

2006 Australian Share Ownership Study

May 2007

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Introduction

- The Share Ownership Survey (SOS) was conducted via a telephone survey with an Australia-wide sample of 2,405 people in November 2006, followed by qualitative research in early 2007.
- SOS aims to provide the latest information on the attitudes, knowledge & behaviour of retail participants towards share investing in Australia.

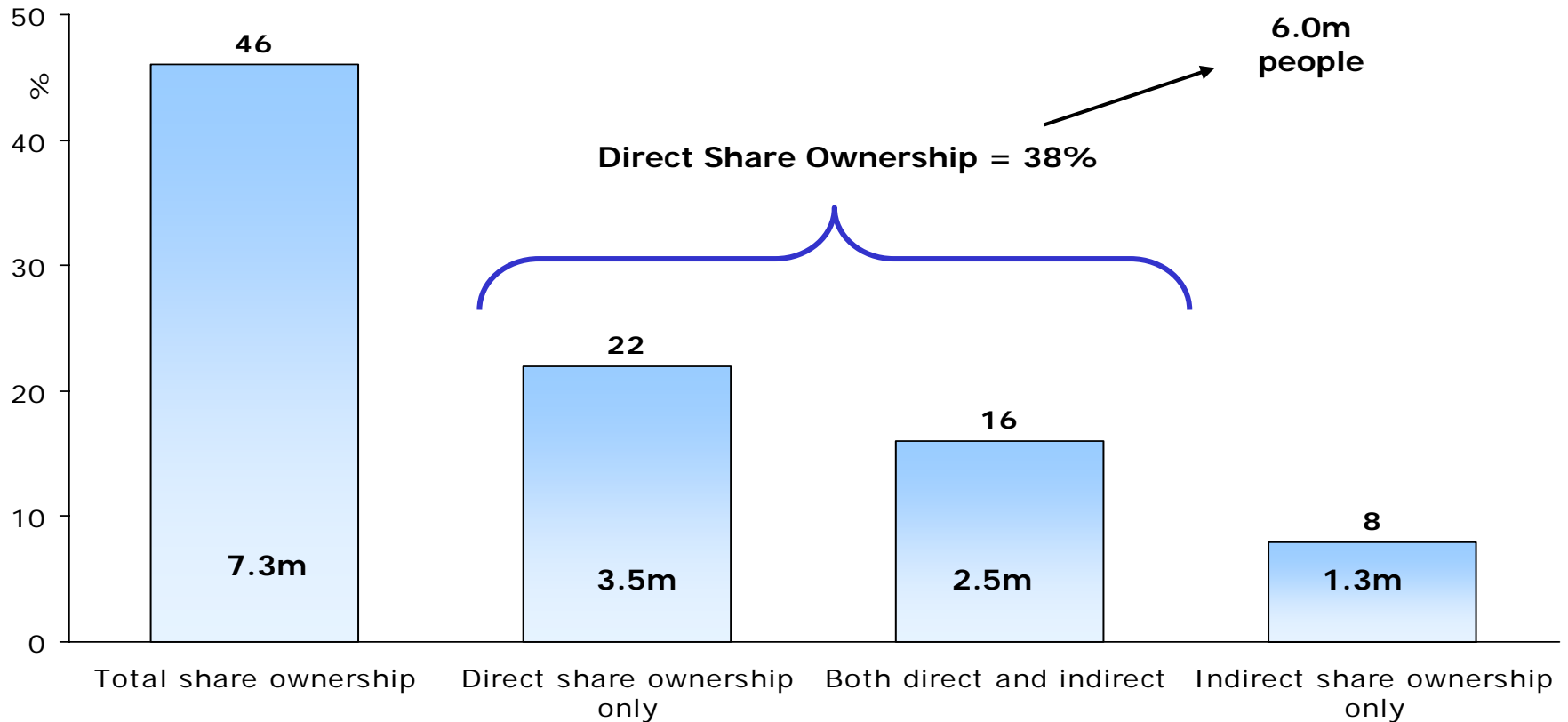
Key highlights

- 46% of Australians or 7.3 million people own shares directly or indirectly
- While some investors have left the market since 2004, today's shareholders are more active, sophisticated & knowledgeable
- Investor sophistication is seen in the growing prevalence of overseas shares, in the rise in the average number of companies being held, including mixture of companies across a variety of sectors
- Knowledge about the share market has improved and overall attitudes towards share investing remain positive
- Newspapers, friends/family & financial planners are key information sources
- Today's shareholder is just as likely to be male as female

Key findings

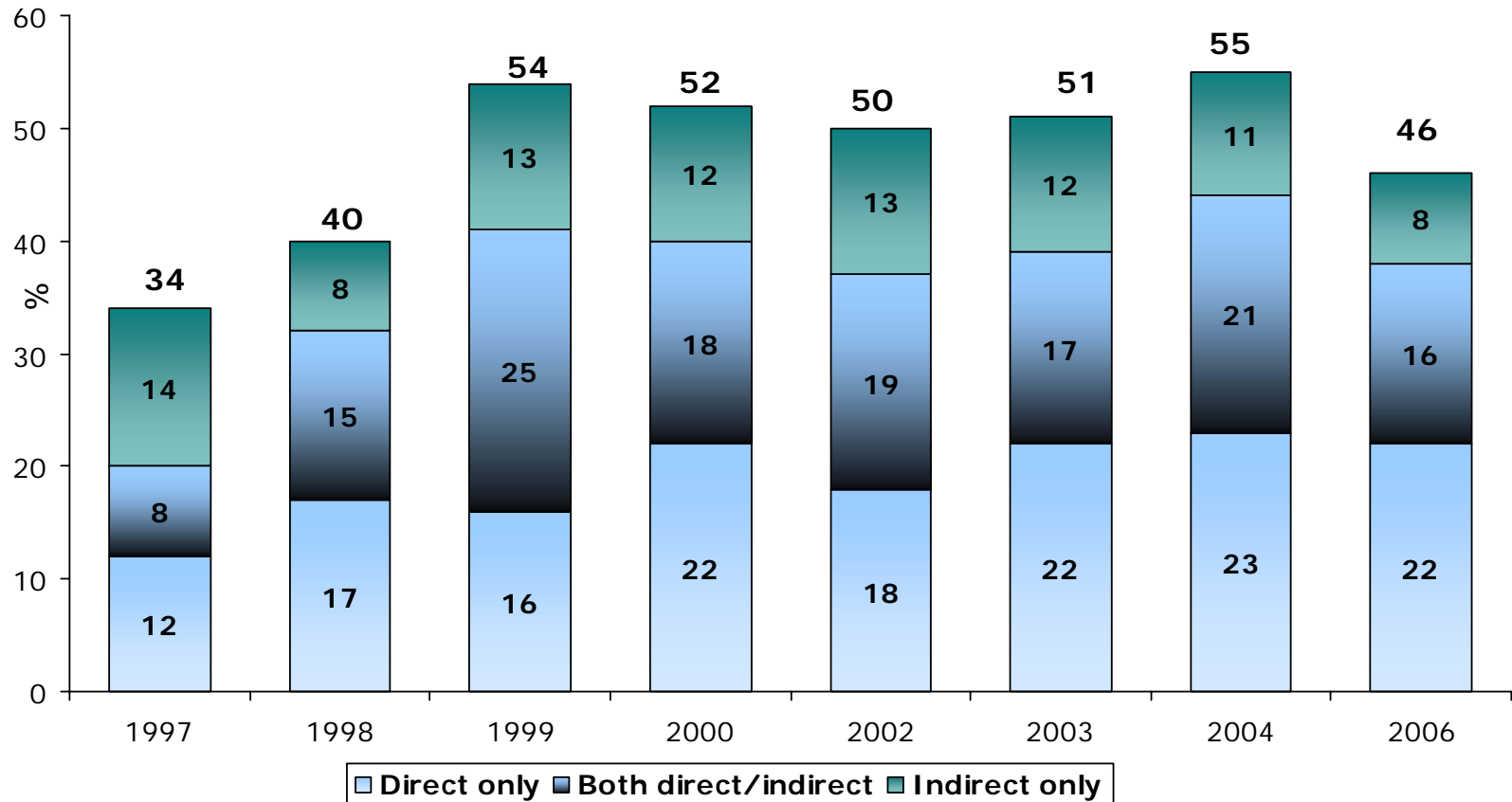
- Share ownership in Australia
- Direct & indirect share ownership
- Typical profile of a direct share owner
- Investor behaviour
- Investor attitudes
- Future outlook

46% of Australians own shares



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

Drop in total share ownership



Base: All Australian adults aged 18 years +

Why the drop in share ownership?



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- Departure of passive investors: entered 'accidentally', held few shares of small value for a long time
- Paying off debt (mortgages, credit card), or buying or supporting own business
- Disappointed with performance of shares/funds
- Generally not interested in the share market
- Felt ignorant
- Lack of tangibility
- Investing required a lot of time: time to learn, research, monitor & manage one's portfolio

Key findings

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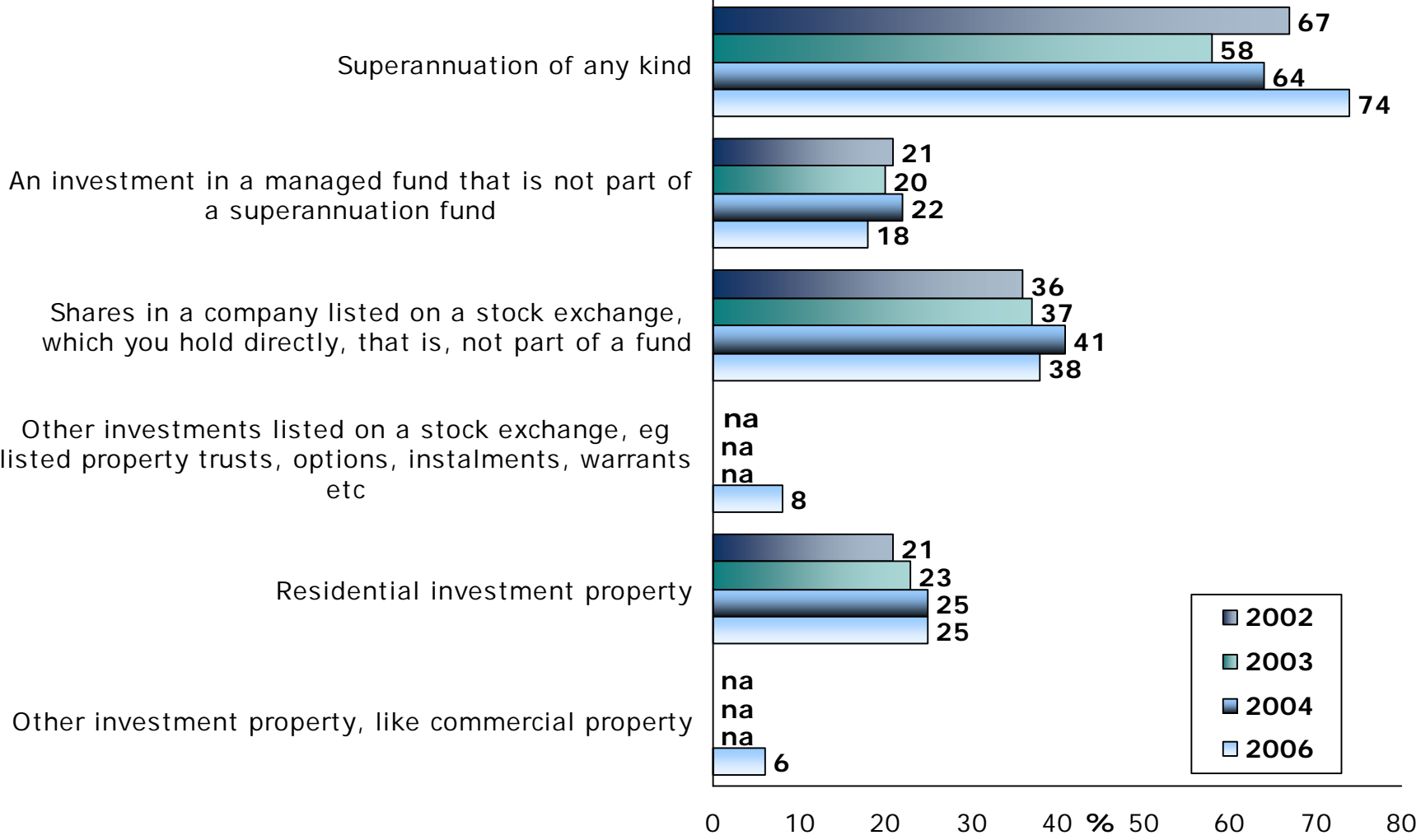
Definitions

- **Direct share ownership**
 - Shares in a company listed on the stock exchange held directly that are not part of a fund, OR
 - Other investments listed on a stock exchange: for example listed property trusts, options, instalments, warrants, etc
- **Indirect share ownership**
 - Investment in a managed fund that is not part of a superannuation fund, OR
 - Self-managed superannuation fund (via shares on a stock exchange, listed property trust, options, instalments, warrants, etc)

Outside of super, shares are most popular investment form



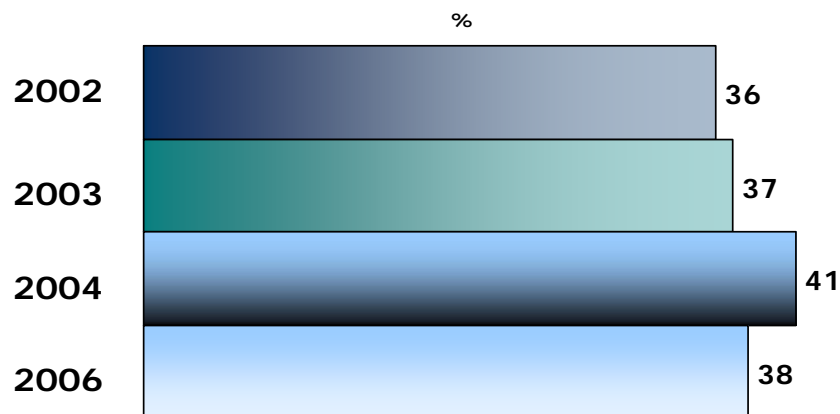
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Base: All aged 18 years + 2002 (n=2401), 2003 (n=2402), 2004 (n=2402), 2006 (n=2405)

Increase in ownership of overseas shares

Of those who directly own shares in a company listed on a stock exchange (that is not part of a fund)



<u>Listed on Overseas Stock Exchange</u>	
2002	7%
2003	10%
2004	14%
2006	19%

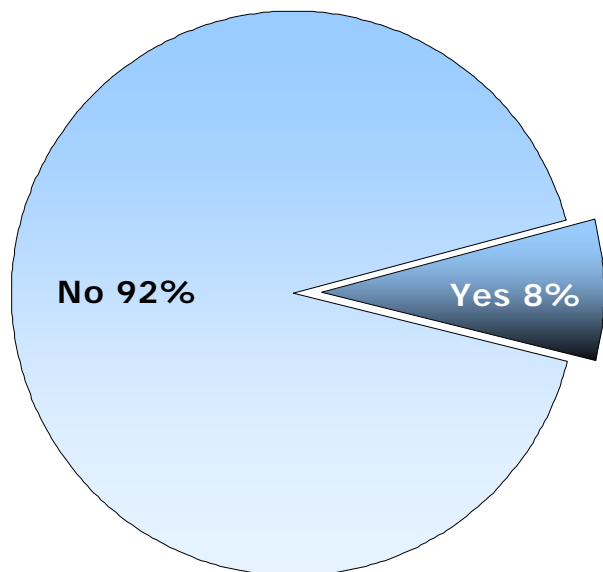
Base: All aged 18years + 2002 (n=2401), 2003 (n=2402), 2004 (n=2402), 2006 (n=2405)

LPTs are main other direct investment held



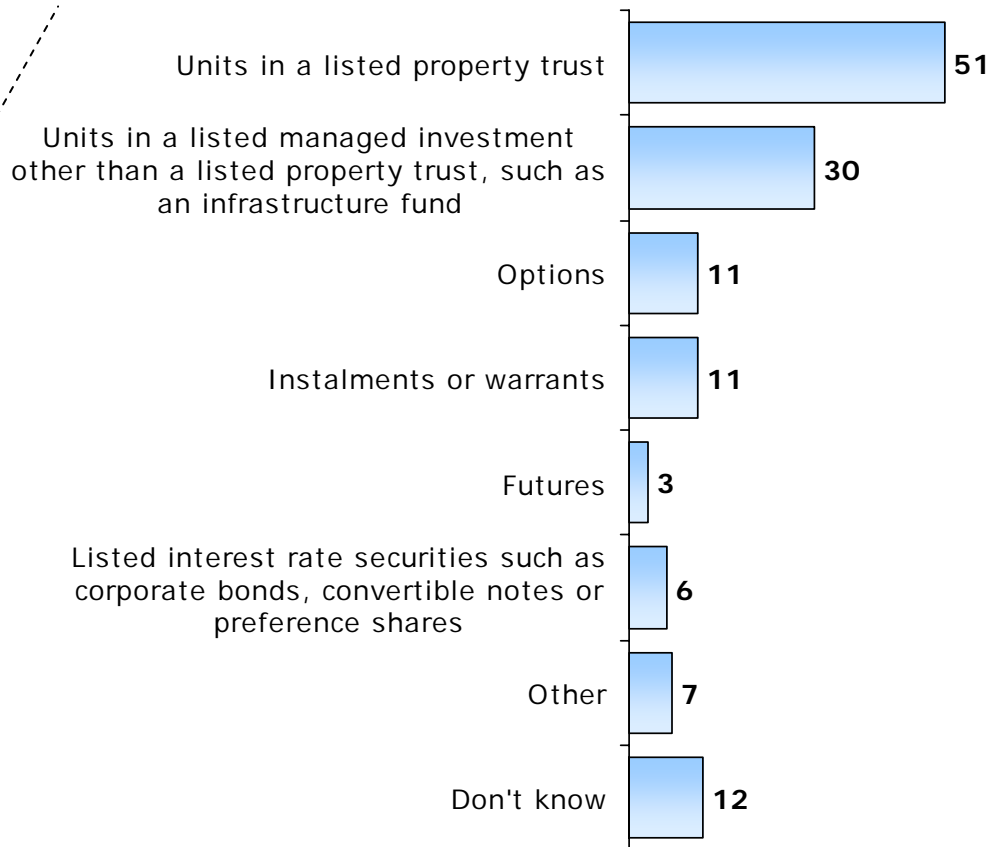
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Have other investments listed on a stock exchange



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

Type of other listed investments held %



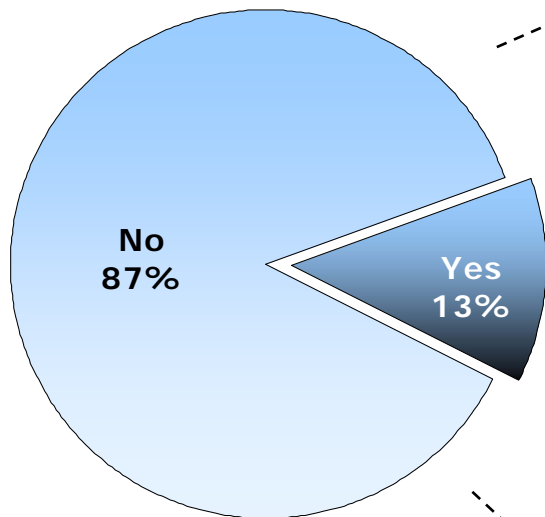
Base: Hold other investments listed on the stock exchange (n=196)

Shares main investment held as part of SMSF



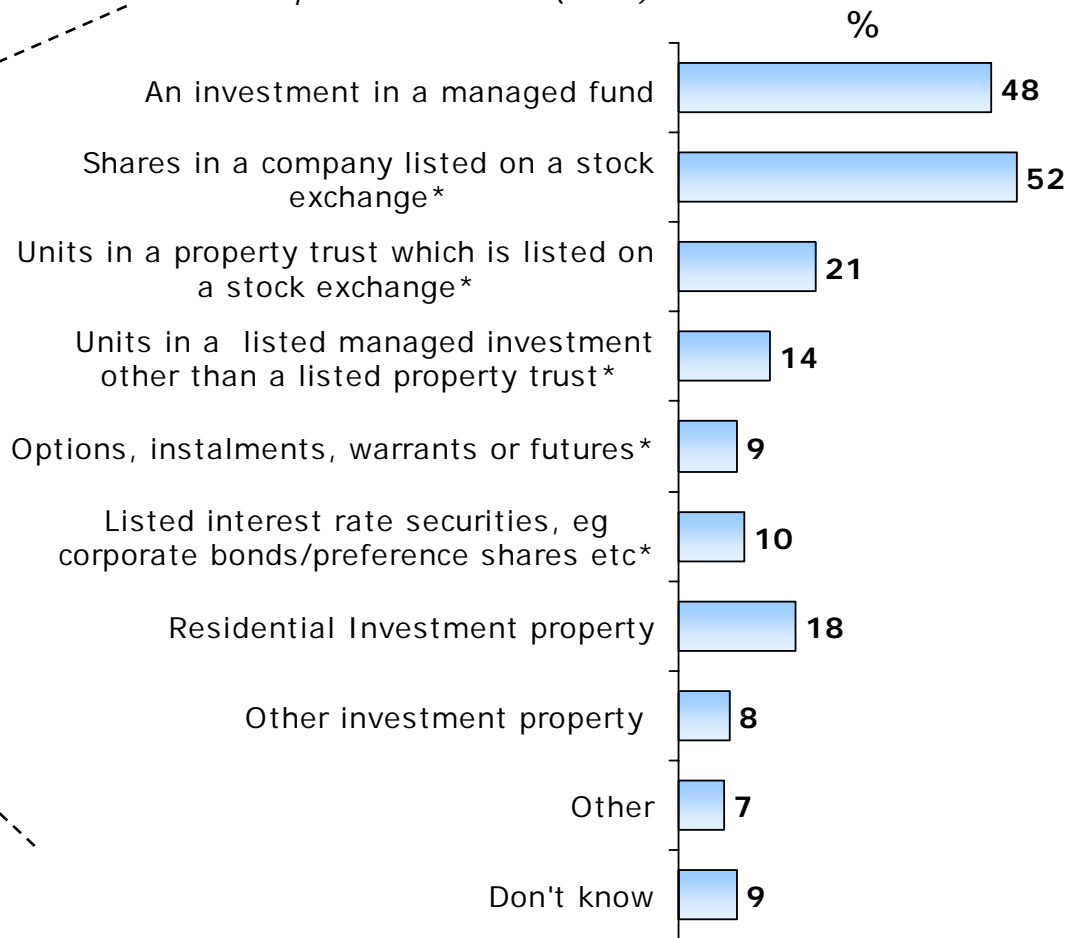
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Own self-managed superannuation fund (SMSF)



Base: Total Sample (n=2405)

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



Base: Have self-managed superannuation fund (n=299)

* = listed investments

Key findings

- Share ownership in Australia
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Typical profile of a direct share owner

- Just as likely to be male or female
- Aged at least 35-years old
- With tertiary qualifications
- Household income of at least \$100,000
- Equally likely to be from any state in the country (although to a lesser extent from Queensland)
- Tend to be from a capital city

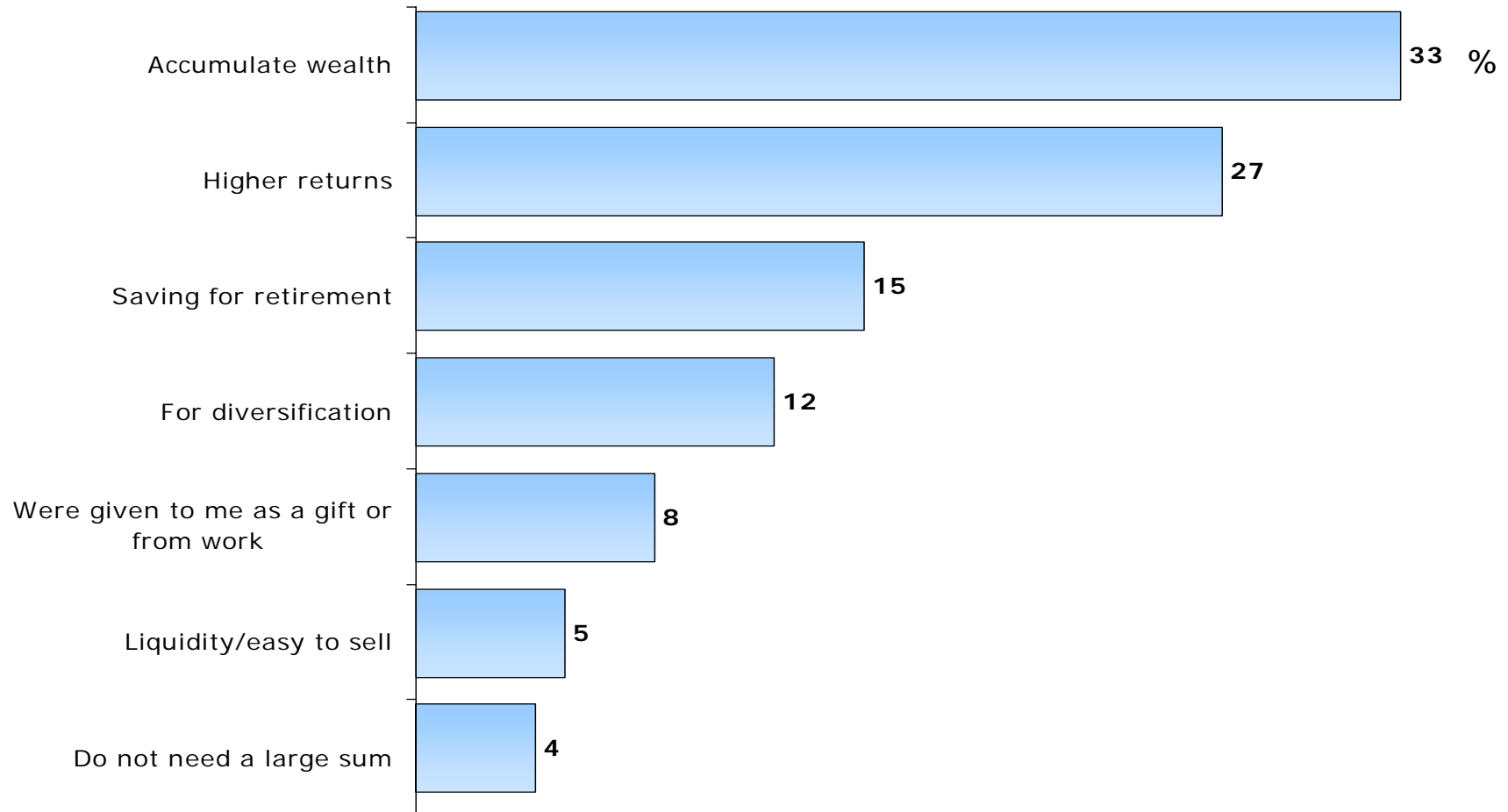
Changes since 2004

- Decrease in direct share ownership consistent across all age groups, education levels, household incomes & states
- Greatest change is related to gender & region
- Direct share ownership dropped among males (from 50% to 40%) & now on par with females (from 40% to 37%)
- Direct share ownership dropped in regional areas (from 45% to 32%) vis-à-vis capital cities (from 44% to 42%)

Key findings

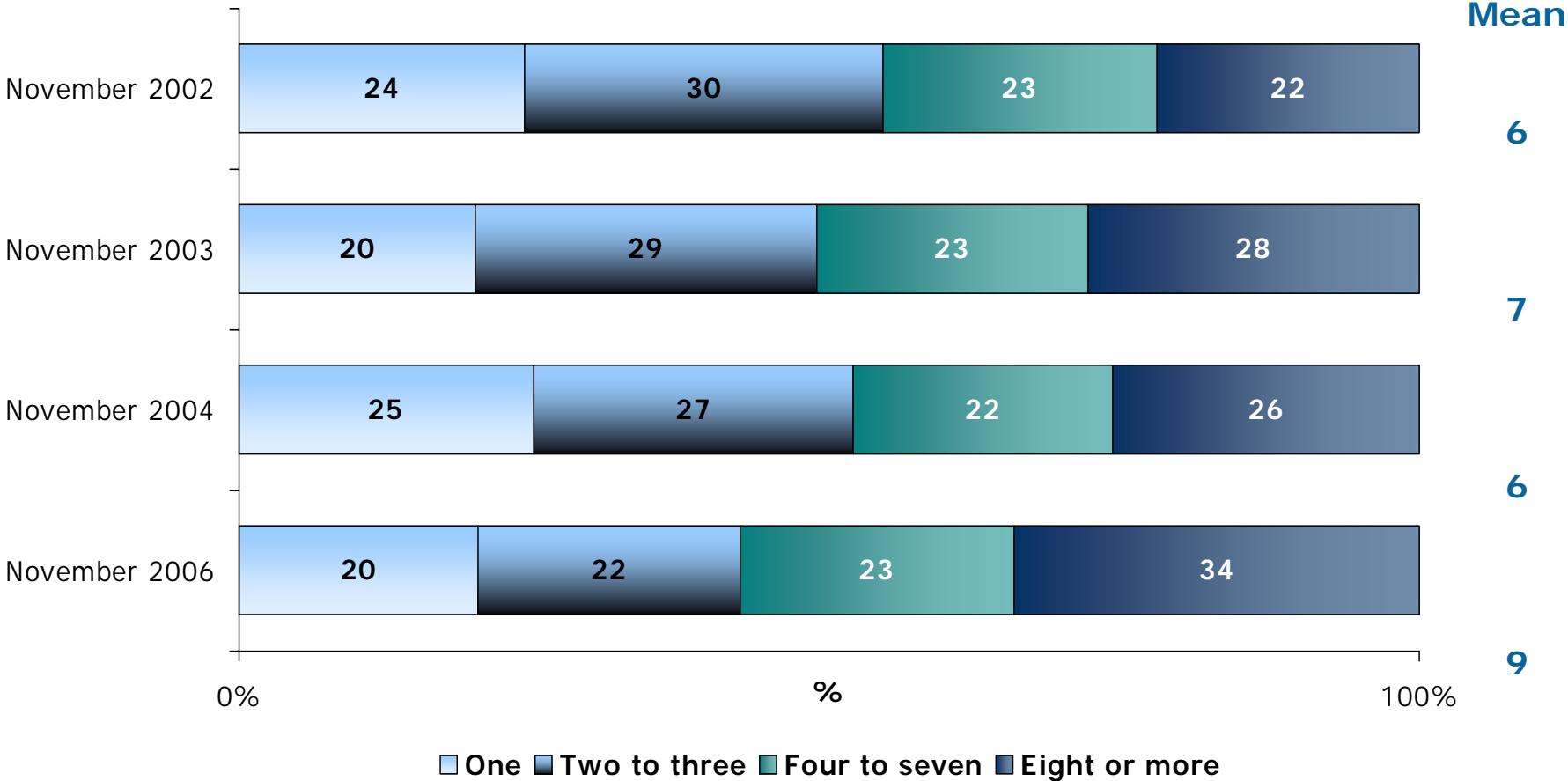
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'Accumulate wealth' main reason for share investing



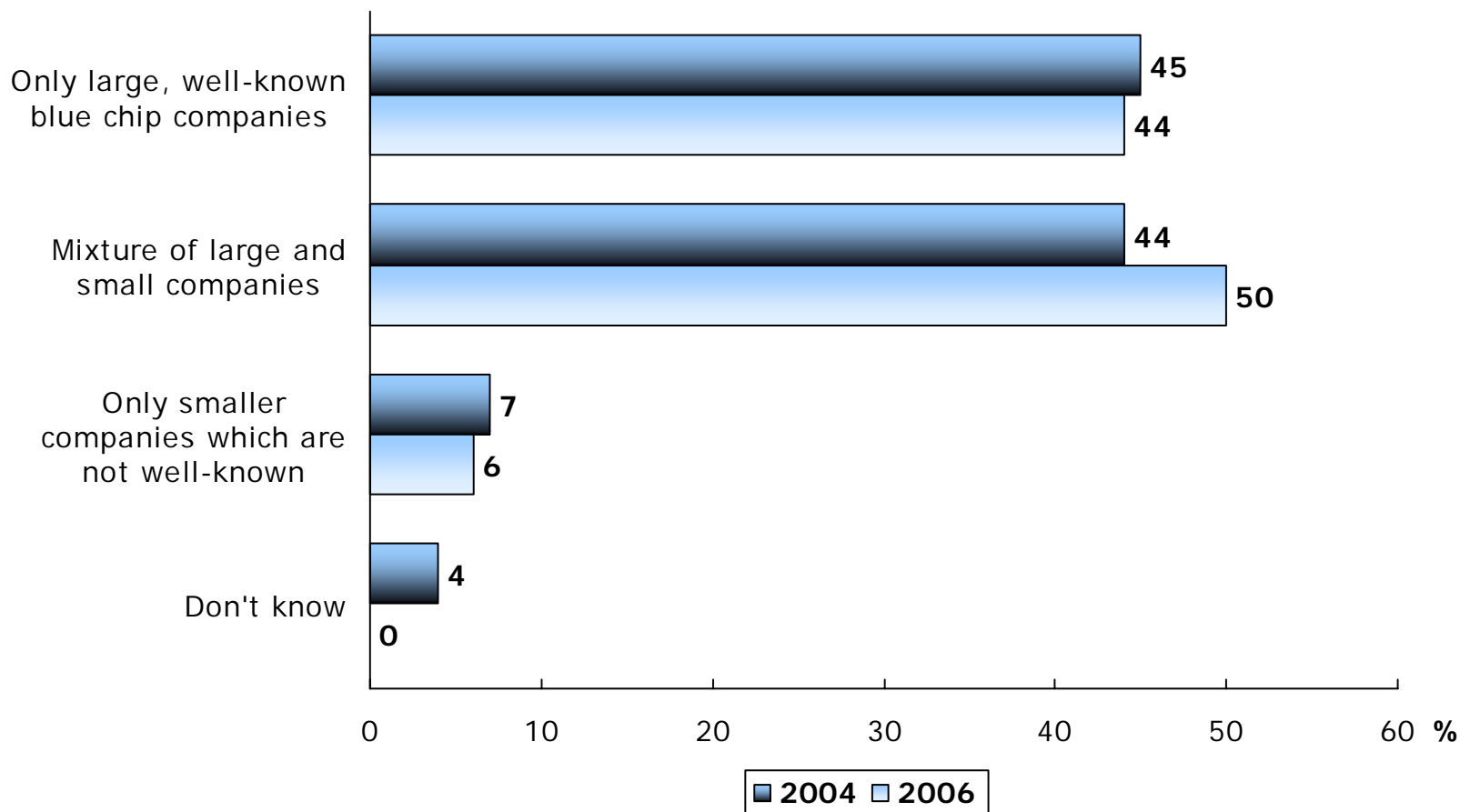
Base: Have direct investments 2004 (n=1067), 2006 (n=921)

Increase in 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)

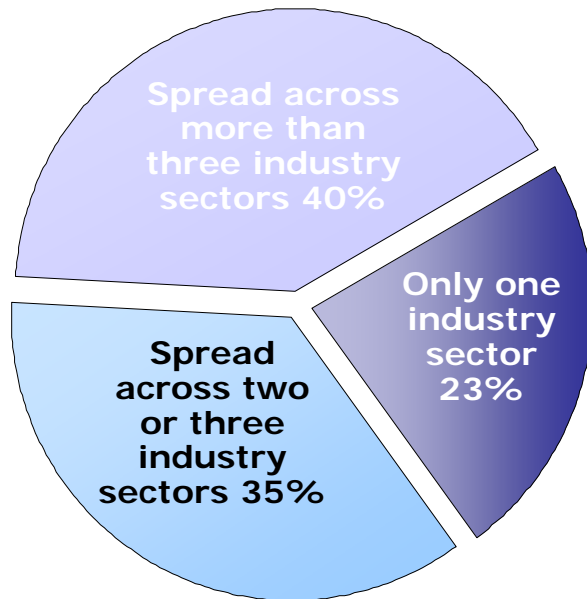
Mixture of companies held in portfolio



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

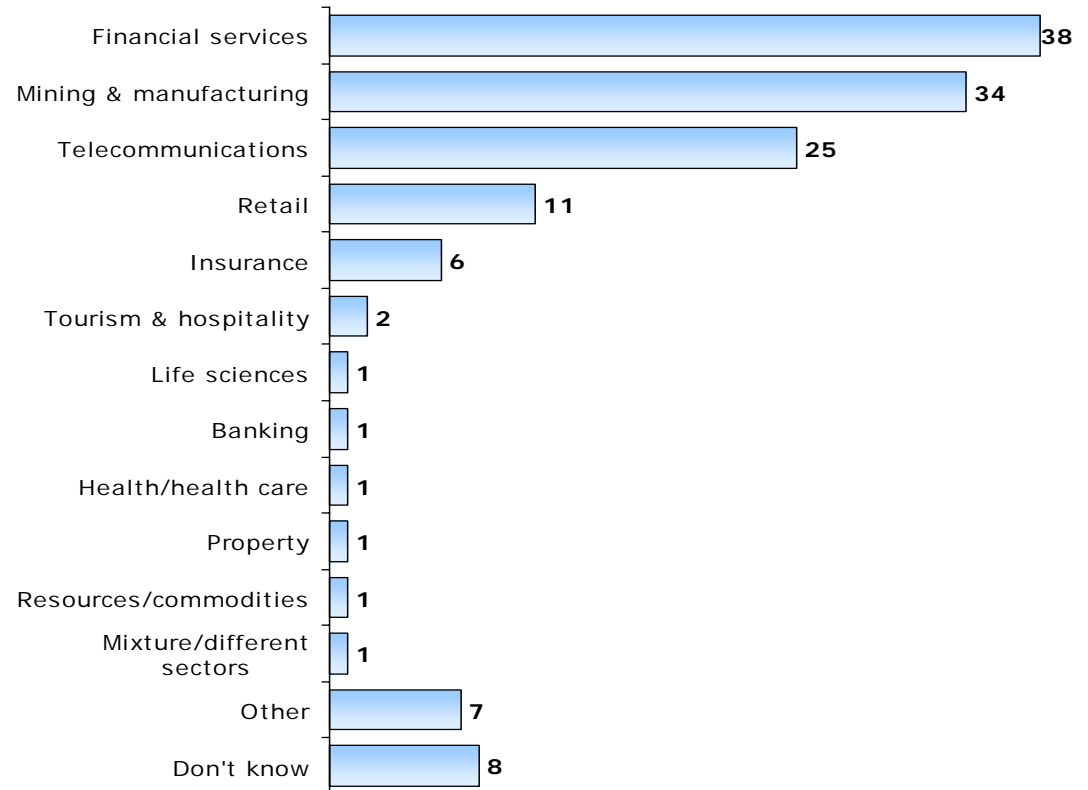
More than one industry sector held in portfolio

Number of industry sectors



Base: Have direct investments (n=921)

Type of industry sector %



Base: Have direct investments (n=921)

Increase in direct investor activity

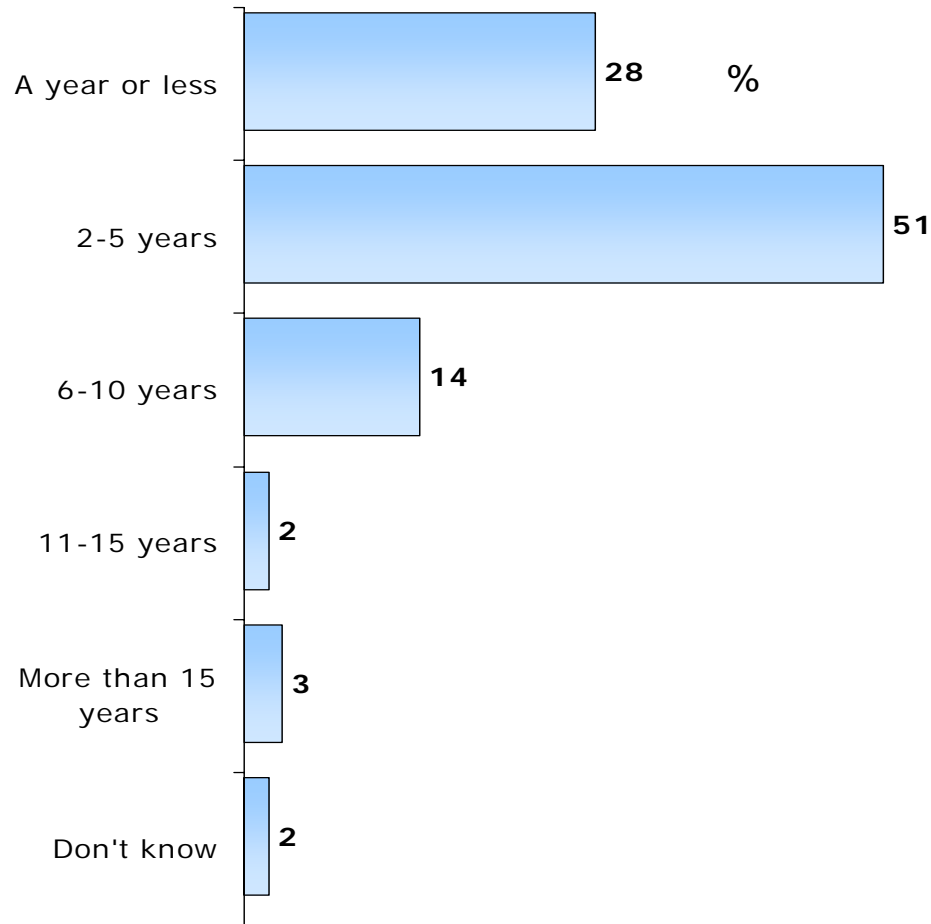


	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2006</u>
Average number of companies	6	7	6	9
Number of trades in last year	5	6	7	8
Average value of trades	\$8,830	\$10,650	\$11,150	\$14,200
Average value invested [^]	\$77,800	\$124,050	\$120,450	\$190,600*

[^] New calculation based on expanded ranges

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

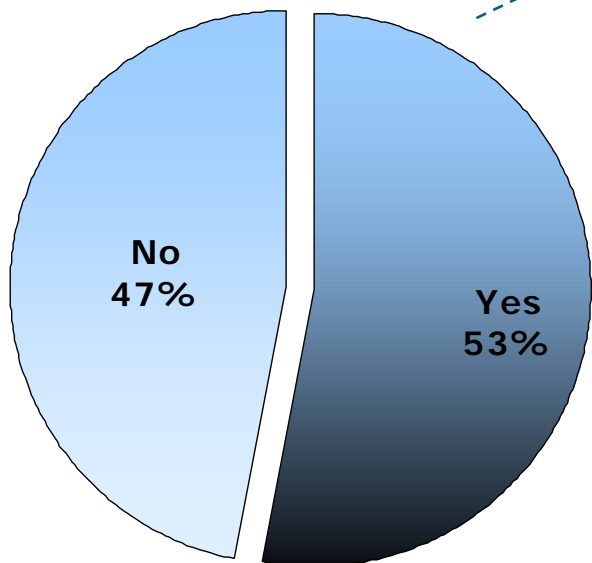
Shares typically held for up to five years



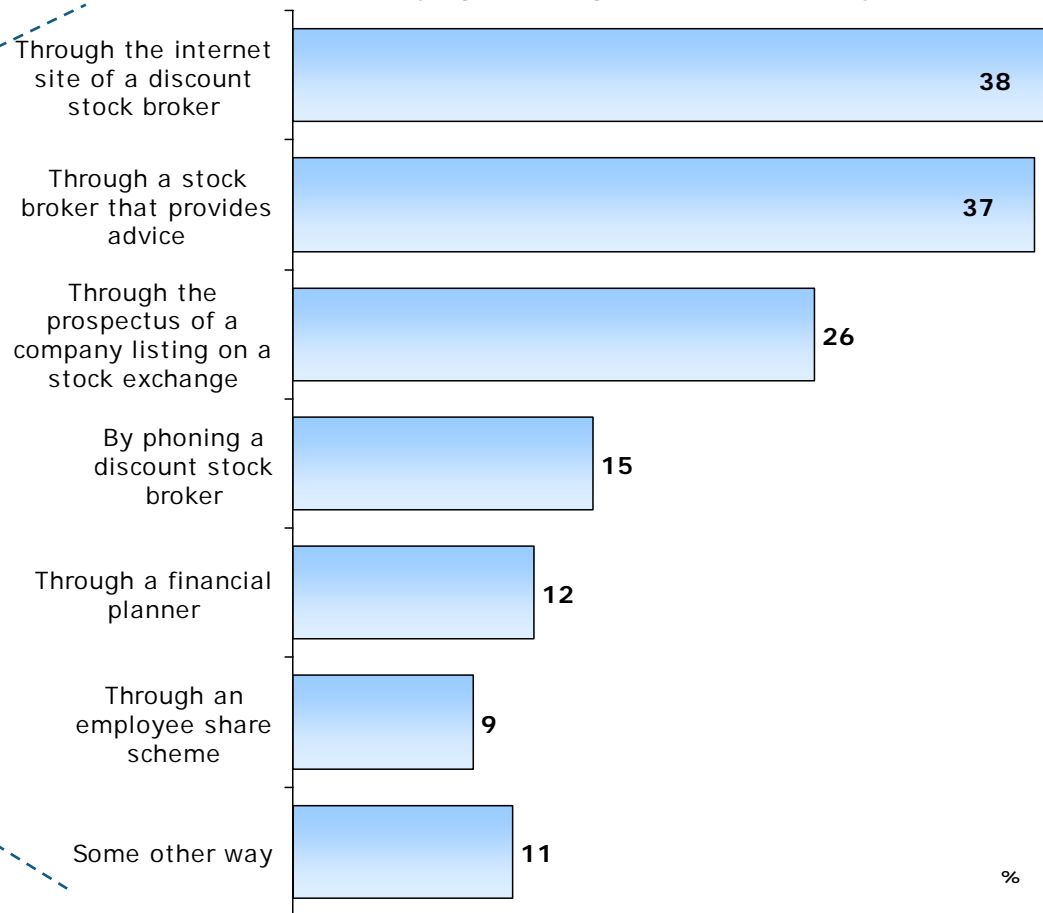
Base: Direct investors who have sold shares in last 12 months (n=316)

Internet & full service brokers popular means for trading

Have bought or sold shares in the last two years

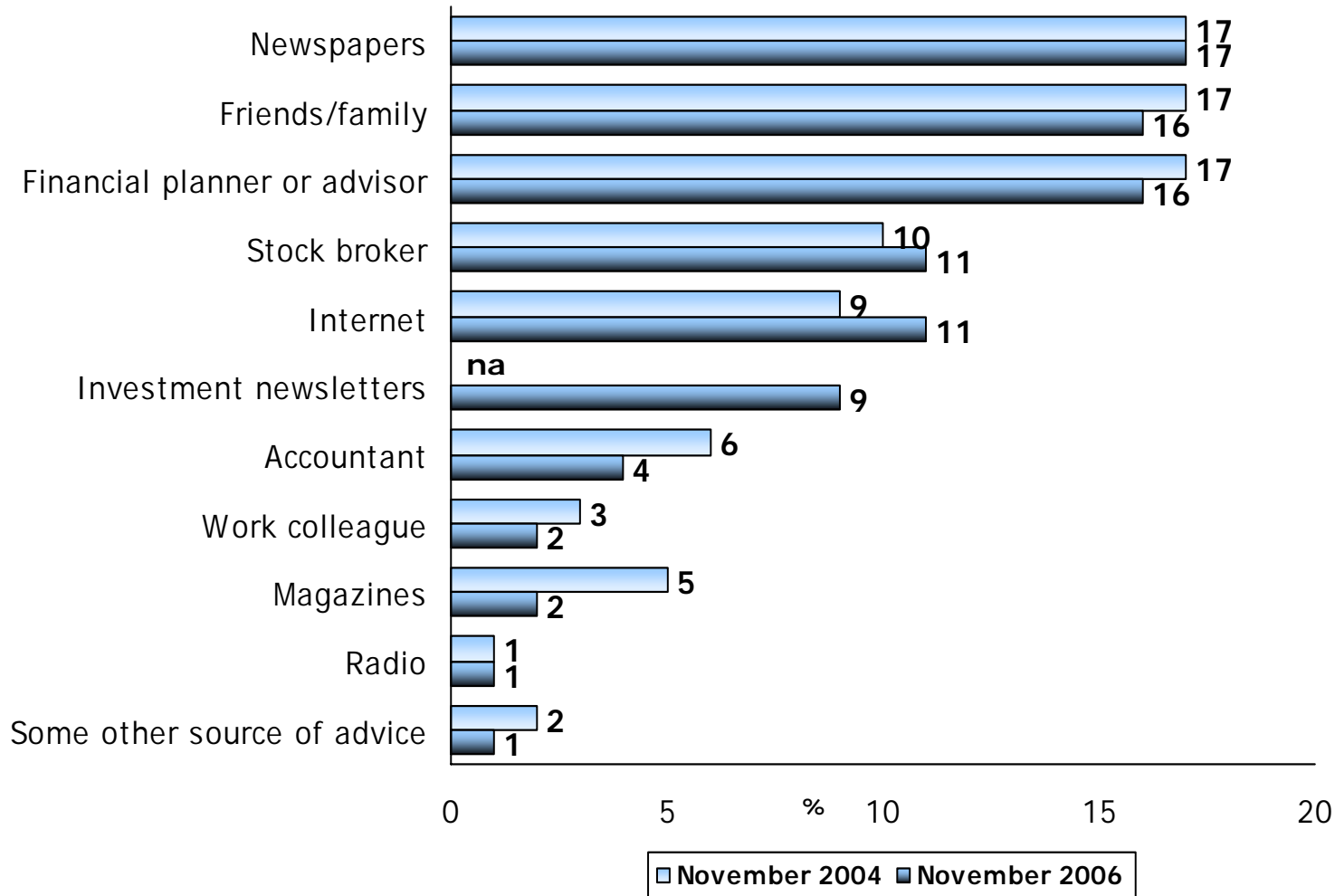


Method used for buying or selling shares in last two years



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

Newspapers and friends/family are key sources of advice & information



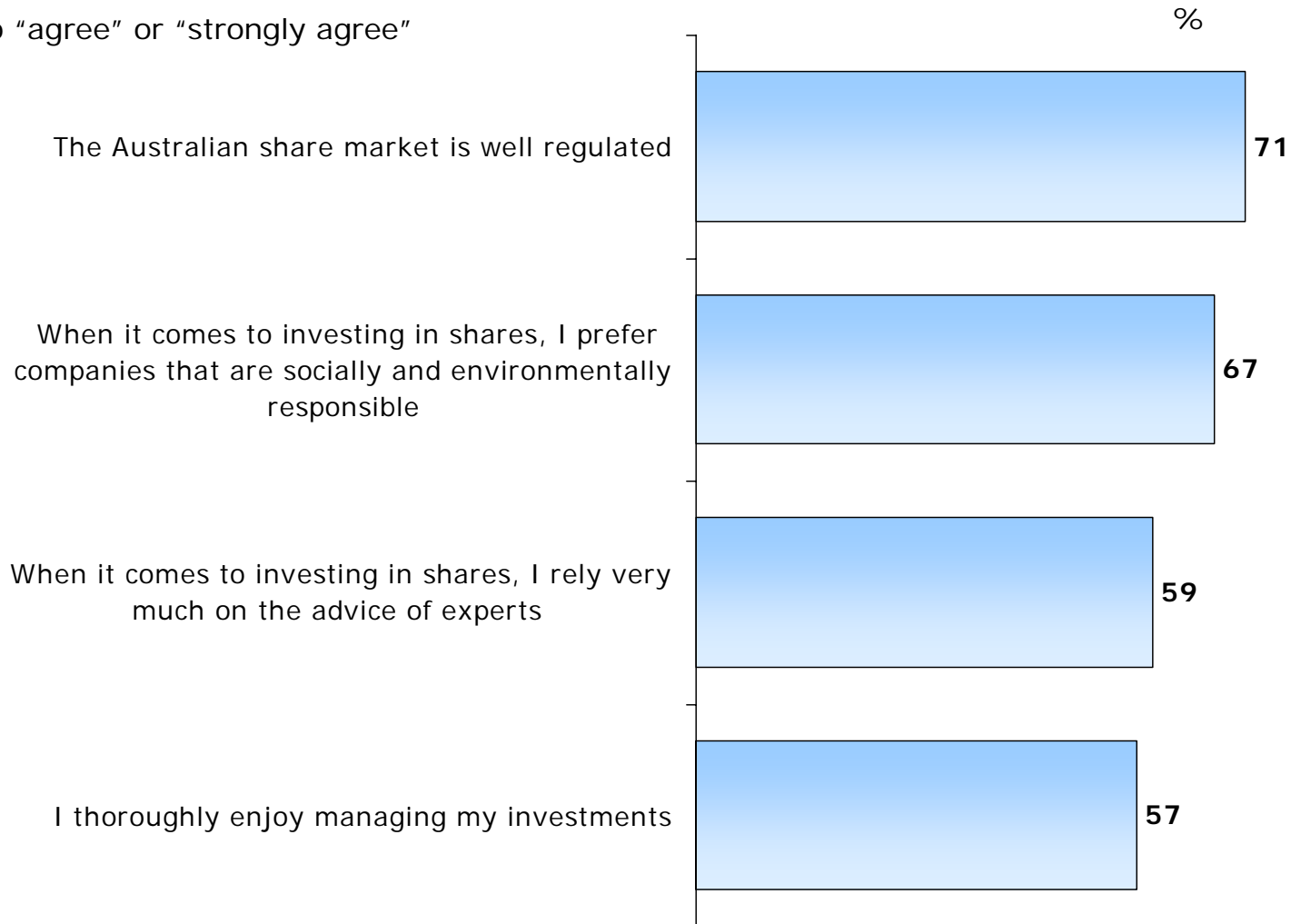
Base: Have direct investments and have used advice in the last two years 2004 (n=670), 2006 (n=509)

Key findings

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Overall attitudes towards share investing are positive

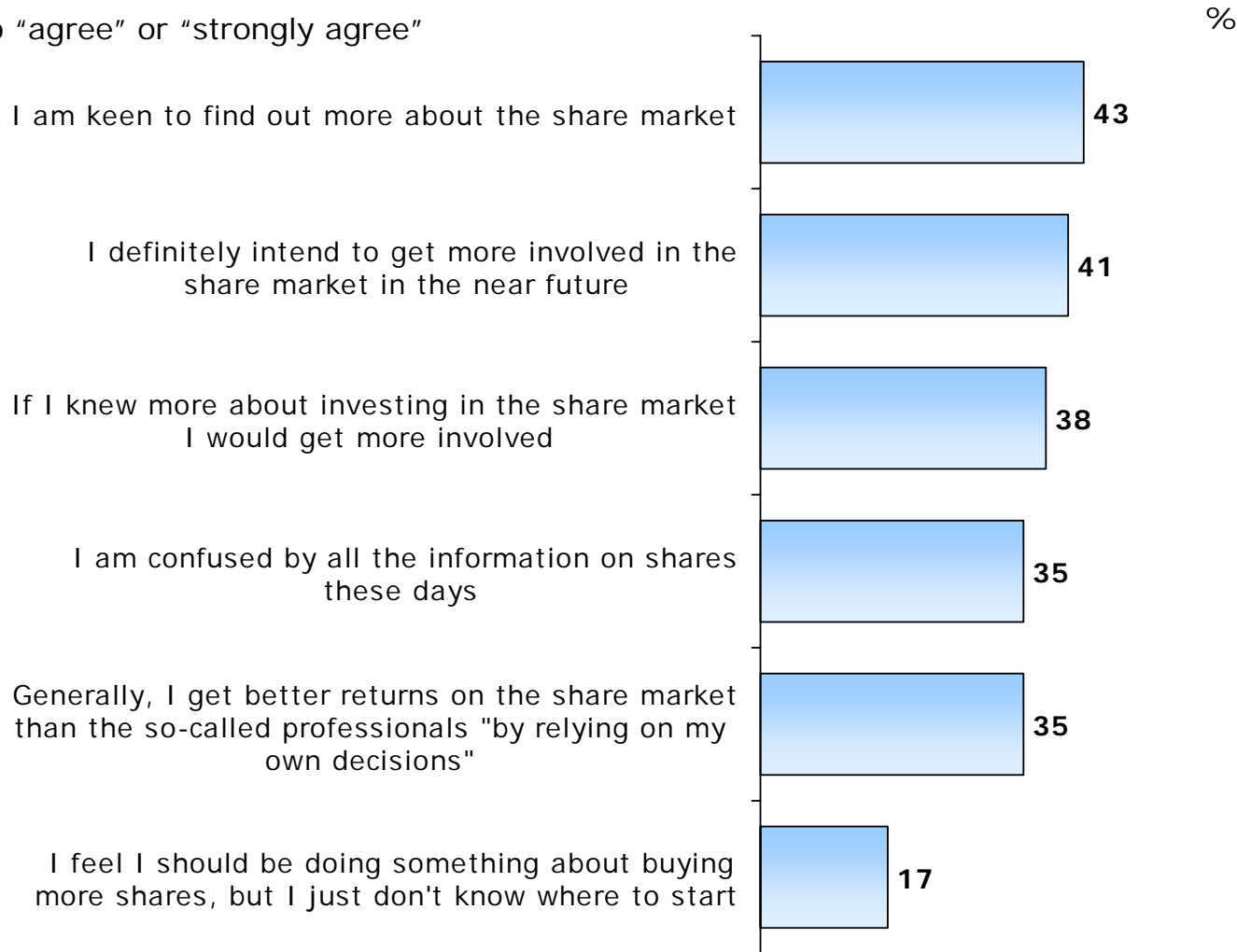
Those who "agree" or "strongly agree"



Base: Have direct investments 2006 (n=921)

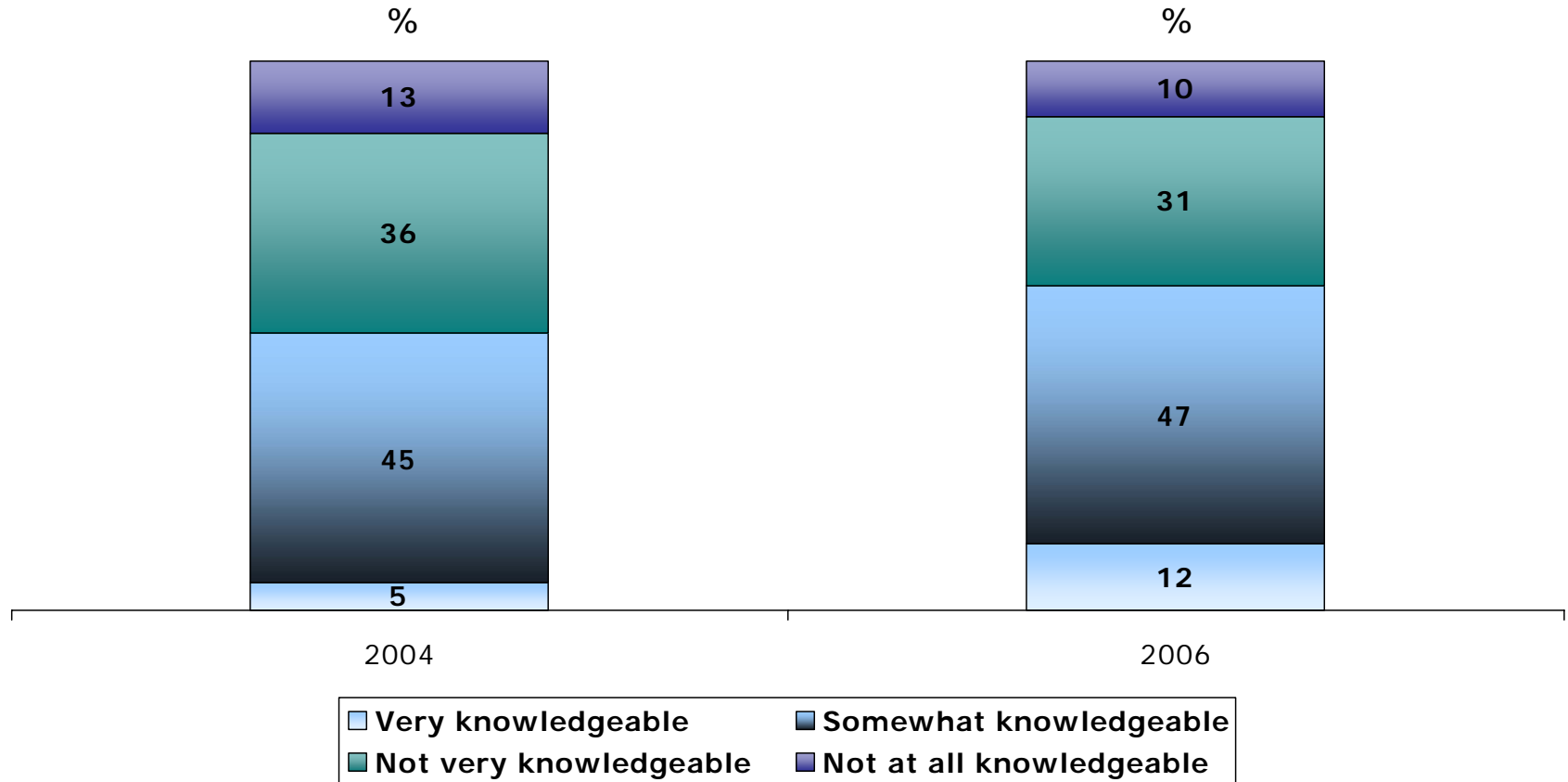
Continued positive attitudes towards share investing

Those who "agree" or "strongly agree"



Base: Have direct investments 2006 (n=921)

Share knowledge has increased

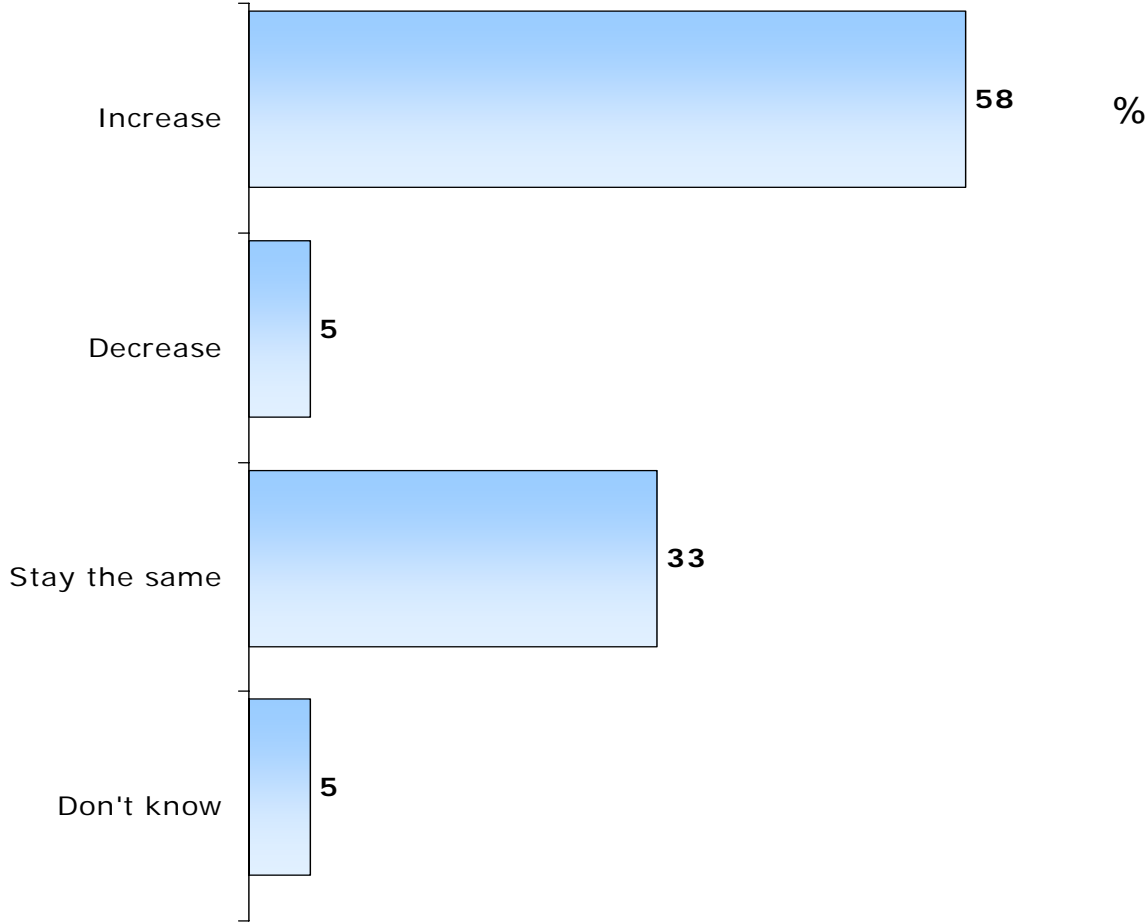


Base: Have direct investments 2004 (n=1067), 2006 (921)

Key findings

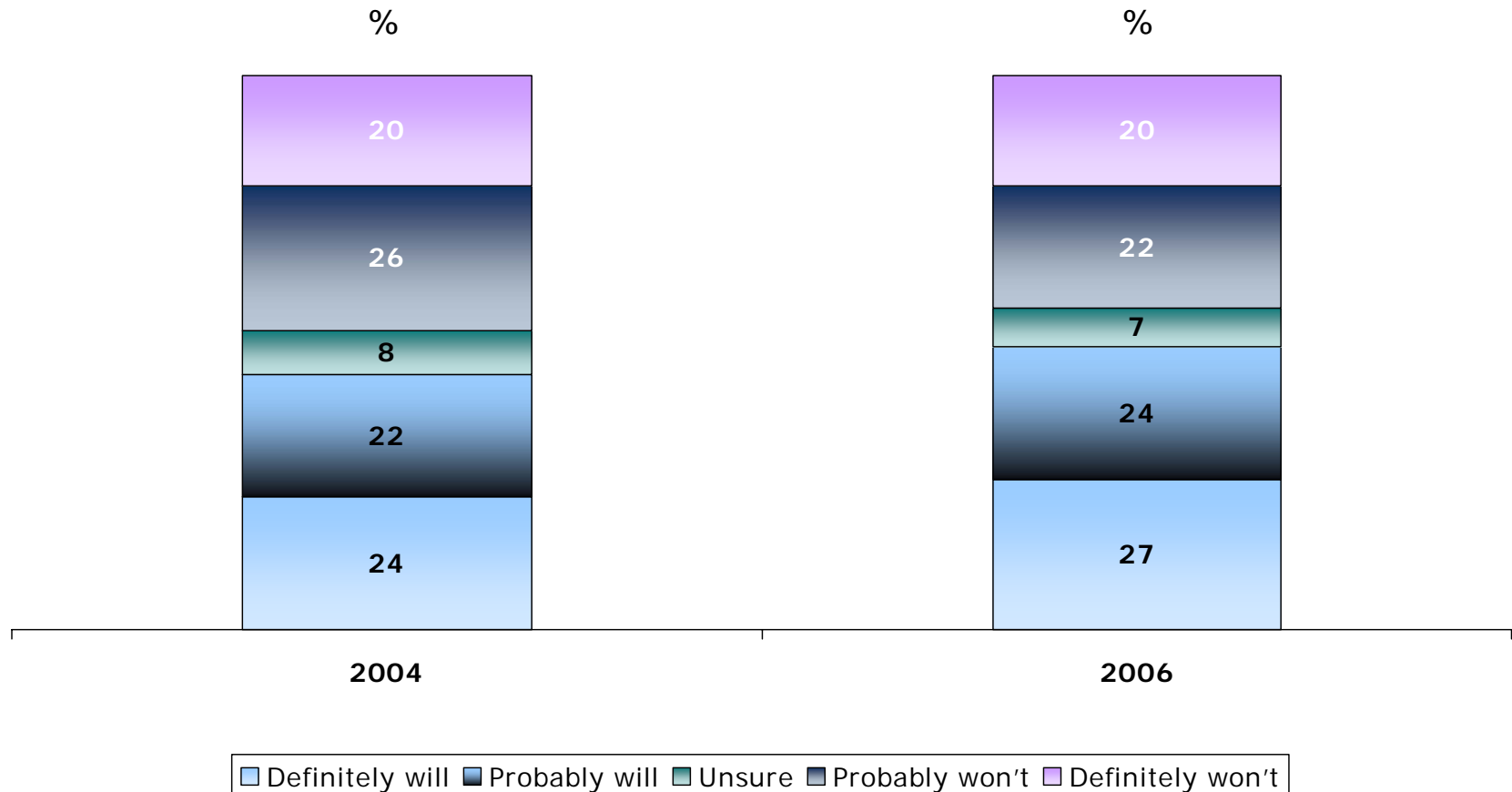
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Proportion of funds invested into shares likely to increase



Base: Have direct investments (n=921)

Likelihood of buying shares is favourable



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

Additional information

- Additional demographics
- Additional activity information
- International comparisons
- About this study

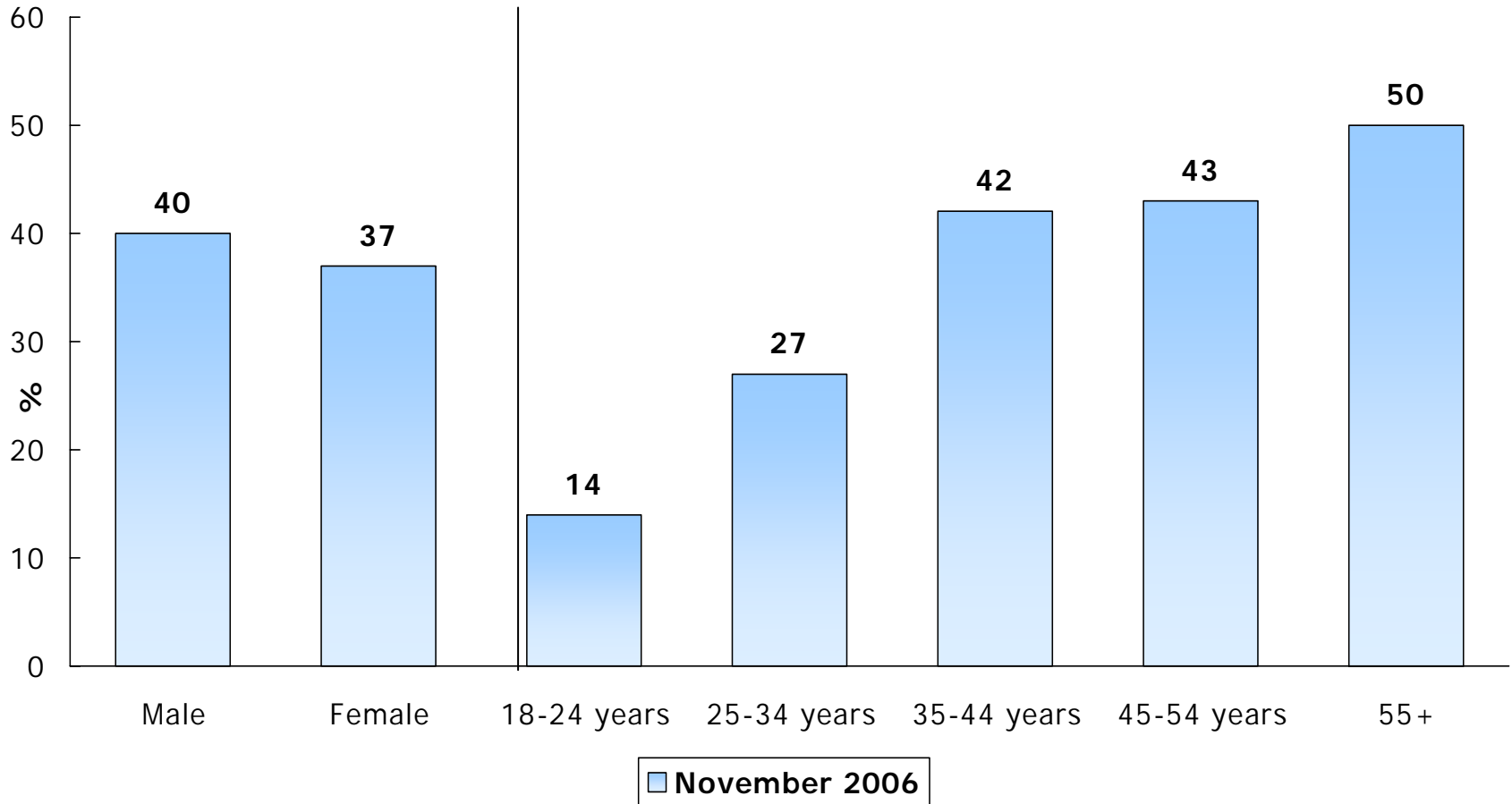
Gender & age



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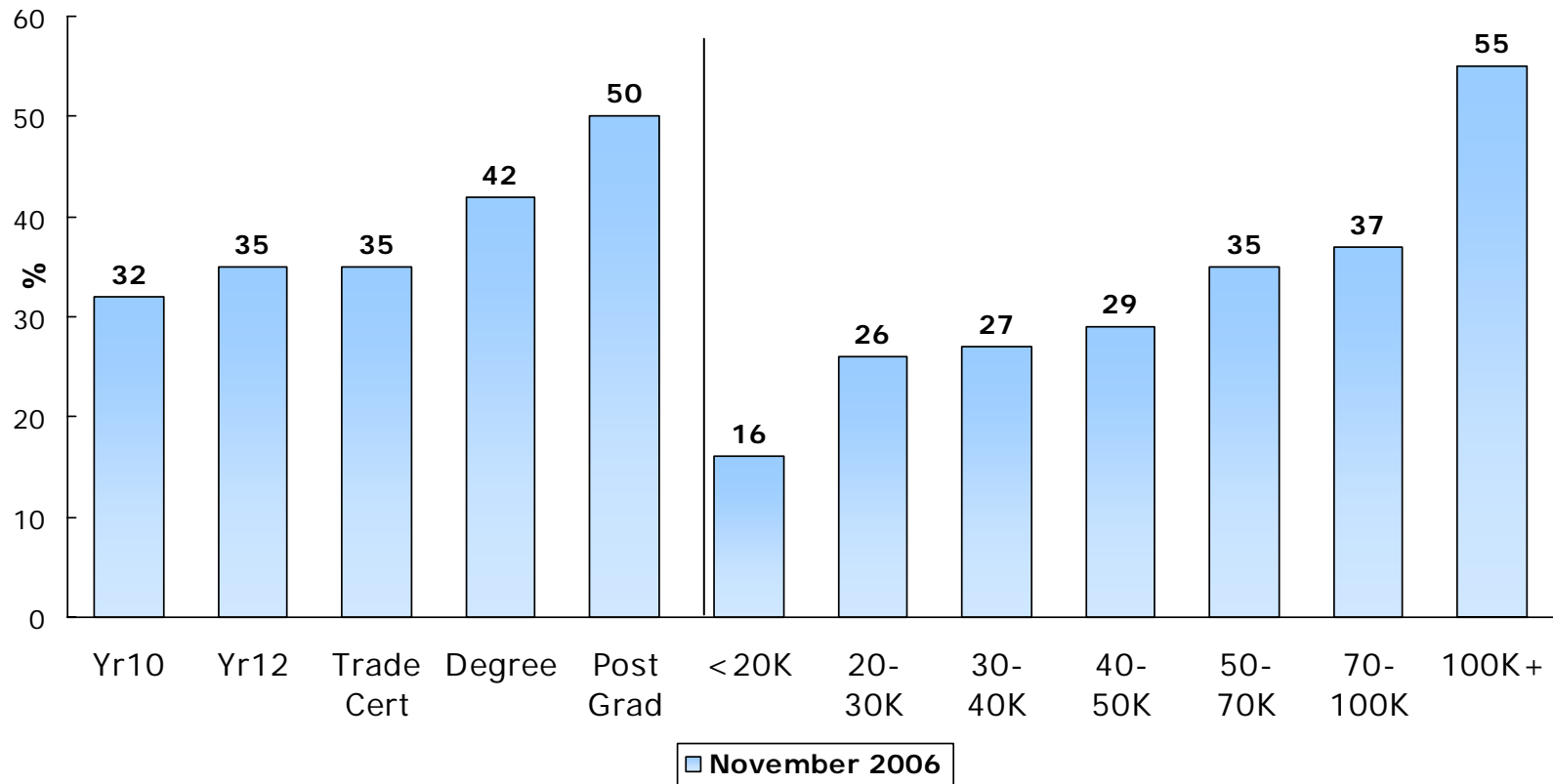
% Owning shares directly



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

Education & household incomes

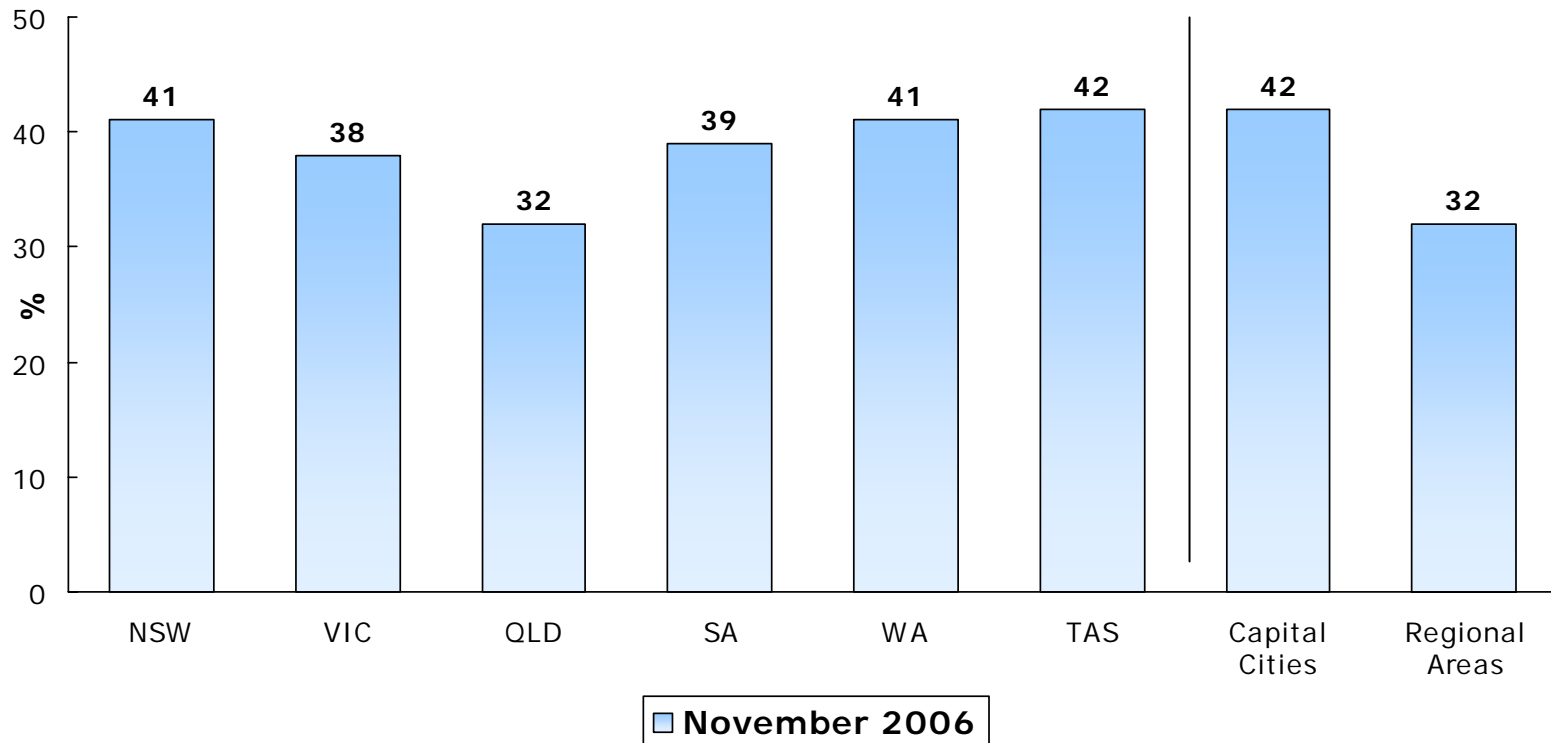
% Owning shares directly



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

State & area

% Owning shares directly



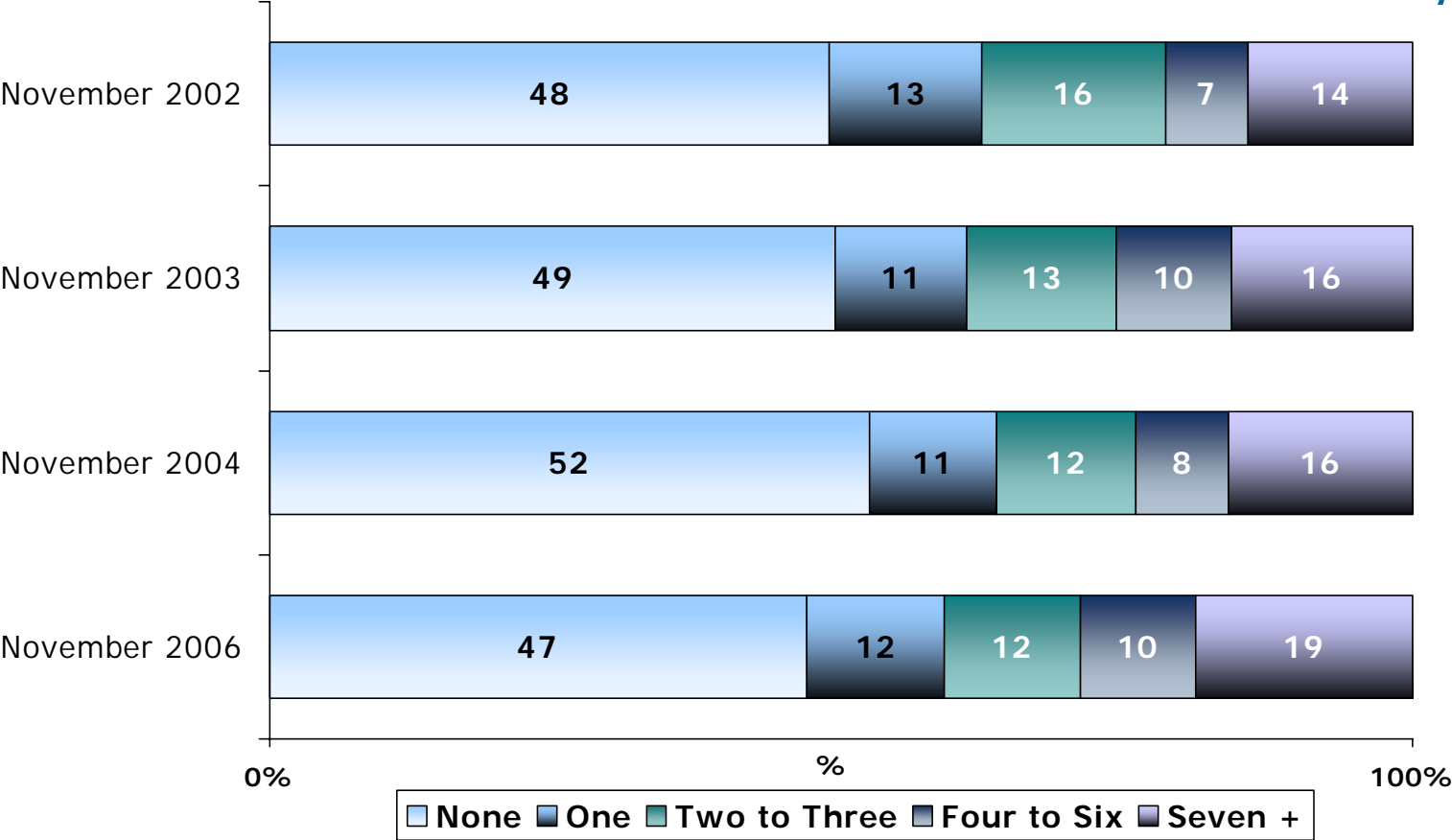
Base: All Australian adults aged 18 years 2006 (n=2405)

Number of times bought/sold shares in past year



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Average number
bought or sold



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

International comparisons

	00	01	02	03	04	05	06
Australia - Direct Direct/Indirect	40% 52%	N/a	37% 50%	39% 51%	44% 55%	N/a	38% 46%
Hong Kong -Shares	22%	20%	20%	18%	24%	29%	N/a
Korea - Stocks	7%	8%	8%	8%	8%	7%	N/a
Germany - Shares Shares/Funds	10% 19%	9% 20%	8% 18%	8% 17%	7% 16%	7% 17%	N/a
Switzerland - shares Shares/funds	32% 34%	N/a	24% 25%	N/a	20% 21%	N/a	20% 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.

About this study

- Millward Brown Australia conducted a telephone survey in November 2006 among 2,405 randomly selected people aged 18 years+ across all states covering metropolitan & regional areas.
- Data was weighted to reflect Australian adult population by gender, age & state as per the latest Australian Bureau of Statistics information.
- Creative Catalyst Insights undertook qualitative research (discussion groups) among people aged 35 to 70 years who held shares in 2004, who had since exited the market during 2006. Groups were held in Sydney, Wollongong, Brisbane & Gold Coast.
- ASX thanks the Finance Industry Development Account (FIDA) of the National Guarantee Fund, & all those who participated in this study.