



ASX

AUSTRALIAN
INVESTOR
STUDY 2023

Information provided in this report is for educational purposes and does not constitute financial product advice. You should obtain independent advice from an Australian financial services licensee before making any financial decisions. ASX Limited ABN 98 008 624 691 and its related bodies corporate ("ASX") does not give any warranty or representation as to the accuracy, reliability or completeness of the information in this report. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from any one acting or refraining to act in reliance on this information.

© Copyright 2023 ASX Operations Pty Limited ABN 42 004 523 782. All rights reserved 2023.



ASX

AUSTRALIAN
INVESTOR
STUDY 2023

Welcome

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

Our latest study provides valuable insights about everyday Australian investors – who they are, where they choose to invest, and what their investment goals are. It reveals that more than ever, Australians are investing beyond their home and superannuation, and it's likely the pandemic has been at least partly responsible for this trend. We also explore the next wave of investors, many of them women, and the rise of the younger tech-savvy investor.

As a new addition, the scope has been broadened since the last report in 2020 to analyse emerging thematic areas including environmental, social and governance (ESG) investing and cryptocurrencies.

As the number of new investors continues to grow year on year, it's important for investors to have educational resources available to assist in their investment journey. To that end, ASX offers a range of free resources to help improve financial literacy for all Australians and aims to support their investment goals by providing them with a fair and dynamic market place that provides accessible investment opportunities.

I want to thank everyone involved in making this study possible, including the participants who devoted their time and provided their views. These valuable insights will help us understand how investor attitudes are changing and will guide us on how we develop the market for the future.



A handwritten signature in black ink, appearing to read 'H. Lofthouse'.

HELEN LOFTHOUSE
Managing Director and CEO

About the research

This report is based on research conducted on behalf of ASX by Investment Trends. It is based on an in-depth online survey of a nationally representative sample of 5,519 Australian adults and was conducted in November 2022. The survey included current investors and non-investors, with the latter broken into lapsed investors (who used to hold investments, but no longer do so), and those who have never invested. It also includes non-investors who intend to invest in the next 12 months.

Where appropriate, respondents were post-weighted slightly and calibrated to Australian Bureau of Statistics data on Australian population demographics. Further weighting was applied to reflect the natural occurrence of key groups such as self managed superannuation fund (SMSF) investors. The maximum sampling error (centre of the range) at the 95% confidence interval for the entire sample of Australian adults is +/-1.32%. 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. Although fieldwork was conducted in November 2022, all references to data are labelled 2023.

Key Definitions



INVESTORS

CURRENT INVESTORS

Anyone holding any financial investment, whether it be available via a stock exchange or not, at the time of survey. This excludes the primary home and superannuation, with the exception of SMSF investments.

ON-EXCHANGE INVESTORS

A subset of current investors who hold investment products available through a regulated stock exchange like the Australian Securities Exchange (ASX) or an equivalent internationally.

NEW INVESTORS

A subset of current investors who've started investing in the last 2 years.

SMSF INVESTORS

A subset of current investors who hold investments via a legal self managed superannuation structure in compliance with regulations overseen by the Australian Taxation Office.

ADVISED INVESTORS

Any current investor who has received financial advice from a licensed professional in the last 12 months.

HIGH VALUE INVESTORS

A subset of current investors comprising the top 10% by wealth and trading volume.

ESG CONSCIOUS

Investors who indicated that responsible investing is their top priority, or who invest in companies focused on creating a positive impact or who actively avoid companies that create social and environmental harm.

CRYPTO INVESTORS

Investors who currently hold or have traded cryptocurrency in the last 12 months.



NON-INVESTORS

NON-INVESTORS

Anyone who does not currently hold any investments whether on or off a regulated stock exchange.

NEVER INVESTED

A subset of non-investors. Australians who have never invested in assets or financial products outside of super or their own home.

LAPSED INVESTORS

A subset of non-investors. Australians who used to invest in financial and non-financial assets outside of superannuation but no longer do so.

INTENDING INVESTORS

Non-investors who intend to invest in the coming 12 months. They may be either lapsed investors or those who've never invested before.

Contents

Key findings	6	FIGURE 11	20	FIGURE 27	36
		Potential returns, risks and personal circumstances are the most important considerations for investors in 2023		More young people want to build an income stream than retirees	
Life stage	7			FIGURE 28	37
				Attitudes towards risk by age	
The investing landscape in 2023	10			FIGURE 29	38
				Younger investors rate risk above returns as their most important consideration	
State of the market	11	Risk appetite	21	FIGURE 30	39
FIGURE 1	11	FIGURE 12	21	Next generation investors are least likely to have a diversified investment portfolio	
Australia is a nation of investors		Investor risk snapshot		FIGURE 31	40
Investing in 2023	12	Diversification	22	Social media is an emerging source of information for younger investors	
FIGURE 2	12	FIGURE 13	22	FIGURE 32	41
While shares are the most popular on-exchange investment, ETFs have grown in popularity		Diversification and new on-exchange investors		Barriers to investing	
On-exchange investing	13	FIGURE 14	22	FIGURE 33	42
FIGURE 3	13	Portfolio diversification		Preferred formats for investor education to be delivered	
Growth in investors holding products available on a stock exchange		Trust in Australia's financial organisations	23		
FIGURE 4	13	FIGURE 15	23	SMSF investors	43
2023 has seen the highest number of on-exchange investors since 2010		Australia's most trusted financial organisations		FIGURE 34	43
Portfolio size	14	Key segments	24	Snapshot of an SMSF investor	
FIGURE 5	14	FIGURE 16	24	FIGURE 35	44
More on-exchange investors have higher value portfolios in 2023		Key segments		SMSF owners have significantly higher portfolio balances compared to non-SMSF investors	
The COVID-19 wave of new investors	15	Female investors	26	FIGURE 36	44
FIGURE 6	15	FIGURE 17	26	SMSF investors predominantly hold Australian shares	
One in five on-exchange investors started investing during the pandemic		The number of female investors is on the rise		FIGURE 37	45
First time investors	16	FIGURE 18	27	Investment products traded through SMSF in the past year	
FIGURE 7	16	Snapshot of a female investor		FIGURE 38	46
More investors start out with ETFs and overseas shares than in 2020		FIGURE 19	28	Top considerations by SMSFs when making investment decisions	
Continued popularity of ETFs among investors	17	The gender asset gap		FIGURE 39	47
FIGURE 8	17	FIGURE 20	29	High levels of diversification among SMSF investors	
ETF investment snapshot		Gender attitudes to risk		FIGURE 40	48
Investor goals	18	FIGURE 21	30	Sources of investment information among SMSF investors	
FIGURE 9	18	Fewer females report diversified portfolios than males		FIGURE 41	49
Personal and financial milestones		FIGURE 22	31	Interest in setting up an SMSF among non-SMSF investors	
Trading behaviours	19	Uncertainty makes investing a challenge for many females		High value investors (HVIs)	50
FIGURE 10	19	FIGURE 23	32	FIGURE 42	50
Most investors place trades using an online broker or trading platform		Female investors turn to more personal information sources		Snapshot of HVIs	
Investment decision-making	20	FIGURE 24	33	FIGURE 43	51
		Perceived lack of money and confidence hindering female investment		Investing experience	
		Next generation investors	34	FIGURE 44	51
		FIGURE 25	34	HVIs are more likely to hold investments in a company structure, family trust or SMSF	
		Snapshot of a next generation investor			
		FIGURE 26	35		
		Investments held by age			

FIGURE 45	52	FIGURE 61	65	FIGURE 74	77
Investment products held		Strong reliance on family and friends among intending investors	65	Snapshot of digital advice	
FIGURE 46	53			FIGURE 75	78
HVIs are far more likely to have diversified investment portfolios				The largest uptake of robo-advice and micro-investing is among younger investors	
FIGURE 47	53	Financial advice	66		
HVIs are actively engaged with their portfolios		Uptake of professional advice	67	Evolving themes in 2023	80
FIGURE 48	54	FIGURE 62	67		
HVIs trade more frequently than non-HVIs		Sources of professional advice		Environmental, social and governance (ESG) investing	81
FIGURE 49	54	Attitudes towards professional advice	68	FIGURE 76	81
HVIs have seen a shift in risk appetite		FIGURE 63	68	Snapshot of ESG investing	
FIGURE 50	55	Perceptions of advisers and advice		What motivates ESG conscious investors?	82
Top considerations when making investment decisions		Interest in professional advice among SMSFs	69	FIGURE 77	82
FIGURE 51	56	FIGURE 64	69	Attitudes to responsible investing	
Information sources		Perceptions of advisers among key segment groups		FIGURE 78	83
Non-investors	57	Interest in professional advice among High Value Investors (HVIs)	70	Responsible investing principles in action	
FIGURE 52	57	FIGURE 65	70	FIGURE 79	84
Snapshot of non-investors		HVIs are more likely to intend to seek advice than non-HVI investors		Areas of responsible investing that motivate ESG investors	
Who are non-investors?	58	Non-investors and professional advice	71	FIGURE 80	84
Why not invest?	58	FIGURE 66	71	HVIs are more engaged in ESG than non-HVIs	
FIGURE 53	58	Future appetite for financial advice		Cryptocurrency	85
Changed personal circumstances the continuing reason to stop investing		Future intention to seek advice	72	FIGURE 81	85
FIGURE 54	59	FIGURE 67	72	Snapshot of cryptocurrency as an investment	
Recency of lapsing		More Australians intend to seek advice than in 2020		FIGURE 82	86
FIGURE 55	59	FIGURE 68	72	Median amount invested in cryptocurrency and proportion of total portfolio	
Reasons for never having invested		Intention to seek advice in next 12 months		FIGURE 83	87
When will they invest?	60	FIGURE 69	73	Amounts invested in cryptocurrencies	
FIGURE 56	60	Investors with larger portfolios are more likely to seek advice		Importance of crypto in portfolios	88
Encouraging signs to resume investing 2023		FIGURE 70	73	FIGURE 84	88
FIGURE 57	61	Investors with less experience are more likely to seek advice		More experience doesn't translate to larger holdings	
Factors which determine resumption of investing		FIGURE 71	74	FIGURE 85	89
What would intending investors consider when investing in the next 12 months?	62	A significant number of advised investors intend to seek advice in future		Investors prefer to invest in crypto via a dedicated exchange	
FIGURE 58	62	FIGURE 72	75	Outlook and future usage	89
Considerations of intending investors		Intention to seek advice		Conclusion	91
FIGURE 59	63	Cost still the biggest barrier	76	APPENDIX:	
Intending investors gravitate towards stability of returns		FIGURE 73	76	Research methodology	92
FIGURE 60	64	Median amount willing to pay for professional advice		About ASX	93
Investment product selection among intending investors		Digital advice	77	About Investment Trends	93
Where do they go for information?	65				

Key findings



20M
AUSTRALIAN ADULT
POPULATION

OF THESE...

10.2M (51%)

AUSTRALIANS HOLD INVESTMENTS
OUTSIDE THEIR HOME AND SUPER



OF THESE....

58% **42%**

ARE MALE

ARE FEMALE

OF THOSE WHO INVEST...

7.7M (75%)

HOLD ON-EXCHANGE INVESTMENTS



OF THOSE WHO HOLD
ON-EXCHANGE INVESTMENTS...

22%

BEGAN INVESTING
IN THE LAST 2 YEARS

OF THOSE
WHO BEGAN
INVESTING
IN THE LAST
2 YEARS...

32%

INVESTED IN SHARES
ON AN AUSTRALIAN
EXCHANGE AS THEIR
FIRST INVESTMENT

14%

INVESTED IN ETFs
AS THEIR FIRST
INVESTMENT

36%

HOLD ONLY ONE
INVESTMENT
PRODUCT

Life stage

Percentage of current investors

NEXT GENERATION INVESTORS

AGED

18–24

9%

MAPPING THE MARKET

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

WEALTH ACCUMULATORS

AGED

25–49

49%

PRE-RETIRES

AGED

50–64

23%

RETIRES

AGED

65+

20%



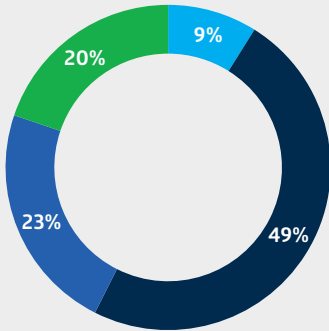
CURRENT INVESTORS

10.2M



AVERAGE AGE

47



- Next generation
- Wealth accumulators
- Pre-retirees
- Retirees

58%
MALE

42%
FEMALE

\$170K

 MEDIAN PORTFOLIO SIZE*

44% have a DIVERSIFIED PORTFOLIO

48% prefer STABLE RETURNS

22% BEGAN INVESTING in the last 2 years*

*On-exchange investors



NON-INVESTORS



NEVER INVESTED



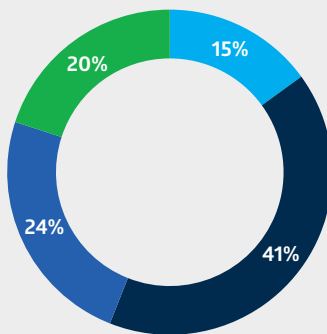
LAPSED INVESTORS

8M



AVERAGE AGE

46



- Next generation
- Wealth accumulators
- Pre-retirees
- Retirees

36%
MALE

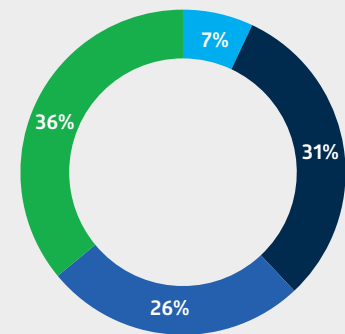
64%
FEMALE

1.84M



AVERAGE AGE

55



- Next generation
- Wealth accumulators
- Pre-retirees
- Retirees

52%
MALE

48%
FEMALE



INTENDING INVESTORS

A subset of non-investors who intend to invest in next 12 months

1.33M



50%
MALE

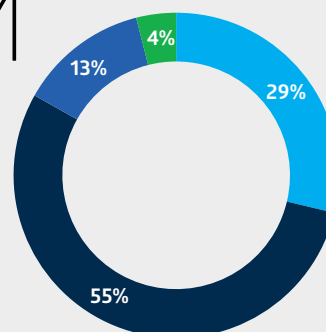


50%
FEMALE



AVERAGE AGE

35



- Next generation
- Wealth accumulators
- Pre-retirees
- Retirees



TOP INVESTMENT CHALLENGES

TOP INVESTMENT CHALLENGE AMONG INVESTORS

34%

HARD TO KNOW which sources of information to trust

NEXT HIGHEST CHALLENGE BY LIFE STAGE

26%

NEXT GENERATION INVESTORS don't know what investment to select

29%

WEALTH ACCUMULATORS say analysing the performance of specific stocks

30%

PRE-RETIRES don't know if product providers would act in their best interest

24%

RETIRES say it's difficult to identify the best companies



VIEWS OF FINANCIAL ADVICE

26%

of investors **RECEIVED ADVICE IN PAST 12 MONTHS** from a professional planner or adviser

29%

of Australian adults **PLAN TO SEEK ADVICE** in the next 12 months

34%

of Australian adults **WOULD USE AN ADVISER** but think they're too expensive

9%

of investors **CURRENTLY USE ROBO-ADVICE OR MICRO-INVESTING** platforms

EVOLVING THEMES



ESG

31%

of investors are **ESG CONSCIOUS**

52%

of next generation investors who are open to ESG investing **BOUGHT OR SOLD AN INVESTMENT BASED ON ESG** factors in the last 12 months

23%

of investors bought or sold an investment **BASED ON ENVIRONMENTAL FACTORS** in the last 12 months

23%

of investors have **NEVER HEARD OF RESPONSIBLE INVESTING**

16%

of investors say it's really **DIFFICULT TO FIND THE ESG STANDING** of a company



CRYPTOCURRENCY

15%

currently **HOLD CRYPTOCURRENCY**

31%

of next generation investors **HOLD CRYPTO**

9%

of investors **BOUGHT OR SOLD CRYPTOCURRENCY** in the last 12 months

29%

of intending investors are **INTERESTED TO INVEST IN CRYPTOCURRENCY** in the next 12 months

\$5,100

MEDIAN AMOUNT INVESTED in cryptocurrency across investors



The investing landscape in 2023

State of the market

Since the last ASX Australian Investor Study in 2020, more Australians are becoming investors – that is, they are investing in assets and financial products other than their primary residence and superannuation (excluding a self managed superannuation fund, or SMSF). Out of the total population of 20.04 million adults, our research revealed that 51% of the adult population or 10.2 million Australians now hold other types of investments, including investments held personally or in SMSFs, trusts and company structures. This is an increase of 13% or 1.2 million investors since 2020. The COVID-19 pandemic may be behind at least some of this push towards new investment.



FIGURE 1

AUSTRALIA IS A NATION OF INVESTORS



AVERAGE INCOME
Among Australian adults

\$90K
in 2020

\$96K
in 2023



58%

of today's investors
are **MALE**



42%

of today's investors
are **FEMALE**

PERCENTAGE OF AUSTRALIANS HOLDING INVESTMENTS

46%

9 MILLION
Australians held
investments in
2020

51%

10.2 MILLION
Australians hold
investments in
2023

Investing in 2023

Australian shares are still the most popular of all on-exchange investments. However, this study found 20% of investors are embracing the convenience of Exchange Traded Funds (ETFs) – up from 15% in 2020. The continued popularity of ETFs is no surprise, given their ability to provide investors with exposure to a wide range of companies, regions, asset classes and strategies, making it easier to diversify.

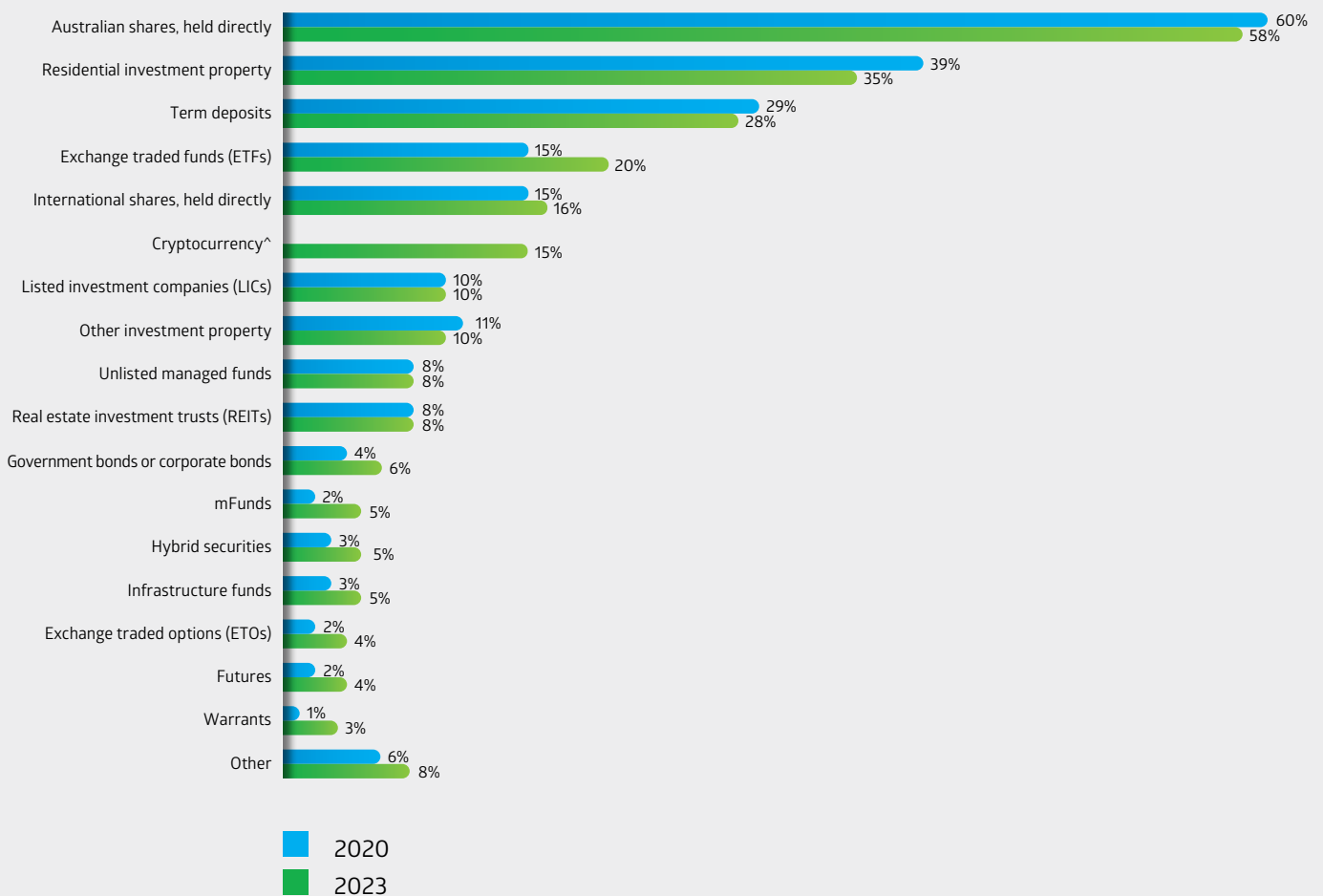
Slightly more investors (16% in 2023 compared to 15% in 2020) are investing directly in international shares. This can enable investors to further diversify their holdings, benefit from different regional economic cycles and gain exposure to a wider range of companies and sectors than is available in Australian markets.

Meanwhile, fewer investors held residential properties (down from 39% in 2020 to 35% in 2023), with other investments such as term deposits and commercial property also seeing small drops since 2020. This is the first year that cryptocurrency has been included in the survey and the results show that 15% of investors hold the digital currency.

FIGURE 2

WHILE SHARES ARE THE MOST POPULAR ON-EXCHANGE INVESTMENT, ETFs HAVE GROWN IN POPULARITY

Which investments do you currently own, either personally, in a company structure, through a family trust or in an SMSF? (Among investors)



[^] New option added in 2023

On-exchange investing

Investors who hold investment products through a regulated stock exchange are referred to in this report as 'on-exchange' investors. The overall percentage of investments held in on-exchange products remains stable (75% in 2023 compared to 74% in 2020).

FIGURE 3

GROWTH IN INVESTORS HOLDING PRODUCTS AVAILABLE ON A STOCK EXCHANGE



ON-EXCHANGE INVESTMENTS

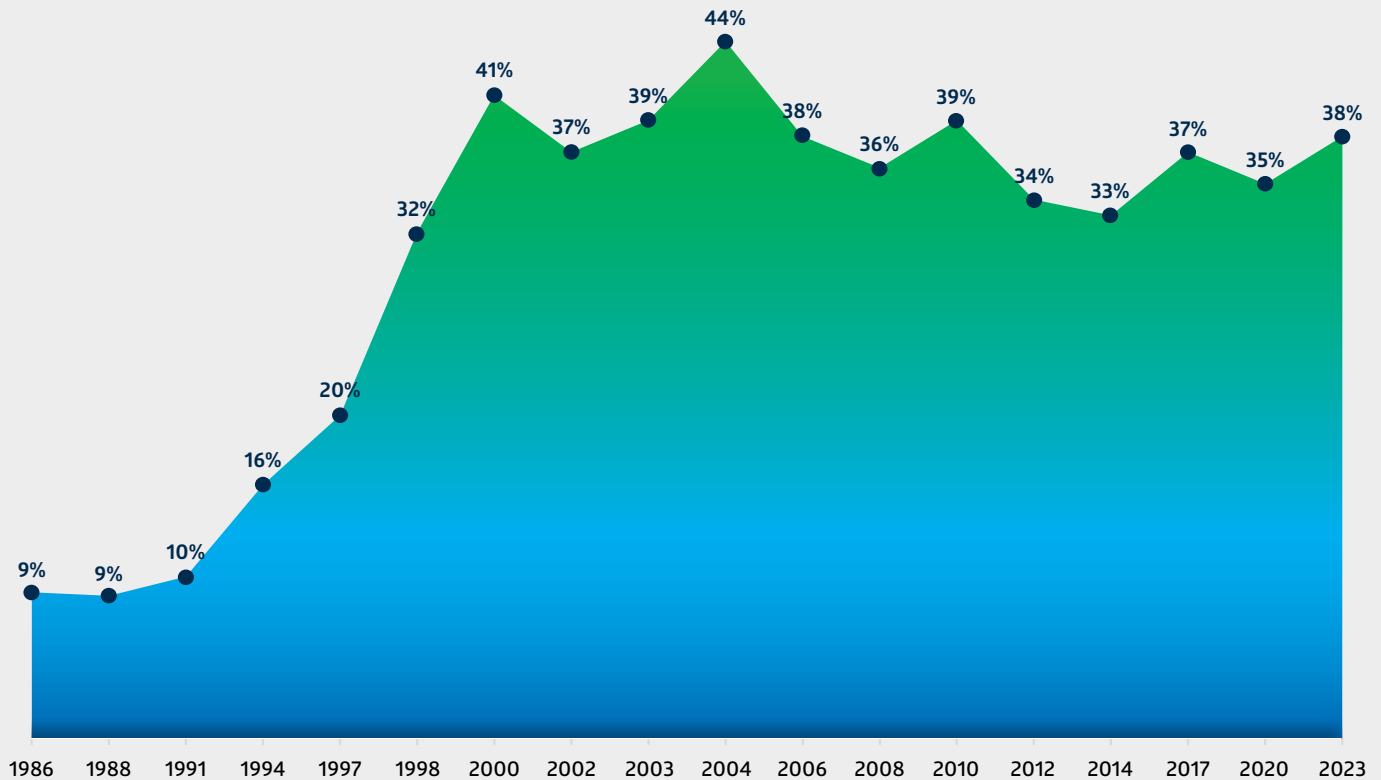
6.6M
investors 2020

7.7M
investors 2023

FIGURE 4

2023 HAS SEEN THE HIGHEST NUMBER OF ON-EXCHANGE INVESTORS SINCE 2010

Proportion of the Australian adult population with on-exchange investments



Portfolio size

The median portfolio size of on-exchange investors has also increased from \$130,000 in 2020 to \$170,000 in 2023.

This suggests investors are investing more in their overall portfolio, despite the increased cost of living pressures such as rising rent and mortgage servicing costs on the back of consecutive interest rate rises by the Reserve Bank of Australia. A factor that may contribute to the increase in the median portfolio size is that, on average, investors' total income is higher in 2023 than in 2020 (\$96,000 compared to \$90,000). In addition, the post-pandemic bull run could have also contributed to the larger average portfolio in 2023.

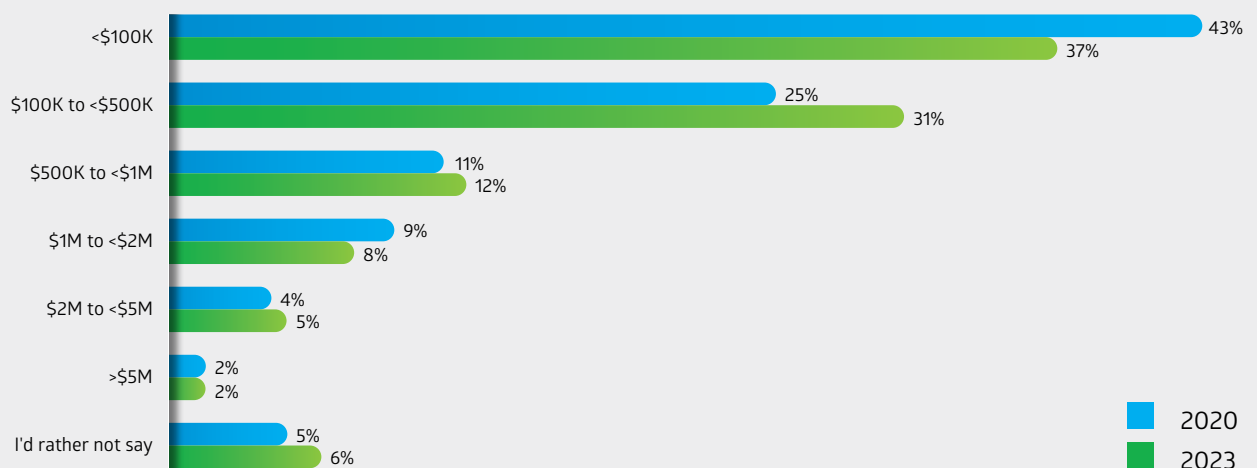
Thirty seven percent of all on-exchange investors have portfolios worth under \$100,000, compared to 43% of investors in 2020. Meanwhile, the proportion of investors with portfolios worth between \$100,000 and \$500,000 has risen, contributing to the growth in the median portfolio size overall.

The more experience the investor has, the larger their portfolio. Those who've been investing 10 years or more have a median portfolio of \$850,000, almost double that of those who've been investing for 5-10 years (\$430,000).

FIGURE 5

MORE ON-EXCHANGE INVESTORS HAVE HIGHER VALUE PORTFOLIOS IN 2023

Could you please tell us the size of your investment portfolio? (Among on-exchange investors)



MEDIAN PORTFOLIO SIZE of on-exchange investors in 2020

\$130k

MEDIAN PORTFOLIO SIZE of on-exchange investors in 2023

\$170k

The COVID-19 wave of new investors

The disruptive forces of the COVID-19 pandemic have manifested in every area of our lives – and the investment landscape is no exception. There has been a surge in new investors, especially on-exchange investors, which has been a factor contributing to the 13% growth of investors since 2020.

The [ASX Australian Investor Study 2020](#) demonstrated that many investors during the pandemic, invested all their spare cash and/or increased their portfolio allocations to shares¹. Many Australians were unable to spend on travel and entertainment, boosting their savings. With extra time on their hands, people were able to explore investing. And with more than one million non-investors planning to start investing via on-exchange products within the next 12 months, more Australians are likely to join them.

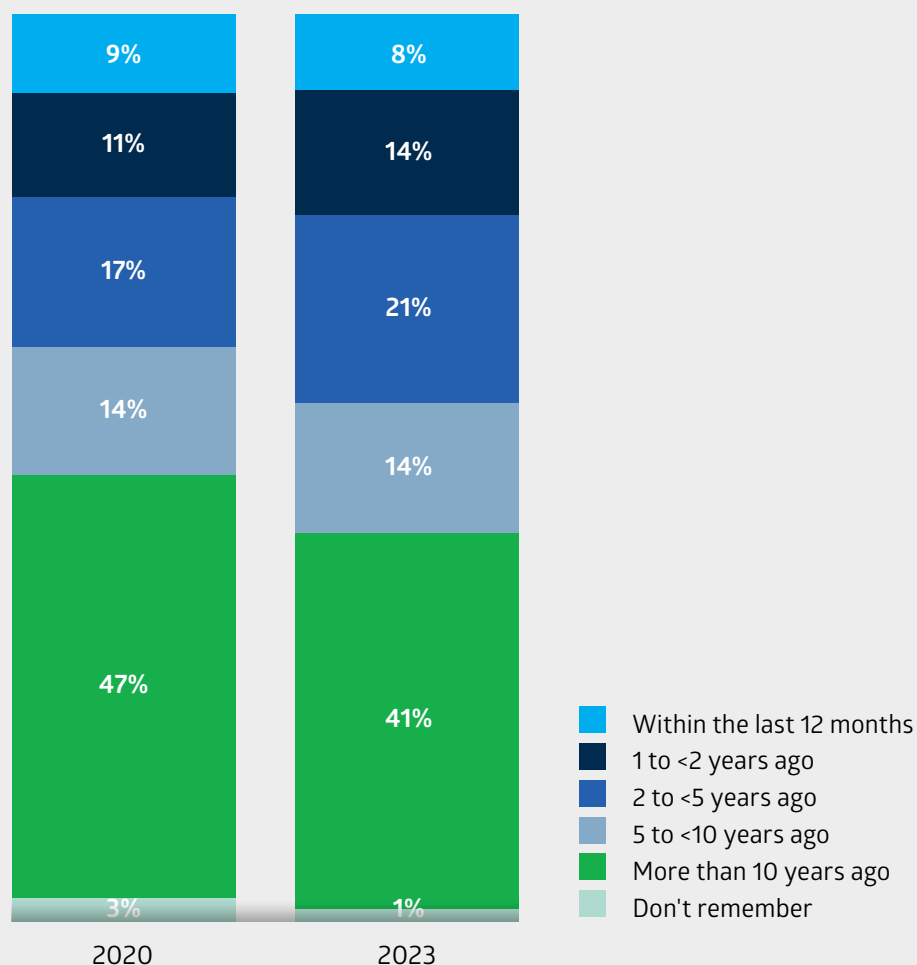
In addition to the COVID-19 investment momentum, online brokers and investment platforms have also fuelled this growth.

¹ASX Australian Investor Study 2020, Figure 7, p12

FIGURE 6

ONE IN FIVE ON-EXCHANGE INVESTORS STARTED INVESTING DURING THE PANDEMIC

When did you begin investing? (Among on-exchange investors)



First time investors

Among on-exchange investors, most new investors (those who began investing in assets or financial products outside of non-SMSF superannuation or their own home in the last two years) still chose shares in an Australian-listed company (32%) as their first investment. Residential investment properties were next most popular at 19%, indicating that newer investors are continuing the Australian love affair with bricks and mortar. This was followed closely by ETFs, which have grown slightly in popularity since 2020 to 14% as more new investors embrace this relatively affordable and simple way to start investing.

There was a spike in investing in shares listed on an overseas exchange (7%). The attraction of overseas exchanges may in part be driven by investor interest in sectors and global companies not represented on Australian exchanges.

Cryptocurrency was also included in our survey for the first time, with 7% of new on-exchange investors turning to digital currencies as their first investment.

Significantly fewer new investors chose term deposits (3%) compared to 2020 (8%). It remains to be seen whether their popularity will rebound in future, as term deposit rates start to increase in line with the Reserve Bank of Australia cash rate, which rose significantly in 2022-23.

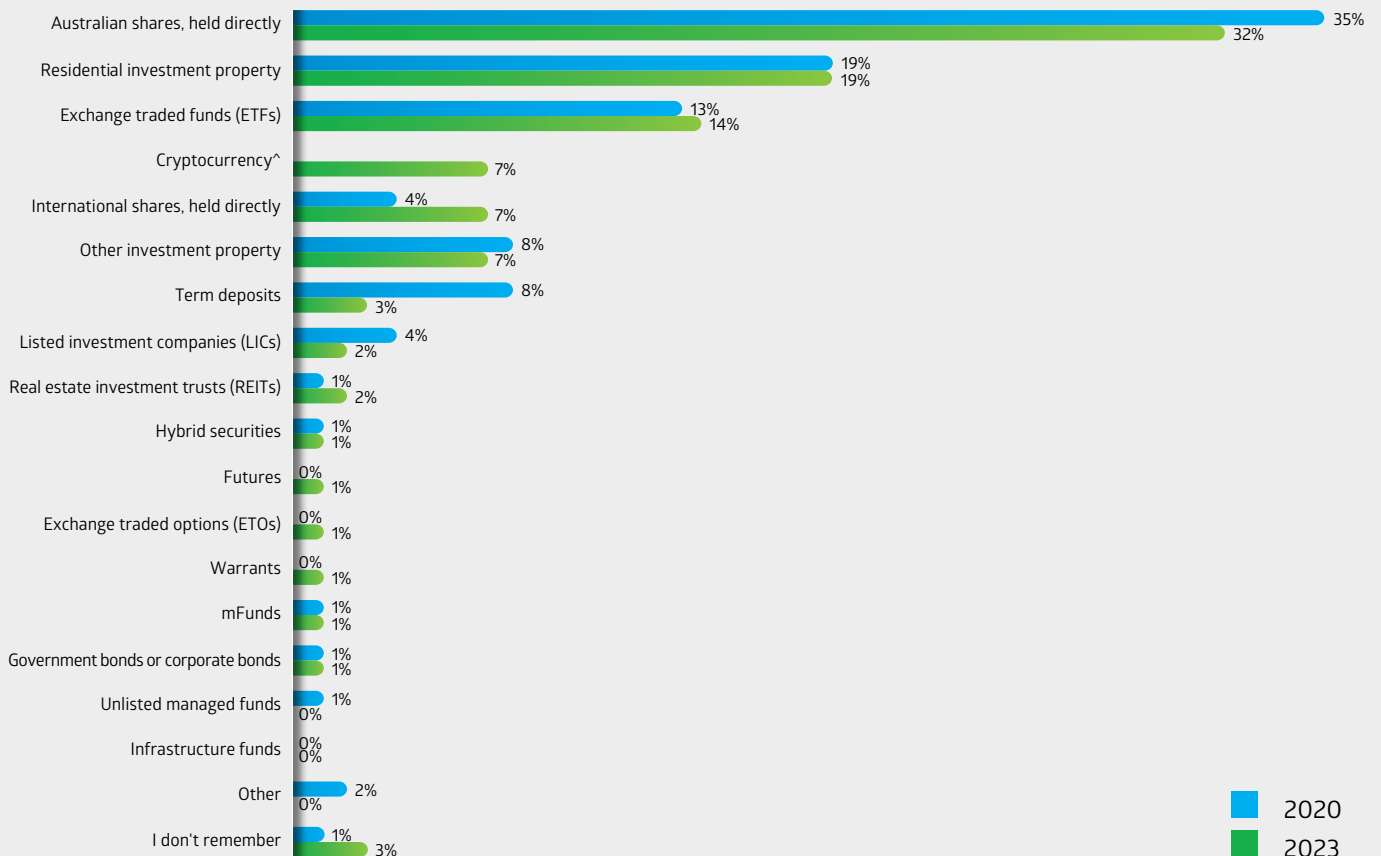
Another trend to watch is the falling popularity of listed investment companies (LICs). This may be in part due to the market downturn in 2022 on the back of inflation and the Ukrainian war, which impacted small cap stocks. Lack of new issuance and a resulting drop in publicity may also be a factor.²

² [FNArena, Australian Listed Investment Company Report October 2022, 10 October 2022.](#)

FIGURE 7

MORE INVESTORS START OUT WITH ETFs AND OVERSEAS SHARES THAN IN 2020

What was your first ever investment? (Among new on-exchange investors)



[^] New option added in 2023

Continued popularity of ETFs among investors

ETFs are one of the most affordable ways to enter the investment market and diversify holdings. As a result they have been a common choice for new investors with 14% of on-exchange investors selecting them as their first investment. They were also the second most common investment traded, with 11% of investors trading ETFs in the past 12 months.

Our survey revealed that investors who start with ETFs tend to be younger (a median age of 28), and start with smaller portfolios (a median of \$46,500).

Investors who hold ETFs were most likely to be seeking diversification opportunities, looking for a balance between risk and return, aiming to maximise their capital growth or secure a sustainable income stream. They appeal to both high value investors and SMSF owners.

FIGURE 8

ETF INVESTMENT SNAPSHOT

What was your first ever investment? (Among new on-exchange investors)



NEW ON-EXCHANGE INVESTORS

Selecting ETFs as their first investment

\$46,621

is their **MEDIAN PORTFOLIO SIZE**

28

is their **MEDIAN AGE**

22%

invest in just **ONE PRODUCT**

20%

INVESTORS HOLD ETFs in 2023

15%

INVESTORS HELD ETFs in 2020



11%

of investors traded ETFs **IN THE LAST 12 MONTHS**

Investor goals

So what milestones are Australians hoping to achieve? For current investors, the most popular goal was a holiday within the next three years (48%), while 27% are trying to get their finances in order and almost as many want to pay down debt.

Almost a quarter (24%) want to provide a safety net for their family if they were to die, get sick or become injured. The pandemic may have brought the issue of health further to the foreground.

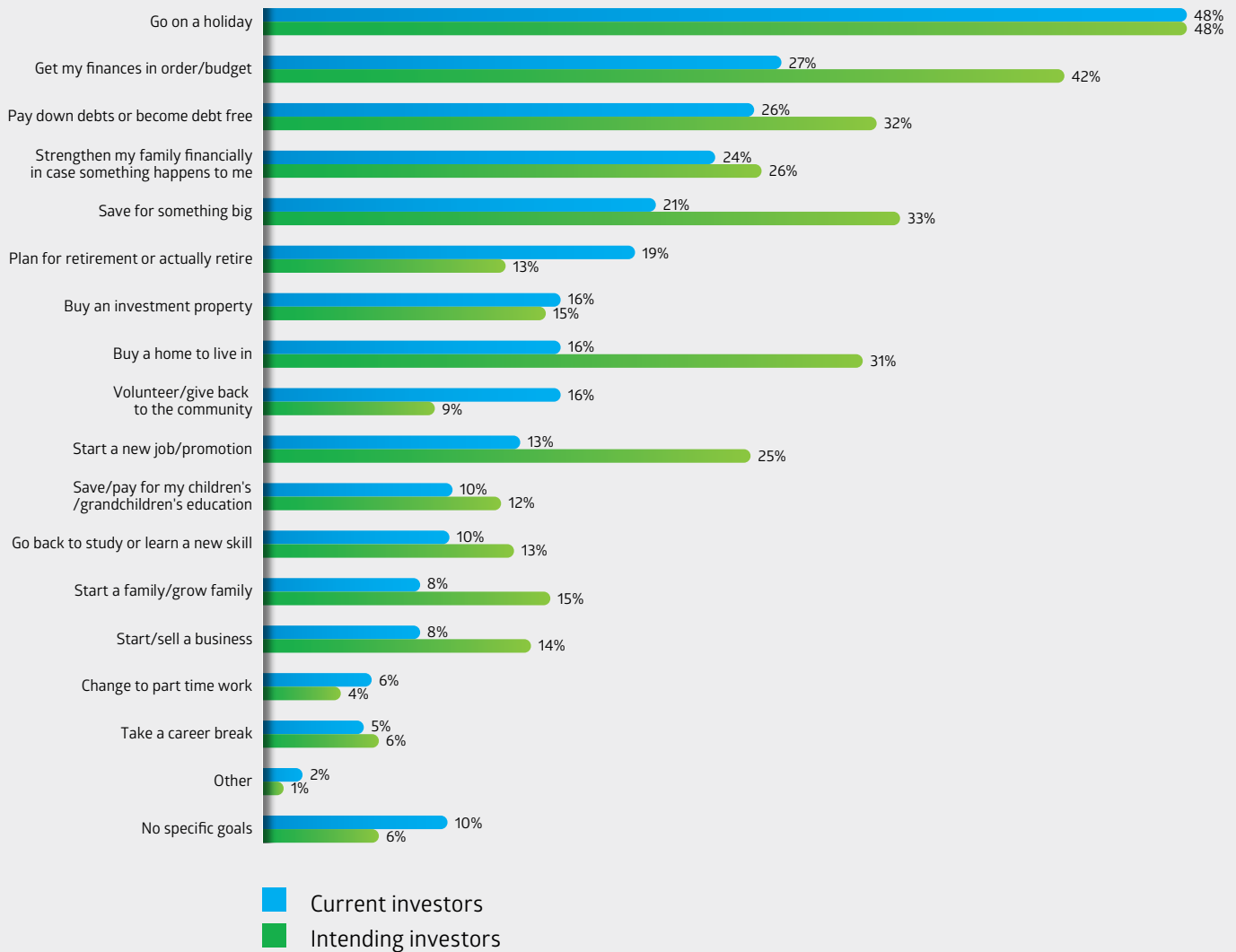
Of those intending to invest, most want to use the funds to have a holiday (48%), get their finances in order (42%) or make a big-ticket item purchase such as a vehicle (33%). This is followed closely by saving for a home (31%) – which is generally the largest purchase an Australian will make.

Only about 6% of intending investors had no specific goal in mind.

FIGURE 9

PERSONAL AND FINANCIAL MILESTONES

Which important personal or financial milestones are you aiming to achieve within the next three years? (Among current investors and intending investors)



Trading behaviours

Australian shares remain the most popular investment to be traded (bought or sold) in the last 12 months (24%), followed by ETFs (11%) then cryptocurrency and residential property (both at 9%). Overall, the median number of share or listed investment trades made by on-exchange investors was 12, with a median value of \$5,500.

Investors monitored their investments more frequently on average in 2023 (42% monitor at least weekly) than they did in 2020 (39%).

Self managed superannuation fund (SMSF) investors were far more likely to trade shares than non-SMSF investors (78% vs 51%), while non-SMSF investors were more likely to trade non-residential investment property like commercial property.

The vast majority of investors (70%) use online brokers to place trade orders. A small number rely on their adviser (15%) to place trades – slightly more than those who use a full-service broker (12%).

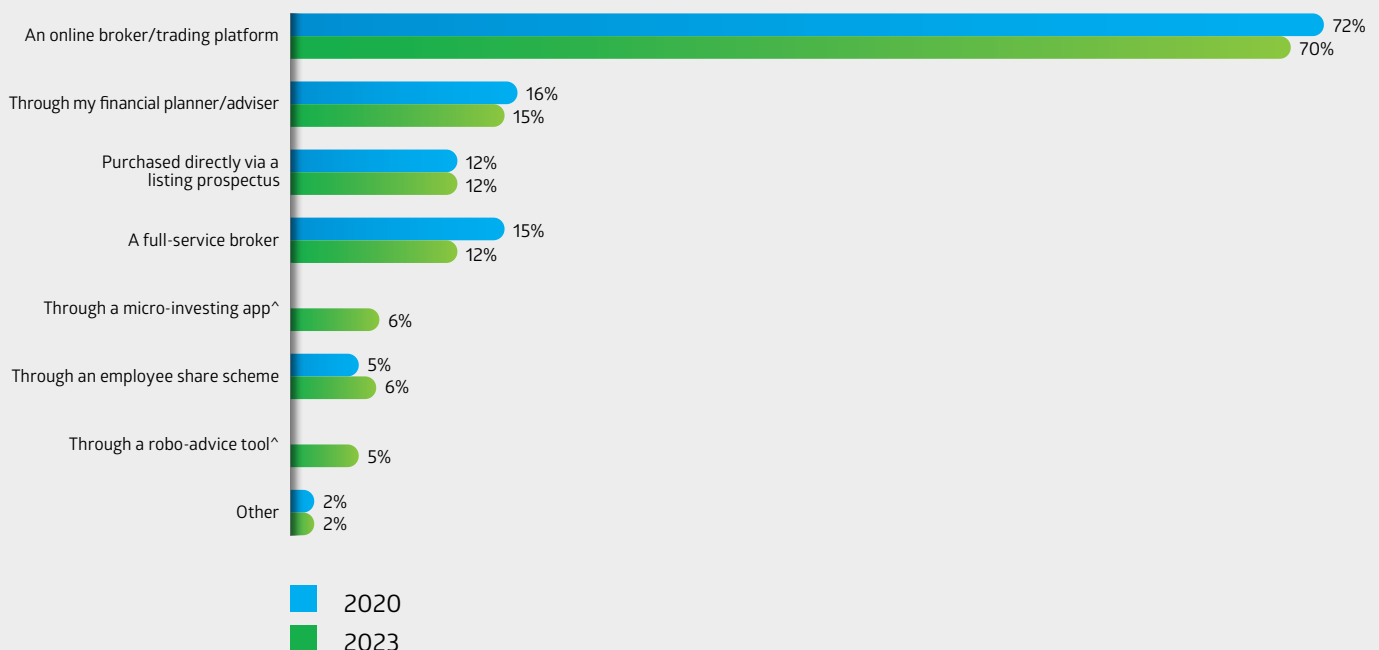
This year is the first time we have asked about micro-investing apps or robo-advisers as a method of trading. Only 6% use micro-investing apps, and 5% use robo-advisers to trade. It remains to be seen whether these will grow as a method of trading – especially among next generation investors or investors with limited capital.



FIGURE 10

MOST INVESTORS PLACE TRADES USING AN ONLINE BROKER OR TRADING PLATFORM

When buying or selling shares or listed investments in the last 12 months, how did you place your trade orders? (Among on-exchange investors)



[^] New option added in 2023

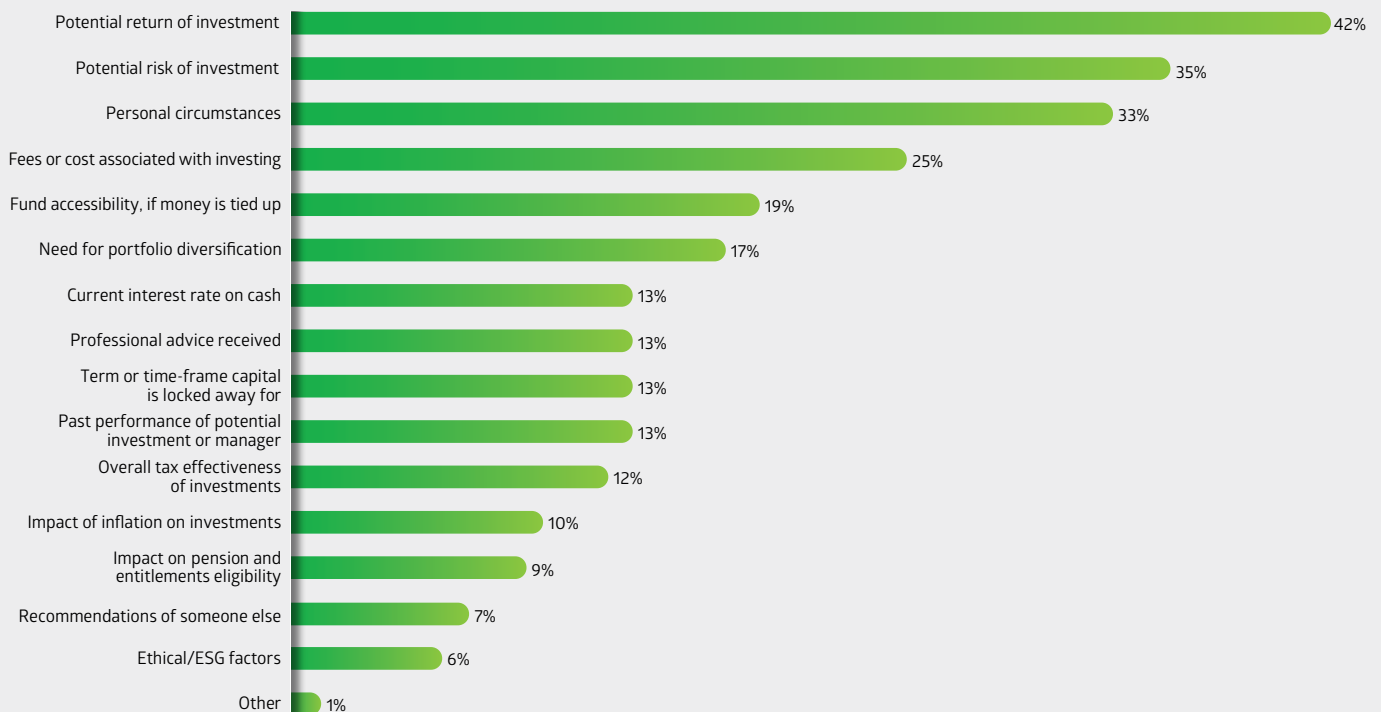
Investment decision-making

When it comes to choosing investments, potential return (42%) and risk (35%) are the most important considerations for many investors. Investors also listed personal circumstances (33%) as an important factor – which suggests many are choosing investments based on their specific goals rather than following the latest media trends. Investors were also influenced by fees and costs. This could be another aspect driving the popularity of ETFs, which can have lower fees than other investment types, allowing investors to purchase a basket of assets for the cost of one trade.

FIGURE 11

POTENTIAL RETURNS, RISKS AND PERSONAL CIRCUMSTANCES ARE THE MOST IMPORTANT CONSIDERATIONS FOR INVESTORS IN 2023

What are your top 3 considerations when making investment decisions? (Among investors)



Risk appetite

In examining investors' attitudes to risk, the preference for stability has risen since 2020. Two thirds of investors (67%) say they prefer stable or guaranteed returns (up from 54% in 2020), while 33% would accept moderate or higher variability for higher returns, down from 46% in 2020. Understandably, investors in the accumulation stage and pre-retirees were more likely to accept higher risk for better returns.

When asked how they'd respond to a market fall of 20%, only a small percentage of investors showed a tendency to 'panic sell' in the event of a strong market downturn. This result is in line with 2020 study findings, which showed most investors used an actual fall of 37% in the S&P/ASX 200 index between January and April 2020 as an opportunity to either ride out the volatility, invest all their spare cash or increase their allocations to direct Australian shares.³

In 2023, among all investors, 40% said they would be concerned but would wait before taking action. Over 30% had accepted this as a risk and 10% said they'd invest more to benefit from lower share or unit prices. Next generation investors were most likely to cut their losses and transfer their funds to more secure investments or go to cash – thereby crystallising their losses.

³ [ASX Australian Investor Study 2020, Figure 23, p.23](#)

FIGURE 12
INVESTOR RISK
SNAPSHOT

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



PREFER GUARANTEED OR STABLE RETURNS

54% in 2020 **67%** in 2023

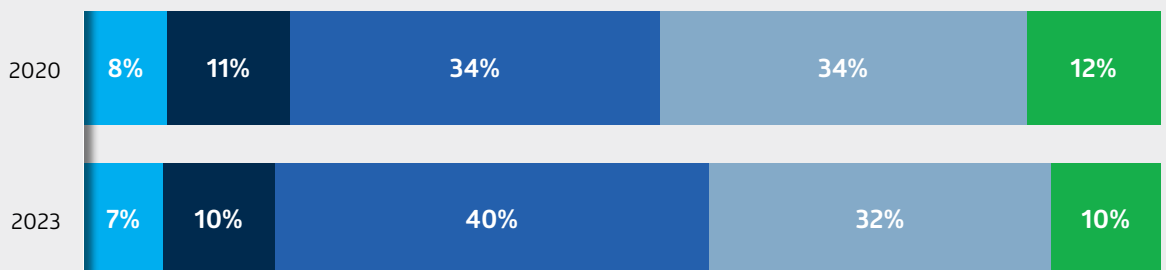


PREFER MODERATE VARIABILITY OR HIGHER VARIABILITY FOR HIGHER RETURNS

46% in 2020 **33%** in 2023

How would you react if you woke up tomorrow and found your investment balance had dropped by 20% or more?

- Sell and go to cash or other guaranteed investments – capital security is critical, don't intend to take risks
- Cut losses and transfer funds to more secure investments
- Be concerned, but would wait to see if situation improves
- A risk I understood – leave investment in place expecting performance to improve
- Invest more funds to take advantage of lower unit/share prices expecting future growth



Diversification

The percentage of investors who believe they have a diversified portfolio has fallen from 54% to 44% since 2020. More women than men believed their investment portfolio was not diversified (45% vs 30%), or felt unsure whether it was (23% vs 12%).

In addition, 18% of investors are unsure whether they have adequately diversified their investments, and 38% say their portfolio lacks diversification. This latter group ties in with observations from Figure 11, where only 17% say they prioritise portfolio diversification among the broader considerations such as risk and return. This could have an implication for investor risk and reflects the need for greater education on diversification as a risk management strategy.

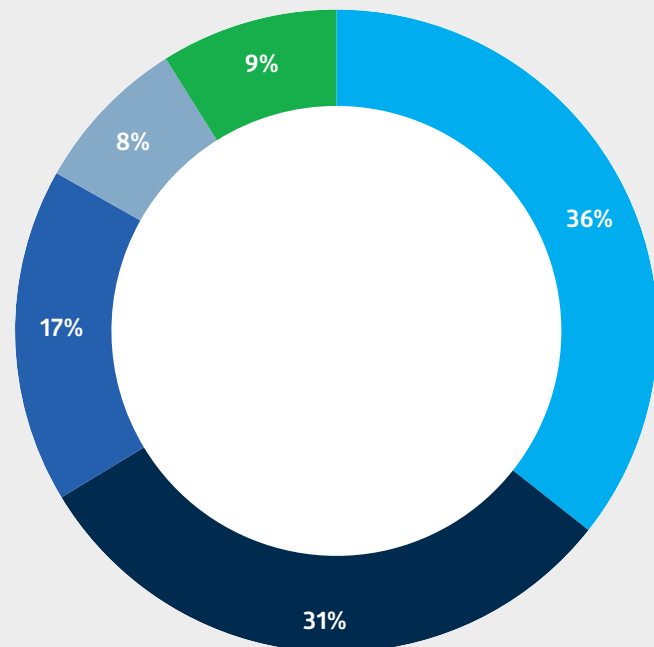
There was a clear link between a positive perception of adequate portfolio diversification and investor age, experience and advice status. Investors who held portfolios through a company structure, SMSF or family trust were also more likely to positively self-assess the adequacy of their portfolio diversification (69%, 58% and 53%) compared to sole owners (48%) or joint owners (47%) of personal portfolios. It's concerning that more than a third of new on-exchange investors hold only one type of investment in their portfolio, while 31% only hold two types.

FIGURE 13

DIVERSIFICATION AND NEW ON-EXCHANGE INVESTORS

Which investments do you currently own, either personally, in a company structure, through a family trust, or in an SMSF?*

- 1 product
- 2 products
- 3 products
- 4 products
- >5 products



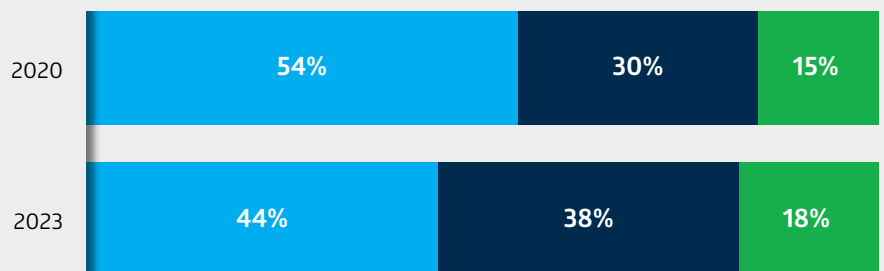
*Count of number of investments held

FIGURE 14

PORTFOLIO DIVERSIFICATION

Do you have a diversified investment portfolio? (Among investors)

- Have a diversified portfolio
- Don't have a diversified portfolio
- Don't know/unsure



Trust in Australia's financial organisations

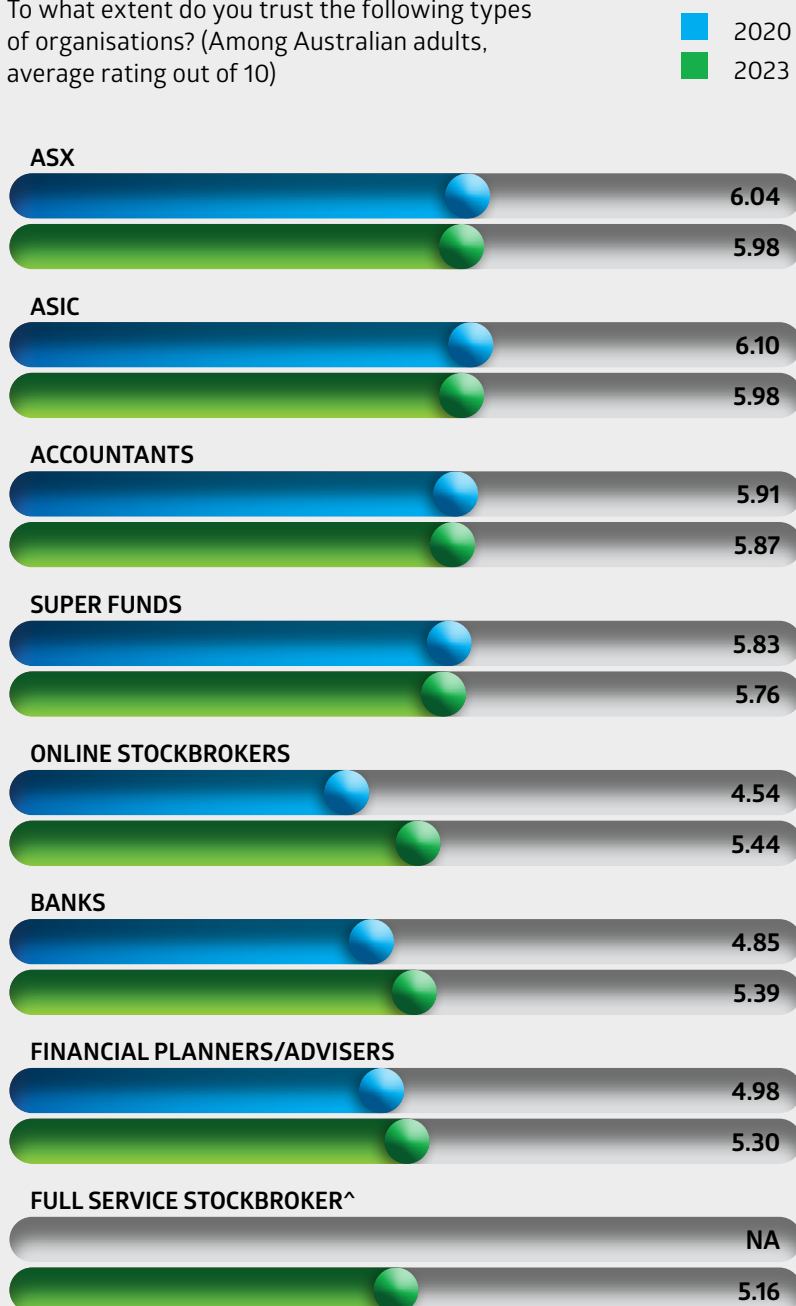
Our survey reveals relatively high levels of trust in organisations like ASX and ASIC. Trust in banks, financial advisers and online stockbrokers has risen markedly since 2020, while trust levels towards accountants and superannuation funds remain steady.

When looking at perceptions of ASX, more than 40% state that ASX allows them to find objective and up-to-date information, is an independent and neutral operator and allows them to access investment opportunities. In addition, Australians aged 25 years and older and male investors are most likely to rate ASX highly.

FIGURE 15

AUSTRALIA'S MOST TRUSTED FINANCIAL ORGANISATIONS

To what extent do you trust the following types of organisations? (Among Australian adults, average rating out of 10)



PERCEPTIONS OF ASX

(Among Australian adults, % somewhat agree and strongly agree)

45% say ASX provides **OBJECTIVE UP-TO-DATE INFORMATION**

44% say ASX is an **INDEPENDENT NEUTRAL OPERATOR**

44% say ASX allows them to **ACCESS INVESTMENT OPPORTUNITIES**

43% say ASX enables a **FAIR and DYNAMIC MARKET** for everyone

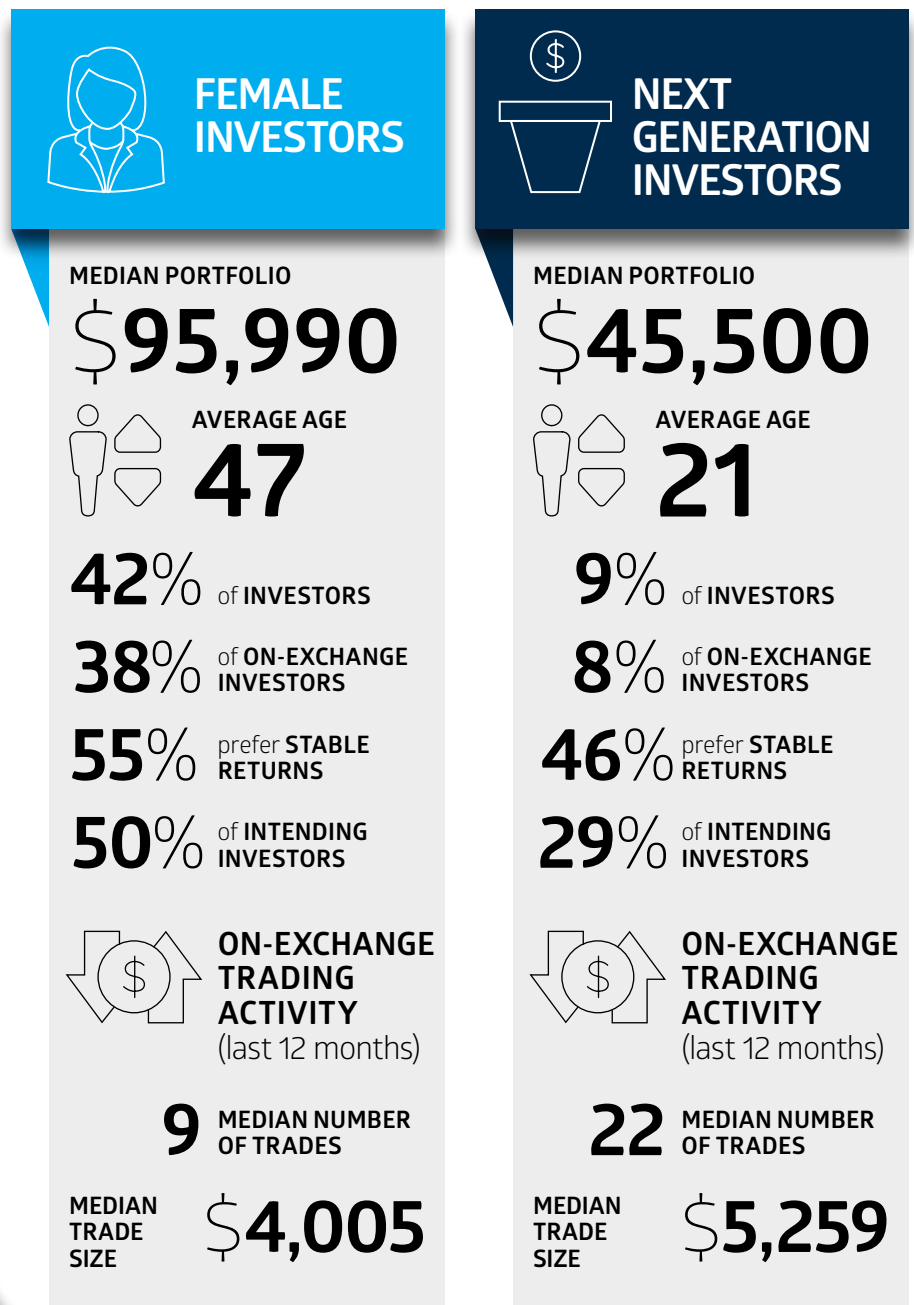
43% MALES and **31% FEMALES** believe ASX caters well for investors like them

^ New option added in 2023

Key segments

Our previous report, ASX Australian Investor Study 2020, highlighted two demographic groups that are changing the face of Australian investing – female investors and next generation investors (aged 18-24 years). This trend has strengthened in 2023, with both groups continuing to play a key role in the investing landscape. In this section of the study we look at the characteristics of these two segments, as well as self managed superannuation funds (SMSFs) investors, and high value investors. We also examine the profile of non-investors, including their attitudes and intentions.

FIGURE 16
KEY SEGMENTS





SMSF INVESTORS

MEDIAN PORTFOLIO

\$1.04M



AVERAGE AGE

60

10% of INVESTORS

10% of ON-EXCHANGE INVESTORS

40% prefer STABLE RETURNS

54% of NON-SMSF INVESTORS have no plans to set one up



ON-EXCHANGE TRADING ACTIVITY (last 12 months)

14 MEDIAN NUMBER OF TRADES

MEDIAN TRADE SIZE

\$11,774



HIGH VALUE INVESTORS

MEDIAN PORTFOLIO

\$1.45M



AVERAGE AGE

49

4% of INVESTORS

6% of ON-EXCHANGE INVESTORS

25% prefer STABLE RETURNS



ON-EXCHANGE TRADING ACTIVITY (last 12 months)

47 MEDIAN NUMBER OF TRADES

MEDIAN TRADE SIZE

\$32,250



NON-INVESTORS

49% of Australians **DO NOT CURRENTLY INVEST**

43% have **NEVER INVESTED** because they feel they **DON'T HAVE ENOUGH MONEY**

57% of **LAPSED INVESTORS** stopped investing due to **CHANGES IN PERSONAL CIRCUMSTANCES**



INTENDING INVESTORS

50% FEMALES

29% NEXT GENERATION

77% prefer **STABLE OR GUARANTEED RETURNS**

29% **WOULD INVEST IN CRYPTOCURRENCY** if they invest in next 12 months

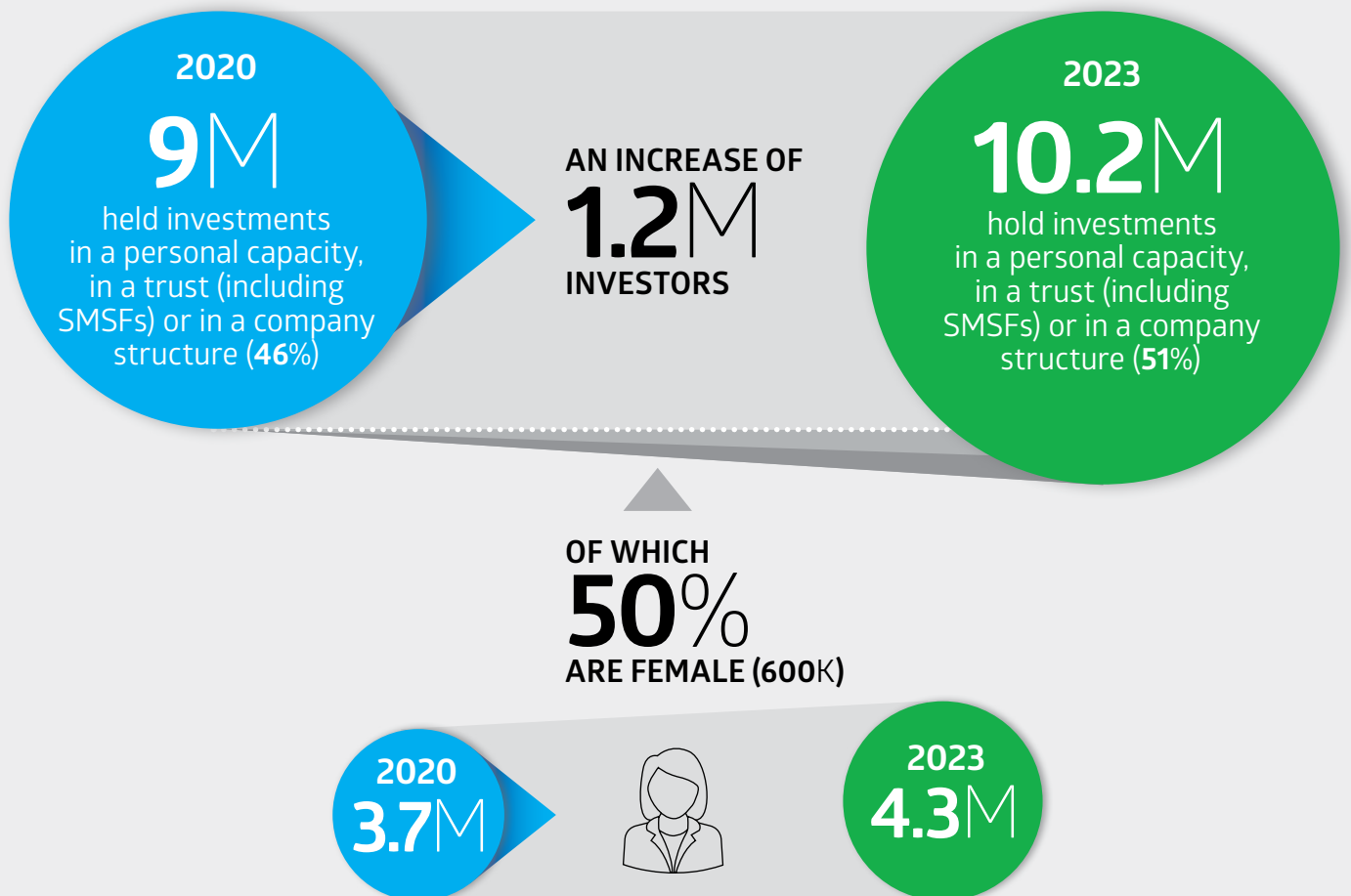


FEMALE INVESTORS

2023 saw more Australian women investing outside of their primary residence and superannuation than ever before, despite male investors continuing to outnumber them overall (58% to 42%). Of the net 1.2 million investors entering the market after 2020, half were women. What's more, the percentage of next generation female investors rose from 9% in 2020 to 11% in 2023 – a small but positive move in the right direction.

FIGURE 17

THE NUMBER OF FEMALE INVESTORS IS ON THE RISE

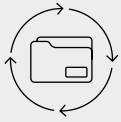


While this progress is pleasing, there are still more gaps to close. Male investors continue to have larger portfolios on average – \$667,000 compared with \$413,000 for women, with 31% of female investors having balances below \$50,000 compared with 21% of male investors.

Drivers behind investment inequality are complex. One contributing factor may be the difference in income levels. An asset gap is potentially also created by the number and types of investments held by women. While women invest across all investment products, they don't hold the same level of investments as men do. On average, women hold two types of investment products, compared to men who hold three.

42%
of INVESTORS

FIGURE 18
SNAPSHOT OF A
FEMALE INVESTOR



\$95,990
MEDIAN PORTFOLIO SIZE



AVERAGE AGE
47



CHARACTERISTICS

32% say they are
DIVERSIFIED

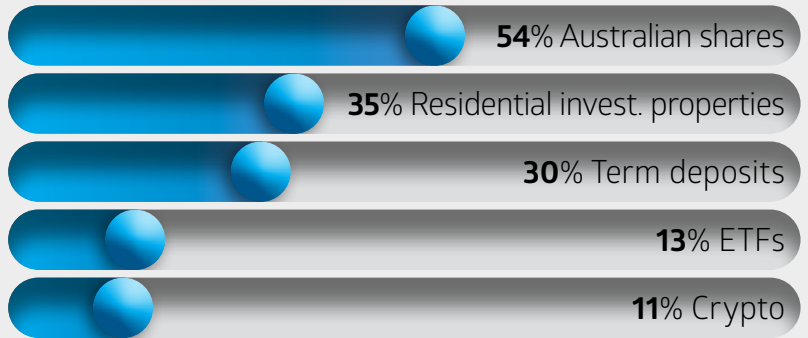
2.0 average number of
PRODUCTS HELD

30% **MONITOR PORTFOLIO**
at least weekly

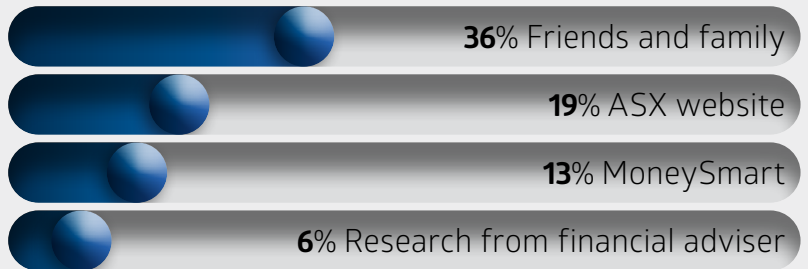
61% traded through an
ONLINE BROKER



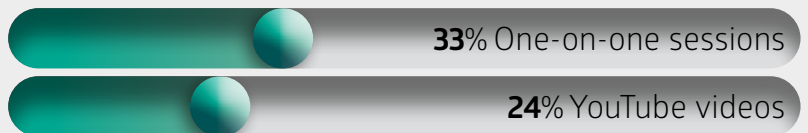
**INVESTMENT
HOLDINGS**



**INFORMATION
SOURCES**



**PREFER TO LEARN
ABOUT INVESTING VIA**

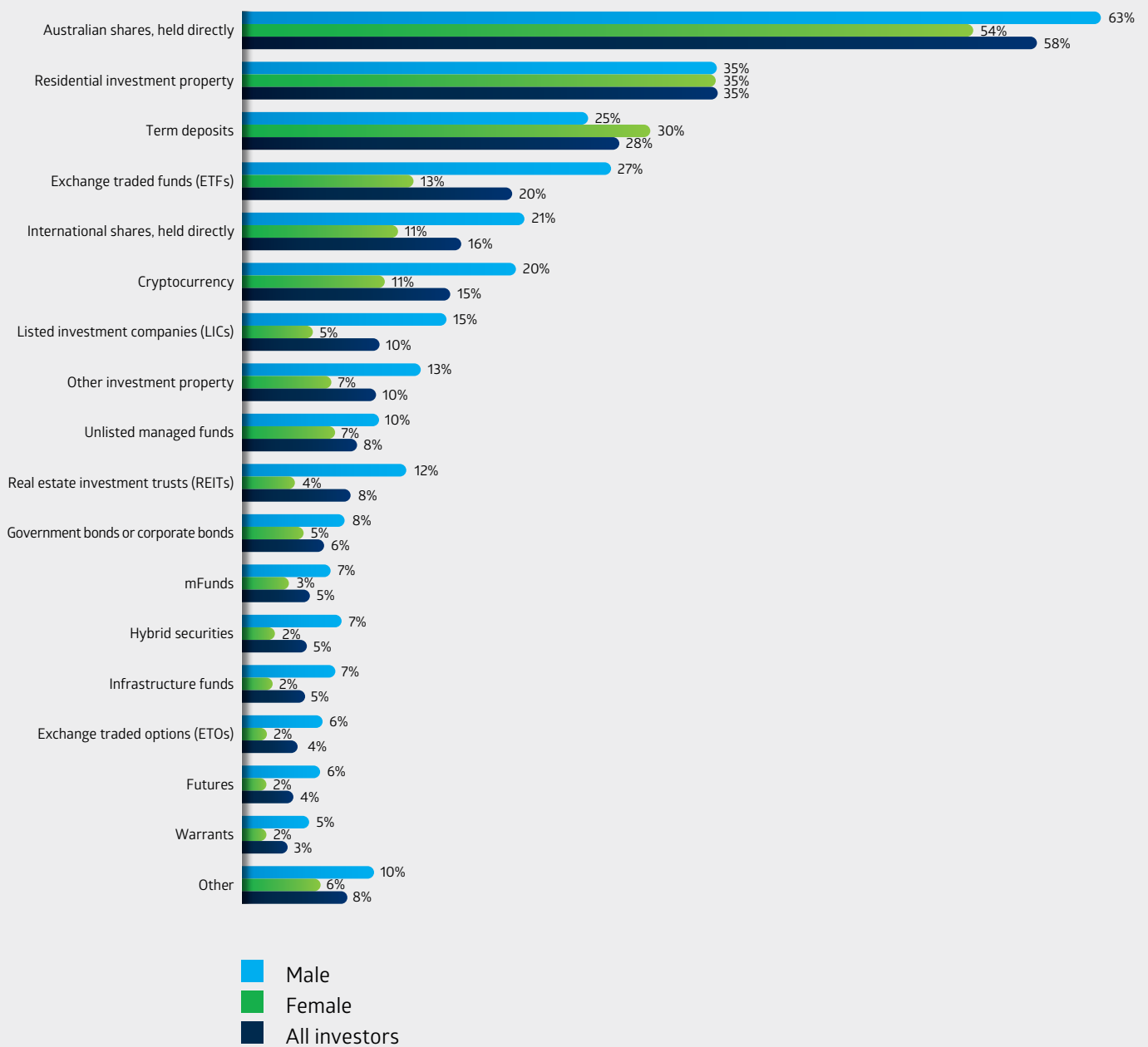


Male investors also hold higher levels of growth assets. For example, Australian shares are held by 63% of men and 54% of women; international shares by 21% and 11% respectively, and ETFs by 27% of men and 13% of women. This may leave female investors with less exposure to a variety of diversified investments. The only investment type where women have higher holdings than male investors is term deposits (30% vs 25%), which are relatively low risk with corresponding low returns.

FIGURE 19

THE GENDER ASSET GAP

Which investments do you currently own, either personally, in a company structure, through a family trust or in an SMSF? (Among investors)



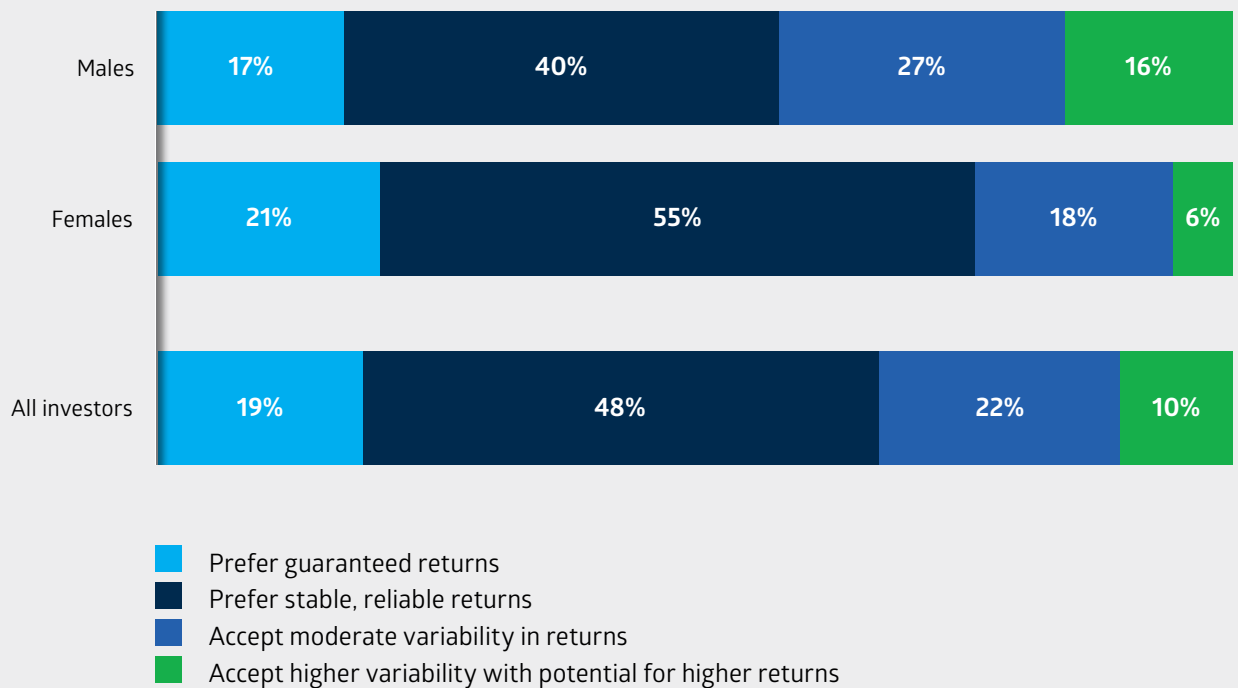
Female investors tend to be more risk-averse than males, with 55% preferring stable, reliable returns over moderate or higher risk investments, compared with 40% of males.

Respondents were also asked about their reaction to a scenario where their portfolio balances fell quickly by 20%. Forty seven percent of female investors said they'd be concerned but would wait to see if the situation improved, compared with 33% of males. Just 6% of females said they would take the opportunity to invest more, compared with 9% of males.

FIGURE 20

GENDER ATTITUDES TO RISK

How would you describe your attitude to investment/financial risk? (Among investors)

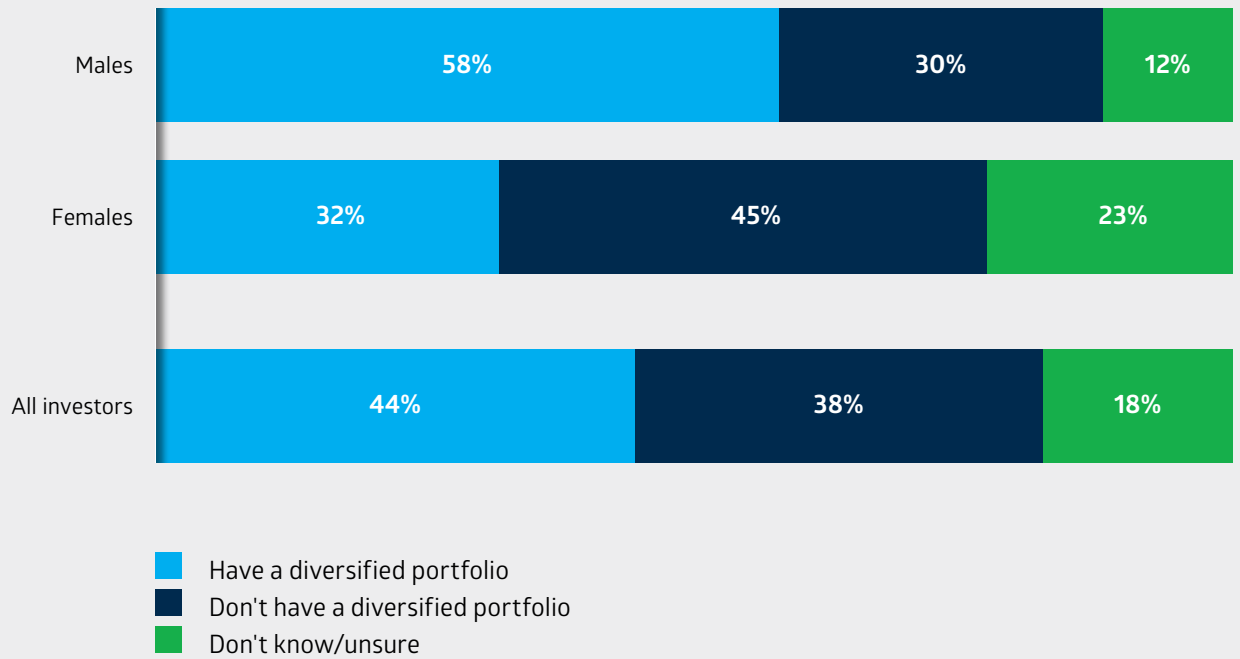


Female levels of diversification are lower than those of men. Only 32% say they have a diversified portfolio compared with 58% of male investors. While 45% of females say they are not diversified, it's possibly a function of smaller portfolios or lower incomes. Meanwhile, 23% of women indicate they do not know if they are diversified or not.

FIGURE 21

FEWER FEMALES REPORT DIVERSIFIED PORTFOLIOS THAN MALES

Do you have a diversified investment portfolio? (Among investors)



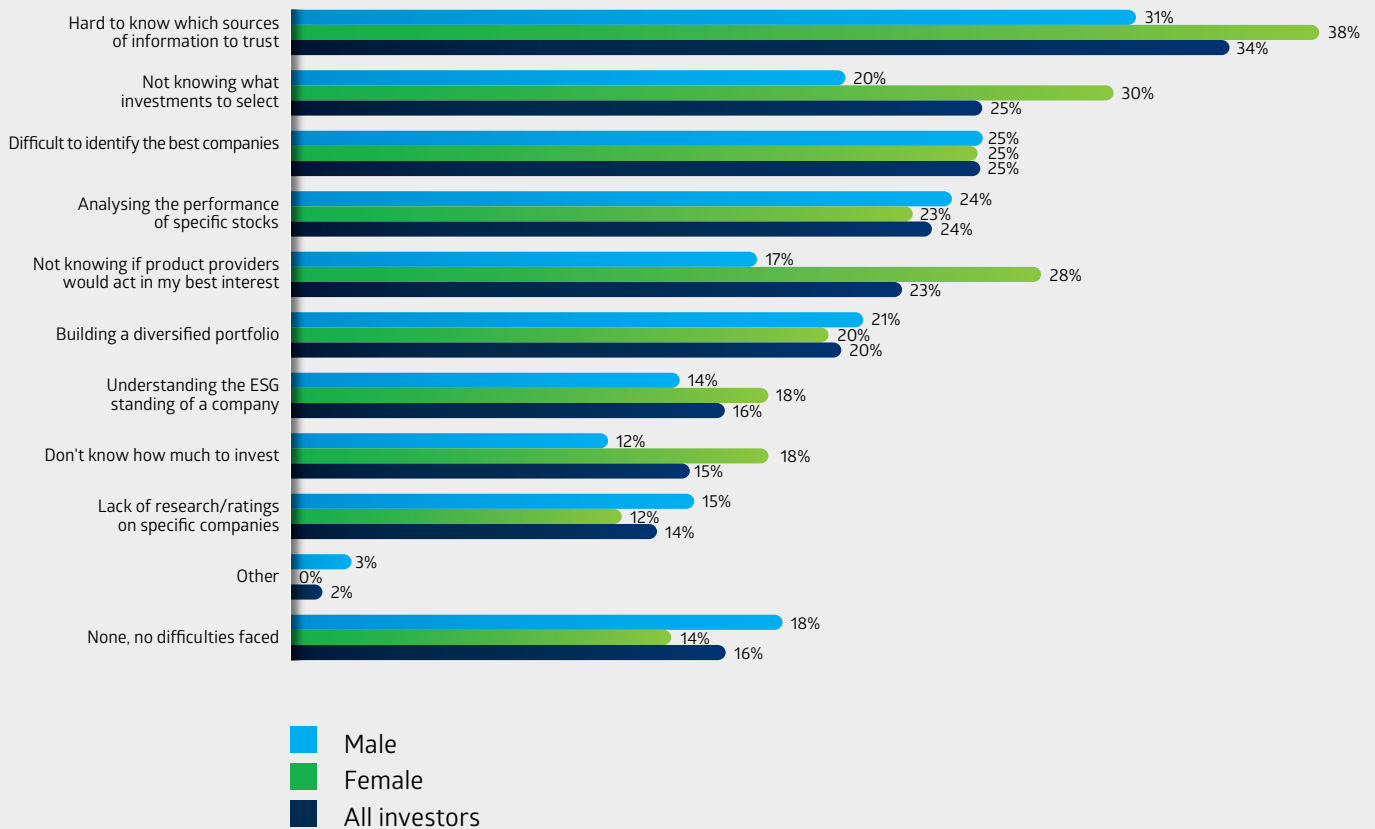
When asked what they find challenging when investing, female investors identify issues around trust and a lack of knowledge. A higher proportion of female investors find it hard to know which information sources to trust than male investors (38% compared to 31% of men), which product providers would act in their best interests (28% vs 17%) and what investments to select (30% and 20% respectively).

Similar numbers of both genders found diversification to be a challenge (20% females compared to 21% of males), which is at odds with their self-assessed actual level of diversification. Women were slightly less trusting of financial institutions than men, with the exception of financial planners and advisers.

FIGURE 22

UNCERTAINTY MAKES INVESTING A CHALLENGE FOR MANY FEMALES

What do you find really challenging when making investment decisions? (Among investors)

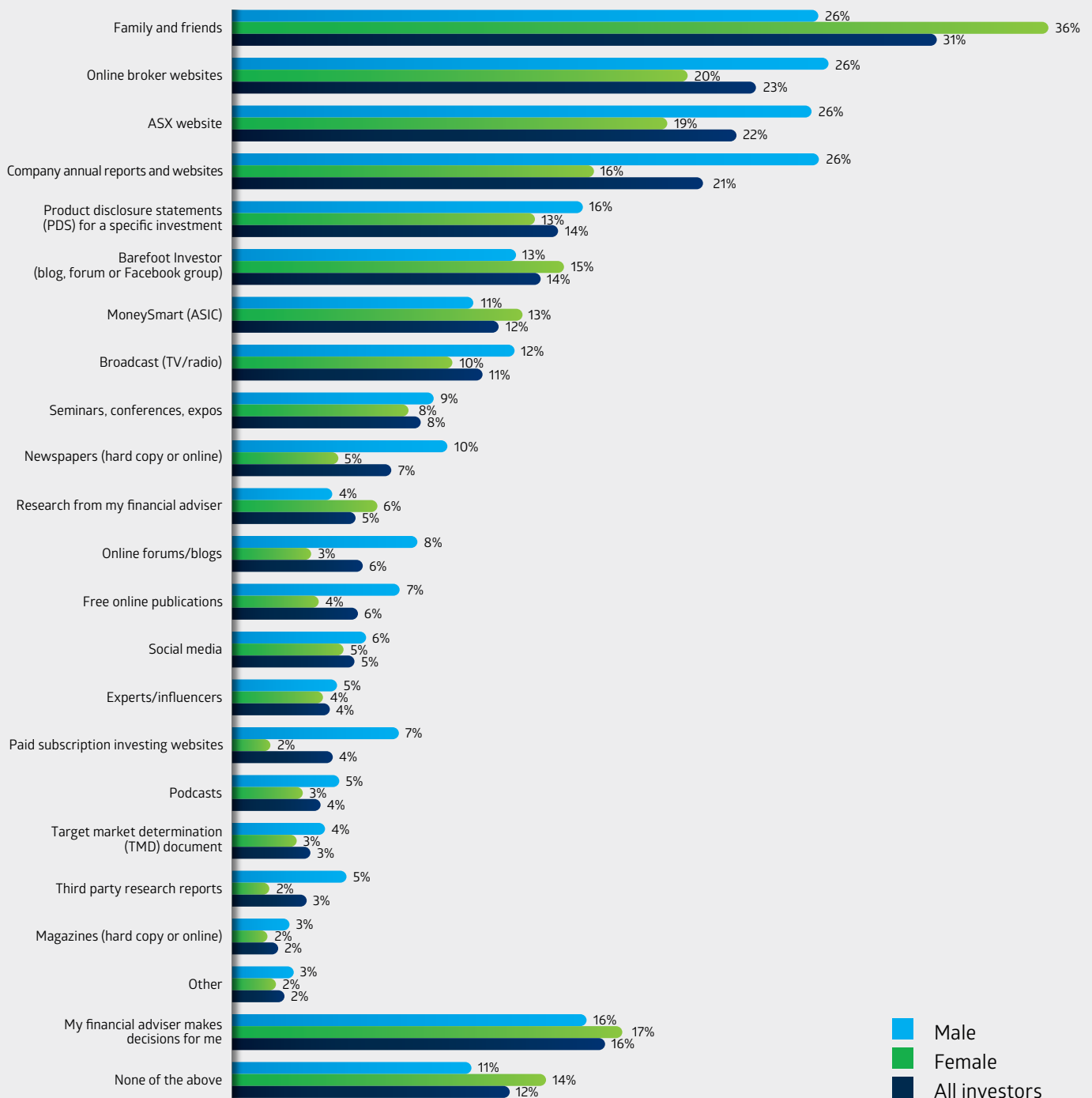


Given that female investors find the selection of information sources the most challenging aspect of investing, which sources do they consult when making investment decisions? Family and friends are their first choice (36%). Female investors also turn to the Barefoot Investor (15%) and are less likely than males to turn to sources such as the ASX website, company annual reports and paid subscription investing websites.

FIGURE 23

FEMALE INVESTORS TURN TO MORE PERSONAL INFORMATION SOURCES

Which information sources do you typically consult to make decisions about your investments?
(Among investors)

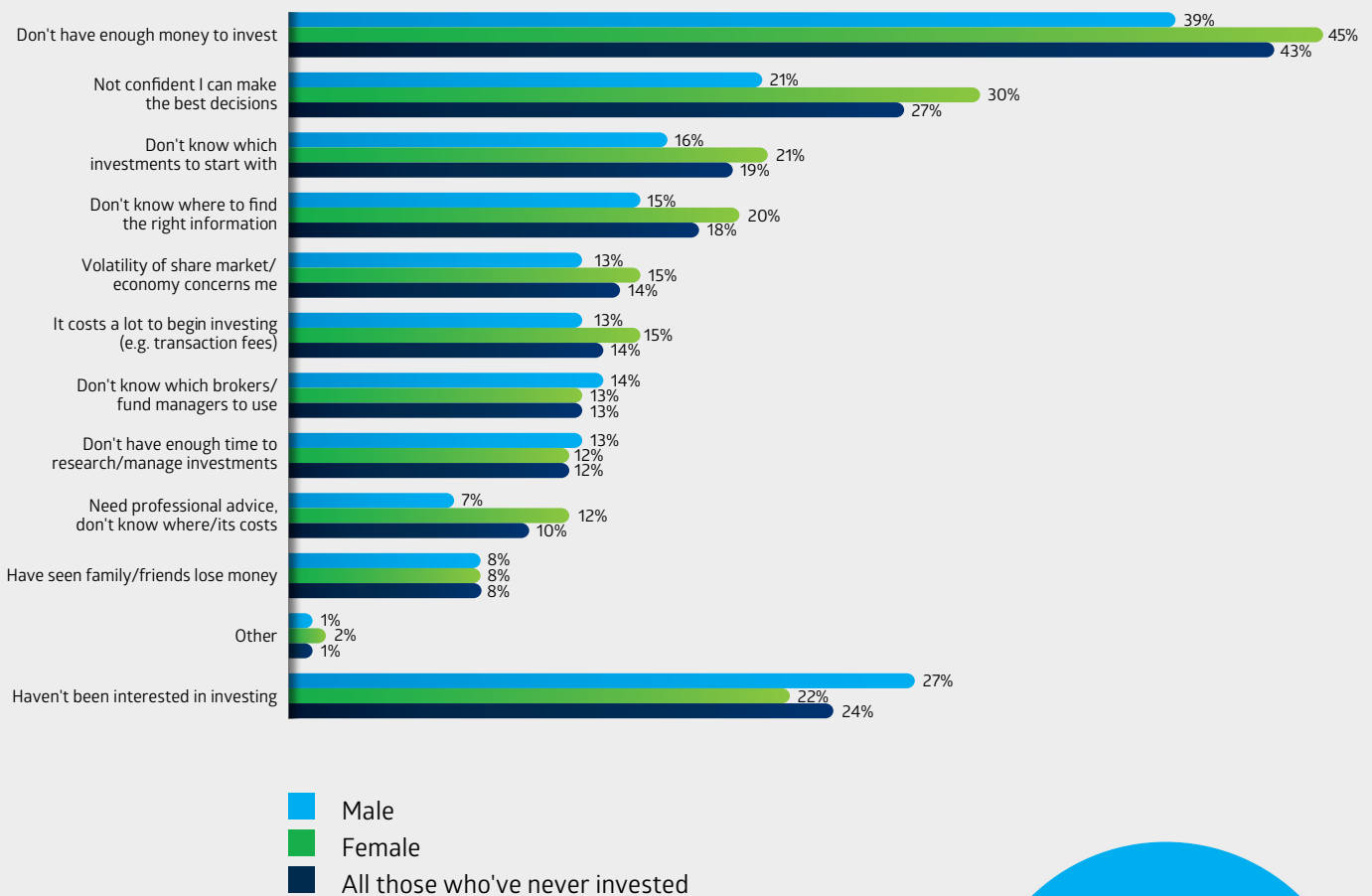


Sixty four percent of Australians who've never invested before are female. More women than men say they can't afford to invest (45% compared with 39%). This is expected, given the significant wage gap between men and women, with Australian women on average earning 25% less than their male counterparts (\$85,655 for women, compared to \$107,466 for males).

The challenges faced by female investors summarised above also tend to emerge as reasons for Australian women choosing not to invest. Among those Australians who've never invested before, a lack of confidence drives more females (30%) than males (21%). Uncertainty about where to find the right information also plays a role (20% females vs 15% males).

FIGURE 24
PERCEIVED LACK OF MONEY AND CONFIDENCE HINDERING FEMALE INVESTMENT

Why have you never invested? (Among those who have never invested)



64%
of all Australians who've **NEVER INVESTED BEFORE ARE FEMALES**

Among lapsed female investors, the majority will consider a return to investing when they have fewer financial commitments (48%) or when they are more confident about the economy and markets (38%), or future returns (41%). Lapsed male investors share their concerns about financial commitments (35%) and future returns (28%) but not to the same levels as their female counterparts. About 20% of females also recognise a need for education about investing.



NEXT GENERATION INVESTORS

9%
of INVESTORS

Young Australians are continuing to play a key role in the investment landscape. Nearly 10% of current investors fall into the next generation demographic, aged 18-24. Of these, 63% have only started investing in the last two years.

While 43% of this cohort hold Australian shares, this is considerably less than the broader investor population who have 58% of their portfolio in domestic shares. They are also the age group most likely to hold ETFs (33%), to invest internationally (25%) and to hold cryptocurrency (31%).

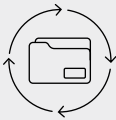
FIGURE 25

SNAPSHOT OF A NEXT GENERATION INVESTOR



AVERAGE AGE

21



\$45,500

MEDIAN PORTFOLIO SIZE



\$2,700

MEDIAN CRYPTO BALANCE



CHARACTERISTICS

36% say they are **DIVERSIFIED**

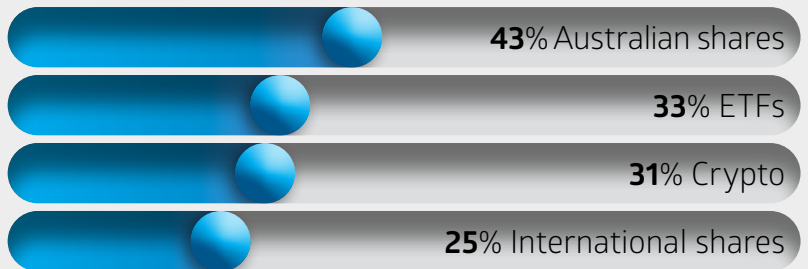
3.1 average number of **PRODUCTS HELD**

46% prefer **STABLE, RELIABLE RETURNS**

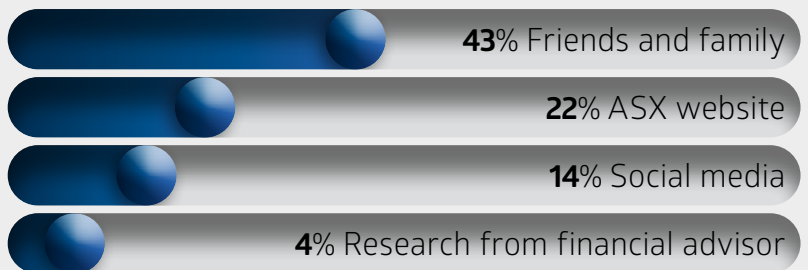
22% have **BOUGHT ESG INVESTMENTS** in the last 12 months based on environmental concerns



INVESTMENT HOLDINGS



INFORMATION SOURCES



PREFER TO LEARN ABOUT INVESTING BY

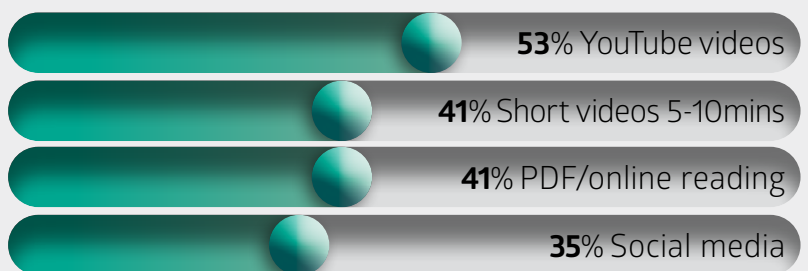


FIGURE 26

INVESTMENTS HELD BY AGE

Which investments do you currently own? (Among investors)

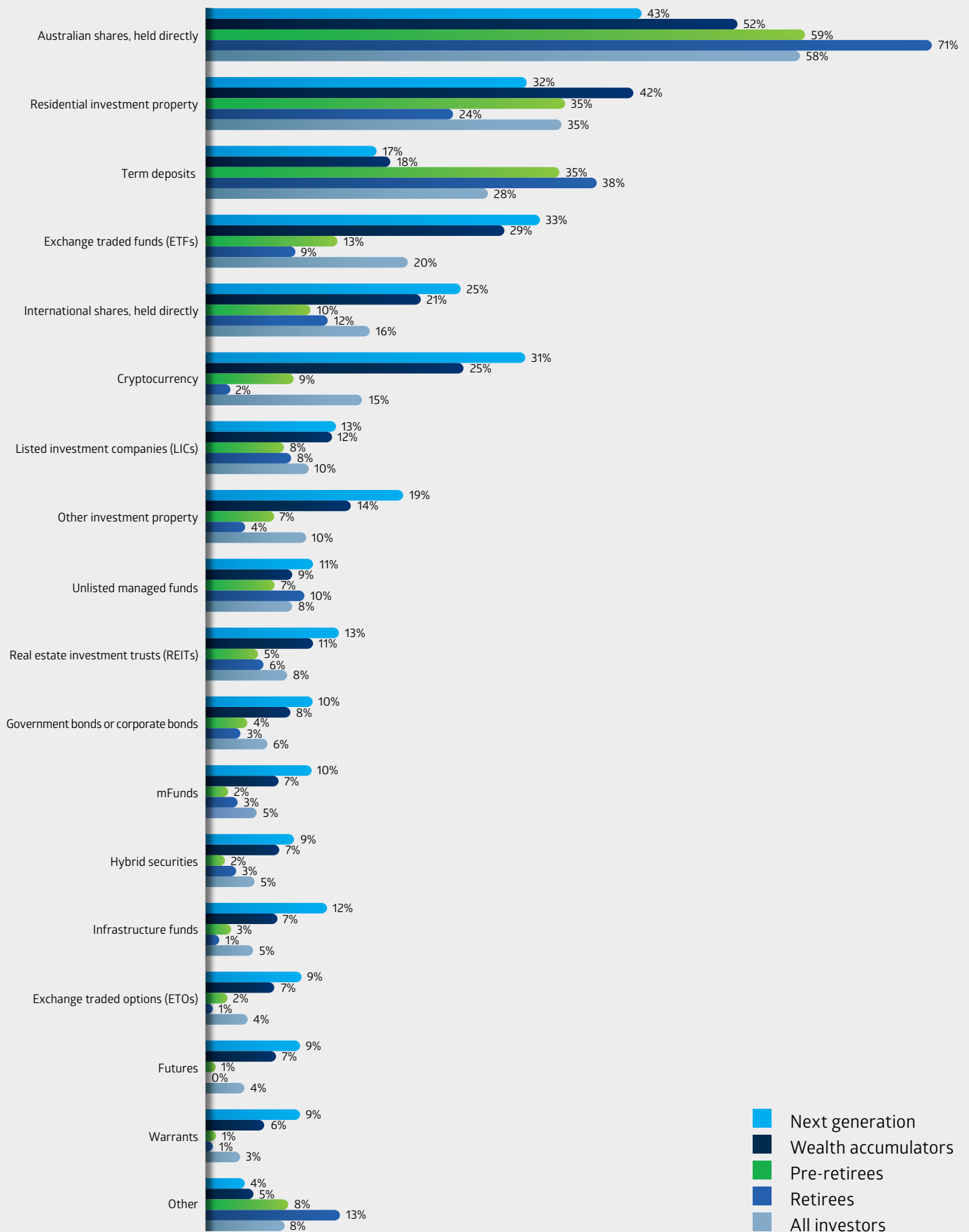
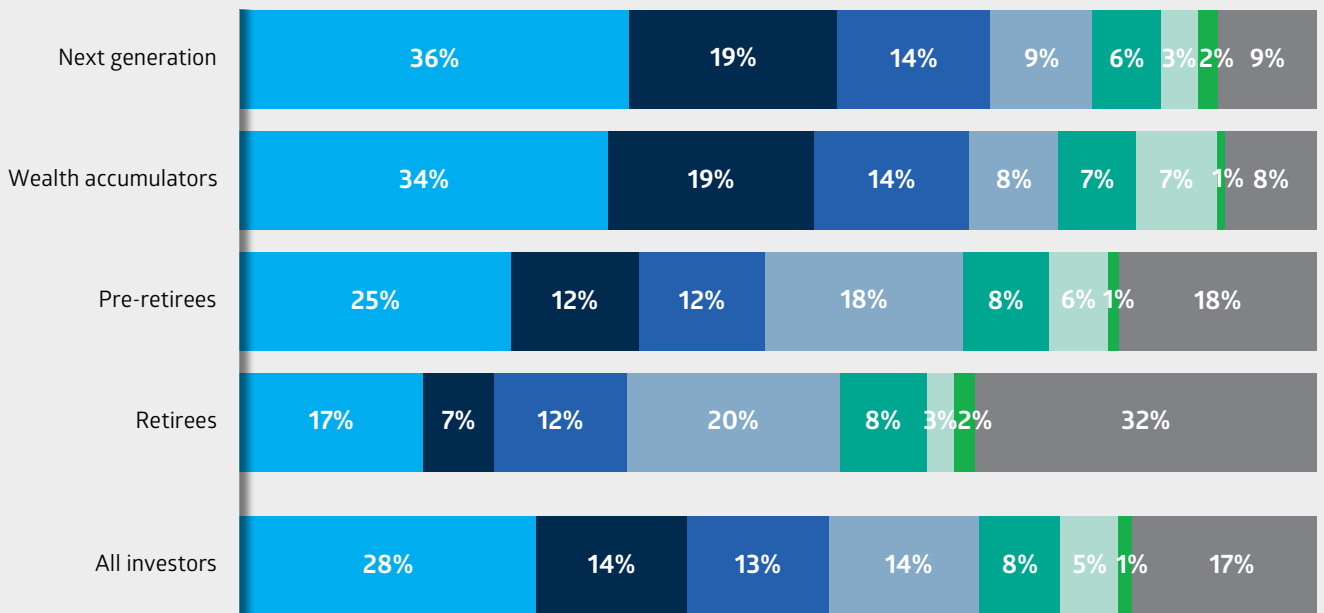


FIGURE 27

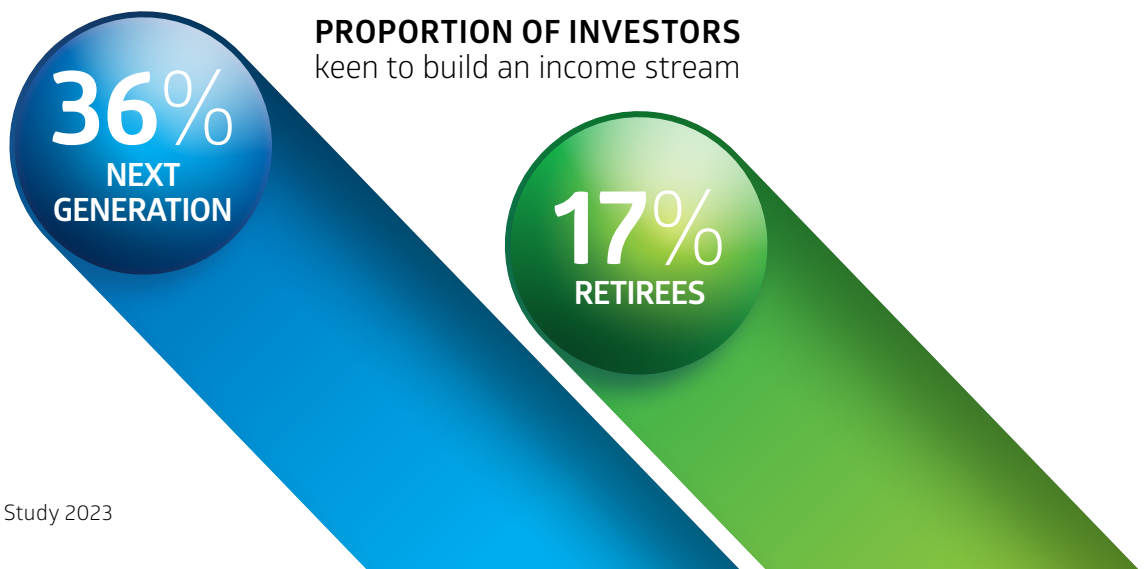
MORE YOUNG PEOPLE WANT TO BUILD AN INCOME STREAM THAN RETIREES

Looking forward, what will be your main goal when selecting your investments over the next 12 months? (Among investors)



- Building a sustainable income stream
- Maximising capital growth
- Achieving a balance between capital growth and investment risk
- Protecting my existing assets/income against market falls
- Protecting against inflation
- Diversifying my investment portfolio
- Other
- NA, don't plan to make any investments over the next year

Among this cohort, their main aim is to build an income stream, with more than a third (36%) stating this as their goal, compared to 17% of retirees. This is unexpected considering younger investors still have the option of an income stream from work. Almost a fifth want to maximise capital growth (19%). They certainly have time on their side to realise this ambition if they begin investing at this early age.



Next generation investors are more risk averse than their older counterparts. They are least likely to tolerate moderate (16%) or high variability in returns (10%), with 46% preferring stable returns. The majority understand the cyclical nature of investing, with 29% saying a fall of 20% in their portfolio balances is a risk they understand could happen and another 36% saying if this happened, they'd be concerned but would wait to see if the situation improved.

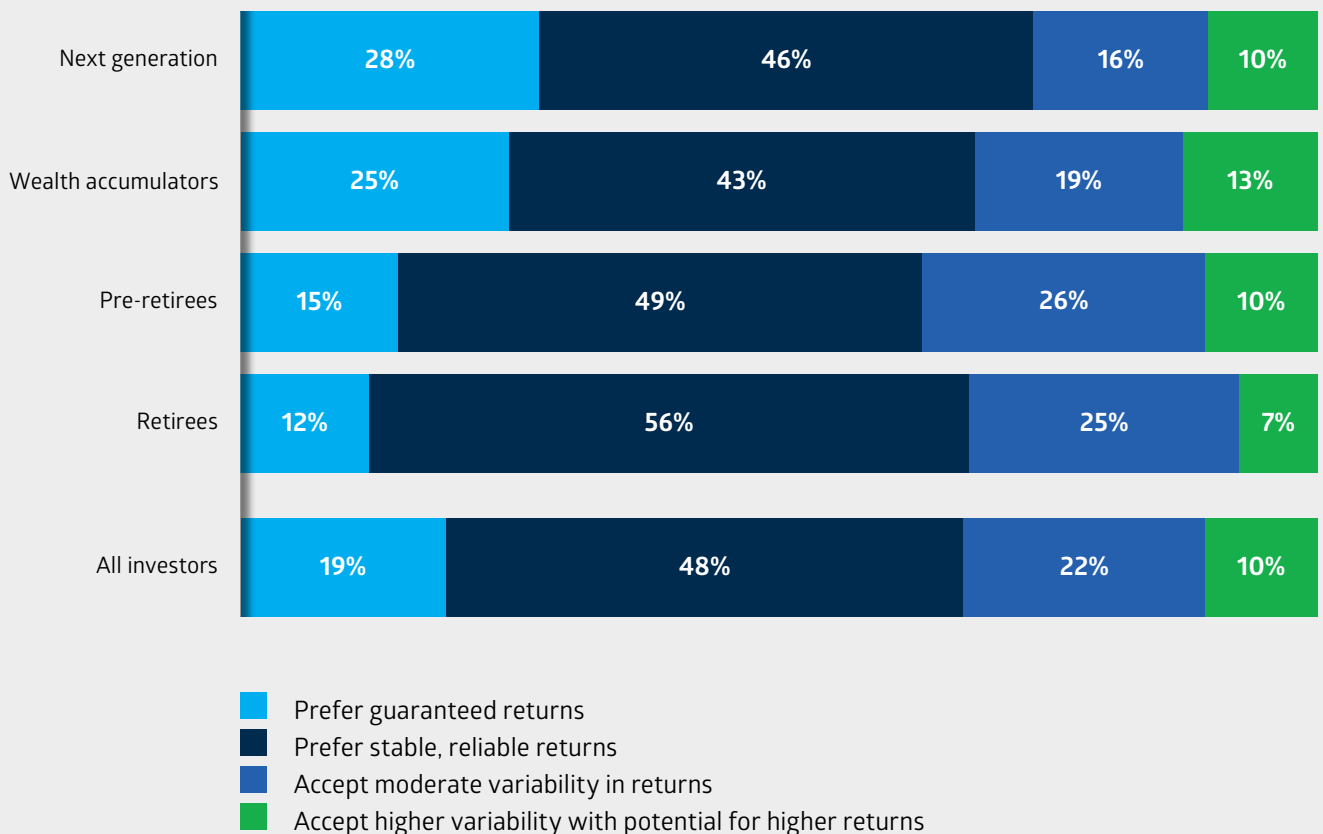
The apparent financial conservatism of younger investors is at odds with their level of investment in cryptocurrency. This product at present could be seen as a relatively risky investment, yet 31% of next generation investors hold it in their portfolios. Their median holding is \$2,700, representing 6% of their total portfolio (compared to 3% for all investors). It possibly appeals to their excitement about new technologies or a desire to do things differently to their parents.

Among those in this age group who ceased to invest, the most common reason was they lost money (41%). It cannot be determined from our research how many of these lapsed investors held cryptocurrency.

FIGURE 28

ATTITUDES TOWARDS RISK BY AGE

How would you describe your attitude to investment/financial risk? (Among investors)

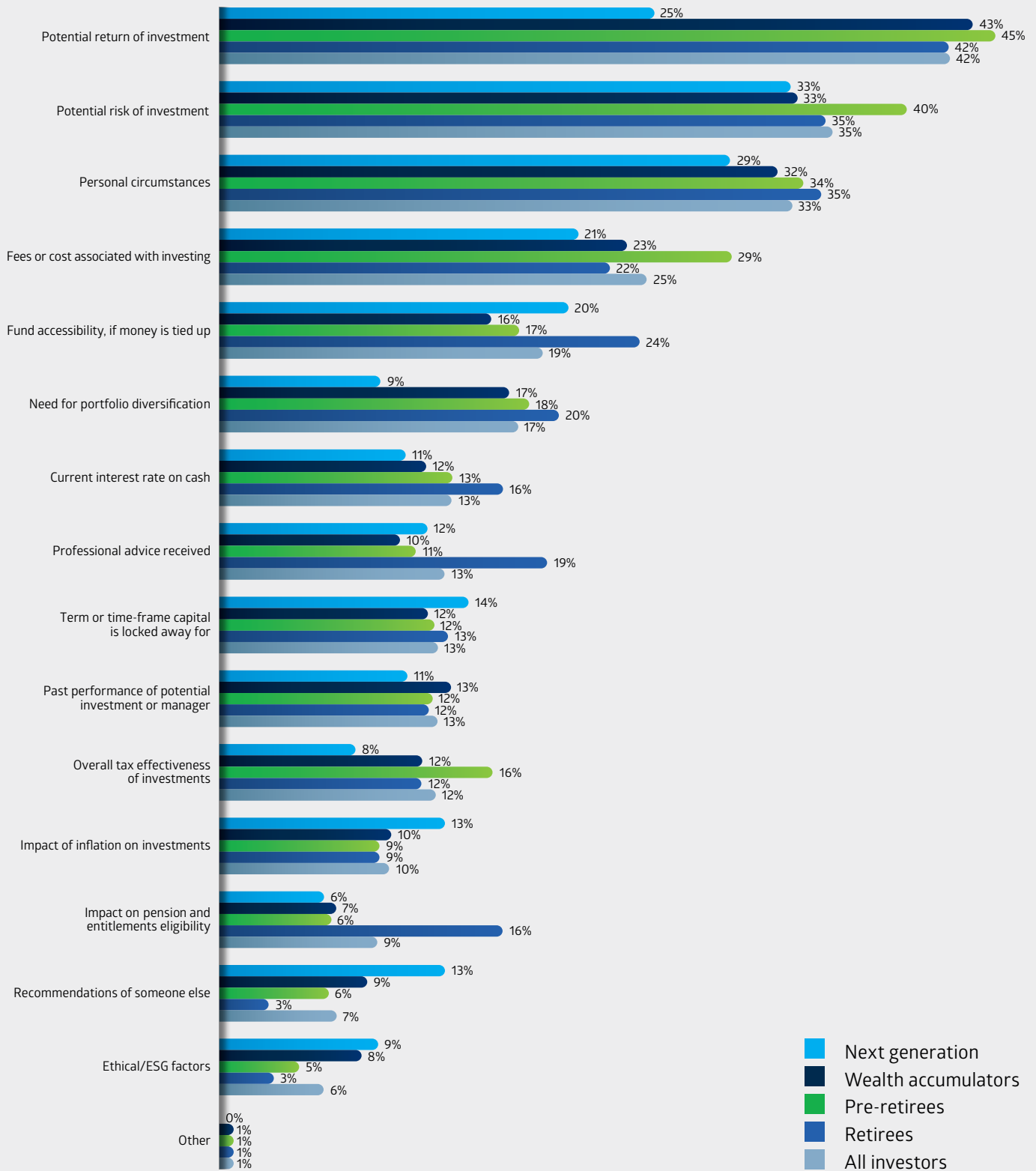


Returns are significantly less motivating for next generation investors than for older demographics when making investment decisions. Next generation investors rate risk (33%) and their personal circumstances (29%) above returns (25%) as their most important considerations. They also consider whether funds can be accessed at any time if their money is tied up (20%). They are the age group most likely to be influenced by recommendations from others (13%). This correlates with their inexperience and a sense of wanting to have options for their money, e.g. to use investments as a deposit to buy a home. Responsible investing is another consideration (9%) for these investors.

FIGURE 29

YOUNGER INVESTORS RATE RISK ABOVE RETURNS AS THEIR MOST IMPORTANT CONSIDERATION

What are your top 3 considerations when making investment decisions? (Among investors)

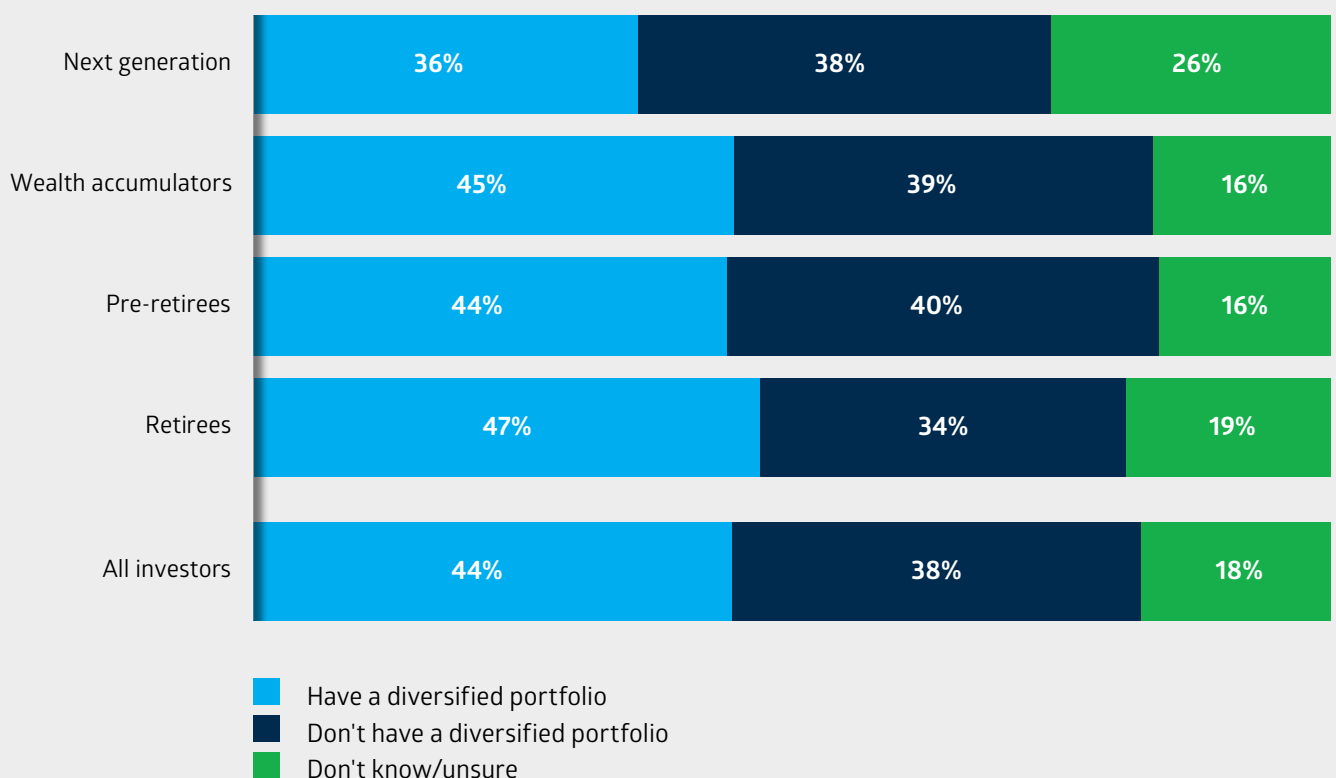


Next generation investors report the lowest level of diversification among all age groups and are also the least knowledgeable about it. They hold on average 3.1 products. This includes 33% who hold ETFs, which may help with diversifying their portfolios. Their diversification level is most likely due to the short amount of time in which they've been able to invest, further contributed to by generally low incomes at the start of their careers. Their stated low levels of diversification may also be counter-effective against their relatively high level of risk aversion. This suggests these investors may benefit from education about the role of diversification in mitigating risk and helping to stabilise returns when investing across a range of asset classes.

FIGURE 30

NEXT GENERATION INVESTORS ARE LEAST LIKELY TO HAVE A DIVERSIFIED INVESTMENT PORTFOLIO

Do you have a diversified investment portfolio? (Among investors)



Regarding investment challenges, 23% of next generation investors find it difficult to know how much money to invest and another 21% struggle to understand the ESG status of a company.

Next generation investors show a strong degree of engagement with their portfolios, with 53% reviewing them at least weekly compared with 42% of investors in total. This suggests they are learning. It may also be they want to be on top of what's happening, potentially with an eye to cash out if they suffer losses, given this is the chief reason some in this age group decided to stop investing in the last 12 months. However, unlike older investors, they have time to make up any losses.

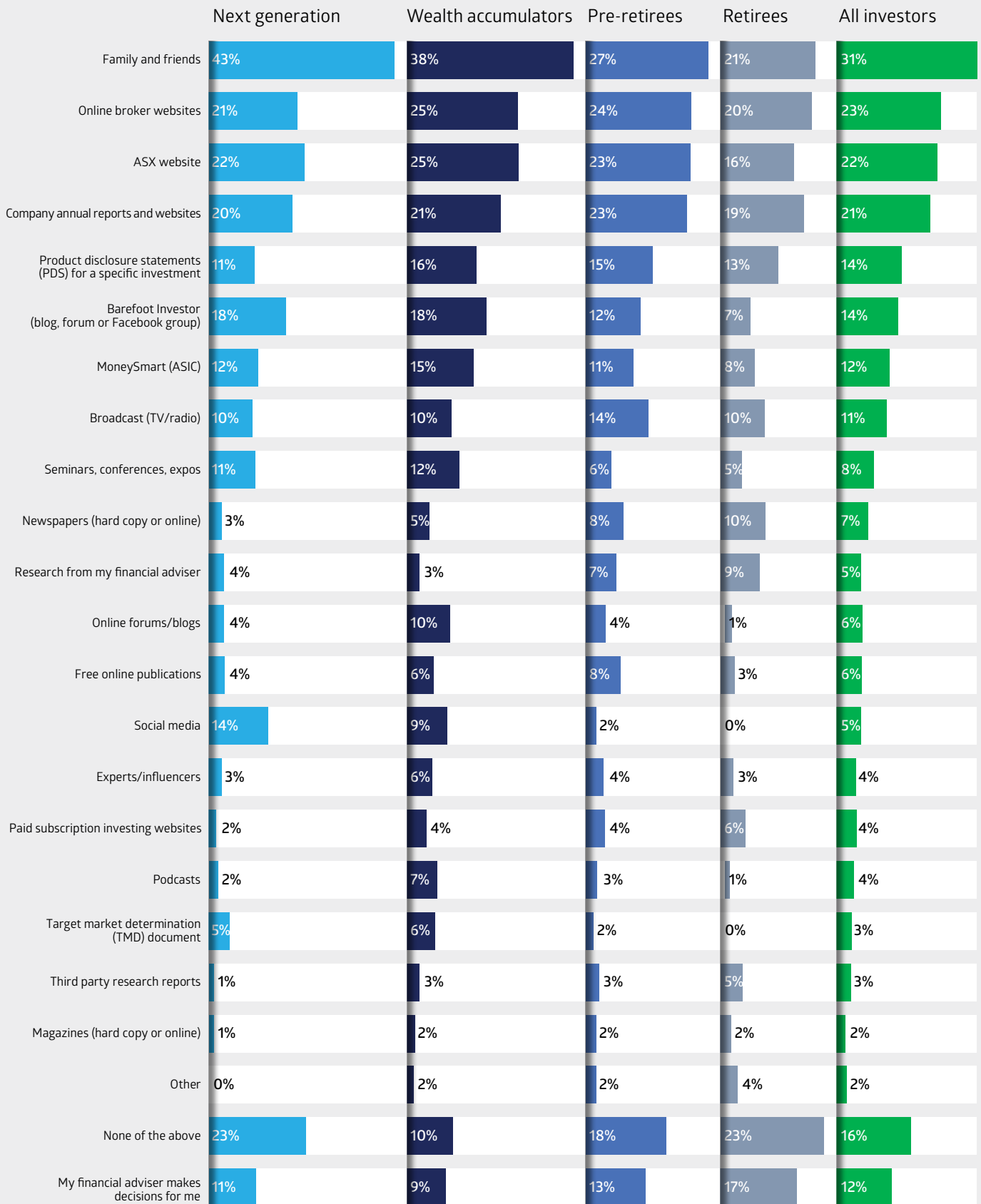
Environmental, social and governance elements are of concern to next generation investors. They are the investor group most likely to have acted in alignment with responsible investing principles in the past year (52%) with their buying and selling of investments.

Next generation investors support their decision-making by using various sources of information, albeit with some differences to other age groups. They overwhelmingly turn to family and friends (43%) and the ASX website (22%). Social media is also used by 14%, a higher proportion than other demographic groups.

FIGURE 31

SOCIAL MEDIA IS AN EMERGING SOURCE OF INFORMATION FOR YOUNGER INVESTORS

Which information sources do you typically consult to make decisions about your investments? (Among investors)

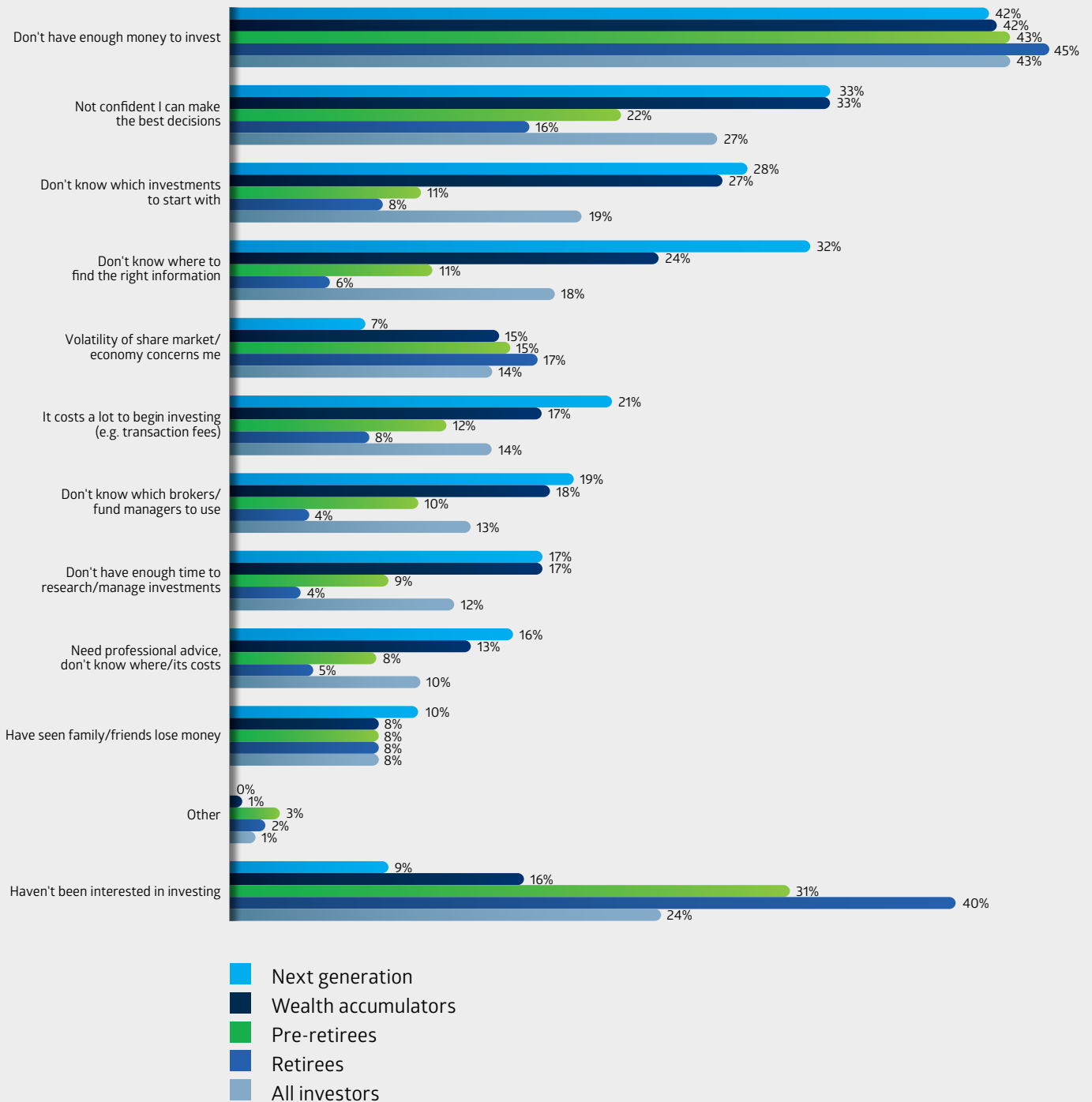


Among young Australians, reasons for having never invested tend to be either financial or knowledge-based. The most common reason for not investing was lack of funds (42%), while 21% perceive they will need a lot of money to start investing. A lack of confidence was also a significant factor (33%), as was not knowing where to find information (32%) or which products to invest in (28%). Given their age, experience will no doubt help them overcome many of these obstacles.

FIGURE 32

BARRIERS TO INVESTING

Why have you never invested? (Among those who have never invested)

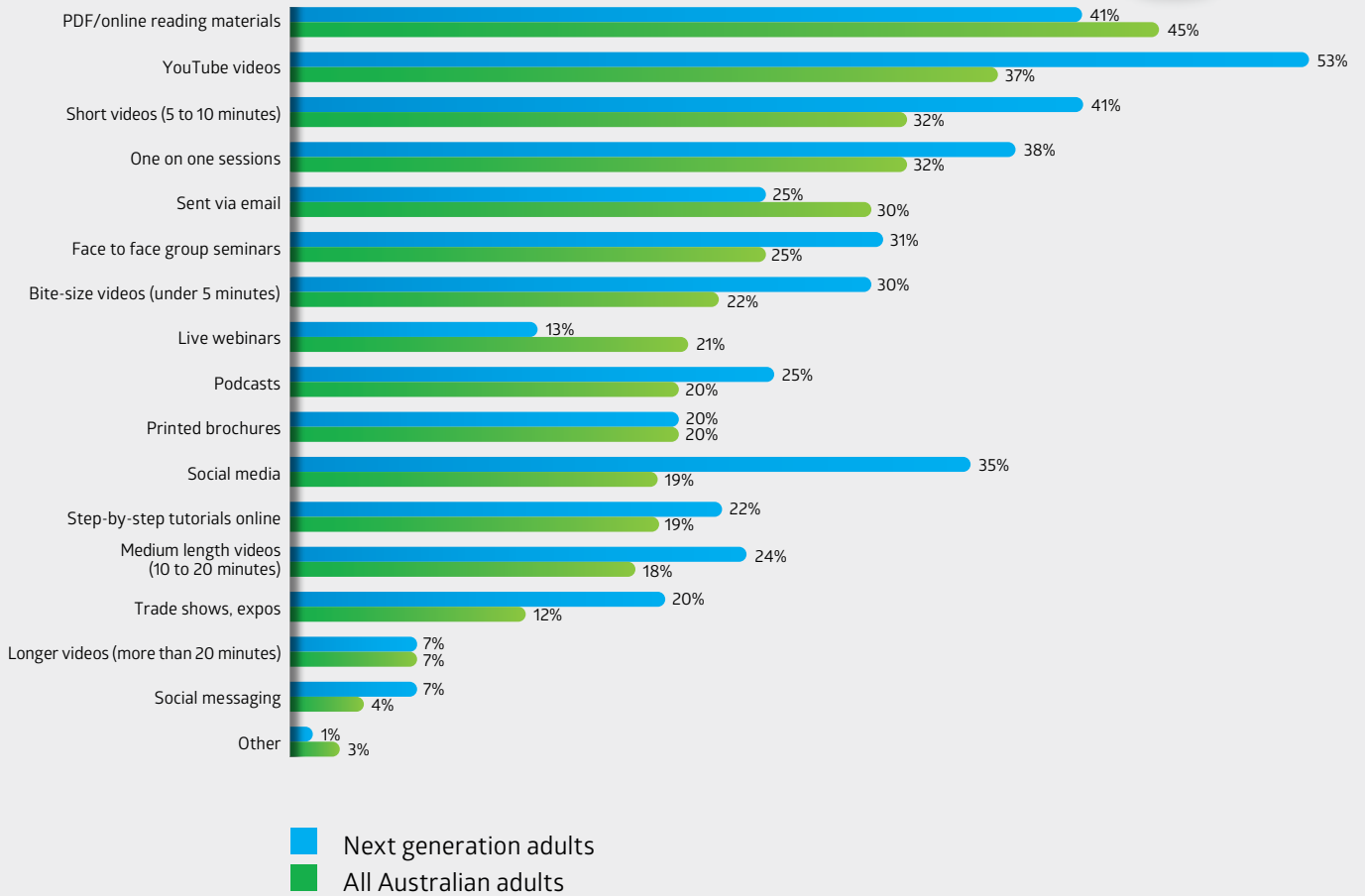


To learn more about investing, next generation investors express a very strong preference to learn via video, whether it be YouTube (53%) or short 5-10 minute videos (41%). This generation of socially-connected digital natives would like to receive information and education via PDFs and other online content (41%) as well as social media (35%), in sharp contrast to the 19% of adult Australians who mentioned social media.

53%
PREFER TO LEARN
 about investing
 through **YOUTUBE**
VIDEOS

FIGURE 33
PREFERRED FORMATS FOR INVESTOR
EDUCATION TO BE DELIVERED

In what format do you prefer investing-related information and education to be delivered? (Among Australian adults)





SMSF INVESTORS

Self managed super funds (SMSFs) remain a popular choice for investors who wish to take control of their retirement portfolios, with about 5% of the Australian population and 10% of investors investing through one.

SMSF investors have significantly higher portfolio balances compared to non-SMSF investors – \$1.77m million vs \$463,000 on average, with a median of \$1.04 million vs \$132,000. These investors also monitor their portfolios frequently – 31% check them daily and 52% monitor them at least weekly. This could imply that they enjoy the investing process – or at least wish to maintain control over their investments.



FIGURE 34
SNAPSHOT OF AN
SMSF INVESTOR



CHARACTERISTICS

58% say they are **DIVERSIFIED**

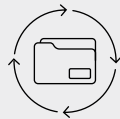
3.5 average number of **PRODUCTS HELD**

40% prefer **STABLE, RELIABLE RETURNS**

21% have **BOUGHT OR SOLD ESG INVESTMENTS** in the last 12 months based on **ENVIRONMENTAL ISSUES**

33% **USE ONLINE BROKER WEBSITES** as source of investment information

40% of **NEXT GENERATION INVESTORS** who do not have an **SMSF** are interested in setting one up within two years



\$1.04M
MEDIAN PORTFOLIO SIZE



INVESTMENT HOLDINGS

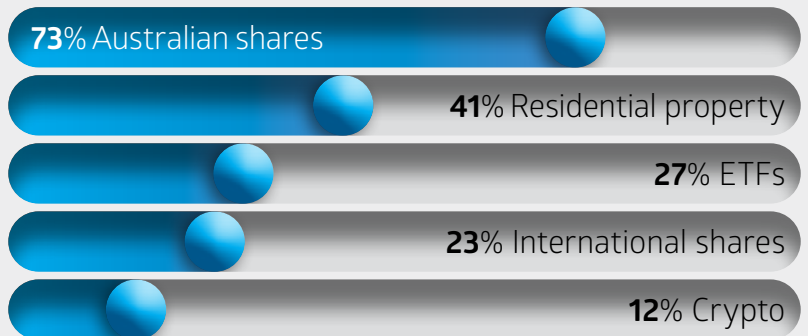


FIGURE 35

SMSF OWNERS HAVE SIGNIFICANTLY HIGHER PORTFOLIO BALANCES COMPARED TO NON-SMSF INVESTORS

Could you please tell us the size of your investment portfolio? (Among investors)

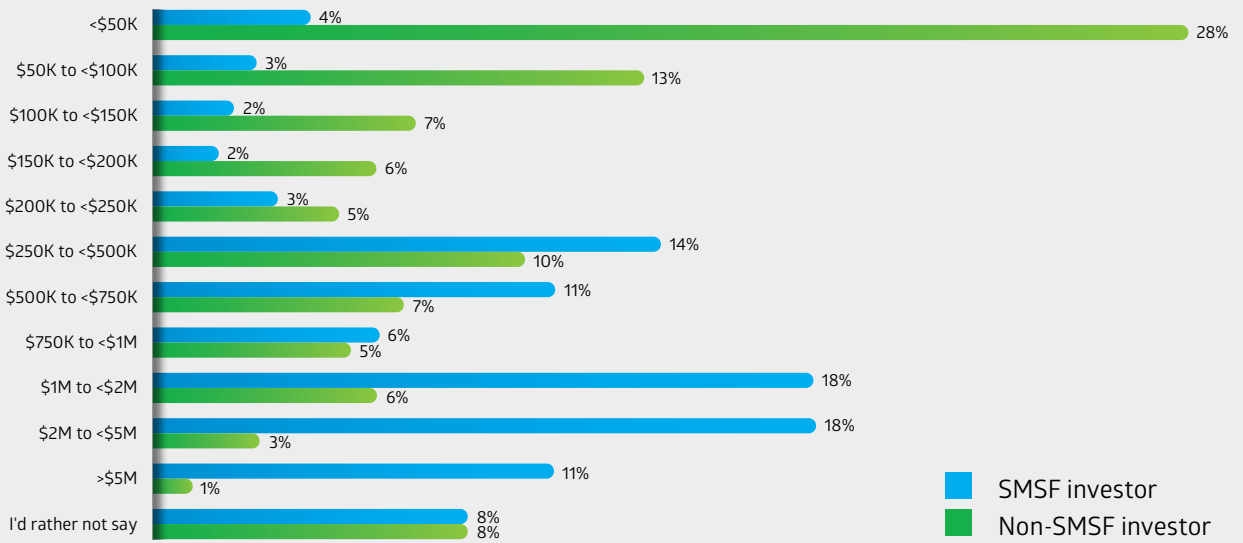
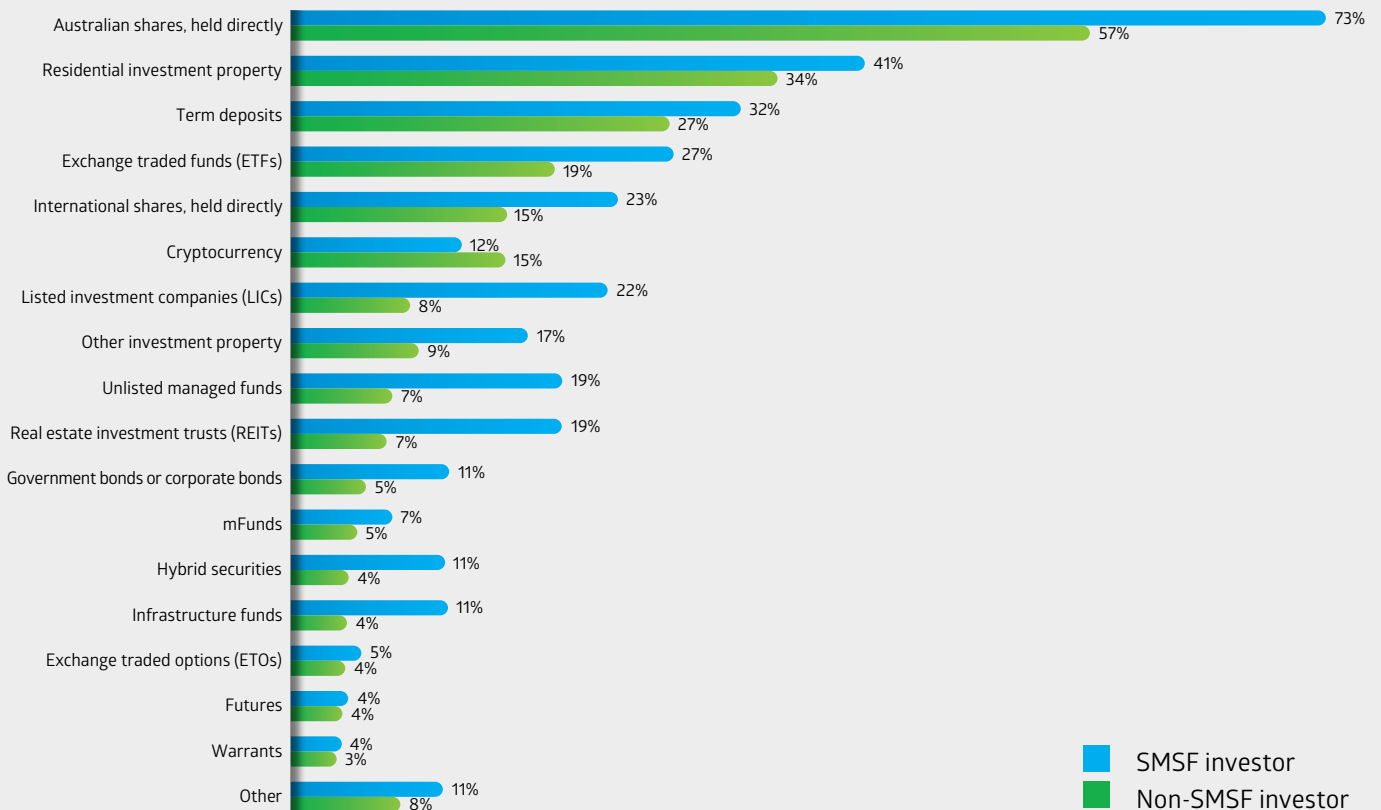


FIGURE 36

SMSF INVESTORS PREDOMINANTLY HOLD AUSTRALIAN SHARES

Which investments do you currently own, either personally, in a company structure, through a family trust or in an SMSF? (Among investors)



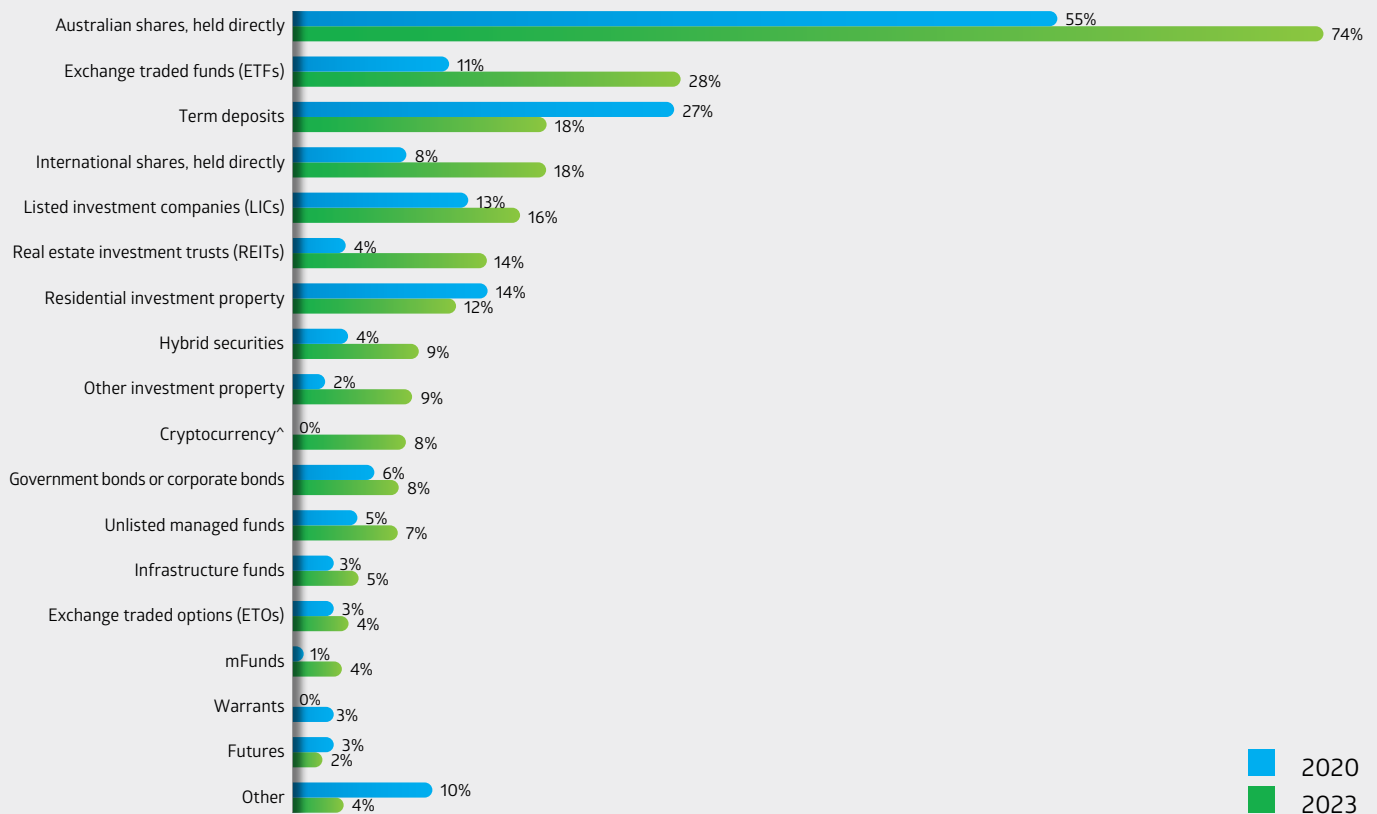
SMSF investors overwhelmingly favour Australian shares (73%), followed by residential investment property (41%), term deposits (32%) and ETFs (27%). Points of differentiation with non-SMSF investors include a higher level of investment in listed investment companies (LICs), REITs and commercial property. These product types may be attractive for SMSF owners because of their potential tax advantages or because they may provide a regular and stable income stream compared with other investment products. SMSFs are also less likely to invest in cryptocurrency (12%) than non-SMSF investors, possibly due to the higher risk level or the associated compliance burden.

SMSF investors who traded any investment products in the past year focused on Australian shares (74%), as well as ETFs (28%), international shares (18%) and REITs (14%) at significantly higher levels when compared to 2020. Investing in term deposits via SMSFs has reduced from 27% in 2020 to 18% in 2023.

FIGURE 37

INVESTMENT PRODUCTS TRADED THROUGH SMSF IN THE PAST YEAR

In the last 12 months, which of these have you traded or made a new investment in?
(Among SMSF investors who traded in the past year)



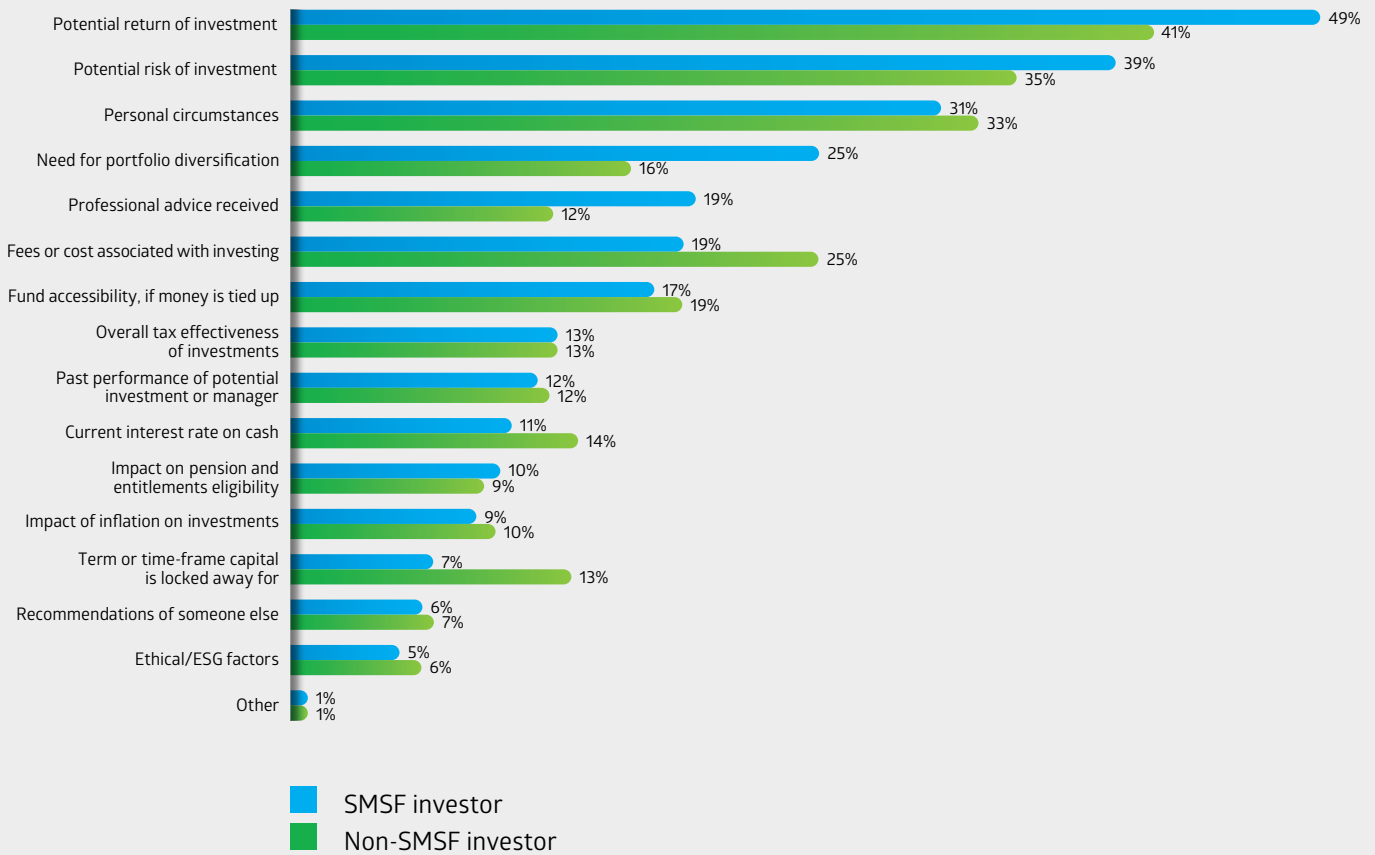
[^] New option added in 2023

SMSF investors' top considerations when investing are the opportunity to gain strong returns (49%), the potential risk of investment (39%), and aligning their investments with their personal circumstances (31%). SMSF investors are more likely to invest for diversification than non-SMSF investors (25% vs 16%). They are also more likely to base their decisions on professional advice (19%) than their non-SMSF investing counterparts (12%).

FIGURE 38

TOP CONSIDERATIONS BY SMSFs WHEN MAKING INVESTMENT DECISIONS

What are your top 3 considerations when making investment decisions? (Among investors)

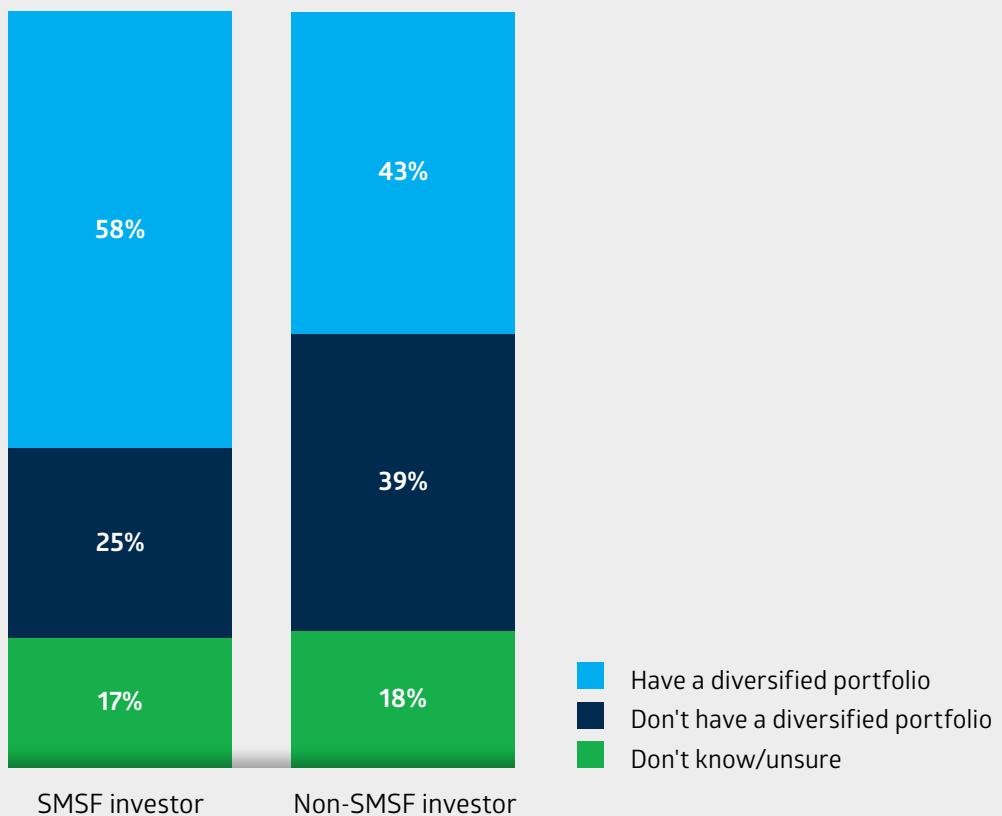


In line with their desire for favourable returns, SMSF investors are more open to accepting moderate (31%) or high variability (16%) in returns than non-SMSF investors (21% and 10% respectively). SMSF portfolios are significantly more diversified than their non-SMSF counterparts – 58% say their portfolios are diversified compared with 43% of non-SMSF investors. This is possibly assisted by the higher balances, making it easier to spread investments across multiple asset types. SMSF investors on average hold 3.5 investment products.

FIGURE 39

HIGH LEVELS OF DIVERSIFICATION AMONG SMSF INVESTORS

Do you have a diversified investment portfolio? (Among investors)

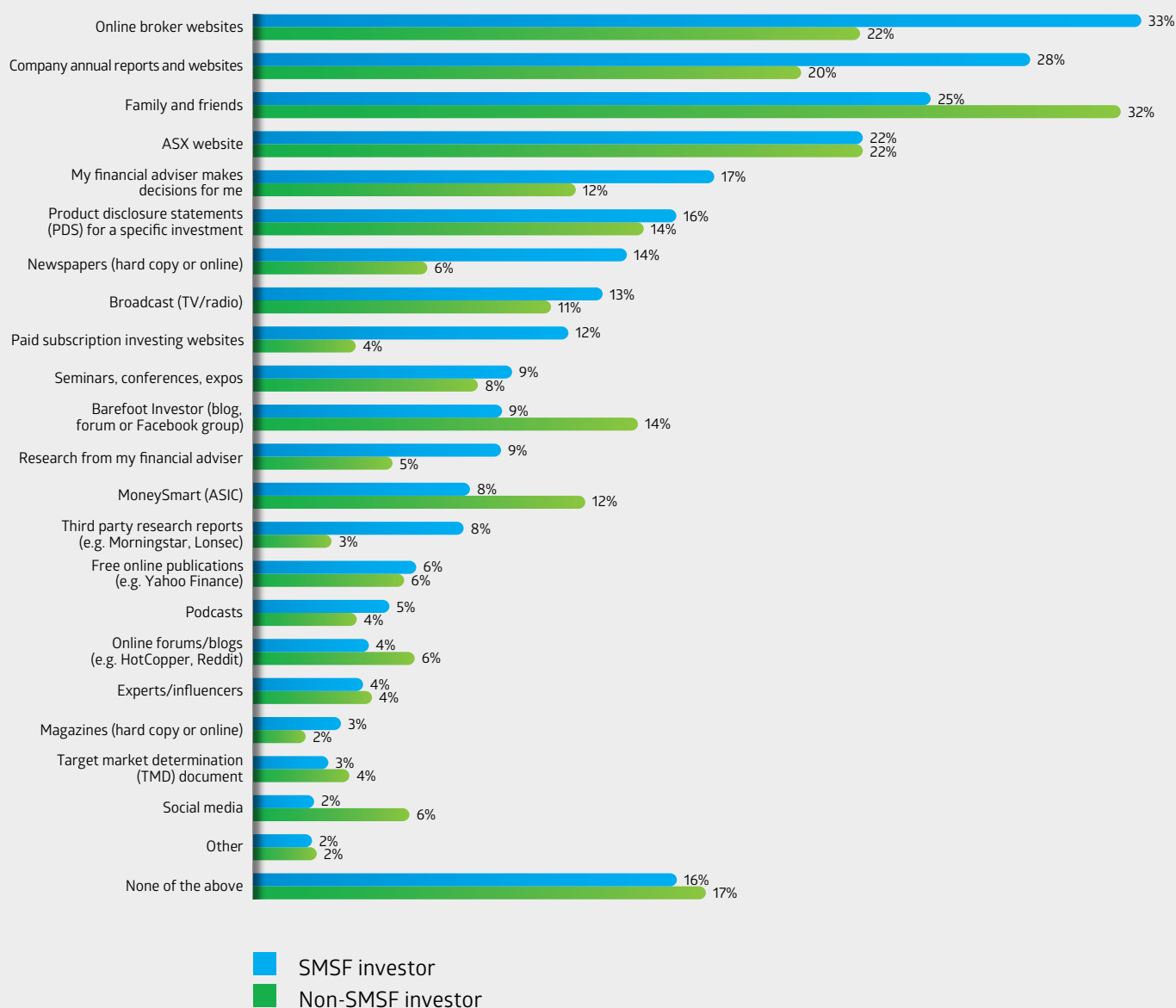


SMSF investors are more reliant on professional or independent information sources, such as online broker websites (33%), company annual reports or websites (28%), newspapers (14%), paid subscription investing websites (12%) and third party research reports (8%) when making decisions about investments than non-SMSF investors. Non-SMSF investors on the other hand, accept advice from friends and family as well as social media.

FIGURE 40

SOURCES OF INVESTMENT INFORMATION AMONG SMSF INVESTORS

Which information sources do you typically consult to make decisions about your investments?
(Among investors)

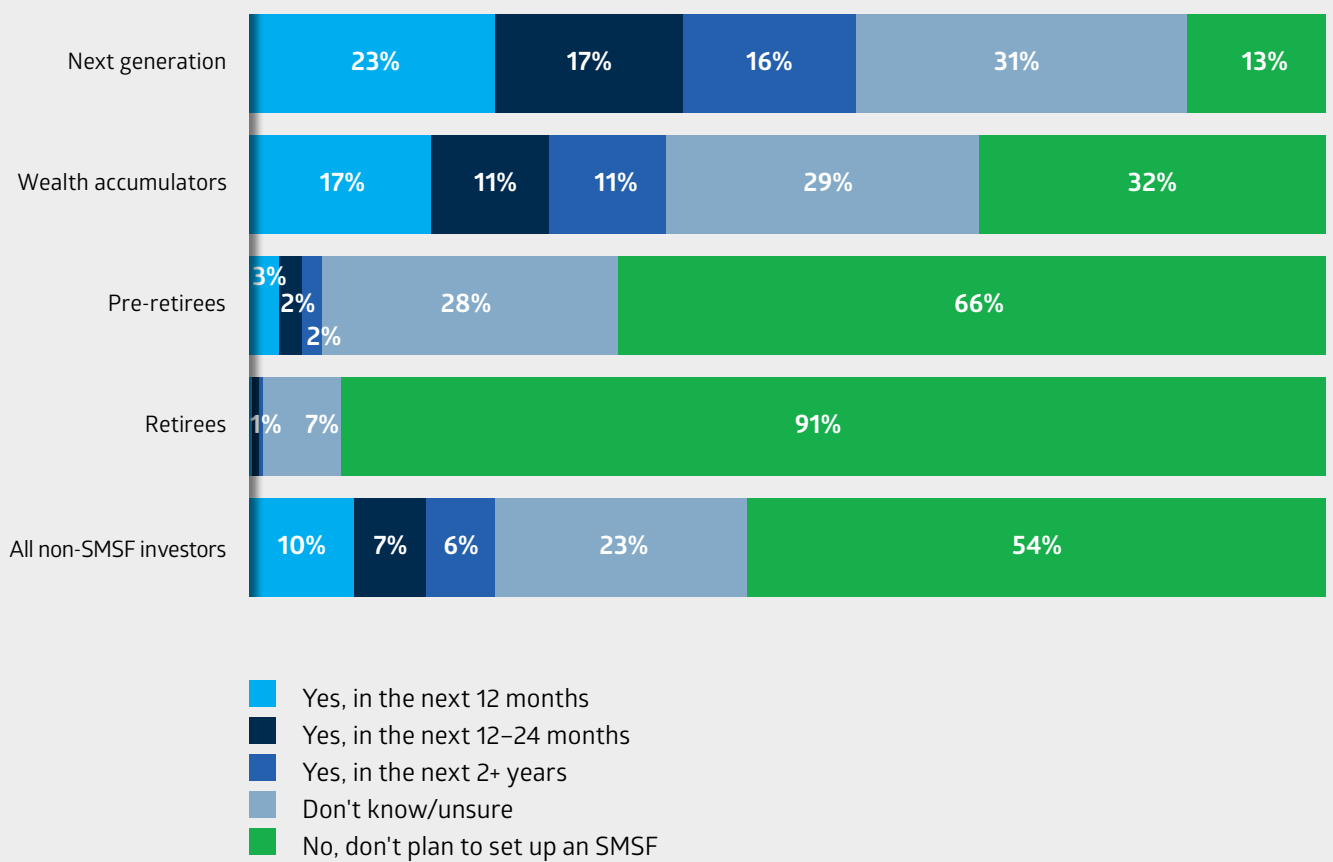


Among those who do not currently have an SMSF, 17% intend to set one up within the next 2 years. Forty percent of next generation and 28% of wealth accumulators have expressed interest in setting up an SMSF within the next 2 years. While traditionally SMSFs have been the domain of experienced investors with higher fund balances, SMSFs could become more appealing to younger investors in the future, because they tend to provide greater control over the investors' investments and retirement savings.

FIGURE 41

INTEREST IN SETTING UP AN SMSF AMONG NON-SMSF INVESTORS

Thinking of self managed superannuation funds (SMSFs), are you likely to set one up in the future? (Among non-SMSF investors)

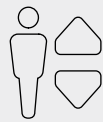




HIGH VALUE INVESTORS (HVIs)

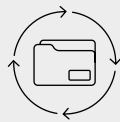
High value investors (HVIs) are defined as the top 10% of investors by wealth and trading volume. While they share some similarities with SMSF investors, they also have distinct differences. On average, HVIs have been investing for 6.5 years, with 46% having invested for more than 10 years. This has allowed them to amass sizeable portfolios.

FIGURE 42
SNAPSHOT OF HVIs



AVERAGE AGE

49



MEDIAN
PORTFOLIO SIZE

\$1.45M
HVIs

\$132K
NON-HVIs



CHARACTERISTICS

85% say they are
DIVERSIFIED

6.4 average number of
PRODUCTS HELD

46% **BEGAN INVESTING**
more than 10 years ago

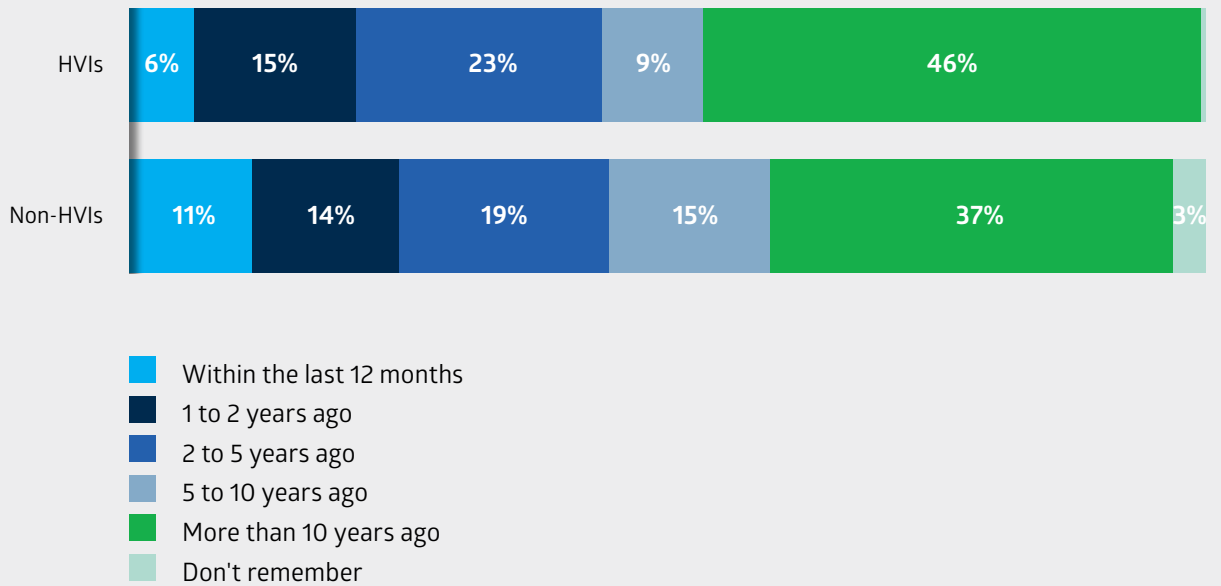
22% **ACCEPT HIGHER VARIABILITY**
with potential for higher returns

64% have **BOUGHT OR SOLD**
INVESTMENTS in the
last 12 months based
on environmental issues

FIGURE 43

INVESTING EXPERIENCE

When did you begin investing? (Among investors)

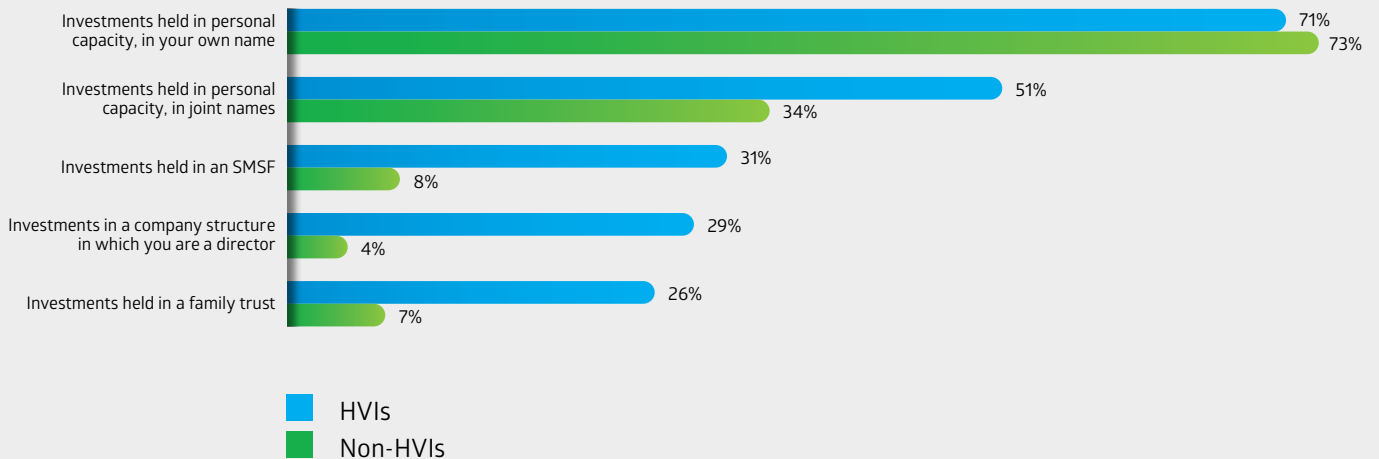


While over 70% hold their assets in their personal name or with a partner, HVIs make far greater use of SMSFs, company structures and family trusts than non-HVIs, most likely for the tax advantages they offer.

FIGURE 44

HVIs ARE MORE LIKELY TO HOLD INVESTMENTS IN A COMPANY STRUCTURE, FAMILY TRUST OR SMSF

Which of the following investments do you have, including investments held in your SMSF? (Among investors)



HVIs hold higher proportions of all investment types than non-HVIs. They are far more likely to hold residential investment properties (57% vs 34%), ETFs (55% vs 18%), international shares (46% vs 15%), and LICs (41% vs 9%). Although HVIs hold more cryptocurrency than non-HVIs (33% vs 15%), it's not prioritised as highly as other investment products. HVI crypto investors have a median investment of \$130,000, representing 9% of their portfolios. This compares with a median investment of \$3,800 by non-HVI crypto investors, representing 3% of portfolios.

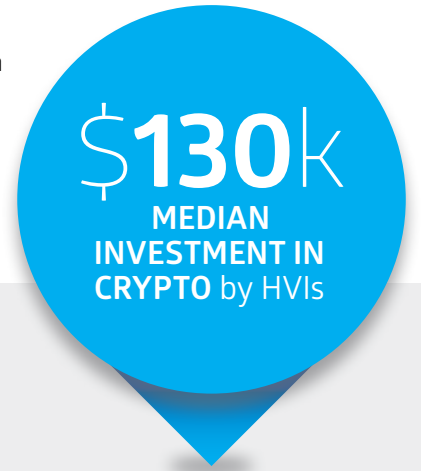


FIGURE 45
INVESTMENT PRODUCTS HELD

Which investments do you currently own? (Among investors)

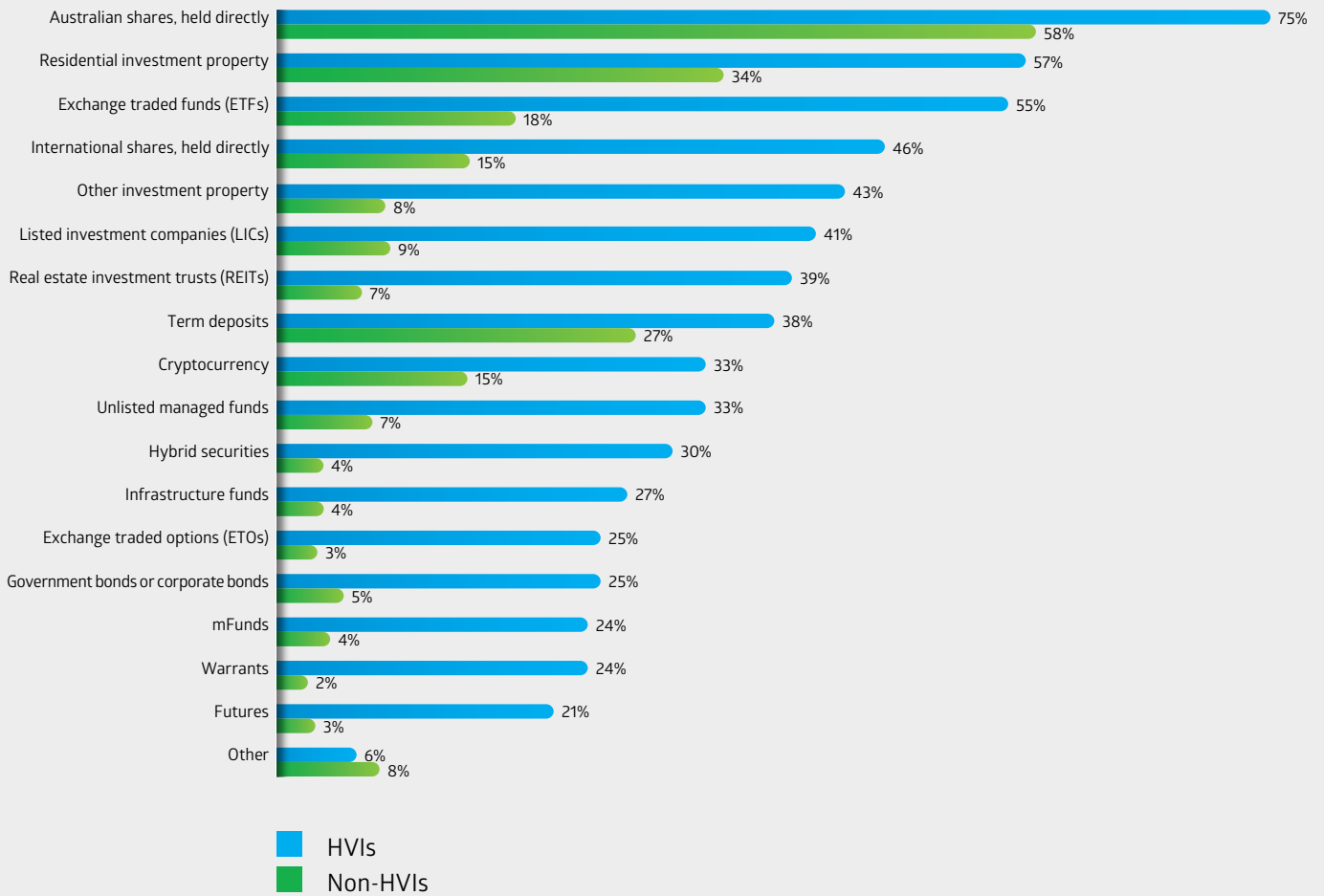
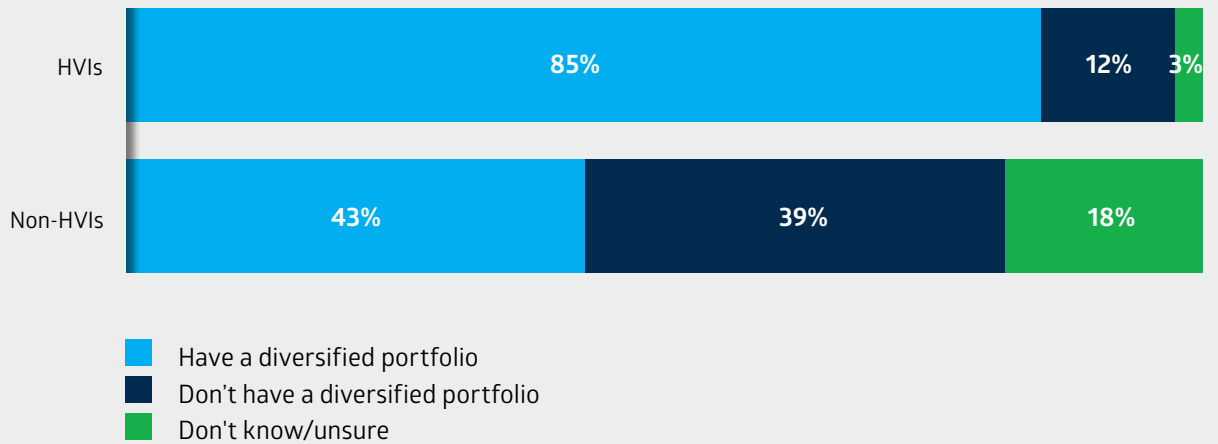


FIGURE 46

HVIs ARE FAR MORE LIKELY TO HAVE DIVERSIFIED INVESTMENT PORTFOLIOS

Do you have a diversified investment portfolio? (Among investors)



Given their high volumes of holdings across a wide range of investment products, this cohort is the best diversified of all investor segments, with 85% of HVIs claiming to have diversified portfolios. The average number of products held is 6.4, compared with 2.3 for non-HVIs.

They are also more actively engaged with their portfolios – around 50% check them at least once a day compared with just 18% of non-HVIs.

FIGURE 47

HVIs ARE ACTIVELY ENGAGED WITH THEIR PORTFOLIOS

How often did you monitor your investment portfolio in the last 12 months? (Among investors)

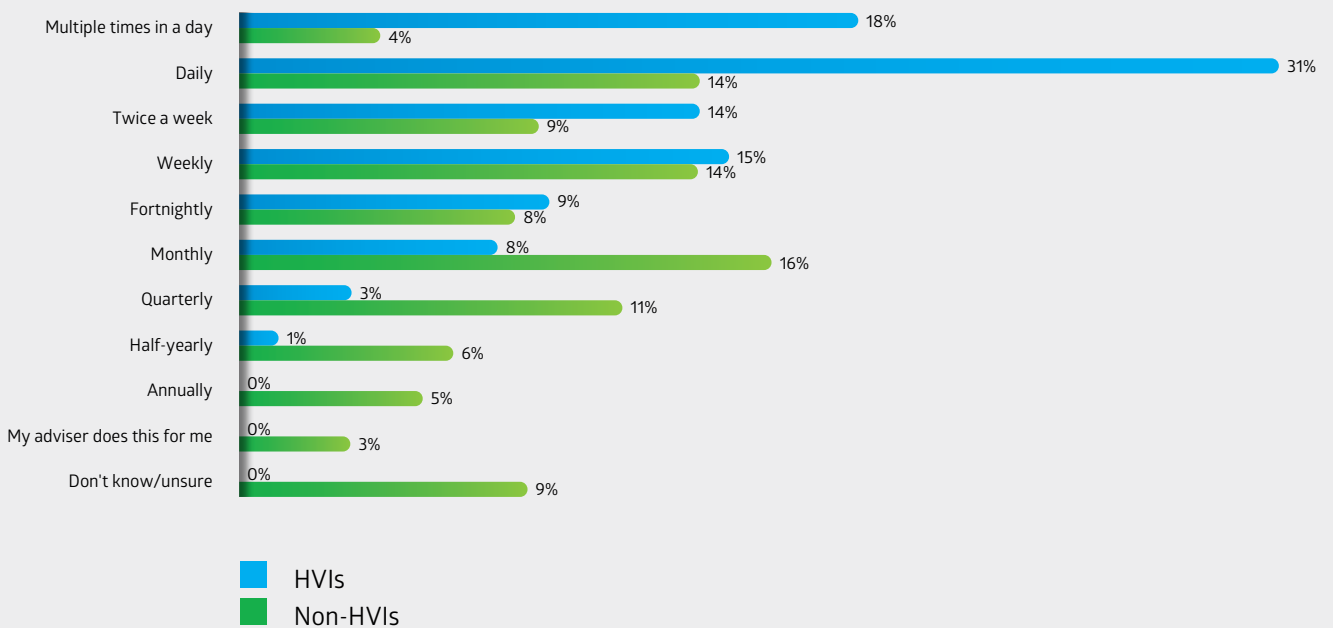
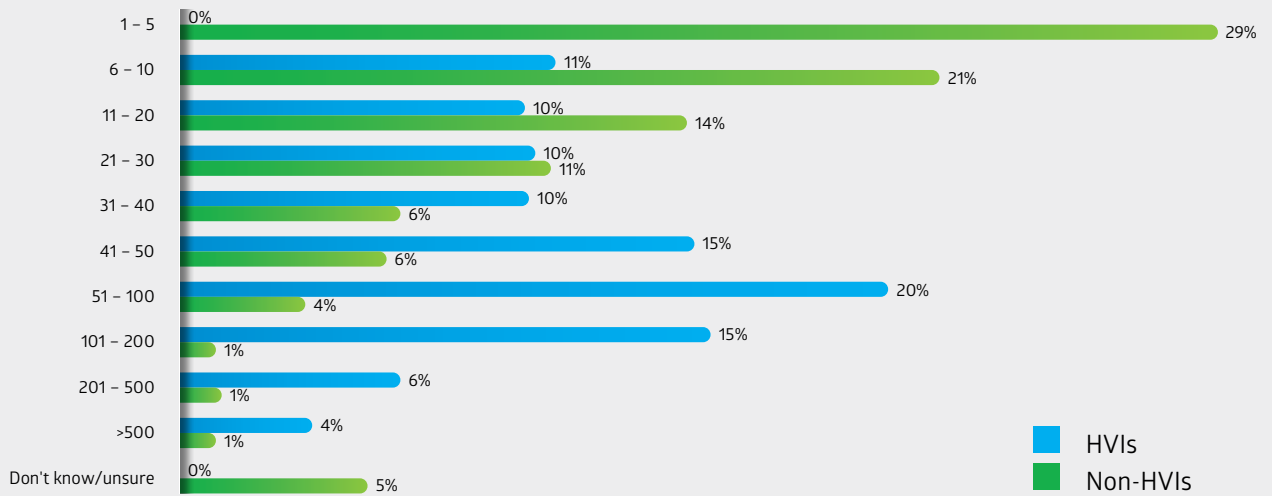


FIGURE 48

HVIs TRADE MORE FREQUENTLY THAN NON-HVIs

How many shares or listed investment trades did you make in the last 12 months? (Among investors)



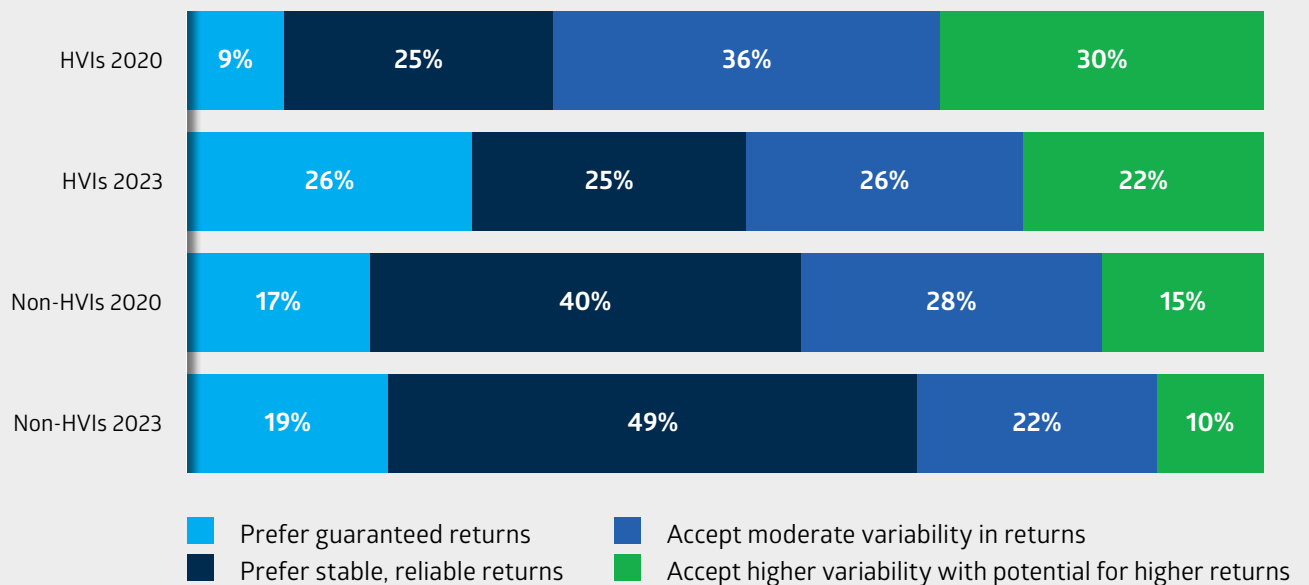
As HVIs are classified based on their wealth and trading volume, they record the highest levels of trading among all investor segments. A fifth of HVIs trade between 51-100 times each year, or at least once or twice a week, trading a median of 47 times a year. Their transaction values also sit at much higher levels than non-HVIs, with a median value of \$32,000, compared with \$4,400.

There's an even distribution of the risk appetite of HVIs in 2023, which is in stark contrast to other segments who display a strong preference towards stable and reliable returns. However, there have been significant movements since 2020 among this group, with more HVIs now preferring guaranteed returns (9% in 2020 vs 26% in 2023) and fewer HVIs preferring riskier returns (66% vs 48% respectively). Given the volatility of the market, this is a common trend we have seen across other segments in this study.

FIGURE 49

HVIs HAVE SEEN A SHIFT IN RISK APPETITE

How would you describe your attitude to investment/financial risk? (Among investors)



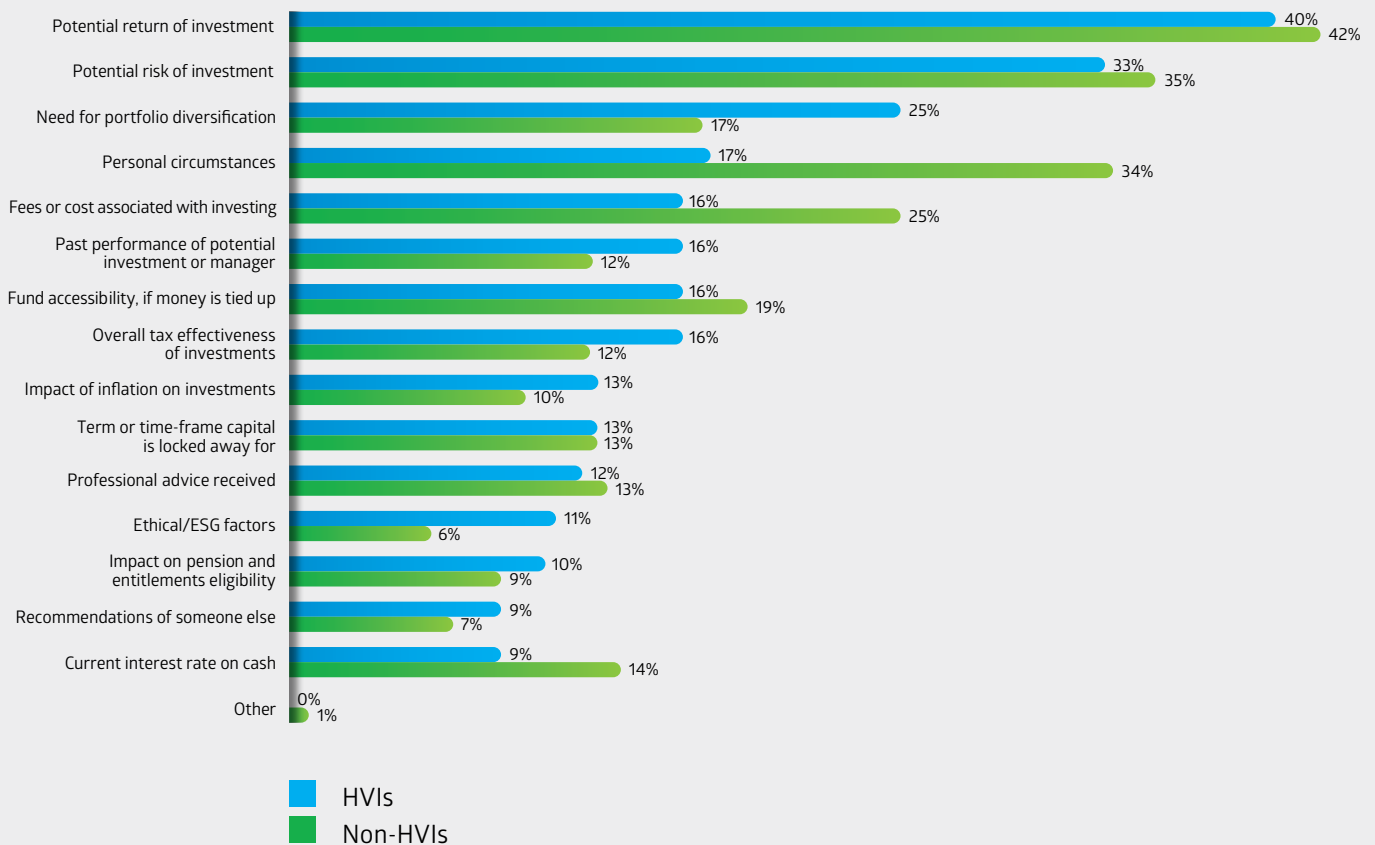
HVIs are in line with non-HVIs when considering potential returns (40% vs 42%) and risks (33% vs 35%) when making investment decisions. However, HVIs are less focused on the fees or costs associated with investing (16% vs 25%) and their personal circumstances (17% vs 34%), but instead are more likely to consider the need for diversification in their portfolios (25% vs 17%), as well as the past performance of managers (16% vs 12%), tax effectiveness (16% vs 12%), and ethical/ESG factors (11% vs 6%). This suggests HVIs have a considered investment plan and strategy in place to achieve specific purposes – and they stick to this plan.



FIGURE 50

TOP CONSIDERATIONS WHEN MAKING INVESTMENT DECISIONS

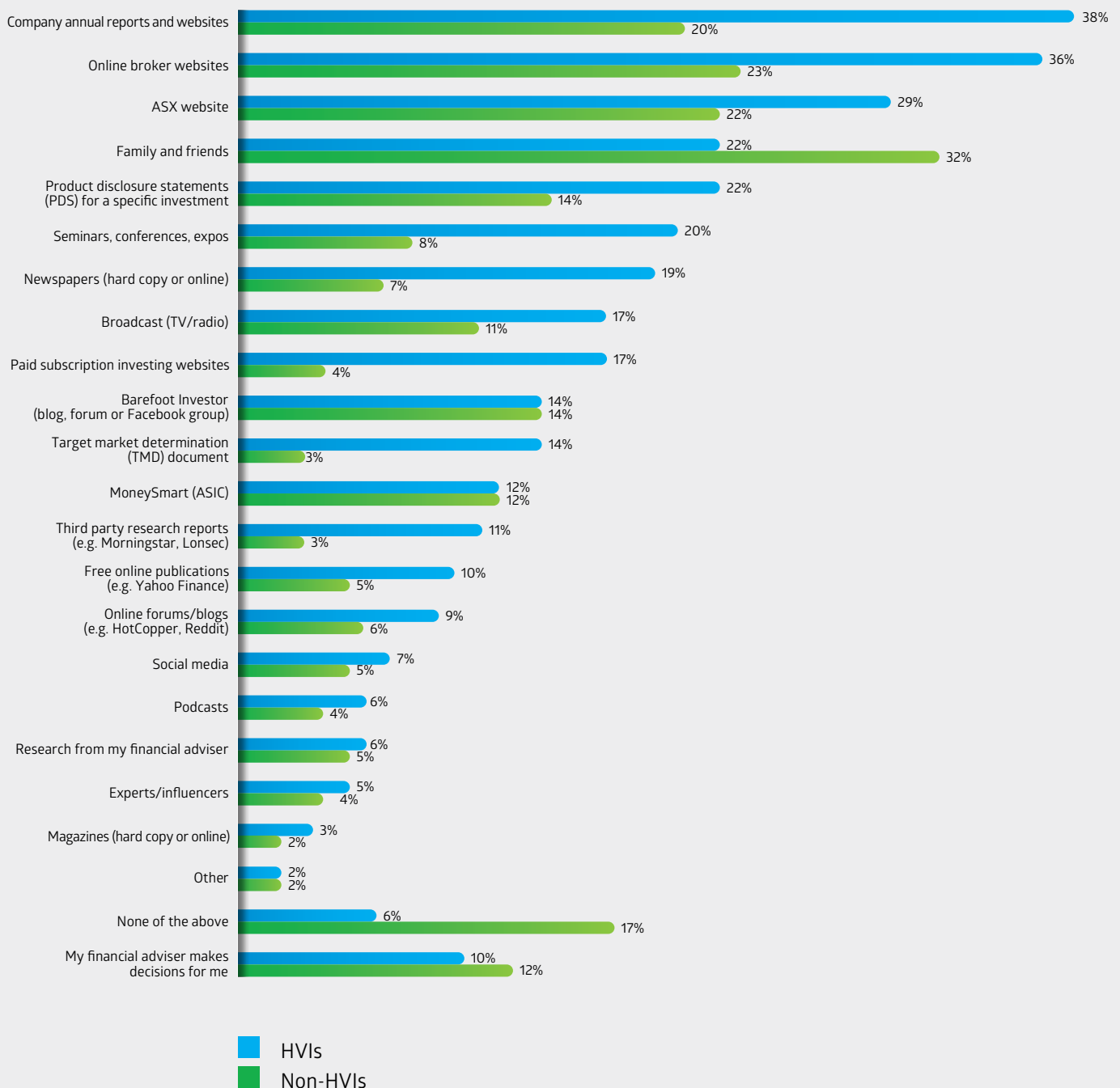
What are your top 3 considerations when making investment decisions? (Among investors)



With a tendency to value investment planning and strategy, it makes sense that HVIs are more likely to use paid sources of information than non-HVI investors. There's far less emphasis on personal connections (22% compared with 32%) and more on independent information from financial industry professionals – online broker sites (36% vs 23%), paid subscription investing websites (17% vs 4%), third party research reports (11% vs 3%). Company information such as annual reports (38% vs 20%) and product disclosure statements (22% vs 14%) also feature strongly.

FIGURE 51 INFORMATION SOURCES

Which information sources do you typically consult to make decisions about your investments?
(Among investors)





NON-INVESTORS

FIGURE 52
SNAPSHOT OF NON-INVESTORS



LAPSED INVESTORS **1.84M**



NEVER INVESTED **8M**



AVERAGE AGE

55



52%
MALE



48%
FEMALE



AVERAGE AGE

46



36%
MALE



64%
FEMALE



INTENDING INVESTORS

A subset of non-investors who intend to invest in next 12 months

1.33M



AVERAGE AGE

35



50%
MALE



50%
FEMALE



CHARACTERISTICS

LAPSED INVESTOR

21%

STOPPED INVESTING in the last year

57%

STOPPED INVESTING due to changes in personal circumstances

22%

lost money so DECIDED TO STOP INVESTING

NEVER INVESTED

43%

think they DON'T HAVE ENOUGH MONEY to invest

27%

NOT COMFORTABLE about making investment decisions

38%

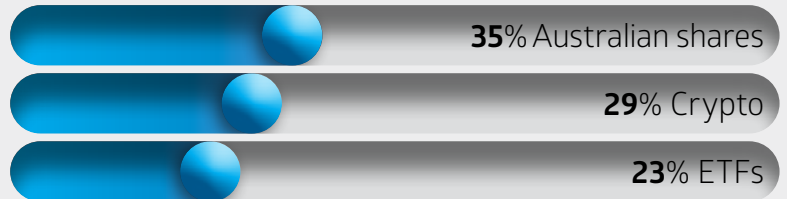
say they need >\$2,000 TO START INVESTING



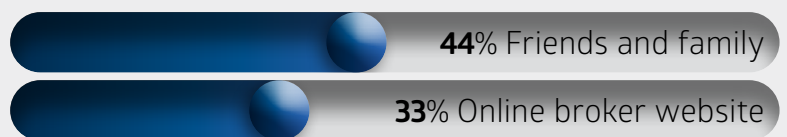
FUTURE PLANS OF INTENDING INVESTORS



INVESTMENT PRODUCTS THEY WOULD SELECT IF INVESTING



INFORMATION SOURCES THEY WOULD CONSULT



Who are non-investors?

Roughly 9.84 million adult Australians or 49% of the population do not currently invest in any form. We categorise this cohort as 'non-investors'.

Of this pool, 8 million have never invested outside of their home or superannuation. Their average age is 46 years. Almost two-thirds are female (64%).

There are 1.84 million lapsed investors, with retirees (36%) most likely to have stopped, which contributes to the high average age of 55 years. Seven percent (7%) of this group fall in the next generation age bracket, with many having gotten out of investing because they lost money. Slightly more men (52%) than women (48%) have lapsed.

Within the never invested and lapsed groups is a subset of non-investors who have said they will begin or resume investing in the next 12 months. We refer to them as intending investors. They number roughly 1.33 million with an average age of 35. Approximately 29% are next generation Australians. They represent a significant opportunity for those providing services around investing.

Why not invest?

Lapsed investors largely stopped investing due to changes in personal circumstances (57%). Twenty-one percent ceased investing in the last 12 months.

Lapsed next generation investors predominantly stopped investing because they lost money (41%). Just over half of this specific group (56%) stopped investing in the last 12 months.

FIGURE 53
CHANGED PERSONAL CIRCUMSTANCES THE CONTINUING REASON TO STOP INVESTING

Why did you decide to stop investing? (Among lapsed investors)

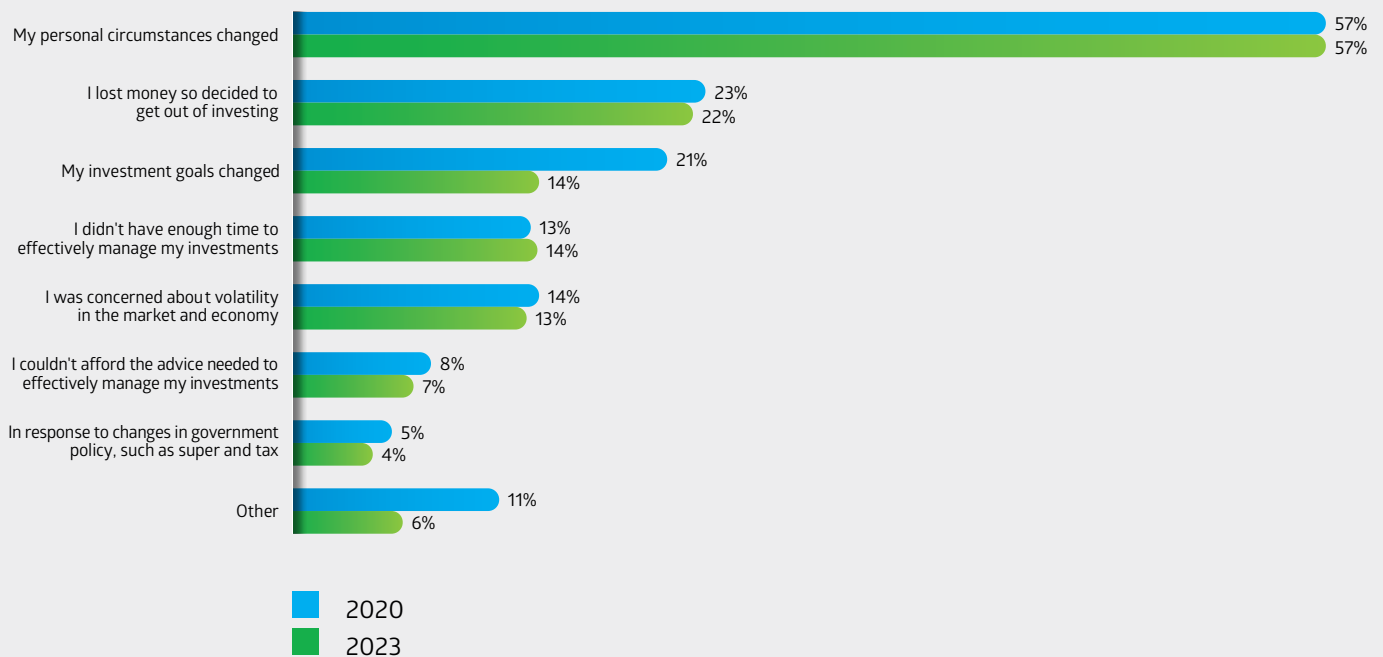
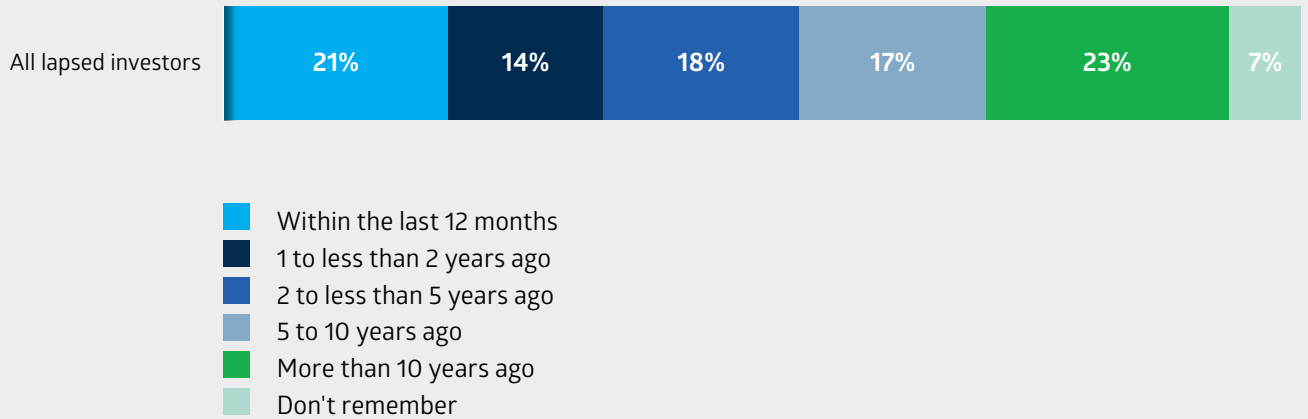


FIGURE 54
REGENCY OF LAPSING

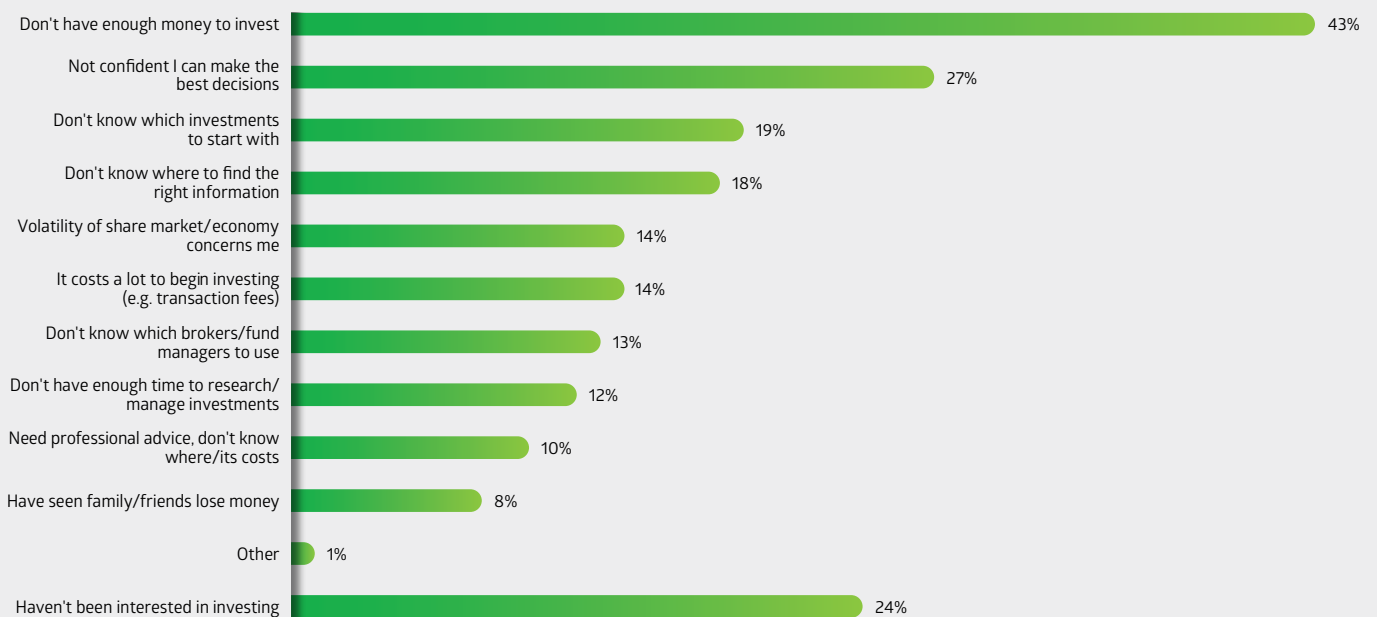
When did you stop investing? (Among lapsed investors)



For those who've never invested before, their reasons are primarily financial and/or knowledge and confidence-based. A perception of not having enough money (43%) is the primary driver, with confidence around decision-making the second biggest contributor (27%). The latter is particularly acute for the next generation, of whom 33% say they are not confident about their ability to make the best decisions. Almost one-fifth of all investors who've never invested don't know which products to invest in first (19%) or where to find the right information (18%).

FIGURE 55
REASONS FOR NEVER HAVING INVESTED

Why have you never invested? (Among those who have never invested)



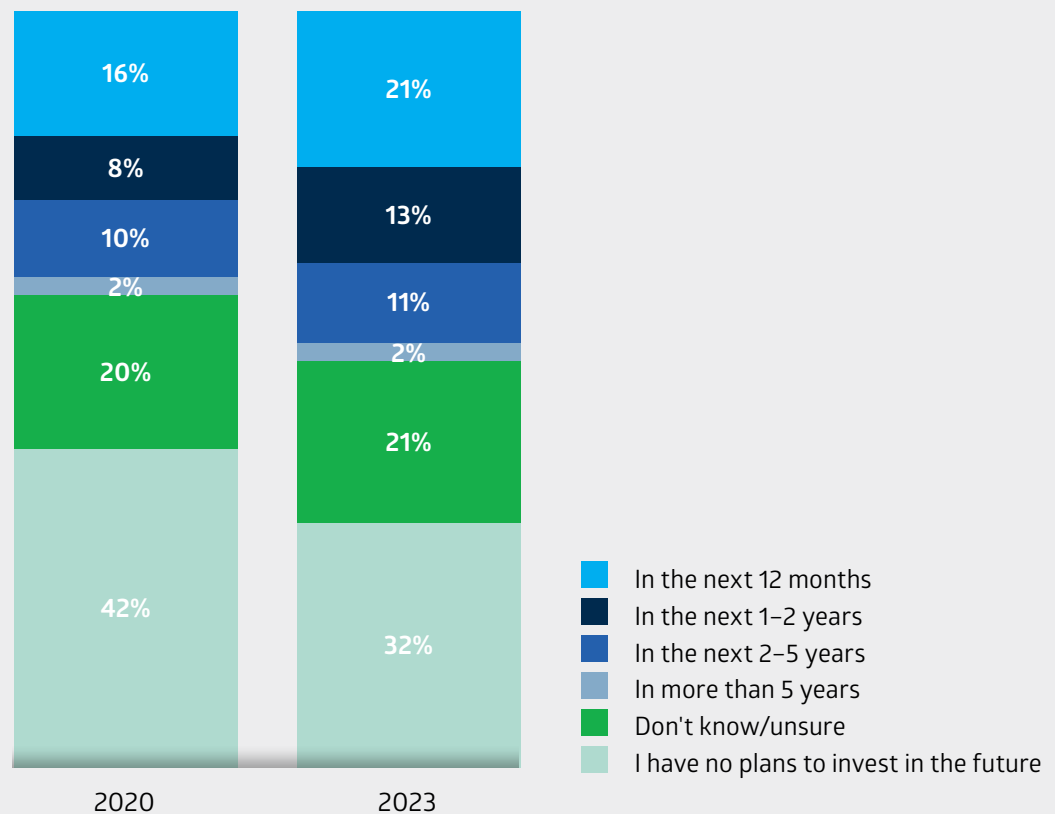
When will they invest?

We found that 1.33 million Australians intend to invest outside their home or superannuation in the next 12 months. For lapsed investors specifically, more want to resume investing in the next 12 months (21%) than in 2020 (16%).

At the same time, 46% of non-investors overall have no intention to invest in the future. Fewer lapsed investors in 2023 had no plans to invest – 32%, down from 42% in 2020 – indicating a more positive outlook for future investing.

FIGURE 56
ENCOURAGING SIGNS TO RESUME INVESTING IN 2023

When do you hope to resume investing? (Among lapsed investors)



Overall, having fewer financial commitments (41%) is the main determinant of when a lapsed investor might return to investing. Notably, perceived instability in the economy is a stronger motivation in 2023 (36%) than it was in 2020 (20%), especially for female lapsed investors (38%), many of whom are also concerned about future returns (41%).

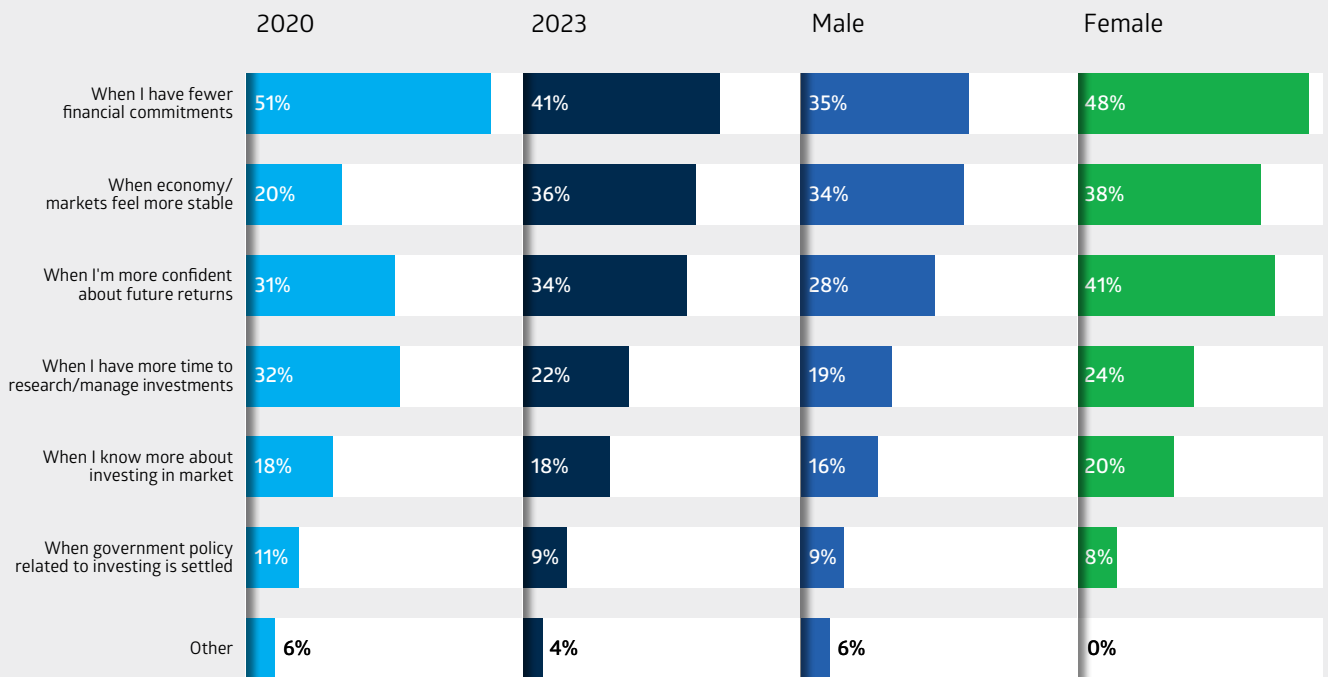
Our research findings suggest the entry cost for beginning to invest is not a significant hurdle to investing among those who've never invested before. When asked how much money is needed to begin investing, they thought a median of \$1,590 is needed. This is a considerable fall in amounts nominated in our last two studies in 2020 and 2017 when medians of \$4,300 and \$6,800 were suggested.⁴

⁴ASX Australian Investor Study 2020, p.18

FIGURE 57

FACTORS WHICH DETERMINE RESUMPTION OF INVESTING

What will determine when you're ready to begin investing again? (Among lapsed investors)



What would intending investors consider when investing in the next 12 months?

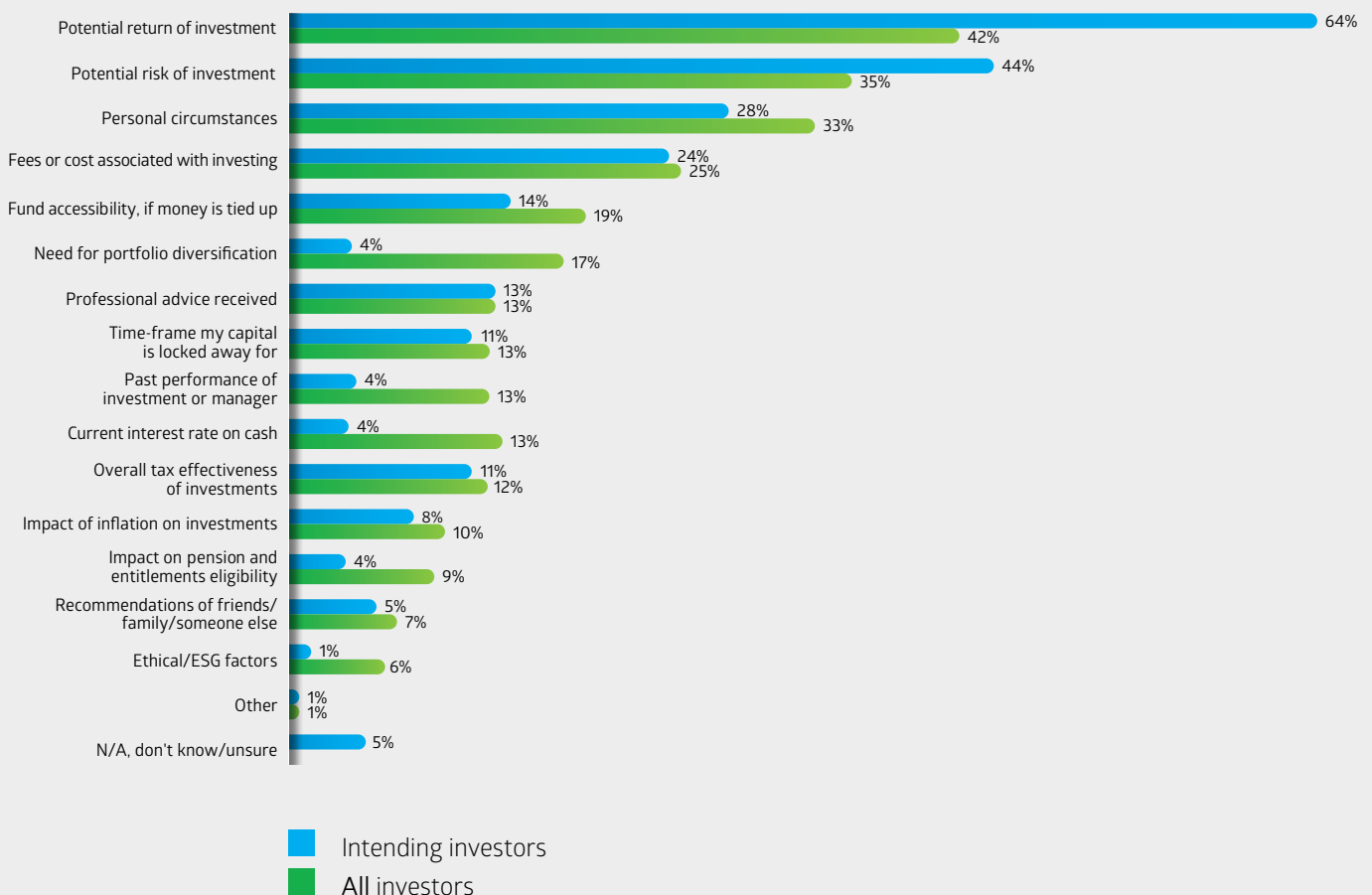
Intending investors are non-investors who intend to invest in the next 12 months.

There are strong differences between intending and current investors regarding considerations when investing. Similar to current investors, intending investors would prioritise potential returns (64%), risks (44%) and personal circumstances (28%), albeit at higher levels than current investors. In contrast, however, they are not very focused on the need for diversification (4% vs 17%), past performance of the investment or manager (4% vs 13%) or the current interest rate on cash (4% vs 13%), all of which are important considerations when investing, regardless of age or financial status.

FIGURE 58

CONSIDERATIONS OF INTENDING INVESTORS

What would be your top 3 considerations if you were to make an investment decision in the next 12 months? (Among investors and intending investors)

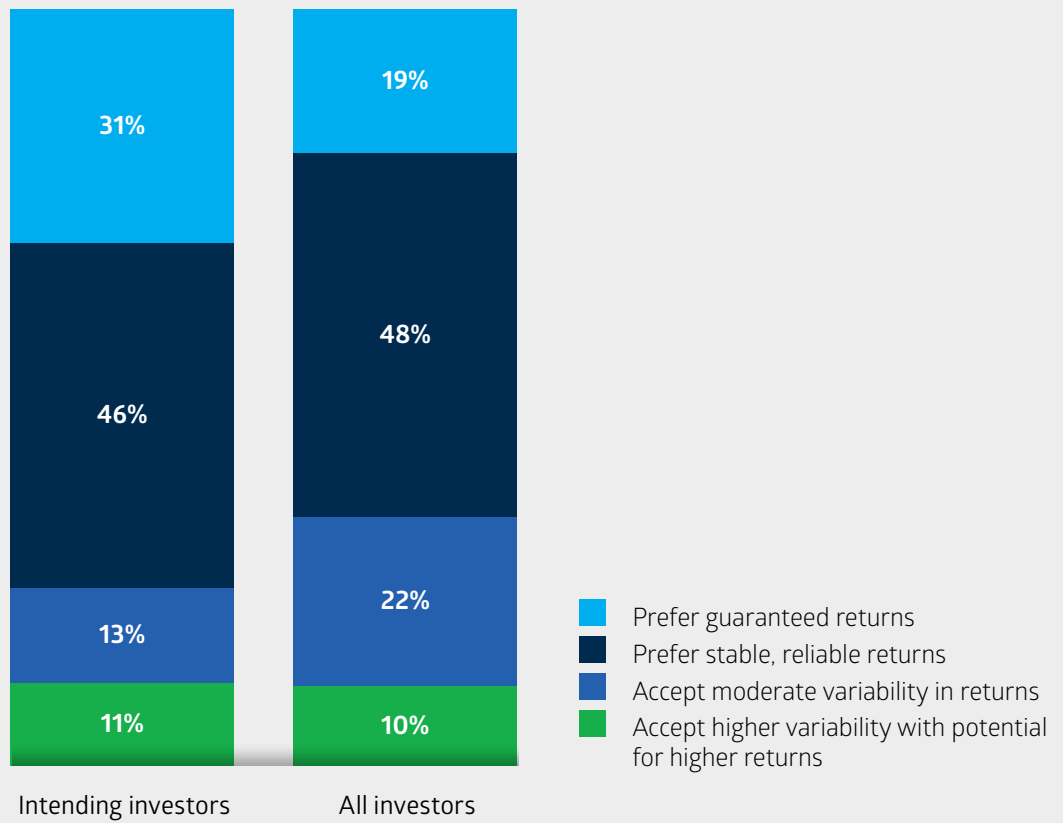


Comparing attitudes to risk, 77% of intending investors said they prefer stable or guaranteed returns, while current investors are more open to moderate or higher variability in returns, perhaps demonstrating their greater acceptance of market movements.

FIGURE 59

INTENDING INVESTORS GRAVITATE TOWARDS STABILITY OF RETURNS

How would you describe your attitude to investment/financial risk? (Among investors and intending investors)



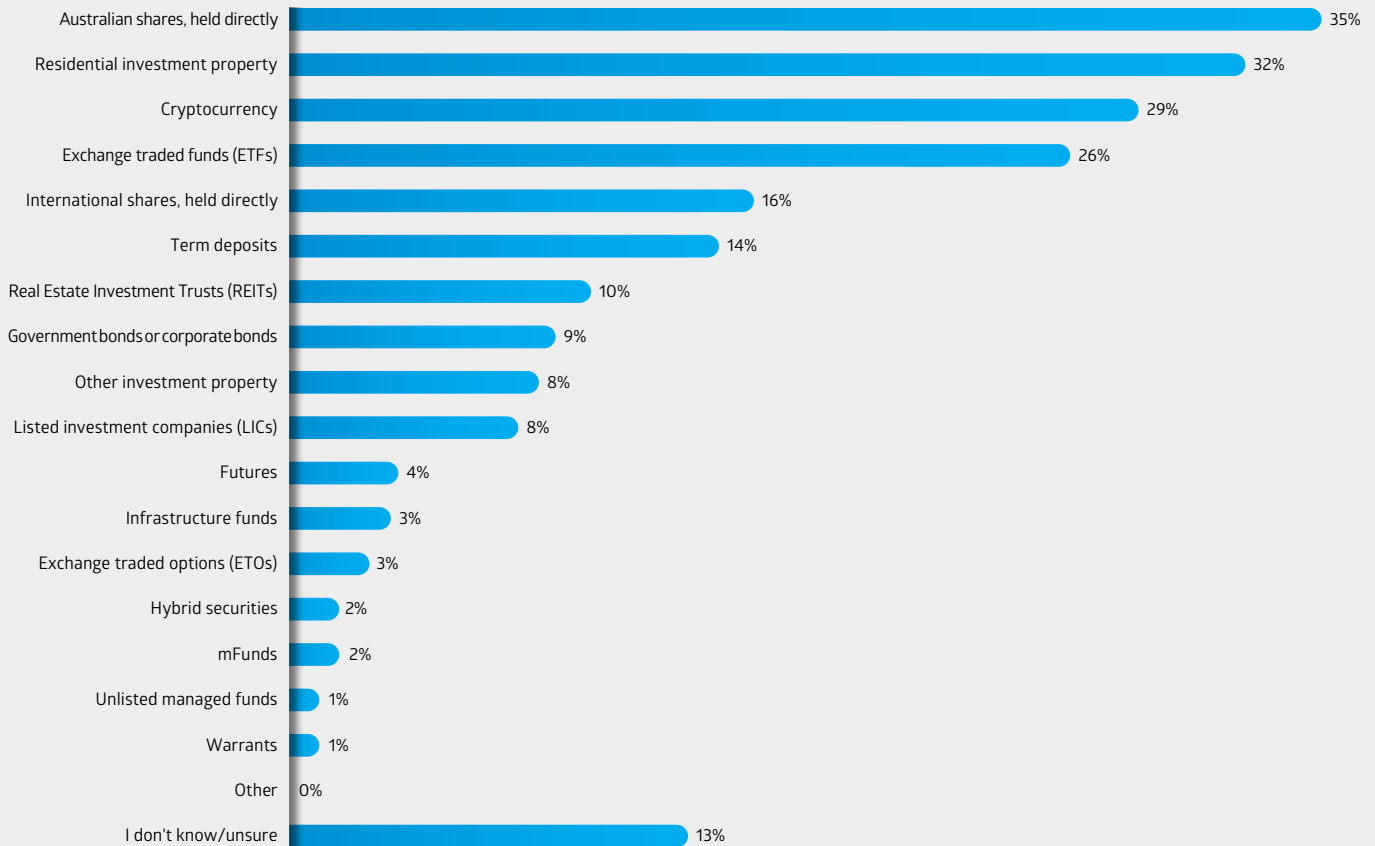
Intending investors plan to focus on Australian shares (35%), cryptocurrency (29%) and ETFs (26%) when they invest in the coming 12 months. They also show a strong interest in residential investment property (32%).

A relatively high percentage of intending next generation investors (31%) intend to invest in cryptocurrency – but this seems to be at odds with their stated risk tolerance levels, given the comparatively more volatile nature of these types of assets. There are other investment products, such as ETFs, which may be more likely to support their risk appetite yet they're not identified here as being high on their radar (11%).

FIGURE 60

INVESTMENT PRODUCT SELECTION AMONG INTENDING INVESTORS

Which investment products would you be likely to select if you start/resume investing in the next 12 months? (Among intending investors)

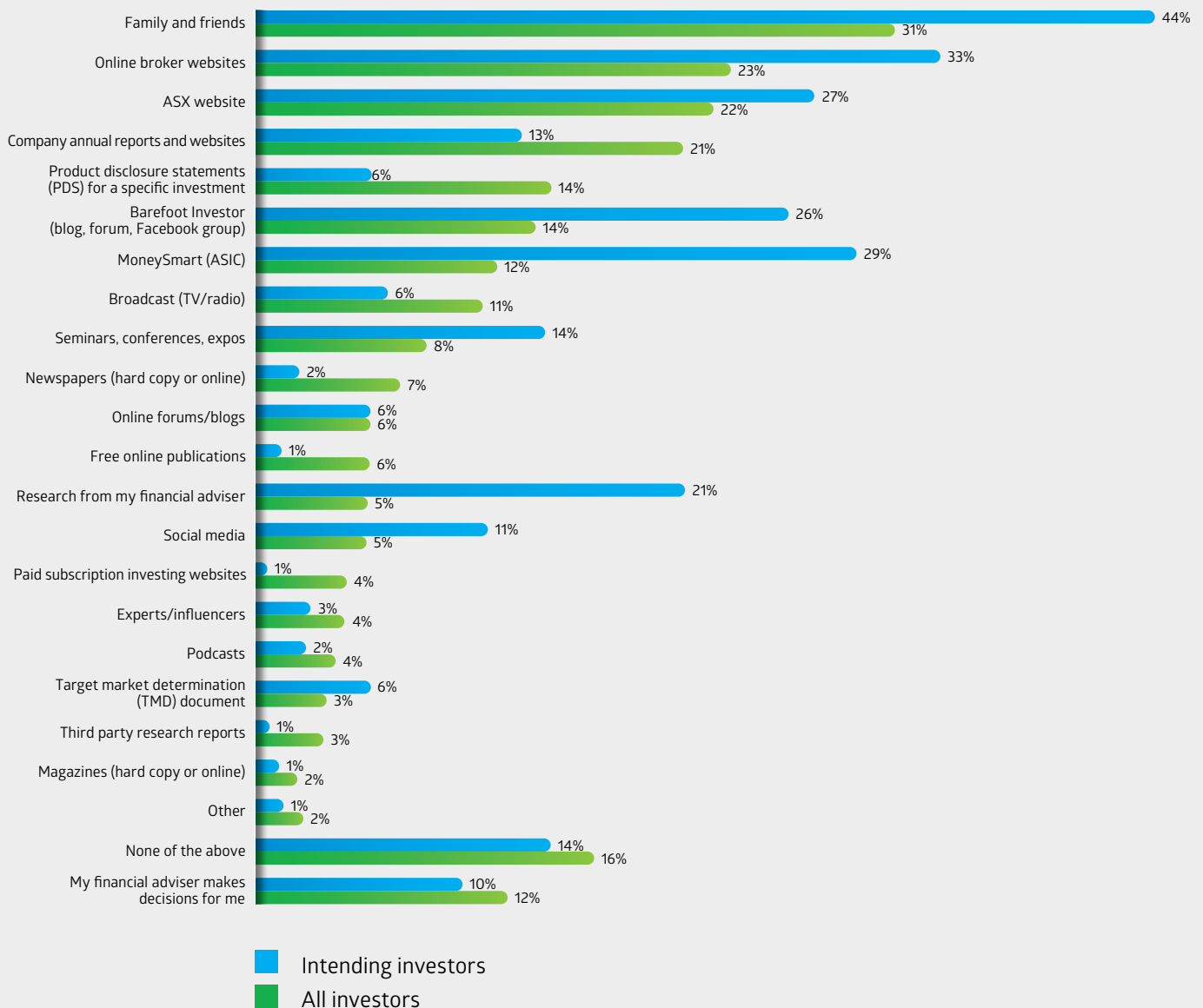


Where do they go for information?

If they were to invest in the coming 12 months, 44% of intending investors would show reliance on family and friends. Many choose more independent sources like online broker websites (33%), ASIC's MoneySmart site (29%) and the ASX website (27%). Current investors demonstrate a greater awareness of valuable and legally-regulated information sources such as company annual reports and product disclosure statements (21% and 14% respectively for current investors vs 13% and 6% for intending investors), which may indicate the need for further education for non-investors in this area. Intending investors are more likely to turn to online blogs and forums like Barefoot Investor (26%) and social media (11%). Almost no intending investors are willing to pay for investment research resources.

FIGURE 61
STRONG RELIANCE ON FAMILY AND FRIENDS AMONG INTENDING INVESTORS

Which information sources would/do you consult to make decisions about your investments, if you were to make an investment in the next 12 months? (Among investors and intending investors)





Financial advice

Financial advice has been a constant topic of interest among all generations across the globe. In this section, we uncover the uptake of professional advice, attitudes and interest in advice among key segments, and sentiment towards digital advice.

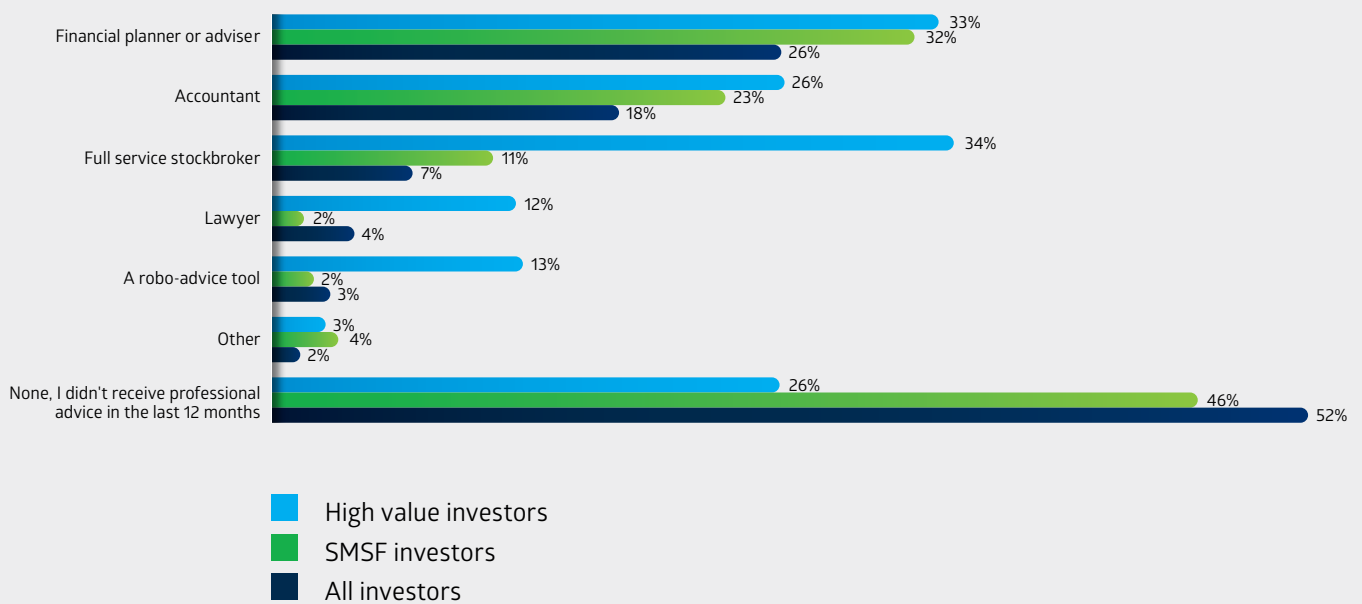
Uptake of professional advice

Over the past 12 months, 48% of investors received some form of professional advice and sought help from multiple sources. Twenty-six percent went through a professional financial planner or adviser. About 18% talked with their accountant, and 7% used a full-service stockbroker as a source of advice. A small percentage (4%) received counsel from a lawyer, while even fewer (3%) turned to a robo-advice tool.

FIGURE 62

SOURCES OF PROFESSIONAL ADVICE

Who did you get professional investment advice from in the past 12 months? (Among investors)



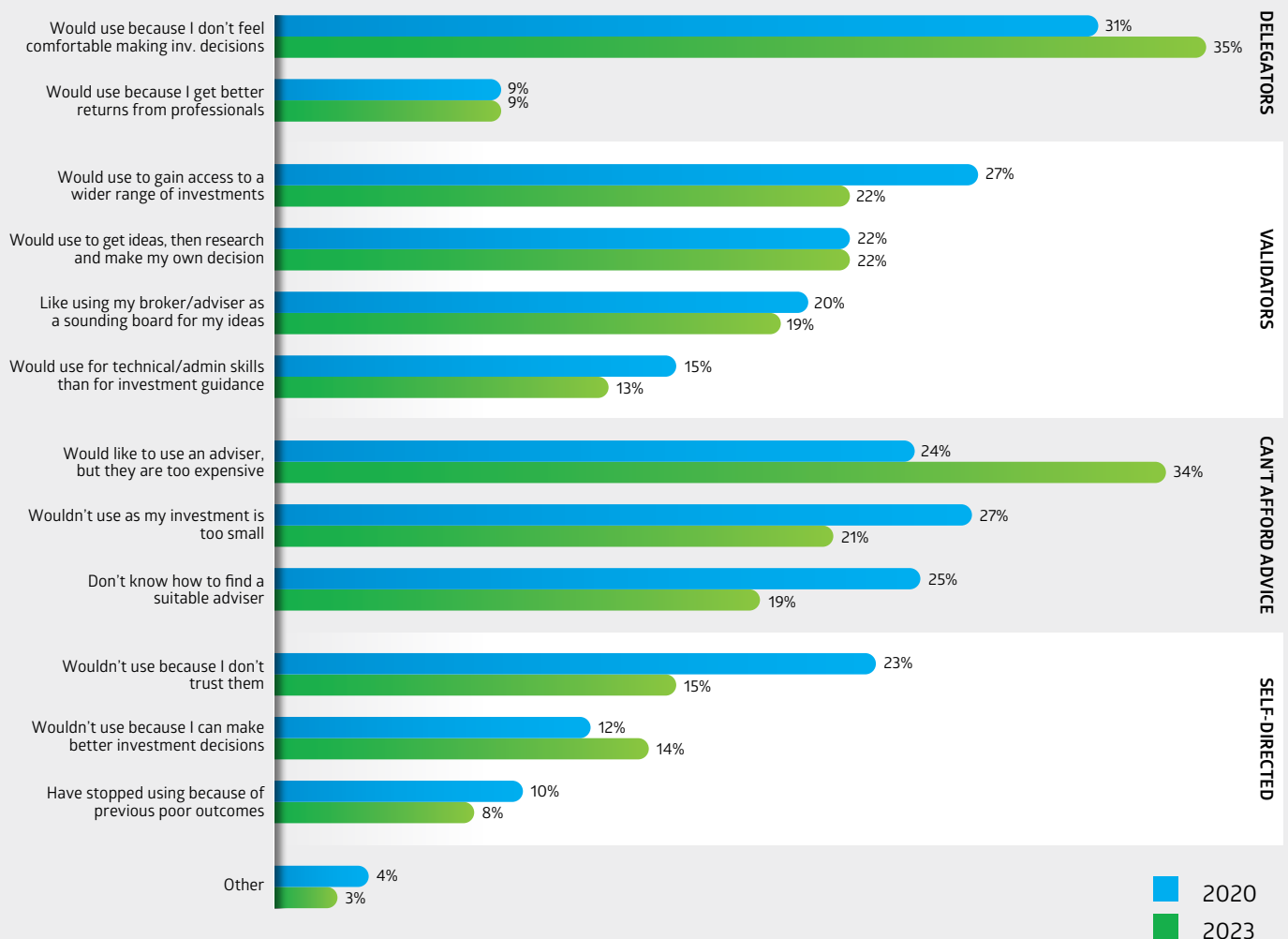
Attitudes towards professional advice

Our survey found there has been a shift in attitudes towards financial advisers among Australian adults over the past 3 years. There has been a drop in Australians turning to financial advisers to gain access to a wider range of investments (27% in 2020 vs 22% in 2023), suggesting they are less likely to turn to a financial adviser to grow or diversify their portfolio. However on the flip side, they are more likely to turn to a financial adviser because they don't feel comfortable making investment decisions themselves (31% in 2020 vs 35% in 2023). The primary barrier that prevents Australians from receiving professional advice is cost, with 34% of Australians saying advice is too expensive, up from 24% in 2020.

FIGURE 63

PERCEPTIONS OF ADVISERS AND ADVICE

Which of the following statements do you agree with regarding financial advisers?
(Among Australian adults)



Our survey also found that investors who are advised hold higher median portfolio balances than non-advised investors (\$230,000 vs \$85,000) and are more likely to consider themselves to be diversified than non-investors (54% vs 36%).

Interest in professional advice among SMSFs

Over half of SMSF investors received some form of professional advice (54%) in the previous 12 months – 32% from financial advisers and 23% from an accountant. Given the compliance obligations faced by SMSF investors, the latter is expected. They are also more willing to pay for this advice than non-SMSF investors – a median of \$1,070, compared to a median of \$610 for non-SMSF investors.

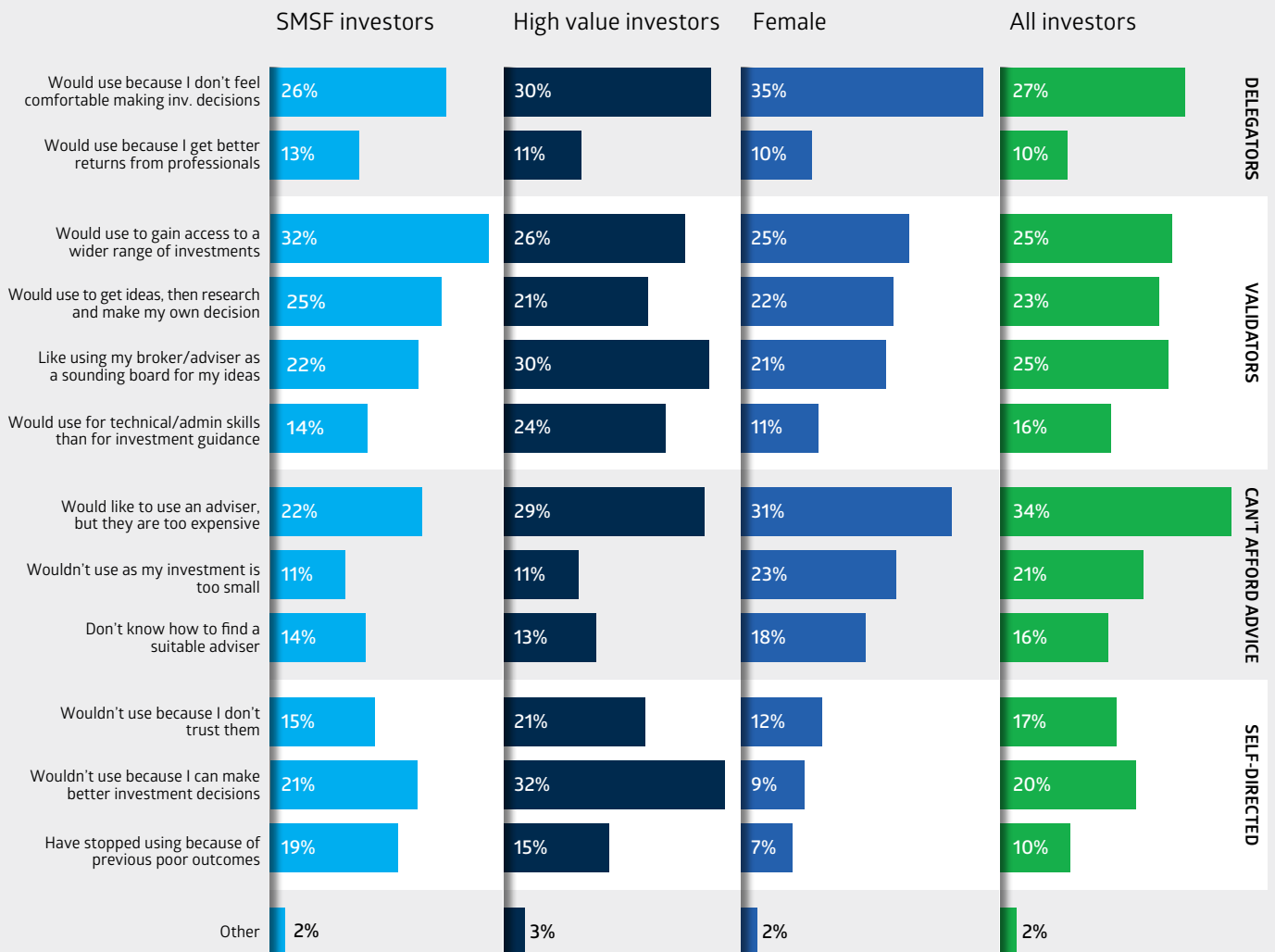
SMSF investors look to advisers for different reasons to ordinary investors. They predominantly turn to them to access a wider range of investments (32%). They also turn to them to generate investing ideas which they use to conduct research themselves and decide whether to invest (25%). They also like to use advisers to test their own ideas about where to invest (22%). This suggests that SMSF investors are confident of their investing ability and turn to professional advice largely to extend their opportunities, thereby increasing their portfolios' level of diversification, minimising risk, and to validate their own ideas.

Not all SMSF investors share the same views however, with 19% indicating they have stopped using an adviser because of poor outcomes in the past. Another 15% indicated they wouldn't use an adviser as they do not trust them.

FIGURE 64

PERCEPTIONS OF ADVISERS AMONG KEY SEGMENT GROUPS

Which of the following statements do you agree with regarding financial advisers? (Among investors)



Interest in professional advice among High Value Investors (HVIs)

About 75% of HVIs received some form of professional advice in the last 12 months – 34% from a full service stockbroker, 33% from a financial planner and 26% from an accountant. Thirteen per cent of HVIs also chose to turn to a robo-advice tool for advice.

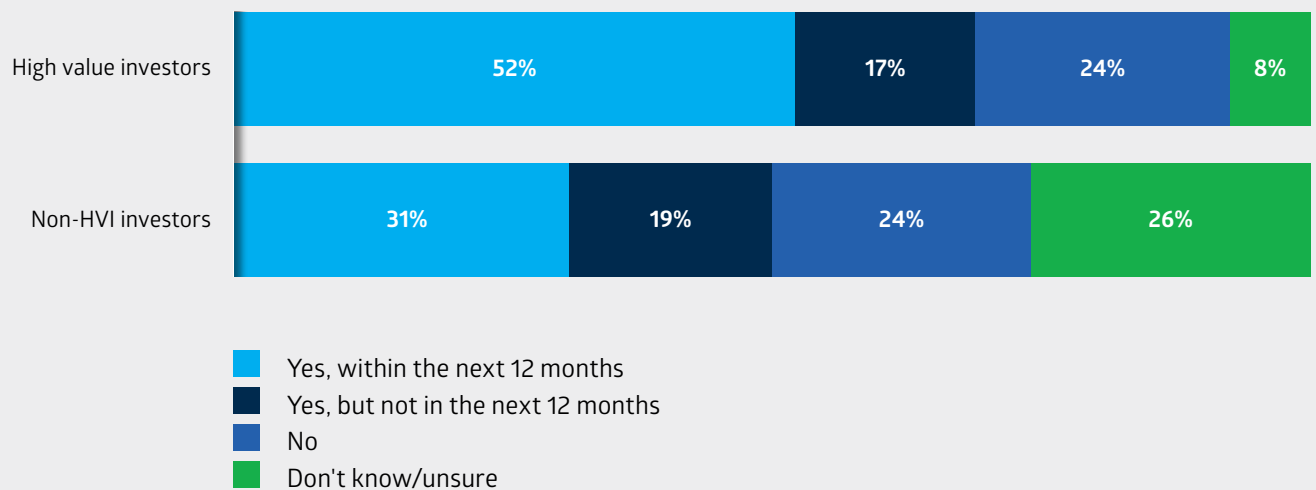
HVIs expressed a range of attitudes regarding professional financial advice. Our survey found that 32% of HVIs wouldn't use an adviser because they believe they can make better decisions themselves. Another 30% said they'd use advisers as a sounding board to test their own investing ideas. And 30% say they'd use an adviser because they don't feel comfortable making investment decisions with 29% finding advisers too expensive. A large proportion of this cohort appear to be comfortable with their knowledge and confident in their abilities, in contrast with female and next generation investors.

Financial advice features prominently in their investment choices – 52% intend to seek advice in the coming 12 months compared with 31% of non-HVI investors. HVIs are also willing to pay more for professional advice, with a median of \$3,000. This is considerably higher than non-HVI investors (median of \$570).

FIGURE 65

HVIs ARE MORE LIKELY TO INTEND TO SEEK ADVICE THAN NON-HVI INVESTORS

Do you intend to seek professional advice in the future? (Among investors)



Non-investors and professional advice

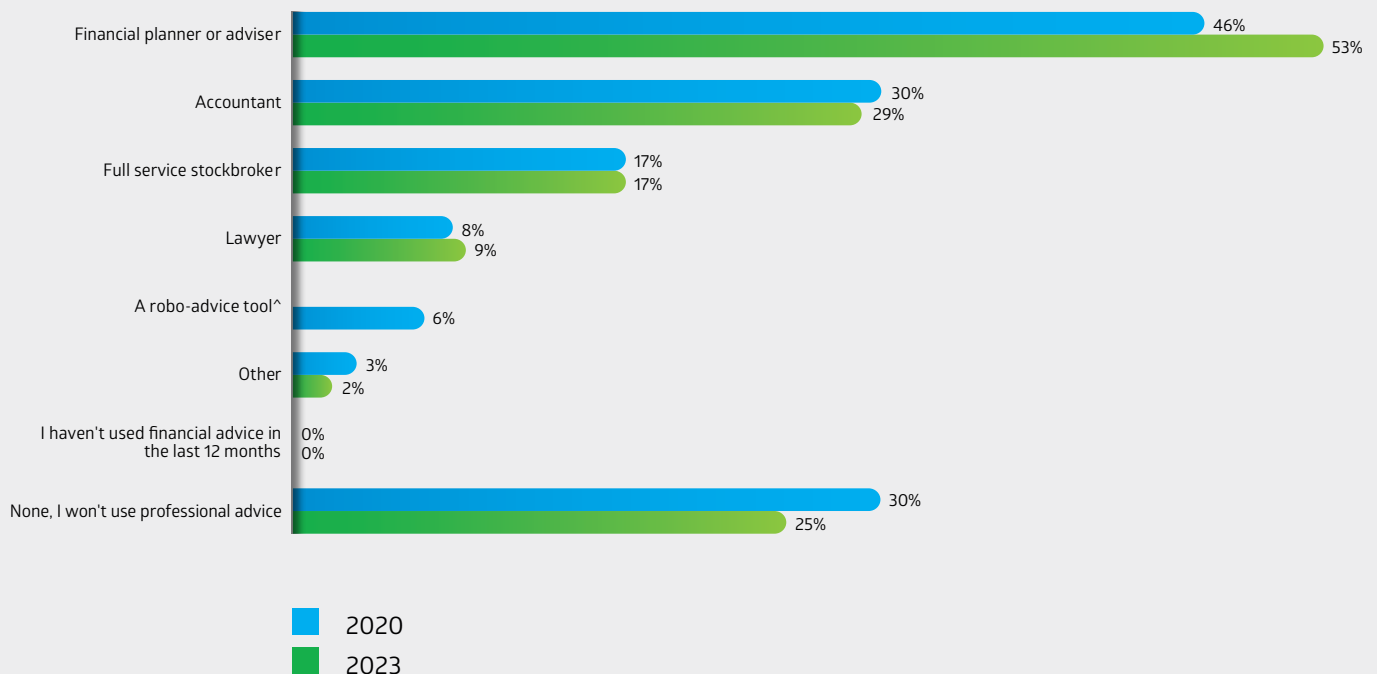
Fifty-five percent of lapsed investors have received some form of professional advice in the last 12 months, with 21% seeking advice from a financial adviser despite no longer investing and the same number (21%) seeking help from an accountant. Younger lapsed investors (aged 18–49) are more likely to turn to their accountant than a financial adviser. They are also much more likely to use robo-advice tools than investors aged over 50 (15% vs 2%).

Among those who have never invested, 75% indicated they would use professional advice if they were to invest. A financial adviser is the most likely choice for professional advice (53%) followed by an accountant (29%) then a full-service stockbroker (17%). Breaking this down by age, younger investors who've never invested (88% of next generation investors and 79% of accumulators) indicated a greater desire to use professional advisers if they were to invest, in comparison to their older counterparts (67% of pre-retirees and 62% of retirees). Younger investors who've never invested are also more likely to seek advice from a financial adviser (55% of next generation investors and 60% of accumulators), in comparison to 39% of retirees. Women who've never invested are more likely to choose professional advice than men, with financial advisers being their most preferred option (57% vs 43%).

FIGURE 66

FUTURE APPETITE FOR FINANCIAL ADVICE

If you were to invest, who would you get professional investment advice from?
(Among those who have never invested)



[^] New option added in 2023

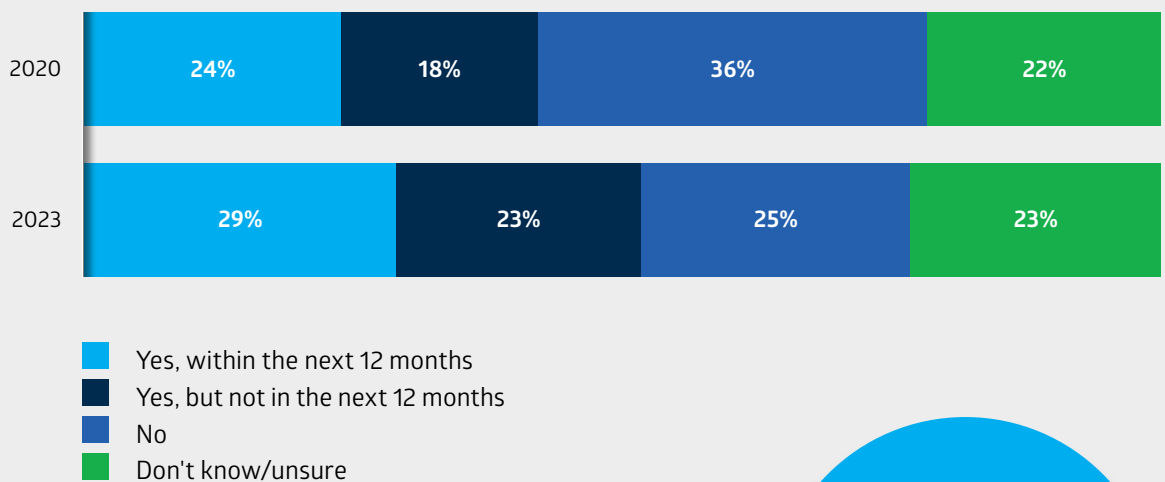
Future intention to seek advice

Close to a third (29%) of Australians plan to seek advice in the next 12 months – up from 24% in 2020. What’s more, 23% said they plan to seek advice, but not in the next 12 months – an increase from 18% in 2020.

FIGURE 67

MORE AUSTRALIANS INTEND TO SEEK ADVICE THAN IN 2020

Do you intend to seek professional financial advice in the future? (Among Australian adults)




32%
of investors
**INTEND TO SEEK
ADVICE** in the next
12 months

FIGURE 68

INTENTION TO SEEK ADVICE IN NEXT 12 MONTHS

Do you intend to seek professional financial advice in the future? (Among investors)

 **28%**
NEXT GENERATION
INVESTORS

 **32%**
FEMALE
INVESTORS

 **57%**
Investors who
are **CURRENTLY
ADVISED**

Our survey reveals that Australians under the age of 50 have a greater intention to seek advice than those aged 50 and over.

Among investors, 32% plan to seek advice within the next 12 months, while a further 19% will do so at some point in the future. More investors with larger portfolios or fewer years of investing experience intend to seek advice – either within 12 months or in the longer-term future.

Investors with the least amount of investing experience are the most likely to want advice, with 75% of those with less than a year’s experience saying that they intend to seek advice sometime in the future.

FIGURE 69

INVESTORS WITH LARGER PORTFOLIOS ARE MORE LIKELY TO SEEK ADVICE

Do you intend to seek professional financial advice in the future? (Among investors)

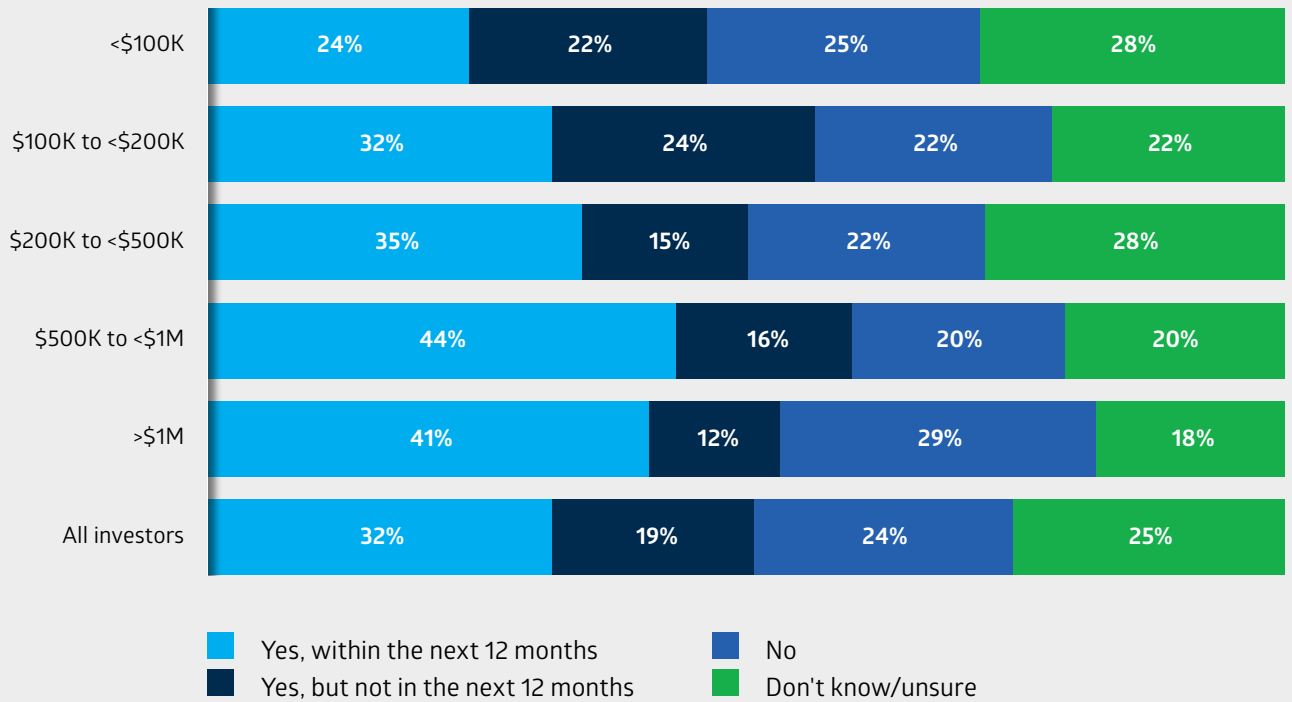
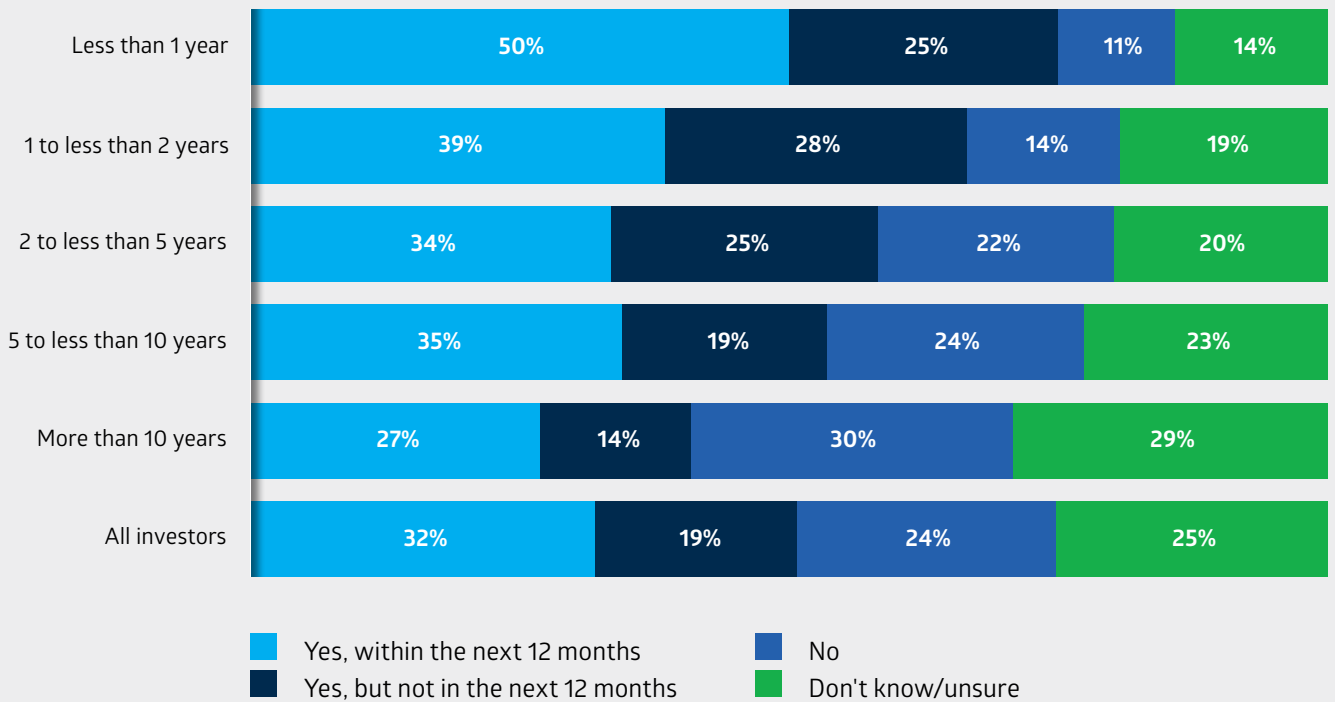


FIGURE 70

INVESTORS WITH LESS EXPERIENCE ARE MORE LIKELY TO SEEK ADVICE

Do you intend to seek professional financial advice in the future? (Among investors)

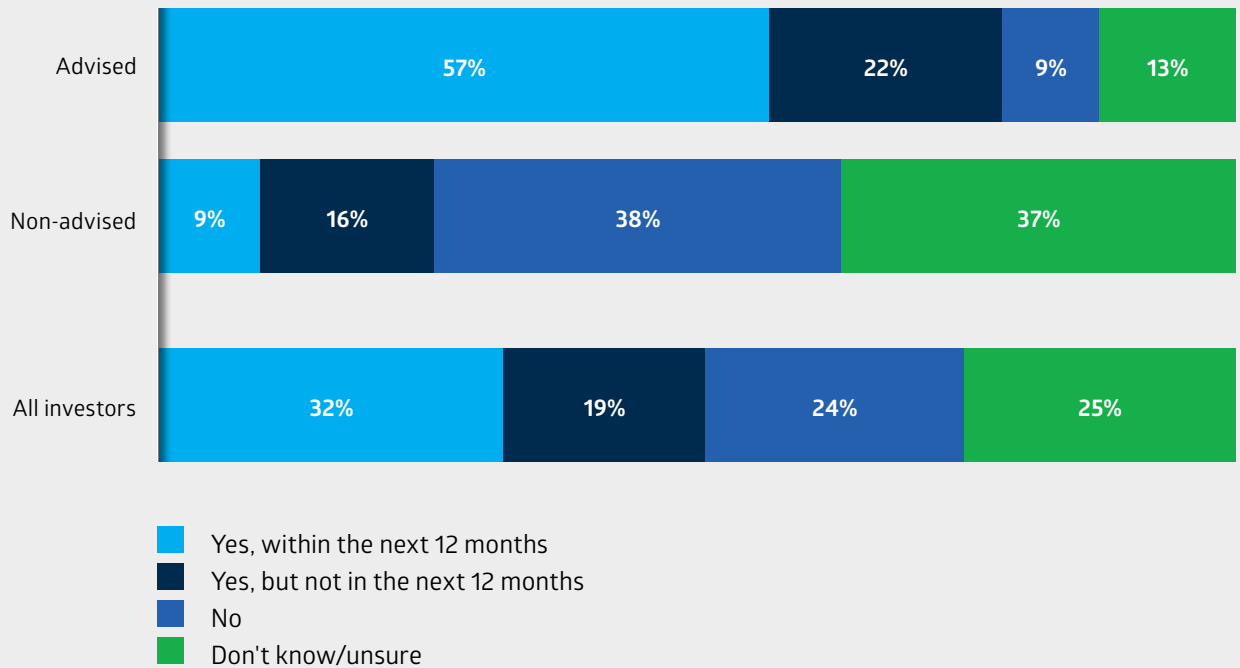


Those currently receiving advice are significantly more likely to continue doing so in the next 12 months (57%), with a further 22% stating they will do so at a later time in the future. This suggests they continue to see value in using advisers.

FIGURE 71

A SIGNIFICANT NUMBER OF ADVISED INVESTORS INTEND TO SEEK ADVICE IN FUTURE

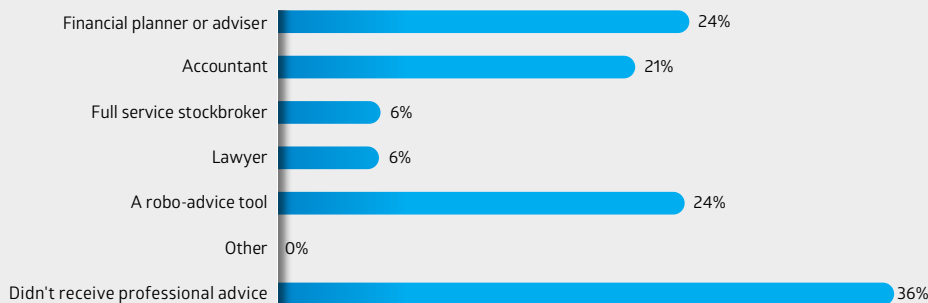
Do you intend to seek professional financial advice in the future? (Among investors)



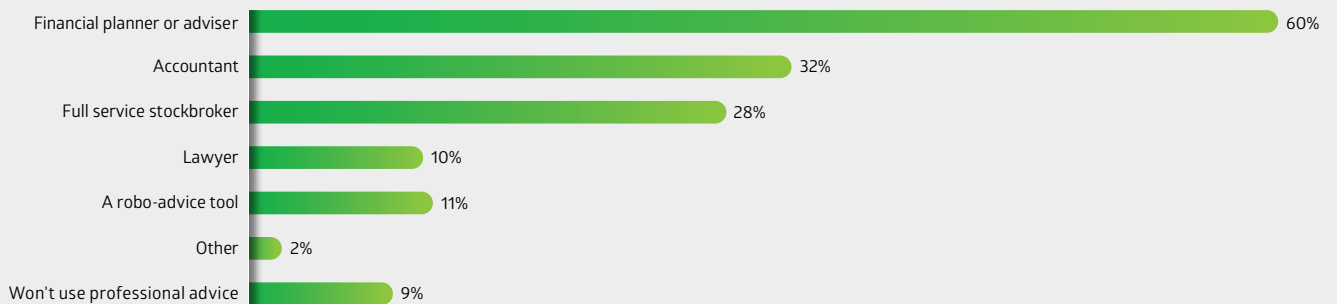
Most non-investors are open to receiving professional financial advice. While 36% of lapsed investors who intend to invest in the next 12 months told us they didn't receive professional advice, this indicates 64% received some form of advice recently. A further 24% used a robo-advice tool. Among those who've never invested and are looking to invest in the next 12 months, only 9% say they won't seek professional help. Ninety percent of this cohort say they are willing to pay a median amount of \$410 for advice. Financial advisers (60%) and full-service stockbrokers (28%) are under consideration from this group as potential sources of financial advice. Just over 10% would use a robo-advice tool.

FIGURE 72
INTENTION TO SEEK ADVICE

Who did you receive professional financial advice from in the last 12 months?
(Among lapsed investors who intend to resume investing in the next 12 months)



If you were to invest, who would you get professional advice from?
(Among intending investors who have never invested before)



Cost still the biggest barrier

Despite evidence about the benefits of advice, there's still a relatively large cohort of both investors and non-investors not using it. The largest hurdle appears to be cost, with 34% of Australians who want professional advice perceiving it as too expensive (see Figure 63). This is substantially higher than in 2020 when 24% thought advice was being too expensive. Other Australians (21%) thought their investment was too small to warrant advice, while 15% had trust issues with advisers.

On average, investors said they'd pay \$1,270 (a median of \$630) annually to receive financial advice. While this is more than they were willing to commit in 2020 (an average of \$1,100 and a median of \$500) this amount would not cover the average advice fee, which is currently about \$3,500.⁵ In fact, fewer than 10% would be willing to pay \$3,000 or more for advice. This may account for why over 50% of all investors have not received professional advice in the past 12 months.

⁵Canstar, How much does it cost to see a financial adviser? 7 June 2022

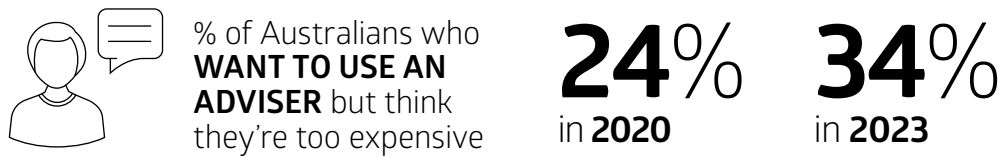
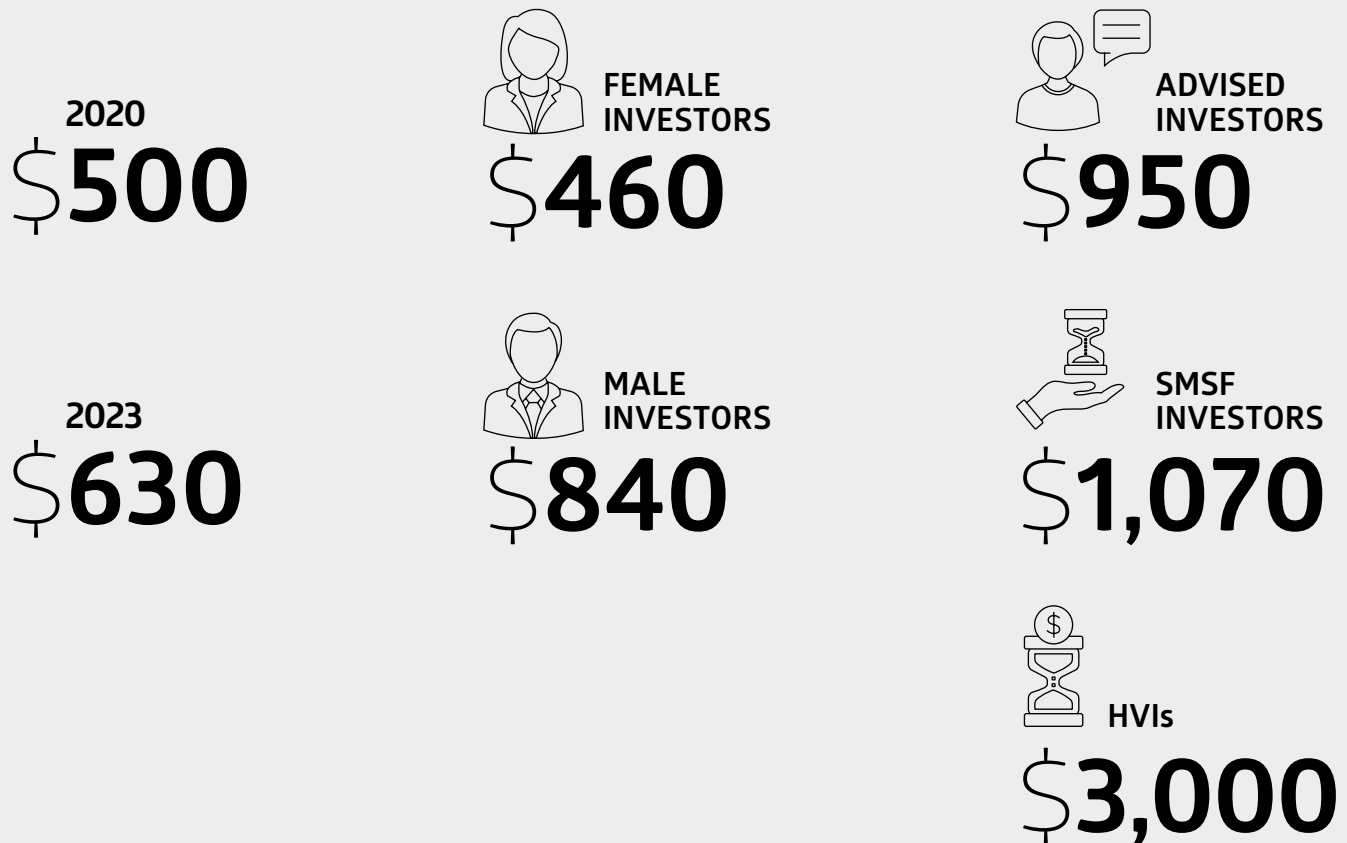


FIGURE 73

MEDIAN AMOUNT WILLING TO PAY FOR PROFESSIONAL ADVICE

What is the most you are prepared to pay on an annual basis to have your financial advice needs met? (Among investors)



Digital advice

Those who cannot afford professional advice may consider obtaining digital advice. This alternative avenue for investing advice looks to combine an arm's length, algorithm-driven approach with using popular investment products like ETFs.

The two chief types of algorithmic advice are:

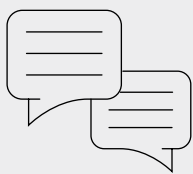
- Robo-advice, in which a prospective investor completes an online questionnaire about personal circumstances, risk profile and goals. This then drives an algorithm to recommend particular investment products.
- Micro-investing sites, which places investors' small, regular or irregular payments into an ETF or fractional shares, based on their risk profile and goals.

For convenience, we will refer to them together as 'digital advice' in this discussion.

Despite being available in Australia for almost a decade, the general population's understanding of digital advice is still surprisingly low (31%) – especially among intending investors where 37% said their knowledge was lacking. However, 23% of this group indicated they would consider using it in the future, compared to 13% of current investors.

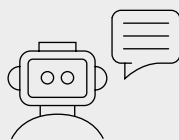
FIGURE 74

SNAPSHOT OF DIGITAL ADVICE

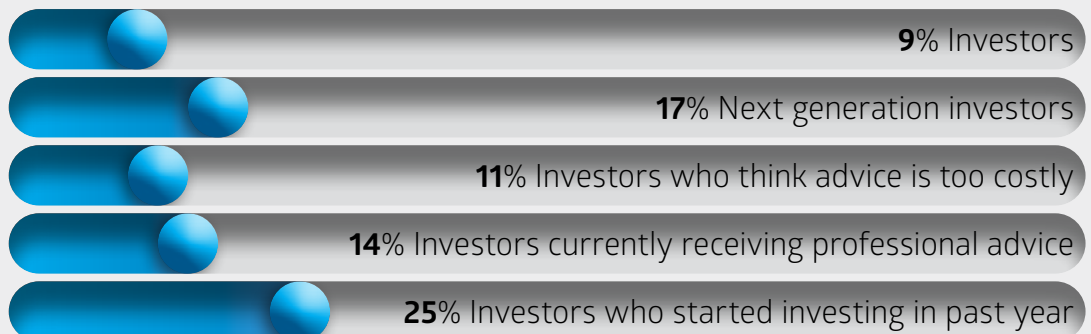


15%

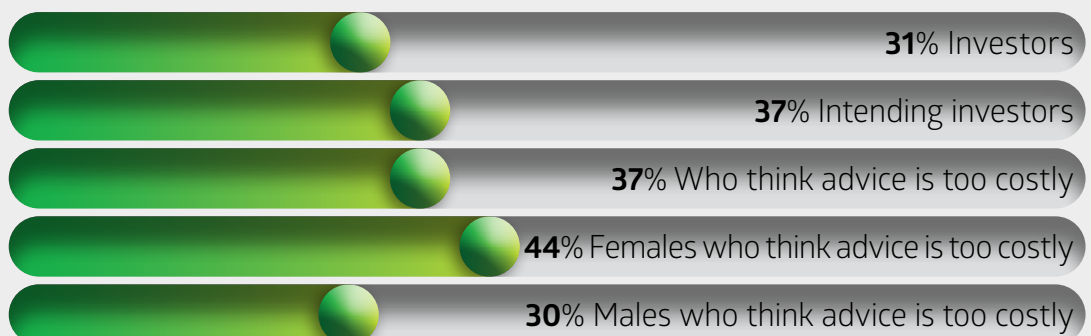
of investors who think advice is too costly **INTEND TO USE DIGITAL ADVICE IN FUTURE**



CURRENTLY USE ROBO-ADVICE OR MICRO-INVESTING PLATFORMS AND INTEND TO KEEP DOING SO



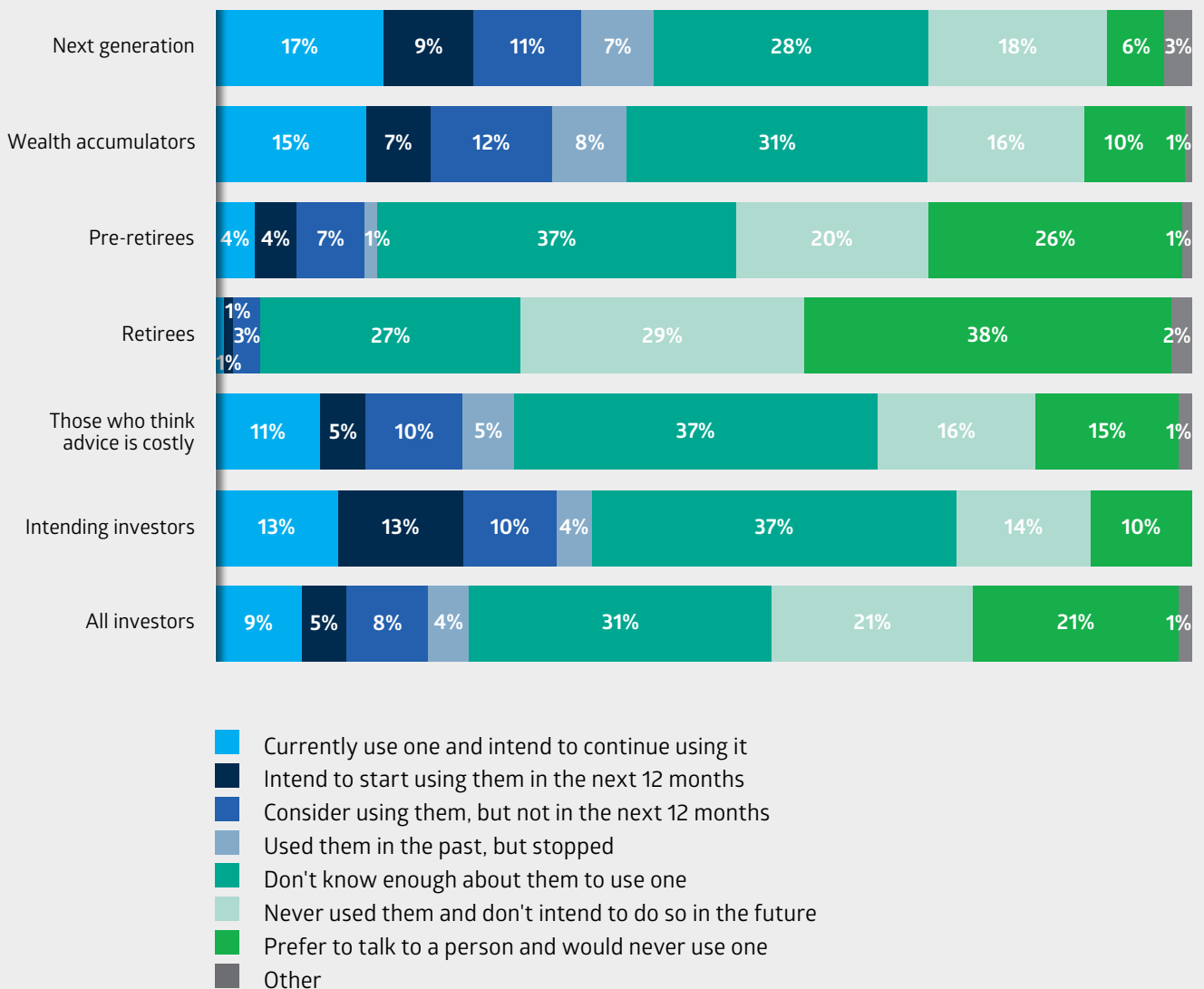
DON'T KNOW ENOUGH ABOUT ROBO-ADVICE OR MICRO-INVESTING PLATFORMS TO USE THEM



Nine percent of all current investors use a form of digital advice – and intend to keep doing so. Younger investors (who tend to be “digital natives”) are far more likely to use digital advice, with 17% of next generation investors and 15% of accumulators currently using it. Adoption of digital investing has also been strong among those investing for less than a year. Twenty five percent of these new investors have used this advice and intend to continue using it. More men than women use digital advice (11% vs 7%). Twenty one percent of those investing through a company structure have embraced digital advice tools and plan to continue doing so, followed by family trust investors (14%).

FIGURE 75
THE LARGEST UPTAKE OF ROBO-ADVICE AND MICRO-INVESTING IS AMONG YOUNGER INVESTORS

In general, what is your attitude towards using robo-advice or micro-investing? (Among investors)



About 40% of investors state they're not interested in digital advice, including 21% who said they'd prefer to talk to a person. Women are more likely to prefer in person advice than men. Retirees and pre-retirees are most likely to say they prefer in person advice than advice determined algorithmically. This view is also more likely to be shared by more experienced investors.

There are potential opportunities for providers of digital advice. About 13% of all investors are open to using digital advice tools in the future. This sentiment is also shared among those who think financial advice is costly, with 15% of this cohort also planning to use digital advice tools in the future.

The chief reason why investors are not using digital advice is they do not know enough about it. This reason was cited by 31% of current investors, 37% of intending investors, 34% of female investors, and 37% of those who think advice is too costly. Raising awareness about the benefits and risks of these tools among these groups could represent a sizeable growth opportunity for the digital advice sector.



Evolving themes in 2023

Environmental, social and governance (ESG) investing, also known as responsible investing, and cryptocurrency are two areas that have been increasing in popularity among investors in recent years – albeit for different reasons.

Responsible investing is becoming integrated into many investment products on the back of rising demand. As many as 30% of investors are conscious of ESG factors when choosing investment products, with younger investors leading the way.

Widespread advertising campaigns as well as volatile returns have helped bring cryptocurrencies firmly onto investors' and regulators' radars.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTING

In 2023 we examined for the first time how investors weigh up environmental, social, governance and ethical considerations when investing as well as differences in their awareness levels.

At a high level, all investors consider a wide range of factors when making investment decisions, from returns and risk to tax effectiveness. Asked to name their top three considerations when making investment decisions, survey respondents placed ESG considerations at the bottom of the list, with only 6% of investors rating it in their top three. This is significantly fewer investors than the 13% who prioritised ESG considerations in 2020.

FIGURE 76
SNAPSHOT
OF ESG
INVESTING

ESG RATED AS A TOP 3 CONSIDERATION when making investment decisions

13% in 2020 **6%** in 2023

THREE IDENTIFIERS of investors actively investing on ESG principles (ESG conscious)

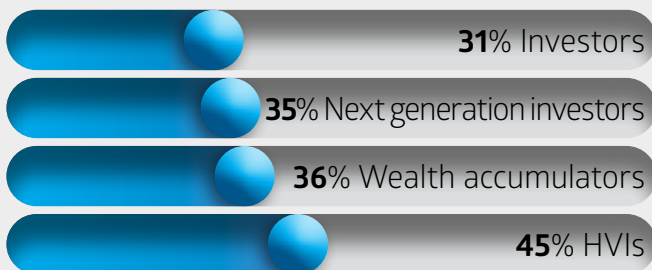
6%
Responsible investing is a **TOP PRIORITY**

14%
Invest in companies focused on creating **POSITIVE IMPACT**

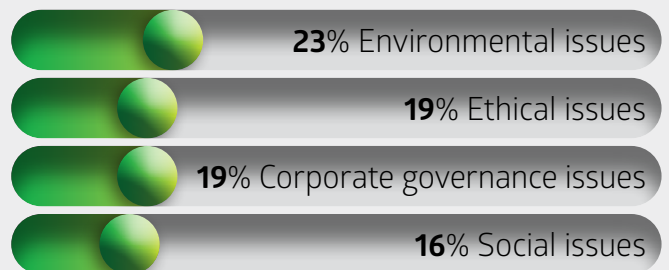
11%
ACTIVELY AVOID COMPANIES creating social and environmental harm



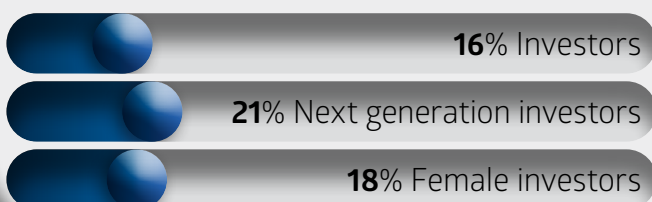
INVESTORS ACTIVELY INVESTING ON ESG PRINCIPLES



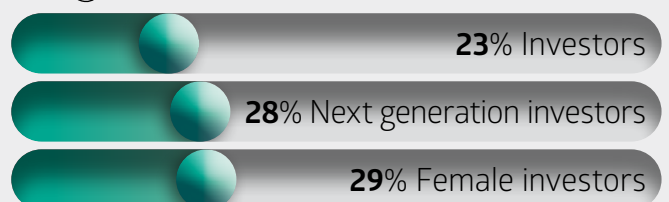
INVESTORS WHO BOUGHT OR SOLD INVESTMENTS BASED ON ESG FACTORS IN PAST 12 MONTHS



INVESTORS FINDING IT CHALLENGING TO UNDERSTAND THE ESG STANDING OF A COMPANY



HAVE NEVER HEARD OF RESPONSIBLE INVESTING



What motivates ESG conscious investors?

Compared to broad factors such as risk and return, ESG may not rank highly as an investment consideration. However when asked specifically about it, 31% of investors reported that ESG is of interest to them. Breaking this down, responsible investing is the top priority of 6% of investors. Meanwhile, 14% invest in companies focused on creating a positive impact and 11% actively avoid companies that create social and environmental harm. We will refer to this group as the ESG conscious.

Next generation investors and accumulators are more likely to be ESG conscious, with engagement declining with age. Among pre-retirees in particular, a larger proportion say ESG investment is conditional upon achieving comparable returns to other investments (34%) while another 15% say decision-making should not be based on ESG grounds. Similar attitudes are seen among retirees.

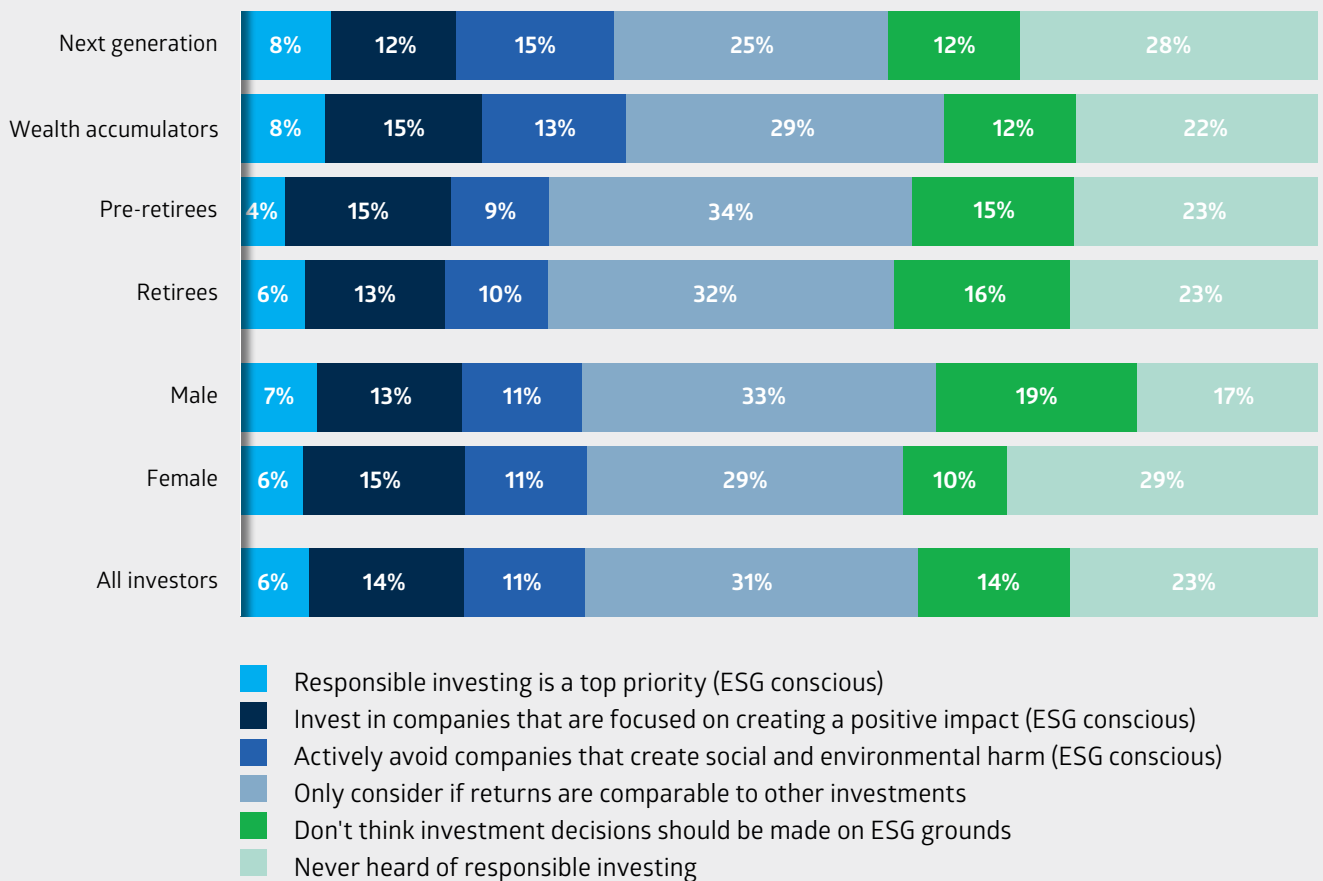
Overall, 23% of investors have not heard of responsible investing, with 28% of next generation (the lowest awareness among all age cohorts) and 29% of female investors being unaware. However it's important to note that while 29% of females are unaware of responsible investing, slightly more females than males are ESG conscious (32% vs 31%).

Males are almost twice as likely (19%) to believe investment decisions should not be made on ESG grounds than females (10%). Males are also more likely to make ESG investing conditional upon achieving comparable returns to other investments – 33% against 29% of female investors.

FIGURE 77

ATTITUDES TO RESPONSIBLE INVESTING

Which of the following best describes your attitude towards responsible investing?
(Among investors)

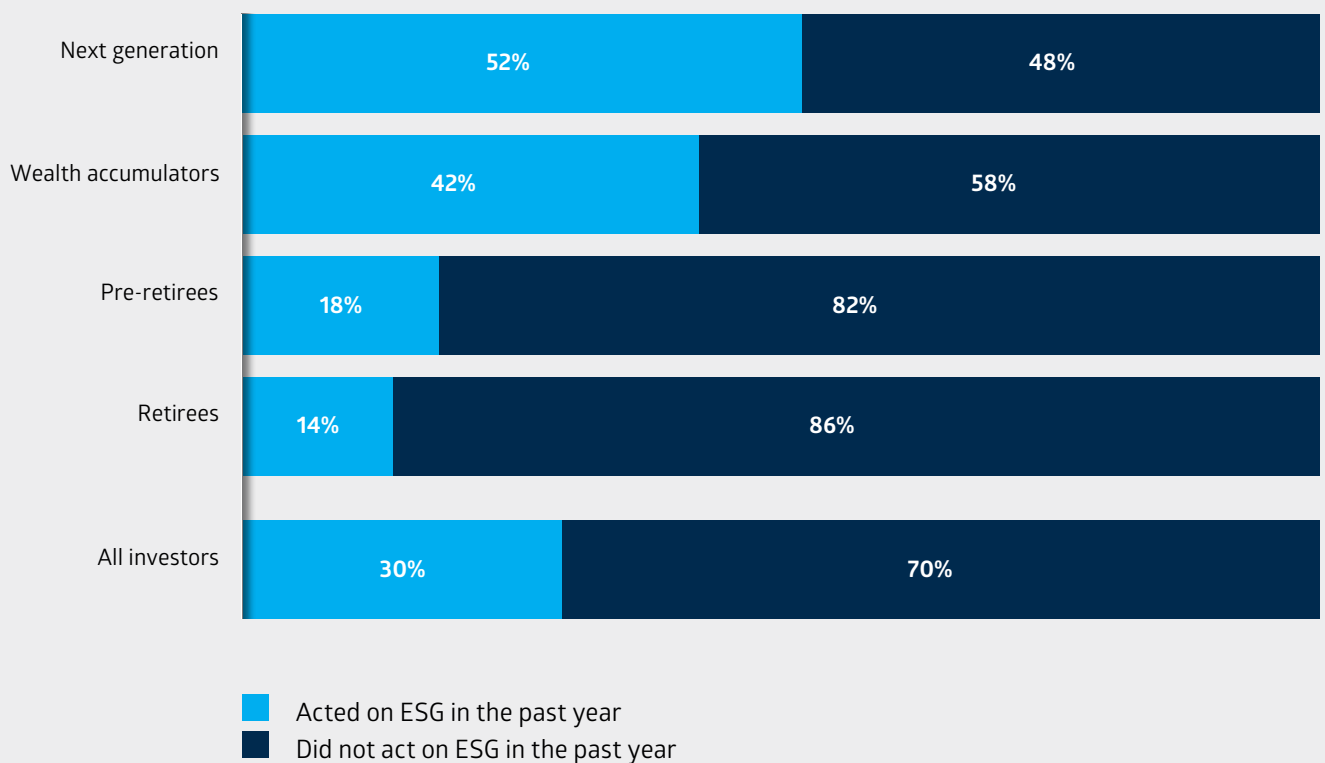


It appears that next generation investors diverge into two separate segments: the unaware and the very actively engaged. While 28% are unaware of responsible investing, 52% of next generation investors who are open to ESG bought or sold investments on ESG factors in the last 12 months.

FIGURE 78

RESPONSIBLE INVESTING PRINCIPLES IN ACTION

Proportion of investors who have bought or sold an investment or have been professionally advised to do so and acted on it, based on any ESG factors in the past 12 months. (Among those open to ESG investing[†])



[†] Refers to investors who say responsible investing is a top priority, invest in companies that are focused on creating a positive impact, actively avoid companies that create social and environmental harm, or only consider if returns are comparable to other investments.

Among investors who bought or sold investments based on ESG principles, the environment is the most important consideration (74%). Corporate governance issues also drove a sizeable 59% of investors to buy or sell investments.

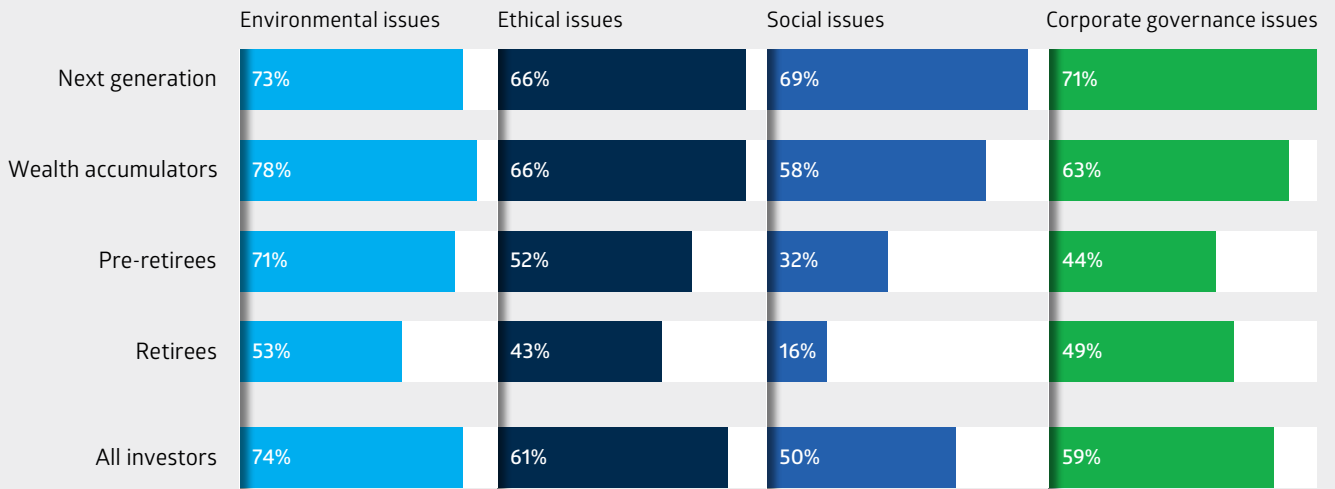
The two younger age groups balance their interest in ESG across all four factors – environment, ethical, social and corporate governance. In contrast the two older age groups place a lower priority on social issues.

Male investors are more likely than females to have bought or sold an investment based on each of the four factors. The largest gender gap was on environmental issues, where 31% of males had bought or sold based on those issues – whereas only 15% of females were motivated to buy or sell an investment based on environmental issues.

FIGURE 79

AREAS OF RESPONSIBLE INVESTING THAT MOTIVATE ESG INVESTORS

Have you bought or sold an investment, or been professionally advised to do so, based on any of the following factors in the last 12 months? (Among investors who have acted on ESG principles in the past 12 months)

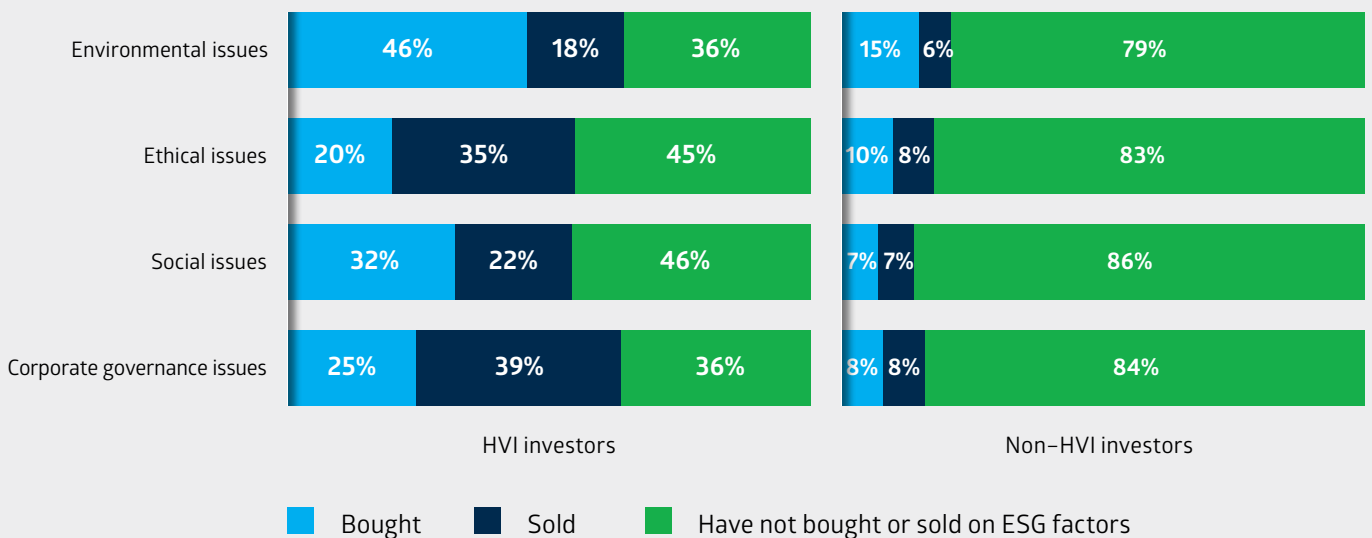


HVIs are more engaged with principles of responsible investing, especially environmental (45%) and social issues (32%), than non-HVI investors. HVIs are more likely to buy or sell investments (or be advised to do so) based on ESG factors than non-HVI investors. Whether it's due to a better understanding of ESG principles, a desire to provide a better world or a belief that value and ESG principles correlate is unclear.

FIGURE 80

HVIs ARE MORE ENGAGED IN ESG THAN NON-HVIs

Have you bought or sold an investment, or been professionally advised to do, based on any of the following factors in the last 12 months? (Among investors)





CRYPTOCURRENCY

The history of digital currencies, or cryptocurrencies, can be traced back to the launch of Bitcoin in January 2009. Rapid price gains beginning in 2017 led to its dominance in the public consciousness almost a decade after it launched. Bitcoin’s success has fostered the launch of more than 20,000 rival cryptocurrencies.

Bitcoin and Ethereum are the most widely known and traded cryptocurrencies as at May 2023. For most of the asset’s lifetime, cryptocurrency has been a direct-to-retail product that investors have purchased from a specialist exchange – often with few regulatory guardrails in place. Now there are signs the asset class is becoming more mainstream with its inclusion in more formal structures such as ETFs.

Many of the 1.2 million new investors who’ve taken up investing since 2020 are tech-savvy and connected to social media. They are no doubt influenced by growing cryptocurrency communities and the social buzz around digital currencies.

For the first time, this survey asked investors about cryptocurrency. Next generation, wealth accumulators, new investors and intending investors are the most interested in this emerging asset class. Our current research suggests cryptocurrencies may become even more mainstream.

In this section we will refer to investors who currently hold or have traded cryptocurrency in the last 12 months as crypto investors.

FIGURE 81

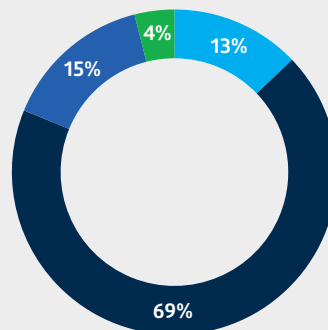
SNAPSHOT OF CRYPTOCURRENCY AS AN INVESTMENT



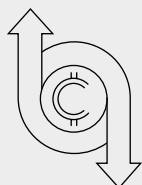
OF THE **15%** THAT CURRENTLY HOLD CRYPTO

69%
MALE

31%
FEMALE



- Next generation
- Wealth accumulators
- Pre-retirees
- Retirees



9%

of investors **BOUGHT OR SOLD** crypto in past 12 months



29%

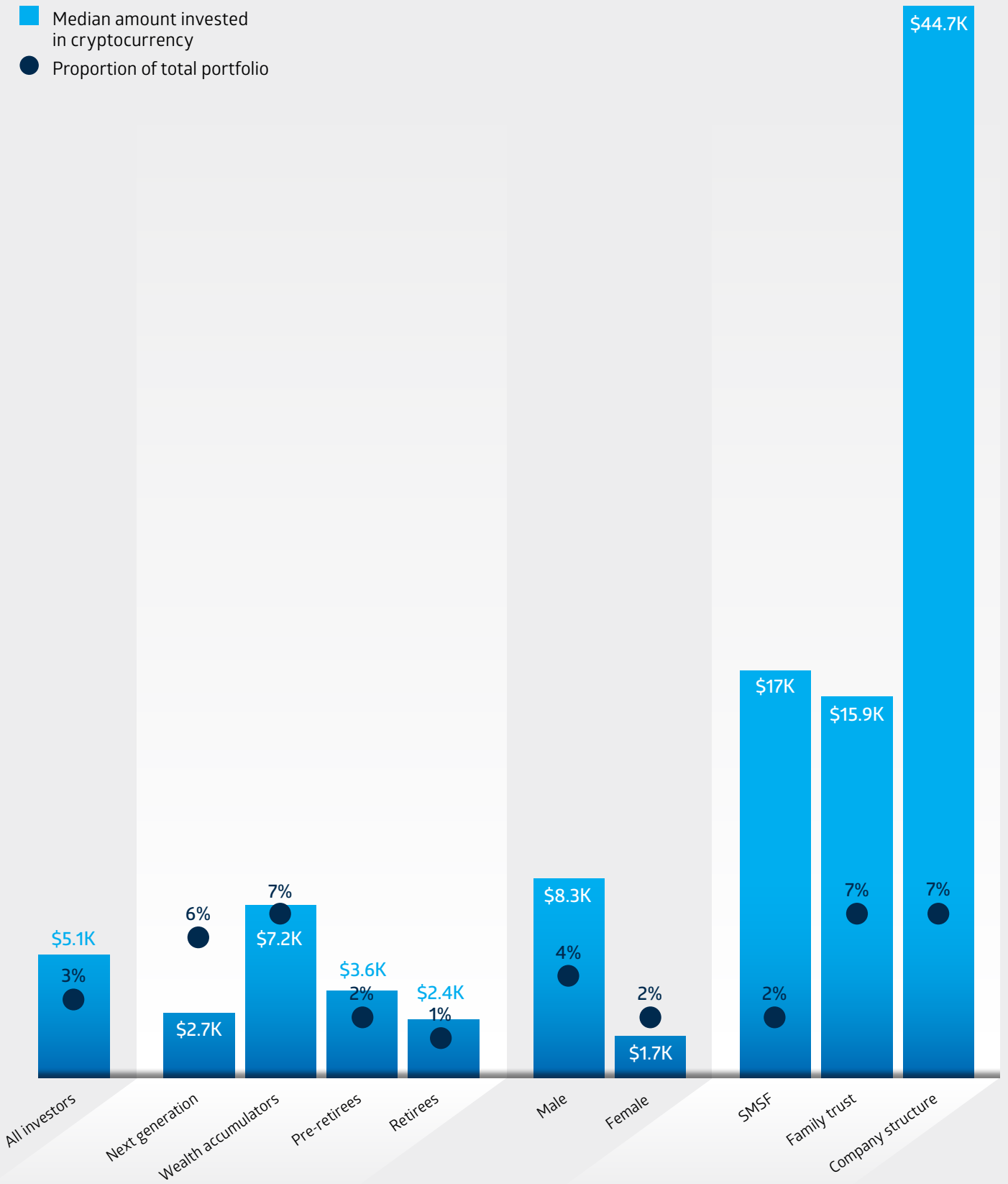
of intending investors are **INTERESTED TO INVEST IN CRYPTO** in the next 12 months

FIGURE 82

MEDIAN AMOUNT INVESTED IN CRYPTOCURRENCY AND PROPORTION OF TOTAL PORTFOLIO

(Among cryptocurrency investors)

- Median amount invested in cryptocurrency
- Proportion of total portfolio



Overall, 15% of investors say they currently own cryptocurrency, and 9% of investors either bought or sold crypto in the last 12 months. Next generation investors are more likely to invest in cryptocurrency, with 31% of this cohort currently holding cryptocurrency.

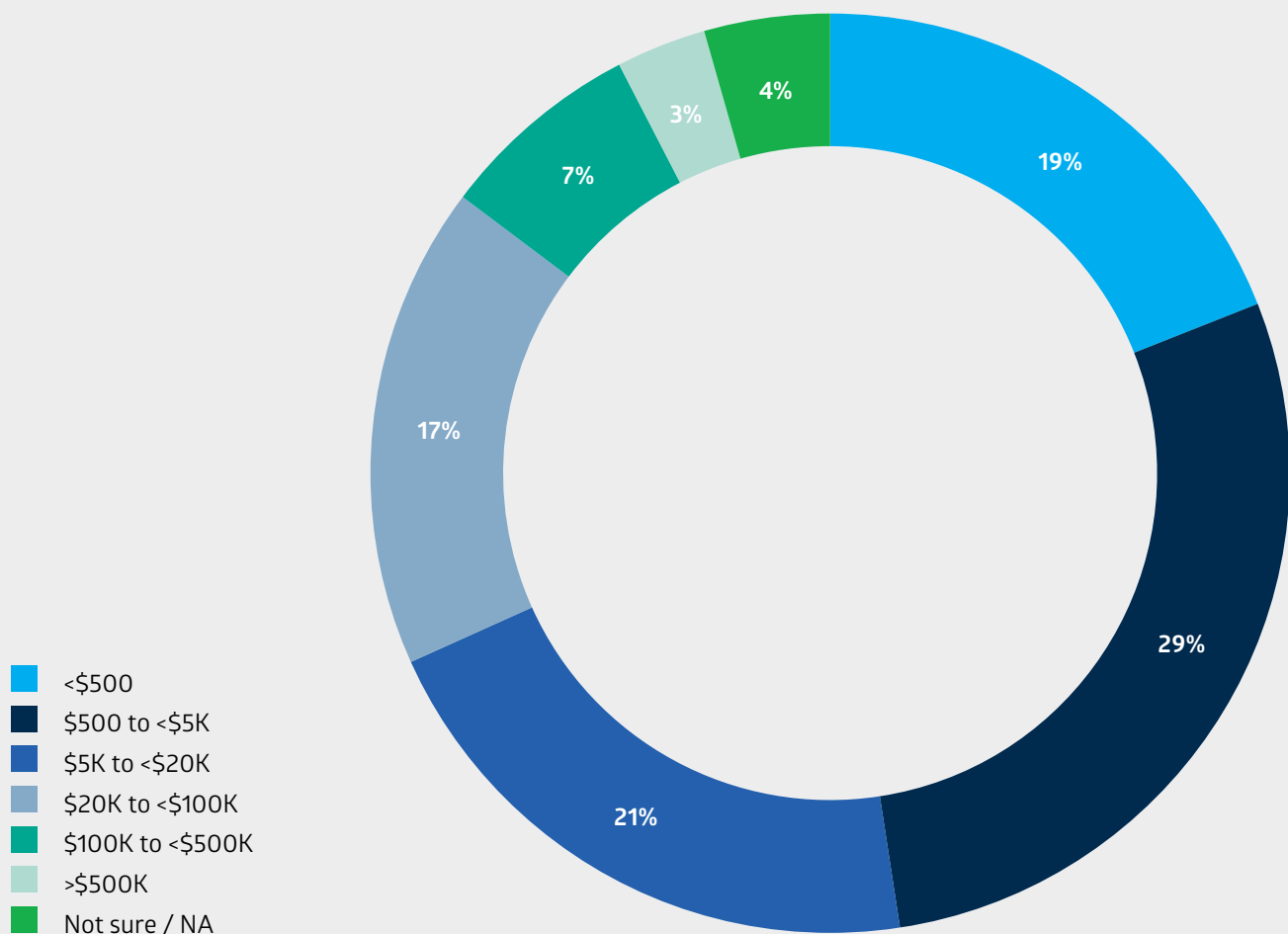
When comparing crypto investors to all investors there's a clear difference in attitude towards financial risk, with crypto investors more likely to accept higher variability with the potential for higher returns (20% vs 10%).

Cryptocurrency is also particularly popular with male investors, with just over 20% of all male investors currently holding cryptocurrency compared to 11% of their female counterparts. Male crypto investors invest more money into cryptocurrency (a median of \$8,300) compared to females (\$1,700). This could be explained by the difference in attitude towards financial risk between men and women. Among investors, 16% of males said they'd accept a higher variability with the potential for higher returns, whereas only 6% of female investors said the same. Another potential driver for the gender disparity in money invested is their respective investment goals with males showing greater interest in maximising capital growth (17% for male vs 11% for female).

FIGURE 83

AMOUNTS INVESTED IN CRYPTOCURRENCIES

How much do you currently have invested in cryptocurrencies? (Among cryptocurrency investors)



Importance of crypto in portfolios

Cryptocurrency investors exist in every age group and many investors have traded cryptocurrency in the past 12 months, yet as an asset type it remains a relatively small proportion of overall portfolios. The median value of cryptocurrency holdings by crypto investors is currently \$5,100 or just 3% of portfolios. The largest crypto portfolio allocations across the age segments belong to wealth accumulators (7%) and next generation investors (6%) with accumulators accounting for the highest median (\$7,200). Retirees have the lowest allocation (1%) and amount invested (\$2,400). But it is investors using company structures, SMSFs and family trusts who are investing larger median amounts.

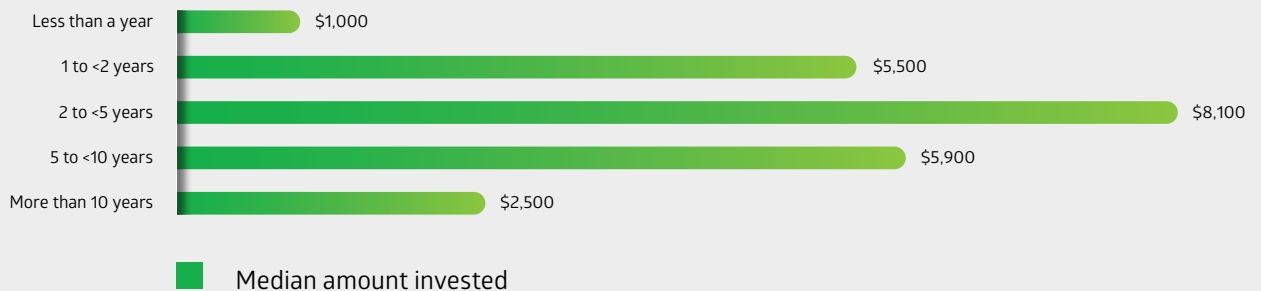
Looking deeper into the amounts invested, 19% of crypto investors invested less than \$500, 29% invested between \$500 and \$5,000 and 10% had invested \$100,000 or more – a group where high value investors are over-represented when compared to retail investors. This distribution suggests there's still a certain level of caution among investors when it comes to crypto. On the contrary, when looking at account types, 10% of crypto investments through family trusts and 11% via company structures are greater than \$1 million.

Among all crypto investors, 31% who had less than 1 year's experience began investing in cryptocurrency with less than \$500. As their overall experience grows, these investors are adding capital, peaking at the 2 to 5 year experience mark when the median cryptocurrency investment is \$8,100. It's also interesting to note that crypto investors who have more than 10 years' investing experience only have a median amount of \$2,500. This indicates that more experience doesn't translate into larger crypto holdings, or that they may have started investing in crypto recently.

FIGURE 84

MORE EXPERIENCE DOESN'T TRANSLATE TO LARGER HOLDINGS

Roughly how much do you currently have invested in cryptocurrencies?
(Among cryptocurrency investors)

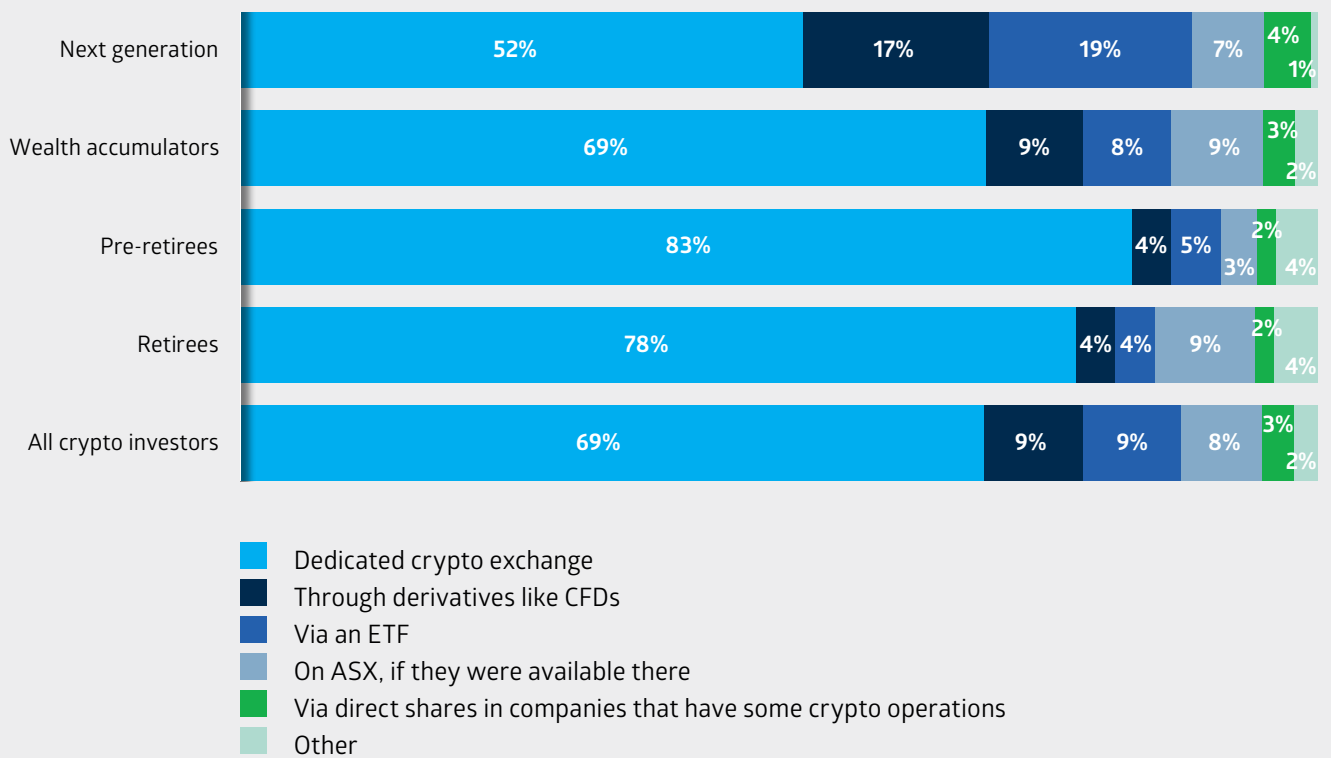


While the majority of crypto investors invest via dedicated cryptocurrency exchanges (69%), next generation investors are more likely to also be interested in investing via derivatives and ETFs. The crash of the cryptocurrency exchange, FTX, and the subsequent fall in the Bitcoin price occurred during our fieldwork for this report in mid-November 2022. Comparing survey responses to this question before and after the crash revealed it didn't dampen enthusiasm for trading via dedicated cryptocurrency exchanges. Surprisingly, the number of crypto investors who prefer to trade cryptocurrencies this way rose from 67% to 78%.

FIGURE 85

INVESTORS PREFER TO INVEST IN CRYPTO VIA A DEDICATED EXCHANGE

What is your preferred way of trading cryptocurrency? (Among cryptocurrency investors)



Outlook and future usage

Despite generally being a comparatively more volatile asset class, cryptocurrencies are still popular among investors. Our survey found that 29% of intending investors are considering investing in cryptocurrency and 31% of next generation investors were also considering investing in it. On the other hand, problems with cryptocurrency exchanges may act as a handbrake on future growth. There are also legitimate questions about the regulation of cryptocurrencies and the safeguards required to properly protect retail investors, with legislation currently before parliament. Overall, time will tell whether cryptocurrencies are fully accepted into mainstream investing.





Conclusion

2023 marked the beginning of a tumultuous geopolitical landscape and period of market volatility – from Russia’s continuing war in Ukraine and its impact on energy prices, to rising interest rates that continue to drive mortgages and the cost of living. Despite these challenges, Australia’s investors continue to thrive.

A significant number of new investors entered the market, taking advantage of ETFs as a relatively affordable way to start investing. And while shares remain the most popular choice across the board, more investors than ever are branching out into other vehicles like international shares and cryptocurrency.

Not all investors are prioritising diversification or mitigating risk in uncertain markets. With growing interest from younger investors towards volatile and unregulated instruments like cryptocurrency, further education on risk management is needed. Investors are potentially exposed without adequate safeguards as regulation has not kept pace with developments in this space.

In line with growing volatility in financial markets, discomfort with making one’s own investment decisions has grown since 2020, placing a greater emphasis on financial advice and the role of advisers. However, the primary limitation that prevents Australians from seeking advice is cost, possibly creating opportunities for growth in future demand for digital advice.

As the social, political and economic landscape changes, so do investor priorities. For example, the shift of focus from climate change to managing costs of living may be at least partly behind the reduced priority of ESG compared to 2020. However while ESG is not a top consideration among other factors when investing, there are signs investors are becoming more aware of ESG principles and acting on them.

The influx of new investors including young women in recent years builds upon the strong foundations of Australian markets. Looking forward, this indicates that the future of investing in Australia is promising.

APPENDIX: Research methodology

The ASX Australian Investor Study 2023 builds on the ASX Australian Share Ownership Study, produced regularly since 1986, and its successor, the ASX Australian Investor Study, last issued in 2020. Like the 2020 study, the scope of the 2023 research has been expanded from previous reports to include additional topics like ESG and cryptocurrency.

SAMPLE SOURCES

The study is based on a quantitative online survey conducted by Investment Trends in November 2022. The survey was conducted in two phases:

- **Core sample:** invitation emails were sent by Investment Trends to their opt-in panel of traders and investors
- **Nationally representative sample:** Investment Trends sent invitations to a nationally representative group of respondents.

SAMPLE SIZES

Survey conducted: November 2022

Responses collected: 7,005

Complete responses after data cleaning and validation: 5,519

TARGET GROUPS FOR ANALYSIS	SAMPLE COUNTS
Current investors Those who hold any type of investment on or off-exchange in any structure	3,868
Non-investors	
Never invested Those who have never held investments	1,325
Lapsed investors Those who used to hold investments but don't do so anymore	336
Intending investors Non-investors who intend to invest in the next 12 months	239

SAMPLE WEIGHTING

The final sample size is 5,519 Australian adults after data cleaning and validation. Where appropriate, respondents were post-weighted slightly and calibrated to Australian Bureau of Statistics data on Australian population demographics. Further weighting was applied to reflect the natural occurrence of key groups such as SMSFs.

The maximum sampling error (centre of the range) at the 95% confidence interval for the entire sample of Australian adults is +/-1.32%. 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 an integrated exchange offering listings, markets, securities and payments, and technology and data services. We operate markets for a wide range of asset classes, including equities, fixed income, commodities and energy.

We are a top 10 global securities exchange by value and the largest interest rate derivatives market in Asia. Companies and other issuers of capital from Australia and around the world engage with ASX to manage risk and raise capital to sustain and grow their businesses.

We operate liquid, transparent and reliable markets of integrity. The certainty and security of our clearing and settlement activities help underpin the systemic stability of the Australian economy.

ASX also provides data and technology services to intermediaries, banks, information vendors and software developers to help them make informed decisions, offer services to their clients and connect with one another.

ASX has a proud history as an early and successful adopter of new technology, and we continue to embrace innovative solutions to make life easier for customers, help companies grow, create value for shareholders and advance 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 2023 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 nine countries across Australia, Asia, Europe, UAE 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.

INVESTMENT TRENDS

23.02 Tower 3, International Towers
300 Barangaroo Ave,
Sydney NSW 2000, Australia
+61 2 8248 8000

sales@investmenttrends.com

FIND OUT MORE

For more information, interviews, videos and articles about ASX Australian Investor Study visit asx.com.au/australian-investor-study



ASX