ASX

Australian Share Ownership Study

Providing the latest information on share ownership, attitudes, knowledge and behaviour of retail investors towards shares and investing in Australia

Contents

Introduction

ASX is pleased to release the findings of the 2012 Australian Share Ownership Study, conducted in September – November 2012. This is the thirteenth in a series dating back to 1991. It provides insights into the attitudes, knowledge and behaviour of retail share market investors in Australia and tracks key changes over time.

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, Creative Catalyst Insights and Q&A Market Research, commissioned to conduct the 2012 study on behalf of ASX, for their detailed understanding of the factors influencing the retail market. We acknowledge Ipsos Research for their preliminary test panel among retail investors.

ASX is especially grateful to the 3,000 adult Australians (2,000 main study; 1,000 preliminary study) who gave their time to participate in the 2012 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

38% of Australians own shares

In late 2012, 6.68 million people, or 38% 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 34%, or 5.98 million people.

Share ownership has decreased since 2010

Overall shareownership (direct plus indirect) decreased from 43% in 2010 to 38% in 2012. The proportion of the population holding shares directly decreased from 39% in 2010 to 34% in 2012. The proportion of the population with only direct share ownership decreased from 30% in 2010 to 26% in 2012, while those holding shares only indirectly remained stable at 4%.

The average number of trades has increased since 2010

Despite the proportion of investors trading in 2012 being marginally lower than 2010 (55% traded in the last 2 years vs 59% in 2010), the average number of trades made in the past 12 months increased 32% (22 trades up from 15 in 2010). This higher trading volume was evidenced in the shares held for a period of 1-5 years.

But the average value of trades and the average value invested have declined since 2010

The average value of trades reported by investors in 2012 fell 11% to $12,730 (down from $14,350 in 2010), and the average value invested declined by over $24,000 (from $163,885 in 2010 to $139,380 in 2012).

There is an increasing commitment to gathering knowledge and information

As self-reliance continues to grow, investors are actively seeking information about the market and the performance of their investments. Growth is evidenced in the use of both more traditional sources, as well as for online broker/trading platforms sites.

Continued dedication to share market investing albeit more cautiously

76% of direct owners continue to feel that it is a good time to both buy and hold shares – a similar sentiment expressed in 2010. However, in 2012 less people thought it a good time to buy (33% vs 39% in 2010).

Most believed that they would maintain the same level of investment in shares in the next 12 months (61% vs 52% in 2010) rather than increase their investment (32% vs 39% in 2010). This more cautious sentiment is mirrored in current direct owner's propensity to buy shares in the next 12 months – 42% claimed they would buy shares vs 62% in 2010.

Key Findings

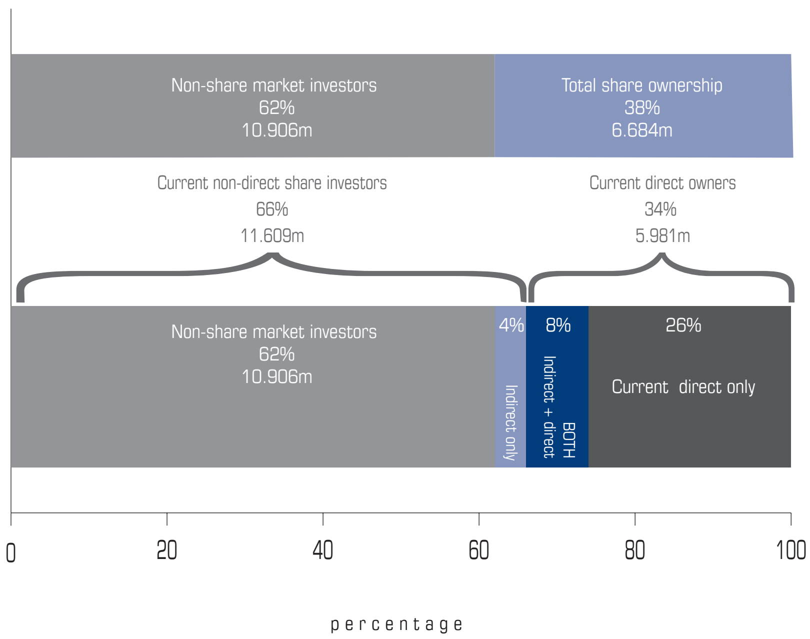
Share Ownership in Australia

Overview

6.68 million people, or 38% of the adult Australian population, owned shares and other listed securities in 2012 – either directly (via shares or other listed investments) or indirectly (via unlisted managed funds).

The 2012 level of direct participation in the Australian share market was 34% or 5.98 million (down from 39% or 6.59 million in 2010).

Total share ownership



Base: All aged 18+ years: 2012 (n=2000)

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 a part of a managed fund or a superannuation fund;
- Derivatives and other investments listed on a securities exchange, such as Real Estate Investment Trusts (A-REITs), Exchange Traded Funds (ETFs), options, instalments, warrants or Contracts for Difference (CFDs).

After a long decline, total indirect share investing has started to plateau - the 2012 level of indirect participation in the Australian share market was 12% or 2.1 million (13% in 2010 down from 16% in 2008, and 21% in 2006).

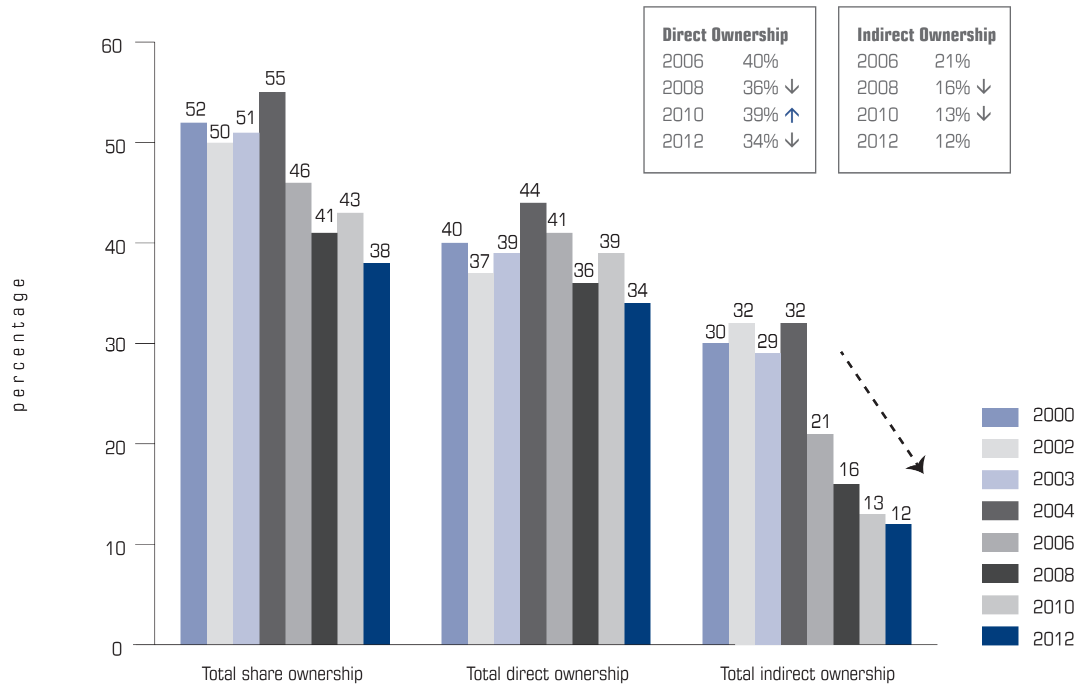
Indirect share ownership is defined as investments in an unlisted managed fund that is not part of a superannuation fund.

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

Trend of Share Ownership

The decline of share ownership in 2012 is a result of the proportion of the population directly investing in shares decreasing from 39% to 34% and indirect investment falling from 13% to 12% in 2012.

Share ownership 2000 – 2012



Base: All respondents. 2012 (n=2000); 2010 (n=2400); 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401); 2000 (n=1200)

Since 2000, the following trends have become apparent:

Overall share ownership:

- Has steadily declined from 52% in 2000 to 38% in 2012, peaking at 55% in 2004. The decline is largely as a result of a decline in indirect share ownership.

Direct share ownership:

- Has declined at a slower rate from 40% in 2000 to 34% in 2012, peaking again in 2004 at a 44% population incidence.
- There is an indication from the qualitative research, that direct share investors are also consolidating their portfolios post GFC - so not exiting the market, but being more circumspect about their portfolio choices.

Indirect share ownership:

- Has shown the largest decline, moving from 30% in 2000 to 12% in 2012. Qualitative research has indicated that over this period, self-reliance as an investment attitude toward the share market has increased. Many investors articulated a desire to be more in control of performance (or lack thereof) and to not pay high fees for indirect shares.

THE TOTAL NUMBER OF AUSTRALIANS INVESTING IN THE SHARE MARKET (000s)

	2000	2002	2003	2004	2006	2008	2010	2012
Direct only	3.133	2.628	3.212	3.358	3.471	4.096	5.066	4.573
Both	2.563	2.774	2.482	3.066	2.524	1.802	1.520	1.407
Indirect only	1.709	1.898	1.752	1.606	1.262	819	678	704
Total	**7.405**	**7.300**	**7.446**	**8.030**	**7.257**	**6.718**	**7.264**	**6.684**
ABS population estimates 18+ years						16.8m	16.9m	17.6m

Base: All aged 18+ years: 2012: (n=2000); 2010 (n=2400); 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401).; 2000 (n=1200)

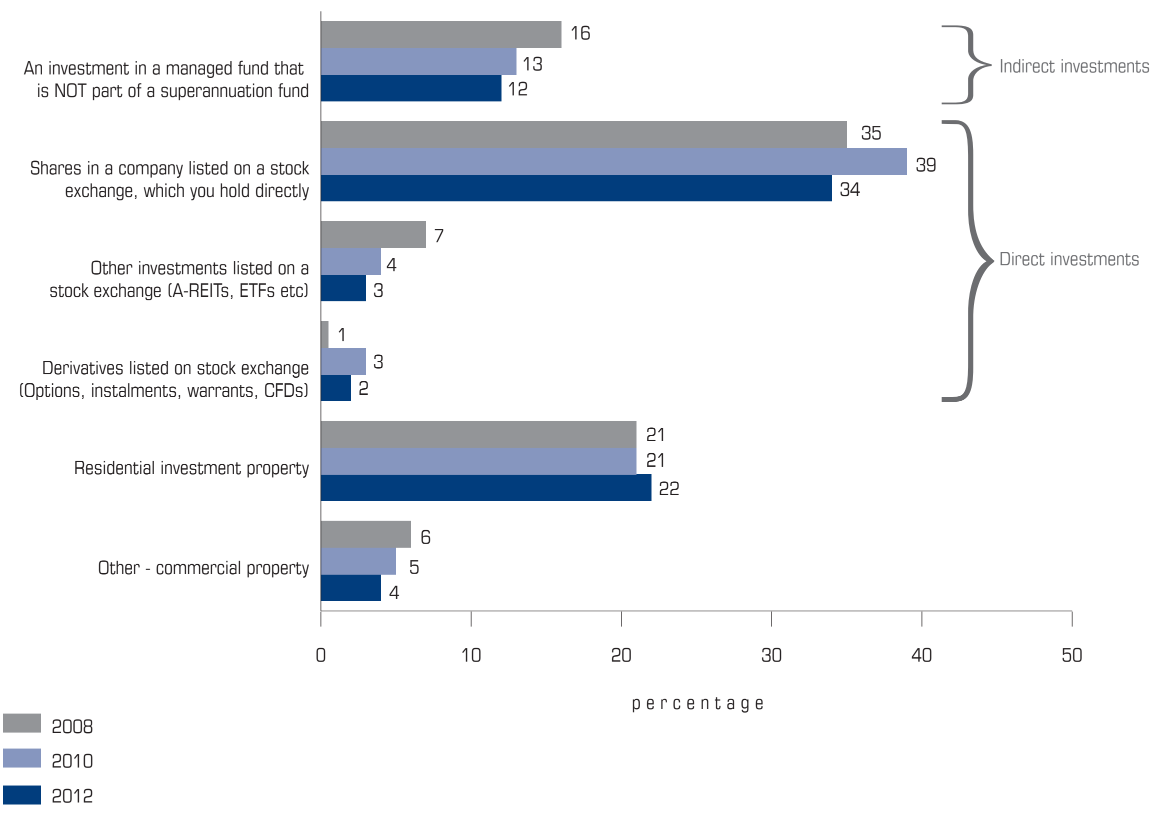
The combined impact of population growth (up 4%) and a decrease in direct share ownership from 2010 to 2012 (39% down to 34%), resulted in a decline of 0.606m investors holding direct shares by late 2012.

Ownership of Investments

Looking at all investment categories, residential investment property ownership grew slightly to 22% in 2012 while other investment property ownership declined to 4% of the adult population (down from 5% in 2010).

Ownership of derivatives such as options, instalments, warrants, CFDs and other listed investments (not shares) declined over the two year period 2010-2012. Derivatives ownership declined from 3% to 2% in 2012, while other investments listed on a stock exchange declined 4% in 2010 to 3% in 2012.

Ownership of investments



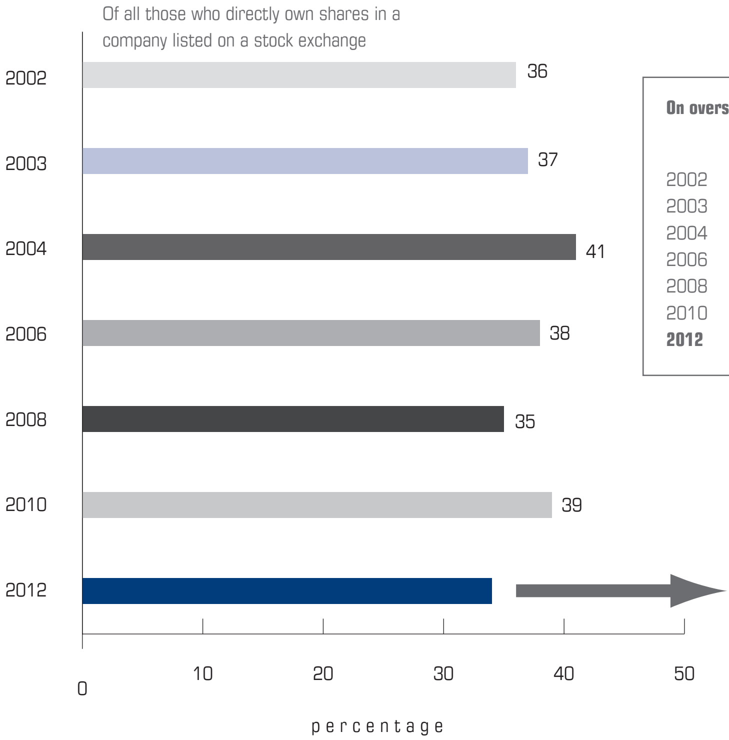
Base: All respondents 2012 (n=2000); 2010 (n=2400); 2008 (n=2400)

Direct and Indirect Share Ownership

Direct Share Ownership

Among these direct share owners, those investing on an overseas stock exchange remained stable at 10% (or 4% of the population). The vast majority of those owning shares on ASX don't hold shares on overseas exchanges.

Direct ownership of shares



On overseas securities exchange

	% of those owning shares	% of population
2002	7%	3%
2003	10%	4%
2004	14%	6%
2006	19%	7%
2008	18%	6%
2010	10%	4%
2012	**10%**	**4%**

2012 share breakdown

Shares ASX only	30%
Both ASX and overseas	3%
Shares overseas only	1%
TOTAL	**34%**

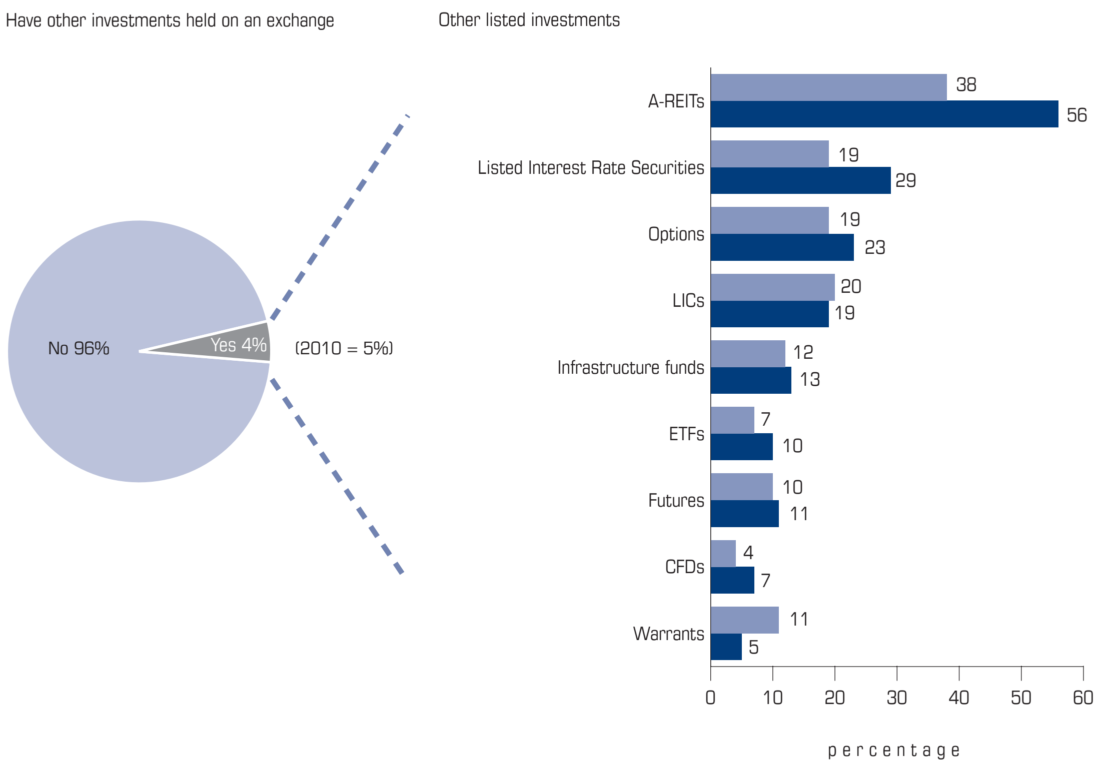
Base: All aged 18+ years: 2012: (n=2000); 2010 (n=2400); 2008 (n=2400); 2006 (n=2405); 2004 (n=2402); 2003 (n=2402); 2002 (n=2401)

The proportion of the population holding investments (other than shares) quoted on ASX, declined slightly in 2012 and currently rests at 4% of the population.

A-REITs continue to be the more popular form of other listed investments increasing substantially in 2012 to 56%.

Other areas of growth included listed interest rate securities, which increased substantially to 29% (up from 19% in 2010 and 14% in 2008), ETFs (10%, up from 7% in 2010) and CFDs (7%, up from 4% in 2010).

Other direct investments held



Base: All respondents 2012 (n=2000); 2010 (n=2400)

Base: Those holding other listed investments 2012 (n=85); 2010 (n=125)

Self-Managed Superannuation Fund Investments

52% of SMSFs continue to hold shares in a company listed on ASX, the same as for 2008 and 2010.

There were increases in those reporting to hold residential property (19% up from 11% in 2010) and commercial property (12% up from 10% in 2010) in their SMSFs.

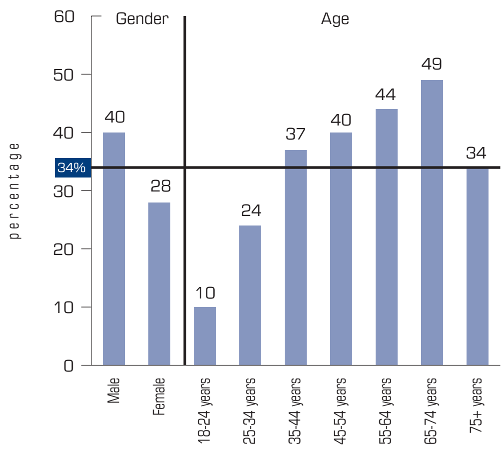
There was a slight decline in people who held derivatives quoted on an exchange (2% down from 4% in 2010). As for the overall study, investment in unlisted managed funds seems to have stabilised at around 16-17%, declining post GFC from a 38% level in 2008.

Typical Profile of a Direct Share Owner

Looking at the current profile of a direct share owner the following is evident:

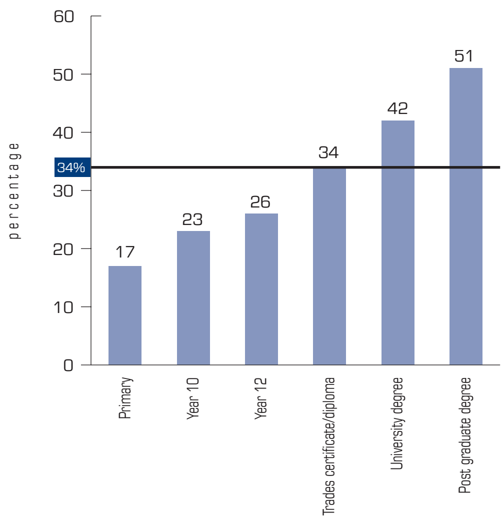
- 40% of males and 28% of females are direct share owners
- likelihood of share ownership increases with age, peaking at a 49% incidence in the 65-74 age range
- share ownership is higher among those with tertiary education, especially among those with post-graduate qualifications (51% in 2012 vs a population incidence of 34%).
- lower education groups had the sharpest decline in incidence since 2010
- higher income households were more likely to be direct share owners with 40% of those with annual incomes between $100,000 and $200,000 and 58% of those with annual household incomes over $200,000 being direct share owners.
- NSW, VIC, WA and ACT have higher levels of incidence in direct share ownership than QLD, SA, NT and Tasmania.

Direct share owners: gender and age



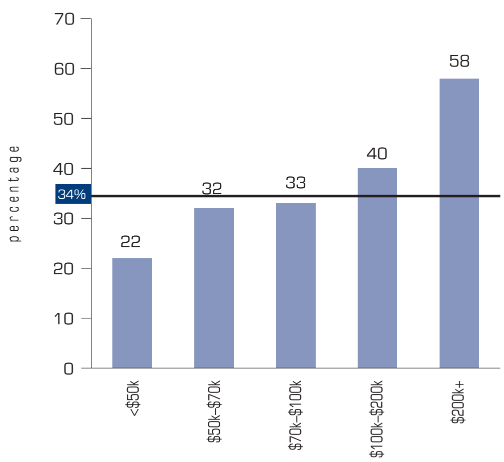
Base: All current direct share owners 2012 (n=679)

Typical profile of a direct share owner: Education



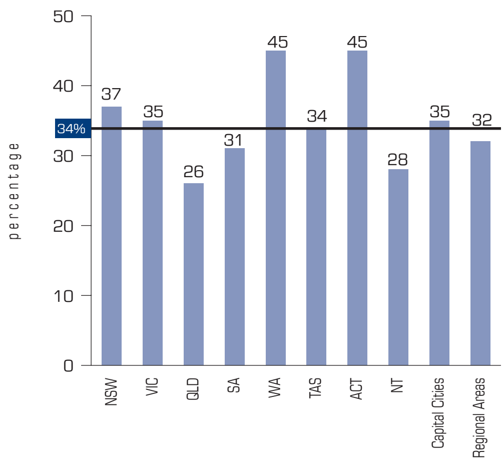
Base: All current direct share owners 2012 (n=679)

Typical profile of a direct share owner: Household income



Base: All current direct share owners 2012 (n=679)

Typical profile of a direct share owner: Location



Base: All current direct share owners 2012 (n=679)

The 2012 Study also identified shifts in the way the Australian direct share owner population is segmented, with direct owners tending to fall into one of four main segments, with similar sets of needs, attitudes and behaviours.

The changes seen in the segments from 2010, are a result of a more self-reliant sentiment. Claimed knowledge levels of investing continued to decline and self-reliance and discipline remained high. Reliance on 'gut feel' declined as did the proportion of investors not seeking advice. In reflecting the changing market dynamic from excitement/enjoyment to self-determination, the 2012 segments were identified as:

- **Self Reliant Dabblers:** (22% of current direct owners) Those within this segment have limited knowledge of the share market and while they are keen to find out more, they note that shares would never be a major part of their investment portfolio. They believe that share market success is more about luck in timing and enjoy managing their investments.
- **Informed Diligents:** (22% of current direct owners) These investors are knowledgeable and reasonably skilled in the share market. They enjoy managing their investments however also rely on expert advice to shape their decisions and are highly disciplined. They share a level of excitement about the share market challenge.
- **Confident Traders:** (25% of current direct owners) Like the Informed Diligents, those within this segment are the most knowledgeable, skilled and confident investors, tending to buy/sell shares independently. They enjoy managing their investments and are the segment most excited about the share market challenge. Confident traders are fairly disciplined and are mostly self-directed, relying on their own gut feel.
- **Unsure Delegators:** (31% of current direct owners) Categorised by their lack of knowledge of the share market, Unsure Delegators rely on the advice of experts for investment decisions. Of all the segments, they are the ones most likely to find the share market confusing and do not find the share market an exciting challenge. This is now the largest of the current direct retail investor segments.

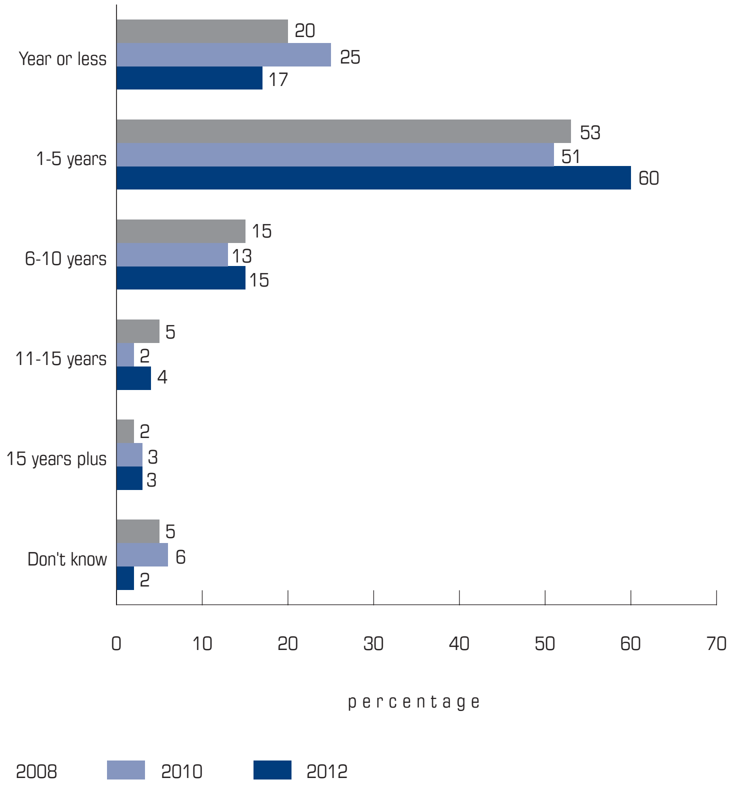
Investor Behaviour

Investor Activity

While the percentage of investors trading (buying or selling) shares in the past 2 years is marginally lower at 55% in 2012 than in 2010 (59%), the average number of trades in the past 12 months has increased to 22 trades compared to 15 in 2010.

The churn of shares held in the last 12 months was substantially less than in the last two studies (17% in 2012 vs 25% in 2010 and 20% in 2008). However, the higher trading volume in 2012 was evidenced in the shares held for a period of 1-5 years, that is among shares held since 2007 (60% vs 51% in 2010 and 53% in 2008).

Portfolio turnover



Base: Direct owners who have sold shares in the last 12 months: 2008 (n=247); 2010 (n = 289); 2012 (n= 218)

The average value of trades reported by investors in 2012 fell 11% to $12,730 (down from $14,350 in 2010), and the average value invested declined by over $24,000 (from $163,885 in 2010 to $139,380 in 2012). These figures are reflective of the market as a whole (bear in mind this measurement was taken in the interviewing period of November 2012 before the latest share market rally).

INVESTOR ACTIVITY

	2002	2003	2004	2006	2008	2010	2012
Average value of trades	$8,830	$10,650	$11,150	$14,200	$14,400	$14,350	$12,730
Average value invested	$77,800	$124,050	$120,450	$190,600	$130,100	$163,885	$139,380

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

Base: All current direct owners: 2012: (n=679); 2010 (n=944); 2008 (n=816); 2006 (n=904); 2004 (n=1067); 2003 (n=889); 2002 (n=864).

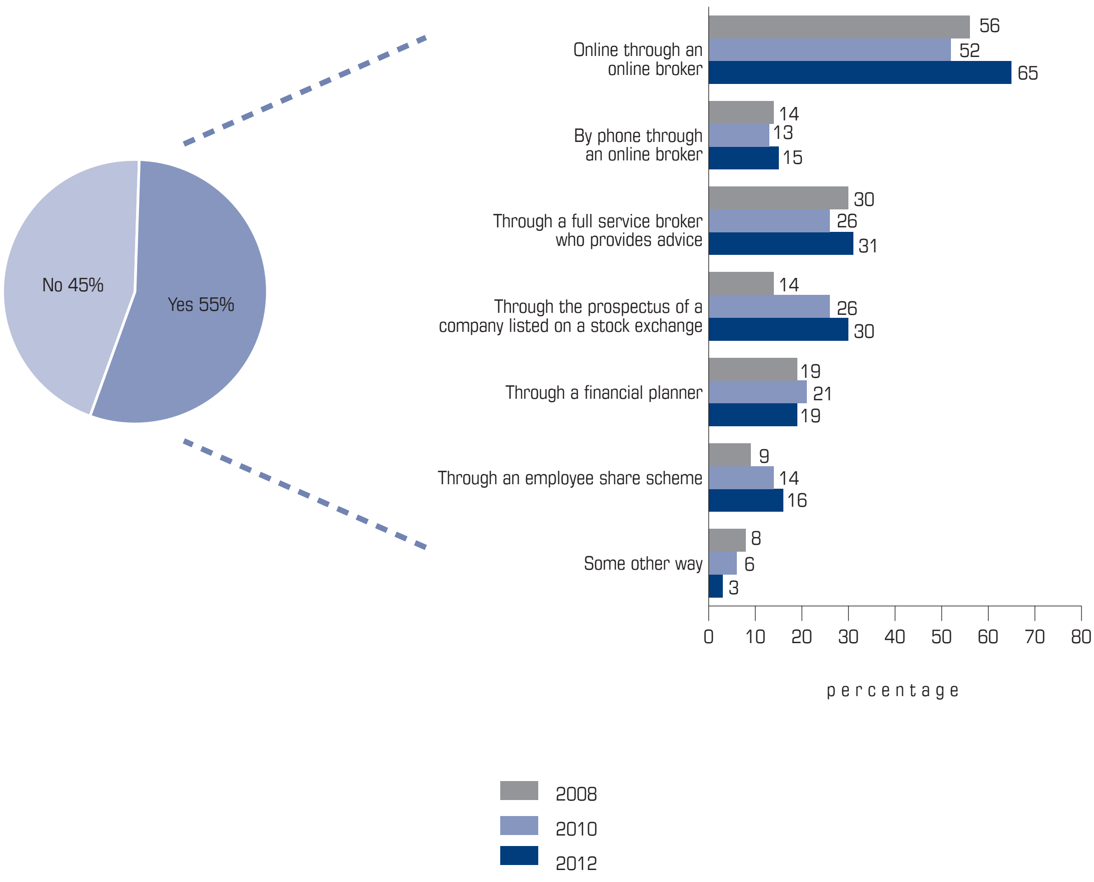
Use of Brokers and Advisors

Most investors identified more than one method of trading (buying/selling) shares that they used in the last two years. Significant increases were evidenced in trading online through an online broker (65%).

There was also a small increase in the use of full service brokers (from 26% usage in 2010 to 31% in 2012) and in buying through the prospectus of a listed company (30% in 2012 up from 26% in 2010).

Method of buying or selling shares

Have bought or sold shares in the last two years



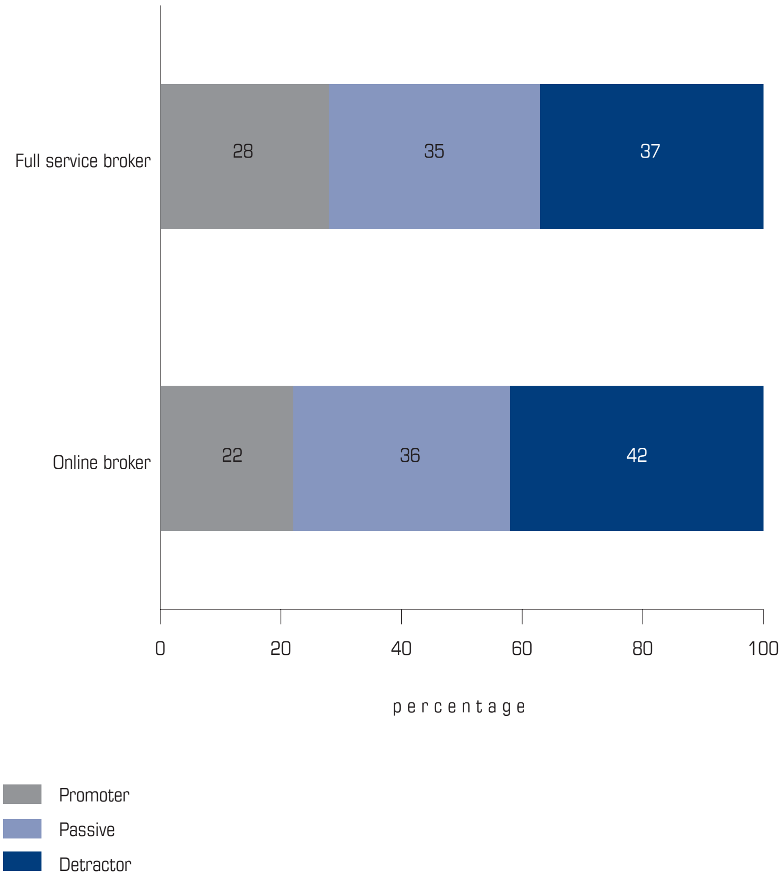
Base: All current direct share owners 2012 (n=679)

Base: All current direct share owners who have bought or sold shares in the past 2 years: 2012 (n=374); 2010 (n=555); 2008 (n=435)

Previous studies looked at a satisfaction rating for type of broker used, and satisfaction scores were usually very high. In 2012, the study looked instead at net promoter scores (NPS) on how likely current direct owners were to 'recommend' their broker to other investors. Promoters gave a score of 9 or 10 out of 10; Passives scored 7 or 8 out of 10 and Detractors scored 6 or less. Only about a quarter of those using full service or online brokers were 'promoters', with users of full service broking somewhat more likely to recommend (28%).

The study did not explore reasons for the ratings, but experience would suggest this is aligned to perceptions of performance. The value of a measure like this is how it changes from study to study rather than with its current ratings. The NPS score is a 'tougher' measure than satisfaction and one designed to give a more sensitive and usable measure for the market.

Net promoter scores: full service and online brokers



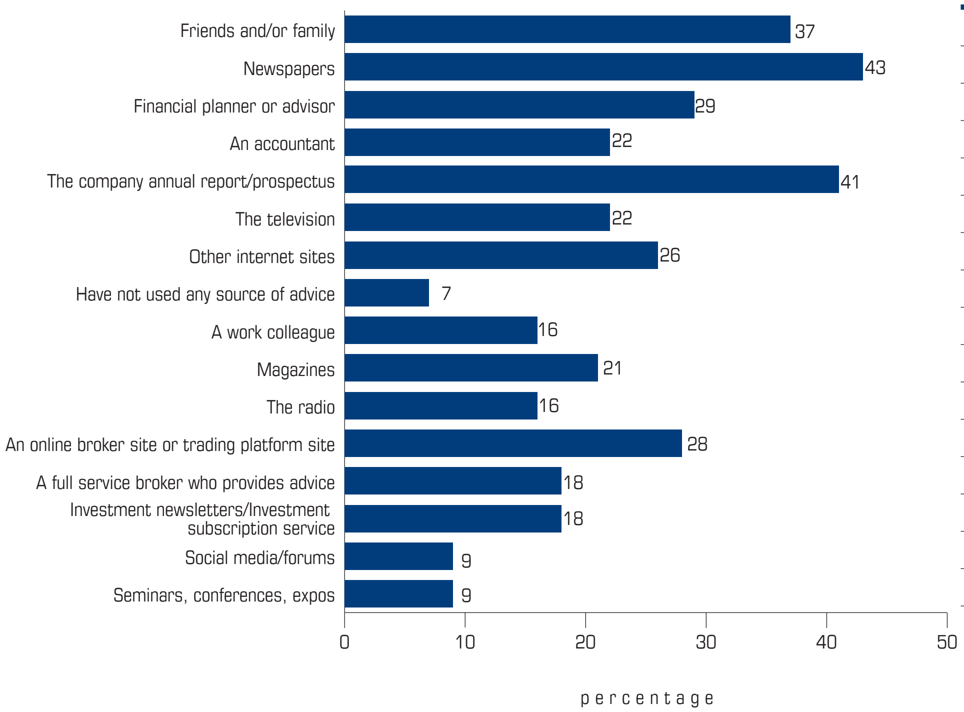
Base: Current direct owners who use an online broker (n=254); Current direct owners who use a full service broker (n=140)

Sources of Advice and Information

As in previous years, the 2012 Study highlighted that current direct share owners are active seekers of information about the market and the performance of their investments.

They continue to read widely through newspapers (43%), annual reports and company prospectuses (41%) and rely on the experiences of trusted family and friends (37%). Online broker sites/trading platform sites also continue to increase (28%).

Sources of advice & information (current direct)

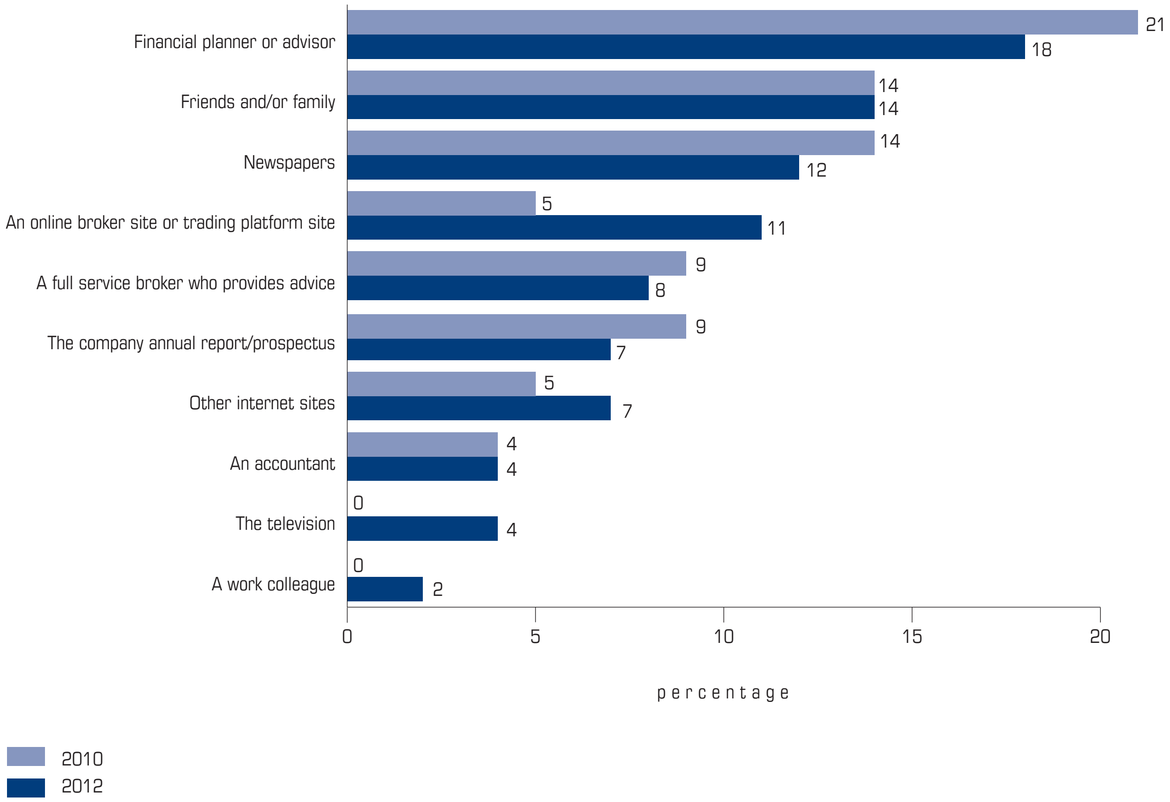


	2010	2008
Friends and/or family	37%	50%
Newspapers	47%	36%
Financial planner or advisor	32%	33%
An accountant	19%	19%
The company annual report/prospectus	37%	38%
The television	22%	26%
Other internet sites	26%	n/a
Have not used any source of advice	10%	13%
A work colleague	16%	14%
Magazines	21%	24%
The radio	13%	18%
An online broker site or trading platform site	22%	n/a
A full service broker who provides advice	18%	20%
Investment newsletters/Investment subscription service	21%	21%
Social media/forums	n/a	n/a
Seminars, conferences, expos	8%	11%

Base = Current direct owners 2012 (n=679); 2010 (n=944); 2008 (n=816)

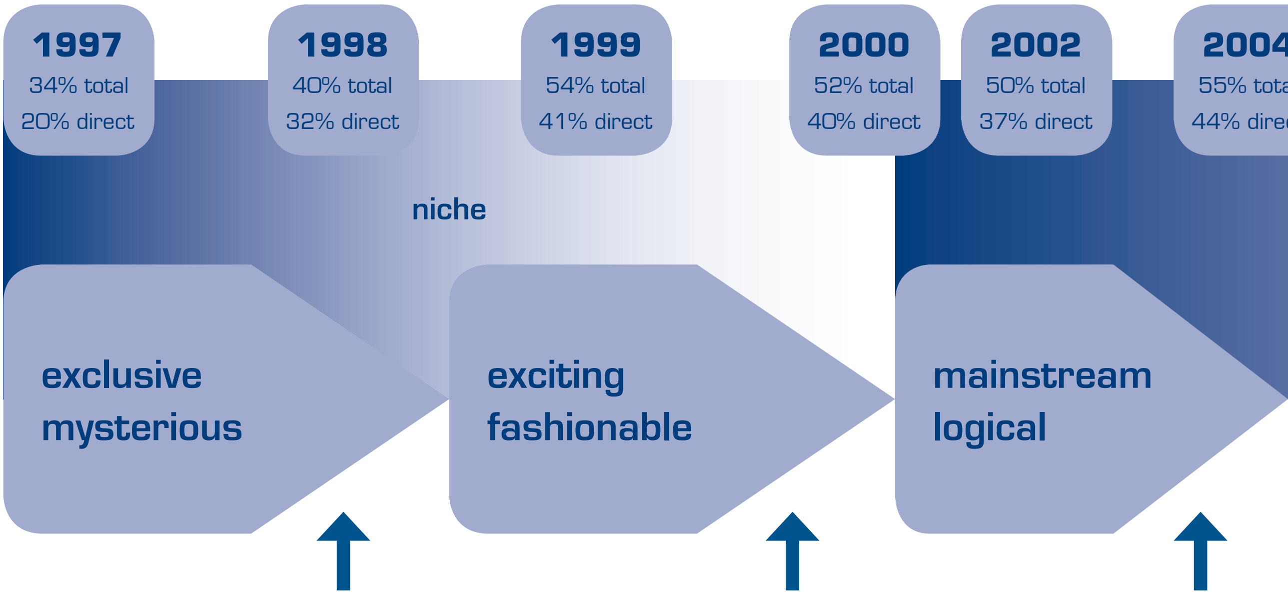
As in previous studies, the sources of investment advice and information used most often among current direct owners are some form of professional advisor (a financial planner, advisor or a full service broker), family and friends and newspapers. The percentage identifying a financial planner/advisor as the most often used declined from 21% in 2010 to 18% in 2012.

Sources of advice & information used most often



Base = All current direct owners who have used advice in the last 12 months: 2012 (n=631); 2010 (n=850)

Retail investor trends since mid 90's



- Demutualisation
- Large Public Floats
- Superannuation

- Tech wreck
- Public collapses (OneTel; HIH)
- Governance issues

- Bull market slows
- Mining boom
- Economy tightens
- US/Europe equity bubble bursts

Prevalent retail investor attitudes

- have-a-go mindset
- some personal responsibility & interest in finance/investment
- perception only for the wealthy

Prevalent retail investor attitudes

- more legitimate/necessary investment
- more accessible
- excitement to get involved
- personal responsibility not a strong discriminator

Prevalent retail investor attitudes

- become more mainstream
- direct accessibility via online
- not all 'roses', cyclical nature apparent
- personal responsibility returns as a strong discriminator

2006
46% total
38% direct

2008
41% total
36% direct

2010
43% total
39% direct

2012
38% total
34% direct

mainstream

nervous for all investments

- GFC crash
- Lehman Bros & US Global economy impact

frozen by bear market reality check

- Reality of GFC
- Global issues – Europe (PIGS/ Ireland)

sober – adapting slowly

- Continued world uncertainty
- Mining boom slows
- AUD high

Prevalent retail investor attitudes

- interest & hands-on involvement & knowledge key attitude drivers
- personal responsibility becoming more mainstream
- shares connection to super more apparent

Prevalent retail investor attitudes

- reality bites with world recession & unemployment
- the world is complicated and interconnectedness baffling
- anger at 'experts' & losses
- more determined self-reliance
- other listed investments remain niche – now more perplexing in a confused world

Prevalent retail investor attitudes

- the rules have changed
- adapting to shorter cycles
- no longer frozen, fragmenting strategies to 'manage' change
- more considered investments
- more research & self-reliance

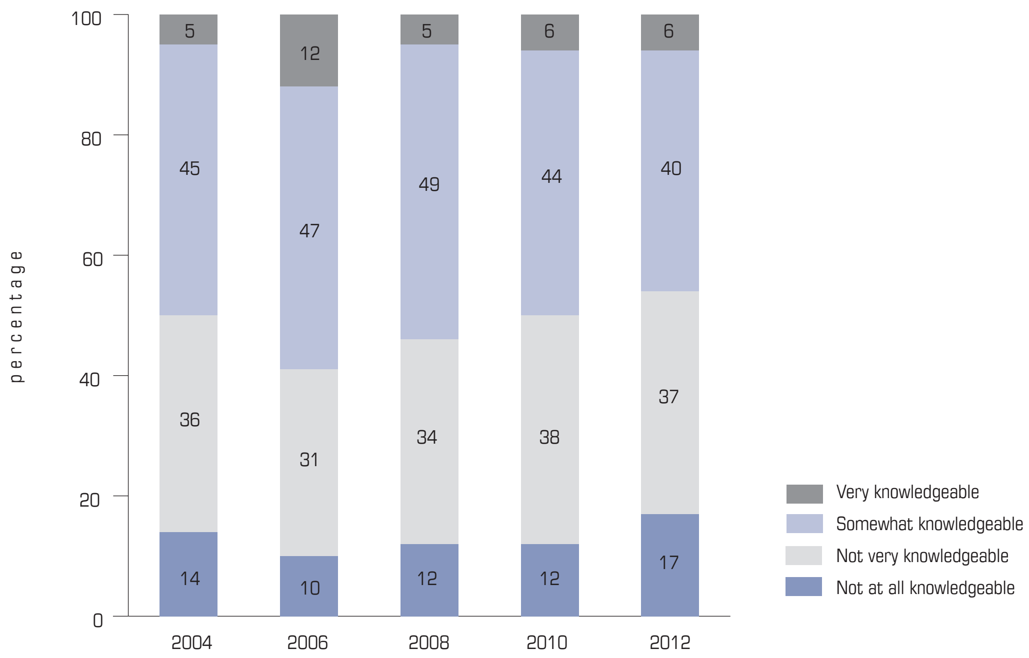
Investor Attitudes

Key Attitudes

In 2012 most direct owners (86%) felt comfortable with their level of exposure to the share market and continued to express their confidence in how well the Australian share market was regulated (84%). While self-reliance continues to grow slowly (63%), reliance on experts continues to remain high at 62% for all direct owners.

Interestingly, 'perceived share market knowledge' has steadily declined since the 2008 measure, and for the first time since 2004, those believing they are knowledgeable dropped below 50%. The volatility of the market since the GFC has largely brought about this changing perception.

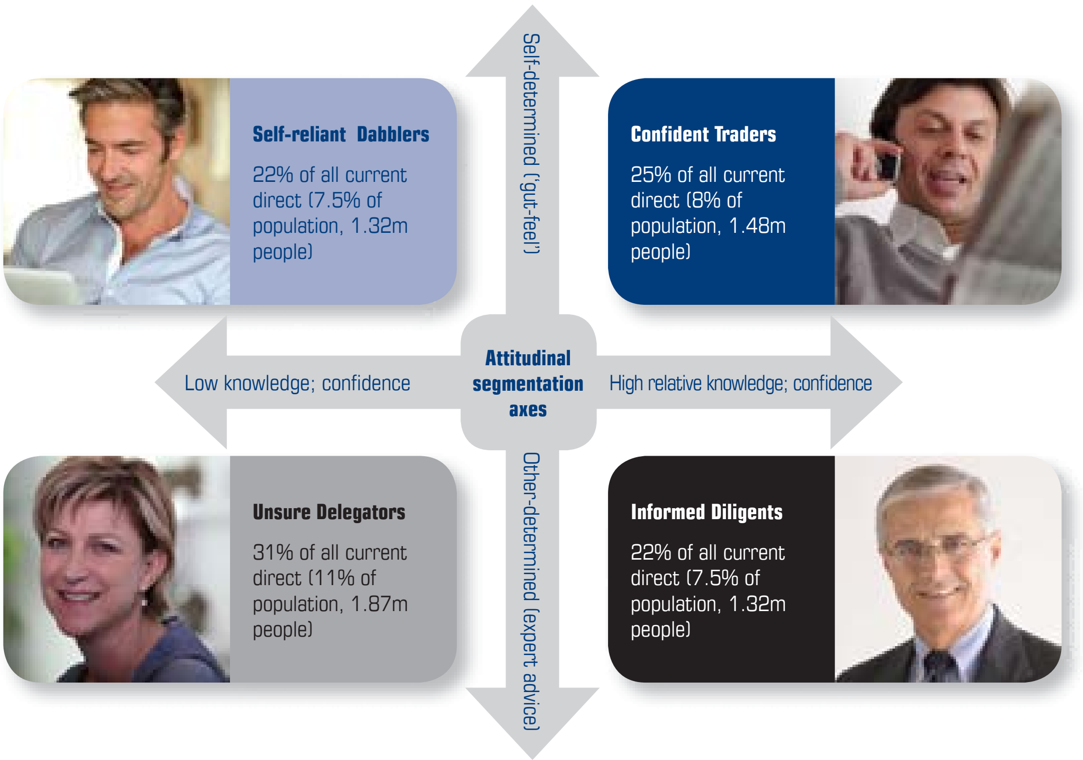
Perceived share knowledge



Base: All current direct owners: 2012 (n=679); 2010 (n=944); 2008 (n=816); 2006 (n=904); 2004 (n=1067).

As the Share Ownership studies have shown over time, the most meaningful segmentation model for development of education, product, service or marketing is based on attitudinal differences. This segmentation model has remained strong over the years, with direct owner's experiences during and subsequent to the GFC, appearing to have a key influence over which attitudes are most at play. As noted, we have seen increases post GFC of a growth in self-determination and a change in perceived knowledge levels.

Key dimensions for the 2012 market segmentation of direct share owners



Base: All current direct owners: 2012 (n=679)

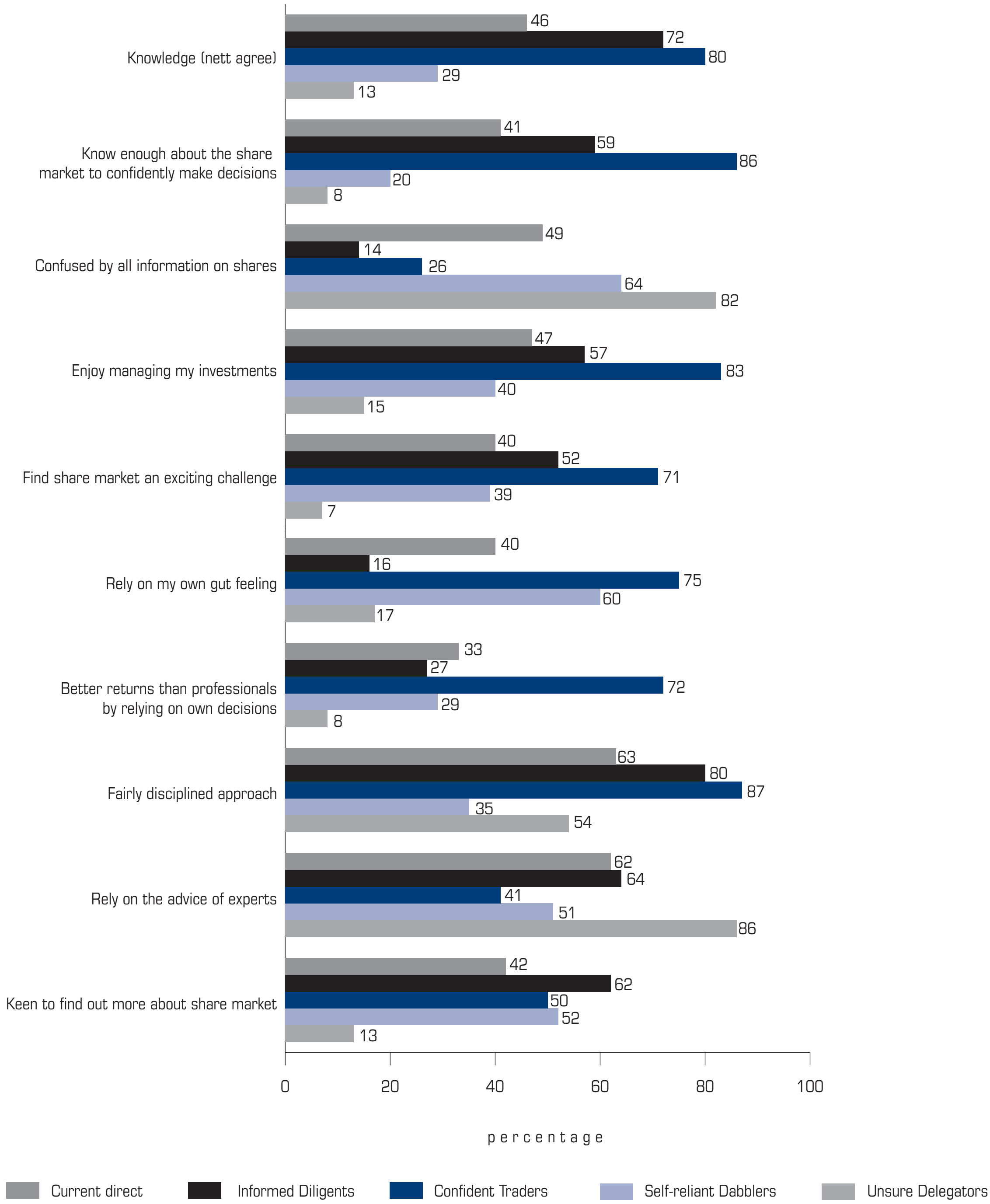
Source: 123rf

A look at the individual attitudes making up these key dimensions shows how different the investor segments are. Confident Traders (80%) and Informed Diligents (72%) perceive that they are knowledgeable about the share market compared to Self-reliant Dabblers (29%) and Unsure Delegators (13%).

Similarly, confidence, enjoyment and excitement are higher for Confident Traders and Informed Diligents, while Self-reliant Dabblers and Unsure Delegators are confused by all the information on shares. Unsure Delegators do not enjoy managing their investments and do not find the share market an exciting challenge.

Confident Traders and Self-reliant Dabblers rely on their own gut feeling more than the other segments – though as indicated, Confident Traders tend to do this from a position of knowledge and confidence. In contrast, Unsure Delegators rely heavily on the advice of experts, while Informed Diligents also consult experts more to inform their own knowledge.

Attitude statements – key dimension drivers



Base: 2012 All current direct share owners (n=679); Unsure Delegators (n=213), Self-reliant Dabblers (n=151), Confident Traders (n=168), Informed Diligents (n=147)

Segmentation current direct owners – attitudes summary

Self-reliant Dabblers

The share market is not a place of great excitement for this segment and they feel it takes more work to be successful (75%) and success in the share market is more about luck. Self-reliant Dabbers are the least disciplined of all the segments and while they are reasonably self-reliant (65%) they do also rely on the advice of experts (51%) in making their final investment decisions. While they are keen to find out more about the share market and like owning shares, shares will never be a major part of their investment portfolios. They use on average, 3.4 sources of information/advice.

Confident Traders

A highly knowledgeable and confident group of investors, they enjoy managing their investment portfolios and are excited about the share market challenge. This segment is strongly self-reliant (93%) and rely less on the advice of experts (41%) and more on their own gut feeling in making investment decisions (75%). They believe that investing in the long term is the key to success in the share market and tend to invest in blue chip shares (71%). They use on average, 4.8 sources of information/advice.

Unsure Delegators

Relying heavily on the advice of experts (86%) they are the least likely segment to be self-reliant (36%). The share market is not an exciting challenge for them and they do not find enjoyment in managing their investment portfolios. They are the most likely segment to find the share market confusing (82%) and believe success to be mere chance (50%). They use on average, 2.5 sources of information/advice.

Informed Diligents

This segment of investors are reasonably skilled and have a good knowledge of the share market. They have a disciplined approach to investing (80%) and while they are fairly self-reliant (63%) they tend to rely on experts for advice (64%) in shaping their investment decisions. While they feel they know enough about the share market to confidently make decisions, they are also keen to find more about the share market (62%). They use on average, 4.9 sources of information/advice.

Market segment differences in investing behaviour

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

As may be expected, more Confident Traders (74%) and Informed Diligents (73%) were actively trading in the last 2 years than Unsure Delegators (31%) and Self-reliant Dabblers (50%). The trading frequency shows that among those actively trading in the past 12 months, the average number of trades were highest among Confident Traders (39 times in past 12 months), followed by Informed Diligents (14 times) and Self-reliant Dabblers (10 times). While Unsure Delegators traded less often (4 times), their average trade value at $14,898 was the highest among all segments.

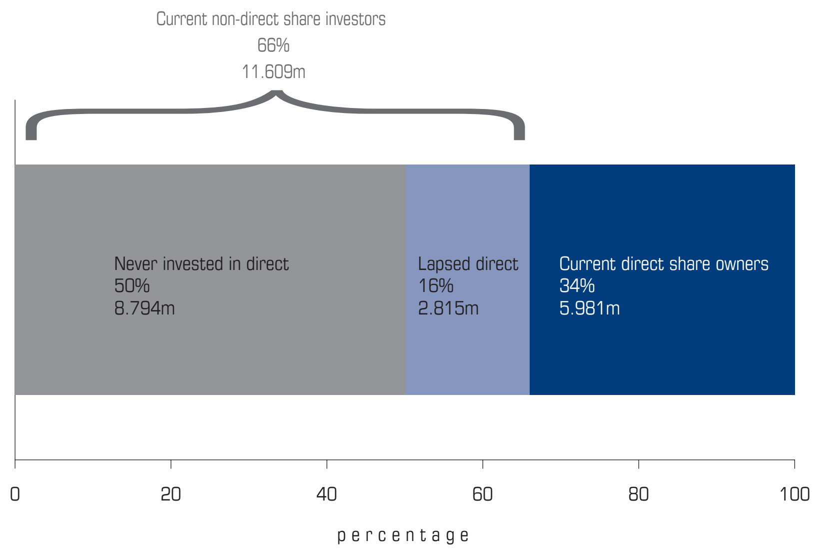
	UNSURE DELEGATORS	SELF-RELIANT DABBLERS	CONFIDENT TRADERS	INFORMED DILIGENTS
Bought/sold shares in the last 2 years	31%	50%	74%	73%
Average time bought shares last year	2	4	9	8
Average time sold shares last year	1	2	6	4
Average times bought other listed investments last year	1	2	13	1
Average times sold other listed investments last year	0	2	11	1
Average total number of trades in last year	4	10	39	14
Average value of trades last year	$14,898	$8,862	$14,694	$12,346
Average value invested last year	$88,372	$76,068	$244,953	$161,779

Non-direct investors

The 2012 Australian Share Ownership Study identified that 66% of the population are not currently invested in direct shares:

- 50% of the population have never been invested in the direct share market, while
- 16% of Australian adults have held shares in the past (lapsed investors) but no longer do so.

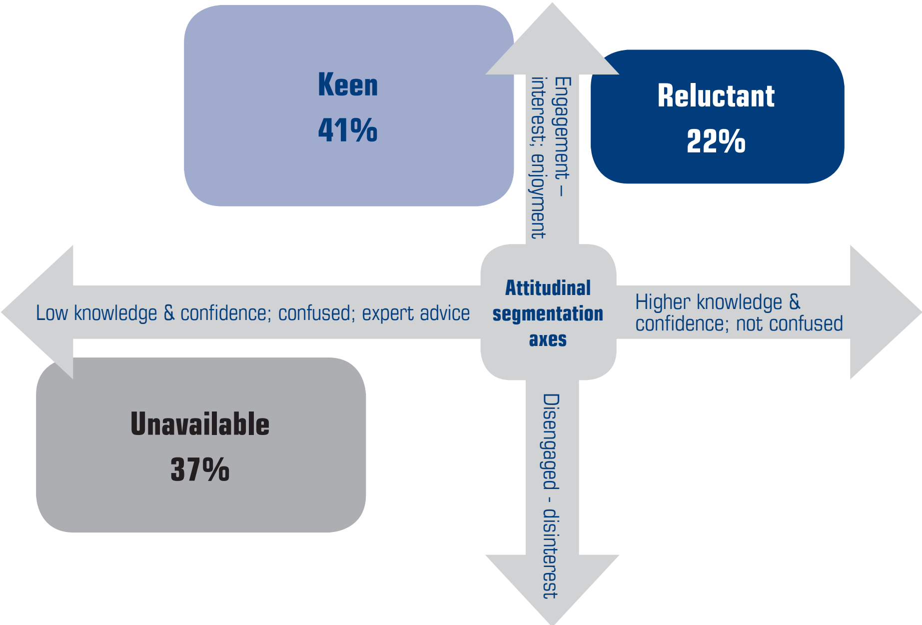
Market structures – all adult Australians



Base: All aged 18+ years: 2012 (n=2000)

In the 2012 Study, non-direct share investors were also segmented attitudinally (for the first time), yielding the following three market segments:

Core segmentation dimensions

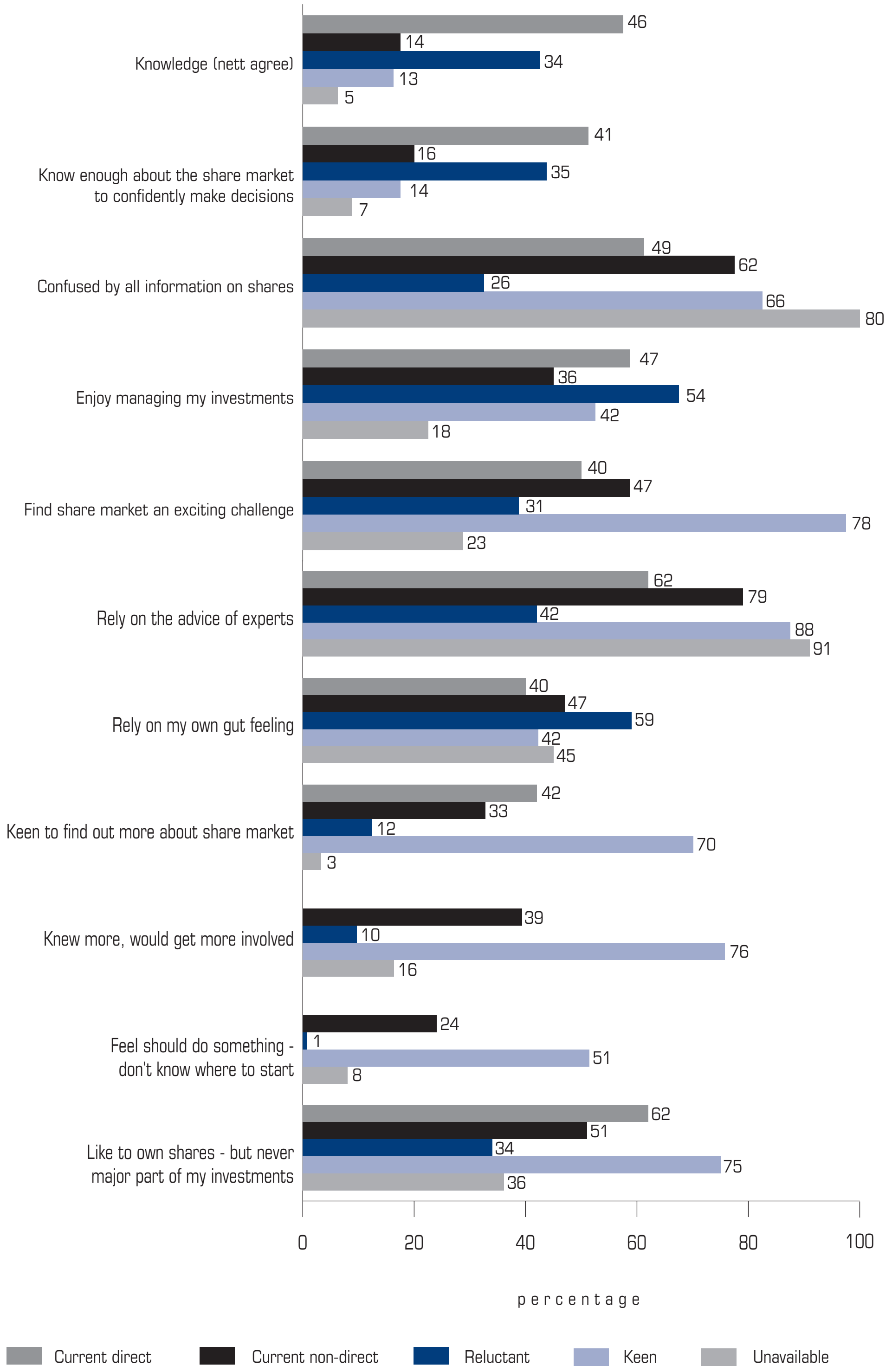


The **Unavailable** segment are least knowledgeable, not confident and confused about the share market, and generally do not enjoy managing their investments.

The **Reluctant** segment are the most knowledgeable, confident and least confused about the share market of all the non-direct investor segments. However, their interest in future participation is muted - many are lapsed investors, with interest in other investment types.

The **Keen** segment while neither knowledgeable nor confident about the share market, believe that the share market is an exciting challenge and are very keen to get involved (if they knew how to). 56% of this segment are under 35 years old.

Attitude statements – key dimension drivers

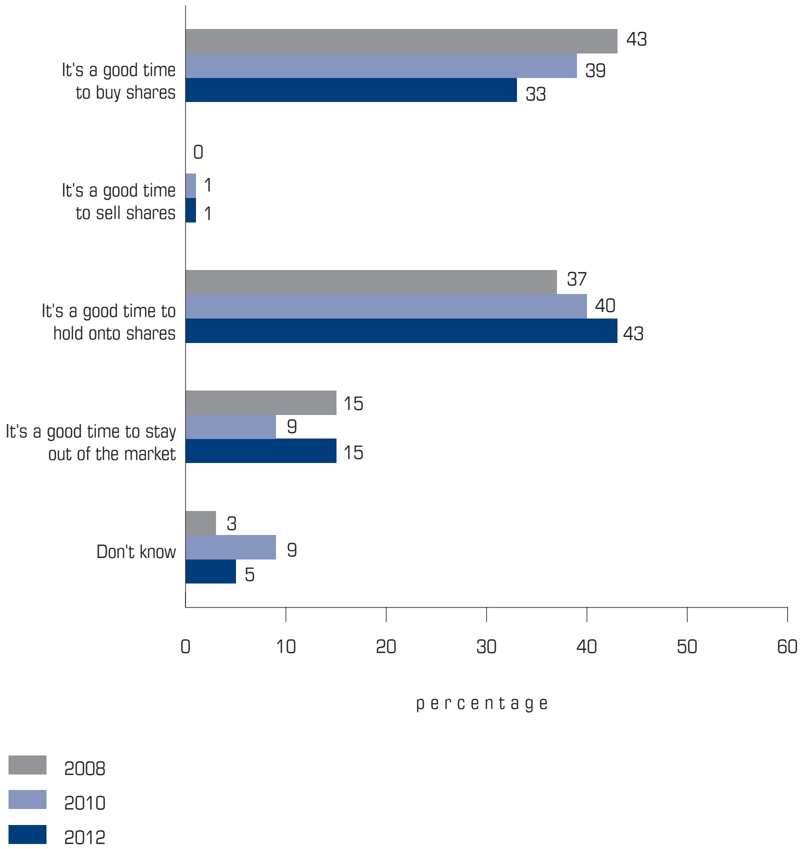


Base: 2012 All non-direct investors n=1321 Reluctant (n=196); Unavailable (n=226); Keen (n=361)

The Outlook

Current direct owners were again asked their views about whether it was a good time to buy, sell or hold shares or stay out of the market. Overall, 76% of current direct owners saw it as a good time to buy and hold onto shares (down from 79% in 2010). One of the greatest changes was in the number of current direct owners who held a view that it was a good time to stay out of the market (15% up from 9% in 2010).

Current climate for stock market – direct owners



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

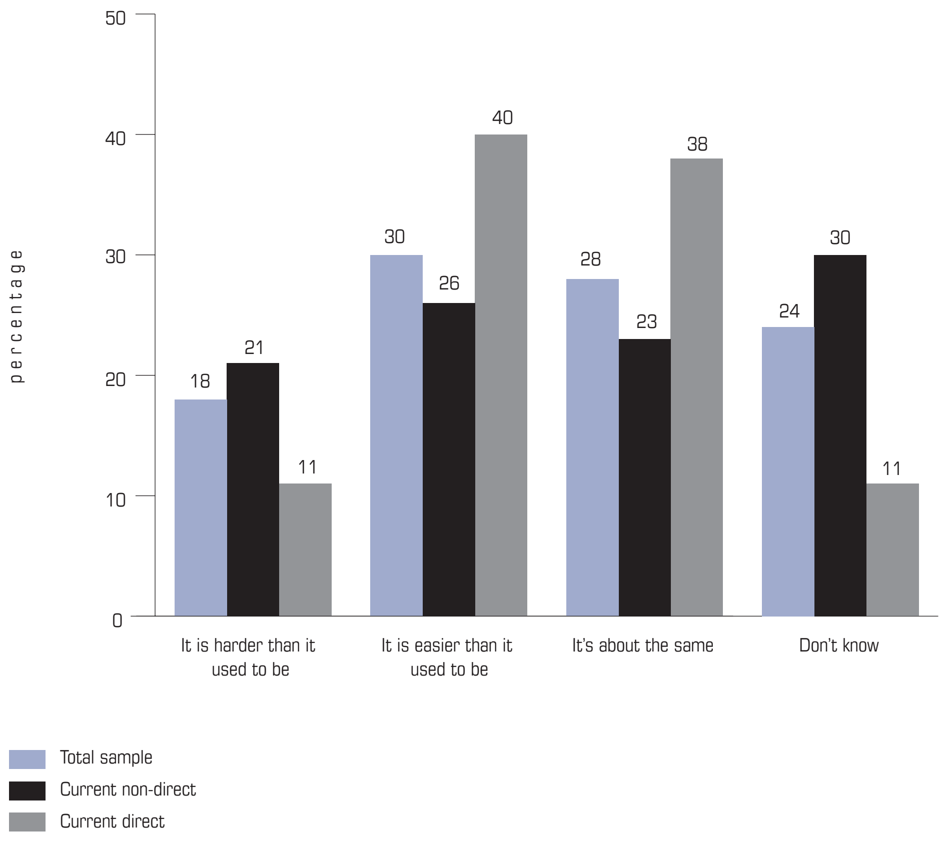
In 2012 for the first time, current direct owners and non-direct investors were asked their opinion on whether it was more or less difficult to invest in shares than in previous years*.

Current direct owners believe it is easier (40% vs non direct 26%) or about the same (38% vs non direct 23%) to invest in the share market. This is likely a function of online trading as well as easier access to information.

One in five current non-direct investors (21%) believes it to be harder than it used to be to invest (one in ten for direct owners 11%) while, not surprisingly, one third (30%) of current non-direct investors don't know (11% direct owners).

*This question was added to understand whether GFC market changes and volatility may have impacted the perceived ease/difficulty of participating in the share market. Its value will grow with study on study changes as related to market conditions.

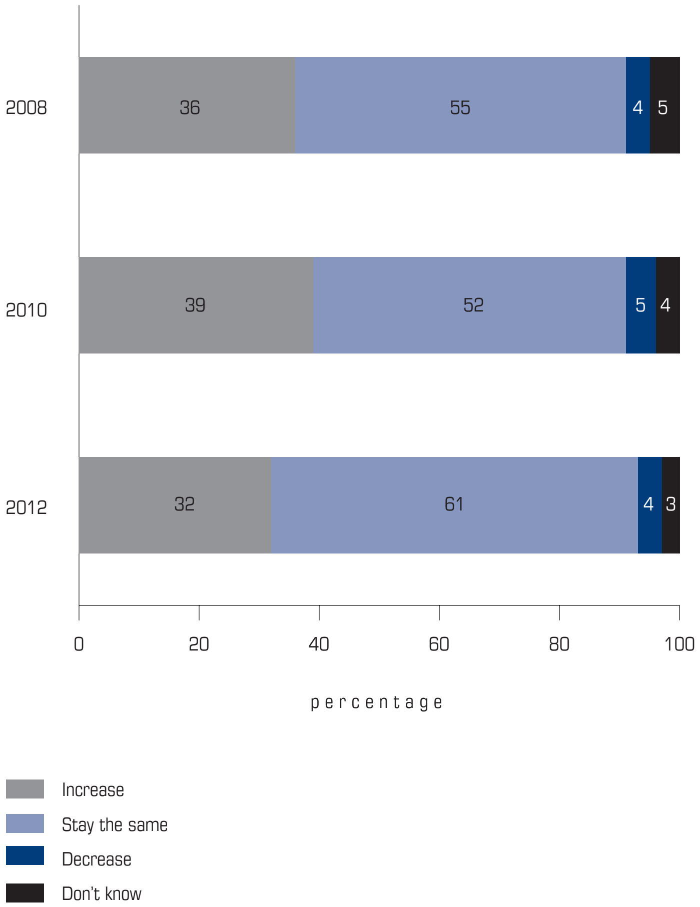
Perception of change in ease/difficulty of investing in the share market



Base: 2012 Total sample (n=2000); Current non-direct (n=1321); Current direct (n=679)

When asked to think personally about what they were likely to do from an investment perspective in 2012, the bulk of investors (61%) saw themselves maintaining their current proportion of their funds in shares (up from 52% in 2010). There was a decline in those investors likely to increase their investment portfolios – down to 32% from 39% in 2010.

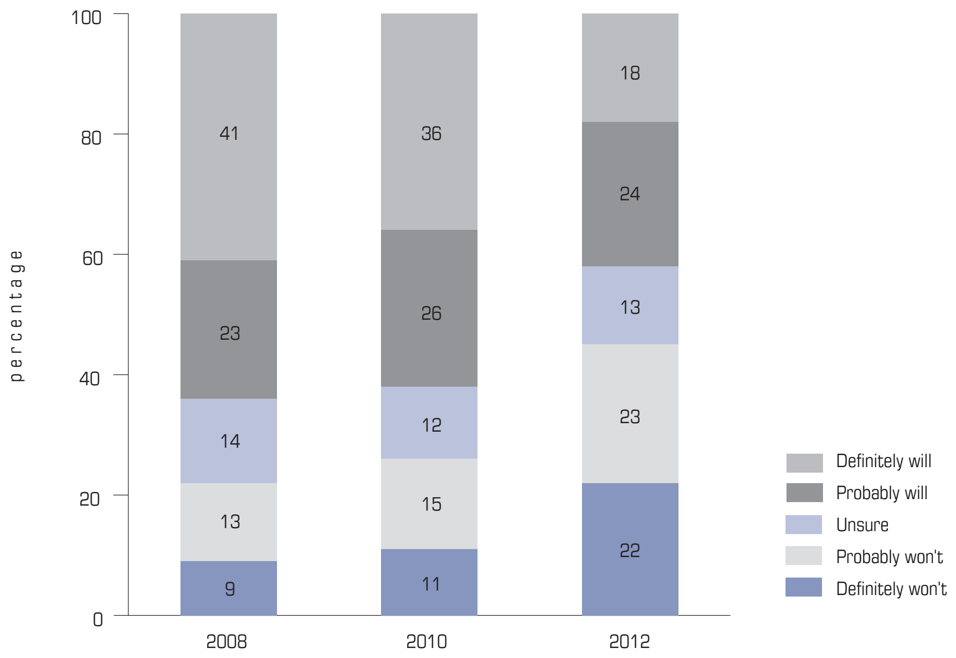
Proportion of funds into shares



Base: All current direct owners: 2012 (n=679); 2010 (n=944); 2008 (n=816)

In line with the more cautious outlook seen in the previous two charts, greater caution was observed in owner's likelihood of buying shares in the next 12 months. Significant decreases were seen in those investors saying they would definitely or probably buy shares (down from 64% in 2008, 62% in 2010 to 42% in 2012).

Likelihood of buying shares



Base: All current direct owners: 2012 (n=679); 2010 (n=944); 2008 (n=816)

International Comparisons

ASX has again completed an international comparison of share ownership as part of the 2012 Australian Share Ownership Study. The best available figures have been used. However, it should be noted that the 2012 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 incidence of share ownership in Australia remains high by international standards.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia – direct	40	n/a	37	39	44	n/a	41	n/a	36	n/a	39	n/a	34
direct / indirect	52	n/a	50	51	55	n/a	46	n/a	41	n/a	43	n/a	38
Hong Kong – shares	22	20	20	18	24	29	n/a	36	n/a	35	n/a	34	36
Korea – stocks	7	8	8	8	8	7	7	9	n/a	10	n/a	11	n/a
Germany – shares	10	9	8	8	7	7	7	6	6	6	6	6	7
shares / funds	19	20	18	17	16	17	16	16	14	14	13	13	15
Switzerland – shares	32	n/a	24	n/a	20	n/a	20	n/a	20	n/a	19	n/a	n/a
shares / funds	34	n/a	25	n/a	21	n/a	21	n/a	21		21	n/a	n/a
Sweden – shares	22	22	23	22	22	21	20	19	18	17	17	16	15
UK – stocks / funds	26	25	25	24	22	21	20	20	18	18	n/a	17	n/a
USA – direct / indirect	n/a	52	^ 50	n/a	49	^ 50	n/a	n/a	45	n/a	n/a	n/a	n/a
New Zealand – direct	24	21	n/a	22	23	23	26	23	n/a	22	23	23	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	Retail Investor Survey 2011, Hong Kong Exchanges and Clearing
Korea	Shareholdings - Investing population, 2011, Korea Exchange
Germany	Zahl der Aktionare in Deutschland, 2012, Deutsches Aktieninstitut e.V.
Switzerland	Aktienbesitz in der Schweiz 2010, Universitat Zurich Department of Banking and Finance
Sweden	Shareholders statistics, December 2012, Statistics Sweden
UK	Family Resources Survey, 2010-11, Department for Work and Pensions
USA	2010 SCF Chartbook, Federal Reserve, 19 July 2012
New Zealand	Market ownership unchanged, but long-term issue remains, Goldman Sachs Equity Research, 4 October 2012

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 2012 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 2012 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 2012 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 commissioned Creative Catalyst Insights and Q&A Market Research (fieldwork specialist) to conduct the quantitative study. Q&A conducted a telephone survey, using CATI (computer assisted telephone interviewing), between 7 November to 10 December 2012. A representative sample of 2,000 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 2,000 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	+ / - 1.3%
Near 15 or 85	+ / - 1.6%
Near 20 or 80	+ / - 1.8%
Near 30 or 70	+ / - 2%
Near 40 or 60	+ / - 2.1%
Near 50 or 50	+ / - 2.2%

For example, the study found that 34% of the adult population holds shares directly. In 95 cases out of 100 it will fall between between 32% and 36% (34% +/- 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 owners' 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.

Non-direct investor

One who has never been invested in the direct share market and/or one who has held shares in the past but no longer does so.

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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Notes

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