



ASX

AUSTRALIAN SECURITIES EXCHANGE

2006 Australian Share Ownership Study



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Introduction

The Australian Securities Exchange (ASX) is pleased to release the findings of the 2006 Australian Share Ownership Study. This is the tenth Study in a series dating back to 1991. Conducted late last year, the 2006 Study provides the latest information on the attitudes, knowledge and behaviour of retail participants towards share investing in Australia.

As in previous years, this most recent Study makes for fascinating and insightful reading. Approximately 7.3 million people or 46% of the Australian population own shares in one form or another. While some retail investors have left the market since the last Study in 2004, the results show that today's share holders are generally more active, more sophisticated and more knowledgeable about the market than ever before. It underlines the strong level of engagement retail investors have with the market and the overall maturity of the Australian marketplace.

Investor sophistication is reflected in the growing prevalence of overseas shares in retail portfolios. In addition, a greater number of companies are being held, on average, in retail portfolios, including a mixture of large and small companies across a variety of sectors.

Significantly, share knowledge among direct investors – ie those who hold individual shares directly rather than through a managed fund – has increased markedly and overall attitudes towards share investing remain positive. Future intentions too are favourable.

Findings such as these point to a high degree of retail confidence in the market and support the claim that Australia has among the strongest levels of market integrity in the world. It is the firm belief of ASX that the interests of all market participants are served best in an environment that's fair, orderly and transparent.

ASX would like to acknowledge the Finance Industry Development Account (FIDA) of the National Guarantee Fund, which has again funded this Study, as well as Millward Brown and Creative Catalyst Insights, the market research companies commissioned to conduct the 2006 Study on behalf of ASX.

Most importantly, ASX thanks all those who participated in this research. Your involvement enables ASX to better understand the share holder of today and make this publication available to a large and appreciative audience.

Key Highlights

The ASX has been undertaking regular studies into the ownership of shares among the Australian population for over a decade. In its latest study, ASX is pleased to share some of the more interesting, as well as challenging findings, which include:

46% of Australian own shares

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

2006 witnessed a decrease in share ownership

In comparison to previous years there has been a decline in share ownership. From 1999 total share ownership hovered at around half the population peaking at 55% in 2004. Total direct share ownership appears to have remained somewhat stable at around 40%, before peaking in 2004 at 44% and returning to previous levels at 38% in 2006. Those participating indirectly in the share market appear to have decreased from 1999.

Departure of possibly less sophisticated/nervous investors from the share market

Those leaving the share market tended to be inactive investors. They acquired their shares passively and had small amounts invested directly or indirectly. They are largely not interested in the share market and found it too daunting. They exited to fund debts, namely mortgages and residential property investments which appeared to be their preferred form of investment.

Today's share holder appears to be more sophisticated, as seen through

- The increase penetration owning shares in an overseas exchange, from 7% in 2002 to more than doubling in 2006 to 19%
- The increase in the average number of companies held in a portfolio from 6 in 2002 to 9 in 2006 and those having at least 8 companies increasing from 22% to 34% (respectively)
- Having more of a mixture of large and small companies in their portfolio (50% in 2006) across more than one sector (75%)
- The increase in the average number of shares bought or sold from 5 in 2002 to 8 in 2006 and the average share parcel traded from around \$9,000 to \$14,000 (respectively)

Overall attitudes towards share investing are still positive

The most prevailing attitudes towards investing is that 'the Australian share market is well regulated' and the preference for investing in 'companies that are socially and environmentally responsible' as indicated by seven out of ten direct investors. This was followed by three in five relying 'very much on the advice of experts' 'when it comes to investing in shares' and claiming that they 'thoroughly enjoy managing their investments.'

Investors are 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 in 2006 compared to two years ago.

Knowledge about the share market has improved

Over the past two years perceived share knowledge among direct investors has increased significantly, with 50% claiming to be very/somewhat knowledgeable about shares in 2004 increasing to 59% in 2006.

Newspapers, friends/family and financial planners are key sources

Once again in 2006, when looking at the sources direct investors believed most influenced their decision, this was split evenly between newspapers (17%), friends/family (16%) and financial planners (16%).

Typically today's direct share owner is just as likely to be male or female

In 2006, a typical share owner was just as likely to be male or female, aged at least 35 years old with tertiary qualifications and household incomes of at least \$100,000. Direct share owners were equally likely to be from any State in the country (yet to a lesser extent from Queensland), however tended to be from a capital city.

Significant shifts are gender and region based

In comparison to 2004, the decline in direct share ownership appears to be consistent across all age groups, education levels, household incomes and States.

The greatest change between 2004 and 2006 is more evident among males with 50% owning direct share in 2004 declining to 40% in 2006. Direct share ownership in regional areas has also fallen significantly from 45% in 2004 to 32% in 2006.

Future share market activity remains positive

Three in five direct investors indicated that they plan to increase the proportion of money invested in the share market in the next 12 months, with a further 51% claiming that they are probably or definitely likely to buy shares in the next 12 months. When looking at the entire population it is anticipated that 28% of the Australia population may purchase shares in the next 12 months which equates to 4.4 million people.

Key Findings

Share Ownership in Australia

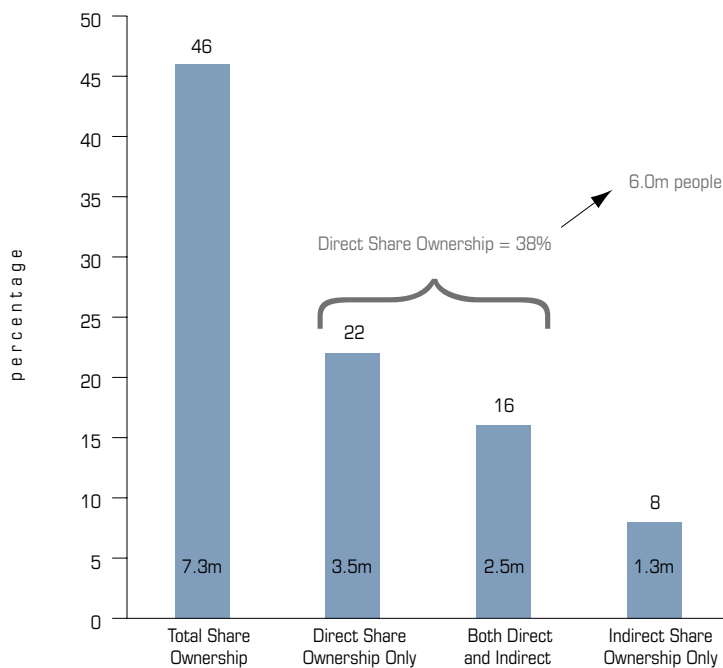
Overview

In 2006, approximately 7.3 million people or 46% of the Australian population aged 18 years plus participated in the Australian share market either directly via listed investments namely shares or indirectly via a managed fund or self managed superannuation fund.

This consists of 22% or 3.5 million who only hold direct investments, 16% or 2.5 million who participate directly as well as indirectly, and 8% or 1.3 million who only have access indirectly.

In total, 6 million or 38% of the Australian population were direct investors in the Australian share market in 2006.

Total share ownership



Base: All Australian adults aged 18 years + (n=2405)

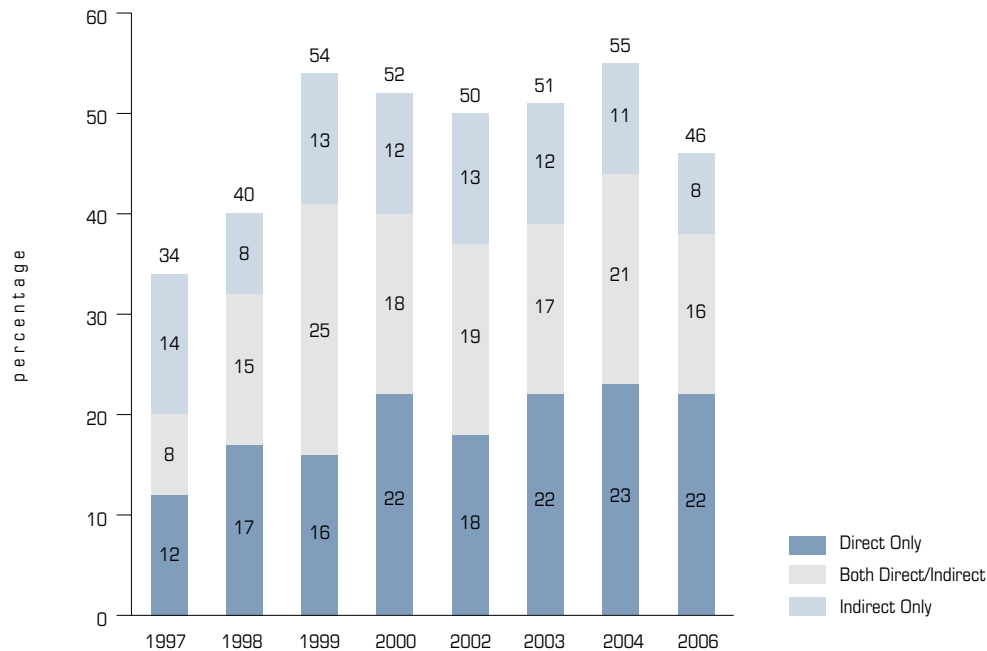
Trend of Share Ownership

In comparison to previous years there has been a decline in share ownership, however as seen later in this report, activity among existing share holders has increased. From 1999 total share ownership hovered at around half the population peaking at 55% in 2004 before falling to 46% in 2006.

When dissecting this further, it is noticed that total direct share ownership has in fact remained somewhat stable at around 40%, before peaking in 2004 at 44% and returning to previous levels at 38% in 2006.

Despite the slight change in definition there appears to be a downward trend in the proportion who invest indirectly in the market having decreased from 38% in 1999 to 24% in 2004.

Total share ownership



Base: All Australian adults aged 18 years +

NB: Change in definition of indirect share ownership in 1997, and slight change in definition of indirect and direct share ownership in 2006.

When looking at the projected number of people that are participants in the share market, it appears that 2004 was the peak of the market at 8 million, with figures on either side of that hovering at around 7.3 to 7.6 million.

THE TOTAL NUMBER OF AUSTRALIANS INVESTING IN SHARES ('000'S)

	1997	1998	1999	2000	2002	2003	2004	2006
Direct Only	1,645	2,277	2,184	3,133	2,628	3,212	3,358	3,471
Both	1,177	2,101	3,520	2,563	2,774	2,482	3,066	2,524
Indirect Only	1,881	1,148	1,852	1,709	1,898	1,752	1,606	1,262
Total	4,703	5,526	7,556	7,405	7,300	7,447	8,031	7,257

Why the decline in Share Ownership?

Qualitative research undertaken specifically to explore the decline in share ownership revealed that this was primarily debt related, paying off mortgages (own home or residential property investment), paying off the credit card and buying or supporting their own business. For some they were disappointed with the performance of their shares or managed funds or found the share market boring. Overall they appeared to be more skewed towards property as a form of investment.

Furthermore those that have exited could be described as being passive investors. They had entered the market 'accidentally' via demutualisations or employer sponsored schemes or through the era of large public floats. They had a few shares with small amounts held for a reasonably long time. Even those with managed funds were passive, again with small amounts claiming that they were not doing anything.

Overall those that have left the share market are generally not interested in it. They claim to rely on the advice of experts, even though they appear to also largely abandon managed investments. Some had actually used online brokers to dispose of their shares – suggesting that they were operating without the sort of help/advice they should have preferred or possibly needed.

Many respondents simply felt ignorant, they did not (and could not) understand the share market, consequently perceiving it to be too risky. For some, the lack of tangibility was also a factor – they could not see their shares or managed funds, hence they were not as interesting or 'real' as, for example, property.

Many felt investing in the share market required a lot of time – time to learn, time to sift through the vast amount of information available via the internet (some of which is perceived conflicting), time to monitor and manage one's portfolio.

While there was no outright rejection of returning to the share market, for most there was little enthusiasm or motivation. Those (few) who seemed interested in becoming involved in the market again would need help and encouragement to overcome fear and be reminded of the potential benefits.

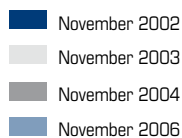
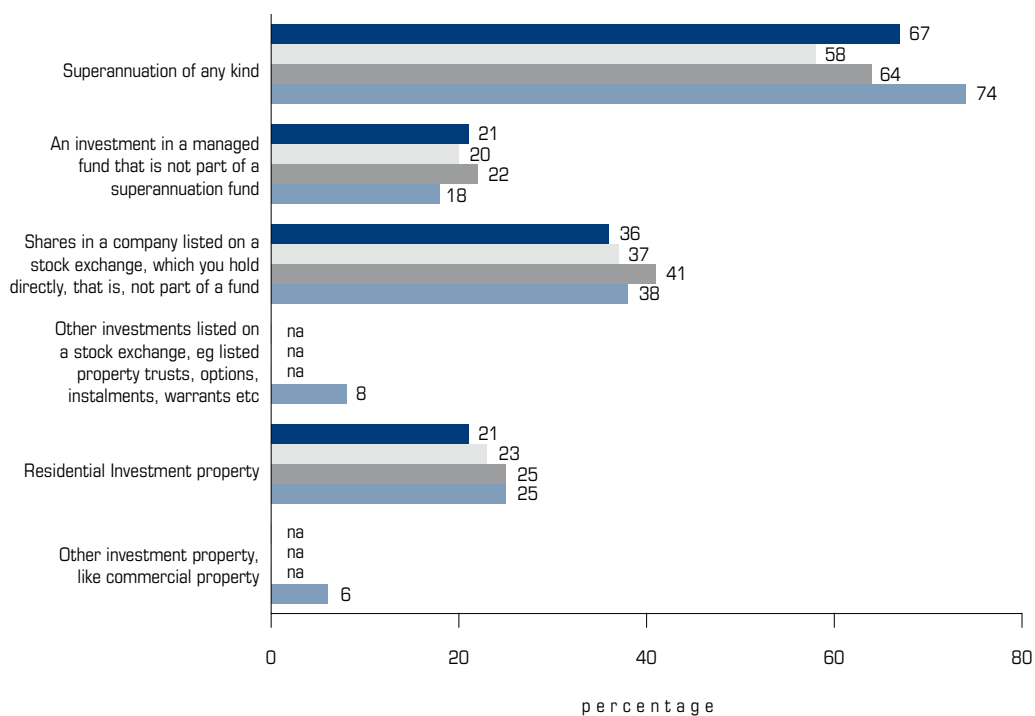
Ownership of Investments

In light of recent superannuation changes 2006 saw an increase in people claiming to have superannuation of any kind from 67% in 2002 to 74% in 2006. Investment in a managed fund appears to hover at around two in five people, however dropped significantly from 22% in 2004 to 18% in 2006.

Ownership of residential investment property has remained rather static at one in four in 2004 and 2006 having climbed steadily from 21% in 2002.

The proportion of the Australian population owning shares in a company listed on stock exchange peaked at 41% in 2004, falling to 38% in 2006. 2006 also saw 8% of people claiming to have other listed investments on the stock exchange.

Ownership of investments



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

Direct and Indirect Share Ownership

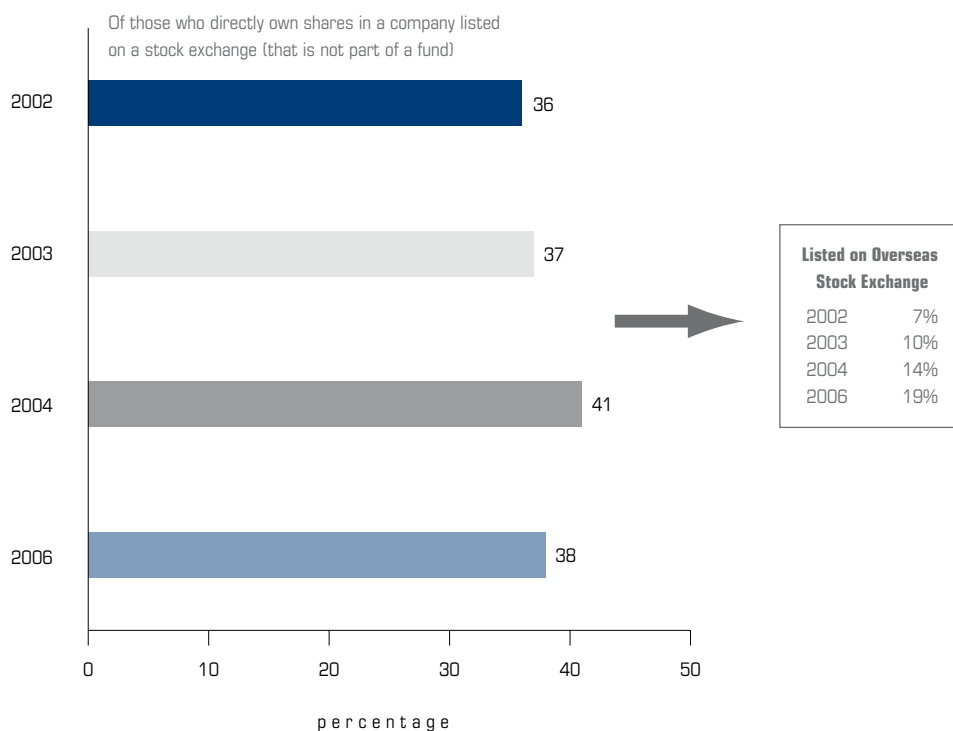
Direct Share Ownership

In 2006 the definition of direct share ownership was simplified to reflect consumers understanding of direct share ownership. This was defined as

- Shares in a company listed on the stock exchange held directly that is not part of a fund, OR
- Other investments listed on a stock exchange, for example listed property trusts, options, instalments, warrants etc.

As previously seen, 38% of the Australian population owned shares in a company listed on a stock exchange in 2006, declining marginally from 41% in 2004. Despite this decline, the proportion of share owners having shares listed on an overseas exchange has increased steadily from 7% in 2002 to 14% in 2004 and again to 19% in 2006. This may suggest that share owners are becoming more comfortable investing overseas and may also lead to a more sophisticated investor.

Ownership of overseas shares

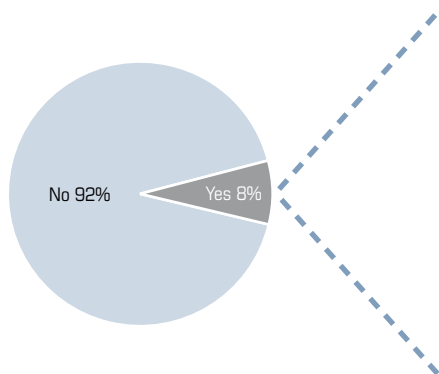


Base: All aged 18 years + 2002 (n=2401); 2003 (n=2402); 2004 (n=2402); 2006 (n=2405)

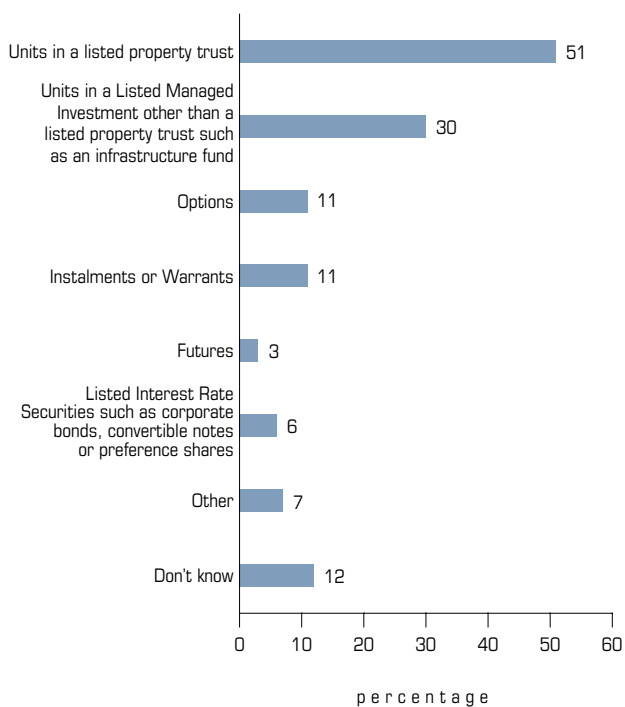
When further analysing the type of other listed investments held by the 8% of the population, the most common type held by half (51%) are listed property trusts, followed by around a third (30%) that have listed managed funds.

Other direct investments held

Have other investments listed on a stock exchange



Type of other listed investments held



Base: 2006 All Australian adults aged 18 years (n=2405)

Base: Hold other investments listed on the stock exchange (n=196)

Indirect Share Ownership

The definition of indirect share ownership was also simplified to more accurately capture those who held listed investments as part of a self managed superannuation fund. This was defined as

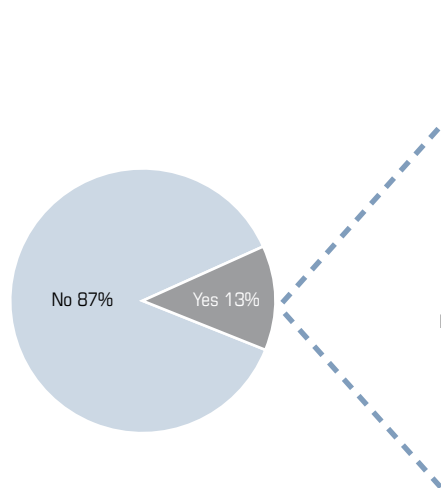
- An investment in a managed fund that is not part of a superannuation fund OR
- A self managed superannuation fund (via shares in a stock exchange, listed property trust, listed managed investment other than a listed property trust such as infrastructure fund, options, instalments, warrants or futures, Listed Interest Rate Securities such as corporate bonds, convertibles notes or preference shares)

As already highlighted, 18% of the Australian population held an investment in a managed fund in 2006, declining significantly from 22% in 2004.

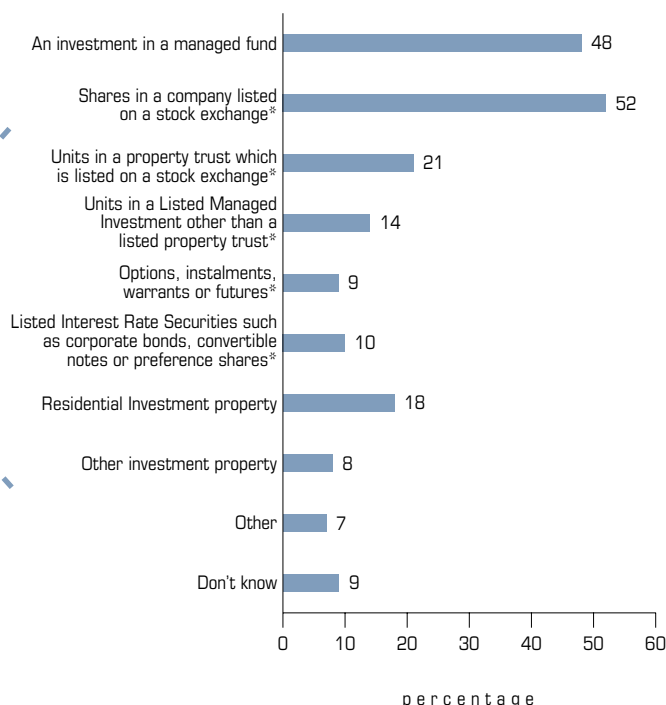
Interestingly the majority of the 13% of the population that have a self managed superannuation fund tend to invest in listed investments namely shares (52%) as well as listed property trusts (21%). In other words 10% of the population have a self managed superannuation fund which includes listed investments.

Listed investments held as part of self managed superannuation fund

Own Self Managed Superannuation Fund



Types of investments held as part of a Self Managed Superannuation Fund



Base: Total Sample (n=2405)

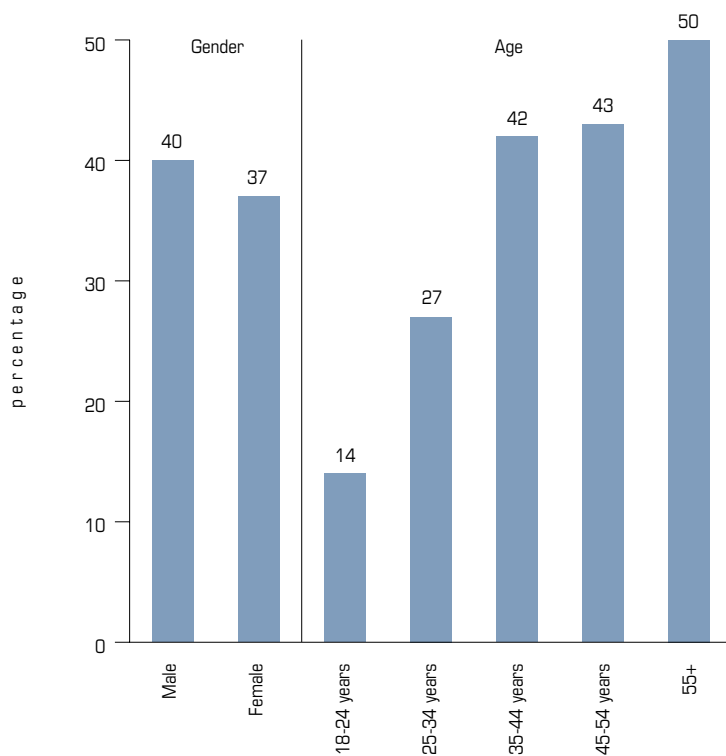
Base: Have self managed superannuation fund (n=299)
NB * = listed investments

Typical Profile of a Direct Share Owner

In 2006, a typical share owner was almost just as likely to be male or female. 2006 saw 40% of males being direct share owners compared to 37% of females.

In terms of age direct share owners are likely to be aged at least 35 years. In 2006 42% were aged 35-44 years, 43% 45-54 years and 50% 55 years and older.

Gender and age of direct share owners

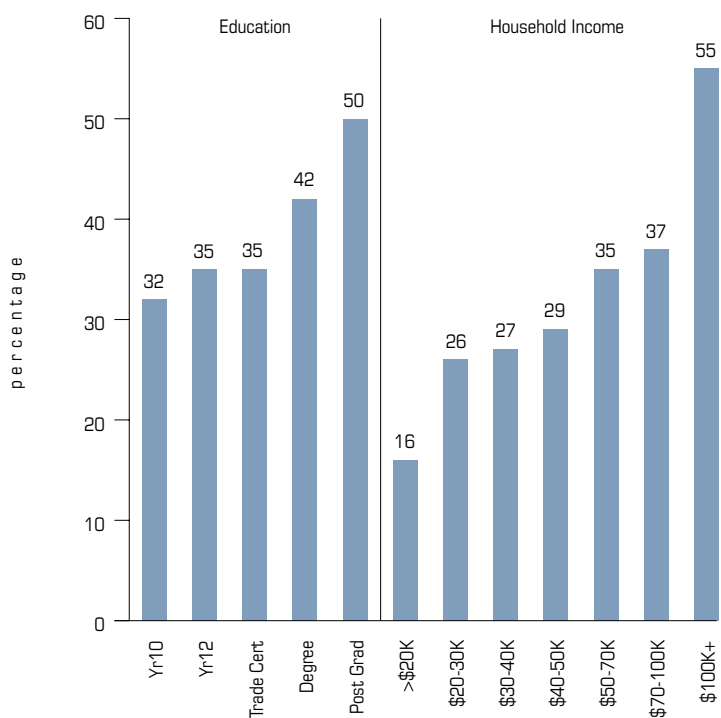


Base: All Australian adults aged 18 years 2006 (n=2405)

Direct Share owners tend to be at least degree qualified, with 42% of degree qualified people having direct investments and 50% of those with post graduate qualifications.

They are also most likely to have household incomes of at least \$100,000 (55%), yet direct share ownership is also prevalent among those with household incomes of \$50,000 – \$70,000 (35%) and \$70,000 – \$100,000 (37%).

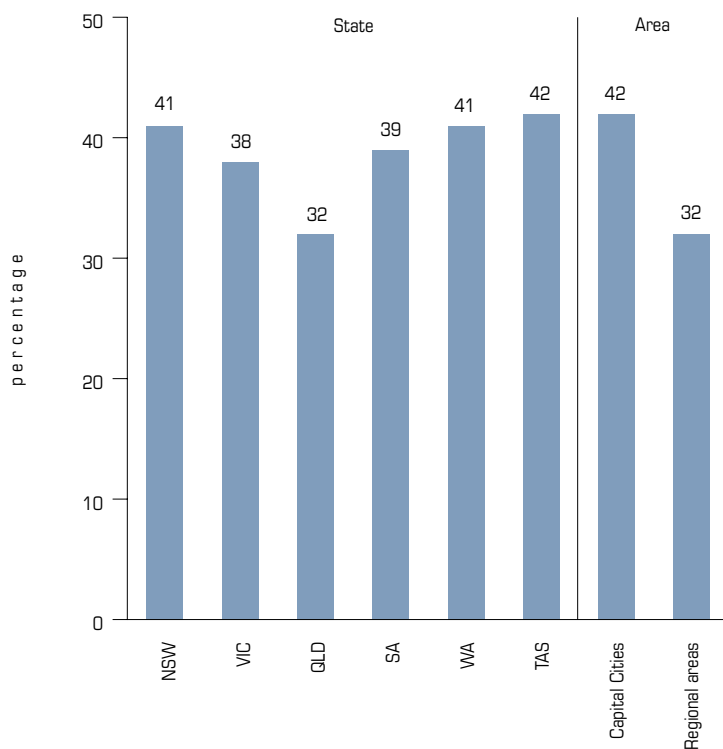
Education and household income of direct share owners



Base: All Australian adults aged 18 years 2006 (n=2405)

In 2006, direct share owners were equally likely to be from any State in the country (at around 40%) however to a lesser extent from Queensland (32%). They do however tend to be more from a capital city (42%) than a regional area (32%).

State and area of direct share owners



Base: All Australian adults aged 18 years 2006 (n=2405)

Changes since 2004

In comparison to 2004, the decrease in direct share ownership appears to be coming from across most demographics characteristics, that is the decline is consistent across all age groups, education levels, household incomes and States.

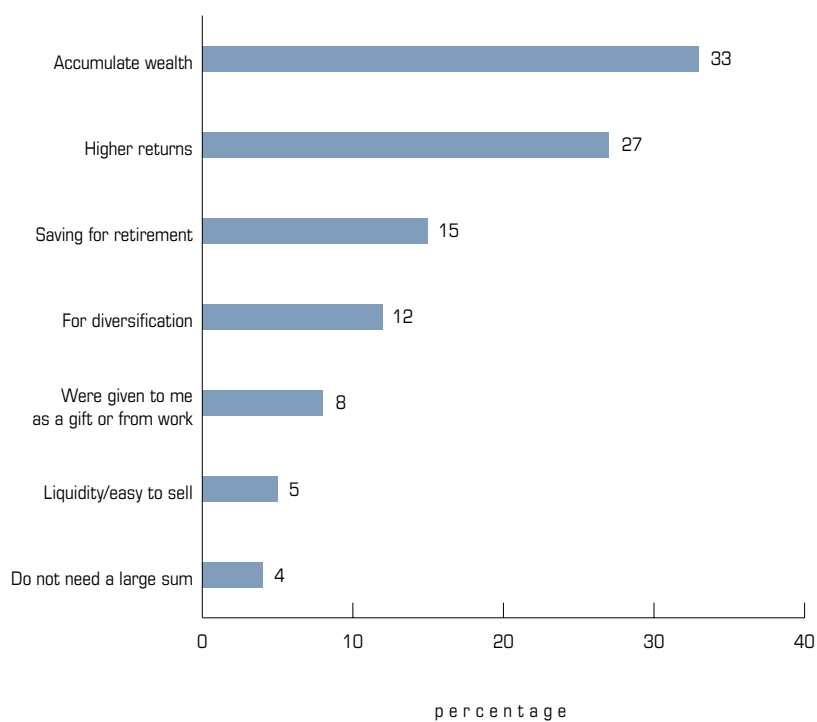
The greatest change between 2004 and 2006 is more evident among males with 50% owning direct shares in 2004 declining to 40% in 2006, making it on par with that of females (from 40% to 37%). Direct share ownership in regional areas has also fallen significantly from 45% in 2004 to 32% in 2006 (compared to capital cities from 44% to 42%).

Investor Behaviour

Reasons for investing in direct shares

Overall the key reason for investing in shares is to 'accumulate wealth' as cited by a third (33%) of direct share investors followed by to achieve 'higher returns' (27%).

Reasons for investing in shares

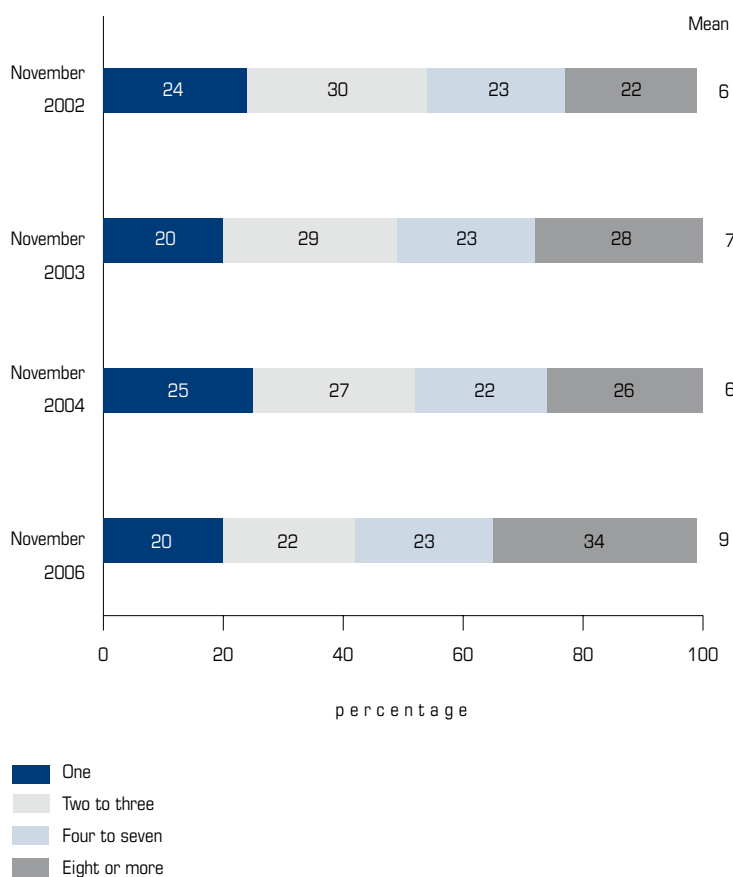


Base: Have direct investments (n=921)

Number and type of stocks in share portfolio

Share activity among those remaining in the share market has increased on all fronts in 2006. Those citing that they have at least eight companies in their share portfolio has increased from 22% in 2002 to 34% in 2006, while those with three or less companies have decreased from 54% to 42% over the same period of time. This has resulted in the increase in the average number of companies held also increasing from 6 in 2002 to 9 four years later in 2006.

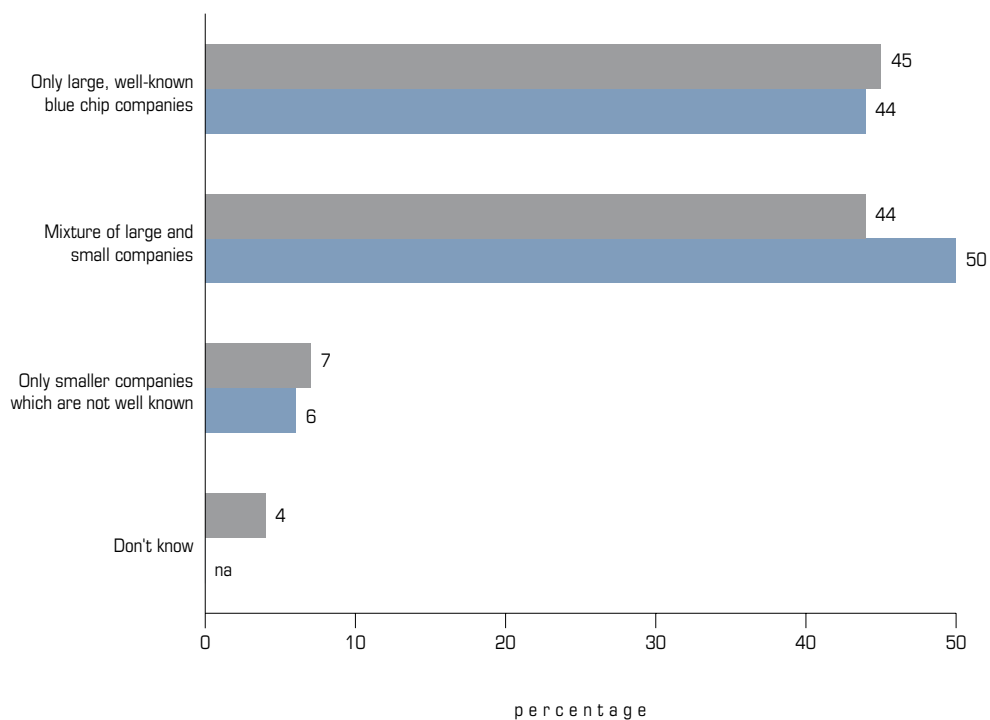
Number of companies in share portfolio



Base: Have direct investments 2002 (n=847); 2003 (n=889); 2004 (n=1021); 2006 (n=921) (Don't knows removed)

Since 2004, there has also been an increase in direct share owners having a spread of shares across both large and small companies, from 44% to 50% in 2006.

Size of companies in portfolio



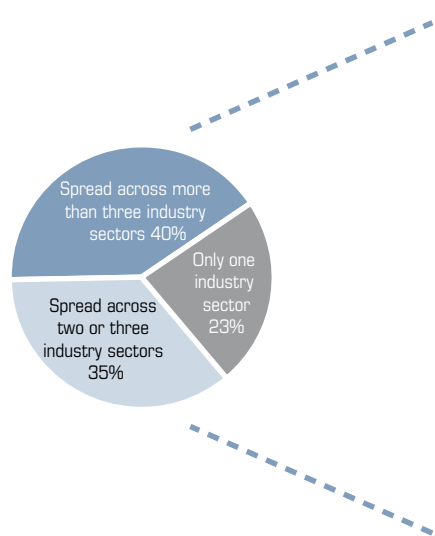
2004
2006

Base: Have direct investments 2004 (n=1067), 2006 (n=921)

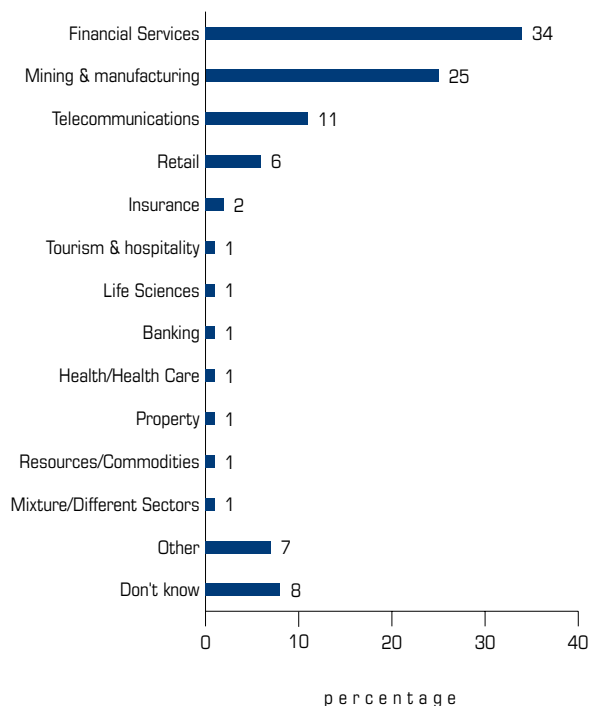
Direct share owners also spread their share portfolio across a range of industry sectors, with 40% having shares across more than three industry sectors and 35% across two to three sectors. The most popular sector is financial services (34%) followed by mining and manufacturing (25%).

Industry sector of share portfolio

Number of industry sectors



Type of industry sector



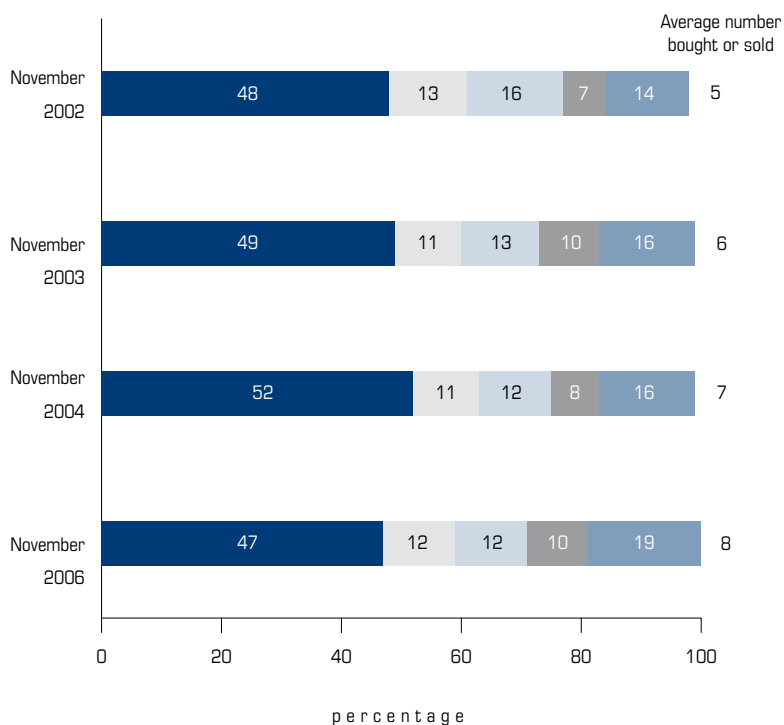
Base: Have direct investments (n=921)

Base: Have direct investments (n=921)

Investor Activity

More direct share owners bought or sold shares in the last 12 months in 2006 than in 2004. As a result, those claiming NOT to have traded dropped from 52% in 2004 to 47% in 2006. Overall the average number of times share owners bought or sold shares increased consistently since 2002 from 5 to 8 in 2006.

Number of times bought or sold shares in the past year

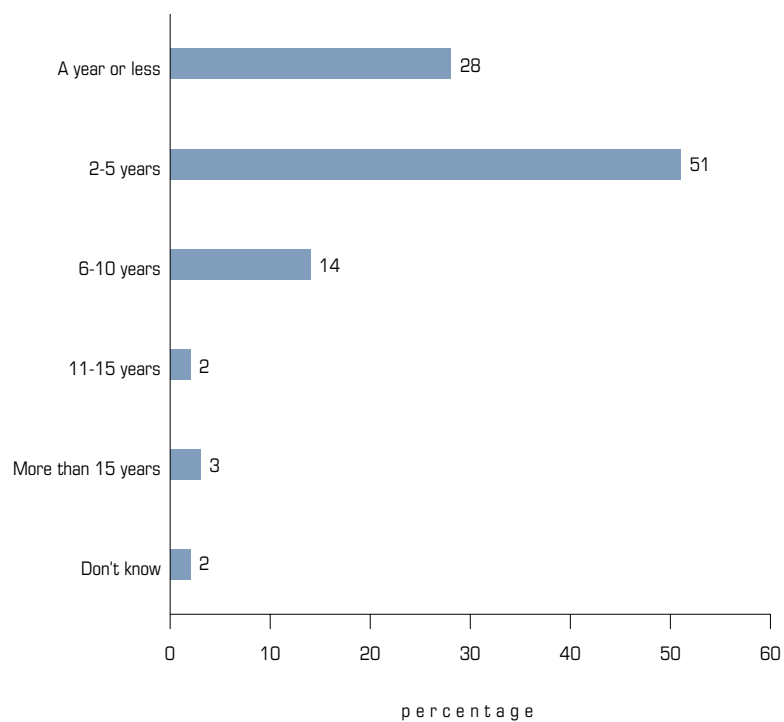


- None
- One
- Two to three
- Four to six
- Seven +

Base: Have direct Investments 2002 (n=815); 2003 (n=914); 2004 (n=1044); 2006 (n=903) (Don't knows removed)

Of those who sold shares in the last two years, half (51%) had held them for 2 to 5 years, while a quarter (28%) held them for a year or less. This may suggest that for some shares are viewed as a short term investment, while others take more a medium term view.

Portfolio turnover



Base: Direct Investors who have sold Shares In Last 12 Months (n=316)

In addition to the increase in trade activity, 2006 also saw the increase in the average value of trades as well as the increase in the average value invested, as seen in the table below.

INVESTOR ACTIVITY

	2002	2003	2004	2006
Average Value of Trades	\$8,830	\$10,650	\$11,150	\$14,200
Average Value Invested [^]	\$77,800	\$124,050	\$120,450	\$190,600*

[^] New calculation based on expanded ranges

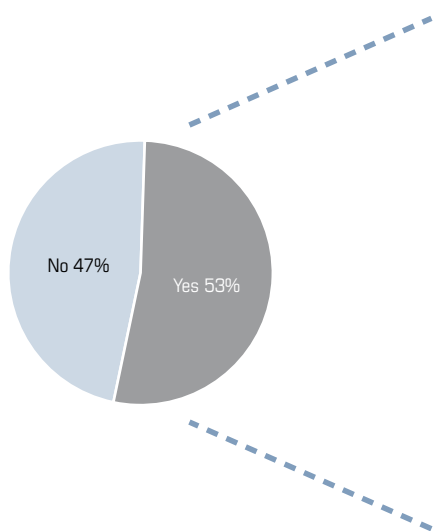
* In 2006, clarified to value of shares today not the value when first purchased

Use of Brokers

Amongst the 53% of direct investors who bought or sold shares in the last 2 years, the method used was either through the internet site of a discount stock broker (38%) or through a stock broker that provides advice (37%).

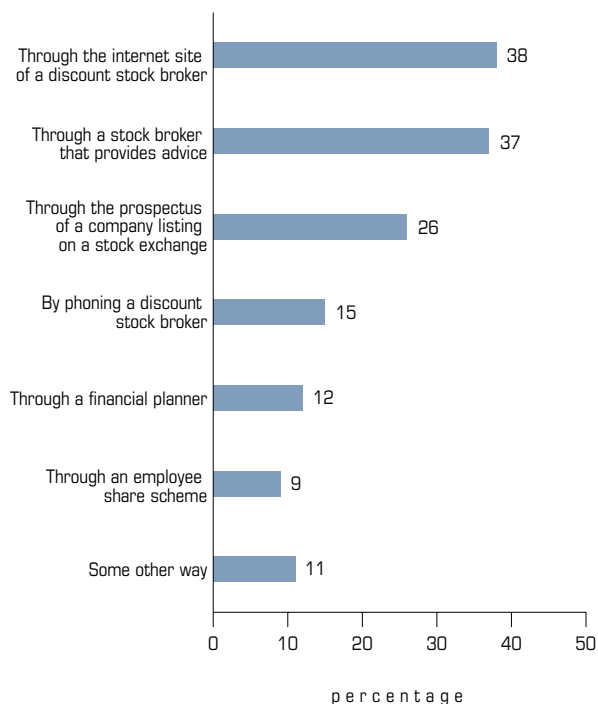
Method of buying or selling shares

Have bought or sold shares in the last 2 years



Base: Have direct investments (n=921)

Method used for buying or selling shares in last two years

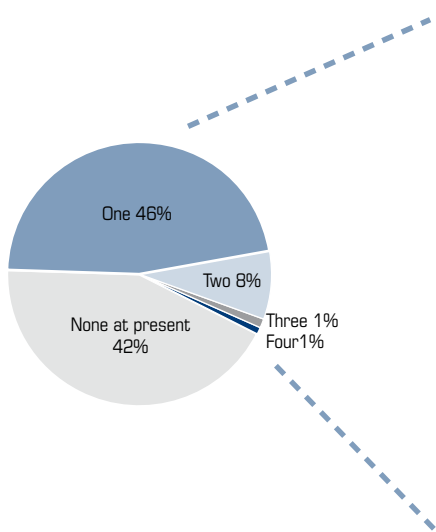


Base: Have bought or sold shares in the past 2 years (n=475)

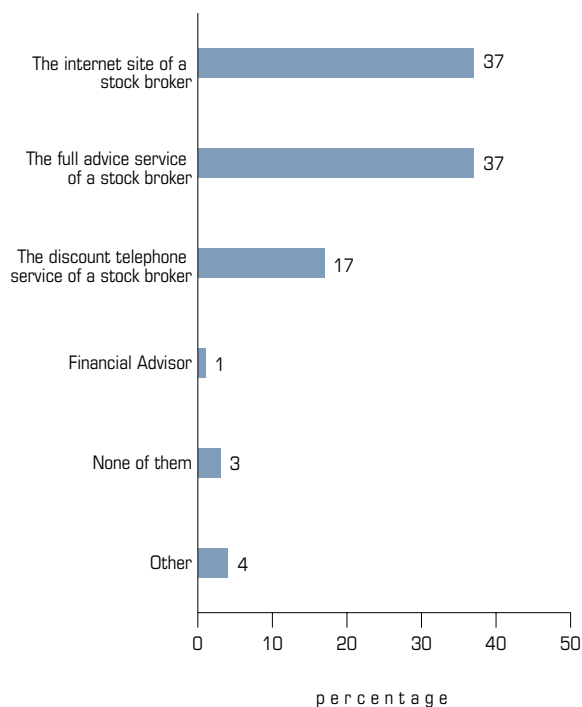
Of those with direct investments, 42% claim not to have a broker which is in line with the 47% that had not traded in the past two years. Almost half (46%) only have one broker. Of those with a broker, the main type is an internet broker (37%) or a full service stock broker (37%), again which is consistent with how those that bought or sold executed their trades.

Number and type of broker used

Number of stockbrokers currently use



Type of broker used

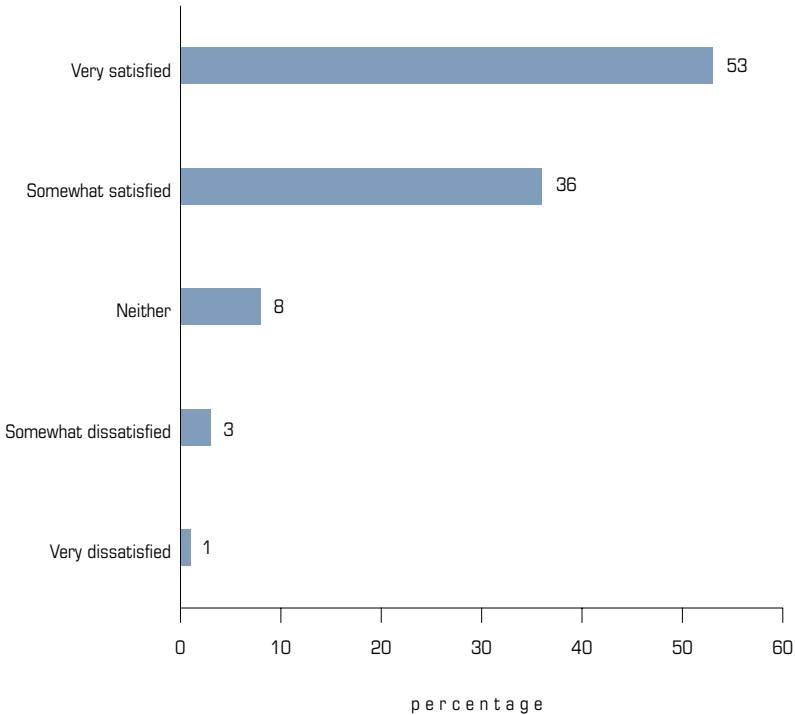


Base: Have direct investments n=921

Base: Those having a current broker n=520

Overall the majority of direct investors who used a stock broker are either very satisfied (53%) or somewhat satisfied (36%) with their broker.

Satisfaction with broker



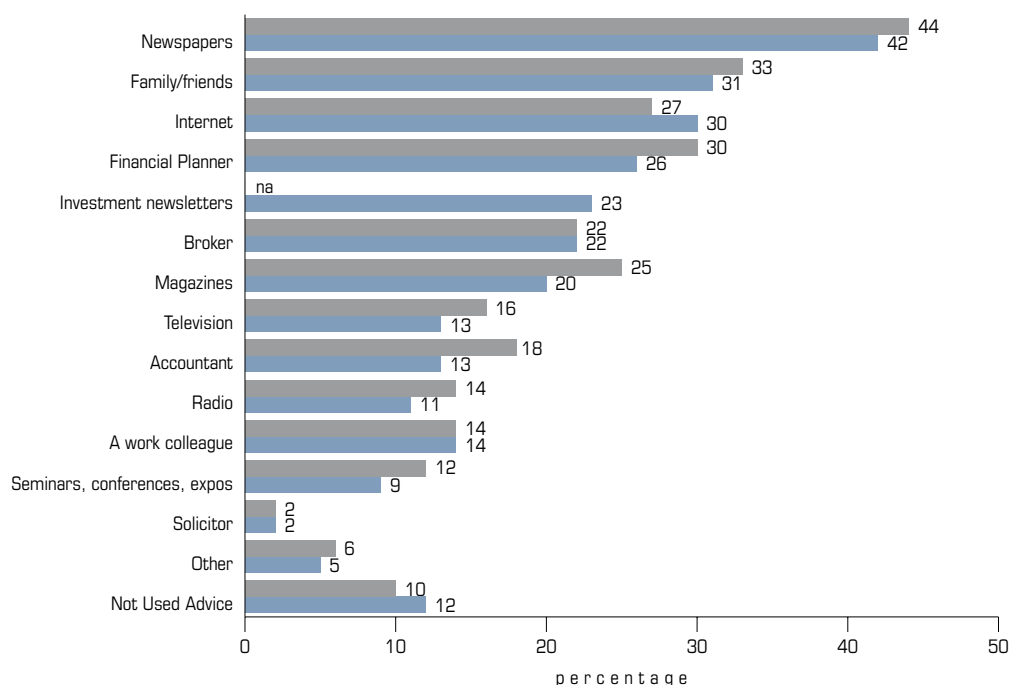
Base: Those having a current broker n=520

Sources of Advice and Information

Once again in 2006, the most popular source of advice and information sought about shares in the past 2 years was newspapers (42%). This was followed by family/friends (31%), the internet (30%) and financial planners (26%). Asked for the first time, 26% of direct investors claim to use investment newsletters, which was followed by brokers (22%) and magazines (20%).

As in 2004, around one in ten direct investors did not use any source for advice and information about shares (12%).

Source of advice and information

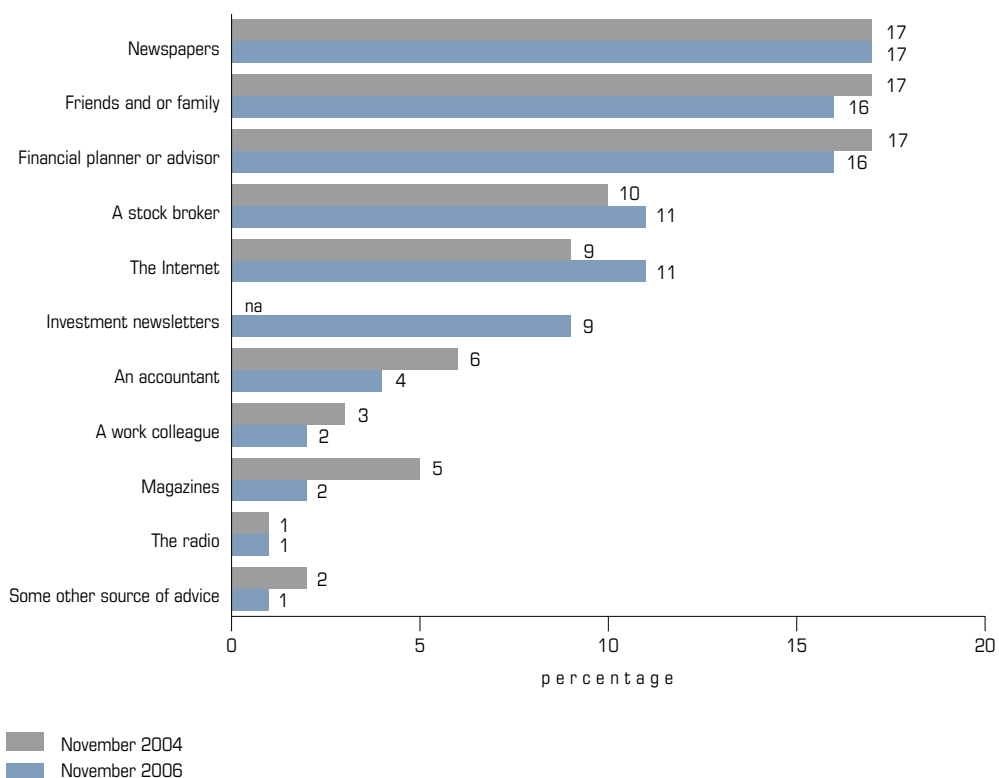


■ November 2004
 ■ November 2006

Base: Have direct investments; 2004 (n=1067); 2006 (n=921)

When looking at the sources direct investors believed most influenced their decision, once again in 2006, this was split evenly between newspapers (17%), friends/family (16%) and financial planners (16%).

Key sources of advice and information



Base: Have direct investments and have used advice in the last 2 years 2004 (n=670); 2006 (n=509)

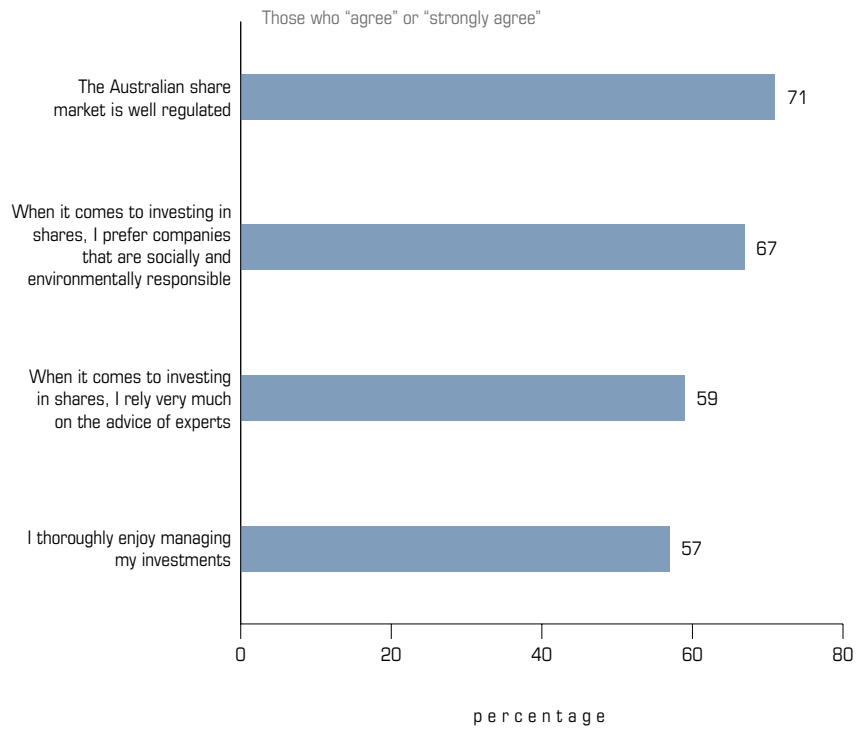
Investor Attitudes

Key attitudes

Of direct investors the most prevailing attitudes towards investing in 2006 was that 'the Australian share market is well regulated' and the preference for investing in 'companies that are socially and environmentally responsible' as indicated by seven out of ten direct investors.

This was followed by three in five relying 'very much on the advice of experts' 'when it comes to investing in shares' and claiming that they 'thoroughly enjoy managing their investments.'

Attitudes towards investing



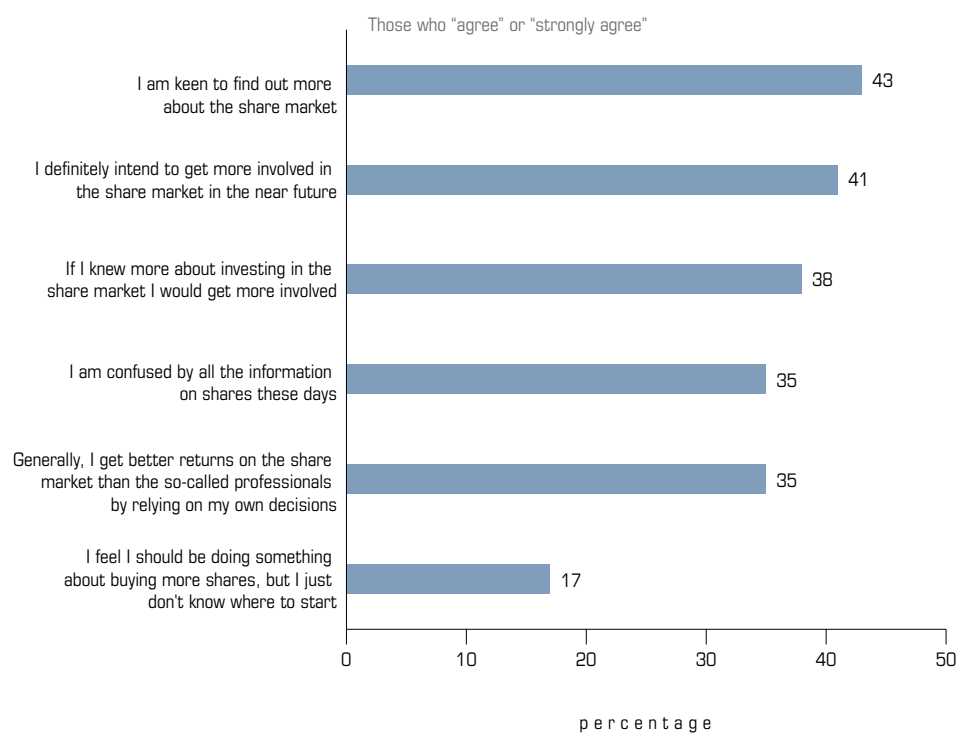
Base: Have direct investments 2006 (n=921)

At the tail end, encouragingly only 17% of direct investors claim that they 'should be doing something about buying more shares, but just don't know where to start'. This is supported with a third (35%) being 'confused by all the information on shares these days'.

Only a third also believe they 'get better returns on the share market than the so called professionals by relying on their own decisions' (35%).

For two in five there is still the desire to become more involved in the share market as seen through being 'keen to find out more about the share market' (43%), 'definitely intend to get more involved in the share market in the near future' (41%), and 'if I knew more about investing in the share market I would get more involved' (38%).

Attitudes towards investing



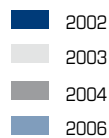
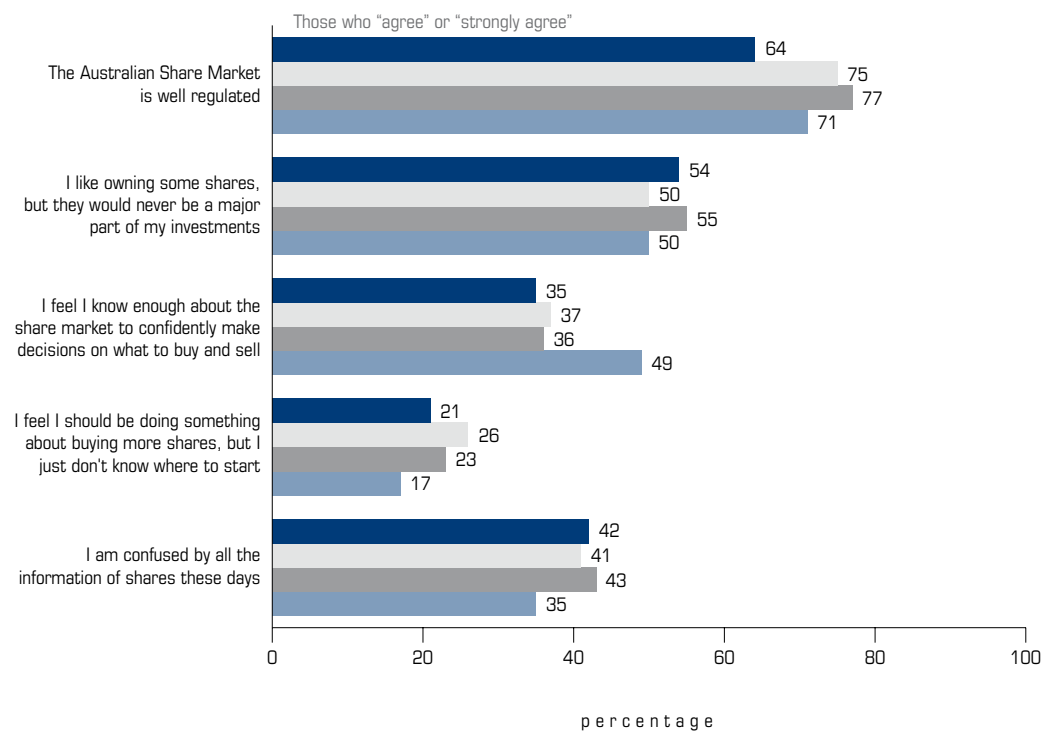
Base: Have direct investments 2006 (n=921)

Changes to attitudes

While 'the Australian share market is well regulated' is still very positively received by direct investors in 2006, compared to 2004 it has slipped somewhat from 77% to 71%. This may suggest that increased corporate attention inclusive of recent mergers and takeovers may be having an impact on how well investors perceive the market to be regulated.

Encouragingly, investors are 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 in 2006 compared to previous years.

Changing attitudes

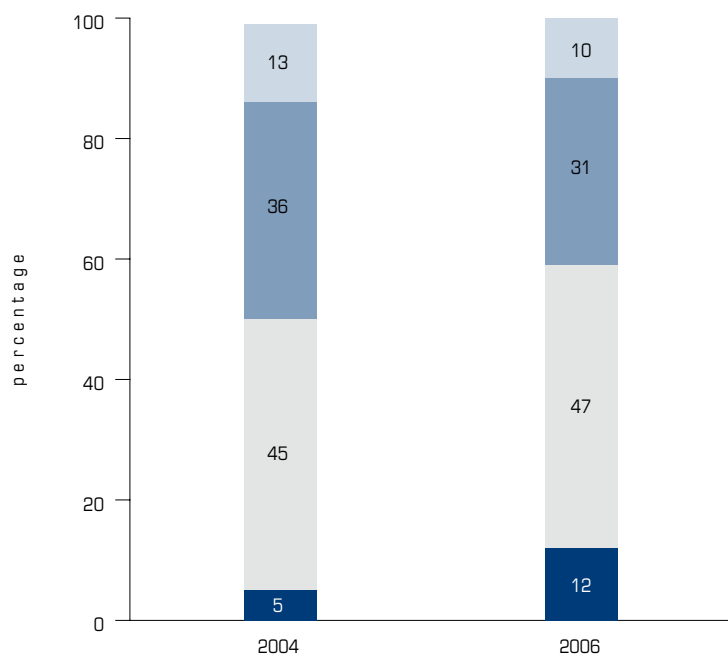


Base: Have direct investments 2002 (n=893), 2003 (n=948), 2004 (n=1067), 2006 (n=921)

Perceived knowledge about shares

Over the past two years perceived share knowledge among direct investors has increased significantly. In 2004, 50% claimed to be very or somewhat knowledgeable about shares increasing to 59% in 2006.

Perceived share knowledge



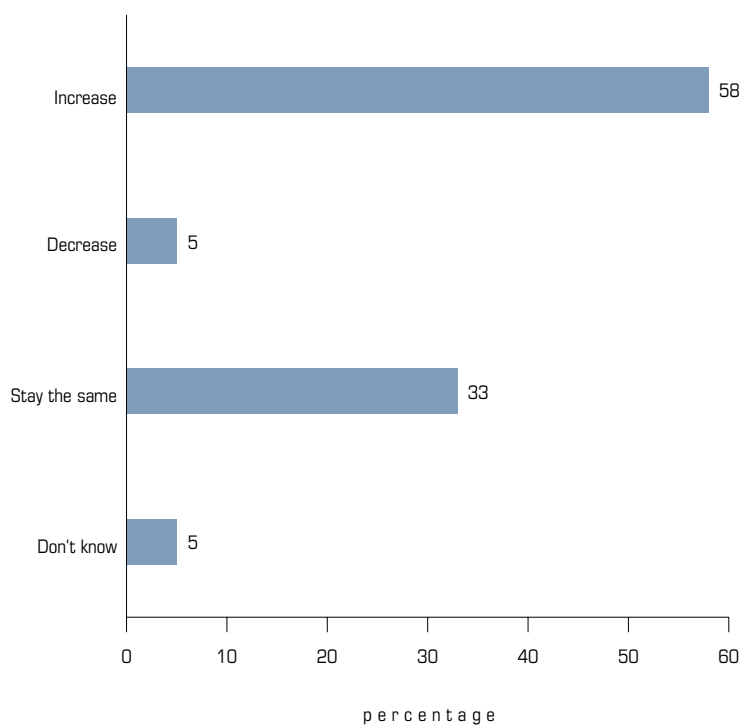
- Very knowledgeable
- Somewhat knowledgeable
- Not very knowledgeable
- Not at all knowledgeable

Base: Have direct investments 2004 (n=1067), 2006 (921)

The Future Outlook

Three in five (58%) direct investors indicated that they plan to increase the proportion of money invested in the share market in the next 12 months, while for a third (33%) this was likely to stay the same.

Proportion of funds into shares



Base: Have direct investments (n=921)

This is supported with half the direct investors (51%) claiming that they are probably or definitely likely to buy shares in the next 12 months. This is a slight increase from 2004 where 46% indicated a likelihood of buying shares in the oncoming year.

Likelihood of buying shares



- Definitely won't
- Probably won't
- Or, are you unsure as to whether you will buy shares in the next 12 months
- Probably will
- Definitely will

Base: Have direct investments 2004 (n=1067), 2006 (921)

Not All Direct Share Owners are the Same

The 2006 study revealed that not all share holders are the same. In fact there are four distinct groups of direct share holders who have differing attitudes towards investing and consequently behave differently.

The Confidents

The Confidents represent 13% of the Australian population or 2 million people. Overall they are characterised as finding the share market an exciting challenge and enjoy managing their investments. They believe they know enough about the share market to confidently make decisions on what to buy and sell, feel they get better returns than the so called 'professionals' by relying on their own decisions and are the least likely to feel nervous about the share market.

They definitely intend to get more involved in the share market in the future, yet were the least likely to prefer companies that are socially and environmentally responsible. They were however the most likely to regard the Australian share market as being well regulated.

Overall this segment is likely to be male with household incomes of at least \$100,000.

Confidents are most likely to have a diversified portfolio with investments in shares, residential investment property, other investment property such as commercial property, managed funds, other listed investments such as options, warrants etc, as well as overseas shares. Compared to other segments Confidents were also more inclined to be aware of and trading Contracts for Difference (CFDs), as well as being the most likely to have a self managed superannuation fund.

Confidents tend to invest in a mixture of both small and large companies across more than three industry sectors predominately using one broker who is most likely to be internet based discount broker. In terms of sources used for information on shares newspapers and the internet are their prime sources. They are the most likely to claim that they are knowledgeable about shares.

Three in five claim that the proportion of money they have invested in shares will increase in the next 12 months and thus are highly likely to also buy shares in the next 12 months.

Highly Receptives

At 10% of the population or 1.6 million people, overall they feel they should be doing something about buying more shares but don't know where to start. Furthermore they intend to get more involved in the share market in the future and would like to become more involved but are confused by all the information on shares as they feel they do not know enough about investing in the share market. Consequently Highly Receptives are keen to find out more about the market.

Demographically they are equally likely to be male or female, yet more inclined to be aged 18 to 44 years with household incomes of \$100,000 to \$200,000.

Highly Receptives first entered the share market in the mid 1990s to early 2000s. They tend to invest in either only large well known blue chip companies or a mixture of both large and small companies predominately across two or three industry sectors. They tend to use friends/family and newspapers as their main sources for information on shares.

Two in three claim that the proportion of money they have invested in shares will increase in the next 12 months and consequently are likely to buy shares in the next 12 months.

Security Conscious

Representing the smallest group at 7% of the population or 1.1 million, Security Conscious like owning shares but they claim shares will never be a major part of their investment portfolio. Furthermore they feel comfortable with their current exposure to the share market and are unlikely to participate further. They do however tend to rely on their own gut feeling when it comes to investing in shares, mainly considering investing in the safer blue chip shares.

Demographically they are also equally likely to be male or female, more skewed towards 35 years plus, with household incomes of \$100,000 to \$200,000.

Having a skew towards residential investment property, most first entered the share market in the mid-to late 1990s as a result of floats and demutualisations. They invest in only large well known blue chip companies in only one sector or at the most across two to three sectors.

Security Conscious tend to use friends/family, newspapers and the internet as their main sources for information on shares. They are most likely not to buy shares in the next 12 months.

Uninvolved

The Uninvolved group comprises 8% or 1.3 million people. When it comes to investing in shares they rely very much on the advice of experts as they are confused by all the information on shares, so while they like owning shares they will never be a major part of their investment.

Claiming that managed funds provide them with sufficient access to the share market and being comfortable with their current exposure to the share market, they are unlikely to participate further. If they were to consider investing in shares, they would consider blue chip shares.

Overall this segment is likely to be female and more skewed towards 45 plus years.

Uninvolved are skewed towards having managed investments. They first entered the share market in the mid 1990s to early 2000s. They invest in only large well known blue chip companies and are the least likely to have a stockbroker, however for those that do it tends to be a one that provides advice. Overall this segment tends to rely on their financial planner or advisor for information about shares.

Of all groups, the Uninvolved are the most likely to claim that they have little knowledge about shares and consequently highly unlikely to buy shares in the next 12 months.

Differing investor activity

As can be seen from the table below, the Confidants are the most active group of direct share holders having on average traded 21 times in the past year (that is almost twice a month), with a much larger trading parcel at almost \$18,000. They also have a larger number of companies in their portfolio at 15, as well as a larger amount invested in the share market at over \$300,000.

On most of these measures, and as expected from their attitudes, the Uninvolved are the least active and most likely to be passive share holders.

ACTIVITY SUMMARY BY SEGMENT

	Uninvolved	Security Conscious	Highly Receptive	Confidants
Average Number of Companies	5	6	7	15
Number of Trades in Last Year	1	1	3	21
Average Value of Trades	\$8,610	\$9,800	\$11,320	\$17,800
Average Value Invested ^{^*}	\$117,900	\$97,900	\$124,200	\$327,000

[^] New calculation based on expanded ranges

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

Non-Share Owners

The study also highlighted a segment of non-share owners that are possibly tomorrow's share owners. This segment known as Potentials represents 13% or 2 million people. Overall Potentials are likely to be male aged 18-34 years with household income of at least \$100,000 with tertiary qualifications. They currently have investments in residential investment property and managed funds.

They have thought about investing in shares and believe it is a good opportunity to do so in the current climate. Compared to other non-share owner groups, Potentials are the most knowledgeable about shares, most likely to have owned shares and to have been burnt by shares in the past. Never-the-less they are inclined to buy shares in the next 12 months

For completeness the other segments are Availables (17% or 2.7 million) who have thought about investing in shares but never got around to doing so, Nervous (15% or 2.4 million) who (as the name suggests) too nervous in the current economic climate and Unavailables (17% or 2.7 million) who do not have the passion required to get involved in the share market, have the least knowledge about shares, never owned shares and are unlikely to do so. Overall all three groups are unlikely to buy shares in the next 12 months.

Overall

Based on this study, it is anticipated that 28% of the Australia population may purchase shares in the next 12 months which equates to 4.4 million people. This represents 51% of those with direct investments or 3.1 million people and 13% of non-share owners or 1.3 million.

International Comparisons

As in previous reports, a comparison of share ownership internationally is included. Due to differences in methodology, sampling, timing and definitions of the available international studies absolute comparisons cannot be undertaken. It is however interesting to see the incidences of share ownership in the countries reported as well the trends since 2000.

Despite the decline in share ownership amongst the Australian population, Australia still has among one of the highest penetrations of share ownership when compared to that of other reported nations.

	00	01	02	03	04	05	06
Australia – Direct	40%	N/a	37%	39%	44%	N/a	38%
Direct/Indirect	52%		50%	51%	55%		46%
Hong Kong – Shares	22%	20%	20%	18%	24%	29%	N/a
Korea – Stocks	7%	8%	8%	8%	8%	7%	N/a
Germany – Shares	10%	9%	8%	8%	7%	7%	N/a
Shares/Funds	19%	20%	18%	17%	16%	17%	N/a
Switzerland – Shares	32%	N/a	24%	N/a	20%	N/a	20%
Shares/funds	34%		25%		21%		21%
Sweden – shares	22%	22%	23%	22%	22%	21%	20%
UK – Stocks/shares	25%	24%	22%	N/a	N/a	21%*	N/a
Canada – Shares/Funds	49%	N/a	46%	N/a	49%	N/a	N/a
USA – Direct/Indirect	N/a	52%	^50%	N/a	49%	^50%	N/a
New Zealand – Direct	21%	N/a	N/a	N/a	N/a	23%	N/a

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

Table Sources:

Australia	'2006 Australian Share Ownership Study', Australian Securities Exchange 2007
Hong Kong	'Retail Investor Survey 2005', Hong Kong Exchanges & Clearing Ltd, June 2006
Korea	'Investing Population 1997-2005', Korean Stock Exchange, Stock Market Division
Germany	'Deutsches Aktieninstitut FactBook', Deutsches Aktieninstitut, April 2006
Switzerland	'Equity Ownership in Switzerland 2006', Swiss Banking Institute, University of Zurich
Sweden	'Ownership of shares in companies quoted on Swedish Exchanges', Statistics Sweden, December 2006
UK	'Private Share Ownership in Britain 2002', Proshare, September 2002, and *'Family Resources Survey UK 2004-2005', National Statistics
Canada	'Canadian Shareowners Study 2004', Toronto Stock Exchange, July 2004
USA	'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
New Zealand	'More New Zealanders are Investing in the Share Market', NZX, July 2005

About This Study

Background

The 2006 Australian Share Ownership Study is the latest study conducted by the Australian Securities Exchange which looks into the penetration of share ownership among the Australian population. In addition it offers an insight into the investment behaviour and attitudes of investors towards the share market, as well as provides some detail into highlighting the differences between different type of direct investors.

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

Approach

Assisting ASX with this study were two independent market research companies. As in the past, Millward Brown Australia conducted the quantitative stage of the study, with Creative Catalyst Insights providing further insights through a qualitative stage that followed.

As with previous studies, Millward Brown Australia conducted a telephone survey. This was undertaken in November 2006 among 2,405 randomly selected people aged 18 years and over from across all States covering both metropolitan and regional areas using the latest Telstra White Pages.

Strict stratified random sampling procedures were used, which included the random selection of households and of individuals in each household. To ensure the sample captured those people who were frequently away from home, a system of callbacks and appointments was incorporated. This ensured the integrity of the sample. 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 2,500 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 38% of the population hold shares directly. This figure is close to 40%, so in 95 cases out of 100 it will fall between 36% and 40% (38% +_ 2%) and still be a valid and reliable finding.

Creative Catalyst Insights undertook qualitative research in the form of discussion groups among people aged 35 to 70 years who held share directly in 2004, who had since then exited the market, ie sold their shares, and were no longer shareholders during 2006. These group discussions were held in Sydney, Wollongong, Brisbane and the Gold Coast.

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