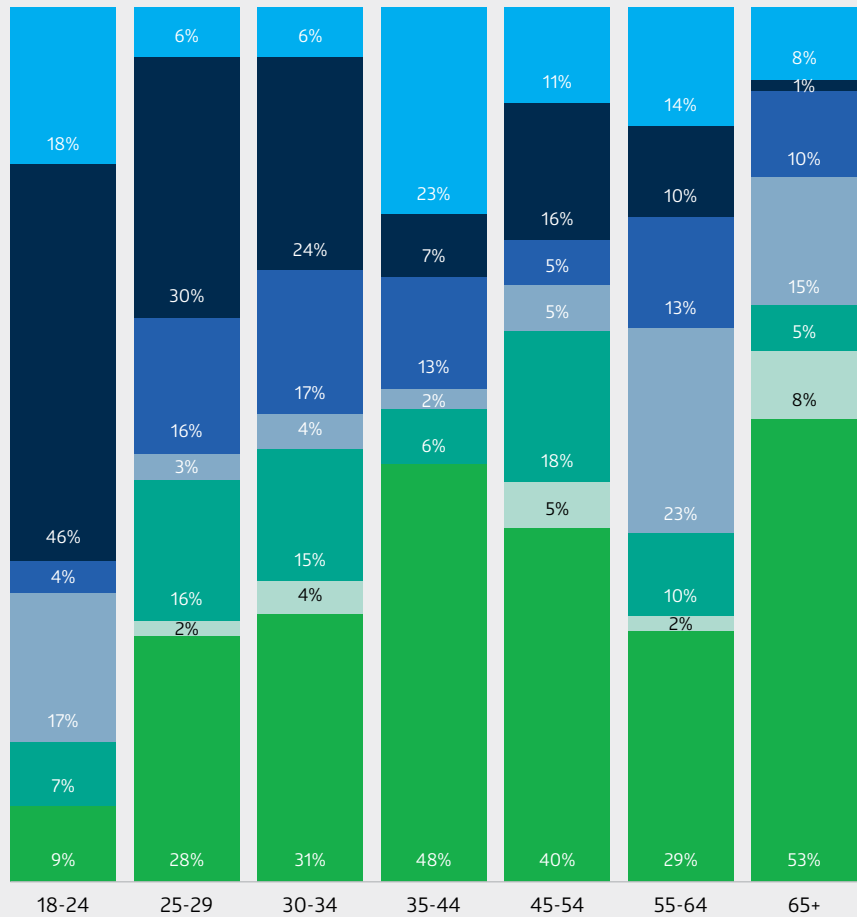
Forty-six per cent said that they had changed their investment goals to focus on maximising capital growth, although 18% preferred to focus on building a sustainable income stream.

FIGURE 30
CHANGE IN INVESTMENT GOALS SINCE MARCH

How have your investment goals changed in the last three months (March-May 2020)?

Focusing more on:

- Building a sustainable income stream
- Maximising capital growth
- Achieving a balance between capital growth and investment risk
- Protecting my existing assets/ income against market falls
- Diversifying my investment portfolio
- Other
- N/A, my investment goals haven't changed





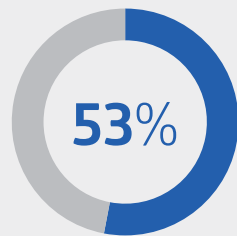
FEMALE INVESTORS

The growth in new investors entering the market has also seen a sharp rise in the proportion of women investing. Forty-five per cent of those who began investing in the last 12 months were female, up from 31% among those who started five to 10 years ago. It's a trend that looks set to accelerate, with women accounting for 51% of intending investors. Nonetheless, our research suggests that there is still more work to be done for female investors to participate in investment markets to the same degree as their male counterparts.

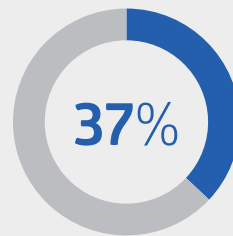
Female investors tend to hold fewer assets, be less diversified, and more risk averse than their male counterparts. They are typically aware of fewer investment options, and more conscious of the barriers that could stop them investing. Yet they are also keen to become more knowledgeable, consulting a wide variety of information sources, and more interested in enlisting professional advice, though unwilling to pay large amounts for it.

Women are also more inclined to set a strategy and hold to it, reviewing their portfolios less often and making fewer changes in response to market movements. While this considered approach may help female investors avoid losses in times of crisis, it may also prevent them from taking advantage of emerging opportunities.

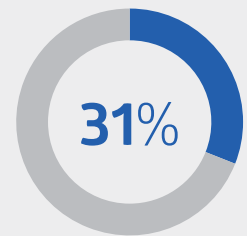
FIGURE 31
PROFILE OF
A FEMALE
INVESTOR



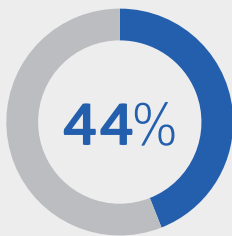
HOLD AUSTRALIAN SHARES



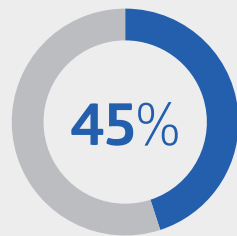
HAVE RESIDENTIAL INVESTMENT PROPERTIES



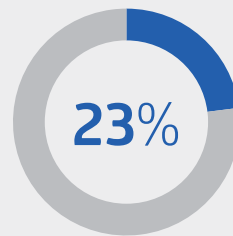
HAVE TERM DEPOSITS



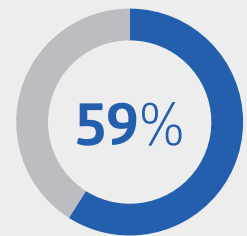
PREFER STABLE, RELIABLE RETURNS



SAY THEY ARE DIVERSIFIED



TRADED THROUGH A FINANCIAL ADVISER



LEFT THEIR PORTFOLIO UNCHANGED IN THE 3 MONTHS TO MAY 2020

INFORMATION SOURCES



36%

FRIENDS AND FAMILY



37%

RESEARCH FROM FINANCIAL ADVISER



26%

ASX WEBSITE



26%

MONEYSMART



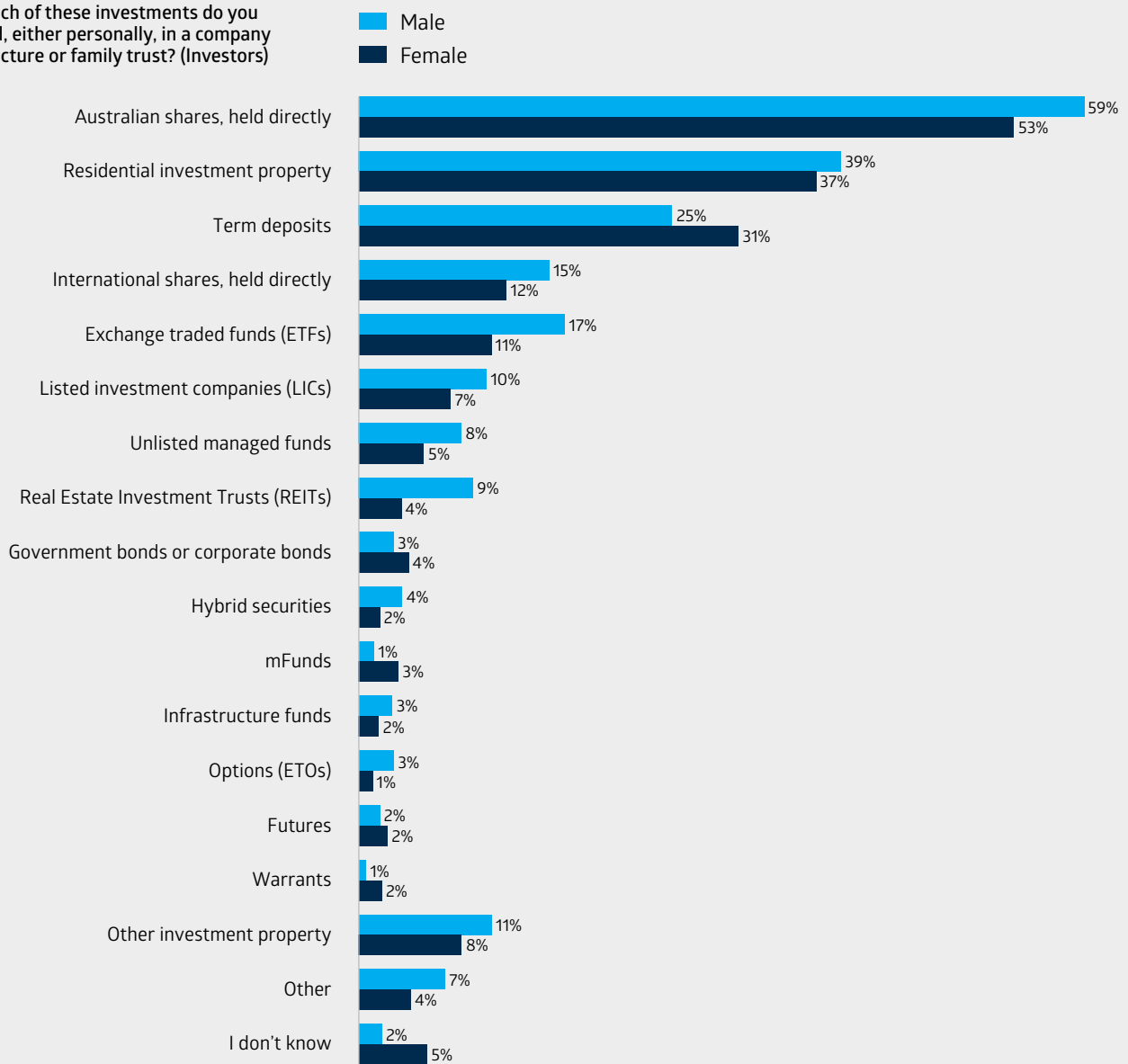
25%

BAREFOOT INVESTOR

FIGURE 32

THE GENDER ASSET GAP

Which of these investments do you hold, either personally, in a company structure or family trust? (Investors)



17%

OF WOMEN SAY THAT A TERM DEPOSIT WAS THEIR FIRST EVER INVESTMENT

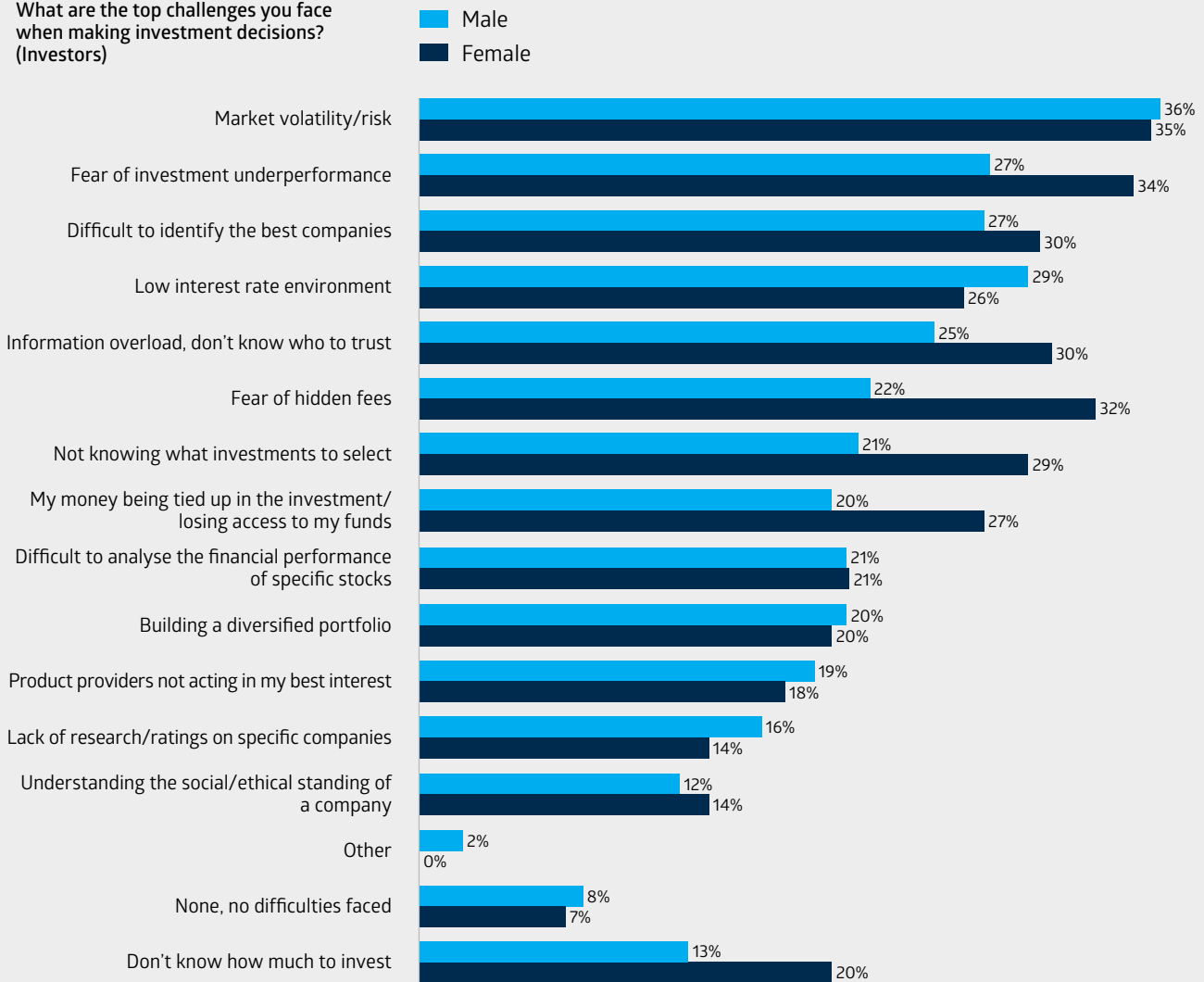
Female investors typically have smaller portfolios than men, containing fewer investment types. As a result, they are less likely to hold investments like direct Australian shares (held by 53% of female investors, compared to 59% of men), ETFs (11% versus 17%) and REITs (4% versus 9%). The exceptions are term deposits, held by 31% of women compared to 25% of men, reflecting a preference for stable cash flows over higher return potential. Seventeen per cent of women say that a term deposit was their first ever investment, compared to 12% of men.

Asked what challenges they face when making investments, women typically nominate a wider range of issues than men, from fear of investment underperformance (34% of women versus 27% of men) to fear of hidden fees (32% versus 22%) and information overload (30% versus 24%).

FIGURE 33

THE GENDER CONFIDENCE GAP

What are the top challenges you face when making investment decisions? (Investors)



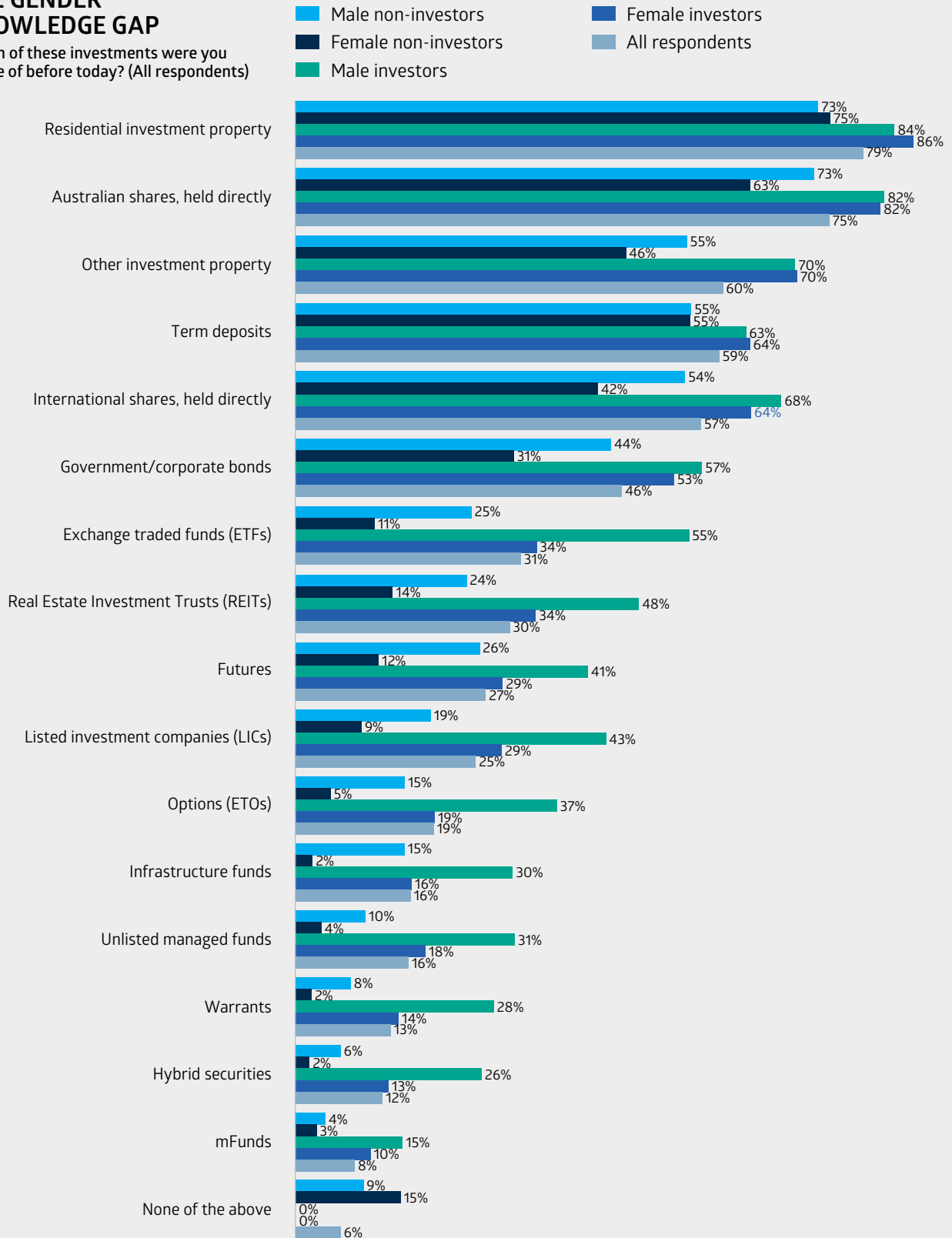
ONLY ONE IN THREE FEMALE INVESTORS ARE AWARE OF ETFs

This perceived lack of confidence seems to be closely related to a lack of exposure, with female investors and non-investors generally less aware of a variety of available investment options than their male counterparts. For example, only one in three female investors and one in 10 female non-investors are aware of ETFs, compared to 55% of male investors and 25% of male non-investors.

FIGURE 34

THE GENDER KNOWLEDGE GAP

Which of these investments were you aware of before today? (All respondents)

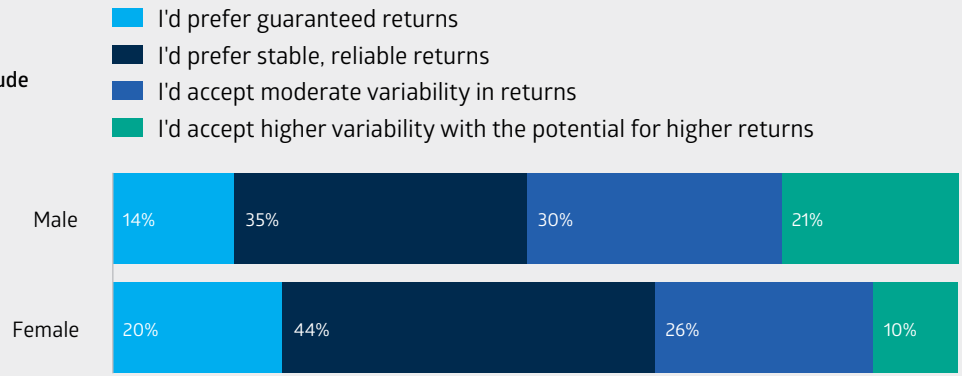


As noted earlier, women also tend to be more risk averse, with 20% saying they prefer guaranteed returns (versus 14% of men) and 44% preferring stable, reliable returns (versus 35%). Yet only 45% describe their portfolios as diversified, compared to 61% of men – potentially increasing risk and volatility in their investments.

FIGURE 35

GENDER AND ATTITUDES TO RISK

How would you describe your attitude to financial and investment risk? (Investors)



However, while women are less accepting of risk, they are no more likely than men to crystallise losses by selling growth investments during a downturn, and perhaps more likely to maintain their investment strategy during market fluctuations. Asked how they would respond to a sudden 20% market fall, 42% say they would be concerned, but would wait to see if conditions improved. Only 20% say they would look to switch risky assets for more conservative investments or for cash – a similar proportion to men.

FIGURE 36

GENDER AND RESPONSES TO A CORRECTION

How would you react if you woke up tomorrow and found your investment balance had dropped 20%? (Investors, January 2020)

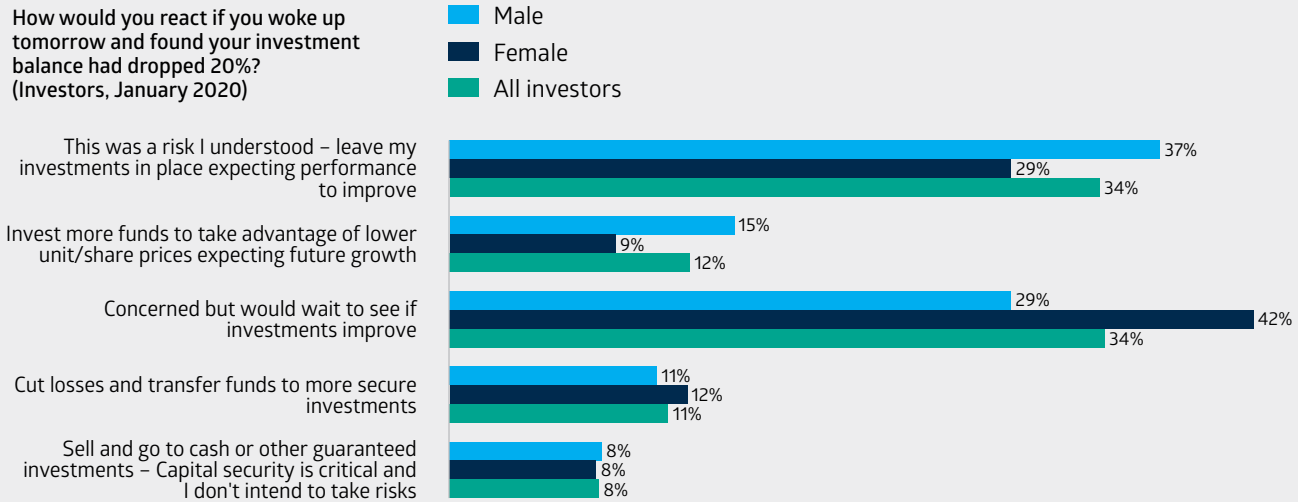
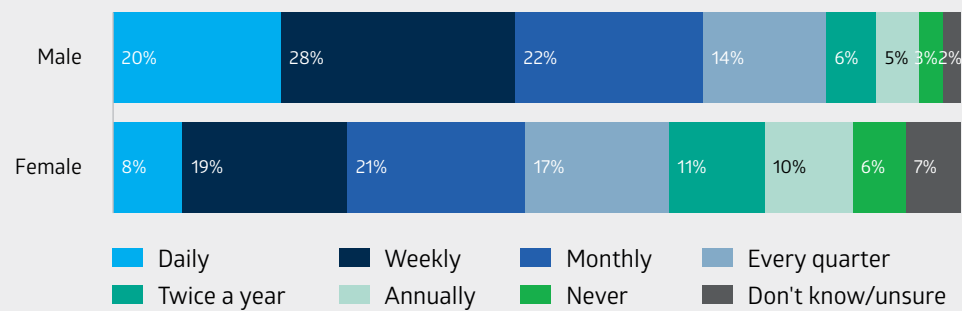


FIGURE 37

FEMALE INVESTORS: LETTING TIME DO ITS WORK

How often did you view or review your overall portfolio in the last 12 months? (Investors)



44%

OF FEMALES SAY THEY REVIEW THEIR INVESTMENTS QUARTERLY OR LESS OFTEN

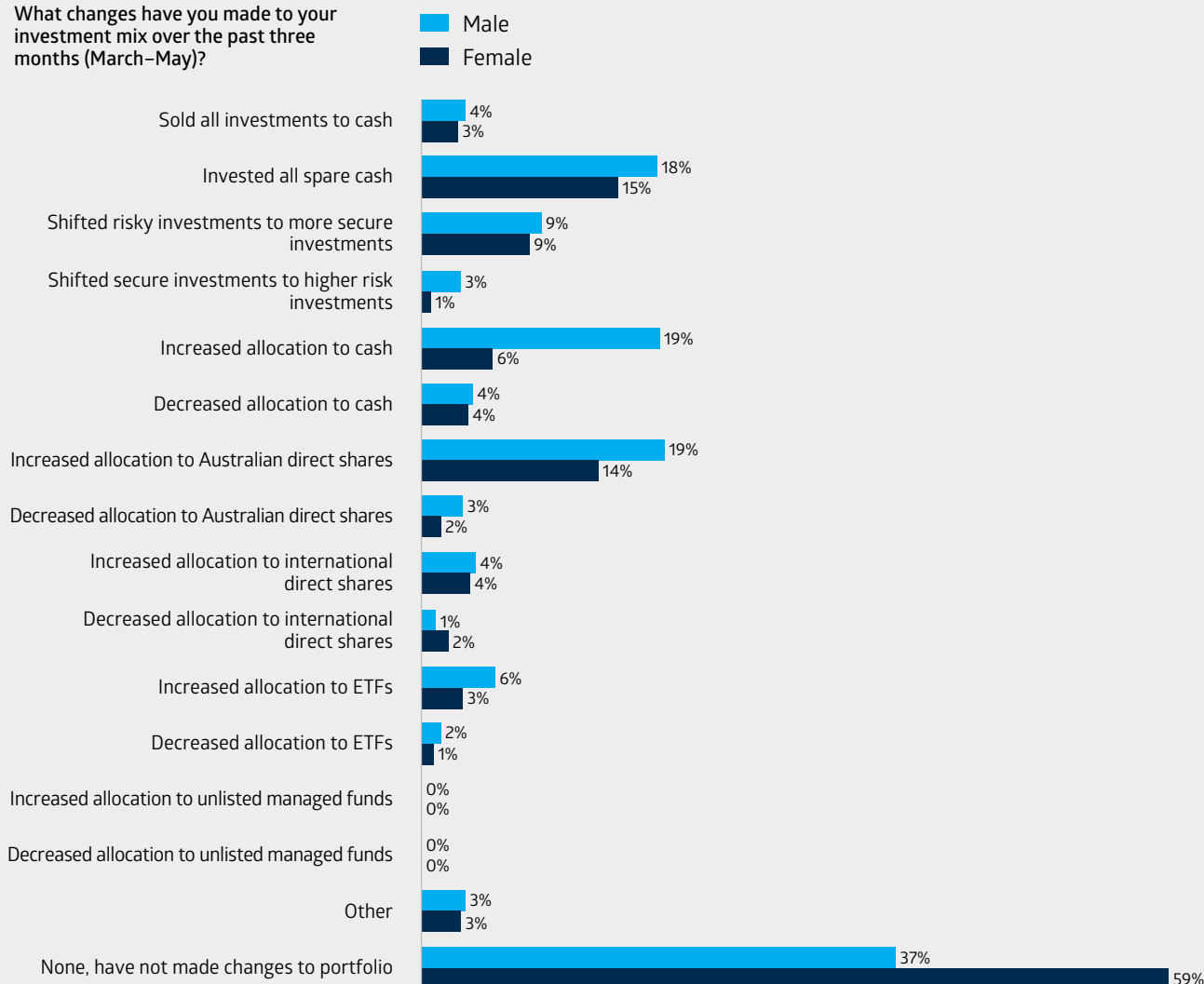
Female investors also tend to review their portfolios less regularly, with 44% saying they review their investments quarterly or less often, compared to 28% of men, who are much more likely to check their portfolios every day (20% versus 8% of women). While that may suggest female investors are less strongly engaged with their investments than men, it is also consistent with a group that prefers to set a well-considered strategy and stick to it.

That tendency was evident during the COVID-19 induced market fluctuations, when only 41% of women made changes to their portfolios, versus 63% of men. However, women who did make changes largely responded in a similar way to their male counterparts, investing all their spare cash (15%) and increasing their allocation to Australian direct shares (14%) rather than selling their investments and shifting to cash (3%).

FIGURE 38

FEMALE INVESTORS: HOLDING COURSE

What changes have you made to your investment mix over the past three months (March–May)?



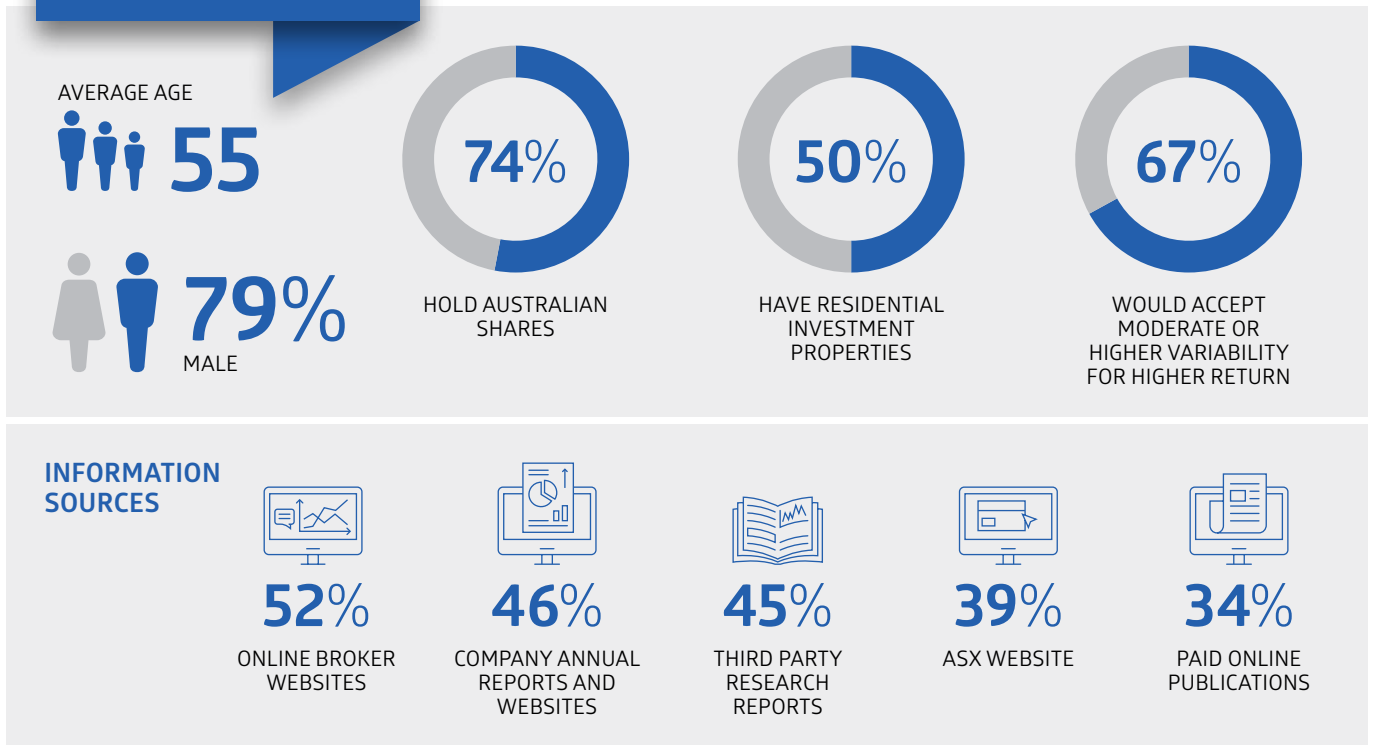


HIGH VALUE INVESTORS

Defined as those in the top 20% of investors by both wealth and trading value, high value investors (HVIs) are a group apart. Typically over 55 and male, with 43% aged 60 or over, they hold larger, more diversified portfolios than other investors, managed through a wider range of investment vehicles. They also trade more frequently – half traded more than 20 times in the 12 months before our survey – and in larger parcels, with 35% reporting an average trade value more than \$25,000, compared to just 5% of other investors.

Confident, with a robust appetite for risk, they are strongly engaged with the day-to-day management of their portfolios, consulting a wide range of information sources, including paid online publications. They also have a higher than usual preference for email communications, webinars and educational events, such as ASX Investor Day and CEO Connect.

FIGURE 39
PROFILE OF A HIGH VALUE INVESTOR



74%

OF HIGH VALUE INVESTORS HOLD DIRECT AUSTRALIAN SHARES

Seventy-four per cent of high value investors hold direct Australian shares, 19 percentage points higher than other investors. They are also much more likely to have international shares (27% versus 13% for others), ETFs (25% versus 13%), REITs (22% versus 5%) and mFunds (6% versus 2%), and to use exchange traded options (ETOs) to manage risk and capitalise on opportunities. One in two owns a residential investment property, while one in five owns commercial or other property investments.

Unsurprisingly, given this variety of investments, 85% of high value investors describe themselves as diversified, compared to only 54% of other investors.

High value investors not only hold a wider range of investments than other investors, they are also more likely to use multiple investment vehicles, including family trusts and company structures. More than 40% have an SMSF.

FIGURE 40

HIGH VALUE INVESTOR HOLDINGS

Which of these investments do you own either personally, in a company structure or family trust? (Investors)

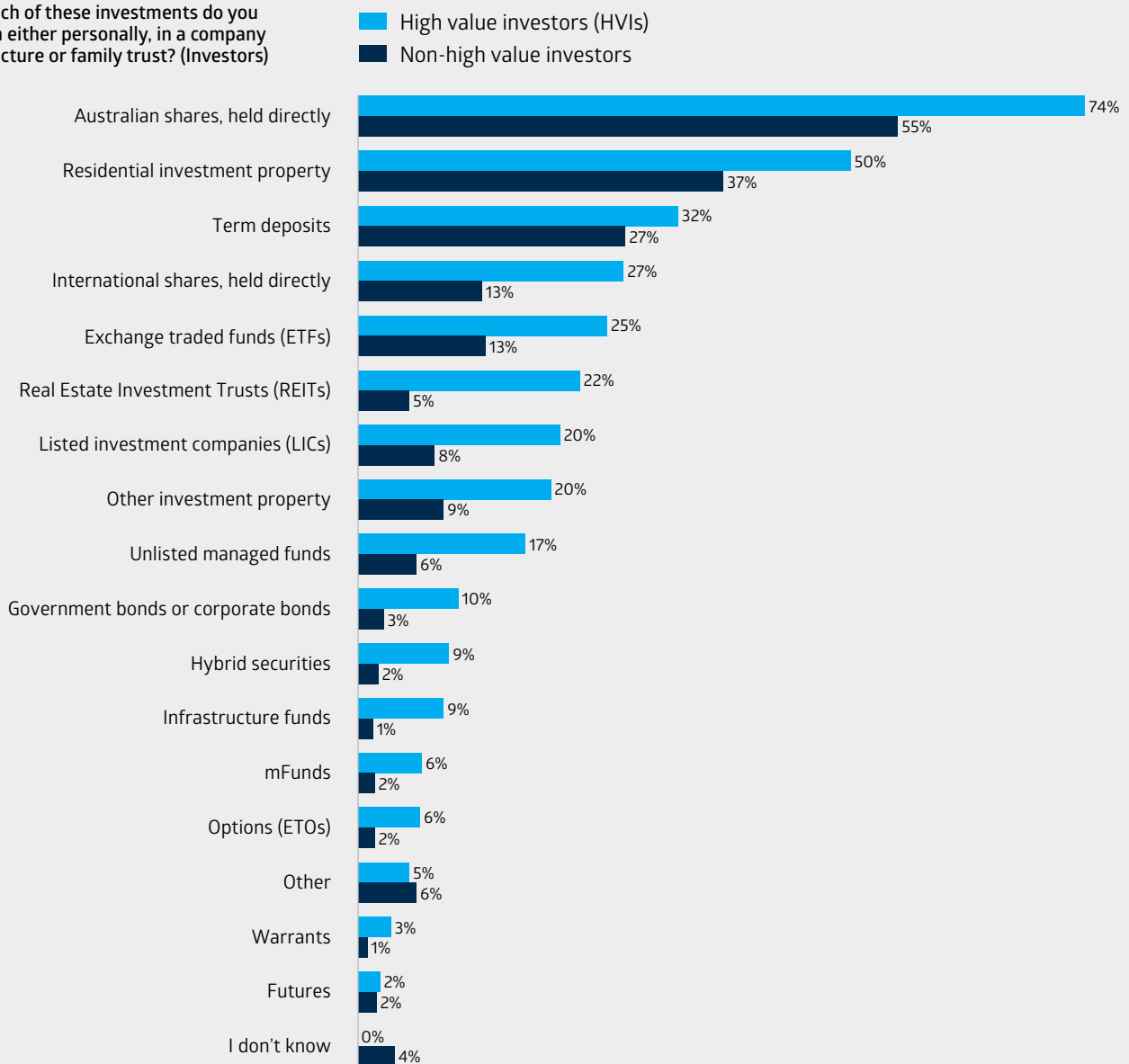
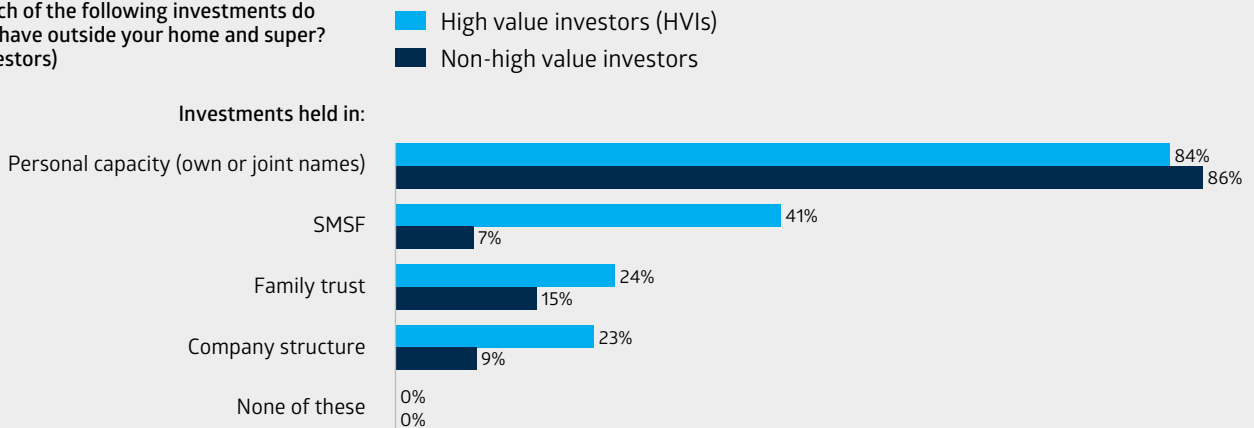


FIGURE 41

HIGH VALUE INVESTOR VEHICLES

Which of the following investments do you have outside your home and super? (Investors)



HIGH VALUE INVESTORS

ARE CONSIDERABLY MORE TOLERANT OF RISK THAN OTHER SURVEY RESPONDENTS

With significant investable assets at their disposal, high value investors are considerably more tolerant of risk than other survey respondents. Two in three say they accept or moderate or higher variability with the potential for higher returns, compared to 43% of other investors.

Nonetheless, high value investors still seem to value stable dividend income, at least within their SMSFs. Asked how their investment priorities had changed as a result of the COVID-19 outbreak, SMSF investors were most likely to say that they would now focus more strongly on the sustainability of dividends in the wake of the crisis.

FIGURE 42

RISK TOLERANCE AMONG HIGH VALUE INVESTORS

How would you describe your attitude to financial and investment risk? (Investors)

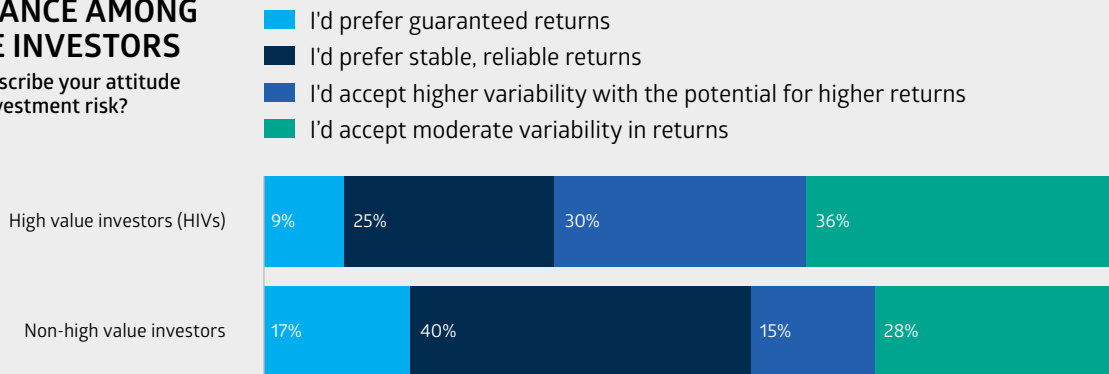
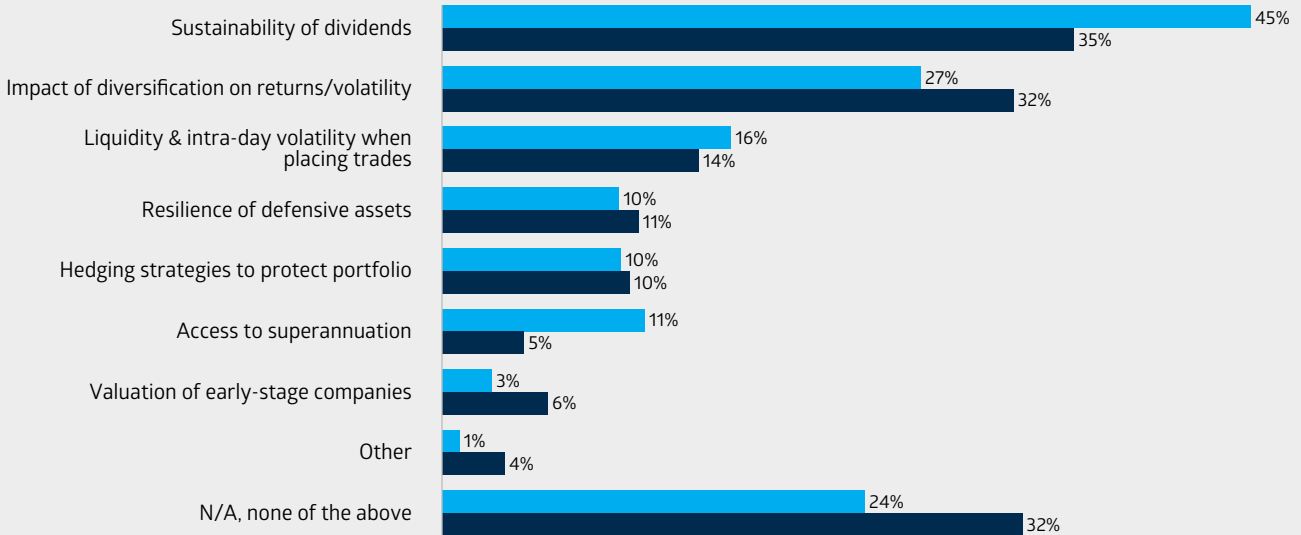


FIGURE 43

SMSF INVESTORS: STABILITY OF DIVIDENDS

Which of these issues are now a greater priority due to the COVID-19 outbreak? (Investors, May 2020)

■ SMSFs
■ Non-SMSFs



THE DIGITAL SHIFT

The rise of a new generation of younger investors, combined with a proliferation of online investment information and tools, has seen a shift towards digital channels across investor groups. Our survey also suggests there has been a fragmentation in the market, with different groups preferring different sources, and each group drawing on a wide variety of channels to inform their investment decision making.

HIGH VALUE INVESTORS

ARE AMONG THE HIGHEST CONSUMERS OF INVESTMENT INFORMATION, AND THE GROUP MOST LIKELY TO SUBSCRIBE TO PAID ONLINE PUBLICATIONS

High value investors are among the highest consumers of investment information, and the group most likely to subscribe to paid online publications (34%). In contrast, women and next generation investors show a high propensity to rely on family and friends to help them navigate the information maze. The ASX website also features in the most frequently used information sources across all groups, with particularly high usage by high value investors (39%), who are also among the highest users of ASX education seminars and videos.

FIGURE 44

PREFERRED INFORMATION SOURCES

What sources of information do you use to make decisions about your investments? (Investors)

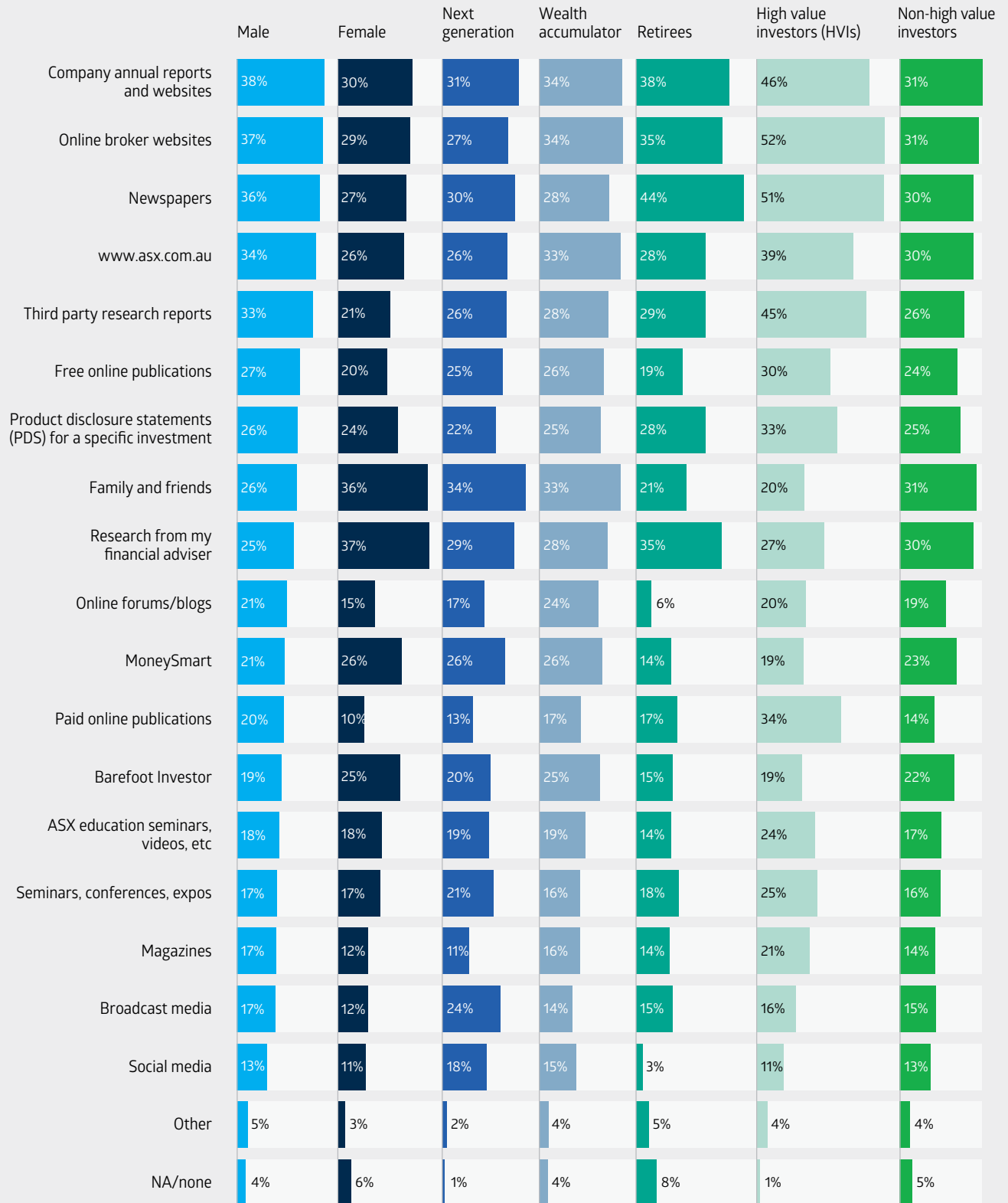
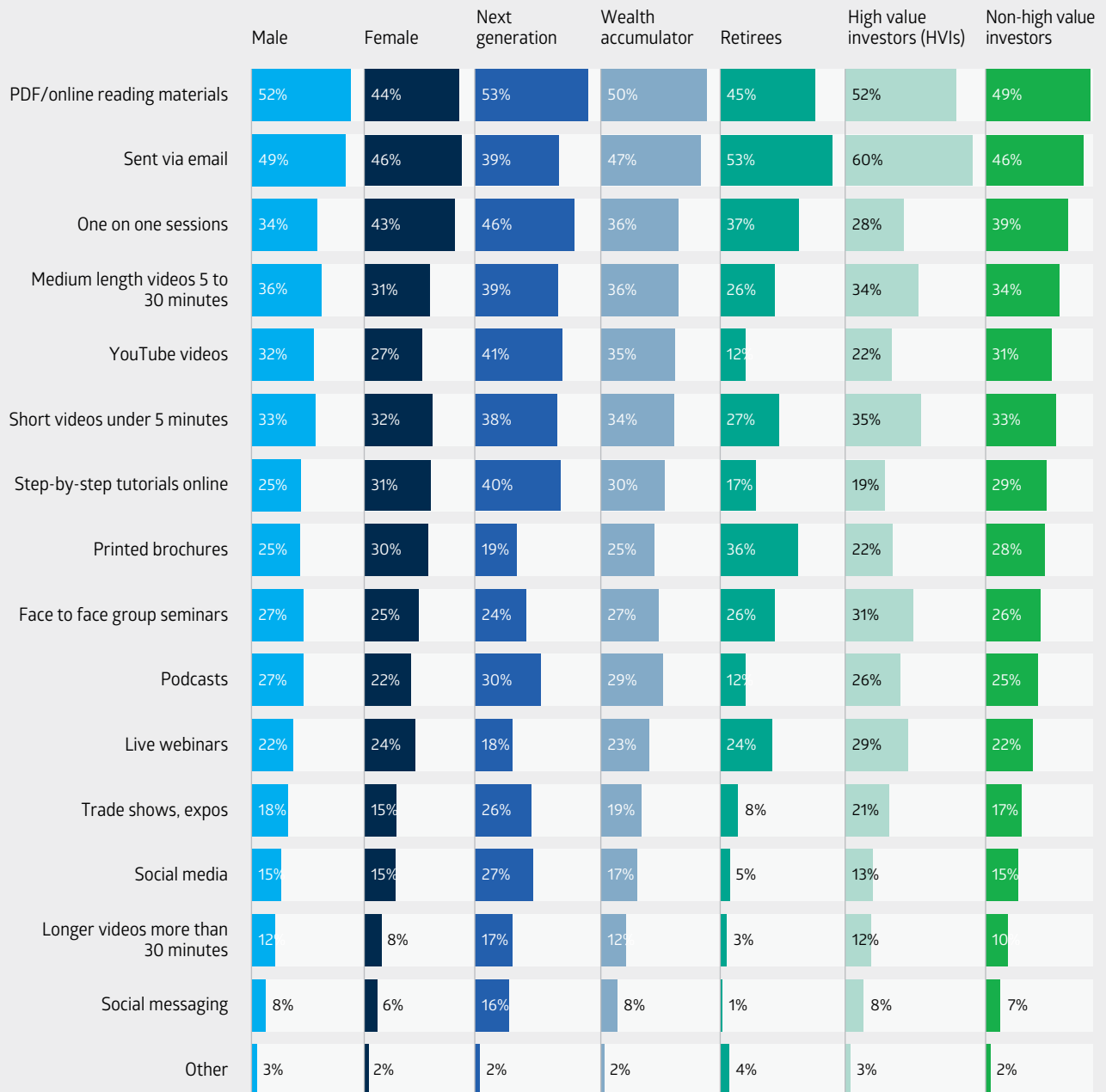


FIGURE 45

PREFERRED CHANNELS FOR INVESTOR EDUCATION

In what format do you prefer investing information to be delivered? (Investors)



41%

OF NEXT GENERATION INVESTORS RECEIVE INFORMATION VIA YOUTUBE VIDEOS

Investors prefer to receive information through a mix of channels, both digital and in-person. Emails, PDFs and online reading materials rate highly across all groups, with next generation investors also highly engaged with YouTube videos (41%). Yet both women and next generation investors also express a strong preference for one-on-one education sessions, while high value investors are more likely to prefer group seminars and live webinars, and 21% also interested in trade shows and expos.

22%

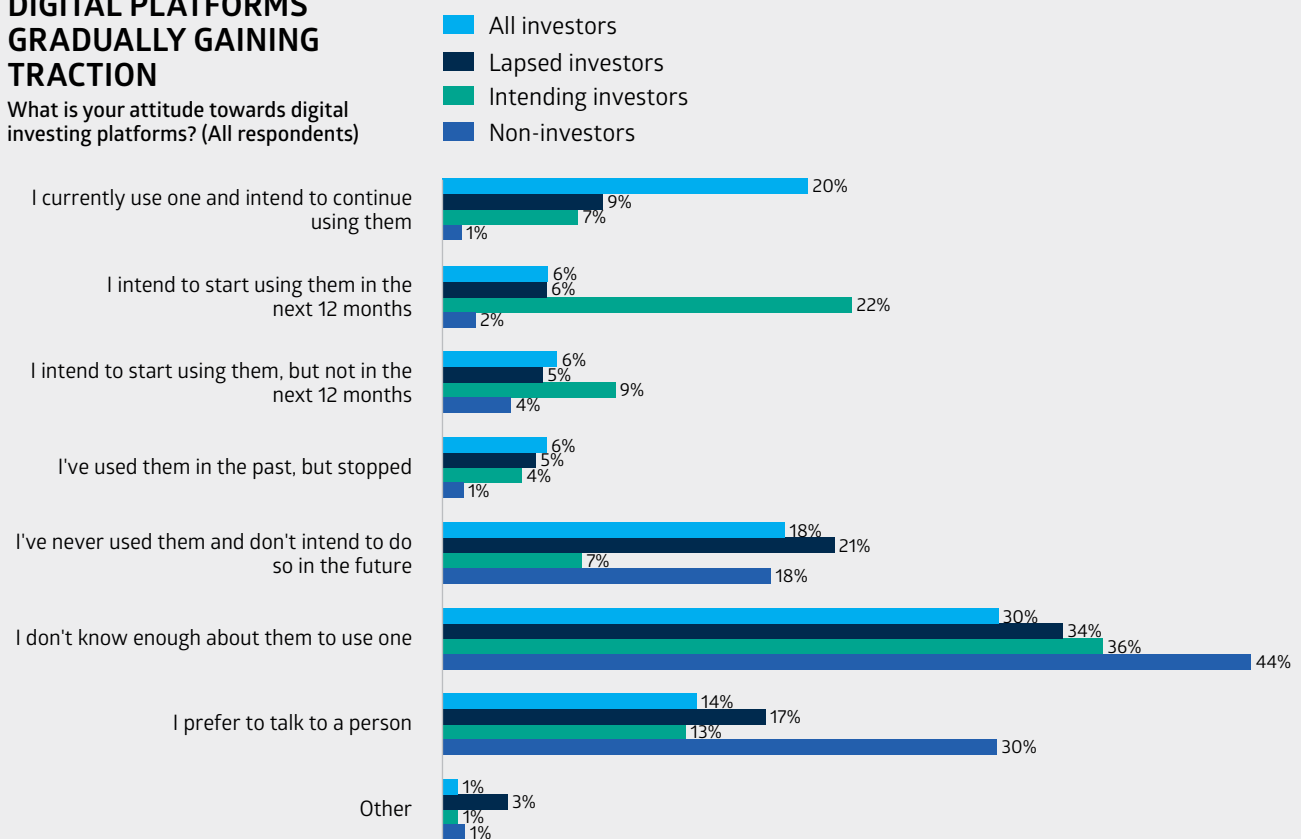
OF INTENDING INVESTORS
INTEND TO START USING
DIGITAL INVESTING
PLATFORMS IN THE NEXT
12 MONTHS

Usage of digital investment platforms such as micro-saving apps has also accelerated, with a remarkable one in five current investors saying they now use these solutions. Favoured by younger and less experienced investors, these platforms provide an accessible entry point for those who are motivated to begin investing, but unsure where to begin, with only small amounts of capital available. Their usage looks set to increase, with 31% of intending investors saying they plan to use them, including 22% who plan to do so within the next 12 months.

FIGURE 46

DIGITAL PLATFORMS GRADUALLY GAINING TRACTION

What is your attitude towards digital investing platforms? (All respondents)





INVESTMENT STRATEGIES

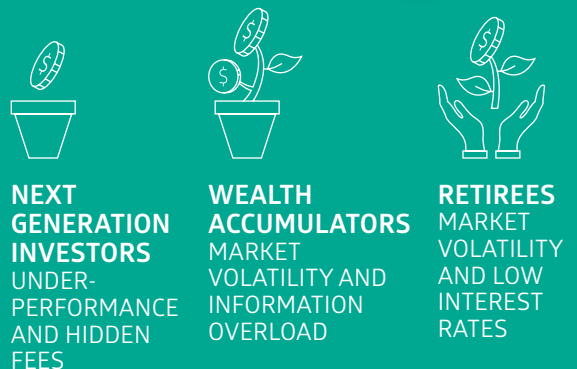
Navigating a challenging environment

The three years since our last investor study have been marked by a challenging and complex investment environment, with record low interest rates, increased liquidity from central bank stimulus, and high levels of market volatility in the wake of COVID-19. Our survey shows investors actively responding by drawing on a wide range of sources and considering multiple factors to make investment decisions. There has also been significant growth in the use of ETFs as a tool for affordable and diversified market exposure.

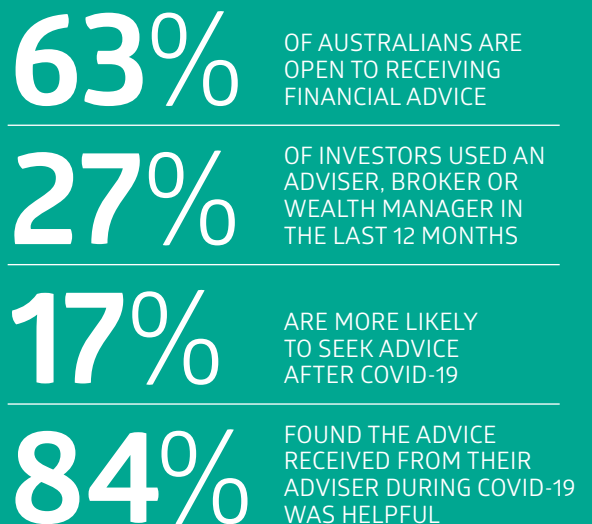
Nonetheless, there is still scope for professional advisers and investment educators to help investors further improve their skills. While a growing number have come to appreciate the benefits of diversification, many still have portfolios concentrated in a few asset types. A significant number of investors have also become more likely to seek advice after COVID-19. And while many still believe advice is only for those with large amounts to invest, 63% of Australians remain open to receiving advice in the future.

FIGURE 47
KEY FINDINGS

TOP INVESTMENT CHALLENGES



VIEWS OF ADVICE



DIVERSIFIED INVESTORS



MORE LIKELY TO HOLD ETFs, INTERNATIONAL DIRECT SHARES, LICs AND MANAGED FUNDS

ETFs AND NEXT GENERATION INVESTORS



INVESTMENT DECISION MAKING

22%

OF RETIREES DRAW ON
PROFESSIONAL ADVICE

While investors at all life stages tend to consider a wide range of factors before making an investment decision, there are differences in the relative focus they give to specific factors. Next generation investors are the group most likely to consider ethical and ESG factors, together with the length of time their capital will be locked away. They are also most likely to be influenced by the recommendations of friends and family. In contrast, retirees place the highest emphasis on both risk and diversification, with 22% drawing on professional advice. Wealth accumulators, many of whom have young families and large mortgages, are most likely to give priority to their personal circumstances at the time they invest.

Investors in different life stages also face very different challenges in their decision-making. While next generation investors struggle with knowing what investments to select and how much to invest, retirees are challenged by market volatility and the low interest rate environment as they seek to generate a stable income stream. Meanwhile, time-poor wealth accumulators are the group most likely to say that information overload is a key issue.

FIGURE 48

KEY DECISION-MAKING DRIVERS

What are your top three considerations when making investment decisions? (Investors)

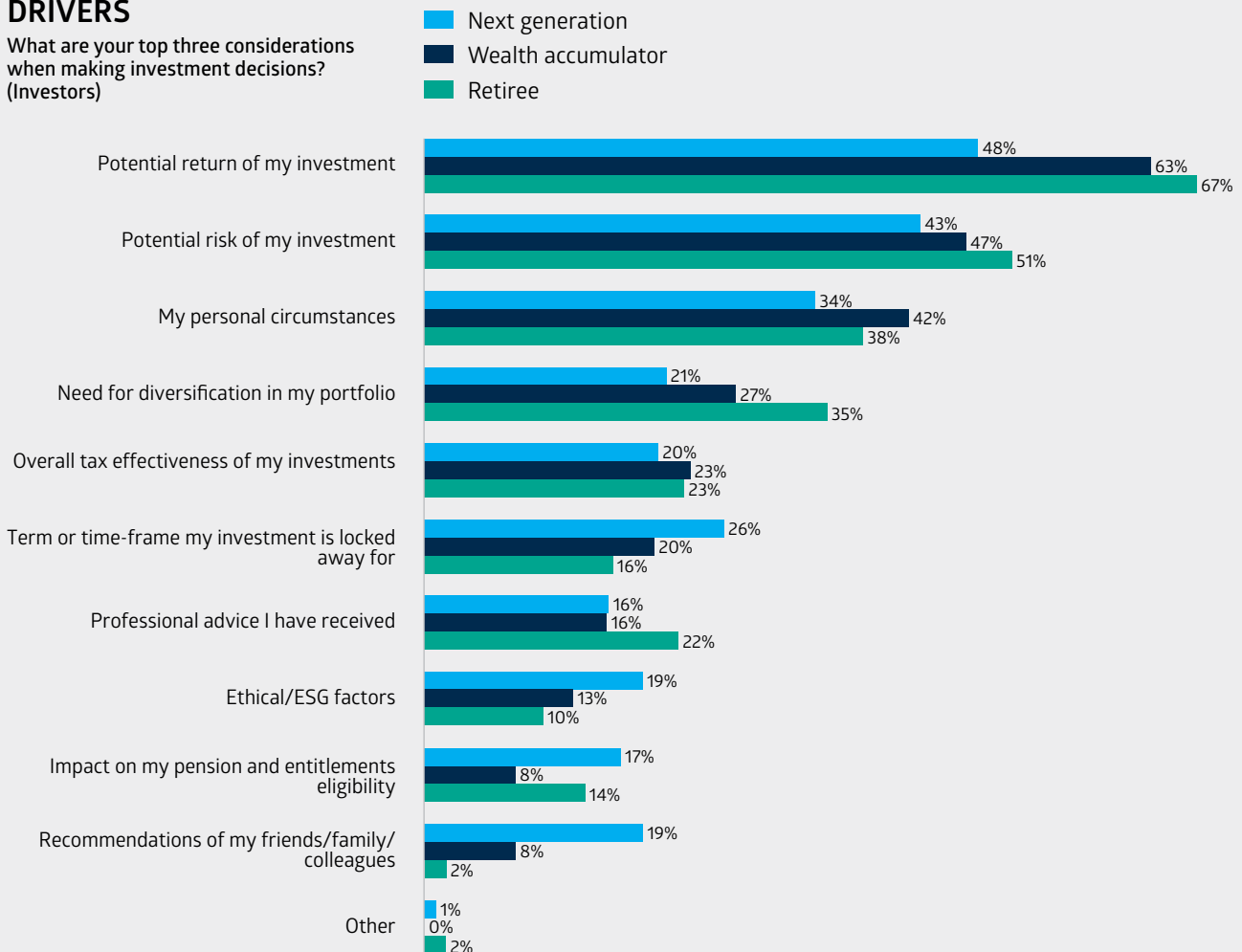
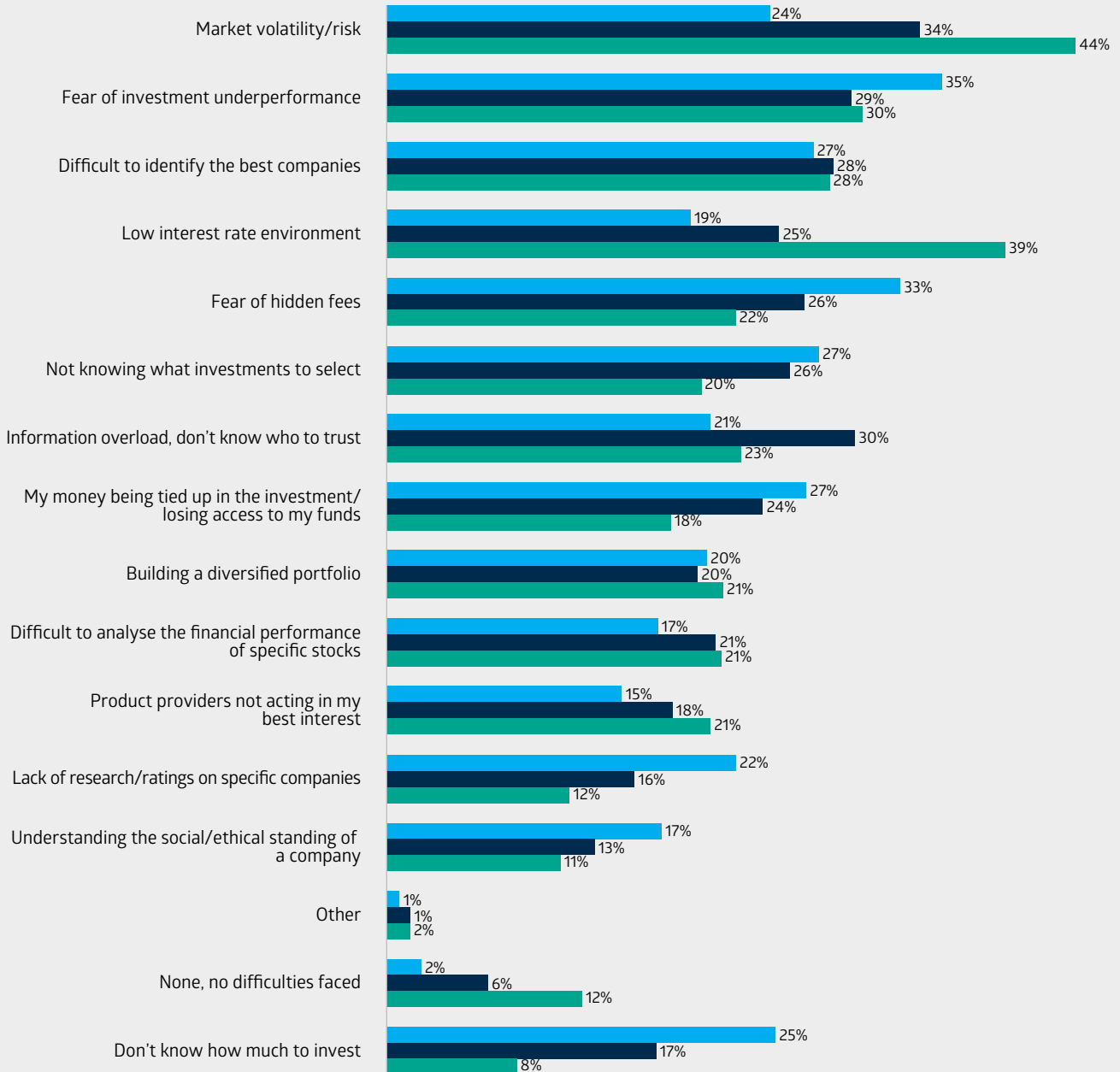


FIGURE 49

CHALLENGES FOR INVESTORS

What are the top challenges you face when making investment decisions? (Investors)

Next generation
Wealth accumulator
Retiree



27%

OF INVESTORS SAY THEY INVESTED THROUGH A FINANCIAL ADVISER, STOCKBROKER OR WEALTH MANAGER IN THE LAST 12 MONTHS

Twenty-seven per cent of investors in our survey say they invested through a financial adviser, stockbroker or wealth manager in the last 12 months, down from 39% in 2017. While interest in financial advice was generally high, with only 37% of survey respondents saying they wouldn't use an adviser, many perceive advisers to be too expensive or too difficult to find. There is also still a strong perception that advice is only suitable for investors with larger portfolios, as well as an ongoing trust gap.

Nonetheless, the market impact of the COVID-19 pandemic has led to a renewal of interest in professional advice, with 17% of non-advised investors saying they are more likely to consult an adviser in future.

FIGURE 50

ATTITUDES TO ADVISERS

Which of the following statements do you agree with regarding financial advisers? (All respondents)

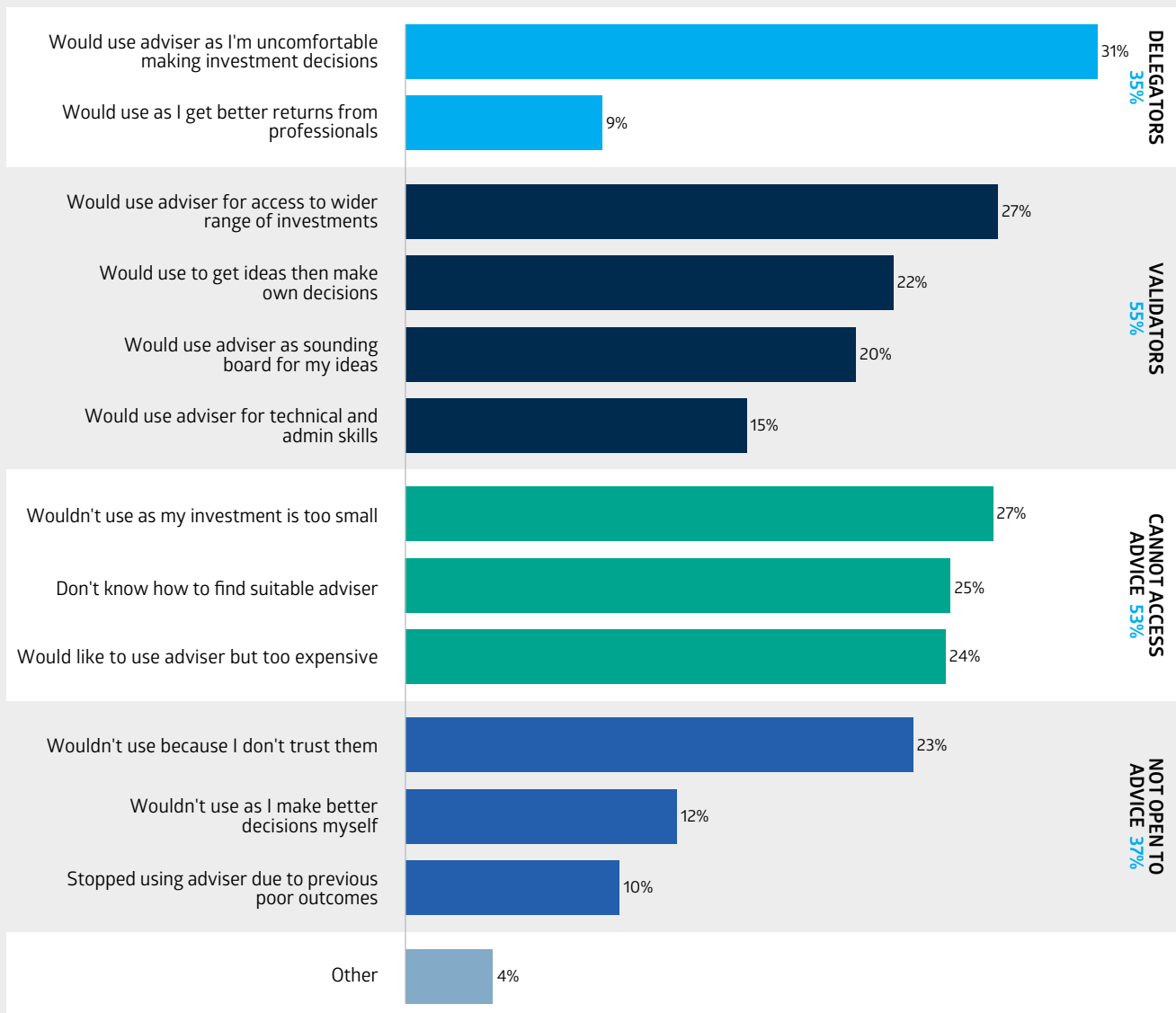
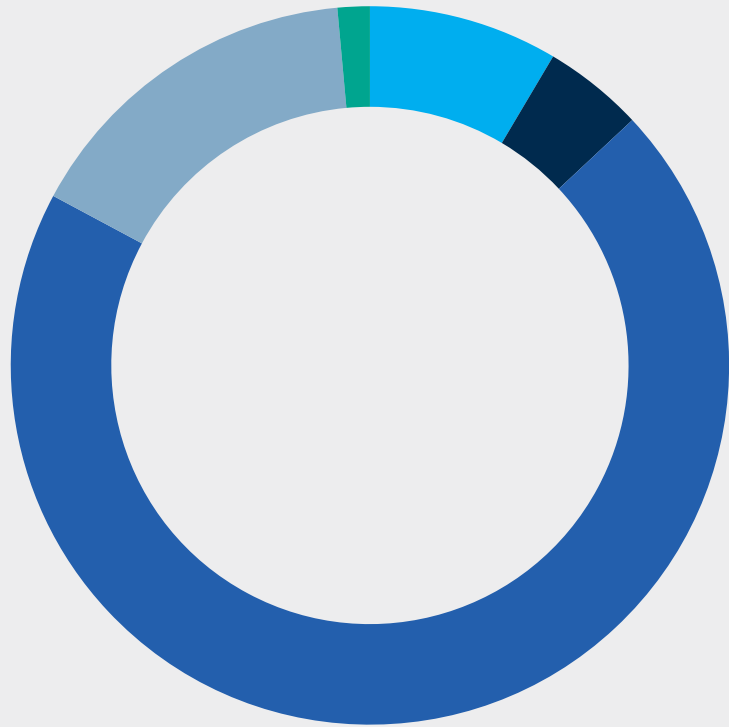


FIGURE 51

FINANCIAL ADVICE AND COVID-19

In light of COVID-19, have you become more or less likely to turn a financial adviser for advice in the next 12 months?
(Non-advised investors, May 2020)

- 9% A lot less likely to seek advice
- 5% A little less likely
- 70% No impact
- 16% A little more likely
- 1% A lot more likely to seek advice



DIVERSIFICATION

While our survey shows most investors accept the importance of managing risk, only around three in 10 say that diversification is one of their top three considerations in investment selection. Many also admit that their portfolios are not diversified, including around one in three female investors, next generation investors and wealth accumulators.

There are also clear links between diversification, experience and portfolio size, with older investors and those with larger portfolios most likely to rate their investments as diversified. Yet self-assessed levels of diversification have also increased in the wake of COVID-19, with 60% of investors saying their portfolios are diversified in May 2020, up from 54% four months earlier.

Asked to rate different diversification techniques, investors are most likely to affirm the effectiveness of diversifying across asset classes, sectors and countries. Fewer are convinced of the value of diversification by company size or the effectiveness of dollar cost averaging.

3 IN 10

SAY THAT DIVERSIFICATION IS ONE OF THEIR TOP THREE CONSIDERATIONS IN INVESTMENT SELECTION

FIGURE 52

DIVERSIFICATION BY INVESTOR TYPE

Do you have a diversified investment portfolio? (Investors)

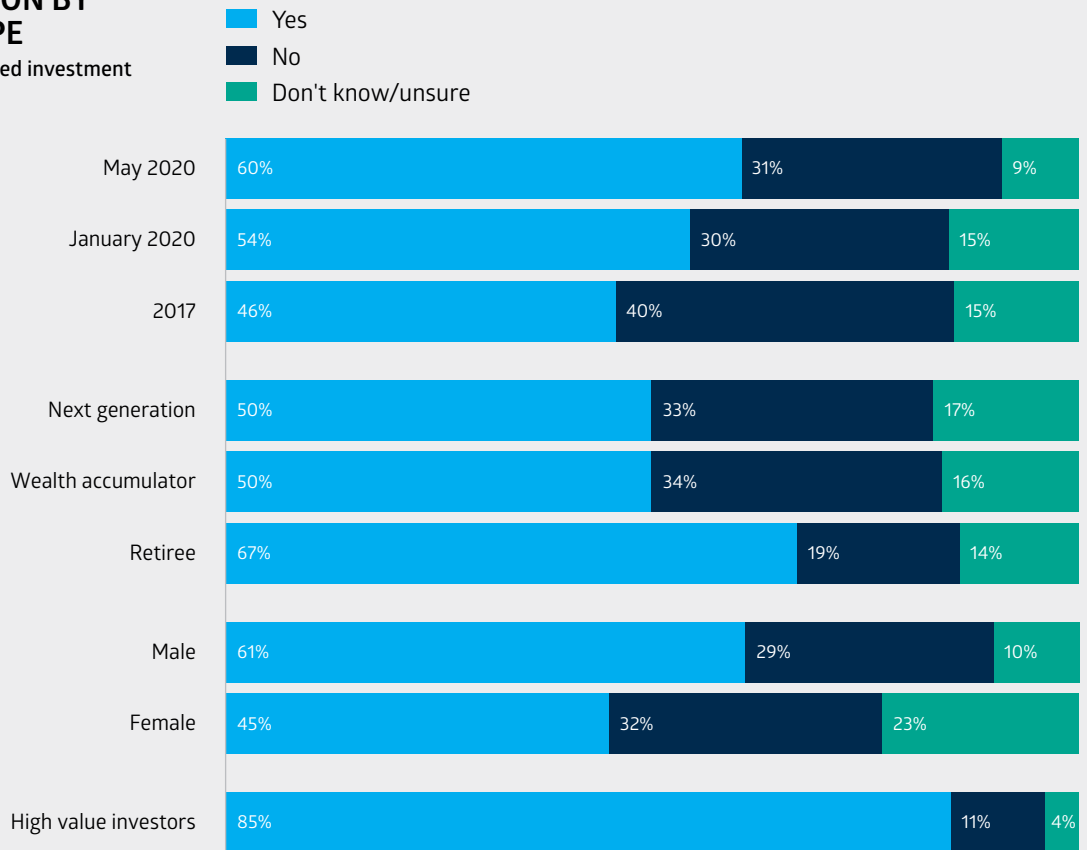
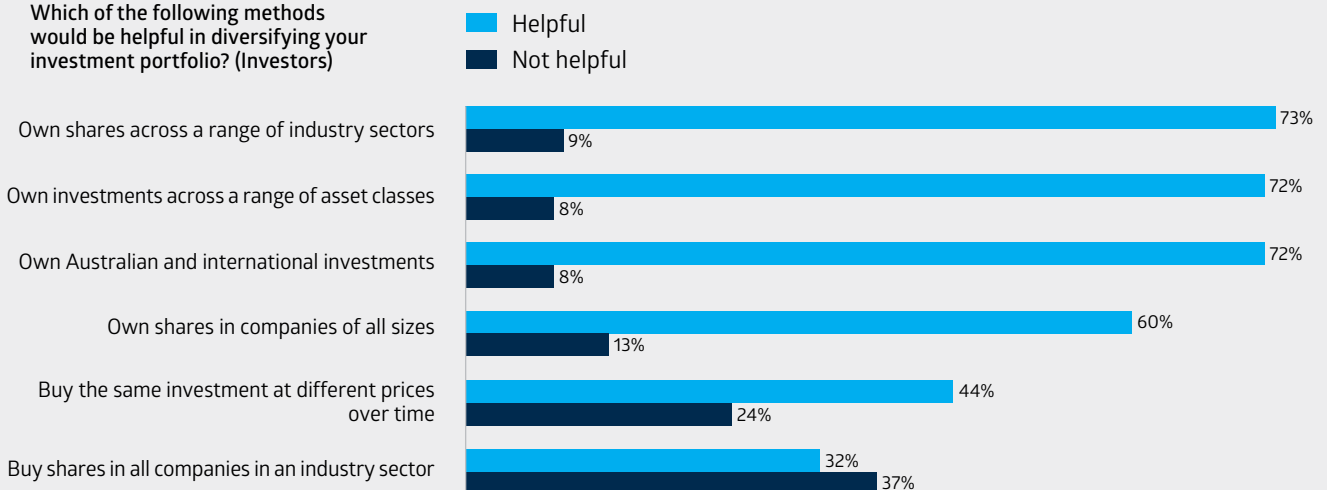


FIGURE 53

DIVERSIFICATION TECHNIQUES

Which of the following methods would be helpful in diversifying your investment portfolio? (Investors)



Investors who believe they are well diversified hold an average of 2.6 investment types, compared with 1.6 among those who say they are not diversified. They are also significantly more likely to hold ETFs, international direct shares, LICs and managed funds. Yet only a small proportion hold corporate or government bonds outside their super, while 58% have all their money invested in one or two types of investment product. While a number of these investors may be achieving genuine diversification through a multi-asset-class managed fund, LIC or ETF, others are likely to be less diversified than they believe.

FIGURE 54

DIVERSIFICATION VERSUS INVESTMENT TYPES

Which of the following types of investments do you own? (Investors)

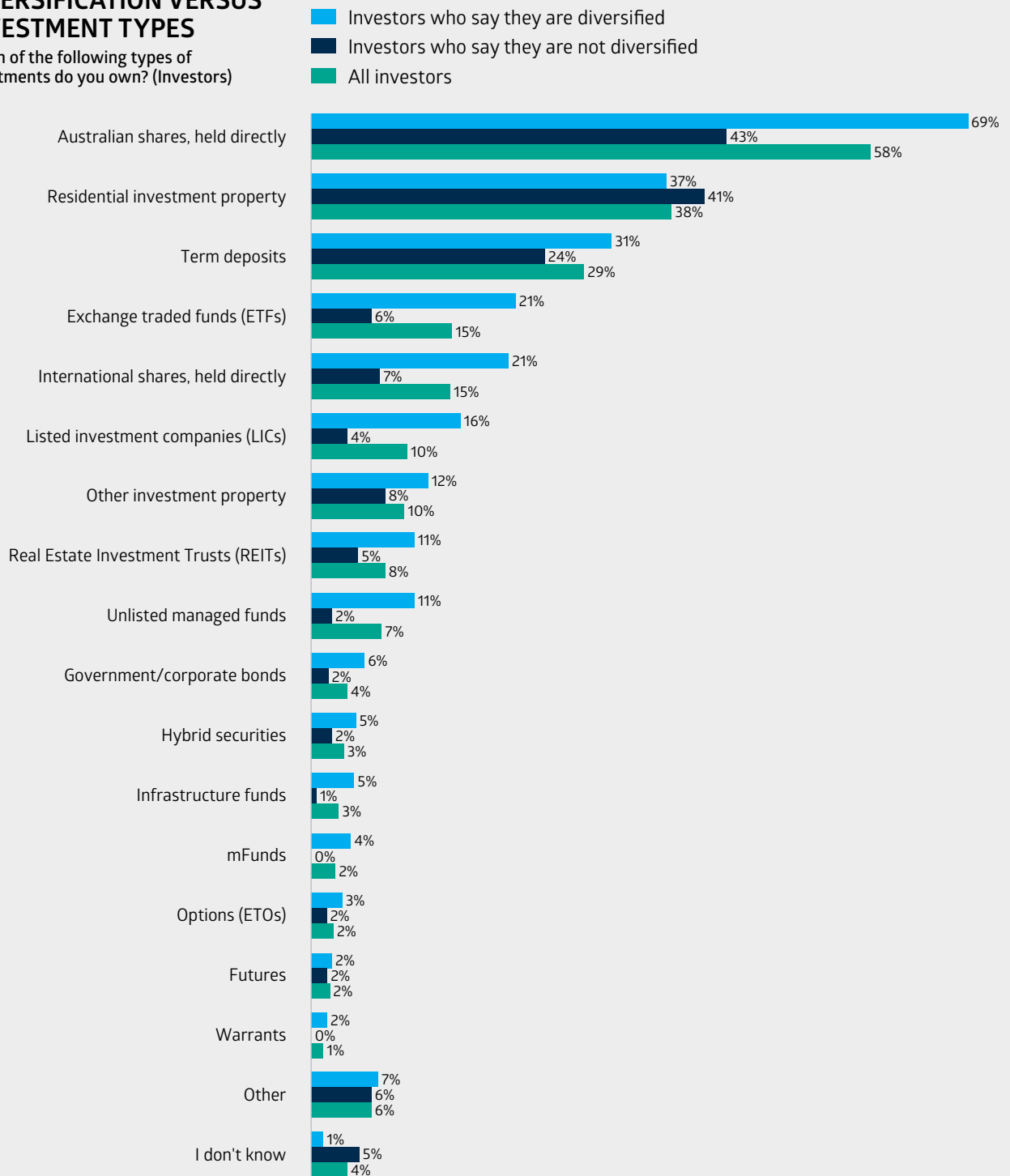
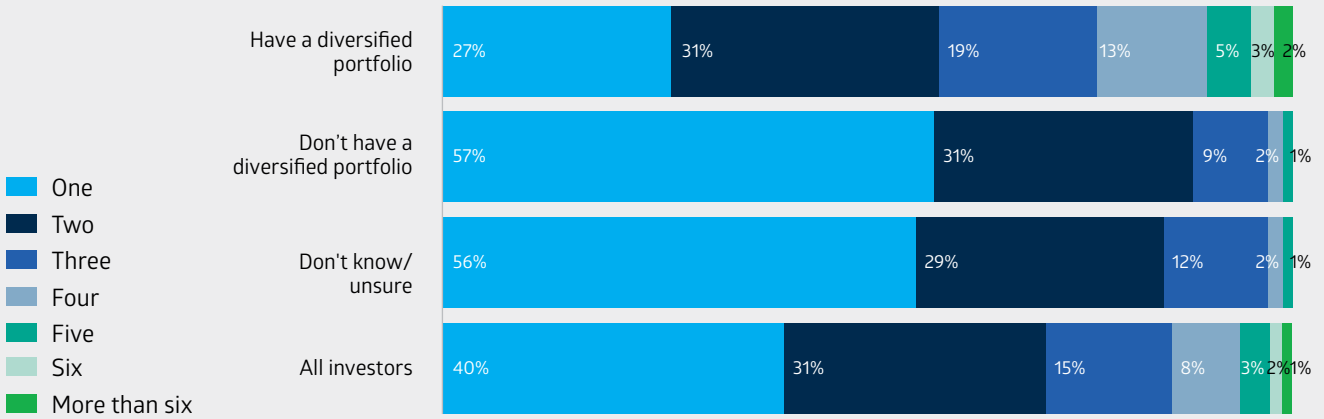


FIGURE 55
DIVERSIFICATION
VERSUS NUMBER
OF PRODUCTS HELD

How many products does your investment portfolio have money invested in? (Investors)



THE RISE OF THE ETF

ETFs
 HAVE BECOME INCREASINGLY
 IMPORTANT AS A
 DIVERSIFICATION TOOL

8%

OF NEXT GENERATION INVESTORS
 CHOOSE AN ETF AS THEIR FIRST
 EVER INVESTMENT

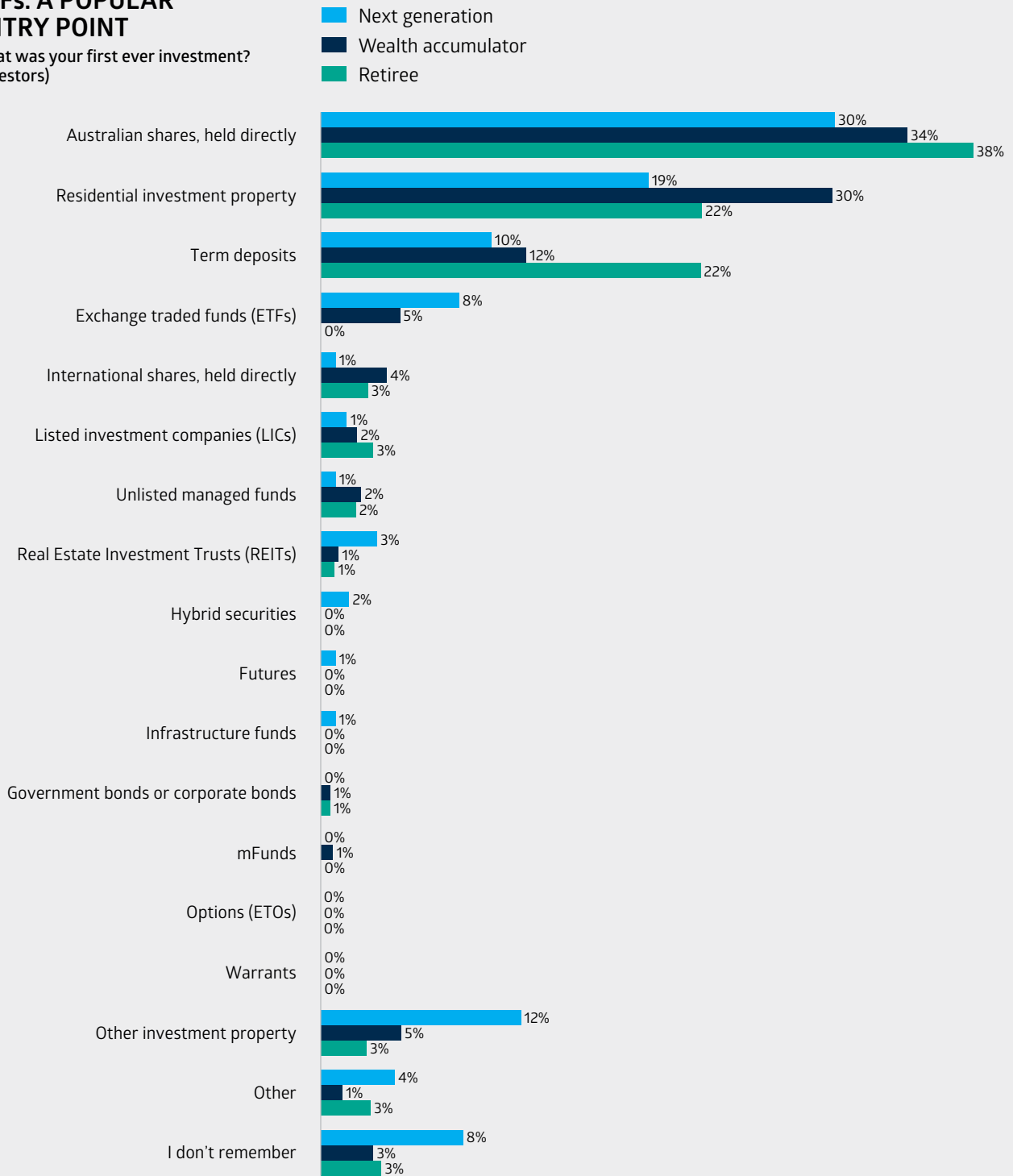
ETFs have become increasingly important as a diversification tool, an entry level investment for new investors, and a preferred vehicle for next generation investors. Our survey underlines their role in further democratising investment in Australia by providing an accessible, low-cost option for those with relatively little capital and limited stock selection experience.

Younger investors, in particular, are likely to begin investing by buying an ETF, with 8% of next generation investors choosing an ETF as their first ever investment.

FIGURE 56

ETFs: A POPULAR ENTRY POINT

What was your first ever investment?
(Investors)



There are also signs that their popularity with younger investors is growing. In the 12 months before our January survey, 16% of next generation investors had bought ETFs, compared to 24% who had bought shares.

ETFs are also a popular investment choice among those who invested all their spare cash in the wake of the COVID-19 market disruption, underscoring their role as a tool for diversified market exposure.

When asked in May which investment products they intended to invest in over the next 12 months, 45% of next generation investors said ETFs, second only to Australian shares (83%).

FIGURE 57

RECENT INVESTMENTS

Which of these have you made a new investment in within the last 12 months?
(Investors)

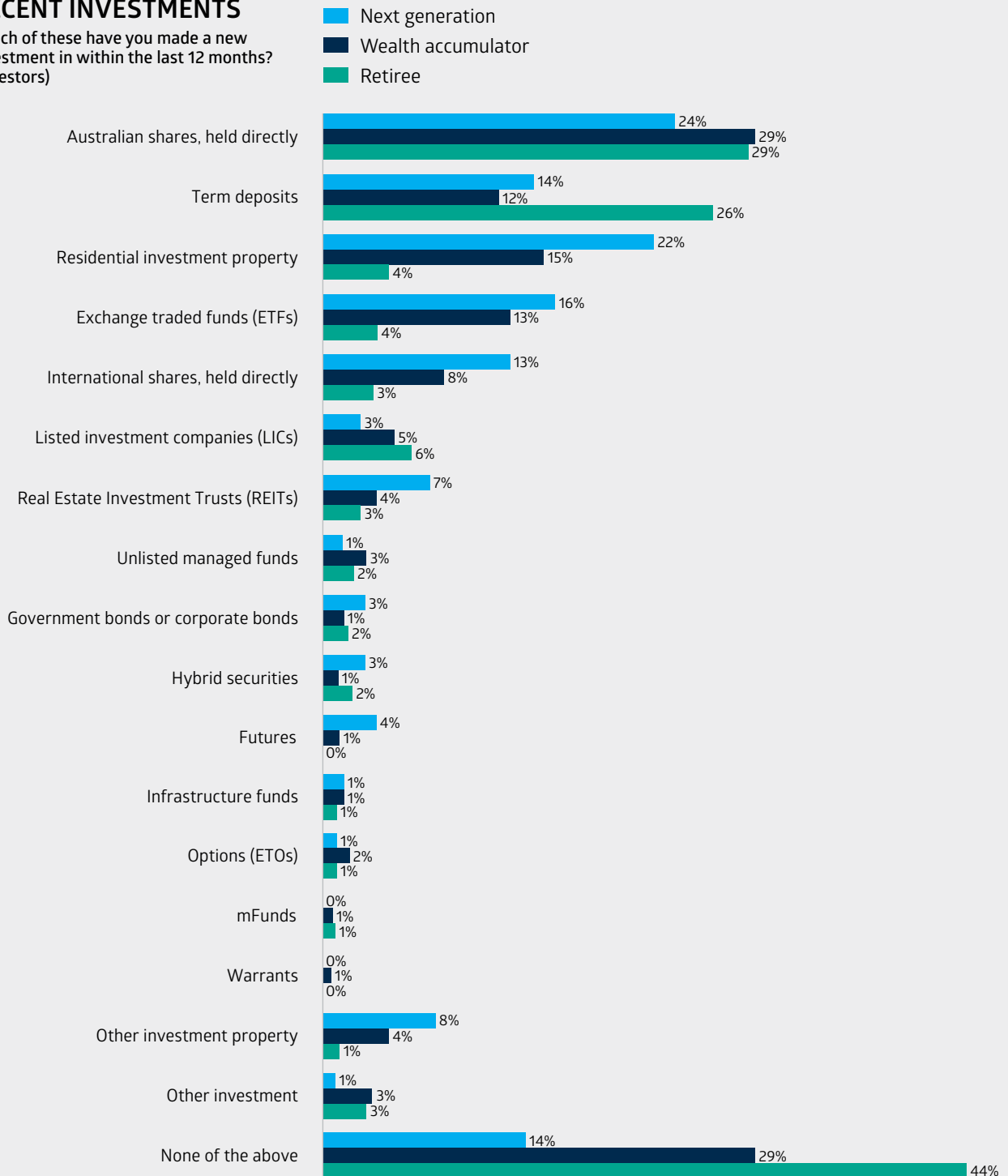
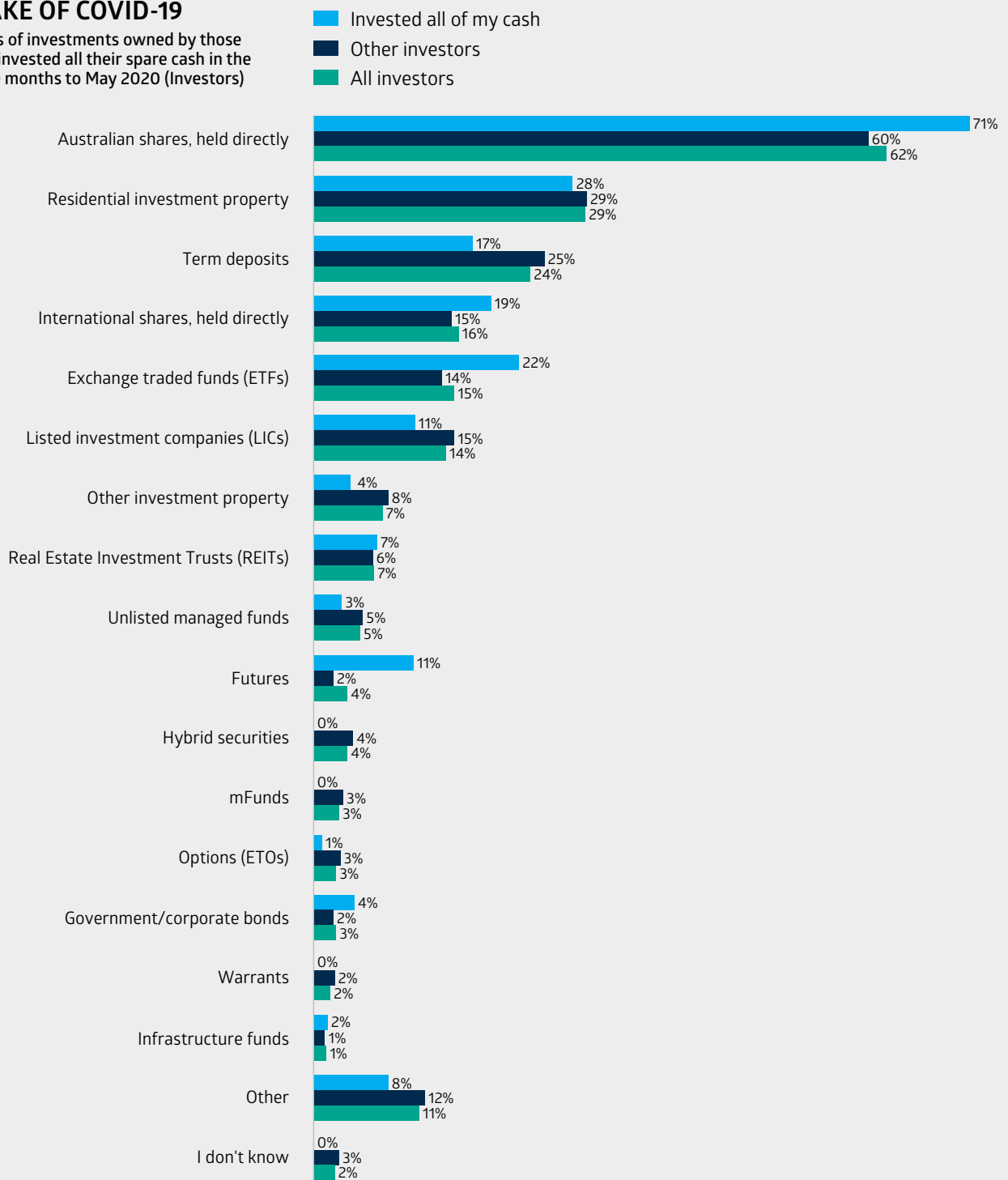


FIGURE 58

INVESTMENTS IN THE WAKE OF COVID-19

Types of investments owned by those who invested all their spare cash in the three months to May 2020 (Investors)



CONCLUSION

Staying resilient in a challenging market

The events of 2020 have impacted financial markets around the world. Yet they have also demonstrated the resilience of investors and their ongoing desire to build wealth for the future through listed investments.

In Australia, many investors have taken advantage of current valuations to further expand and diversify their portfolios. And while the resultant increase in market activity does raise the risk that some are attempting to time the market – not always successfully – our research also suggests that many investors have become more attuned to the benefits of diversification and risk management. For these long-term investors, short-term fluctuations are an acceptable price to pay for achieving their overall goals.

Looking beyond the impact of the COVID-19 crisis, the future of Australian investing looks promising. The last few years have seen an influx of new investors, with more set to enter the market in the years ahead. Many are younger Australians, including a growing number of young women, seeking to create the foundations for financial security with years of investing still before them. For these investors, the accessibility and affordability of listed securities is highly appealing, cementing their place as Australia's most popular investment choice.

APPENDIX: RESEARCH METHODOLOGY

The ASX Australian Investor Study 2020 builds on the ASX Australian Share Ownership Study, produced regularly since 1986, and its successor, the ASX Australian Investor Study 2017. Like the 2017 study, the scope of the 2020 research has been expanded from previous reports, to include the attitudes of Australians towards the full universe of available investment options.

SAMPLE SOURCES

The study is based on two quantitative online surveys conducted by Investment Trends in January 2020 and May 2020.

JANUARY 2020 SURVEY

The January survey was conducted in two phases:

- **Control sample:** we recruited a nationally representative panel by gender, age and super balance.
- **Additional sample:** we recruited additional participants in selected segments from Investment Trends' panel of investors and SMSFs to ensure a statistically significant sample for detailed analysis within those segments.

MAY 2020 SURVEY

The May 2020 survey focused on the impact of COVID-19 on investors' attitudes and investment behaviour. The survey sample was recruited from Investment Trends' opt-in panel of investors and SMSFs.

SAMPLE SIZES

Survey	Responses collected	Complete responses after data cleaning and validation
January 2020	10,365	5,002
May 2020	563	507

SAMPLE SIZES BY TARGET GROUP

The target groups for analysis were:

Target group	Sample size: January 2020
Investors (hold investments personally in a family trust, in a company structure, or in an SMSF)	3,419
Lapsed investors	346
Never invested	1,064

SAMPLE WEIGHTING

JANUARY 2020

The January 2020 survey sample was post-weighted to:

- match ABS reporting on the composition of the Australian adult population, and
- give the correct distribution of SMSFs, investors and non-investors.

After the weighting process, the final sample size is 4,845 Australian adults. The maximum sampling error (centre of the range) at the 95% confidence interval for Australian adults is +/-1.41%. Note that analysis of smaller subgroups will have a higher sampling error.

MAY 2020

The May 2020 survey sample was post-weighted slightly to match the age and gender composition of investors. The maximum sampling error (centre of the range) at 95% confidence interval for investors is +/- 4.3%. Note that analysis of smaller subgroups will have a higher sampling error.

Some figures may not total 100% due to rounding or multiple responses being allowed.



ABOUT ASX

ASX is one of the world's leading financial market exchanges. It operates at the heart of the globally attractive, deep and liquid Australian financial markets.

As an integrated exchange offering, ASX provides a full suite of services including listings, trading, clearing, settlement, technical and information services, and other post-trade services. It operates markets for a wide range of asset classes including equities, fixed income, commodities and energy.

ASX puts our customers at the centre of everything we do. With a proud history as an early and successful adopter of new technology, ASX continues to embrace innovative solutions to make life easier for customers, help companies grow, create value for shareholders and support the Australian economy.

FURTHER INFORMATION

For more information please contact the ASX Investment Products team:
investmentproductsales@asx.com.au



ABOUT INVESTMENT TRENDS

The ASX Australian Investor Study 2020 was conducted by Investment Trends – a specialist financial services market research organisation providing business insights and decision support information to many of the world's leading financial services organisations. Investment Trends combines analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help clients gain competitive advantage. As a company Investment Trends aims to improve the lives of millions of investors by making the whole financial services industry better.

Investment Trends' research coverage spans eight countries across Australia, Asia, Europe and the US. Their clients include industry regulators, leading local and global banks, investment platforms, leverage trading providers, fund managers, superannuation and pension funds, product issuers and manufacturers and financial planning software providers.

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