



MEDIA RELEASE

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Growing Retail Investor Sophistication – Results of ASX Share Ownership Study

The retail share investors of today are more active and sophisticated than ever before, according to the 2006 Australian Share Ownership Study (the 'Study') released today by the Australian Securities Exchange (ASX).

In 2006, approximately 7.3 million people, or 46% of the Australian population aged 18-years or more, participated in the Australian share market, either directly via shares or indirectly via a managed fund or self-managed superannuation fund. In terms of direct share ownership, 6 million people or 38% of the Australian population were direct investors.

The Study was conducted nationally in November 2006 among a randomly selected sample of 2,405 adult Australians. It highlights the incidence of share ownership among the population and offers insights into the investment behaviour and attitudes of retail investors towards the share market. This is the tenth Study in a series dating back to 1991.

Today's retail share investors are trading more often (8 trades per annum in 2006 against 7 in 2004 and 6 in 2003) and in larger average parcels (\$14,200 in 2006 against \$11,150 in 2004 and \$10,650 in 2003).

Today's retail share investors also demonstrate greater sophistication. More investors own overseas shares and they have more companies, on average, in their portfolios (9 in 2006 compared to 6 in 2004 and 7 in 2003). They are now more likely to include a mixture of large and small companies across a variety of sectors.

Knowledge among retail share investors has also increased, rising by nine percentage points (59% claiming to be 'very' or 'somewhat knowledgeable' about shares in 2006 up from 50% in 2004).

Overall attitudes towards share investing remain positive with 58% of those surveyed planning to increase the proportion of money invested in the share market within the next 12 months. The positive attitude is underpinned by the finding that 71% of those surveyed 'agree' or 'strongly agree' that the Australian share market is well regulated.

Peter Hiom, ASX Group Executive, Business Development said: "The results of the 2006 Australian Share Ownership Study underline the strong level of engagement and confidence retail investors have with the market, and highlight the overall maturity of the Australian marketplace. "

The latest findings are down on the 55% share ownership level (direct and indirect) recorded in 2004 when the Study was last completed. Those leaving the share market tended to be inactive investors who typically acquired their shares passively via large public floats or the listing of once member-owned mutual organisations, such as the NRMA or AMP. They generally exited to fund debts, namely mortgages and residential property investments.

The complete Report may be found on the ASX website: www.asx.com.au/media

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ASX Australian Share Ownership Study 2006 – Highlights

- 46% of Australia's adult population, or 7.3 million people aged 18-years or more, own shares either directly or indirectly through a managed fund or self-managed superannuation fund. In terms of direct share ownership, 6 million people or 38% of the Australian population are direct investors.
- In comparison to previous years there has been a decline in share ownership. From 1999 total share ownership hovered at around 50% peaking at 55% in 2004. Total direct share ownership appears to have stabilised at around 40%, after peaking in 2004 at 44%. Those participating indirectly in the share market appear to have decreased from 1999.
- Those leaving the share market tended to be inactive investors who typically acquired their shares passively via large public floats or the listing of once member-owned mutual organisations. They were largely uninterested in the market. They exited to fund debts, namely mortgages and residential property investment.
- Today's share investors are more sophisticated. 2006 saw an increase in those owning overseas shares, up from 7% in 2002 to 19% in 2006.
- Share holders hold on average more companies in their share portfolio. In 2006 they held on average 9 companies, an increase from 6 in 2004, 7 in 2003 and 6 in 2002. Their portfolio also contains a mixture of large and small companies (50% in 2006, up from 44% in 2004) across more than one sector (75% spread their share portfolio across two or more industry sectors).
- Share holders are more active. The average number of shares bought or sold increased to 8 in 2006, up from 5 in 2002, 6 in 2003, and 7 in 2004. The average share parcel traded also rose - \$14,200 in 2006 against \$11,150 in 2004, \$10,650 in 2003 and \$8,830 in 2002.
- Overall attitudes towards share investing remain positive. The Australian share market is still perceived to be well regulated and investors prefer to invest in 'companies that are socially and environmentally responsible'. They rely 'very much on the advice of experts' 'when it comes to investing in shares' and 'thoroughly enjoy managing their investments'.
- Investors were less likely to say shares will 'never be a major part of their investments', to be 'confused' or unsure of 'where to start', and are more confident that they know how to trade.
- Knowledge about the share market has improved with 59% claiming to be 'very' or 'somewhat knowledgeable' about shares in 2006 up from 50% in 2004.
- Sources that most influence investment decisions continue to be newspapers, friends and family, and financial planners.
- A typical share owner was just as likely to be male as female, aged at least 35-years-old with tertiary qualifications, and have a household income of at least \$100,000. Direct share owners were equally likely to be from any Australian state (yet to a lesser extent from Queensland) and tend to be from a capital city.
- Compared to 2004, the decline in direct share ownership appears to be consistent across all age groups, education levels, household income and states, yet more evident among males and those from regional areas.
- Future share market activity remains positive with 58% planning to increase the proportion of money invested in the share market in the next 12 months.