

ASX Australian Investor Study 2020

SPECIAL EDITION

Product issuers
and market
participants





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CONTENTS

WELCOME	3		
ABOUT THE RESEARCH	4		
KEY FINDINGS	5		
THE IMPACT OF COVID-19	7		
FIGURE 1 How investors have responded to COVID-19 market volatility	7		
RESPONSES BY LIFE STAGE	8		
FIGURE 2 The impact of COVID-19 on retirement plans	8		
CHANGING INVESTMENT PRIORITIES	9		
FIGURE 3 Portfolio changes after COVID-19	9		
FIGURE 4 Changes in attitudes to risk after COVID-19	10		
FIGURE 5 Changes in investment priorities after COVID-19	10		
FIGURE 6 Investment intentions in the wake of COVID-19	11		
THE BENEFITS OF FINANCIAL ADVICE	12		
FIGURE 7 Response to COVID-19 by advised investors	12		
INVESTING IN 2020	13		
FIGURE 8 Key findings	13		
HOW MANY AUSTRALIANS INVEST?	14		
FIGURE 9 A nation of investors	14		
FIGURE 10 A democracy of shareholders	15		
FIGURE 11 New investors rise	15		
WHY AUSTRALIANS INVEST	16		
FIGURE 12 Personal and financial goals	16		
FIGURE 13 Investment goals by life stage	17		
FIGURE 14 Investment goals in the wake of COVID-19	17		
WHERE AUSTRALIANS INVEST	18		
FIGURE 15 From little things, big things grow	18		
ASSET CLASSES AND INVESTMENT PRODUCTS	18		
FIGURE 16 Shares remain Australia's most popular investment option	19		
FIGURE 17 High value investor holdings	20		
FIGURE 18 ETFs: a popular entry point	21		
FIGURE 19 Recent investments	22		
FIGURE 20 Younger investors focus on IPOs	23		
INVESTMENT VEHICLES	23		
FIGURE 21 Investment vehicles	23		
FIGURE 22 SMSF investor portfolio size	24		
FIGURE 23 Intention to set up an SMSF	24		
HOW AUSTRALIANS INVEST	25		
FIGURE 24 A focus on risk and return	25		
FIGURE 25 Most investors are actively engaged	25		
FIGURE 26 Attitudes to risk	26		
FIGURE 27 Responding to a correction	26		
ASX AND THE FINANCE INDUSTRY	27		
FIGURE 28 Key findings	27		
THE ASX BRAND	28		
FIGURE 29 Trust in financial services organisations	28		

FIGURE 30	
Trust in ASX	28
AWARENESS	29
FIGURE 31	
Views on ASX	29
FIGURE 32	
Awareness of ASX tools and content	30
USAGE	31
FIGURE 33	
Visits to asx.com.au	31
FIGURE 34	
ASX services used in the past 12 months	32
PREFERRED INFORMATION SOURCES AND COMMUNICATION CHANNELS	33
FIGURE 35	
Preferred information sources	34
FIGURE 36	
Preferred channels for investor education	35
<hr/>	
CONCLUSION	36
<hr/>	
APPENDIX: RESEARCH METHODOLOGY	37
<hr/>	
SAMPLE SOURCES	37
SAMPLE SIZES	37
SAMPLE WEIGHTING	37

WELCOME

Since 1986, the ASX Share Ownership Study and its successor, the Australian Investor Study, have provided an authoritative guide to the evolution of our investment markets and changing investor behaviour.

This year's study is larger and more wide-ranging than ever before, covering not only investor characteristics and activity, but also views on the ASX, investment markets and financial advice. This extensive research base is the foundation for this special report, tailored specifically for product issuers and market participants.

There can be no question that our 2020 report comes at a challenging time for financial institutions and Australian companies generally. The short term impact of the COVID-19 crisis has disrupted planned IPOs and product launches, and brought a record volume of capital raisings, supported by temporary relief from certain ASX rules, designed to assist listed entities seeking to urgently strengthen their balance sheets.

While the longer-term consequences of the crisis have yet to be seen, it is already clear that the economic fallout will be significant. Yet there are also some positive signs, as this report reveals.

Our research shows that, far from abandoning the market, investors have responded to the crisis by taking advantage of current valuations to expand and diversify their portfolios. While the resultant increase in market activity does raise the risk that some are attempting to time the market – not always successfully – our research also suggests that many investors have become more attuned to the benefits of diversification and risk management.

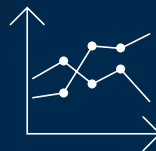
Furthermore, there has been a rise in investors entering the markets over the last few years, with more set to do so in the near future. These new investors are engaged, motivated and eager to learn. Many are also looking beyond the stocks traditionally popular with retail investors to a broader range of listed investments, including ETFs, LICs and IPOs.

In this report, we provide an in-depth analysis of Australian investors today – who's investing, where they're investing, their decision-making process, and their investment goals. We also explore the next generation of investors whose distinctive preferences and investment approach will shape the markets of the future. And we look at investors' engagement with ASX and the investment products we enable them to access, revealing a level of trust and engagement that continues to underpin our reputation as a truly world-class exchange.

Dominic Stevens
Managing Director
and CEO



**LIFE
STAGE**



**INVESTMENT
ACTIVITY**



**HIGH VALUE
INVESTORS (HVIs)**

**IN THE
TOP 20%
FOR BOTH**

ABOUT THE RESEARCH

This report is based on two in-depth surveys of a nationally representative sample of Australian adults, conducted on behalf of ASX by Investment Trends:

- A wide-ranging online survey of 5,002 people conducted in January 2020, including investors, self-managed super fund (SMSF) trustees, lapsed investors, and non-investors.
- A follow-up online survey of 507 investors and SMSF trustees conducted in May 2020, focused on the investment impact of the COVID-19 pandemic.

Each sample was post-weighted to match Australian Bureau of Statistics data on the composition of the Australian adult population and the correct distribution of SMSF trustees, investors and non-investors. The maximum sampling errors (centre of the range) at the 95% confidence interval for the two surveys are +/-1.41% and +/-4.3% respectively.

Some figures may not total 100% due to rounding or multiple responses being allowed.

MAPPING THE MARKET

To better understand the preferences and behaviour of different investors in different life stages and situations, we have further analysed the results using these definitions:

NEXT GENERATION INVESTORS

AGED

18-24

WEALTH ACCUMULATORS

AGED

25-59

EARLY WEALTH ACCUMULATORS

AGED

25-44

MATURE WEALTH ACCUMULATORS

AGED

45-59

RETIREES

AGED

60+



CURRENT INVESTORS

Holding any investment product today



LAPSED INVESTORS

Previously held an investment product but do not now



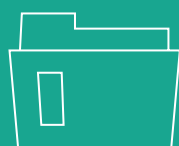
NON-INVESTORS

Do not currently hold any investment products (either lapsed investors or have never invested)



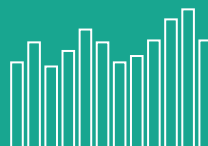
INTENDING INVESTORS

Non-investors planning to begin investing within 12 months



PORTFOLIO SIZE

(excluding institutional super and primary residence, but including SMSF holdings)



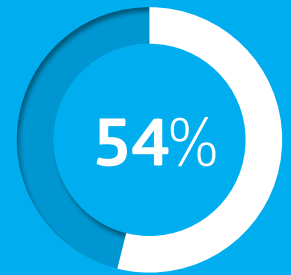
TRADING VALUE OVER THE LAST 12 MONTHS

(trading frequency multiplied by average trade size)

KEY FINDINGS



THE IMPACT OF COVID-19



HAVE MADE CHANGES TO THEIR PORTFOLIOS



INVESTING IN 2020



TOTAL ADULT POPULATION

19.4m



OF THESE

46%
OR 9m

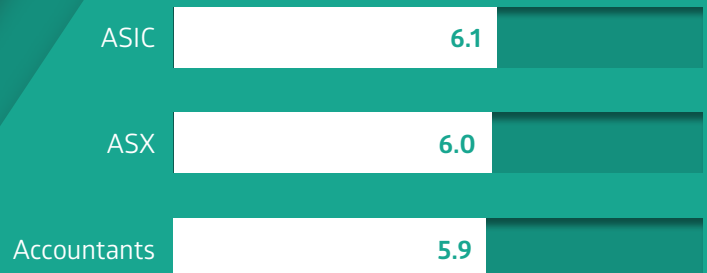
AUSTRALIANS HOLD INVESTMENTS OUTSIDE THEIR HOME AND SUPER

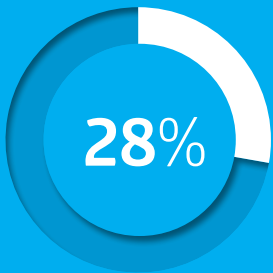


ASX AND THE FINANCE INDUSTRY

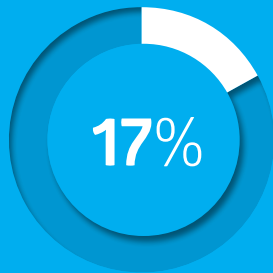


AUSTRALIA'S MOST TRUSTED FINANCIAL SERVICES ORGANISATIONS (RATED OUT OF 10)

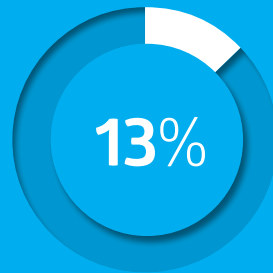




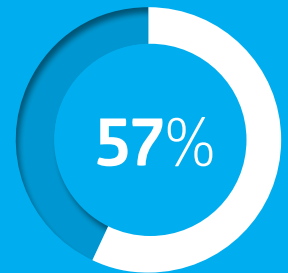
HAVE CHANGED THEIR RETIREMENT PLANS



HAVE INVESTED ALL THEIR SPARE CASH



HAVE INCREASED THEIR ALLOCATION TO CASH



PLAN TO BUY AUSTRALIAN SHARES

OF THOSE WHO INVEST

74% OR
6.6m

AUSTRALIANS HOLD LISTED INVESTMENTS (35% OF 19.4M)

OF THOSE WHO HOLD LISTED INVESTMENTS

23%

BEGAN INVESTING IN THE LAST 2 YEARS

OF THOSE WHO BEGAN INVESTING IN THE LAST 12 MONTHS

45%

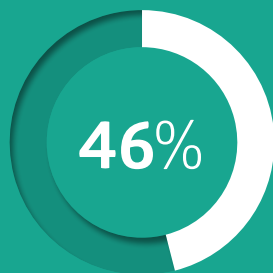
ARE WOMEN

900k

INTENDING INVESTORS PLAN TO BEGIN INVESTING WITHIN 12 MONTHS



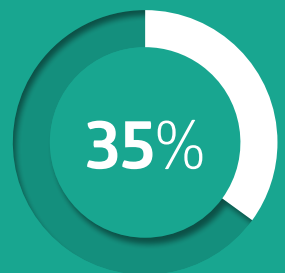
AMONG THE
53%
WHO HAVE A VIEW ON ASX



SAY IT RUNS A WELL-REGULATED MARKET



SAY IT'S A WORLD-CLASS EXCHANGE



SAY IT PROVIDES OBJECTIVE, UP-TO-DATE INFORMATION



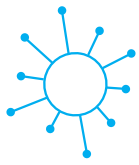
USED BY
1 IN 5
INVESTORS

40%

OF HVIs USE THE ASX WEBSITE TO HELP MAKE INVESTMENT DECISIONS



1 IN 2 AUSTRALIAN ADULTS VISITED THE ASX WEBSITE IN THE LAST 12 MONTHS



THE IMPACT OF COVID-19

Resetting retirement plans and hunting for bargains

Unsurprisingly, the extreme volatility and sudden decline in asset values caused by the COVID 19 pandemic has had a considerable impact on investors. Retirees and those approaching retirement have been most impacted, with a significant number rethinking retirement plans or lowering their lifestyle expectations.

Yet overall, investors have responded to the crisis by becoming more focused on diversification and risk management, together with the sustainability of returns. Many have also sought to capitalise on falling prices by creating or building larger portfolios. The resulting rise in market activity points to a risk, highlighted by ASIC, that some traders may be engaged in short-term speculation rather than long-term investment, exposing them to losses if their attempts to time market movements are unsuccessful. Our survey suggests that a significant proportion of investors have also been building their portfolios with more long-term goals in mind, seeking to diversify their holdings at current valuations.

Those who receive professional advice have been particularly active in increasing their holdings, with most agreeing that their adviser has helped them manage the impacts of the pandemic more effectively.

FIGURE 1 HOW INVESTORS HAVE RESPONDED TO COVID-19 MARKET VOLATILITY

Shifts in sentiment and behaviour between January 2020 and May 2020

EXPECTED INVESTMENT RETURNS OVER THE NEXT 12 MONTHS HAVE FALLEN FROM A MEDIAN

8.4% TO **5%**

54% HAVE MADE CHANGES TO THEIR PORTFOLIOS

28% HAVE CHANGED THEIR RETIREMENT PLANS

17% HAVE INVESTED ALL THEIR SPARE CASH

13% HAVE INCREASED THEIR ALLOCATION TO CASH

THOSE WHO HAVE INVESTED ALL THEIR SPARE CASH ARE NOW MORE LIKELY TO HOLD DIRECT AUSTRALIAN AND INTERNATIONAL SHARES AND ETFs

57% PLAN TO BUY AUSTRALIAN SHARES

17% PLAN TO BUY INTERNATIONAL SHARES

28% PLAN TO BUY ETFs

68% OF ADVISED INVESTORS MADE CHANGES TO THEIR PORTFOLIOS

84% OF ADVISED INVESTORS SAY THE ADVICE RECEIVED HAS BEEN HELPFUL

17% OF UNADVISED INVESTORS SAY THEY ARE NOW MORE LIKELY TO SEEK ADVICE

1 Australian Securities and Investments Commission, Retail investor trading during COVID-19 volatility, May 2020.

RESPONSES BY LIFE STAGE

YOUNGER INVESTORS

ARE MOST LIKELY TO HAVE MADE SIGNIFICANT SHIFTS

OLDER INVESTORS

ARE MORE INCLINED TO STICK WITH THEIR EXISTING STRATEGY

Responses to the pandemic vary significantly by age, with sudden market falls underlining the importance of sequencing risk – the risk that poor investment performance occurs when investors are approaching retirement, when they typically have the largest portfolios and the least time to recover from losses. More than one in five investors aged between 35 and 64 say they plan to delay retirement, while 29% of 55 to 64 year olds intend to live on less money or rely on social security.

As the COVID-19 market disruption unfolded over the three months to May, 54% of investors made changes to their portfolios, with younger investors most likely to have made significant shifts and older investors more inclined to stick with their existing strategy. Twelve per cent of retirees (defined as those aged 60 and over) and wealth accumulators (aged 25–59) switched from risky investments to more secure options, while 5% of accumulators sold everything and moved to cash.

Yet overall, investors were more likely to increase their holdings of growth assets like shares, rather than reduce them. Among the 54% who made changes to their investment mix, 17% took advantage of lower asset prices to invest all their spare cash, including 34% of next generation investors (aged 18–24) and 18% of wealth accumulators. Similarly, 17% of investors increased their allocation to Australian direct shares, with just 3% selling down their shareholdings.

That suggests very few investors have sold into a declining market, crystallising their losses. It also suggests there is ongoing potential for new listings and investment products to tap into continued investor interest, especially those that help investors manage risk or further diversify.

FIGURE 2
THE IMPACT OF COVID-19 ON RETIREMENT PLANS
How has the recent market performance affected your retirement plans?

- I'm already retired
- No impact
- Other
- I'll rely on social security
- I'll live on less money
- I'll delay my retirement

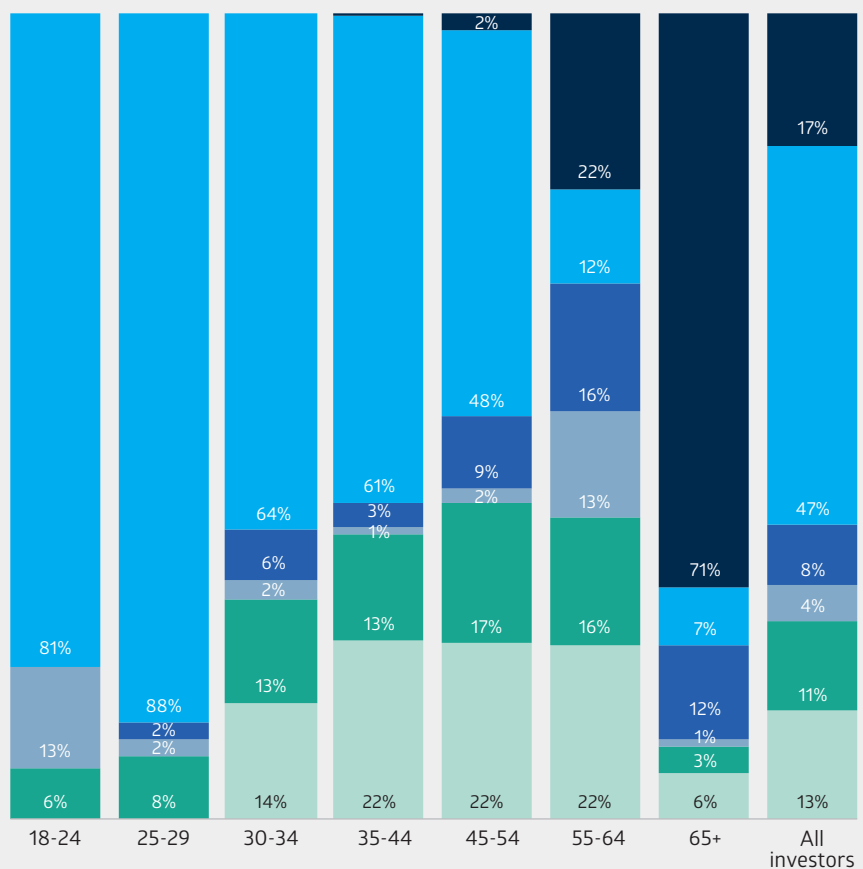
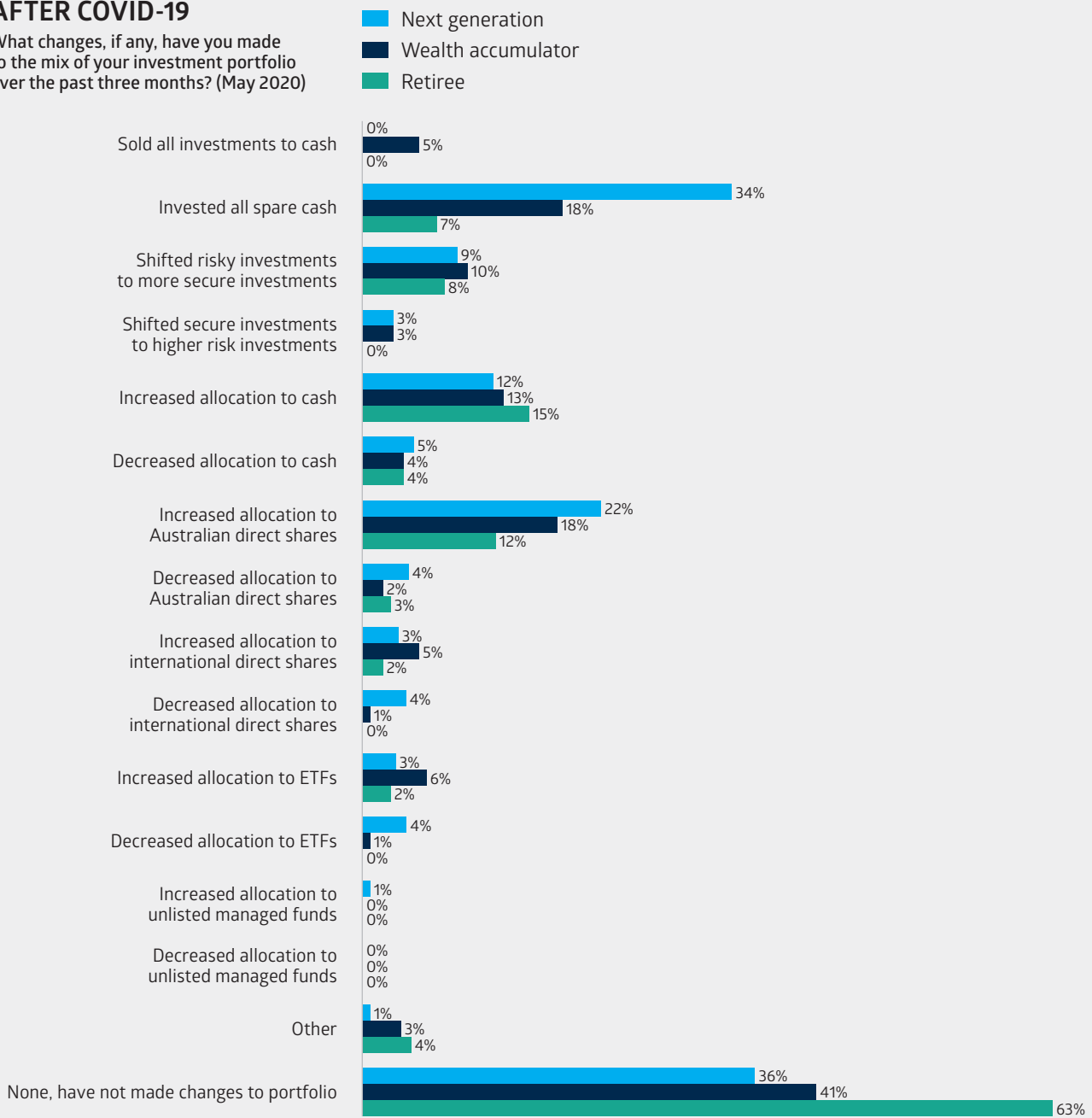


FIGURE 3

PORTFOLIO CHANGES AFTER COVID-19

What changes, if any, have you made to the mix of your investment portfolio over the past three months? (May 2020)



CHANGING INVESTMENT PRIORITIES

While the rise in volatility has led investors to re-examine their attitudes to risk, few have become more risk averse. Instead, 64% of investors surveyed in May said they would accept moderate or high variability with the potential for higher returns, an increase of 18 percentage points from our January survey. In contrast, the proportion who said they preferred guaranteed returns fell from 16% to just 5%.

At the same time, the events of early 2020 have prompted investors to put a higher priority on risk reduction techniques like diversification, hedging and liquidity management. Questioned about the effects of the COVID-19 outbreak on their investment priorities, 31% say they now place a greater emphasis on the impact of diversification on volatility and returns, with next generation investors especially likely to prioritise this (64%).

These younger investors seem to have been particularly apt to learn from the crisis, with one in three saying hedging strategies are now a higher priority than before, and one in five more focused on liquidity and defensive assets. Meanwhile, investors in all life stages say they will focus more strongly on the future sustainability of dividends.

FIGURE 4

CHANGES IN ATTITUDES TO RISK AFTER COVID-19

How would you describe your attitude to financial and investment risk?

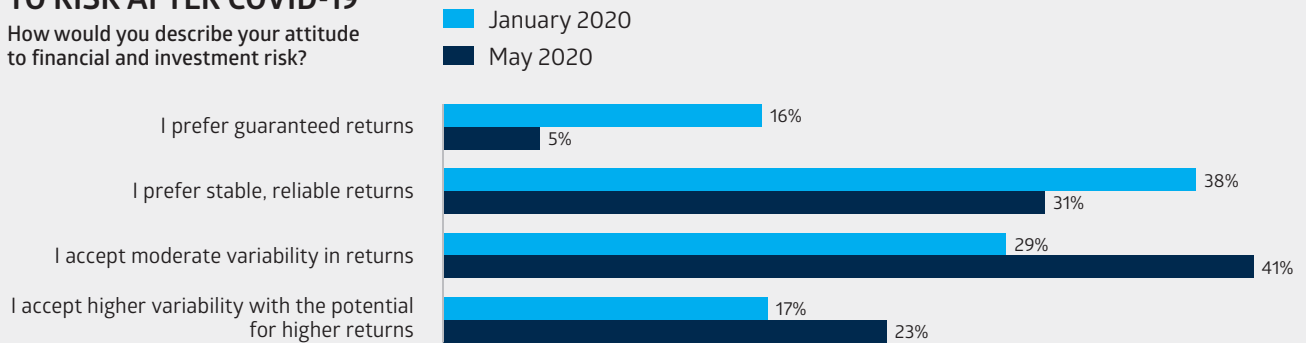
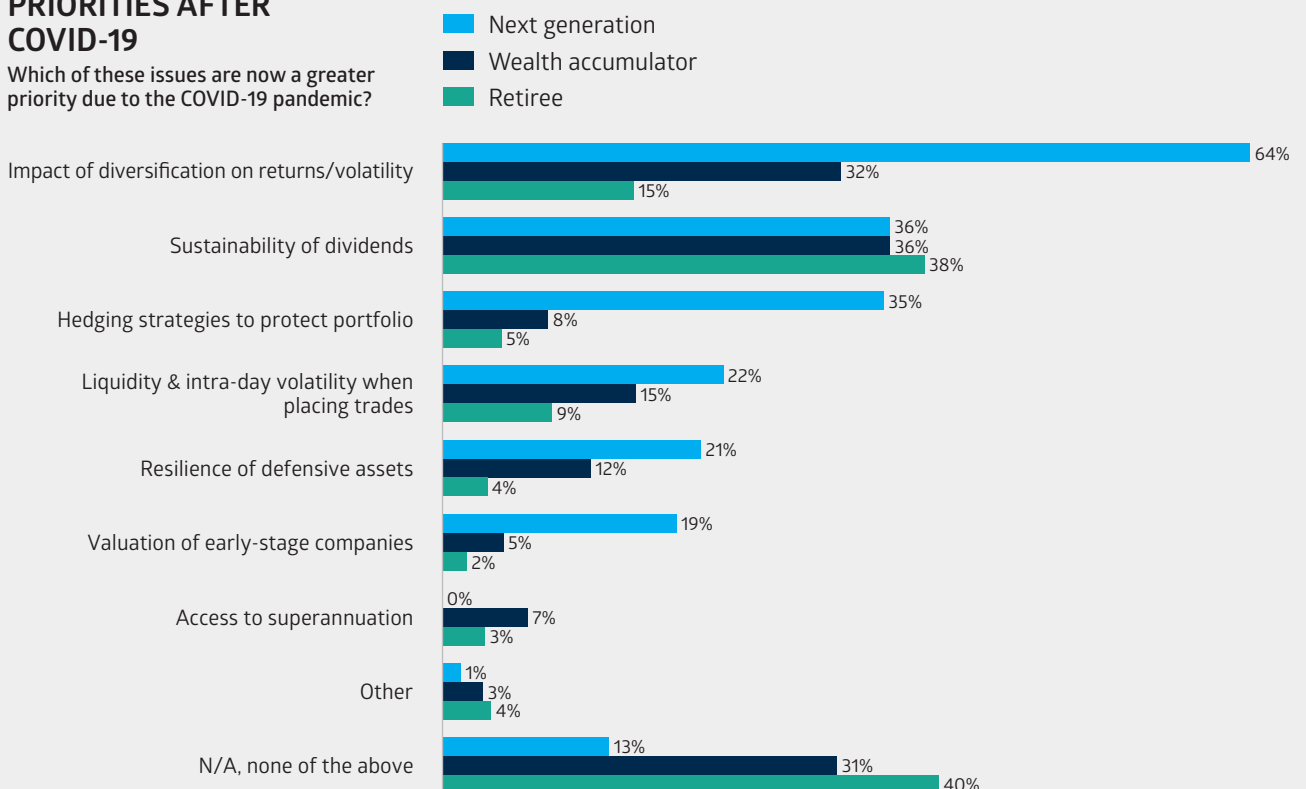


FIGURE 5

CHANGES IN INVESTMENT PRIORITIES AFTER COVID-19

Which of these issues are now a greater priority due to the COVID-19 pandemic?



45%

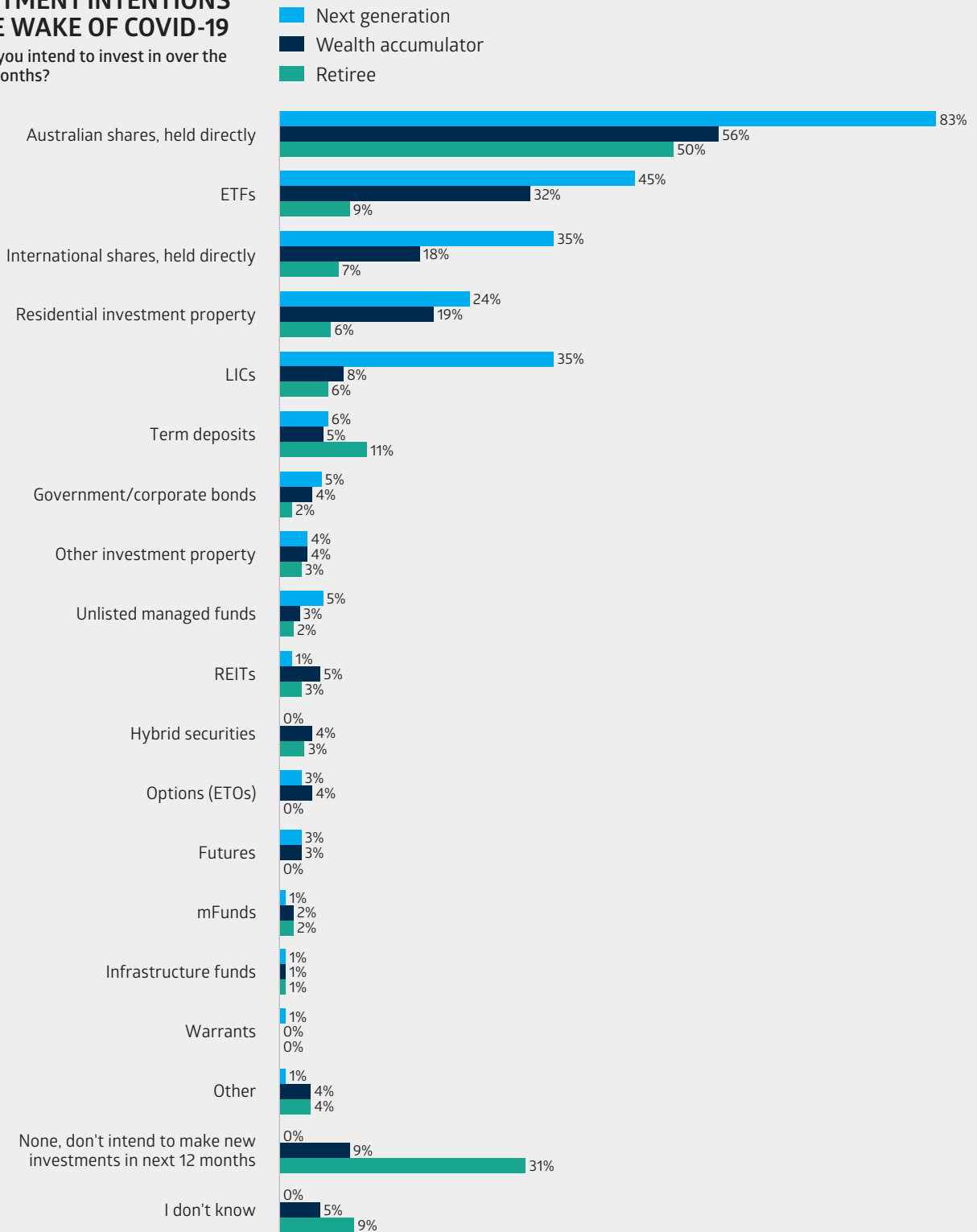
OF NEXT GEN INVESTORS ARE PLANNING TO INVEST IN ETFs IN THE NEXT 12 MONTHS

Investors are also keen to continue taking advantage of lower asset prices by building their holdings of listed assets. Asked about their intentions for the next 12 months, 57% of investors say they plan to invest in Australian direct shares, including 83% of next generation investors. Seventeen per cent are also planning to invest on international exchanges, while many next generation investors are interested in diversified investment vehicles like exchange traded funds (ETFs) and listed investment companies (LICs). Already popular with younger investors, demand for these investment products looks set to increase.

FIGURE 6

INVESTMENT INTENTIONS IN THE WAKE OF COVID-19

What do you intend to invest in over the next 12 months?



THE BENEFITS OF FINANCIAL ADVICE

68%

OF ADVISED INVESTORS MADE CHANGES TO THEIR PORTFOLIOS IN RESPONSE TO THE PANDEMIC

Advised investors have been particularly active in responding to the pandemic, with 68% making changes to their portfolios, compared to 52% of other investors. They have also been more likely to invest all their spare cash (26% versus 16%) and increase their allocation to Australian direct shares (23% versus 16%).

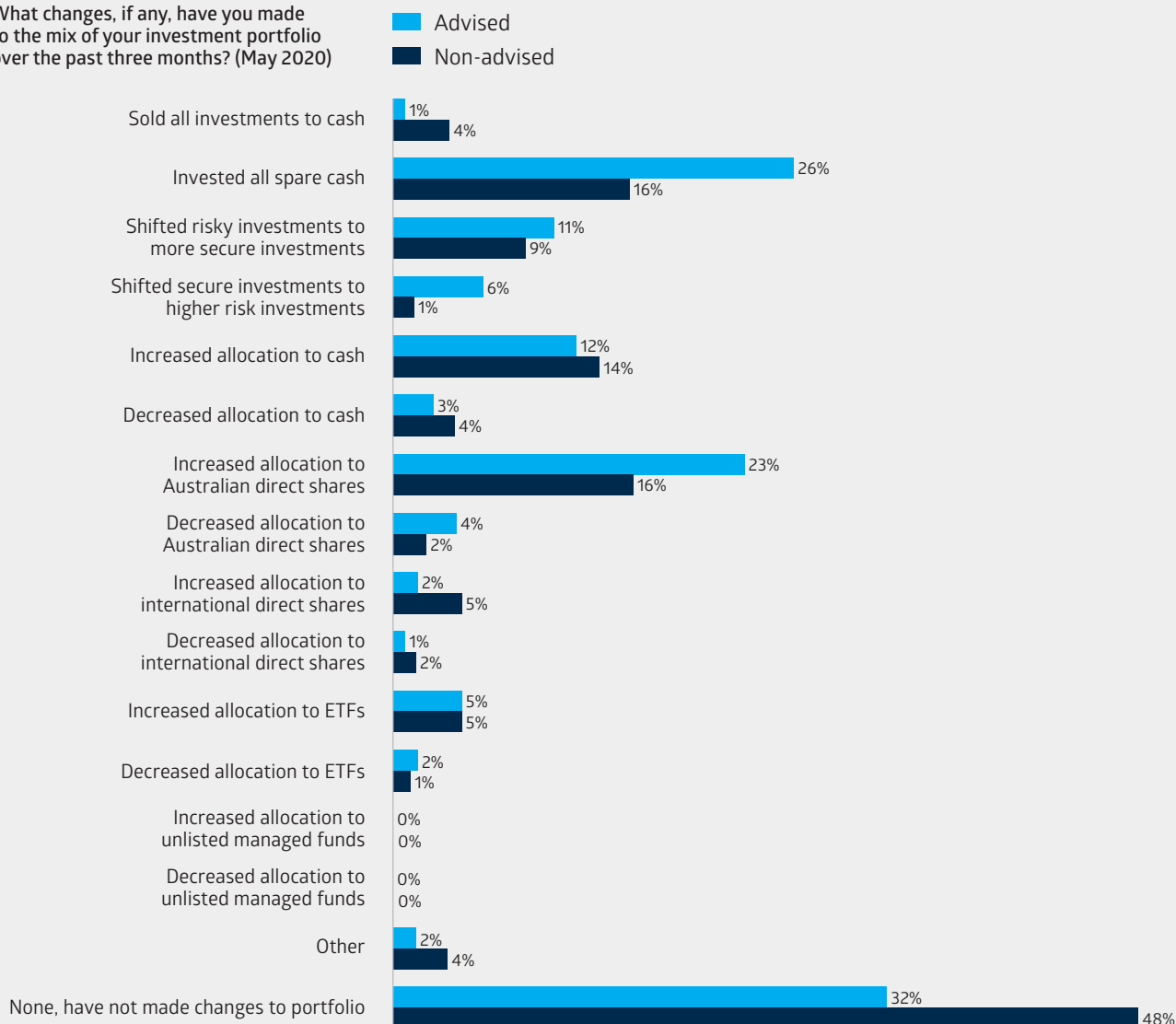
Asked how helpful their financial adviser has been in managing the impact of COVID-19, 84% of advised investors say they have been helpful, with 41% saying they were “extremely” or “very” helpful – although 13% say they are yet to hear from their adviser. There has also been a renewed interest in advice in the wake of recent market volatility, with 17% of non-advised investors saying they are more likely to consult a financial adviser in future.

For product issuers, these findings point to the continued importance of engaging financial advisers and their clients, at a time of significant disruption in the advice market.

FIGURE 7

RESPONSE TO COVID-19 BY ADVISED INVESTORS

What changes, if any, have you made to the mix of your investment portfolio over the past three months? (May 2020)





INVESTING IN 2020

The state of the market

Australia continues to be a nation of investors, with 46% of Australian adults currently holding investments other than their primary residence (including SMSFs, but excluding other superannuation). Among those who invest, more than half invest in direct shares, which have cemented their place as Australia's most accessible and widely used investment option, especially for younger investors. While the overall proportion of Australians with on-exchange investments has consolidated below the high point of the early 2000s, there has been a rise in new investors over the last few years, many of them young and female. Perceptions of the amount of capital you need to start investing have also fallen, as a wide variety of Australians seek to build wealth for the future, creating opportunities for issuers to create products designed to appeal to a new generation of investors.

FIGURE 8 KEY FINDINGS

A snapshot of Australian investors in 2020

TOTAL ADULT POPULATION



OF THESE

46% OR 9m

AUSTRALIANS HOLD INVESTMENTS
OUTSIDE THEIR HOME AND SUPER

OF THOSE WHO INVEST

74% OR 6.6m

AUSTRALIANS HOLD LISTED
INVESTMENTS (35% OF 19.4M)

OF THOSE WHO HOLD LISTED INVESTMENTS

23% BEGAN INVESTING
IN THE LAST
2 YEARS

OF THOSE WHO BEGAN INVESTING IN THE LAST 12 MONTHS

45% ARE
WOMEN

900k INTENDING INVESTORS PLAN
TO BEGIN INVESTING WITHIN
12 MONTHS

51% OF INTENDING INVESTORS
ARE WOMEN

AVERAGE AGE
OF INTENDING
INVESTORS

34

AVERAGE AGE
OF CURRENT
INVESTORS

46

HOW MANY AUSTRALIANS INVEST?

Among 19.4 million Australian adults, 9 million (or 46%) held investments outside their homes in January 2020 (including SMSFs, but excluding other super). Another 2.6 million lapsed investors had previously owned investments, but did not do so at the time of our survey, while 900,000 intending investors planned to begin investing in the next 12 months. Only around one in three (36%) had never invested and did not plan to do so.

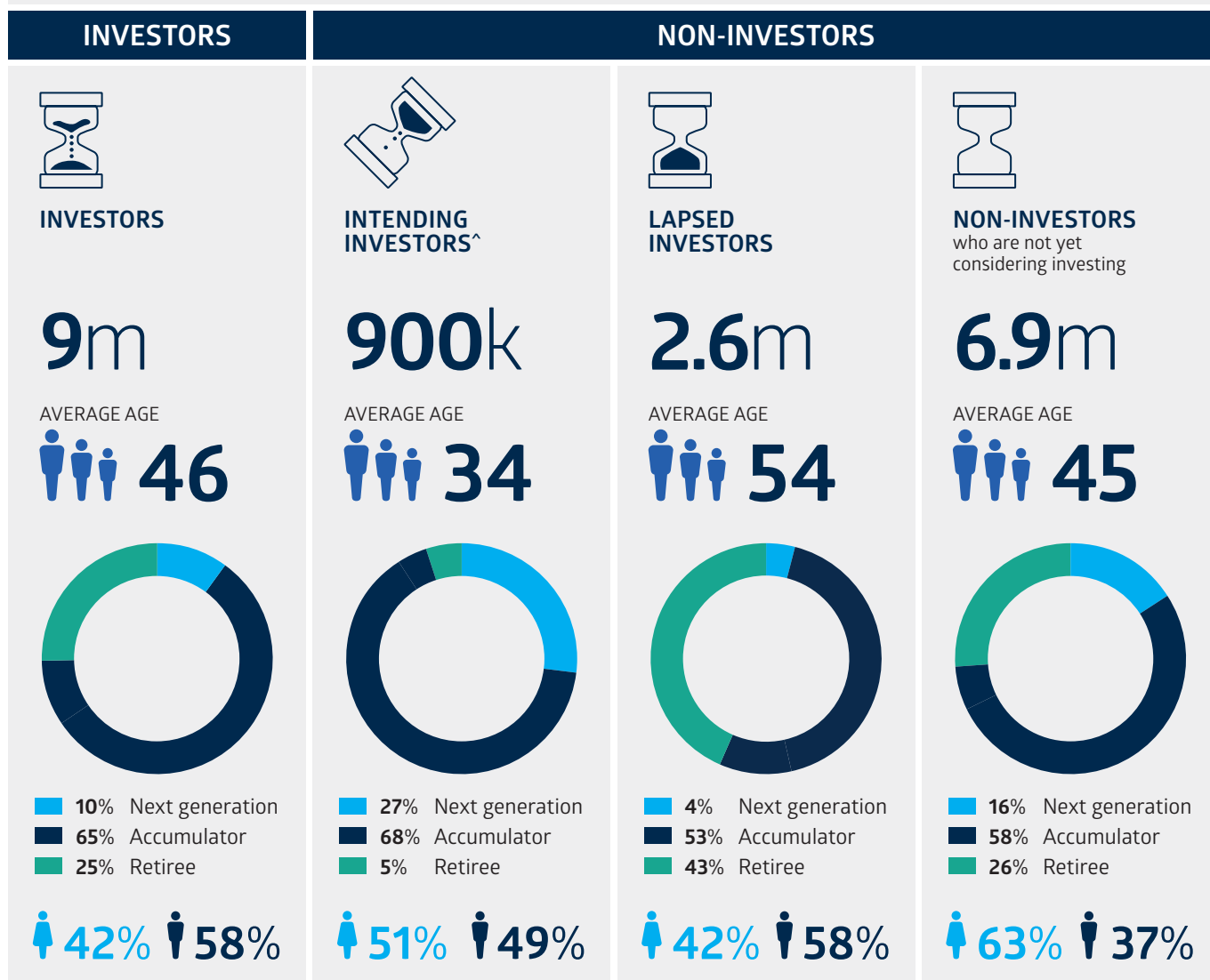
Despite a proliferation of investment options, the enduring appeal of property, and the growing proportion of household wealth tied up in residential property, directly owned shares remain a popular option for Australians seeking to build wealth for the future. After the rapid growth in share ownership during the late 90s and early 2000s, fuelled by the rise of online broking and a string of de-mutualisations and privatisations, the proportion of people who invest on a securities exchange has stabilised at around 35% of the adult population. Of 9 million Australian investors, 6.6 million (or 74%) hold shares or other on-exchange investments.

FIGURE 9
A NATION OF INVESTORS

Adults who hold investments outside their home and super



NUMBER OF ADULTS*
19.4m



*Source ABS 2019. ^Note Current intention does not always translate into future action.

FIGURE 10
A DEMOCRACY OF SHAREHOLDERS

Proportion of the Australian adult population with on-exchange investments

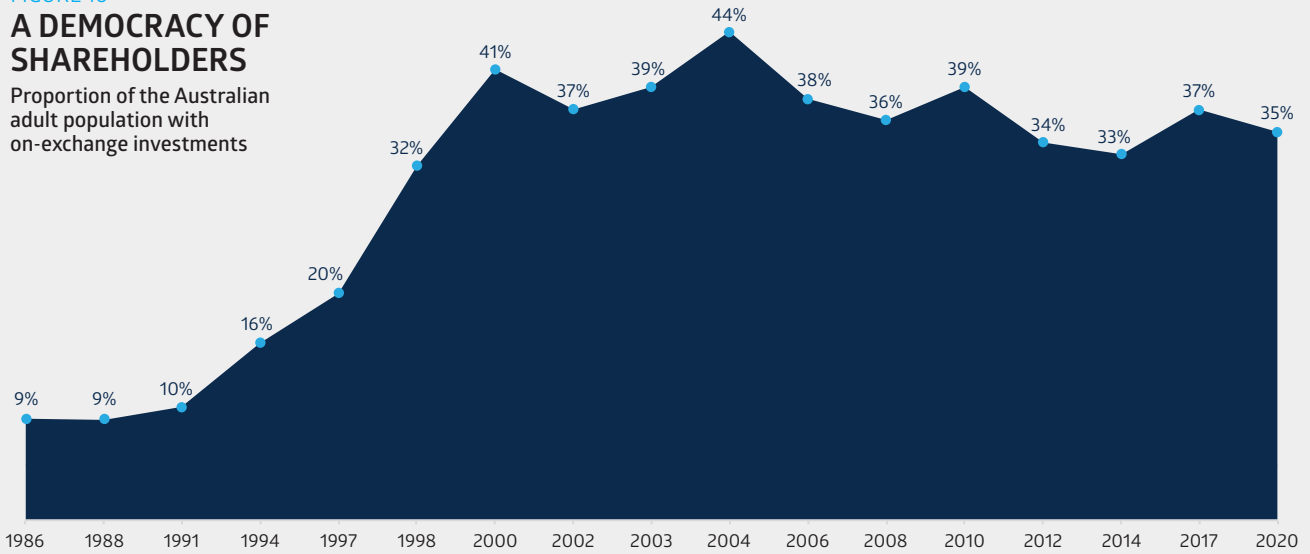
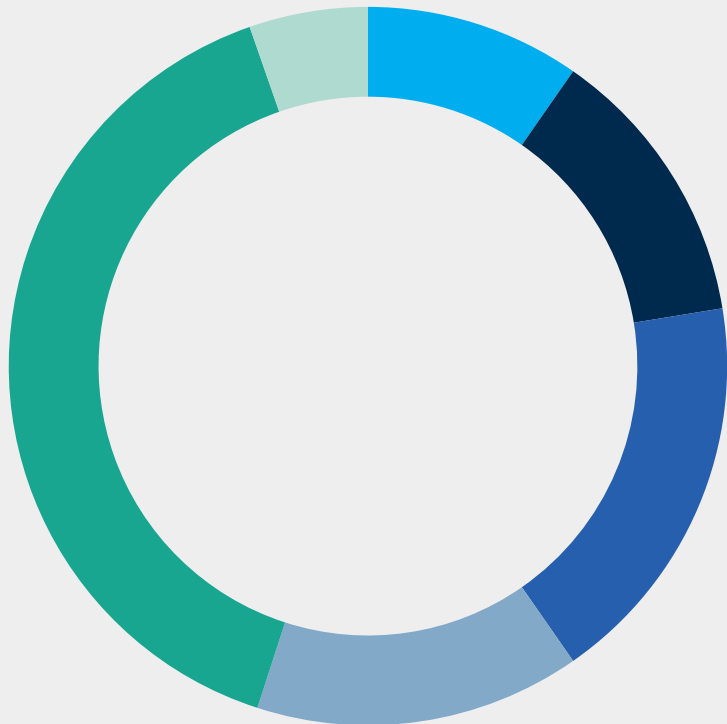


FIGURE 11
NEW INVESTORS RISE

How long ago did you begin investing?
(Investors)

- 10% Within the last 12 months
- 13% 1-2 years ago
- 18% 2-5 years ago
- 15% 5-10 years ago
- 40% More than 10 years ago
- 5% Don't remember



ALL INVESTORS
MEDIAN[^]

7.4 YEARS

[^]Medians calculated excluding 'Don't remember'.

Although existing investors are predominantly male (58%) and middle aged, with an average age of 46, the next few years are set to see a growing number of women and younger Australians actively investing. Intending investors have an average age of just 34, with 27% under 25.

WHY AUSTRALIANS INVEST

Australians invest for a wide range of reasons – some near-term, some looking far into the future. Asked about the personal and financial milestones they want to achieve over the next three years, survey respondents listed a variety of goals, from going on a holiday (50%), to becoming debt free (34%) or saving for something big (25%).

Among investors, the most common goal in investment selection is to build a sustainable income stream, suggesting that income-oriented investment products will continue to be in demand. Interestingly, next generation investors are particularly likely to focus on income, perhaps reflecting a desire for day-to-day independence among a generation that increasingly sees home ownership as undesirable or unachievable. In contrast, retirees place a higher priority on asset and income protection (21%), although 27% are still focused on capital growth – either on its own, or in balance with risk management.

FIGURE 12

PERSONAL AND FINANCIAL GOALS

Which of the following personal or financial milestones are you aiming to achieve in the next three years?
(All respondents)

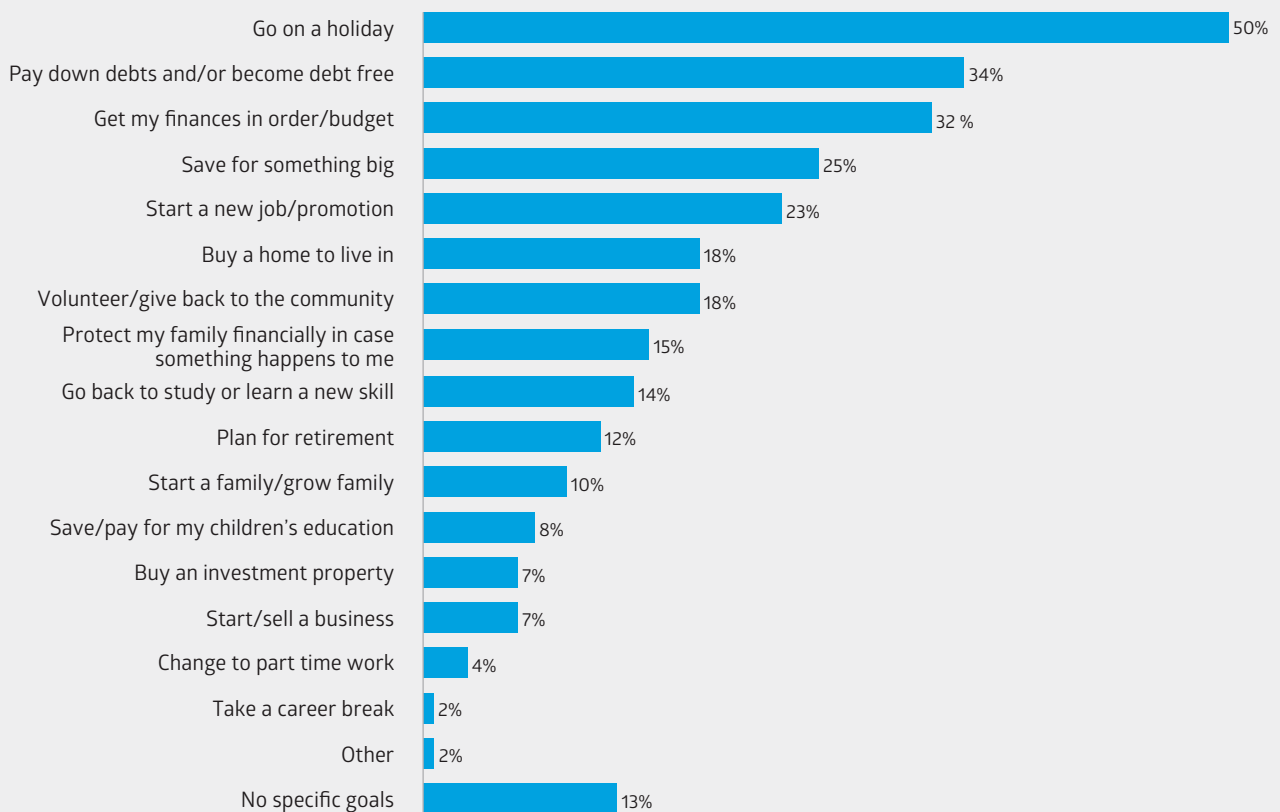
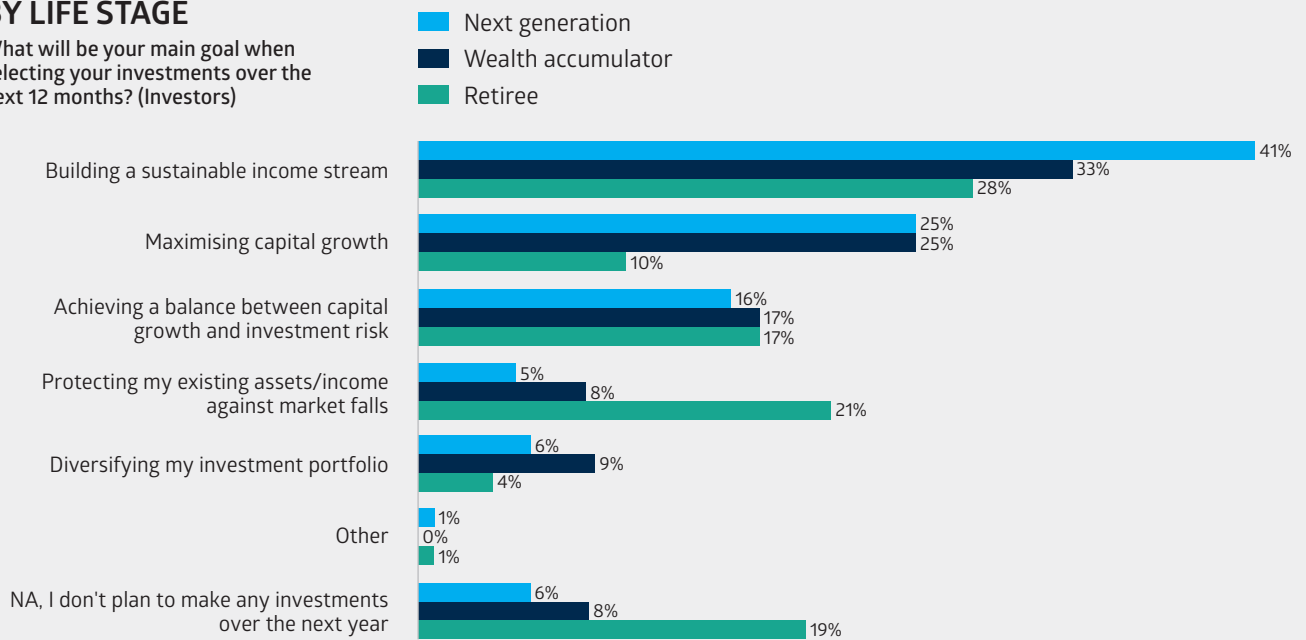


FIGURE 13

INVESTMENT GOALS BY LIFE STAGE

What will be your main goal when selecting your investments over the next 12 months? (Investors)



36%

OF INVESTORS SAY THEIR GOALS HAVEN'T CHANGED

Against this backdrop, the three months to May 2020 saw a marked shift in investment goals, with a significant number moving the dial to growth. While 36% say their goals haven't changed, 16% say they will focus more on maximising capital growth, while another 11% say they will place a greater emphasis on balancing growth with risk.

FIGURE 14

INVESTMENT GOALS IN THE WAKE OF COVID-19

How have your investment goals changed in the last three months (March-May 2020)? (Investors)

Focusing more on:



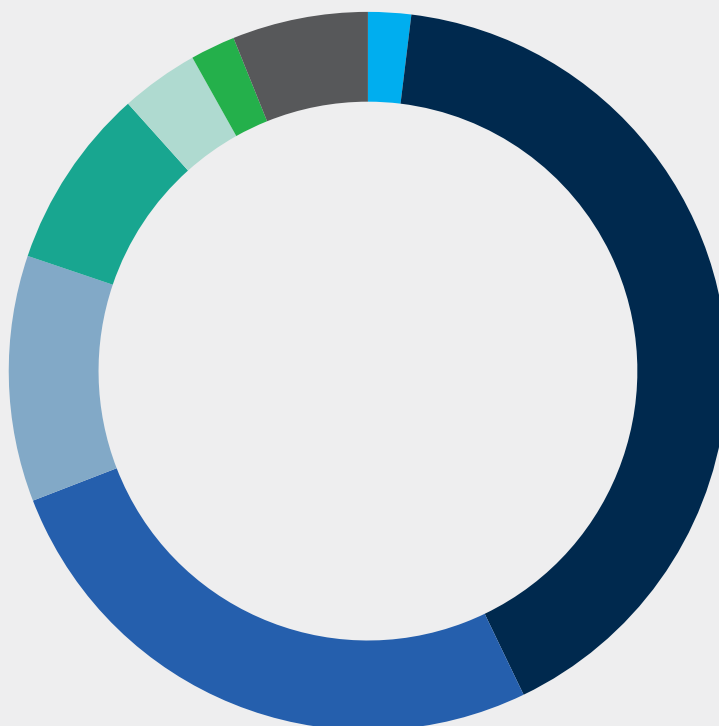
WHERE AUSTRALIANS INVEST

Our survey shows Australians understand they don't need large amounts of capital to invest, and that listed investments can be an accessible method of building wealth for the future. Among those currently investing outside their homes and super, the median portfolio size was \$130,000, with 41% of portfolios under \$100,000 and 28% under \$50,000. The amount non-investors believe they need to start investing has also fallen by more than a third since our last study in 2017, from a median of \$6,800 to just \$4,300.

FIGURE 15
FROM LITTLE THINGS, BIG THINGS GROW

What is the size of your investment portfolio? (Investors)

- 2% No investments
- 41% < \$100k
- 26% \$100k - \$500k
- 11% \$500k - \$1m
- 8% \$1m - \$2.5m
- 4% \$2.5m - \$5m
- 2% > \$5m
- 6% I'd rather not say



MEDIAN INVESTMENT PORTFOLIO

\$130k

ASSET CLASSES AND INVESTMENT PRODUCTS

Australian direct shares are by far the most widely held asset class, owned by 58% of investors. That compares to just 38% of investors who hold residential investment properties and 28% who hold term deposits (still surprisingly popular, despite record low interest rates). Nonetheless, residential property comprises more than half of the median portfolio, reflecting its significant entry cost. In contrast, ETFs, while held by 15% of investors, account for just 2% of investments by value, reflecting their appeal to investors with limited capital as a vehicle for cost-effective diversification.

High value investors, defined as those in the top 20% of investors by both wealth and trading volume, are particularly likely to own both shares and ETFs, along with a range of other investment products. Seventy-four per cent hold direct Australian shares, 19 percentage points higher than other investors. They are also much more likely to have international shares (27% versus 13% for others), ETFs (25% versus 13%), REITs (22% versus 5%) and mFunds (6% versus 2%), and to use exchange traded options (ETOs) to manage risk and capitalise on opportunities. For product issuers, these investors constitute an important market – affluent, engaged, diversified, and actively seeking new opportunities on ASX.

58%

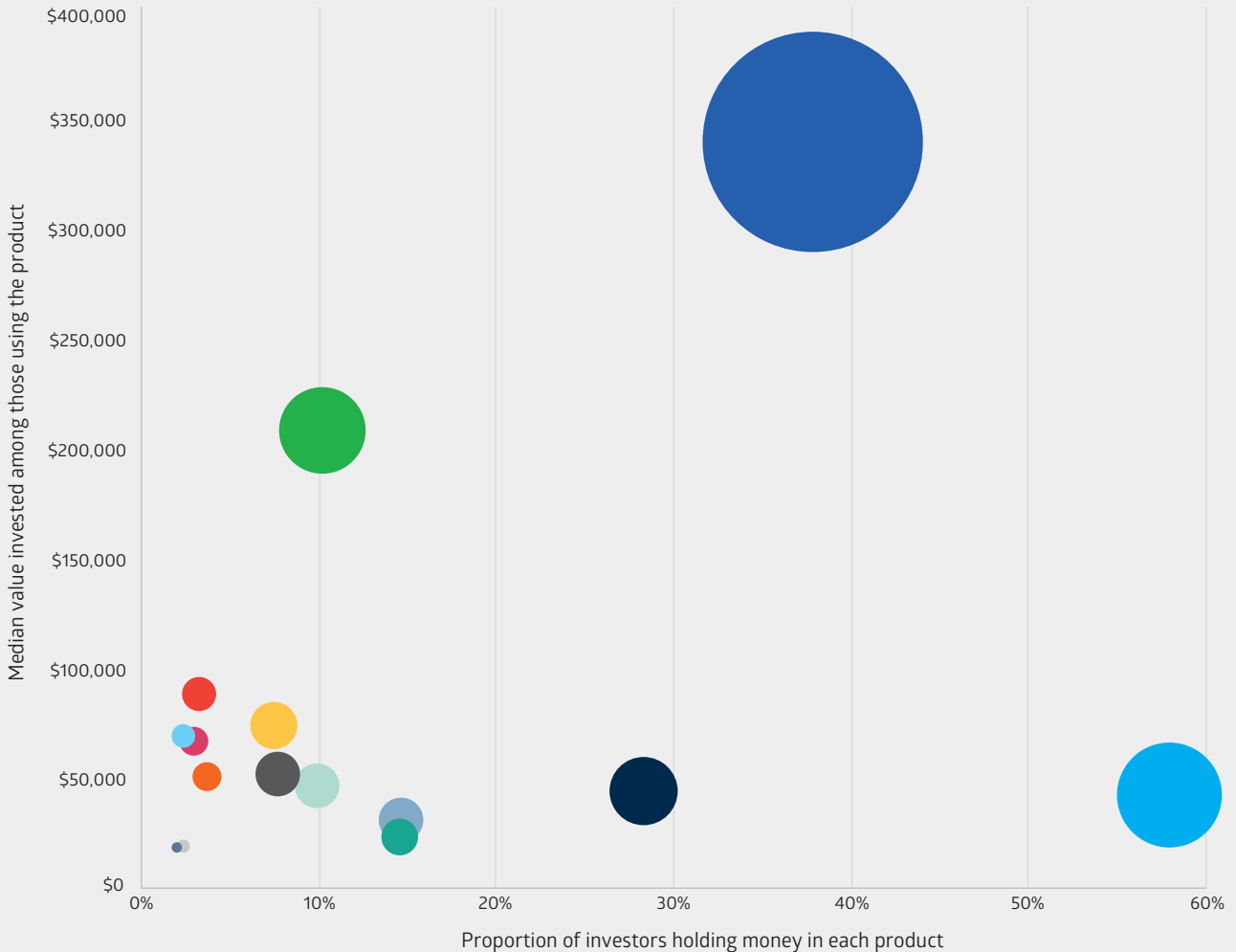
OF INVESTORS HOLD AUSTRALIAN DIRECT SHARES

FIGURE 16

SHARES REMAIN AUSTRALIA'S MOST POPULAR INVESTMENT OPTION

Median amount invested versus proportion of investors holding each investment type (Investors).

Bubble size represents the proportion represented in the average investor portfolio.

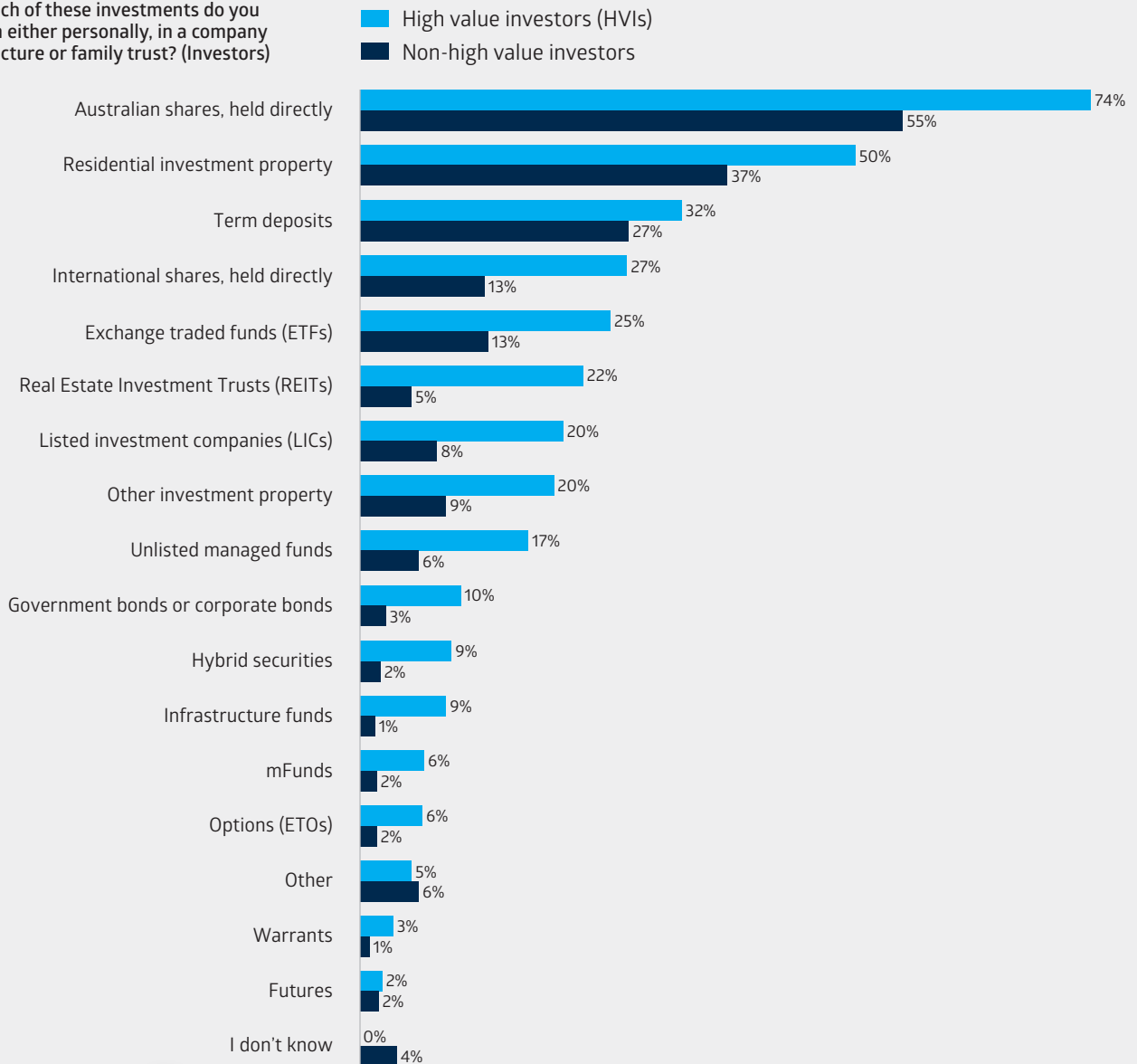


■	13%	\$41,960	Shares listed on an Australian exchange, held directly
■	56%	\$338,261	Residential investment property
■	5%	\$43,895	Term deposits
■	2%	\$30,725	Shares listed on an international exchange, held directly
■	2%	\$23,192	Exchange traded funds (ETFs)
■	2%	\$45,720	Listed investment companies (LICs)
■	9%	\$207,347	Other investment property
■	2%	\$51,782	Real Estate Investment Trusts (REITs)
■	2%	\$73,423	Unlisted managed funds
■	1%	\$50,173	Government/corporate bonds
■	1%	\$87,801	Hybrid securities
■	1%	\$66,416	Infrastructure funds
■	0%	\$19,372	Options (ETOs)
■	1%	\$68,973	mFunds
■	0%	\$18,040	Futures

FIGURE 17

HIGH VALUE INVESTOR HOLDINGS

Which of these investments do you own either personally, in a company structure or family trust? (Investors)



74%

OF HIGH VALUE INVESTORS HOLD DIRECT AUSTRALIAN SHARES

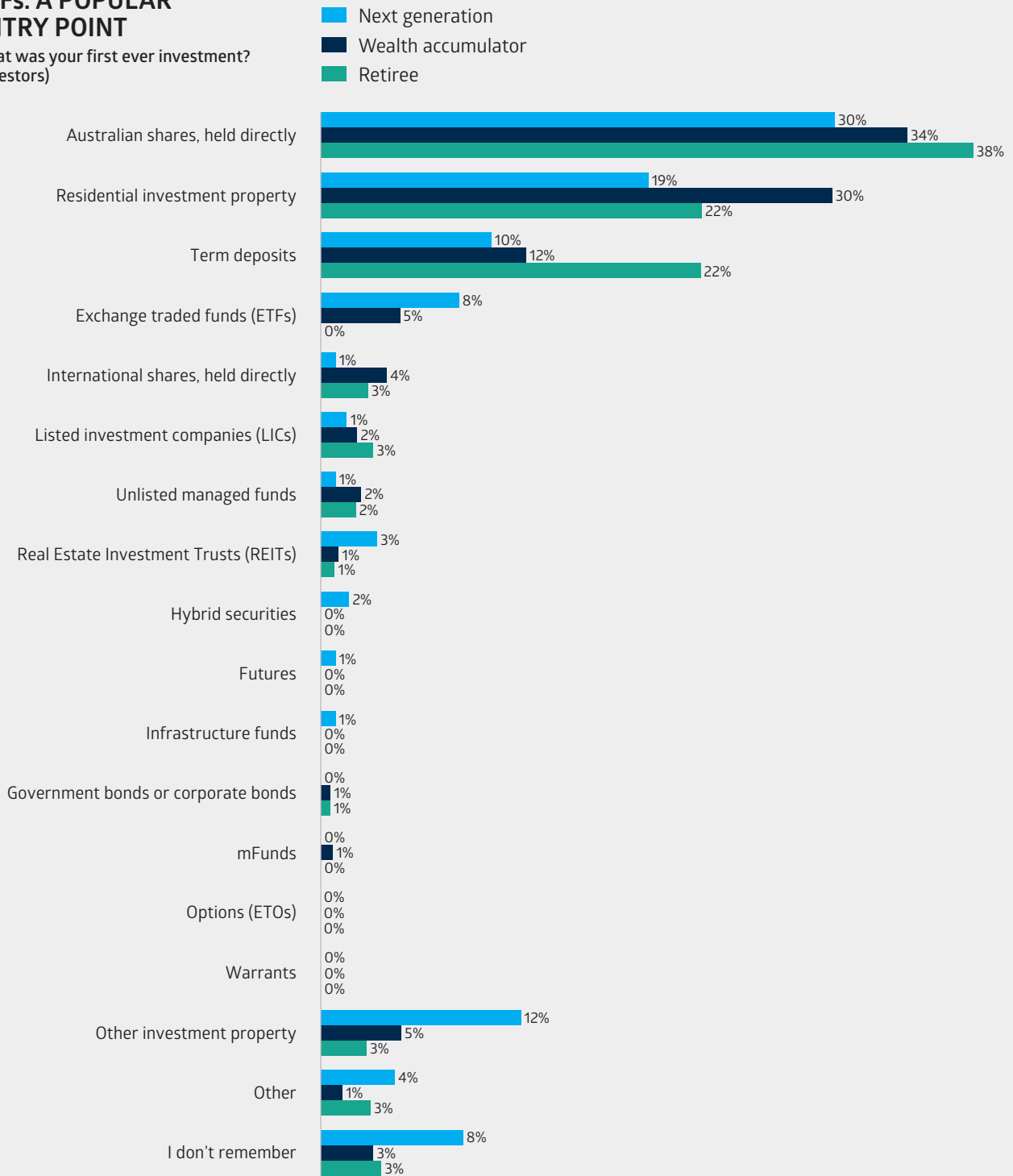
Meanwhile, ETFs have become increasingly important as a preferred investment vehicle for next generation investors. Our survey underlines their role in further democratising investment in Australia by providing an accessible, low-cost option for those with relatively little capital and limited stock selection experience.

Younger investors, in particular, are likely to begin investing by buying an ETF, with 8% of next generation investors choosing an ETF as their first ever investment.

FIGURE 18

ETFs: A POPULAR ENTRY POINT

What was your first ever investment?
(Investors)



There are also signs that their popularity with younger investors is growing. In the 12 months before our January survey, 16% of next generation investors had bought ETFs, compared to 24% who had bought shares. ETFs are also a popular investment choice among those who invested all their spare cash in the wake of the COVID-19 market disruption, underscoring their role as a tool for diversified market exposure.

Next generation investors are also among the most likely to have invested in an IPO in the 12 months before our survey, with one in five having taken part.

FIGURE 19

RECENT INVESTMENTS

Which of these have you made a new investment in within the last 12 months?
(Investors)

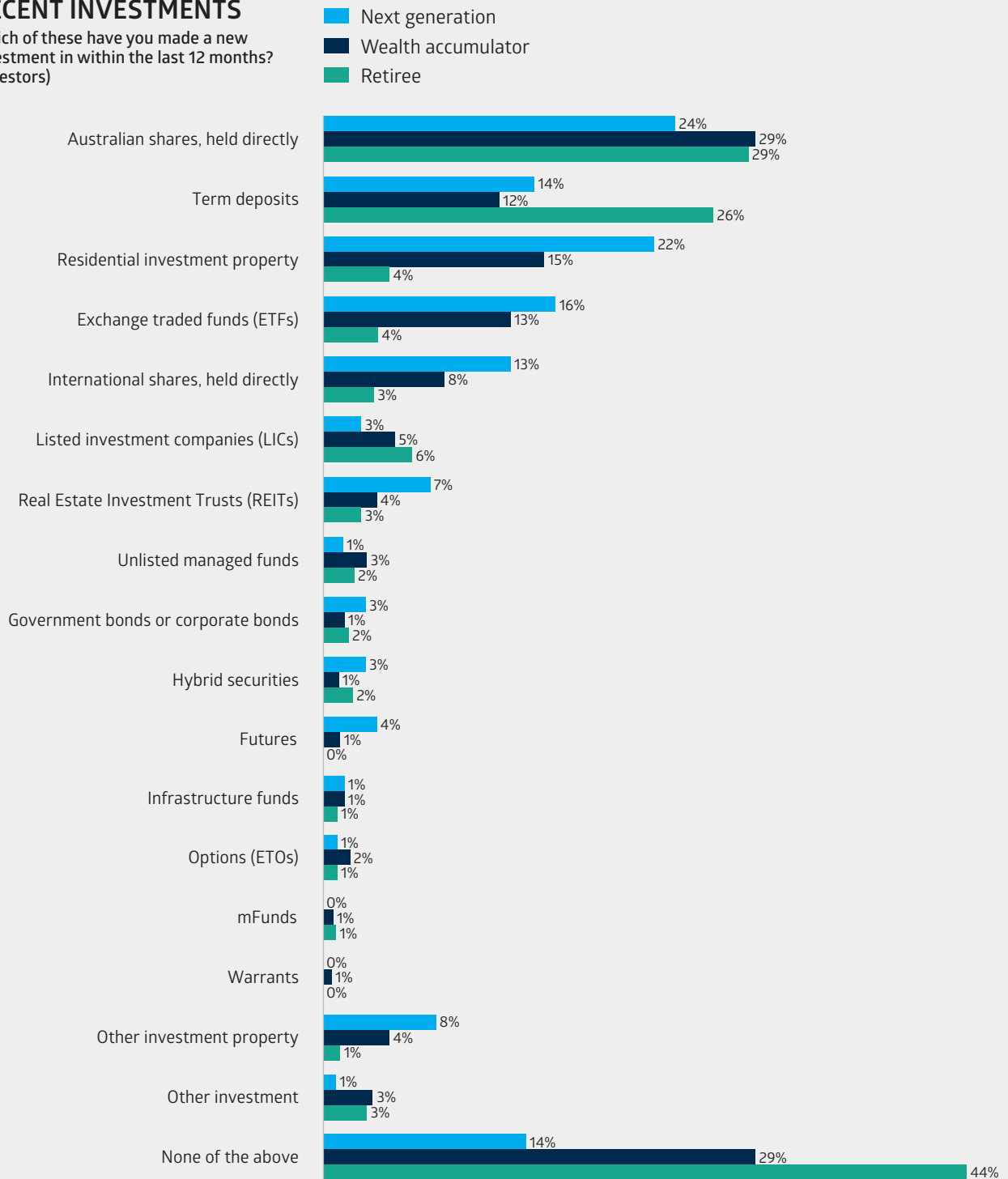
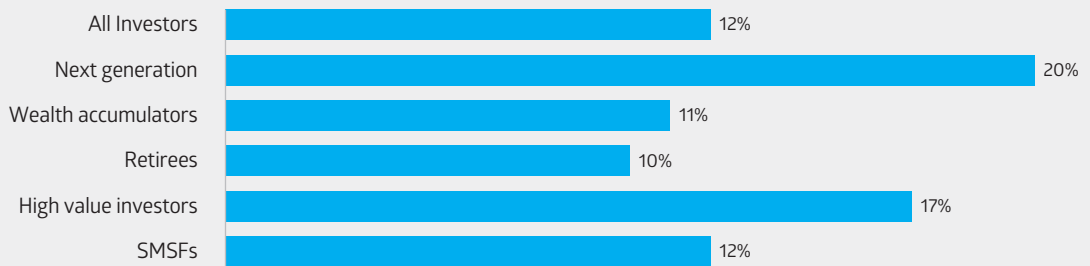


FIGURE 20

YOUNGER INVESTORS FOCUS ON IPOs

Investors who purchased shares directly in a new listing over the last 12 months



54%

OF SMSF INVESTORS HAVE TOTAL PORTFOLIOS OVER \$1 MILLION

INVESTMENT VEHICLES

The vast majority of investors (86%) hold at least some investments in their own names, either in a personal or joint account. However, while just 5% of Australians and 10% of investors have an SMSF, those investors account for an outsized proportion of assets. On average, SMSF investors have a total portfolio of \$1.8 million inside and outside super, and more than half of SMSF investors (54%) have portfolios over \$1 million. Notably, more than 40% of high value investors have SMSFs.

SMSF numbers could be set to increase over the next few years, as a new generation of investors begins to plan for retirement. Twenty-seven per cent of non SMSF investors say they are likely to set one up in future, including 9% who say they are likely to do so within a year. That suggests there are significant opportunities for product issuers to tap into this groundswell of interest with offerings catering to the needs of SMSFs.

FIGURE 21

INVESTMENT VEHICLES

Which of the following investments do you have outside your home and super? (All respondents)

Investments held in:

- 40% Personal capacity (own or joint names)
- 8% Family trust
- 5% SMSF
- 5% Company structure
- 54% None of these

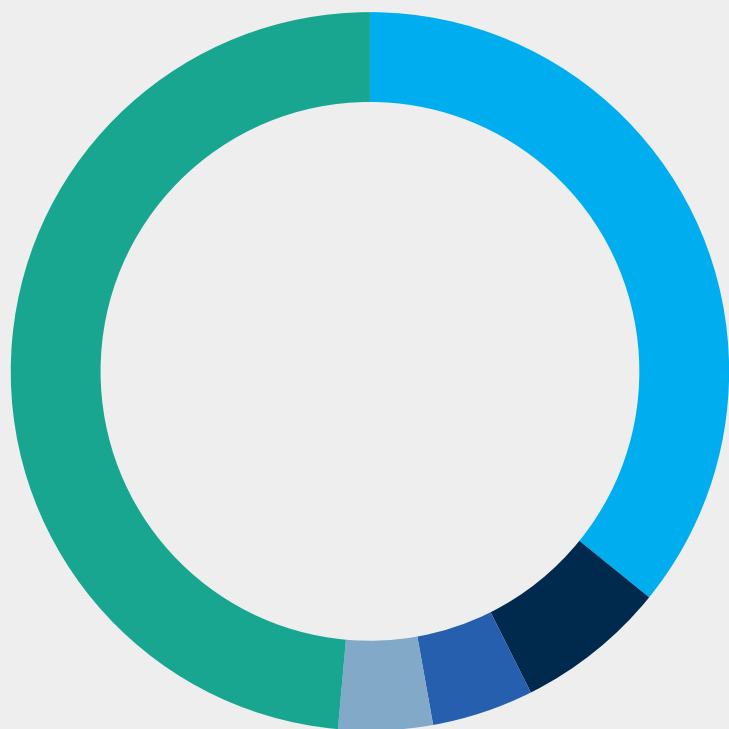
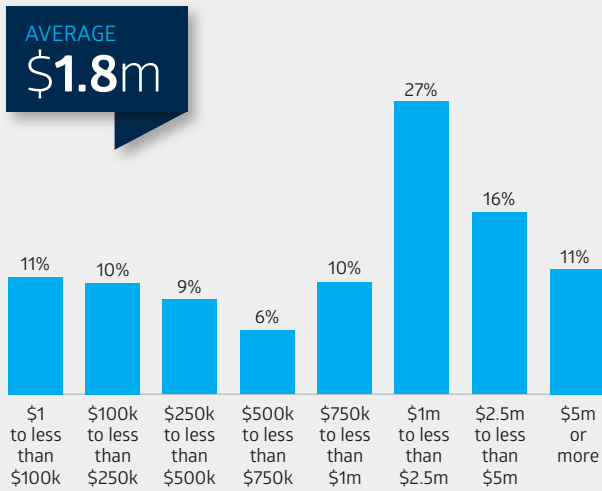
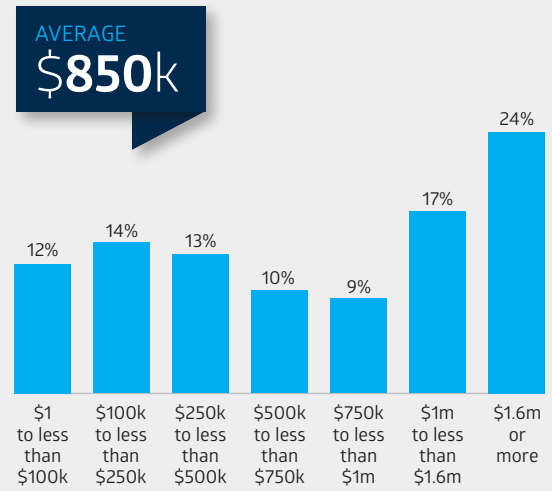


FIGURE 22
SMSF INVESTOR
PORTFOLIO SIZE

Total portfolio size including SMSF, but excluding home and any other super (SMSF investors)



Total SMSF portfolio size (SMSF investors)



27%

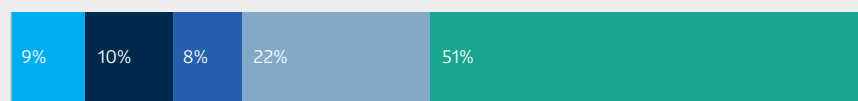
OF NON SMSF INVESTORS SAY THEY ARE LIKELY TO SET ONE UP IN FUTURE

While most of those interested in starting an SMSF are early wealth accumulators (aged between 25 and 44), around a quarter are next generation investors aged 24 and under. That trend could be accelerated by a higher superannuation guarantee contribution rate, scheduled to increase 0.5% a year to 12% by FY2026, driving higher super balances at a younger age.

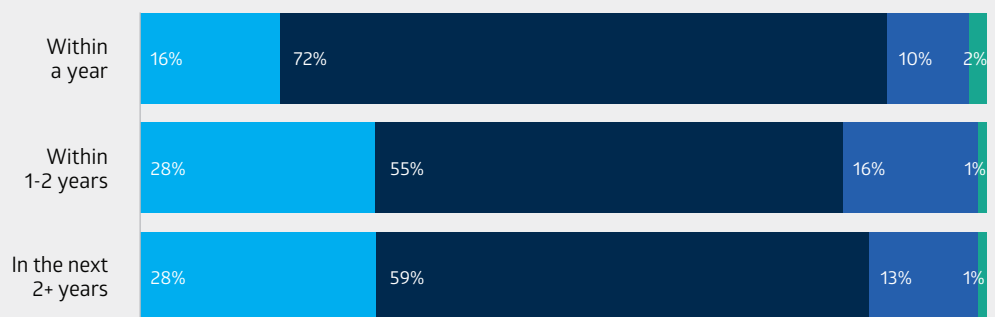
FIGURE 23
INTENTION TO
SET UP AN SMSF

Are you likely to set up an SMSF in the future? (Non-SMSF investors)

- Yes, in the next 12 months
- Yes, in the next 12-24 months
- Yes, in the next 2+ years
- Don't know/unsure
- No, I'm not planning to set up an SMSF



- Next generation
- Early wealth accumulators
- Mature wealth accumulators
- Retirees



HOW AUSTRALIANS INVEST

Investors consider a wide range of factors when making investment decisions, from ethical concerns to tax effectiveness. Asked to name their top three considerations, survey respondents were most likely to evaluate the potential return (65%), followed by potential risk (48%) and their personal circumstances (40%). However, around one in three also considered the need for diversification – a proportion likely to have increased in the wake of COVID-19.

Most investors are actively engaged with their investments, with 61% checking their portfolios at least once a month – although 7% only do so annually, and 4% say they never do so.

FIGURE 24

A FOCUS ON RISK AND RETURN

What are your top three considerations when making investment decisions? (Investors)

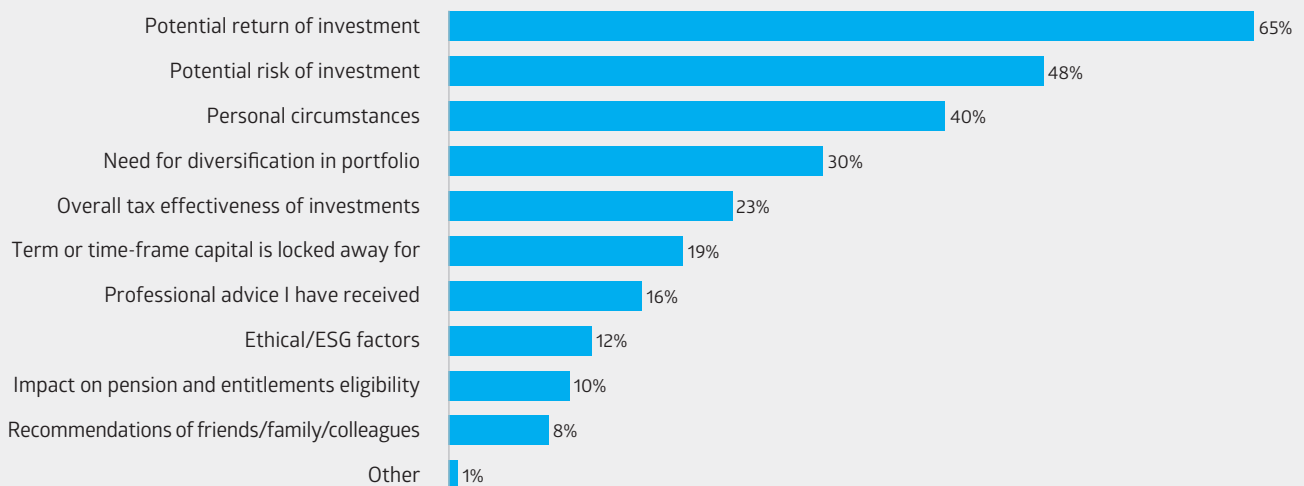
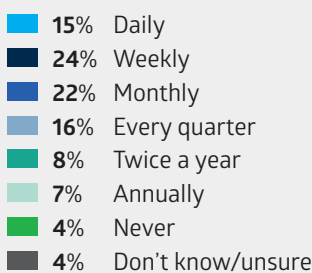


FIGURE 25

MOST INVESTORS ARE ACTIVELY ENGAGED

How often did you view or review your overall portfolio in the last 12 months? (Investors)



MEDIAN[^] NUMBER OF DAYS BETWEEN REVIEWS

14

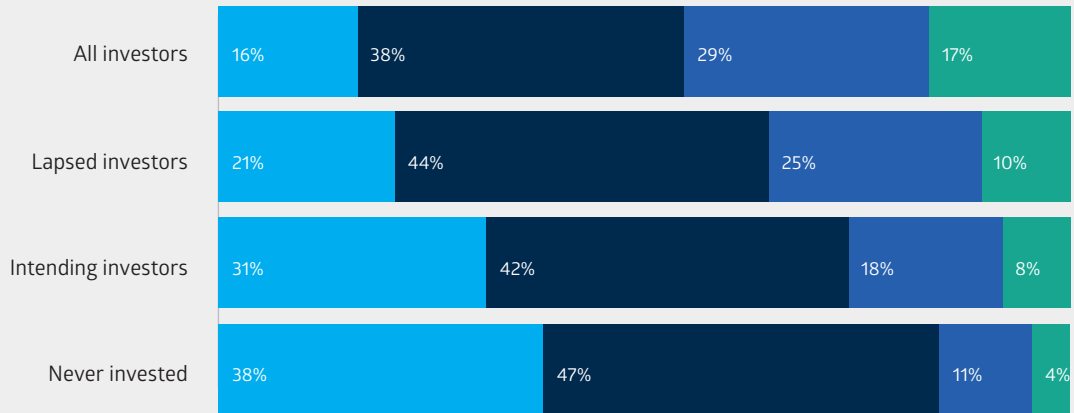
[^]Medians calculated excluding those who said 'Never' or 'Don't know/unsure'.

FIGURE 26

ATTITUDES TO RISK

How would you describe your attitude to financial and investment risk? (All respondents)

- I prefer guaranteed returns
- I prefer stable, reliable returns
- I'd accept moderate variability in returns
- I'd accept higher variability with the potential for higher returns



INDIVIDUAL INVESTORS HAVE REACTED TO MARKET VOLATILITY, USING FALLING PRICES TO **EXPAND AND DIVERSIFY THEIR PORTFOLIOS**

While attitudes to risk vary by life stage, investors become more risk tolerant as they gain investment experience. Asked to rate their attitude to risk in January 2020, 46% of current investors said they would accept moderate or higher variability with the potential for higher returns, compared to 35% of lapsed investors, 26% of intending investors, and just 15% of non-investors. As we noted above, that number rose to 64% in the wake of recent market volatility, suggesting that the experience of navigating volatile markets has made at least some investors more resilient, rather than less so.

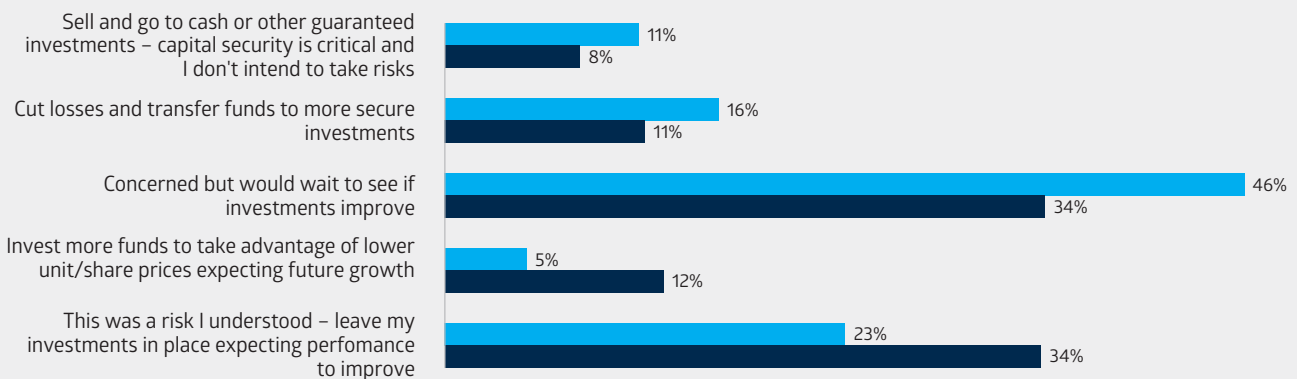
A similar pattern emerged when we asked investors how they would respond to a sudden 20% fall in their investment balance. Nineteen per cent of investors in our January 2020 survey said they would cut their losses and move to cash or more secure investments (down from 27% in 2017), while 12% said they would invest more to take advantage of lower prices (up from 5%). Yet when investors actually experienced a 20%-plus fall in asset prices during the first three months of 2020, only 3% decreased their allocation to Australian shares, while 17% invested all their spare cash. Once again, it seems that individual investors have reacted to market volatility with some sophistication, using falling prices to expand and diversify their portfolios.

FIGURE 27

RESPONDING TO A CORRECTION

How would you react if you woke up tomorrow and found your investment balance had dropped 20%? (Investors, Jan 2020)

- 2017
- 2020





ASX AND THE FINANCE INDUSTRY

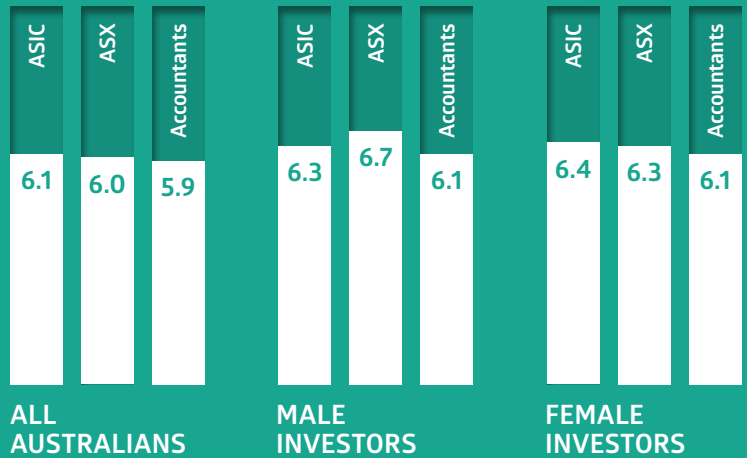
A trusted name in a challenging investment environment

Faced with a challenging and complex investment environment, investors continue to turn to ASX as a trusted source for company information, market insights, educational resources and new investment opportunities. Recognised and respected by current and potential investors alike, our research shows that ASX is widely seen as a world class exchange, offering objective information and a broad range of products. Investors of all ages and experience levels draw on ASX resources to inform their decision making and hone their skills, with the most affluent and active investors among the most frequent users. As a result, ASX is not only an attractive listing destination, but also a valuable partner for product issuers and market participants seeking to reach an active and engaged investment community.

FIGURE 28
KEY FINDINGS



AUSTRALIA'S MOST TRUSTED FINANCIAL SERVICES ORGANISATIONS (AVERAGE SCORE OUT OF 10)



AMONG THE
53%
WHO HAVE A
VIEW ON ASX

46% SAY IT RUNS A WELL-REGULATED MARKET

35% SAY IT'S A WORLD-CLASS EXCHANGE

35% SAY IT PROVIDES OBJECTIVE, UP-TO-DATE INFORMATION



1 IN 2
AUSTRALIAN ADULTS VISITED THE ASX WEBSITE IN THE LAST 12 MONTHS



INVESTORS WHO USE THE ASX WEBSITE TO HELP MAKE INVESTMENT DECISIONS

40% OF HIGH VALUE INVESTORS

33% OF WEALTH ACCUMULATORS

28% RETIREES

26% OF NEXT GENERATION INVESTORS

AWARENESS OF ASX TOOLS AND CONTENT



1 IN 3
WEALTH ACCUMULATORS ARE AWARE OF THE ASX WEBSITE



1 IN 4
RETIREES ARE AWARE OF ASX SEARCH TOOLS



1 IN 5
NEXT GENERATION INVESTORS ARE AWARE OF ASX SOCIAL MEDIA

THE ASX BRAND

ON AVERAGE, CURRENT INVESTORS, SMSF HOLDERS AND RETIREES TRUST ASX MORE HIGHLY THAN OTHER GROUPS

Our survey confirms that ASX is a widely recognised and respected brand, and one of Australia’s most trusted financial institutions. Asked to rate their level of trust in financial organisations on a scale between zero (no trust) and 10 (trust completely), survey respondents gave ASX an average rating of 6.0, second only to the corporate regulator ASIC (6.1), and ahead of banks (4.9) and online stockbrokers (4.5).

On average, current investors, SMSF holders and retirees trust ASX more highly than other groups – suggesting that trust increases as people gain experience using ASX services. Among male investors, ASX is trusted even more than ASIC (an average of 6.7 versus 6.3), while high value investors report the highest trust ratings for ASX at 7.4. However, trust levels are significantly lower among next generation adults (those aged between 18 and 24, including both investors and non-investors), suggesting there are significant opportunities to further engage and educate younger Australians.

FIGURE 29
TRUST IN FINANCIAL SERVICES ORGANISATIONS

To what extent do you trust these organisations? (All respondents)

- N/A no view
- 10 – Trust completely
- 9
- 8
- 7
- 6
- 5
- 4
- 3
- 2
- 1
- 0 – No trust

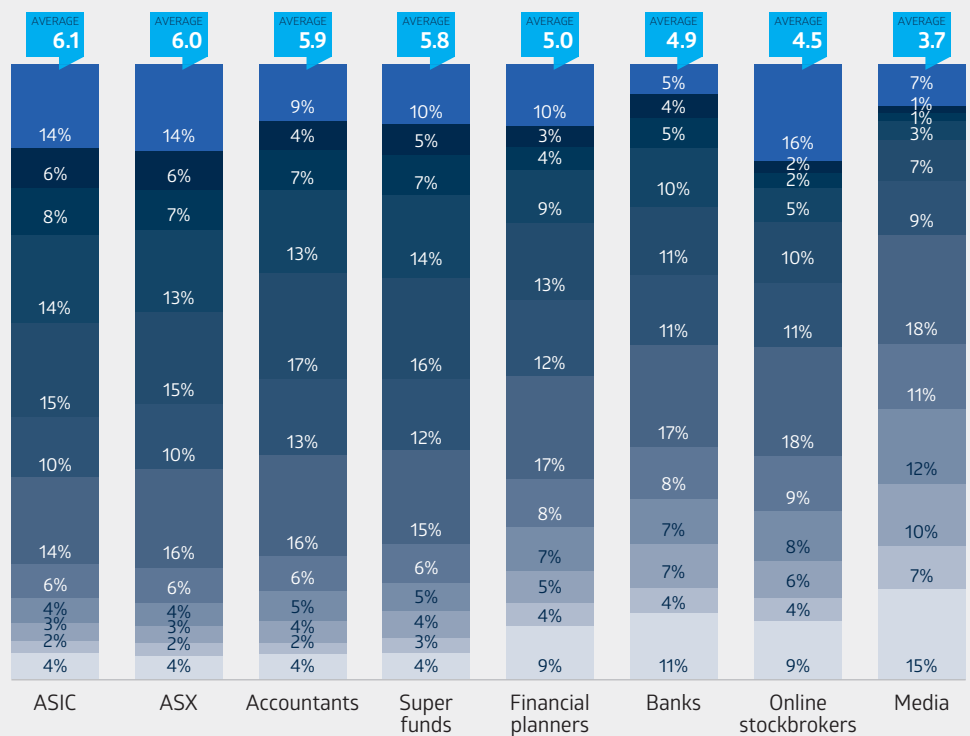


FIGURE 30
TRUST IN ASX

To what extent do you trust ASX? (Average score out of 10)



53%

OF AUSTRALIANS HAVE
A VIEW OF ASX

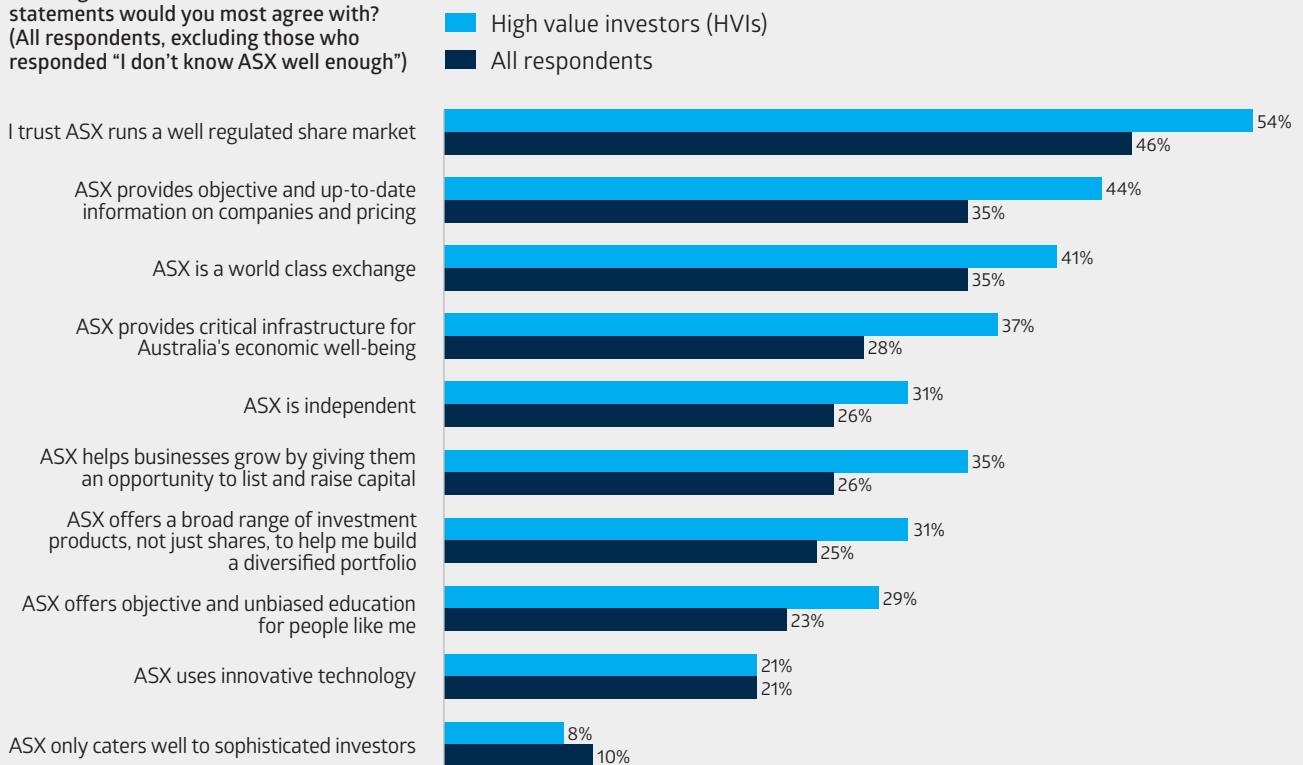
More than one in two Australians (53%) have a view of ASX. Among those who do, 46% agree that it runs a well-regulated market and 35% say it's a world-class exchange.

Importantly for product issuers and market participants, views are generally most positive among high value investors – those in the top 20% for both portfolio size and investment activity, measured by trading values. Of the 87% of high value investors with a view of the ASX, 37% believe it provides critical infrastructure for investors, while 35% agree that it helps businesses grow through listing, and 31% say it offers a broad range of investment products.

However, survey respondents were generally less aware of the innovative technology underlying ASX operations, an area likely to come into increasing focus as key initiatives such as CHES replacement come to market.

FIGURE 31
VIEWS ON ASX

Thinking about ASX, which of these statements would you most agree with? (All respondents, excluding those who responded "I don't know ASX well enough")



AWARENESS

Our survey also confirms that Australians are familiar with a wide range of ASX tools and educational content, making them effective communication channels for product issuers and listed companies seeking to reach out to current and potential investors. Those in different life stages are more likely to focus on particular offerings, creating opportunities to target selected demographics.

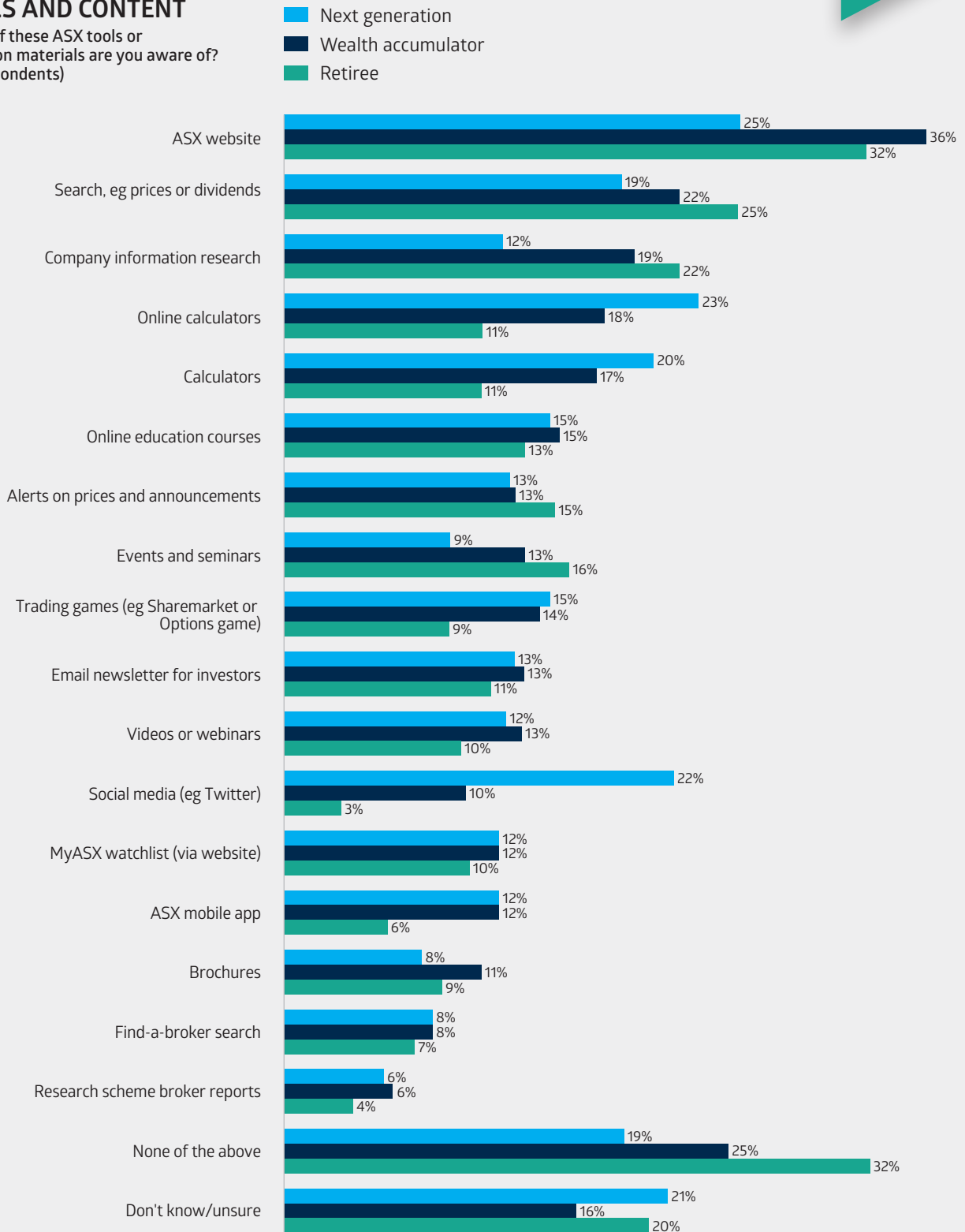
Retirees are most likely to be aware of the ASX website (32%) and practical research offerings, including company search tools (25%) and company information (22%). In contrast, next generation Australians are almost as familiar with ASX's social media presence as its website (22% versus 25%), along with ASX online calculators (23%), trading games (14%) and the ASX mobile app (12%).



FIGURE 32

AWARENESS OF ASX TOOLS AND CONTENT

Which of these ASX tools or education materials are you aware of? (All respondents)

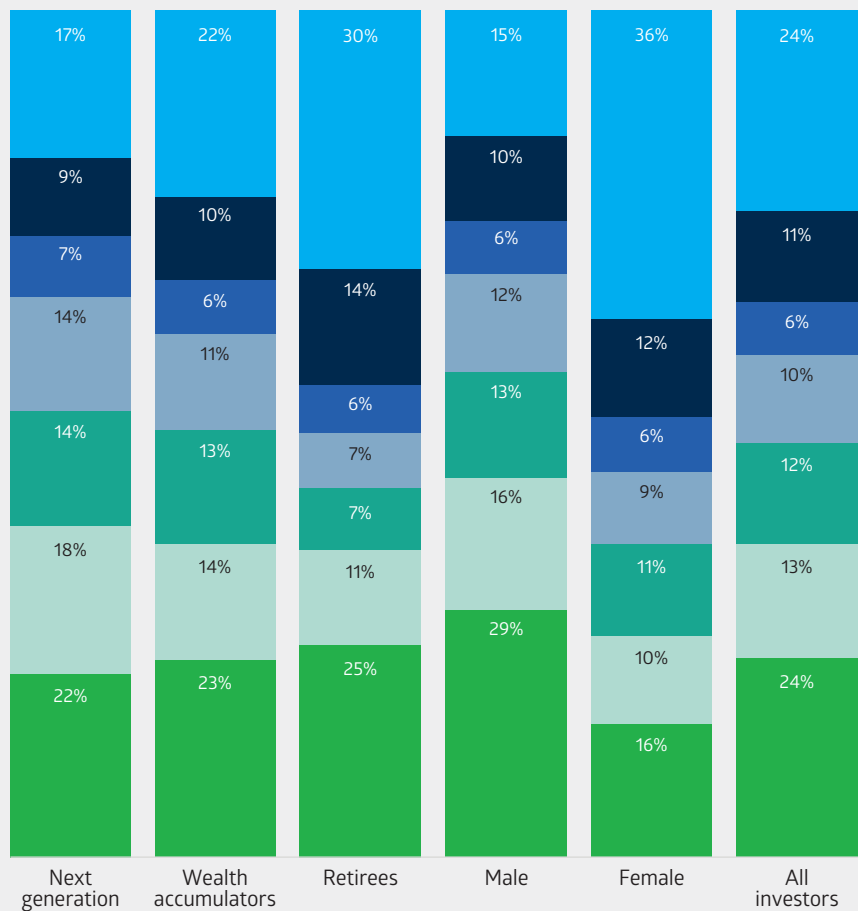


Compared to other age groups, wealth accumulators are most likely to be aware of the ASX website (36%), online education courses (15%), the investor email newsletter (13%), videos and webinars (13%), reflecting a hunger for information and education.

One in two Australian adults had visited the ASX website in the 12 months before our survey, with current male investors the most frequent visitors. At the time of our survey, almost two thirds (62%) of male investors had visited within the last six months, along with 54% of next generation investors and 50% of wealth accumulators.

FIGURE 33
VISITS TO ASX.COM.AU
When did you last visit the ASX website?
(Investors)

- Never
- More than 2 years ago
- 1-2 years ago
- 6-12 months ago
- 3-6 months ago
- 1-3 months ago
- In the last month



USAGE

RETIREES, HIGH VALUE INVESTORS AND SMSF INVESTORS ARE AMONG THE MOST FREQUENT USERS OF ASX SERVICES

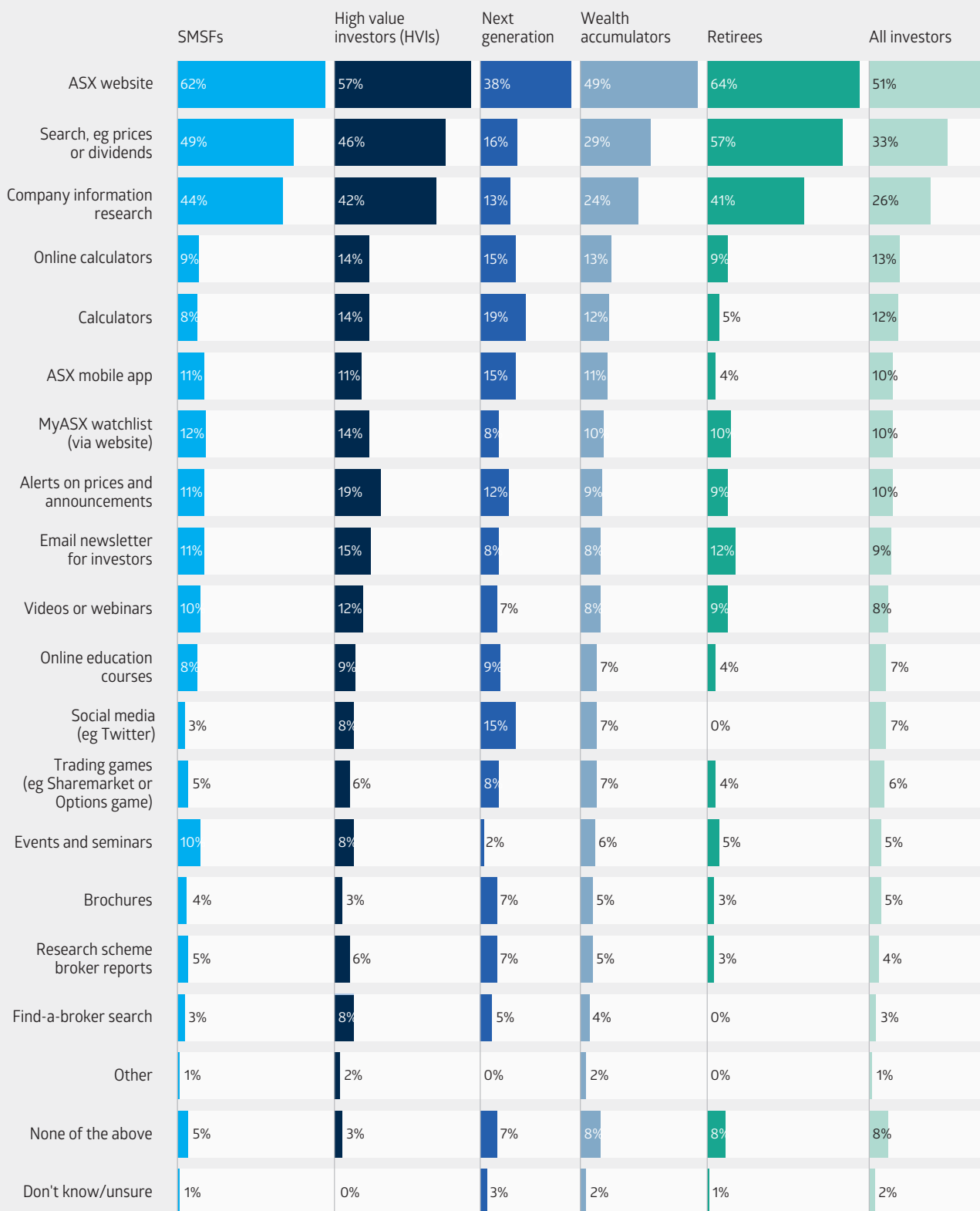
Recent visitors to the ASX website say they have used a wide range of tools and content, with most using multiple offerings. Once again, usage patterns differed significantly across age groups, with retirees most likely to seek specific company and investment information; next generation visitors more focused on social media, calculators and the mobile app; and wealth accumulators using a combination of research tools and educational content. Among those who visited the ASX website in the last 12 months, 57% of retirees searched for prices, dividends and other information, while 43% researched company information. That contrasts with next generation visitors, 17% of whom used ASX social media (versus 0% of retirees and 6% of wealth accumulators).

Along with retirees, high value investors and SMSF investors are among the most frequent users of ASX services, with high value investors the most likely to use price and announcement alerts, email newsletters and educational videos and webinars.

FIGURE 34

ASX SERVICES USED IN THE PAST 12 MONTHS

Which of these ASX services have used in the last 12 months? (All respondents who visited the ASX website in the last 12 months)



PREFERRED INFORMATION SOURCES AND COMMUNICATION CHANNELS

HIGH VALUE INVESTORS ARE AMONG THE HIGHEST USERS OF **ASX EDUCATION SEMINARS AND VIDEOS**

22%

OF HIGH VALUE INVESTORS ARE ALSO INTERESTED IN TRADE SHOWS AND EXPOS, SUCH AS **ASX INVESTOR DAY AND CEO CONNECT**

Our survey also revealed a high level of variation in preferred information sources and communication methods between investor types and age groups. The rise of a new generation of younger investors, combined with a proliferation of online investment information and tools, has seen a marked shift towards digital channels. At the same time, there has been a fragmentation in the market, with different groups preferring different sources, and each group drawing on a wide variety of channels to inform their investment decision making.

High value investors are among the highest consumers of investment information, and the group most likely to subscribe to paid online publications (34%). In contrast, women and next generation investors show a high propensity to rely on family and friends for guidance. The ASX web site also features in the most frequently used information sources across all groups, with particularly high usage by high value investors (40%), who are also among the highest users of ASX education seminars and videos.

Investors prefer to receive information through a mix of channels, both digital and in-person. Emails, PDFs and online reading materials rate highly across all groups, with next generation investors also highly engaged with YouTube videos (41%). Yet both women and next generation investors also express a strong preference for one-on-one education sessions, while high value investors are more likely to prefer group seminars and live webinars. Twenty-two per cent of high value investors are also interested in trade shows and expos, such as ASX Investor Day and CEO Connect.

FIGURE 35

PREFERRED INFORMATION SOURCES

What sources of information do you use to make decisions about your investments? (Investors)

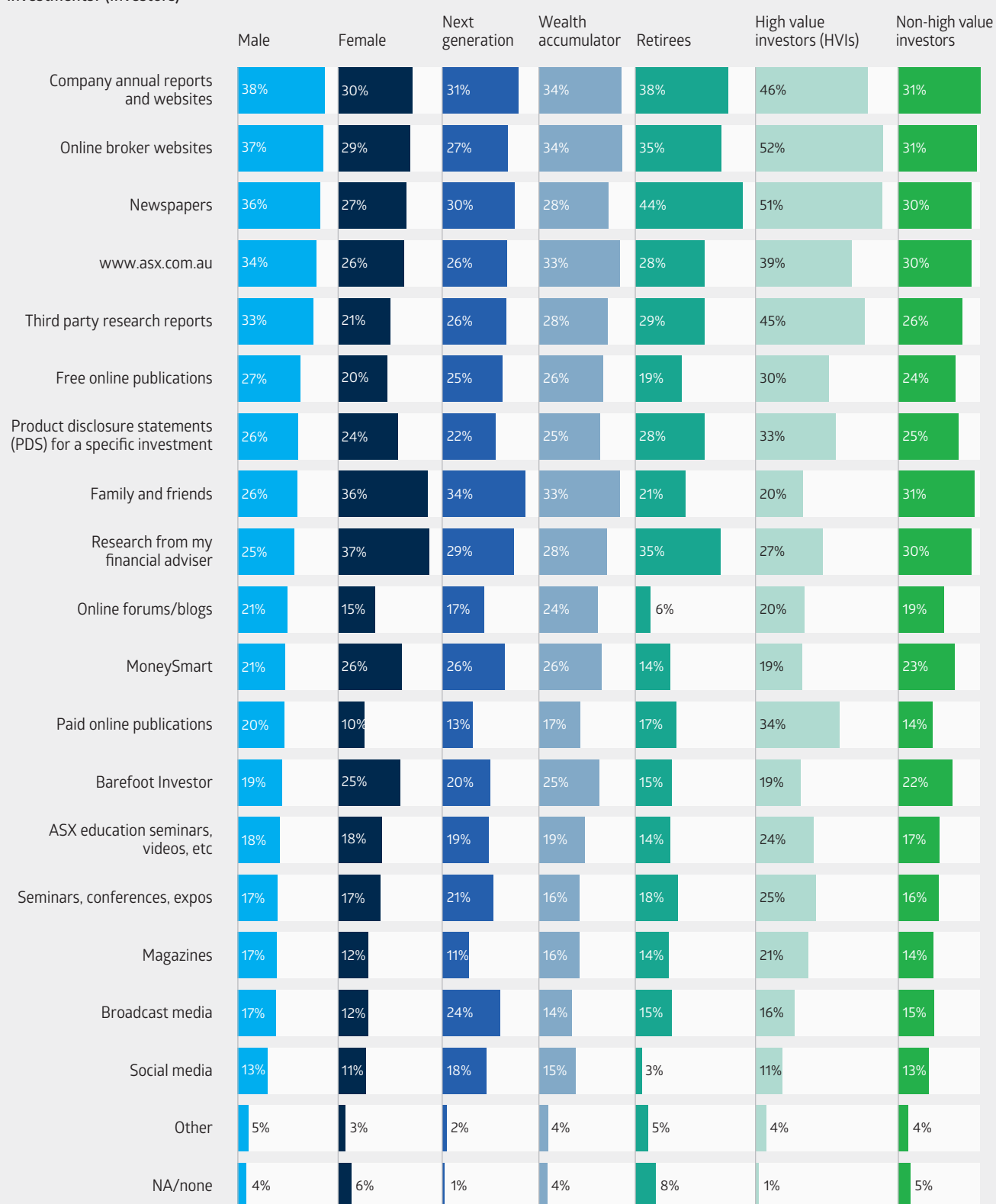
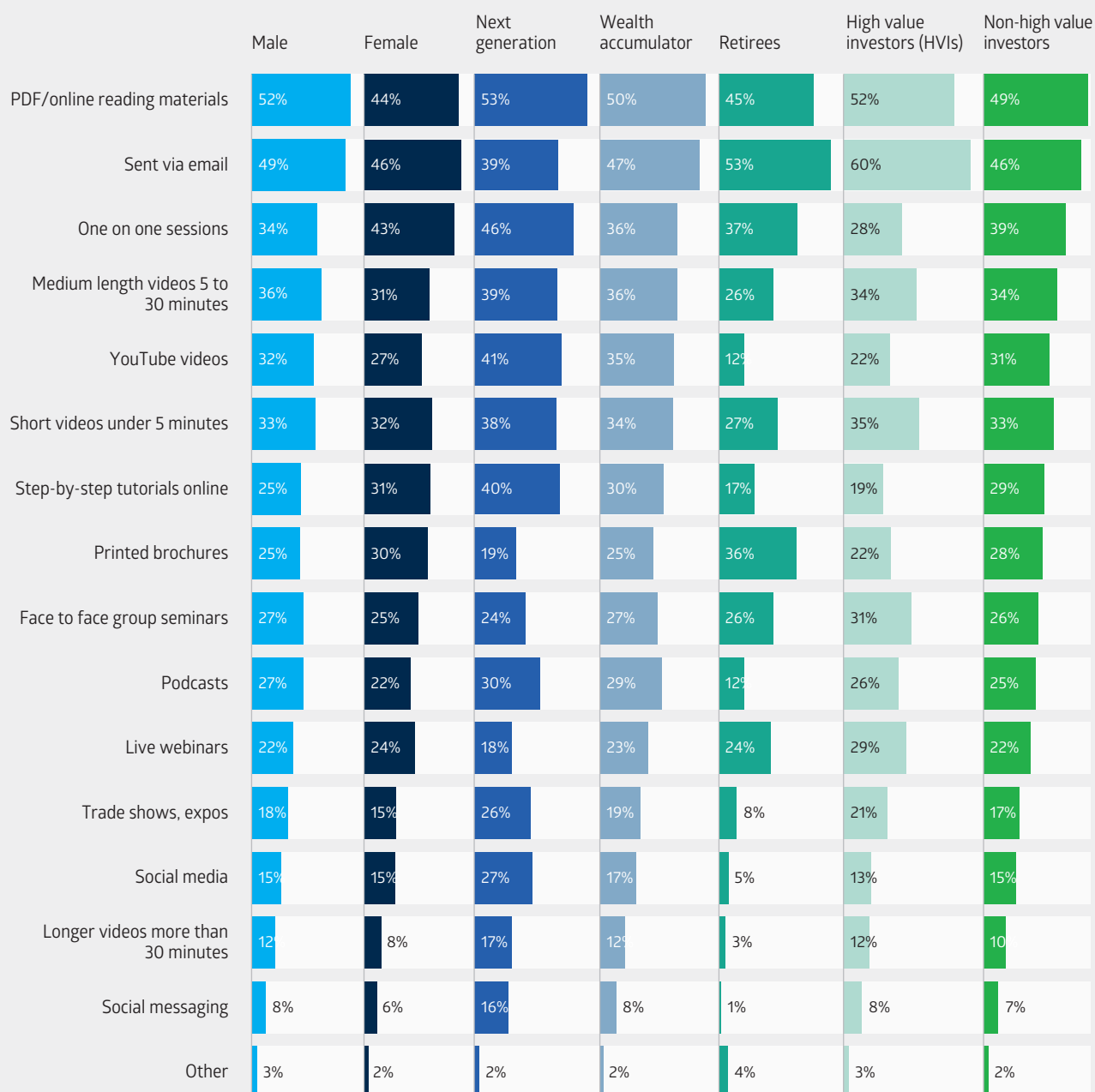


FIGURE 36

PREFERRED CHANNELS FOR INVESTOR EDUCATION

In what format do you prefer investing information to be delivered? (Investors)



CONCLUSION

Investor resilience in a challenging market

The events of 2020 have impacted financial markets around the world. Yet they have also demonstrated the resilience of investors and their ongoing desire to build wealth through listed investments.

In Australia, many investors have taken advantage of current valuations to further expand and diversify their portfolios. And while the resultant increase in market activity does raise the risk that some retail investors are attempting to time the market – not always successfully – our research also suggests that many investors have become more attuned to the benefits of diversification and risk management. For these long-term investors, short-term fluctuations are an acceptable price to pay for achieving their overall goals.

For product issuers and market participants, this is positive news. As our research demonstrates, ASX remains a trusted and widely recognised brand, and a leading destination for investors of all experience levels seeking information, educational resources and new investment opportunities. Meanwhile, a succession of successful capital raisings has indicated continued support for corporate Australia. So, while there is still significant uncertainty in the short term, the longer term outlook for Australian equity markets remains promising.

We look forward to the opportunity to partner with your organisation and to continue bringing investors and product providers together in the years ahead.

APPENDIX: RESEARCH METHODOLOGY

The ASX Australian Investor Study 2020 builds on the ASX Australian Share Ownership Study, produced regularly since 1986, and its successor, the ASX Australian Investor Study 2017. Like the 2017 study, the scope of the 2020 research has been expanded from previous reports, to include the attitudes of Australians towards the full universe of available investment options.

SAMPLE SOURCES

The study is based on two quantitative online surveys conducted by Investment Trends in January 2020 and May 2020.

JANUARY 2020 SURVEY

The January survey was conducted in two phases:

- **Control sample:** we recruited a nationally representative panel by gender, age and super balance.
- **Additional sample:** we recruited additional participants in selected segments from Investment Trends' panel of investors and SMSFs to ensure a statistically significant sample for detailed analysis within those segments.

MAY 2020 SURVEY

The May 2020 survey focused on the impact of COVID-19 on investors' attitudes and investment behaviour. The survey sample was recruited from Investment Trends' opt-in panel of investors and SMSFs.

SAMPLE SIZES

Survey	Responses collected	Complete responses after data cleaning and validation
January 2020	10,365	5,002
May 2020	563	507

SAMPLE SIZES BY TARGET GROUP

The target groups for analysis were:

Target group	Sample size: January 2020
Investors (hold investments personally in a family trust, in a company structure, or in an SMSF)	3,419
Lapsed investors	346
Never invested	1,064

SAMPLE WEIGHTING

JANUARY 2020

The January 2020 survey sample was post-weighted to:

- match ABS reporting on the composition of the Australian adult population, and
- give the correct distribution of SMSFs, investors and non-investors.

After the weighting process, the final sample size is 4,845 Australian adults. The maximum sampling error (centre of the range) at the 95% confidence interval for Australian adults is +/-1.41%. Note that analysis of smaller subgroups will have a higher sampling error.

MAY 2020

The May 2020 survey sample was post-weighted slightly to match the age and gender composition of investors. The maximum sampling error (centre of the range) at 95% confidence interval for investors is +/- 4.3%. Note that analysis of smaller subgroups will have a higher sampling error.

Some figures may not total 100% due to rounding or multiple responses being allowed.



ABOUT ASX

ASX is one of the world's leading financial market exchanges. It operates at the heart of the globally attractive, deep and liquid Australian financial markets.

As an integrated exchange offering, ASX provides a full suite of services including listings, trading, clearing, settlement, technical and information services, and other post-trade services. It operates markets for a wide range of asset classes including equities, fixed income, commodities and energy.

ASX puts our customers at the centre of everything we do. With a proud history as an early and successful adopter of new technology, ASX continues to embrace innovative solutions to make life easier for customers, help companies grow, create value for shareholders and support the Australian economy.

FURTHER INFORMATION

For more information please contact the ASX Investment Products team:
investmentproductsales@asx.com.au



ABOUT INVESTMENT TRENDS

The ASX Australian Investor Study 2020 was conducted by Investment Trends – a specialist financial services market research organisation providing business insights and decision support information to many of the world's leading financial services organisations. Investment Trends combines analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help clients gain competitive advantage. As a company Investment Trends aims to improve the lives of millions of investors by making the whole financial services industry better.

Investment Trends' research coverage spans eight countries across Australia, Asia, Europe and the US. Their clients include industry regulators, leading local and global banks, investment platforms, leverage trading providers, fund managers, superannuation and pension funds, product issuers and manufacturers and financial planning software providers.

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