



# Highlights from the 2019 First Half Australia Online Investing Survey

## Thank you

Thank you again for taking part in our recent 2019 First Half Australia Online Investing Survey.

Your participation has provided valuable insights, helping our clients better understand your attitudes and needs relating to investing in Australian and international equities. An important goal for us, and our clients, is to translate these insights into better services and outcomes for you.

The contents in this short report gather some of the most interesting results from the research.

Yours sincerely,

Mark Johnston  
Executive Chairman and Founder  
Investment Trends  
23.02 Tower 3, International Towers  
300 Barangaroo Ave,  
Sydney NSW 2000  
Australia

## Table of contents

Methodology and scope.....	4
Investor return expectations .....	5
Investor concerns .....	6
Online investing market size.....	7
Reasons for investing online .....	8
Products used by online investors .....	9
Drivers of product uptake.....	10
International markets are in demand .....	11
Industry experts followed.....	12
About Investment Trends .....	13

## Methodology and scope

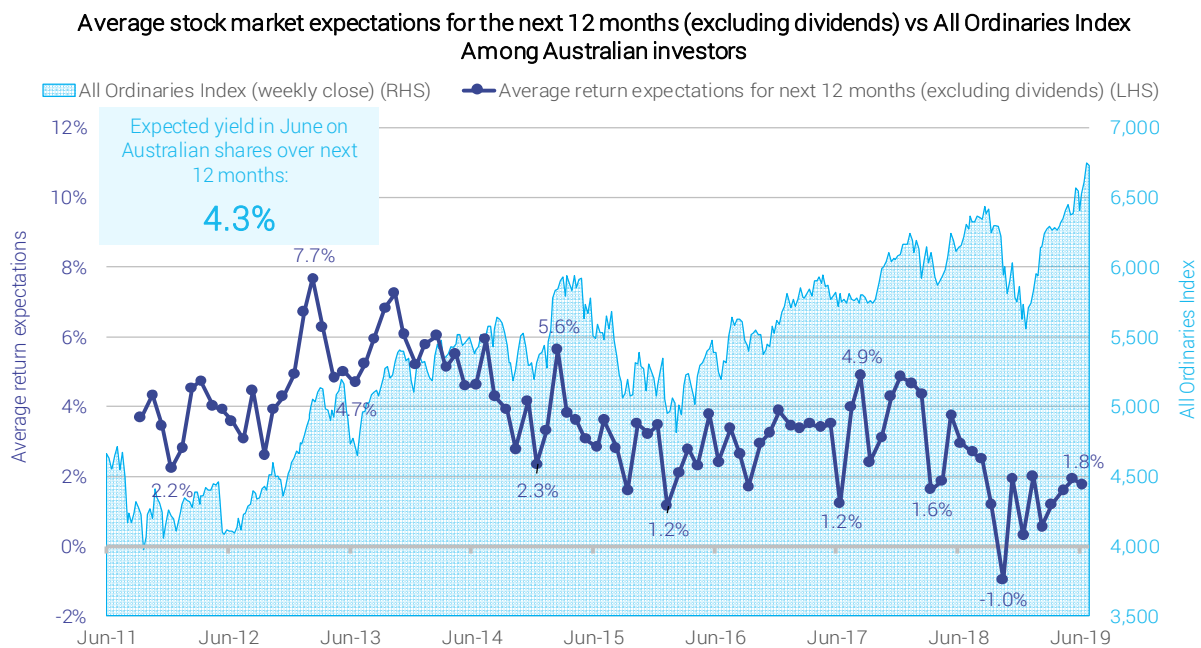
The 2019 First Half Australia Online Investing Survey is a detailed analysis of the attitudes and behaviours of online share investors in Australia. These findings are based on a quantitative online survey conducted between May and June 2019.

A total of 8,578 valid responses were received after data cleaning and de-duplication. The maximum sampling error (centre of the range) at the 95% confidence interval for this sample is +/-1.2%. It must be noted that analysis of smaller subgroups would have a higher sampling error.

This is the twentieth bi-annual edition of this report, and Investment Trends personnel have been researching the Australian online investing market continuously since 2009.

## Investor return expectations Market sentiment remains subdued in the first half of 2019

Investor sentiment is on the road to recovery as the Australian equities market reaches record highs in 2019. As at June 2019, the average investor expects the All Ordinaries Index to grow by 1.8% over the next 12 months. This is a vast improvement compared to 2H 2018 when investors' capital gain expectations fell into negative territory for the first time since the GFC (-1.0% in October 2018).



## Investor concerns

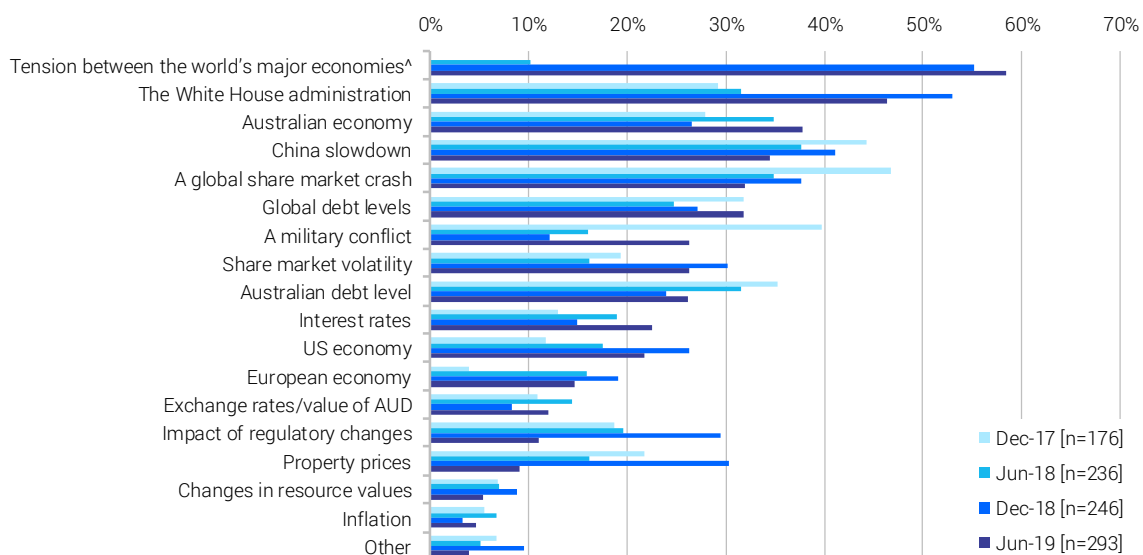
### Investors are increasingly worried about the impact of the Sino-US trade war

The investment-related issues that Australian online investors are concerned about have evolved significantly in the last 12 months.

Many of their top concerns are global in nature, such as the tension between the world’s major economies (58% cite this, up from 55% in June 2018) and the White House administration (46%, down from 53%).

However, concerns about the Australian economy (37%, up from 27%), and a potential military conflict (27%, up from 12%) are growing as well.

**What are you most concerned about in relation to your investments?  
(Multiple responses permitted) Among Australian investors**

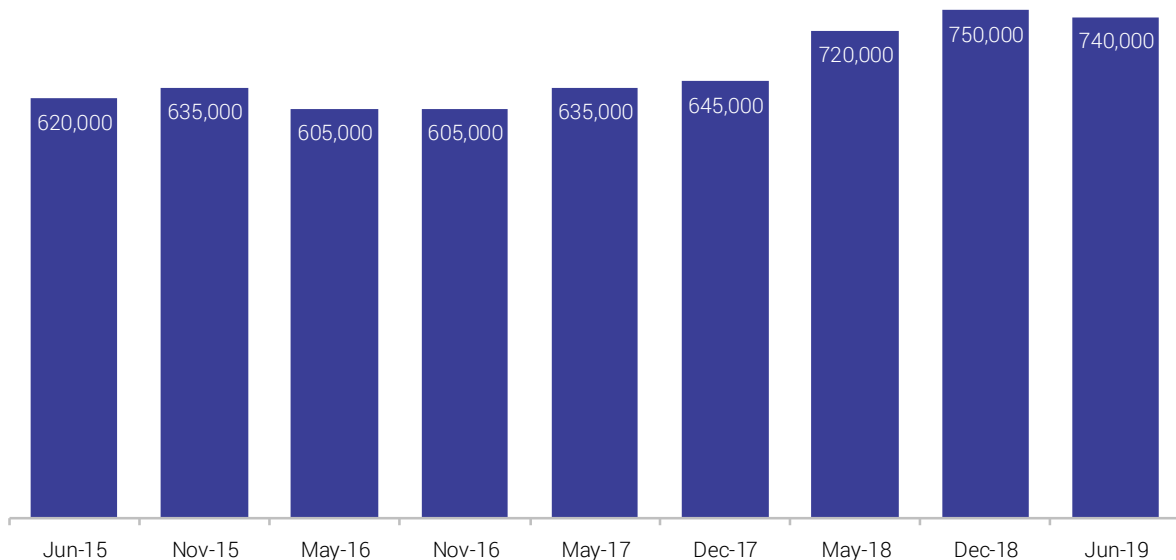


<sup>\*</sup>New option added  
Note: Investor data sourced from Investment Trends investor sentiment research

## Online investing market size Australia is home to 740,000 online investors

The Australian retail online investing market grew strongly through 2017 and 2018. In June this year, the number of Australians who had placed at least one online equities trade in the last 12 months stood at 740,000 (up from 720,000 in May 2018 but down slightly from the peak of 750,000 recorded in December 2018). The recent market expansion has been buoyed by a prolonged period of low interest rates and subdued property market.

Retail participation in online investing - June 2015 to June 2019  
Number of investors who placed at least one equities trade online in the preceding 12 months



## Reasons for investing online

### A strong belief in the long-term prospects of the stock market is the top motivator to invest online

Retail online investors participate in the market for a variety of reasons, most often citing one of three motivators – faith in the long-term prospects of the share market (51% cite this), to generate an additional income stream (50%) or the desire to try investing without the assistance of a financial adviser (49%).

Looking specifically at millennial online investors (aged 35 or under), the desire to buy property is a strong driver of investment activity. Millennials are also more likely than their older counterparts to believe that markets will appreciate in the long run.

**Q10 Why do you currently invest online? (Multiple responses permitted)**  
Among online investors [n=6753]





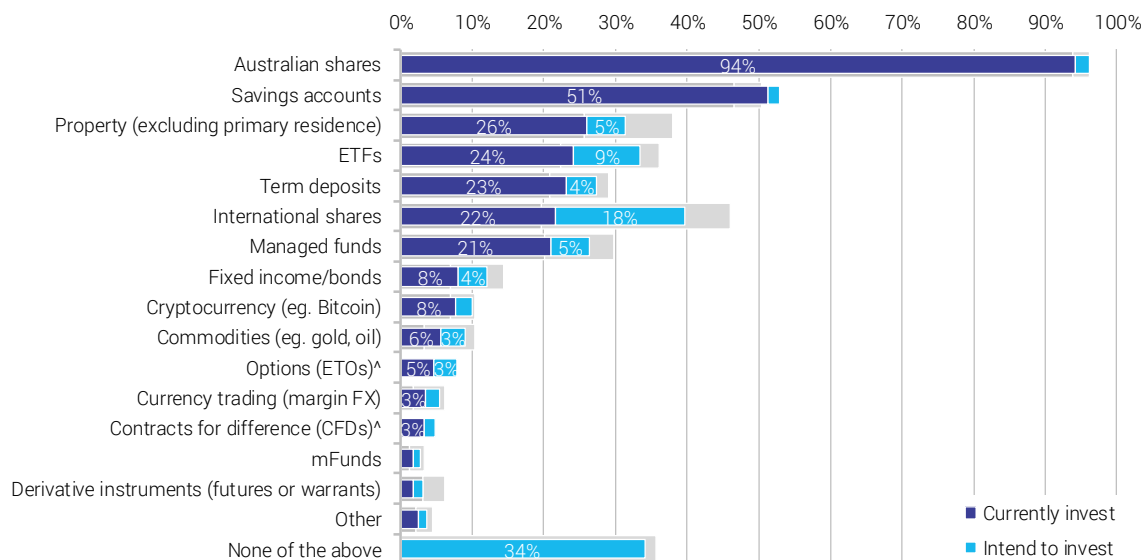
## Products used by online investors

### More Australians are now using international shares and ETFs

ASX-listed equities remain a staple in the investment portfolio of online investors (94% cite this) but the past six months have seen an increase in the uptake of ETFs (24%, up from 22% in December 2018) and international shares (22%, up from 20%).

Looking forward, the usage of international shares and ETFs appears poised to grow further. Over a sixth (18%) of online investors say they intend to start trading international shares in the next 12 months, while almost one in ten (9%) are looking to buy ETFs for the very first time.

**Q44/Q47 Which of the following do you [currently use/intend to start using in the next 12 months] for investment purposes? (Multiple responses permitted) Among online investors [Jun-19 n=6397; Dec-18 n=8462]**



<sup>^</sup>New option added  
Note: The background bars represent the results from Dec 2018

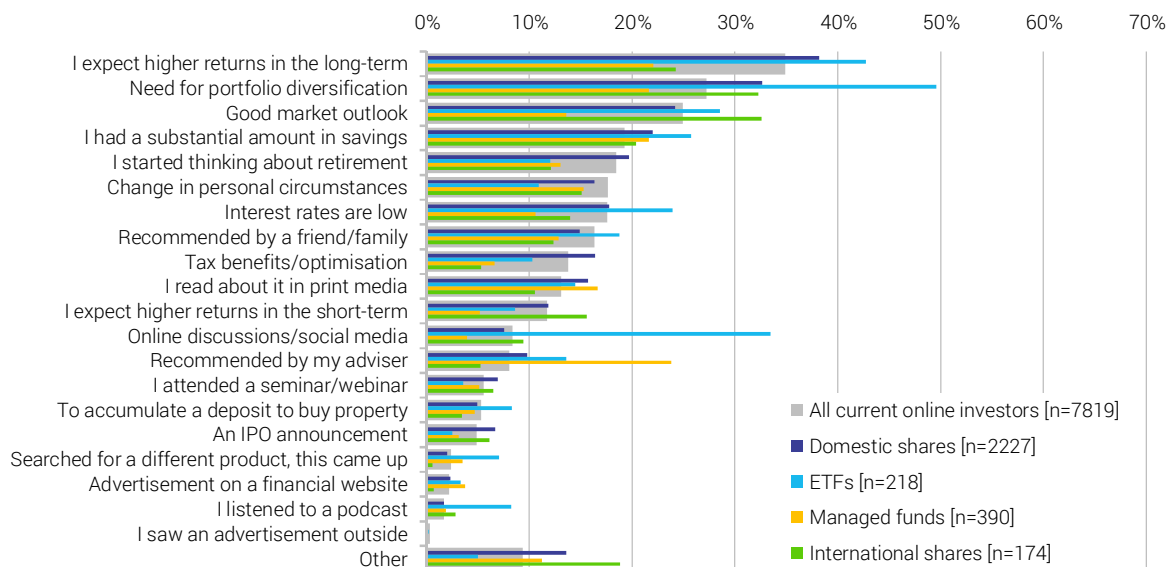
## Drivers of product uptake

### Drivers of uptake vary substantially across products

The triggers that first prompted Australians to invest online vary markedly by product type. For instance, half of those who started their investment journey with ETFs chose to do so for diversification purposes. Compared to the first time users of other products, those who started with ETFs are also significantly more likely to acknowledge the influence of online discussions and social media (33% vs 8% for other products).

For international shares, the top triggers that prompted investors to start using them prior to any other product are a good market outlook (33% vs 25%) and a need for portfolio diversification (32% vs 27%).

**Q127 Which of the following triggered your interest in investing in [your first investment product]? (Multiple responses permitted) By First investment product. Among current online investors**

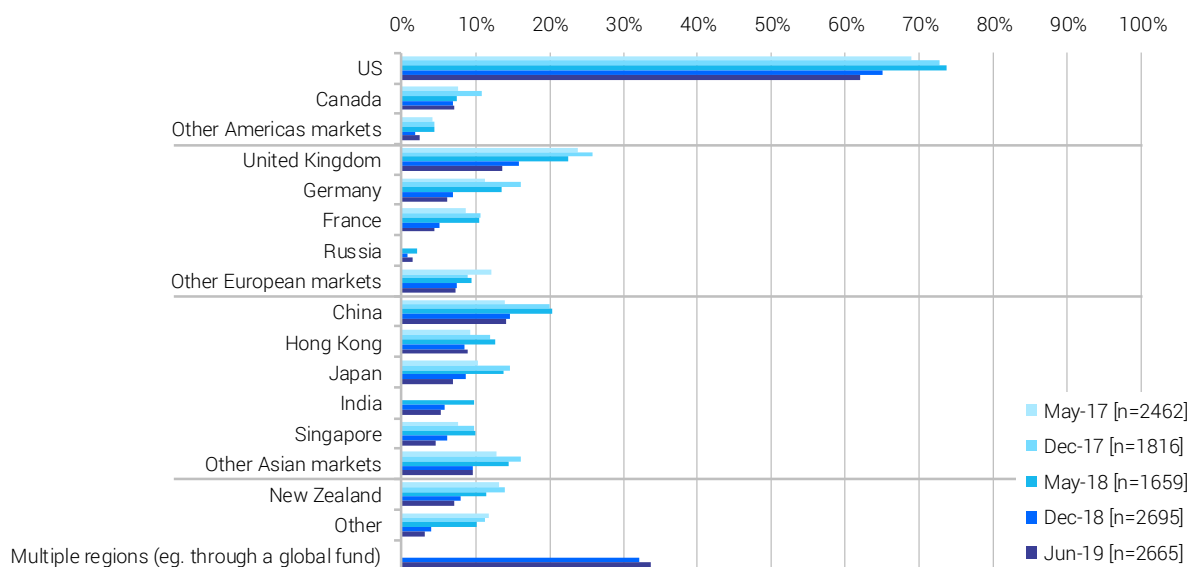


## International markets are in demand US remains the most popular market

Nine in twenty Australian online investors have international exposure and they use different investment products – direct international shares and ETFs, most commonly – to achieve this. The US market is, by far, the most popular choice for Australians looking to diversify their portfolio through international investments.

A third say they invest in funds that provide exposure to multiple regions. Aside from the US and global funds, the international markets commonly invested in by online investors are China (14%), the UK (14%) and Hong Kong (8%).

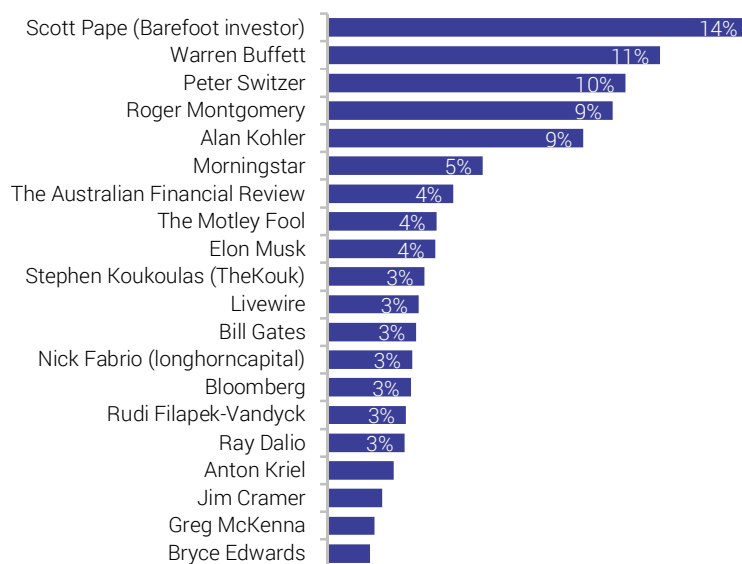
**Q63 Which international markets do you currently invest in? (Multiple responses permitted)**  
Among online investors with international investments



## Industry experts followed Scott Pape is the most popular influencer

Australian online investors use a variety of sources to educate and inform themselves, with one in twelve (8%) saying they follow industry experts on social media. With the exception of Warren Buffet, four of the five most popular industry experts followed on social media are based in Australia.

Q221 Which industry experts do you follow? (Regrouped from unprompted responses)  
Among those who follow industry experts on social media [n=204]  
(Top 20 shown)



## About Investment Trends

Investment Trends is a specialist financial services market research organisation providing business insights and decision support information to many of the world's leading financial services organisations. We combine analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help our clients gain competitive advantage. As a company we aim to improve the lives of millions of investors by making the whole financial services industry better.

Our research coverage spans eight countries across Australia, Asia, Europe and the US.

Our work is focused on helping clients answer three fundamental questions:

1. How does the market currently work?
2. How is the market evolving?
3. How do I improve business outcomes:
  - o Increase customer satisfaction
  - o Develop the products investors want
  - o Introduce tools and services necessary to enhance the customer experience
  - o Use technology to engage and support investors

Our 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.

Investment Trends Pty Ltd  
23.02 Tower 3, International Towers  
300 Barangaroo Ave,  
Sydney NSW 2000  
Australia

Phone: +61 2 8248 8000  
sales@investmenttrends.com  
www.investmenttrends.com

© Copyright 2019 Investment Trends Pty Limited. All rights reserved.

The material in this study (“Highlights from the 2019 First Half Australia Online Investing Survey”) contains proprietary information including copyright material and trademarks, the rights to which must be respected. Investment Trends owns the copyright in the design, selection, arrangement, production, as well as in the material originally developed by or for Investment Trends. The copyright material is provided for your personal only. Otherwise, and except as permitted by law, no copying, publication, modification or commercial exploitation of the Report is permitted without the prior written permission of the owner.

Except for any rights under any legislation in Australia or any other relevant jurisdiction which cannot be excluded or limited, Investment Trends does not provide a warranty with this Highlights Pack or give an assurance as to its accuracy or reliability. Investment Trends shall not be liable for any damages you suffer, or which are claimed against you by a third party, arising out of use of the Highlights Pack.