



ASX

AUSTRALIAN SECURITIES EXCHANGE

2010 Australian Share Ownership Study



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Introduction

The Australian Securities Exchange (ASX) is pleased to release the findings of the 2010 Australian Share Ownership Study, conducted in October-November 2010. This is the twelfth in a series dating back to 1991. It is designed to provide insights into the attitudes, knowledge and behaviour of retail share market investors in Australia and to track key changes over time.

The latest Study identified that approximately 7.26 million people, or 43% of the adult Australian population, own shares. This is up from 6.72 million or 41% two years previously.

The Study shows that Australians continue to have an ongoing commitment to sharemarket investing. There are signs that the challenging markets of recent years have impacted on the way in which many Australians approach their investments. The majority of retail investors are now taking a more active role in building their knowledge and in making personal decisions about the management of their portfolios. This higher level of active involvement is a strong positive indicator. So too is the finding that retail investors continue to believe strongly that the Australian sharemarket is well regulated.

ASX would like to acknowledge the assistance of the Finance Industry Development Account of the National Guarantee Fund which has again funded this Study. We also acknowledge the two research companies – Ipsos Research and Creative Catalyst Insights – commissioned to conduct the 2010 Study on behalf of ASX. They combined very effectively to produce a detailed understanding of the factors influencing the current retail investor market.

ASX is especially grateful to the 2,400 adult Australians who gave their time to participate in the 2010 Study and share their thoughts, attitudes and behaviours. They are invaluable to ASX in identifying the needs and priorities of investors.

We hope you find this publication valuable.

Highlights

43% of Australians own shares

In late 2010, 7.26 million people, or 43% of the adult Australian population, participated in the Australian share market either directly (via shares or other listed investments) or indirectly (via unlisted managed funds). The level of direct participation in the Australian share market was 39%, or 6.59 million people. Direct participation includes the investments of self-managed superannuation funds (SMSFs), unless those investments were in unlisted managed funds.

Share ownership has increased since 2008

Overall share ownership (direct plus indirect) increased from 41% in 2008 to 43% in 2010. The proportion of the population holding shares directly increased from 36% in 2008 to 39% in 2010. This included a proportion of the population (9%) holding shares indirectly as well. The proportion of the population with only direct share ownership increased from 25% in 2008 to 30% in 2010. The proportion of the population holding shares only indirectly declined marginally from 5% to 4%.

Ongoing commitment to sharemarket investing

A total of eight in 10 current direct investors felt it was a good time to buy or to hold shares, which was very similar to the sentiment expressed in 2008.

A considerably higher proportion of current direct investors (43%) said they had traded in excess of four times in the past 12 months compared to the two previous studies. In 2008, the comparative figure was 25%. In 2010, a greater proportion of current direct investors (39%) also said they would be likely to increase the proportion of their funds in shares in the next 12 months.

When looking at the Australian population as a whole, a higher percentage (26%) said they would definitely or probably buy shares, compared to 22% in 2008. Even more investors (82%) said they considered the Australian sharemarket to be well regulated (up from 78% in 2008).

Less delegation of financial decision-making to others

The 2010 Study found the number of investors that had neither knowledge nor interest in the sharemarket, and preferred to delegate the management of their investments to others, had decreased. The 2008 Study identified a quite large segment (23% of investors) that preferred to delegate the management of investments to others. In the 2010 Study, only 12% of current direct investors preferred to delegate. Experiences during the global financial crisis (GFC) appear to have encouraged many investors to take a more active role in building their knowledge and in making decisions about their investments.

More Australians have self-managed superannuation

A total of 13% of adult Australians reported having SMSFs in 2010, compared to 10% in 2008. A major change in the composition of investments held by SMSFs was the decline in the proportion investing in unlisted managed funds, from 38% in 2008 to 16% in 2010.

Emerging differences in choice of trading relationships

The 2010 Study found that while the most active and agile traders continue to be very comfortable with transaction-based relationships (most preferring to trade through online brokers), other segments of the market feel more comfortable with service-based relationships, particularly with financial planners/advisors and full service brokers. The complexity of decision-making and their acknowledged lack of a solid understanding of the intricacies of the investment process seem to be driving this choice for some investors.

This compares with the results of the 2008 Study, which identified that investors seemed to be developing transaction-based relationships with brokers and moving away from service-based relationships.

Changes in the segmentation of the direct share owner population

The 2010 Study identified substantive shifts in the way the Australian direct share owner population is segmented, with direct investors tending to fall into one of four main segments, with similar sets of needs, attitudes and behaviours. Experiences during and subsequent to the GFC appear to have been a key influence on the changes. The segments identified are:

- **Cautious Consulters:** While they have some knowledge of the markets, these investors lack confidence in their own decision-making capabilities and extensively consult professionals, family and friends to get advice or second opinions. They are keen to become more self-reliant in their investment decision-making, rather than delegate it. They do value professional advice but seem to be taking a more active role in the management of their own portfolio, working closely with trusted professionals. This is now clearly the largest of the current direct share owner segments, while segments were quite similar in size in 2008.

- **Prudent Investors:** These investors are skilled, knowledgeable and quite confident about their ability to navigate the share market independently, but keen to carefully re-build their portfolios which have been impacted negatively by the GFC. While many may not be naturally conservative, they feel their current approach needs to be.
- **Agile Investors:** Like the Prudent Investor, those within this segment have the skills, knowledge and confidence to buy/sell shares autonomously. However, unlike Prudent Investors, the Agile Investors find the share market very exciting and challenging. They tend to take greater risks than the Prudent Investor.
- **Disengaged Delegators:** These investors are distinguished by their lack of knowledge about the share market and reluctance to make independent decisions. They are confused about the investment options available and prefer to defer or delegate decision-making to experts, especially financial advisors. This is now a smaller segment of the investor population, reflecting that many investors have reconsidered their approach post the GFC.

Key Findings

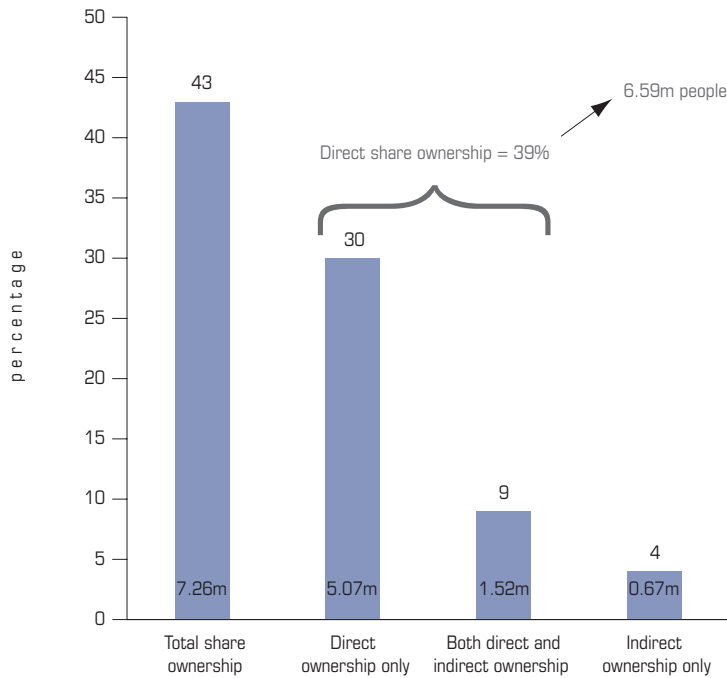
Share Ownership in Australia

Overview

In late 2010, 7.26 million people, or 43% of the adult Australian population, participated in the Australian share market either directly (via shares or other listed investments) or indirectly (via unlisted managed funds).

The level of direct participation in the Australian share market was 39%, or 6.59 million people.

Total share ownership



Base: All aged 18+ years: 2010 (n=2400)

Direct share ownership is defined as having:

- Shares in a company listed on a securities exchange that are held either personally, or via an SMSF, or via a company structure, but not as part of a managed fund or a superannuation fund;
- Derivatives and other investments listed on a securities exchange, such as Real Estate Investment Trusts (or REITs), which were previously known as Listed Property Trusts (LPTs), Exchange Traded Funds (ETFs), options, instalments or warrants.

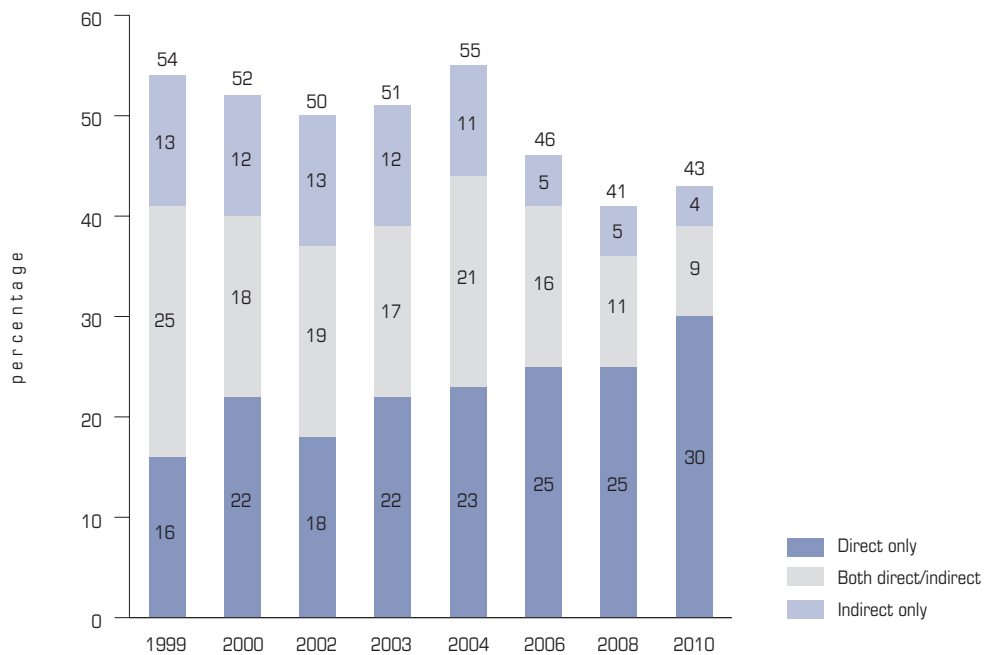
Note that the Australian Share Ownership Study does not seek to measure share ownership through superannuation, other than SMSFs.

Trend of Share Ownership

The 2010 Australian Share Ownership Study showed an increase in share ownership since the previous study in 2008. Overall share ownership increased from 41% in 2008 to 43% in 2010.

The proportion of the population holding shares directly increased from 36% to 39%. This figure includes a proportion (9% of the population) holding shares indirectly as well. The proportion of the population holding shares only indirectly declined marginally from 5% to 4%.

Total share ownership



Base: All aged 18+ years: 2010 (n=2400); 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401)

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

THE TOTAL NUMBER OF AUSTRALIANS INVESTING IN SHARES (000s)

	1997	1998	1999	2000	2002	2003	2004	2006	2008	2010
Direct only	1,645	2,277	2,184	3,133	2,628	3,212	3,358	3,471	4,096	5,066
Both	1,177	2,101	3,520	2,563	2,774	2,482	3,066	2,524	1,802	1,520
Indirect only	1,881	1,148	1,852	1,709	1,898	1,752	1,606	1,262	820	678
Total	4,703	5,526	7,556	7,405	7,300	7,446	8,030	7,257	6,718	7,262
ABS population estimates 18+								15.8m	16.4m	16.8m

The combined impact of population growth and an increase in direct share ownership from 2008 to 2010 resulted in almost one million additional investors holding direct shares only by late 2010.

Taking into account the decline in the number of investors holding both direct and indirect share investments, the overall net gain in share ownership was 544,000 over the same period.

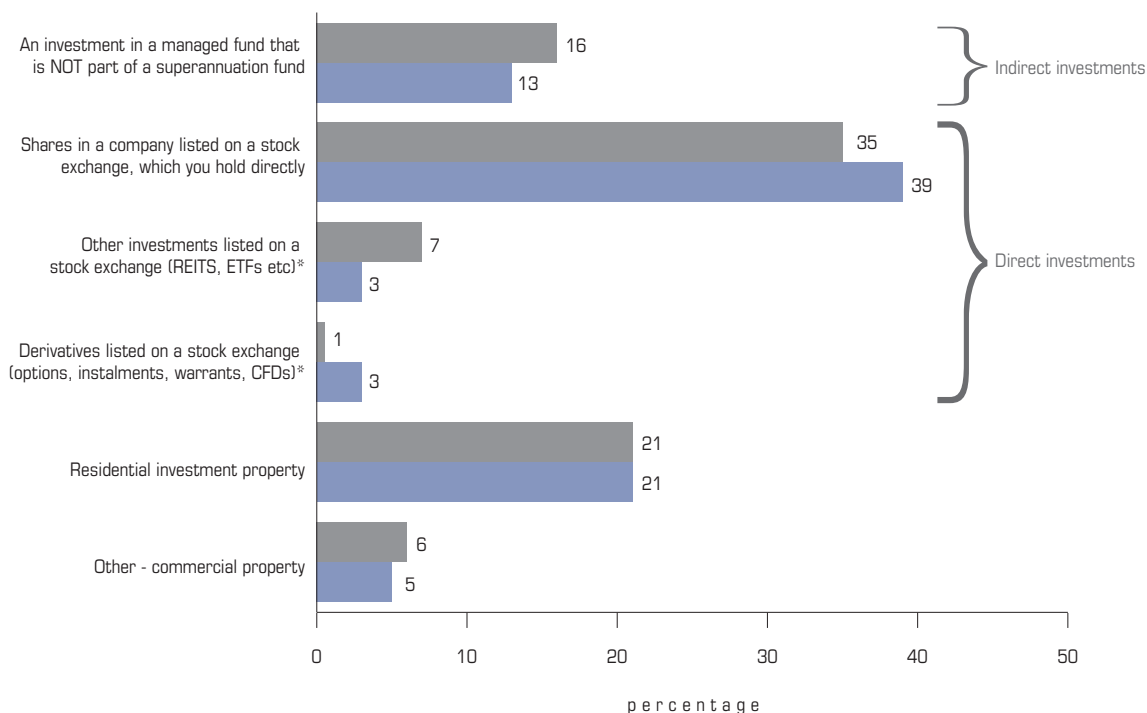
Ownership of Investments

While share ownership increased between 2008 and 2010, the percentage of the population investing in unlisted managed funds that are not part of a superannuation fund continued its downward trend. In 2004, 22% of the adult Australian population invested in unlisted managed funds. This percentage has declined in each Australian Shareownership Study since then, and was 13% in 2010.

In the 2010 Study respondents were questioned separately about their ownership of derivatives such as options, instalments, warrants and Contracts for Difference (CFDs) and other listed investments (not shares). While ownership of derivatives increased from 1% to 3%, other investments listed on a stock exchange declined from 7% to 3%. This latter figure masks some product differences, which will be looked at later in this report.

Ownership of residential investment property remained stable, with commercial property ownership declining slightly to 5% of the adult population.

Ownership of investments



Base: All aged 18+ years: 2010 (n=2400); 2008 (n=2400)

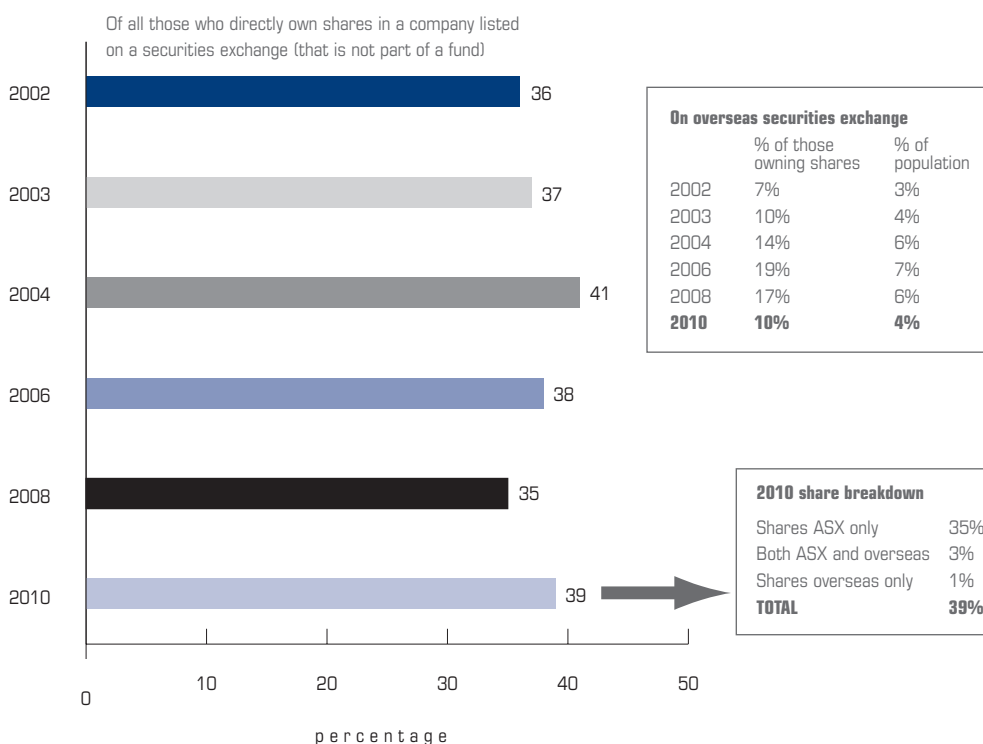
* Please note that in 2008 CFDs was a stand-alone code, and options, instalments and warrants were grouped with 'other investments'.

Direct and Indirect Share Ownership

Direct Share Ownership

In 2010, 39% (6.59 million) of Australian adults owned shares directly. While the proportion of share owners also having shares listed on an overseas exchange grew from 7% in 2002 to 19% by 2006 and showed signs of stabilising in 2008, it fell quite dramatically in 2010 to only 10% of share owners (or 4% of the population). The vast majority of those owning shares on ASX (90%) don't hold shares on overseas exchanges.

Ownership of shares



Base: All aged 18+ Years: 2010 (n=2400); 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401)

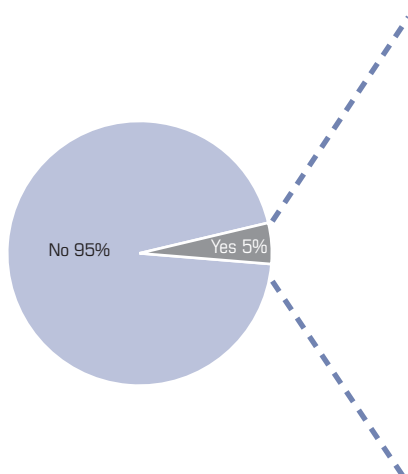
Between 2008 and 2010, the proportion of the population holding investments other than shares listed on the securities exchange declined from 7% to 5%.

The 2010 Study drilled further into the types of other listed investments held. While REITs remained the major form of other listed investments, they decreased substantially between 2008 (when 55% of those holding other listed investments held REITs) and 2010 (when 38% of those holding other listed investments held REITs).

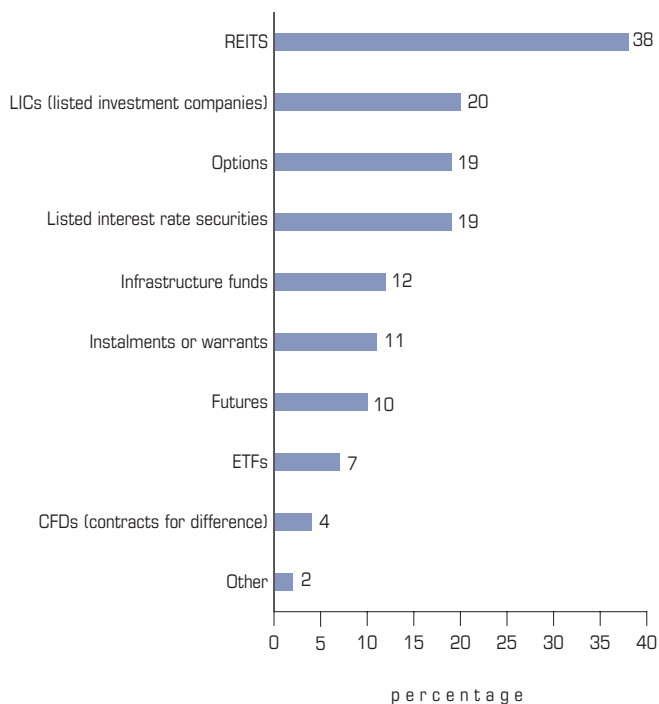
Areas of growth were listed interest rate securities (held by 19% of those holding other listed investments in 2010, up from 14% in 2008), options (19% in 2010, up from 15% of those holding other listed investments two years earlier) and ETFs (7%, up from 3% in 2008).

Other direct investments held

Have other investments held on an exchange



Type of other listed investments held



Base: All aged 18+ years: 2010 (n=2400)

Base: Other listed investments held personally, via an SMSF or company structure (n=125)

Self-Managed Superannuation Fund Investments

In the 2010 Study, the reported level of SMSF ownership was 13%, up from the 10% of the population who reported having an SMSF in 2008.

One of the major changes reported in 2010 was a considerable decline in the proportion of SMSFs that hold investments in an unlisted managed fund. While the proportion reporting investments in unlisted managed funds was 48% in 2006, this declined to 38% of those with SMSFs in 2008 and to 16% in 2010.

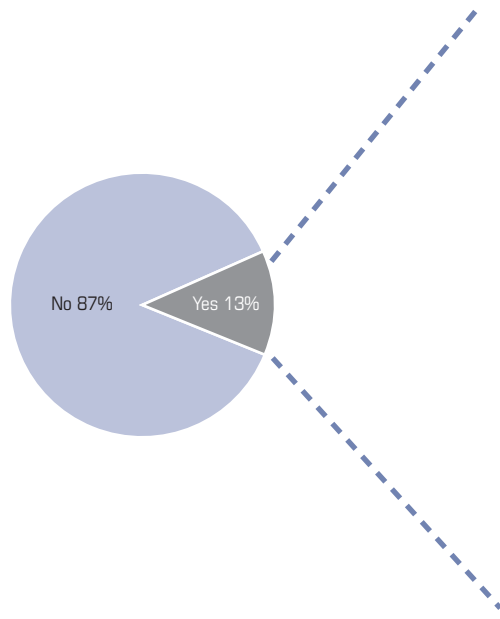
Between 2008 and 2010 the proportion of SMSFs that hold shares in a company listed on ASX remained quite stable at 52%. Over the same period, however, the proportion of SMSFs that held shares listed on overseas exchanges declined substantially, from 12% to 3%.

There were also declines in those reporting that they hold residential property (from 19% in 2008 to 12% in 2010) and commercial property (from 14% in 2008 to 8% in 2010) in their SMSFs.

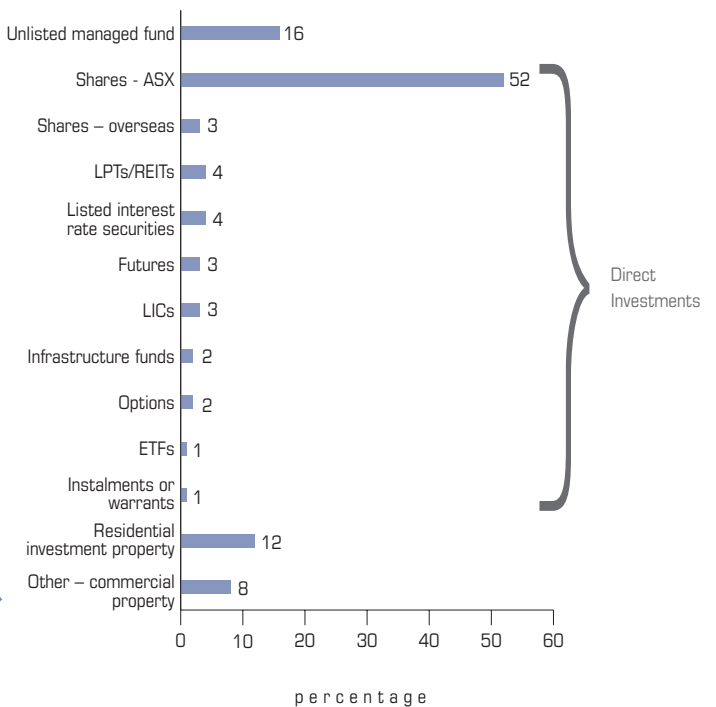
Another key change was the decline in those holding investments in REITs/LPTs from 20% in 2008 to 4% in 2010.

Investments held as part of SMSFs

Have self-managed superannuation funds



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



Base: All aged 18+ years: 2010 (n=2400)

Base: Have self-managed super fund 2010 (n=312)

Indirect Share Ownership

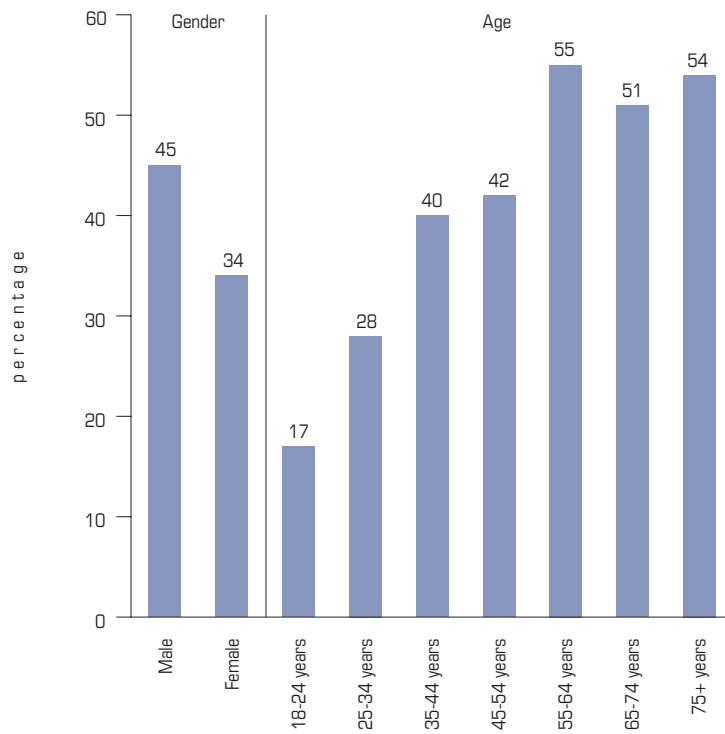
Indirect share ownership declined slightly, from 5% in 2008 to 4% in 2010. Under the definitions (revised in 2008), indirect investments are investments in an unlisted managed fund that is not part of a superannuation fund. While investments held within SMSFs were previously considered as indirect, they are now viewed as direct investments, in recognition of the personal decision-making of the owner of the SMSF.

Typical Profile of a Direct Share Owner

In 2010, a higher proportion of both males and females were direct share owners. A total of 45% of adult Australian males were direct share owners, up from 40% in 2008. Female direct participation increased to 34% in 2010, up from 30% in 2008.

As shown in previous studies, the likelihood of share ownership increases with age. The peak level of share ownership is in the 55-64 age range, as it was in 2008. However, the 2010 Study also showed a high level of share ownership among Australians aged over 65. In 2008 share ownership among 65 to 74-year olds was 41%. In 2010 it was 51%. While 38% of those 75-plus were share owners in 2008, this figure had increased to 54% in 2010.

Direct share owners: gender and age

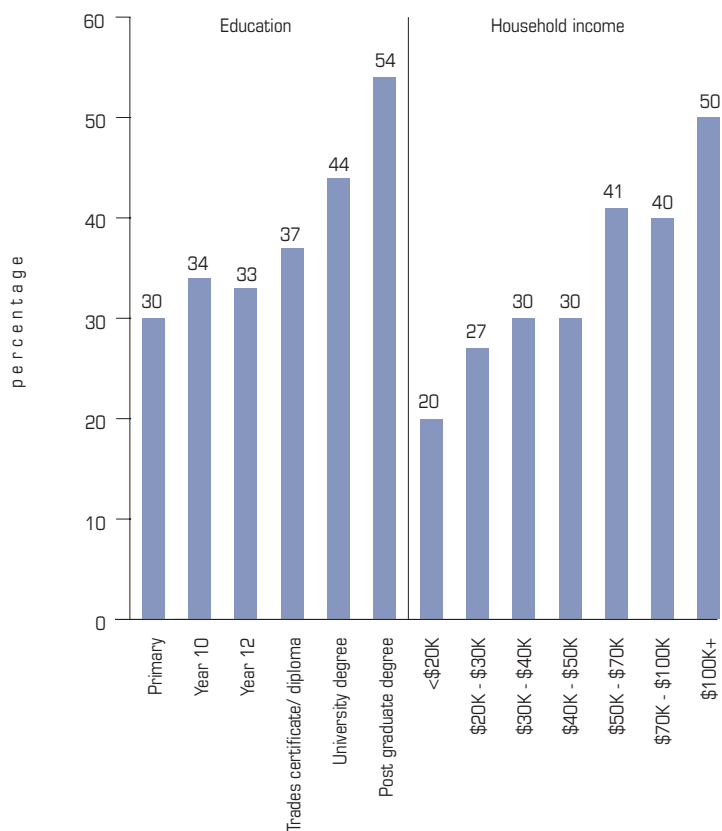


Base: All aged 18+ years: 2010 (n=2400)

The 2010 Study also showed similar education and income profiles for direct share owners as were seen in 2008 and 2006. Share ownership is higher among those with tertiary education, especially those with post graduate qualifications.

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

Education and household incomes

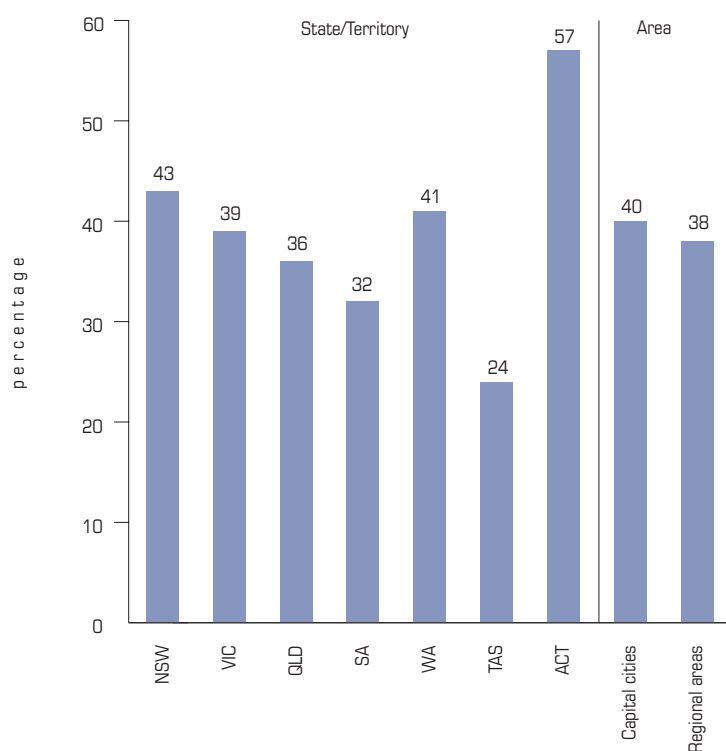


Base: All aged 18+ years: 2010 (n=2400)

In 2010 there was only a slight difference in direct share ownership between capital city dwellers (40% of whom were direct shareowners) and those living in regional areas, who reported 38% direct shareownership.

There were some variations in the levels of direct share ownership between the states and territories in 2010, with the highest level in the ACT (57%), followed by NSW (43%) and Western Australia (41%). The lowest level of direct share ownership was in Tasmania, at 24% of the adult population.

State and area comparisons



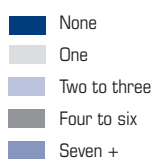
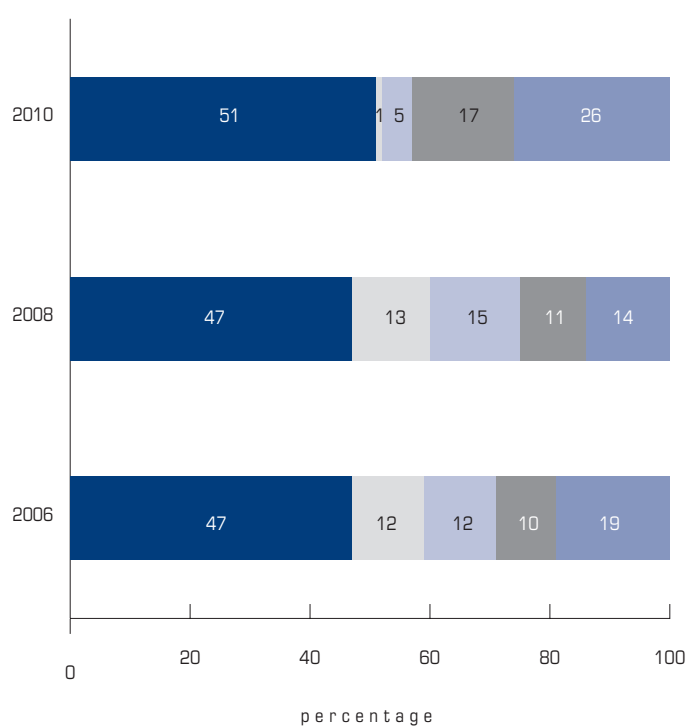
Base: All aged 18+ years: 2010 (n=2400)

Investor Behaviour

Investor Activity

In 2010 some interesting changes in trading activity levels were reported. While just over half of direct investors said they had neither bought nor sold shares in the last 12 months, a higher proportion than in previous years (43%) said they had traded at least four times in that period. In 2010, 26% said they had traded seven or more times, compared to 14% in 2008.

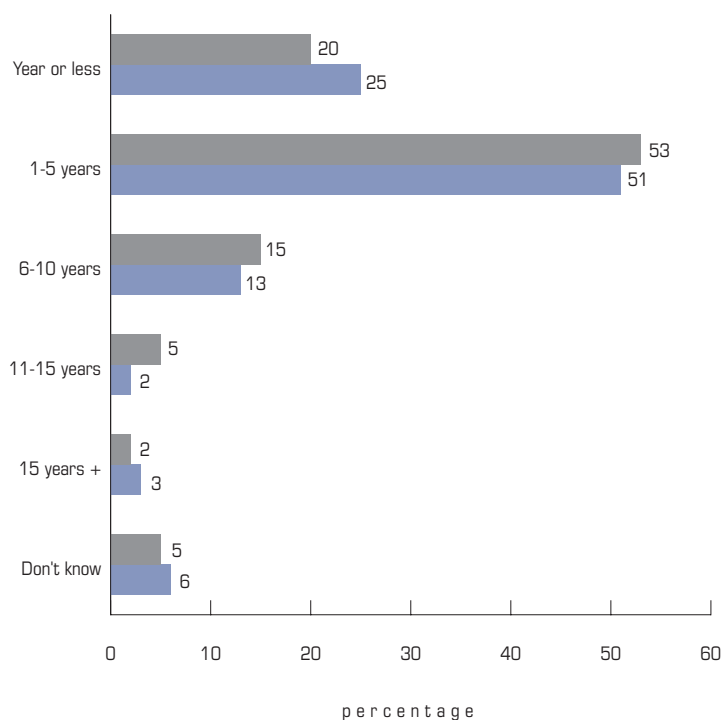
Number of times bought/sold shares



Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816); 2006 (n=904)

There was more evidence of investors trading the volatility of the market in 2010, with 25% saying they had sold shares they held for less than 12 months. This compares to 20% in 2008 and moves closer to the 28% reported in 2006. Of those who sold shares in the 12 months prior to late 2010, half had held them for between one and five years, a similar proportion as in 2008 and 2006. Only a small percentage of share owners sold shares they had held for over 10 years.

Portfolio turnover



■ 2008
■ 2010

Base: Direct investors who have sold shares in the last 12 months: 2010 (n=289); 2008 (n=247)

The average value of trades reported by investors in 2010 (\$14,350) was only slightly lower than the figure reported in 2008. The reported average value invested increased by almost \$34,000, however, suggesting that many portfolios have recovered somewhat from the market turbulence experienced in 2008.

INVESTOR ACTIVITY

	2002	2003	2004	2006	2008	2010
Average value of trades	\$8,830	\$10,650	\$11,150	\$14,200	\$14,400	\$14,350
Average value invested	\$77,800	\$124,050	\$120,450	\$190,600	\$130,100	\$163,885

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

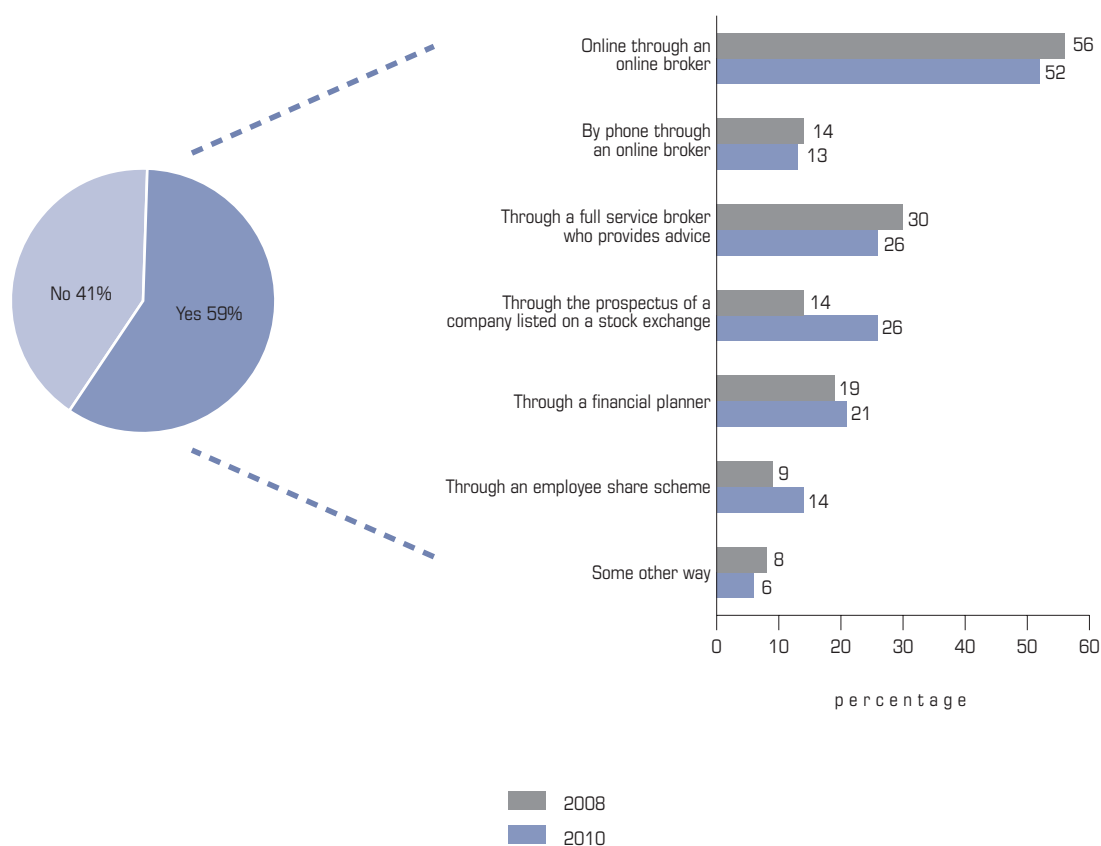
Use of Brokers and Advisors

Six in 10 of those with direct investments traded shares in the last two years. When asked to identify which of a range of methods they had used to buy or sell shares in this period, most identified more than one method. Online through an online broker was the main method identified, but this was slightly lower than in 2008. Overall, 65% used online brokers (either via an internet site or via phone).

Interestingly, just over one quarter of current direct investors also said that they bought through the prospectus of a listed company. This is consistent with activity in the market, as the two-year period from late 2008 was a time of substantial secondary capital raising activity by listed companies, rather than IPO activity.

Method of buying or selling shares

Have bought or sold shares in the last two years

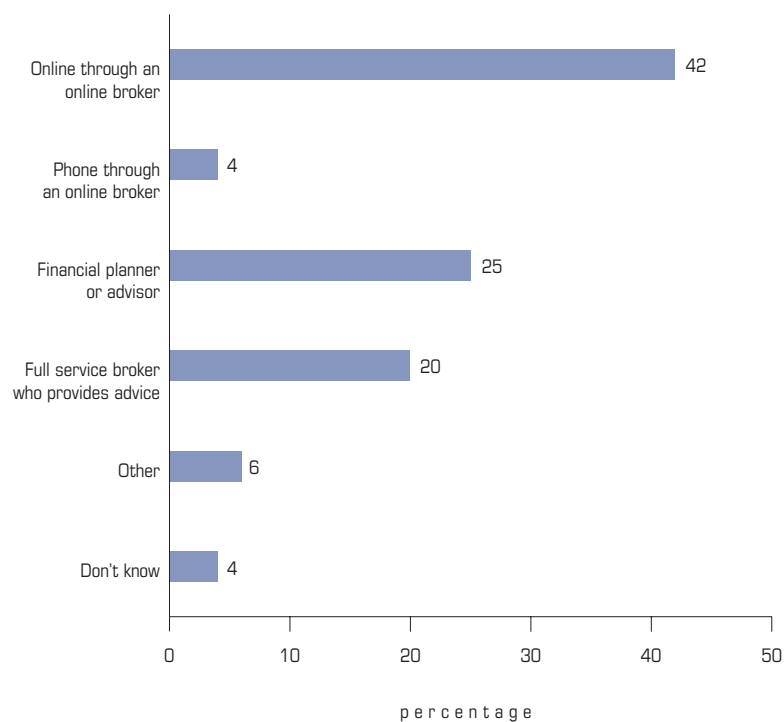


Base: All current direct investors (Australia): 2010 (n=944)

Base: Current direct share owners who have bought or sold shares in the past 2 years: 2010 (n=555); 2008 (n=435)

The 2010 Study asked current investors to identify the trading method they used most often, to improve understanding of the relative contribution of each method or source of advice. Most identified online brokers as the method they used most often, with 46% saying they most frequently traded online or phoned an online broker. There were strong segment differences, though. The most active trading segments strongly identified online brokers as the method they used most often. The more cautious investor segment (whose members consult others extensively prior to decision-making) relies predominately on advice from financial planners. This segment relies on full service brokers and online brokers to almost the same degree.

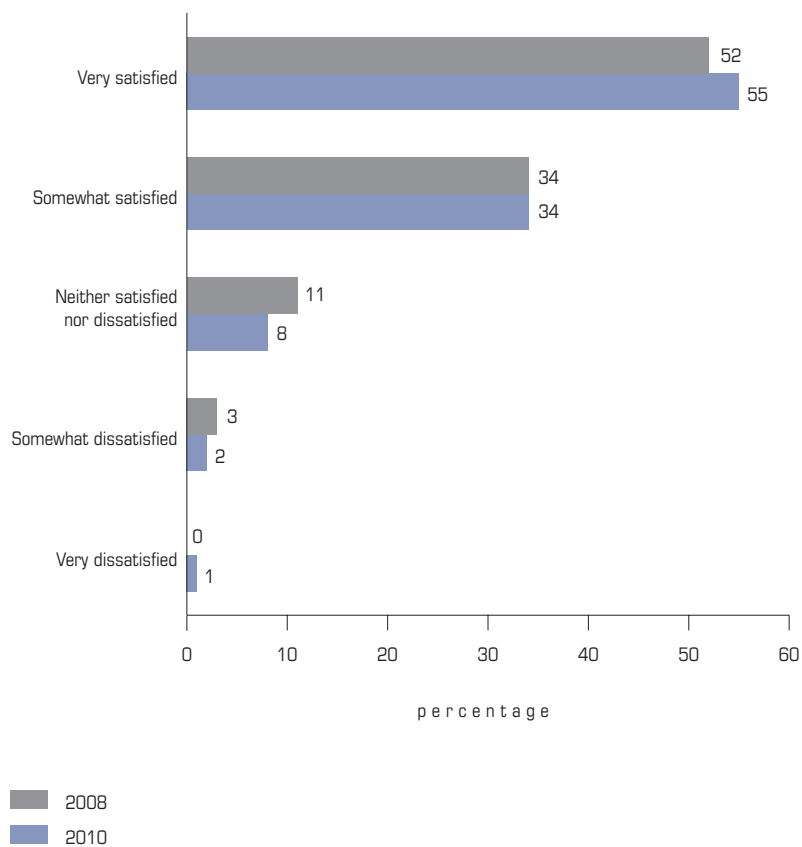
Trading method used most often



Base: All current direct investors who use a broker or adviser: 2010 (n=745)

Overall, satisfaction levels with the trading method (broker or advisor) used remains quite high, with 55% saying they are very satisfied. While very few express dissatisfaction, one-third may, perhaps, be looking for more from the relationship, as they are more lukewarm in their approval.

Satisfaction with trading method used



Base: All current direct share owners who currently have a broker/advisor: 2010 (n=712); 2008 (n=426)

Sources of Advice and Information

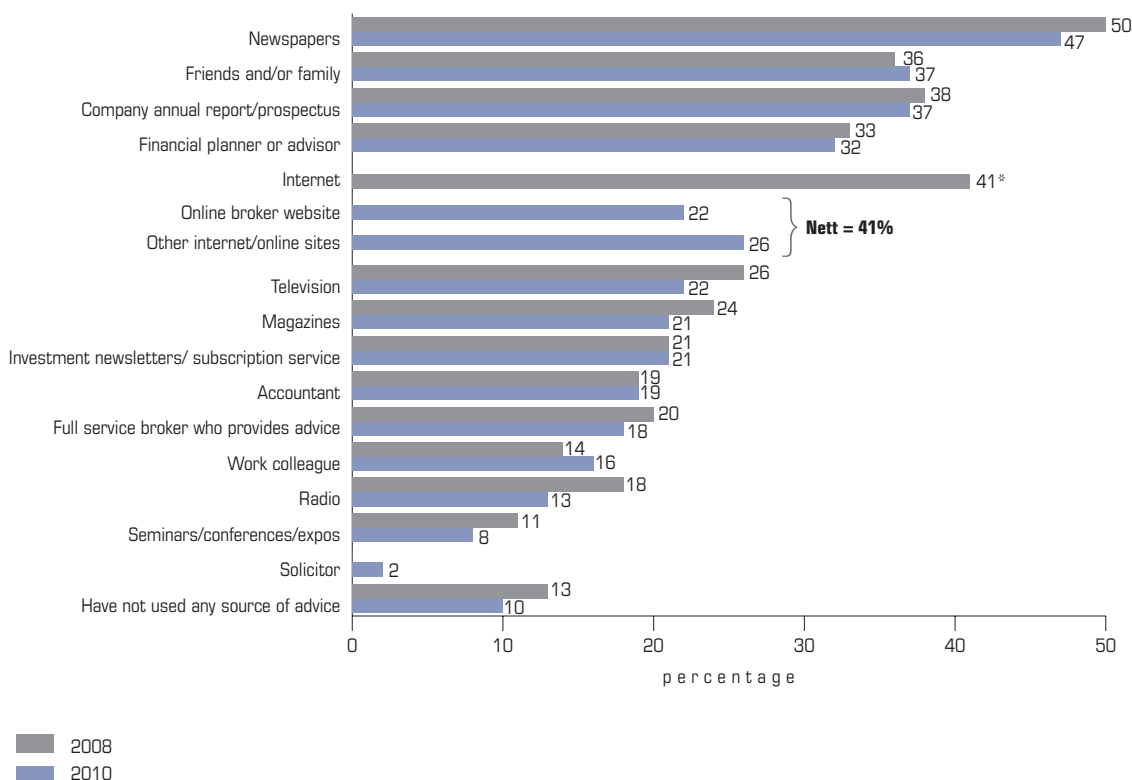
As in previous years, the 2010 Study highlighted that current direct share owners are active seekers of information about the market and the performance of their investments.

They read widely from a variety of sources including newspapers, annual reports and company prospectuses, magazines and newsletters. They value the chance to learn from the experiences of trusted family and friends. They also speak to professionals, including financial planners and advisors, brokers and accountants. They use the internet quite strongly. While usage of the internet was the same overall in 2010 as in 2008 (41%), for the first time in 2010 we asked more specifically if they are using online broker websites as well as other internet/online sites. Around one in four (26%) use a website other than an online broker website to source investment information and advice. A high proportion of these also use an online broker website.

Sources of advice that investors were a little less likely to use in 2010 than in 2008 were television, radio and seminars, conferences and expos.

The 2010 Study reinforced that many of today's investors are eager to build their knowledge and to become more personally involved in their own investment decision-making.

Sources of advice and information



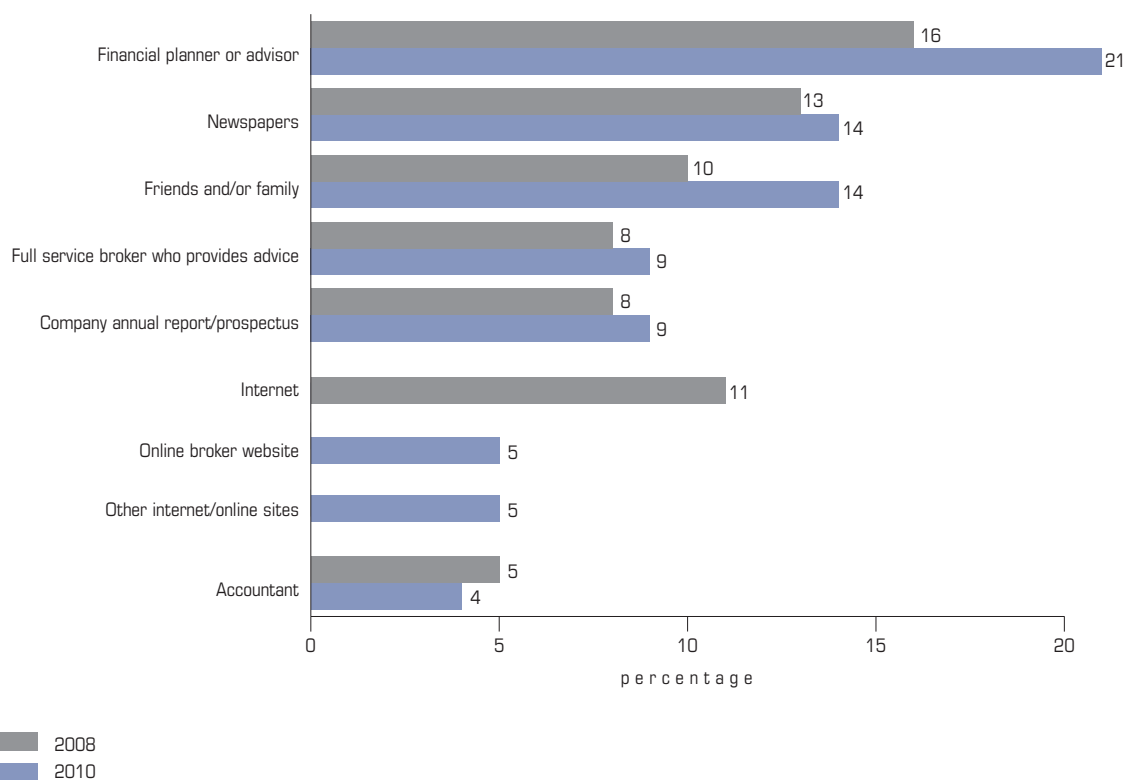
Base: All current direct share owners (Australia): 2010 (n=944); 2008 (n=816)

* In 2010, Internet was broken out into two separate codes.

When asked what source of investment advice and information influenced their decisions the most, the highest proportions identified some form of professional advisor (a financial planner, advisor or a full service broker), newspapers and family and friends.

The percentage identifying a financial planner or advisor as their source of most influence increased from 16% in 2008 to 21% in 2010.

Sources of most influence



Base: All current direct investors (Australia) who have used advice in the last 12 months: 2010 (n=850); 2008 (n=711)

Investor Attitudes

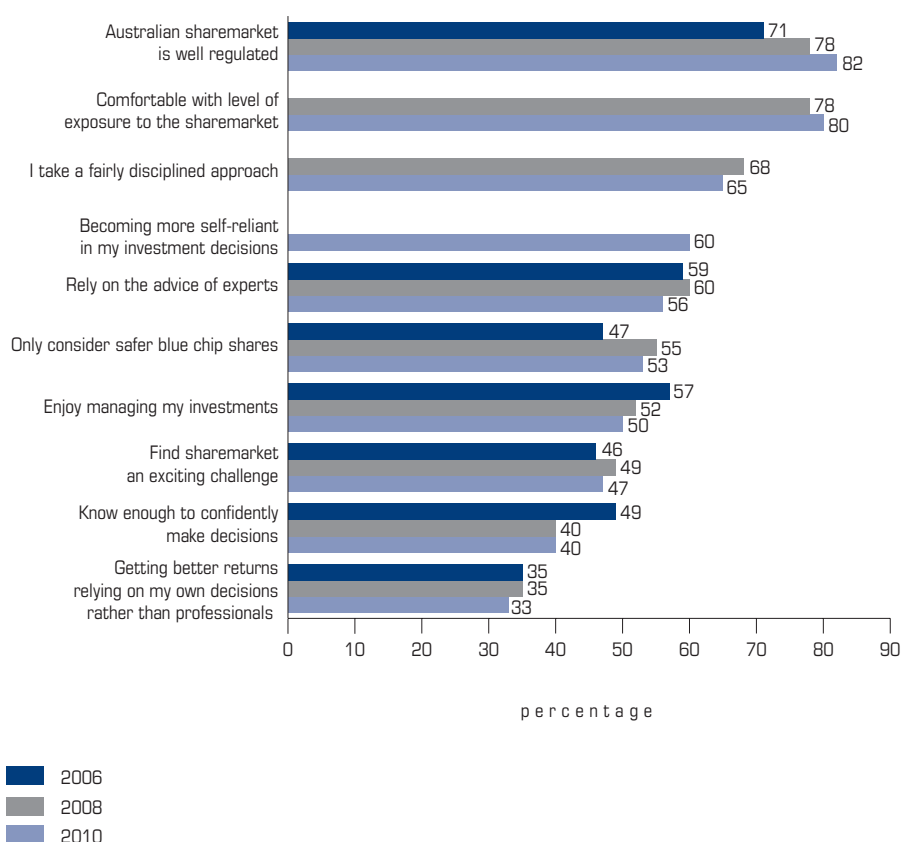
Key Attitudes

In 2010, the bulk of direct investors (80%) said they were comfortable with their level of exposure to the sharemarket. Even more (82%) expressed their confidence in how well the Australian sharemarket was regulated.

In 2010, for the first time, we asked current investors if they were becoming more self-reliant in their decision-making. A total of 60% said they were. At the same time there was a slight decline in the percentage of current investors who said they rely on the advice of experts (56%). However, there was also a slight decline in the percentage saying they actually enjoyed managing their own investments.

Other data in the 2010 Study suggests Australian investors would like to learn more so they can be more self-reliant, but they are not rejecting relationships with professional advisors, per se. Their expectations of how they wish to interact with professional advisors seem to be changing. They want to be better able to evaluate the options available to them or to have their own decisions validated. Many feel the need to be better equipped to take a more active role in the management of their own portfolio, working closely with trusted professionals.

Attitudes towards investing



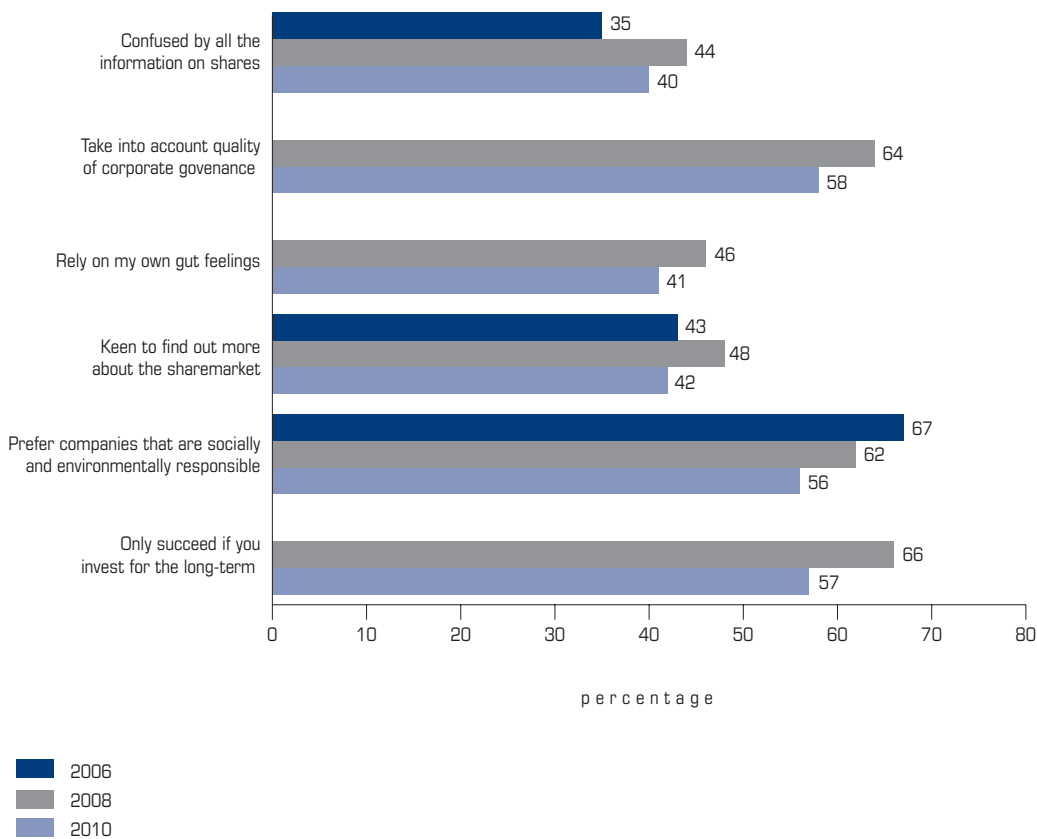
Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816); 2006 (n=904)

Changes in Attitudes

Conducting a similar study for over a decade allows us to track key attitudes over time. In 2010 we noted some decline in the level of confusion about the information available on shares compared to 2008. Some other interesting changes include a smaller proportion of investors saying they take into account the quality of corporate governance when making investment decisions, as well as a declining proportion expressing preference for companies that are socially and environmentally responsible. Reliance on gut feelings has also declined.

There is also a decline in the proportion of investors who feel you only succeed if you invest for the long-term. Market experience and challenges over the last few years may have influenced many to take a shorter term, more pragmatic approach to investment management.

Changing attitudes towards investing

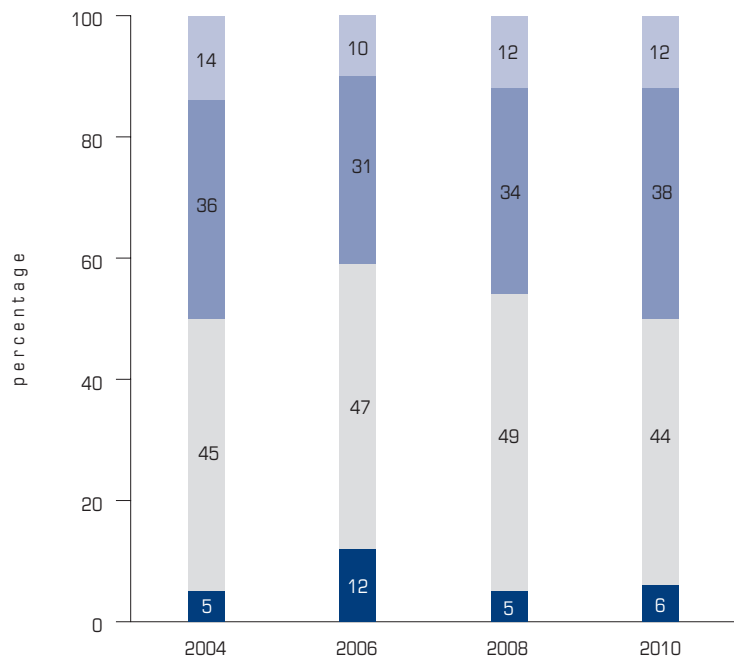


Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816); 2006 (n=904)

Perceived Knowledge About Shares

There haven't been major changes in how people rate their knowledge about shares between 2008 and 2010, but those rating themselves as very knowledgeable or somewhat knowledgeable declined a little to 50% of current direct investors in 2010, compared to 54% two years previously.

Perceived share knowledge



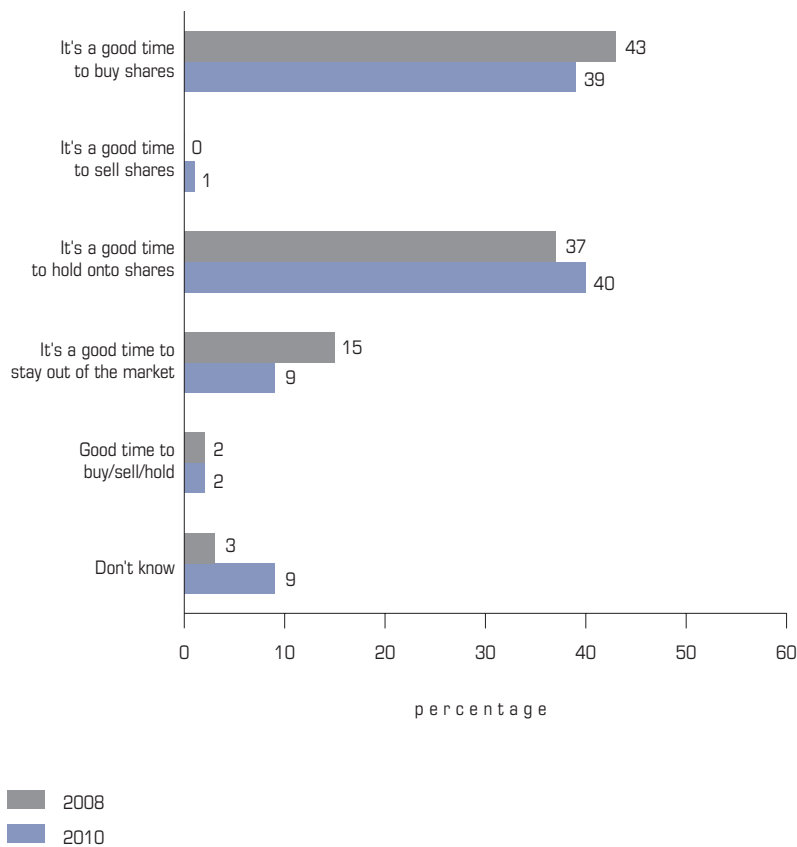
- Very knowledgeable
- Somewhat knowledgeable
- Not very knowledgeable
- Not at all knowledgeable

Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816); 2006 (n=904); 2004 (n=1067)

The Outlook

In 2010, those who were current direct investors were again asked their views about whether it was a good time to buy, sell or hold shares or stay out of the market. The greatest change seems to be a higher proportion of direct investors (9%) saying they don't know. Eight in 10 direct investors, though, see it as a good time to either buy or hold shares. Only 1% see it as a good time to sell. In 2010 there was also a decline in the proportion who believed it was better to stay out of the market.

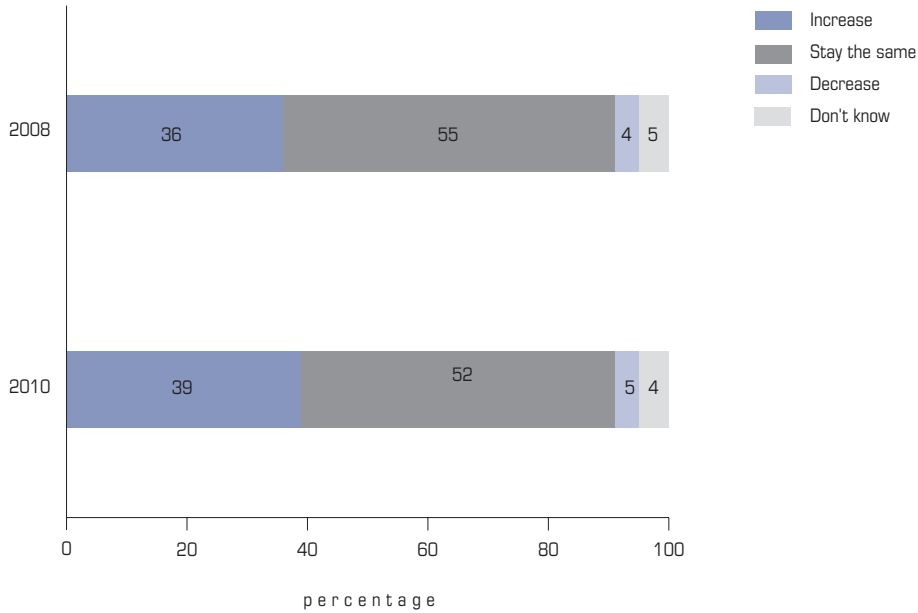
Current views about investing



Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816)

When asked to think personally about what they are likely to do from an investment perspective in 2010, four in 10 current direct investors said they envisaged increasing the proportion of their own funds in shares, a slight increase over 2008. Just over half saw themselves as maintaining the current proportion of their funds in shares. It's possible that those who were unsure if it was a good time to buy, sell or hold would fall into this maintenance category while they assess the opportunities in the market from their own perspective.

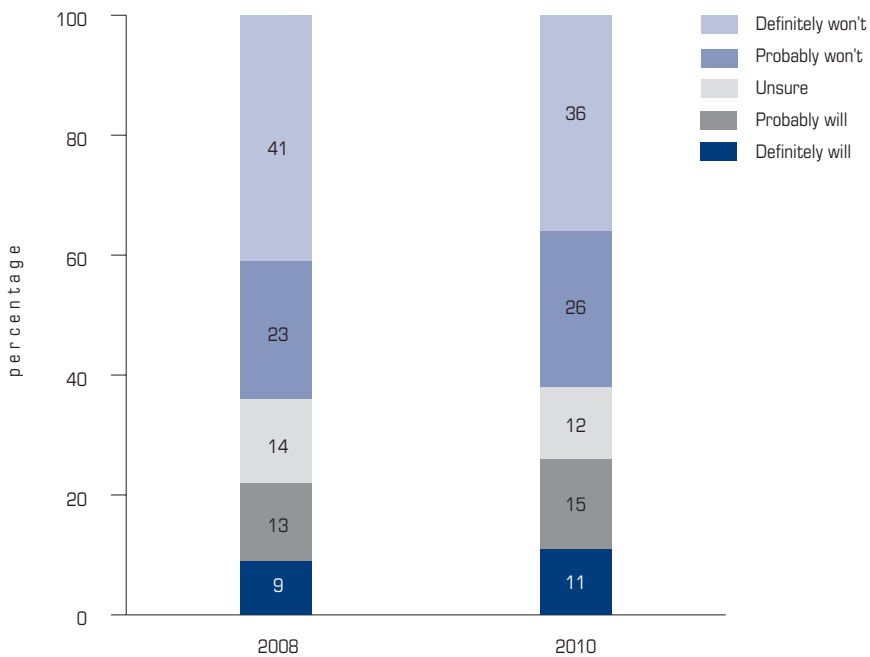
Proportion of funds into shares



Base: All current direct investors (Australia): 2010 (n=944); 2008 (n=816)

Signs of greater optimism were also observed when we asked about the likelihood of buying shares in the next 12 months. In 2010 there was a slight increase in the percentage of the adult Australian population saying they would definitely or probably buy shares (up from 22% in 2008 to 26% in 2010).

Likelihood of buying shares



Base: All aged 18+ years: 2010 (n=2400); 2008 (n=2400)

Direct Share Owners – Segmentation

While there is great diversity in needs, knowledge levels, preferences, behaviours, expectations and interests among the many Australian share owners, from an education, product and marketing perspective it is important to identify commonalities, or effective ways of segmenting the market. It assists ASX greatly in developing and implementing a range of offerings tailored to individual segment's needs.

The 2010 Study identified substantive shifts in the way the Australian direct share owner population is now segmented, with direct investors tending to fall into one of four main segments, with similar sets of needs, attitudes and behaviours. Investors' individual experiences during and subsequent to the GFC appear to have been a key influence on changing market segmentation.

Outlines of the four main investor segments identified in the 2010 Study follow.

Cautious Consulters

This is a new, and quite large segment identified in 2010. As the name would suggest, these are not confident or excited investors. They have some knowledge of the sharemarket, but around 50% of this segment say they are confused about the market. They are, therefore, quite wary about making independent investment decisions. While some may have delegated decision-making previously (to advisors, for example), they now feel the need to learn more so they can take a more active role in the management of their own portfolio. That said, they are mostly quite risk averse and prefer to consult with experts, financial advisors or full service brokers to get advice, validate decisions or to provide a second opinion. They do value professional advice but their expectations of how they will interact with professional advisors seem to be changing. This is now the largest of the current direct investor segments.

This segment's main focus is on long-term growth. Stability and safety are important, hence an affinity towards what they consider blue chip shares. The segment does have a female skew and tends to be older, with

two-thirds aged over 45 years and a strong representation of empty nesters. Most are still in employment and they tend to be quite well educated, with a high proportion having degrees or post graduate qualifications. It appears their experiences in the market have convinced them of the need to develop their own knowledge and skills in investment decision-making.

Prudent Investors

Experiences during and subsequent to the GFC also seem to have been influential in shaping the nature of this segment. The Prudent Investor segment is skilled, knowledgeable and quite confident about its ability to navigate the share market independently. These are investors whose approach is pragmatic and who follow proven principles (such as buy safe/blue chip shares, invest for the long-term and don't take unnecessary risks). It appears that many in the segment have portfolios that were adversely impacted by the GFC and their focus is on rebuilding and consolidating. They are knowledgeable about investment markets, but challenged by a very different investment environment.

Empty nesters and retirees make up one-third of this segment and most are relatively high net worth individuals. In all, 50% of those within the segment are aged over 55 years, which contributes to their focus on consolidation, to carefully re-build portfolios impacted negatively by the GFC. While many may not be naturally conservative, they feel their current approach needs to be. They may become less risk averse in time, when they feel their portfolios are recovering from previous market downturns.

Many Prudent Investors rate their own market knowledge quite highly and are wary of taking advice from professionals, as they feel that even the so called experts couldn't help when they needed them. Importantly, while they do enjoy managing their own investments, many no longer describe the sharemarket as exciting.

The Prudent Investor segment is the second most active in terms of volume of trades, average value of trades and average value invested.

Agile Investors

The Agile Investor segment is the most active in terms of volume of trades, average value of trades and average value invested. Like the Prudent Investor, those within this segment have the skills, knowledge and confidence to buy/sell shares autonomously. However, unlike Prudent Investors, the Agile Investors find the sharemarket a very exciting challenge.

Agile Investors make decisions based on a mix of instinct and expert advice. They proactively react to market conditions and are prepared to take calculated risks. That said, they are not trader-like and have a tendency to hold shares, on average, for 2.6 years.

Most Agile Investors are male, with a mix of life-stages and ages being represented. They tend to be high income earners or of high net worth, with most self-employed or in full-time employment. They are mostly highly educated, with degree or post graduate qualifications.

Disengaged Delegators

The smallest segment identified in the 2010 Study was the Disengaged Delegator segment. The 2008 Australian Share Ownership Study also identified a Delegator segment, but the segment was considerably larger than that identified in 2010. It appears that recent

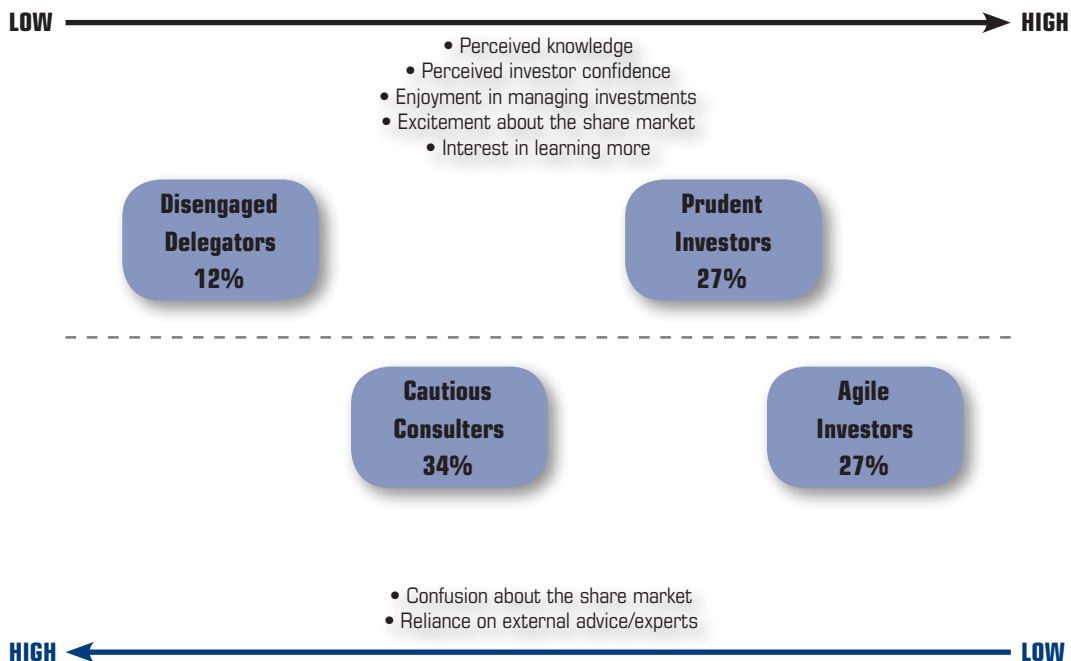
market conditions have encouraged more to take an active involvement in their portfolio, with an awareness of the benefits of being more educated and self-reliant. Fewer are prepared to simply delegate their financial decision-making to others. Many in the previous Delegator segment appear to have moved into the Cautious Consulters segment.

Those in the current Disengaged Delegator segment are distinguished by their lack of knowledge about the sharemarket and reluctance to make independent decisions. They are confused about investment options and prefer to defer or delegate decision-making to experts, especially financial advisors. They don't have the same interest in actively seeking information as the Cautious Consulters.

This Disengaged Delegator segment purports not to take risks. They do not enjoy managing their own investments, nor do they find the sharemarket an exciting challenge. Two-thirds have not been active in the sharemarket (buying or selling shares) for the past two years. The majority will stay in a holding pattern with their investments unless advised otherwise.

Disengaged Delegators show a female skew. There is a mix of education levels but a skew towards lower level education qualifications.

How does the market segment?



Differing Investor Activity

The table below highlights some of the key differences between the segments in terms of their trading activity levels, and trade and portfolio sizes.

ACTIVITY SUMMARY BY SEGMENT

	Disengaged Delegators	Cautious Consulters	Prudent Investors	Agile Investors
Average times bought shares	4	4	6	14
Average times sold shares	4	3	5	10
Total number of trades in last year	8	7	11	24
Average value of trades* 1	\$3,438	\$9,620	\$14,086	\$18,166
Average value invested* 1	\$66,438	\$84,385	\$210,151	\$263,666
Average share tenure (years)	4.1	5.9	4.3	2.6
Average times bought other listed investments	2	1	3	4
Average times sold other listed investments	-	-	7	3
Total number of trades in other listed investments last year	2	1	10	7

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

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

Non-Share Owners

The 2010 Australian Share Ownership Study identified that 46% of the population have never held shares. This includes 18% of the population who are keen to be active in the sharemarket at some stage (potential share owners).

A total of 15% of Australian adults have held shares in the past (lapsed investors) but no longer do so.

Some Lapsed Investors Will Return

Around half of lapsed investors (8% of the population or around 1.36 million people) are keen to re-enter the sharemarket at some stage. The majority of these exited the market between 2006 and 2008. Those who anticipate returning to the market at some stage express the views that they find investing exciting and enjoyable. Word of mouth is important to these people, who talk a lot to family and friends about the market. Something that sets them apart from other lapsed investors is a strong urge to become more self-reliant in their investment decision-making. They are also keen to learn more and are more confident about making their own investment decisions.

They seem to be growing in confidence about the market and will watch and decide the timing of re-entry.

Share Owners of the Future

A quite substantial 18% of the population who have to date not been active in the sharemarket are keen to enter at some stage. The vast majority of these are aged under 45. They would get more involved if their knowledge level was better and are keen to learn more about the market. They express a sense of not knowing where to start. Most say that if they started to invest they would initially rely on expert advice, although they also express an interest in becoming more self-reliant in how they make investment decisions.

International Comparisons

ASX has again completed an international comparison of share ownership as part of the 2010 Australian Share Ownership Study. The best available figures have been used. However, it should be noted that the 2010 Study does not provide an absolute comparison, due to differences in methodology, sampling, timing and definitions with the available international studies. The ability to look back several years is useful. It allows trends to be observed, as well as the incidence of share ownership in various countries.

The rebound in the level of share ownership in Australia is not matched in some countries for which data is available, including the European countries. The incidence of share ownership in Australia remains high by international standards.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia – direct	40	n/a	37	39	44	n/a	41	n/a	36	n/a	39
direct / indirect	52	n/a	50	51	55	n/a	46	n/a	41	n/a	43
Hong Kong – shares	22	20	20	18	24	29	n/a	36	n/a	35	n/a
Korea – stocks	7	8	8	8	8	7	7	9	n/a	10	n/a
Germany – shares	10	9	8	8	7	7	7	6	6	6	6
shares / funds	19	20	18	17	16	17	16	16	14	14	13
Switzerland – shares	32	n/a	24	n/a	20	n/a	20	n/a	20	n/a	19
shares / funds	34	n/a	25	n/a	21	n/a	21	n/a	21		21
Sweden – shares	22	22	23	22	22	21	20	19	18	17	17
UK – stocks / funds	26	25	25	24	22	21	20	20	18	18	n/a
Canada – shares / funds	49	n/a	46	n/a	49	n/a	n/a	n/a	n/a	n/a	n/a
USA – direct / indirect	n/a	52	^ 50	n/a	49	^ 50	n/a	n/a	45	n/a	n/a
New Zealand – direct	24	21	n/a	22	23	23	26	23	n/a	22	23

NB: Studies are not directly comparable. United States (US) and United Kingdom (UK) data are based on households, not individuals.

Table Sources:

Hong Kong	Fact Book 2009, Hong Kong Stock Exchange (2010).
Korea	Investing population 2000-2010, Korea Exchange, http://eng.krx.co.kr/m2/m2_4/m2_4_5/m2_4_5_1/JHPENGO2004_05_01.jsp , visited 15 February 2010.
Germany	Zahl der Aktionäre in Deutschland - Gesamtdeutschland, Deutsches Aktieninstitut e.V., 2010.
Switzerland	Aktienbesitz in der Schweiz 2010 (Equity Ownership Study Switzerland 2010), (Birchler, Volkart, Ettl, Hegglin), Department of Banking and Finance, University of Zurich, www.bf.uzh.ch .
Sweden	Ownership of shares in companies quoted on Swedish exchanges, June 2010, Statistics Sweden and Swedish Financial Supervisory Authority.
UK	Family Resources Survey, UK Department for Work and Pensions, 2008-09, Table 4.1.
Canada	Canadian Shareowners Study 2004, Toronto Stock Exchange, July 2004
USA	Appendices: Additional Figures for Equity and Bond Ownership in America 2008, Investment Company Institute (ICI) and the Securities Industry and Financial Markets Association (SIFMA). Figure C.1. Data for 2001 comes from Recent Changes in US Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances, US Federal Reserve Board, and Equity Ownership in America 2005, Investment Company Institute and the Securities Industry Association. There are changes in methodology between the 2008 survey and those of previous years.
New Zealand	Equity Strategy – Offshore Ownership continues to decline, Goldman Sachs JB Were (New Zealand), 2 September 2010.

About This Study

Background

The Australian Shareownership Study has become a benchmark for profiling share owners in Australia. ASX undertook its first share ownership study of the Australian population in 1986. The Study continues to provide valuable information to a variety of stakeholders and to ASX.

The overall aims of the 2010 Study were to:

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

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

Approach

ASX commenced the 2010 Study with a qualitative research phase to ensure we were aware of the main implications of current economic, environmental and market changes, and emerging issues for share owner behaviour, prior to finalising the questionnaire for the quantitative phase. The qualitative research process was used to validate the wording, language and attitudinal dimensions used in the Study.

Key issues explored in the qualitative phase included:

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

The qualitative phase resulted in some fine-tuning of the survey to ensure it would measure the mindset of the 2010 Australian population appropriately.

Assisting ASX with the qualitative research study was Creative Catalyst Insights (CCI), which has worked with ASX on previous Australian Share Ownership Studies.

ASX again commissioned Ipsos Research to conduct the quantitative study. Ipsos conducted a telephone survey, using CATI (computer assisted telephone interviewing), between 18 October and 12 November, 2010. A representative sample of 2,400 randomly selected people aged 18 years and over was generated from across all states, covering both metropolitan and regional areas. All interviewers were fully trained and all interviews complied with Interviewer Quality Control Australia.

As this Study was based on a sample of people and not the entire population (ie: census) the data was weighted to reflect the known Australian adult population by gender, age and state as per the latest Australian Bureau of Statistics information.

Being derived from a sample, and consistent with all sample-based research, the data is also subject to sampling error. Any analysis of this Study should therefore take into account the likely variability of findings using the table below.

For a sample of 2,400 at a confidence level of 95%, sampling tolerance (variability) for survey results is as follows:

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

For example, the study found that 39% of the adult population holds shares directly. In 95 cases out of 100 it will fall between 37% and 41% (39% +/- 2%) and still be a valid and reliable finding.

Definitions

ASX-listed contracts for difference (CFDs)

ASX-listed CFDs are the only CFDs listed, traded and cleared on ASX, providing a fully regulated and transparent market.

Direct investments

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

Direct share owner

One who owns shares or other investments listed on a securities exchange. The term is used interchangeably with the term 'direct investors' in this report.

Exchange traded funds (ETFs)

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

Indirect share owner

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

Infrastructure funds

Infrastructure funds invest in public infrastructure assets.

Listed interest rate securities

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

Listed managed investments

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

Real estate investment trusts (REITs)

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

Total share ownership

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

Warrant

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

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