



Investor Sentiment Index

Q1 2024

2024/03/01

ABOUT US

CoreData is a global specialist research and insights consultancy.

CoreData uses bespoke and syndicated research to uncover strategic insights that can be implemented in your organisation, not just a glossy board report summary.

We pride ourselves on our ability to build trusted relationships with clients so that we truly understand their needs and can tailor our solutions. Our team is a complimentary blend of experienced research, financial services, marketing and media professionals. Together, our combined industry and primary research experience brings perspective to consumer needs, attitudes and behaviours.



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Key themes

Overall sentiment falls, driven by property concerns

Overall HNW investor sentiment has fallen from the previous quarter, driven largely by a negative change in property sentiment.

Investors are waiting for stronger signals

When asked whether their portfolio was changed to be more aggressive or defensive in the past year, almost half (47%) of HNW investors said they had made no changes to their strategy and were waiting for stronger signals. However, 20% responded that they're planning to be more aggressive.

Investors are looking to diversify

ETFs saw a significant increase as investors' most recent investment, with many stating diversification as the reason. ETFs are popular among younger generations as they allow for smaller initial investments while giving broad market coverage. However, ETFs are also becoming increasingly popular to HNW and Mass Affluent investors.

Understanding of annuities is limited

Around 40% of investors have a good understanding of annuities, with 52% having little to no understanding. The annuities asset class may see more allocation over the next 10 years as the baby boomer generation transitions into retirement and looks for investment options to support them.

Investors prefer getting life insurance through super

Over half (58%) of investors prefer purchasing their life insurance through their super fund, and two-thirds feel they currently have adequate cover.

Background and methodology

- CoreData's Investor Sentiment Index (ISI) report is a quarterly gauge of Australian investor sentiment in prevailing market conditions. The objective has been to create a benchmark for how investors of various levels of sophistication are reacting to shifting conditions and impactful events.
- Key measures include investor confidence, intentions, and attitudes towards equities and property. Primary investor groups of focus are High-Net-Worth Investors (HNW), and Mass Affluent Investors (MA), however data for Core Affluent investors is also collected.
- The ISI has been conducted quarterly since Q1 2012, with the most recent round of revisions occurring in Q1 2024
- Fieldwork was conducted on February 6th – 20th 2024 among Australians 18 years old and above with investments.
- Respondents were sourced from CoreData's proprietary panel and supplemented with our strategic panel partners. The current wave of research includes:



n=101 HNW Investors

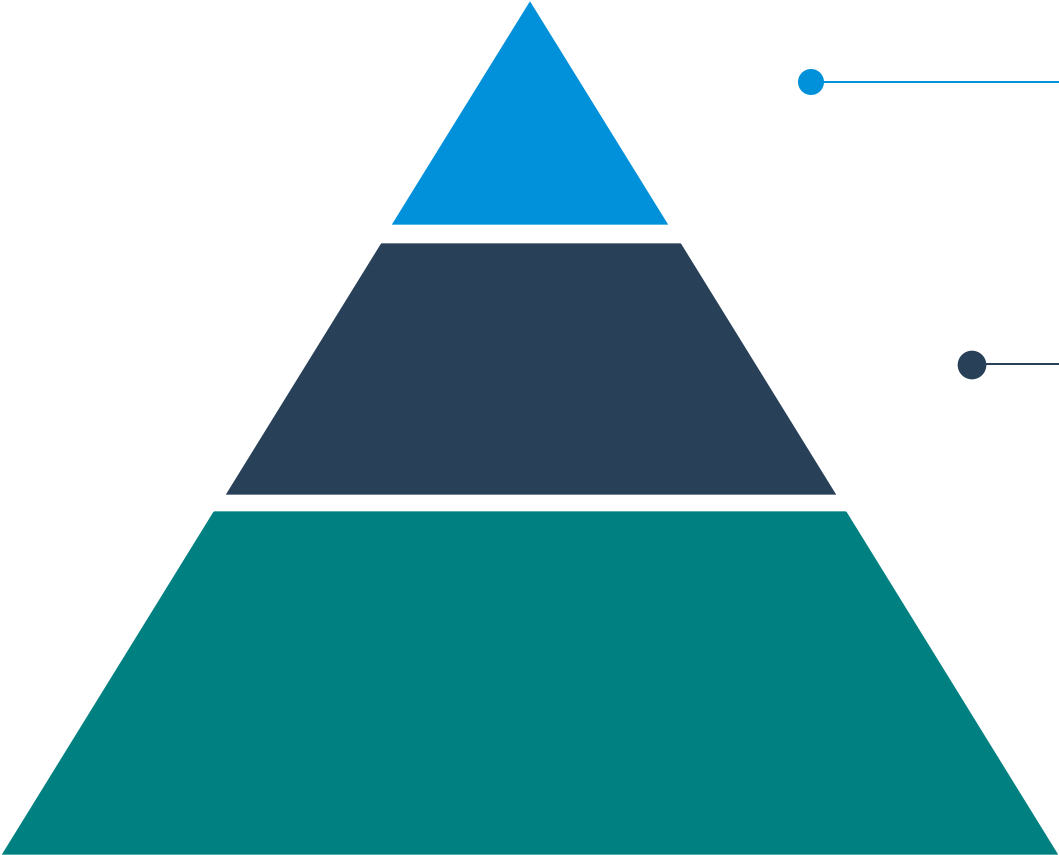


n=152 Core Affluent Investors



n=198 Mass Affluent Investors

Definition



High Net Worth:

Investors with an investment portfolio greater than \$1 million
n=101 (22% of respondents in Q1 2024)

Core Affluent:

Investors with a Household income in the range of \$300K+ OR Personal income in the range of \$150K+ OR with an investment portfolio of \$500K to \$1M.
n=152 (34% of respondents in Q1 2024)

Mass Affluent:

Investors with a Household income from \$150K to \$300K OR Personal income from \$100K to \$150K.
n=198 (44% of respondents in Q1 2024)

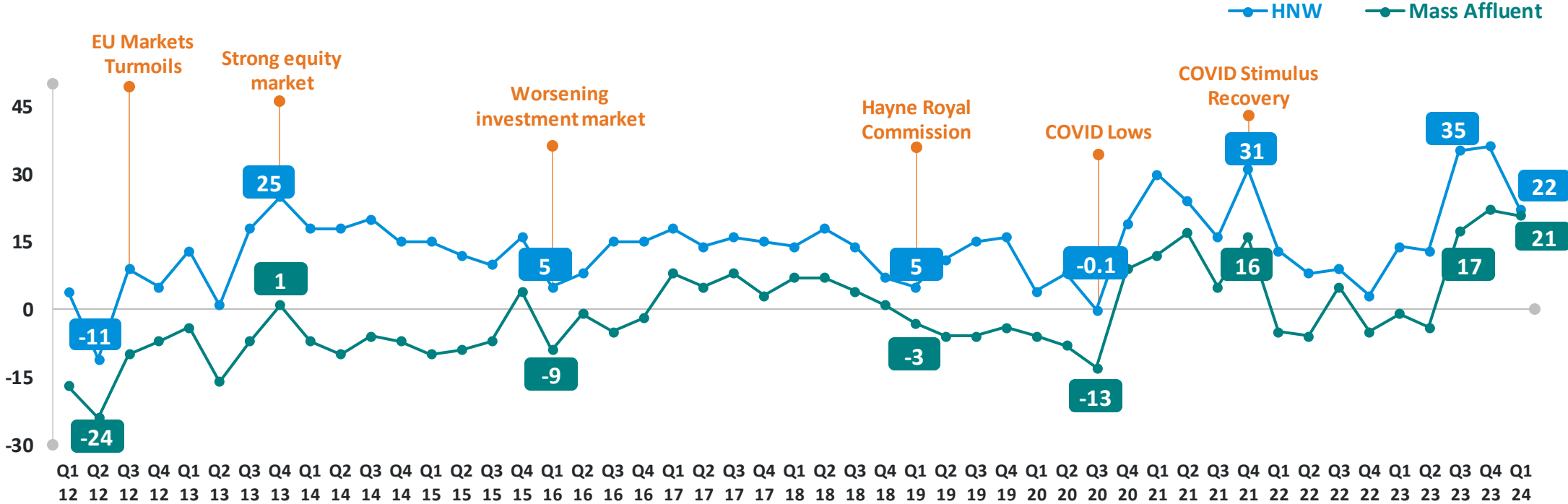


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INVESTOR SENTIMENT AND ECONOMIC OUTLOOK

Overall sentiment has fallen from the previous quarter, bringing it more in line with the past year

Investor Sentiment

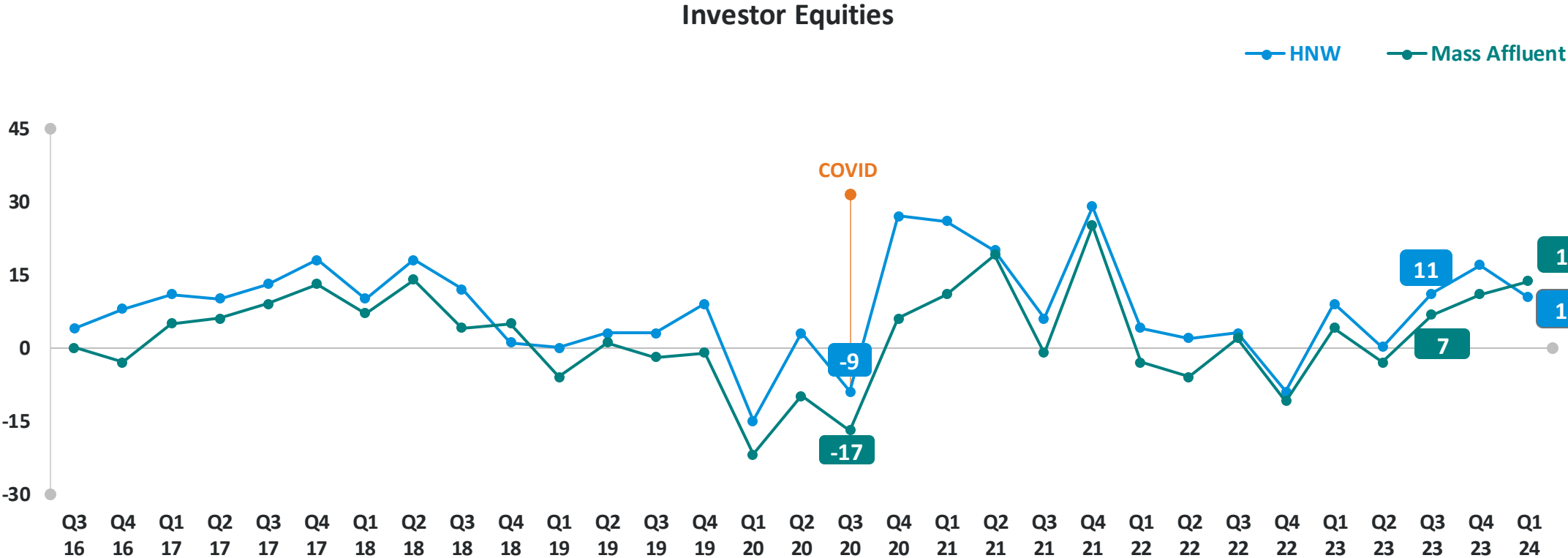


Overall sentiment has risen significantly over the past year, likely driven by increasing optimism of a ‘soft economic landing’ and the fact that many markets continue to increase in value. This recent quarter has seen sentiment decrease for HNW investors, bringing it in line with Mass Affluent investors. This decrease likely comes as a result of HNW investors’ falling confidence in the property market over the previous quarter, still waiting on interest rates to move.

Investor sentiment is an aggregate measure of investor confidence across expectations regarding the performance of the investment market, perception of their current financial situation, and future investment intentions.

HNW definition changed in Q3 2023 to be more reflective of market conditions: HNW is now defined as \$1 million or more in investable assets, up from \$750,000 in previous quarters.

Equities sentiment remains at similar levels compared to the previous quarter, many investors are waiting on further interest rate movement

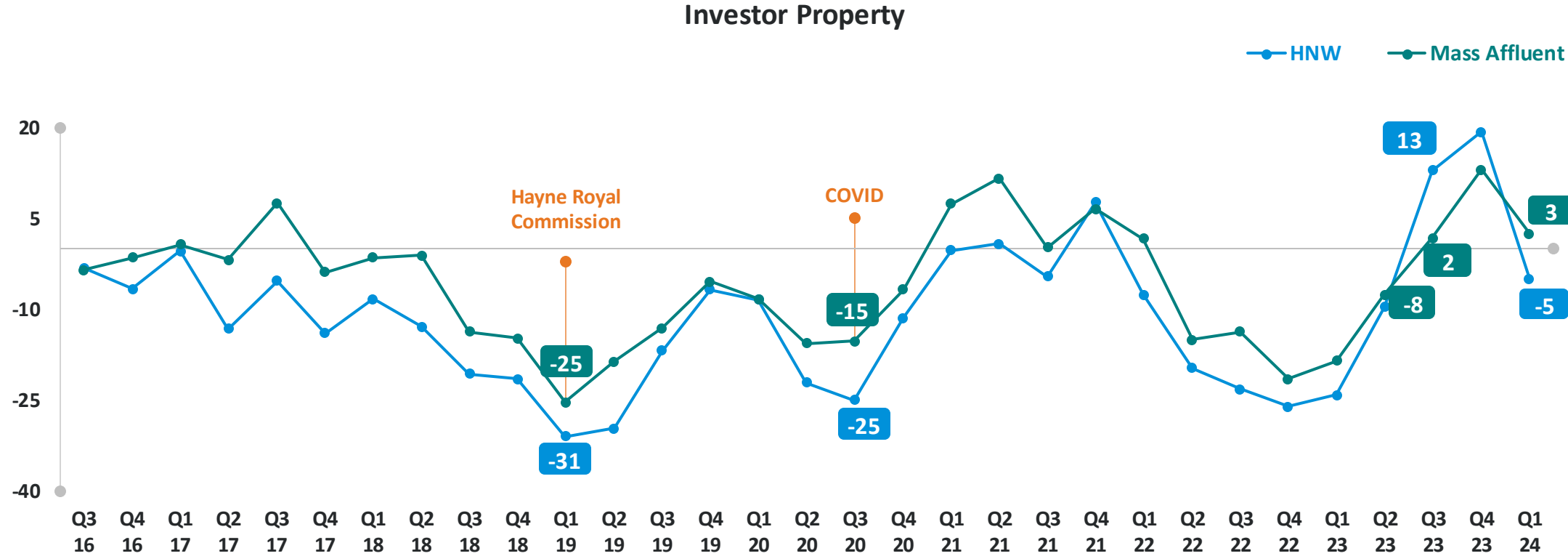


Equities sentiment remains at similar levels, HNW seeing a slight decline. With Australian equity markets nearing all time highs, HNW investors may be proceeding with caution, while Mass Affluent investors are growing more confident.

The Investor Equities Sentiment Index shows investor sentiment towards equities. It ranges from strongly pessimistic (-50) to strongly optimistic (+50) with 0 being a neutral reading.

HNW definition changed in Q3 2023 to be more reflective of market conditions: HNW is now defined as \$1 million or more in investable assets, up from \$750,000 in previous quarters.

Property sentiment dropped from the previous quarter



Property sentiment has dropped from the previous quarter. This comes despite many believing interest rates will be cut towards the end of 2024. However, with the current housing crisis, many HNW investors are likely wary of potential changes to property legislation and taxes that would impact their real estate holdings.

The Investor Property Sentiment Index shows investor sentiment towards direct and indirect property investment. It ranges from strongly pessimistic (-50) to strongly optimistic (+50) with 0 being a neutral reading.

HNW definition changed in Q3 2023 to be more reflective of market conditions: HNW is now defined as \$1 million or more in investable assets, up from \$750,000 in previous quarters.

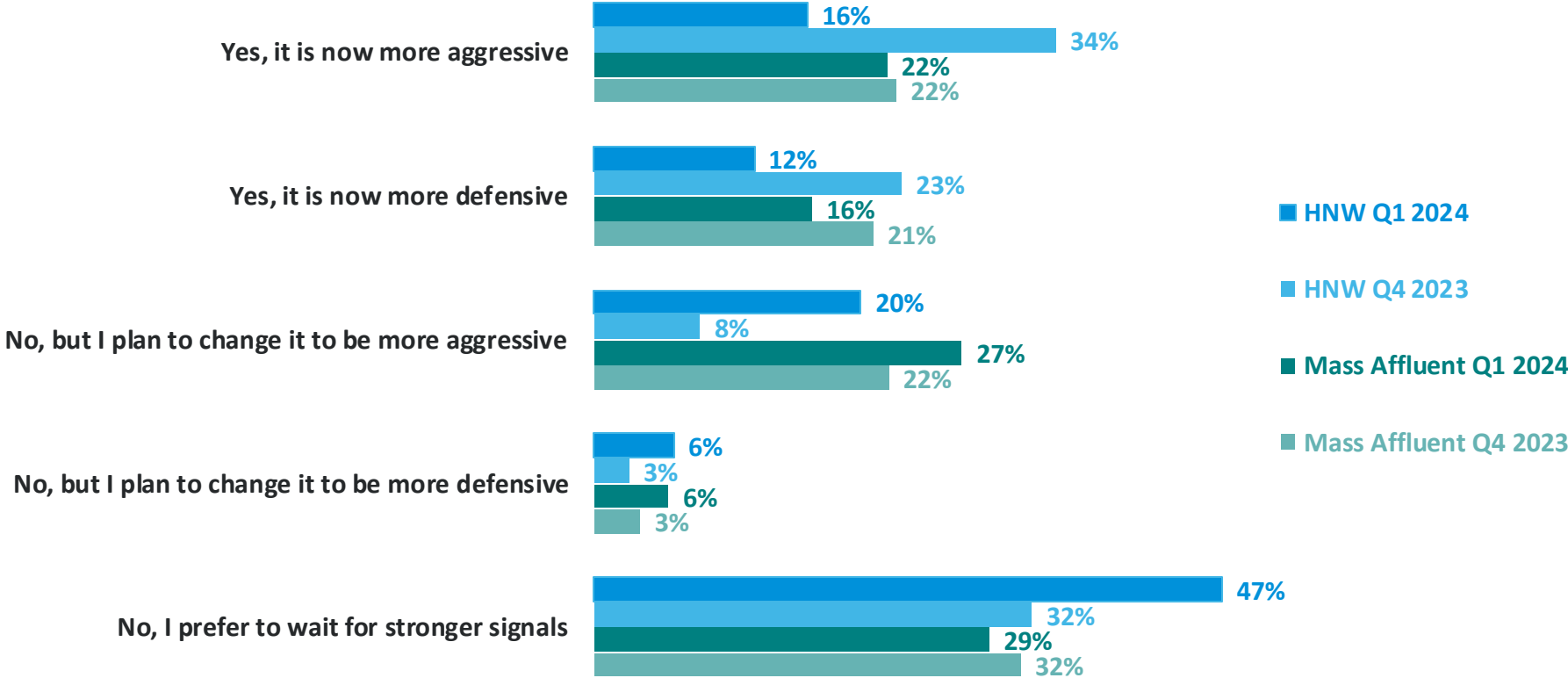


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INVESTOR MOVEMENT AND INTENTIONS

HNW investors are likely waiting for more interest rate movements before changing strategies

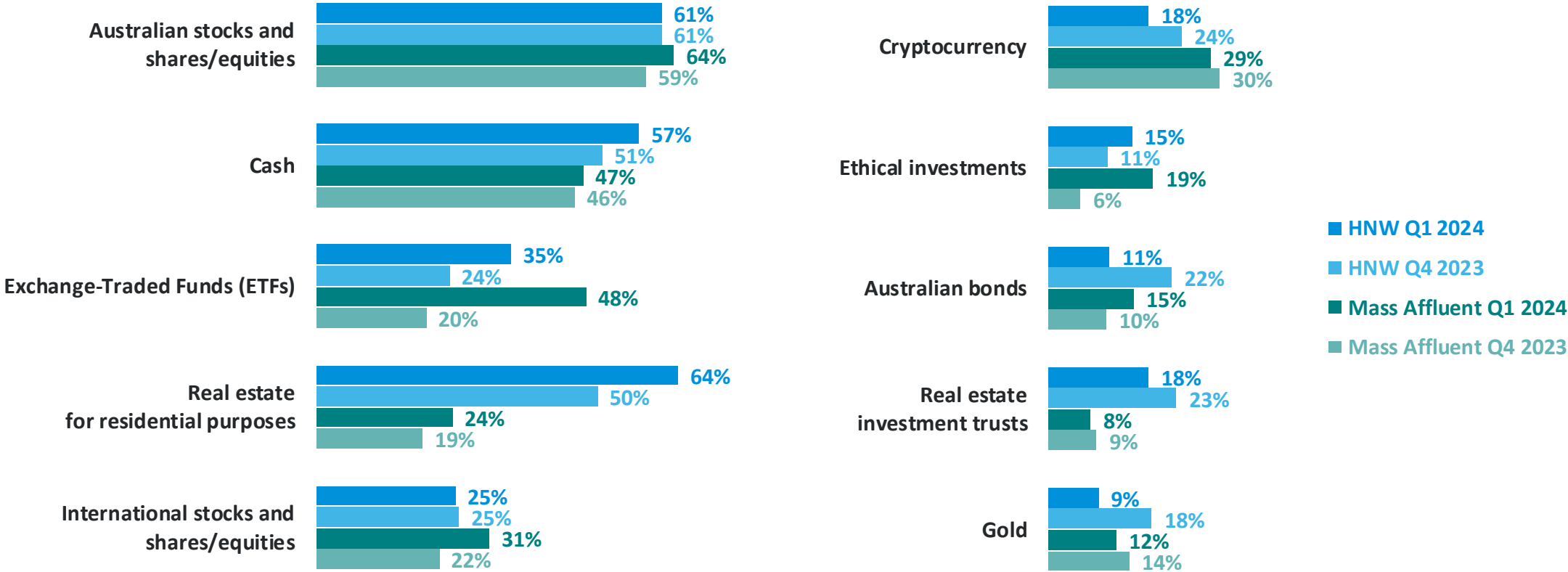
Allocation changes in the past year



Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174
 A4. Have you changed your portfolio allocation in the past year?

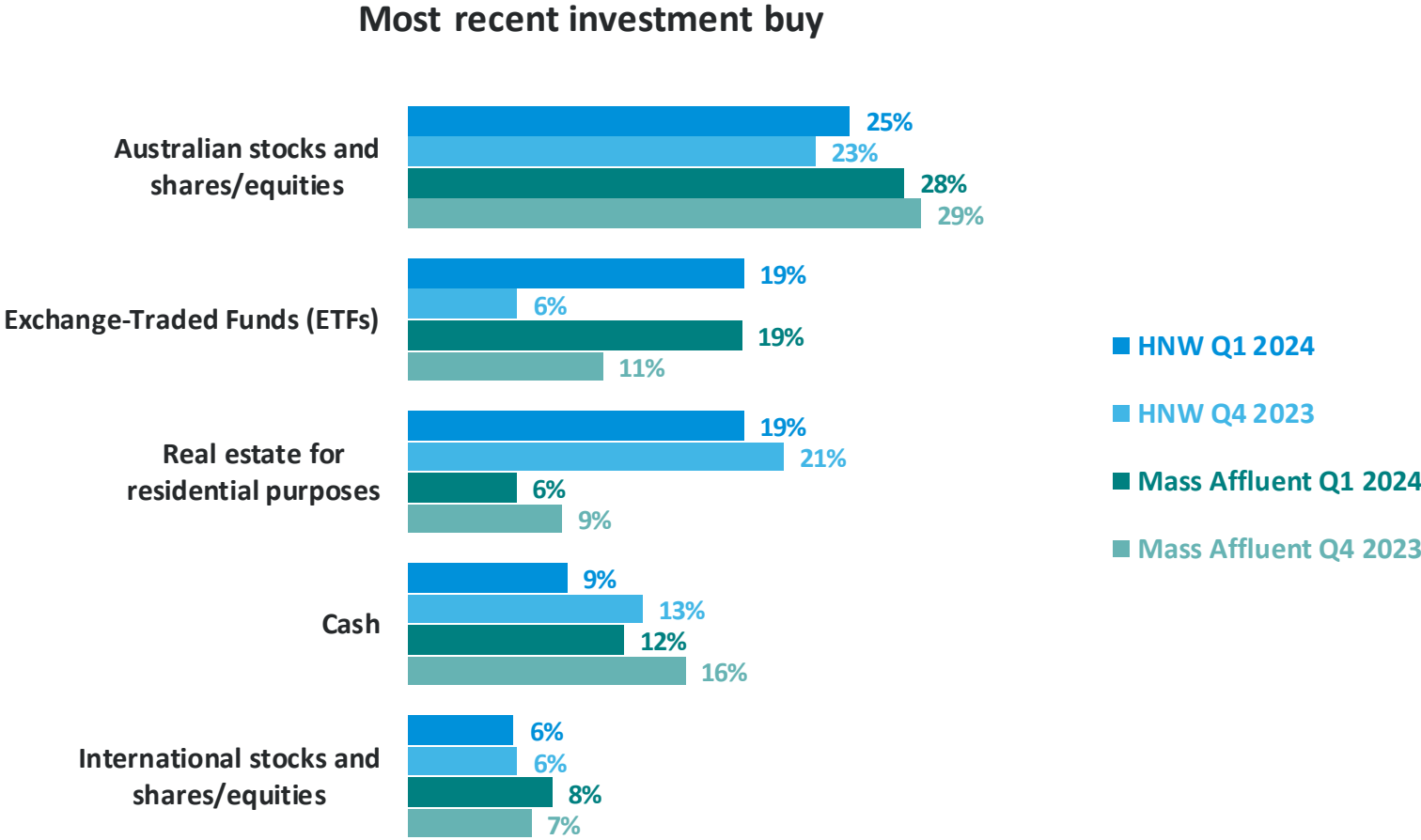
More investors are holding ETFs this quarter

Current investment portfolio



*Top 10 responses only based on Q1 2024 Overall
 Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174
 A1. Thinking about your investment portfolio, which of the following do you currently invest in? {Multiple answers allowed}

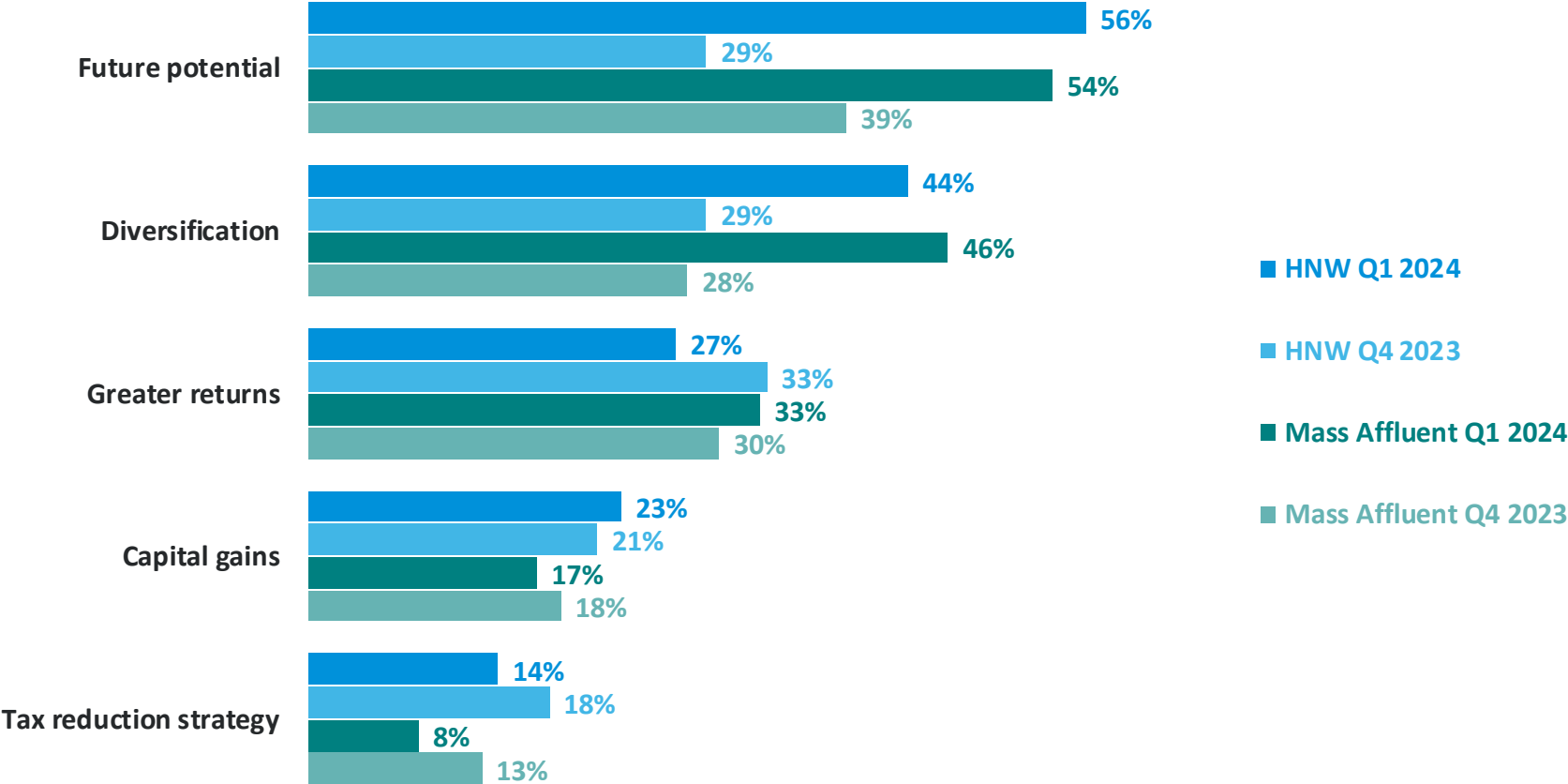
ETFs have increased as the most recent investment due to investors looking for broad market coverage



*Top 5 answers only based on Q1 2024 Overall
 Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174
 A5. Which of these was your most recent investment? (Multiple answers allowed)

Future potential and diversification drive recent investment decisions

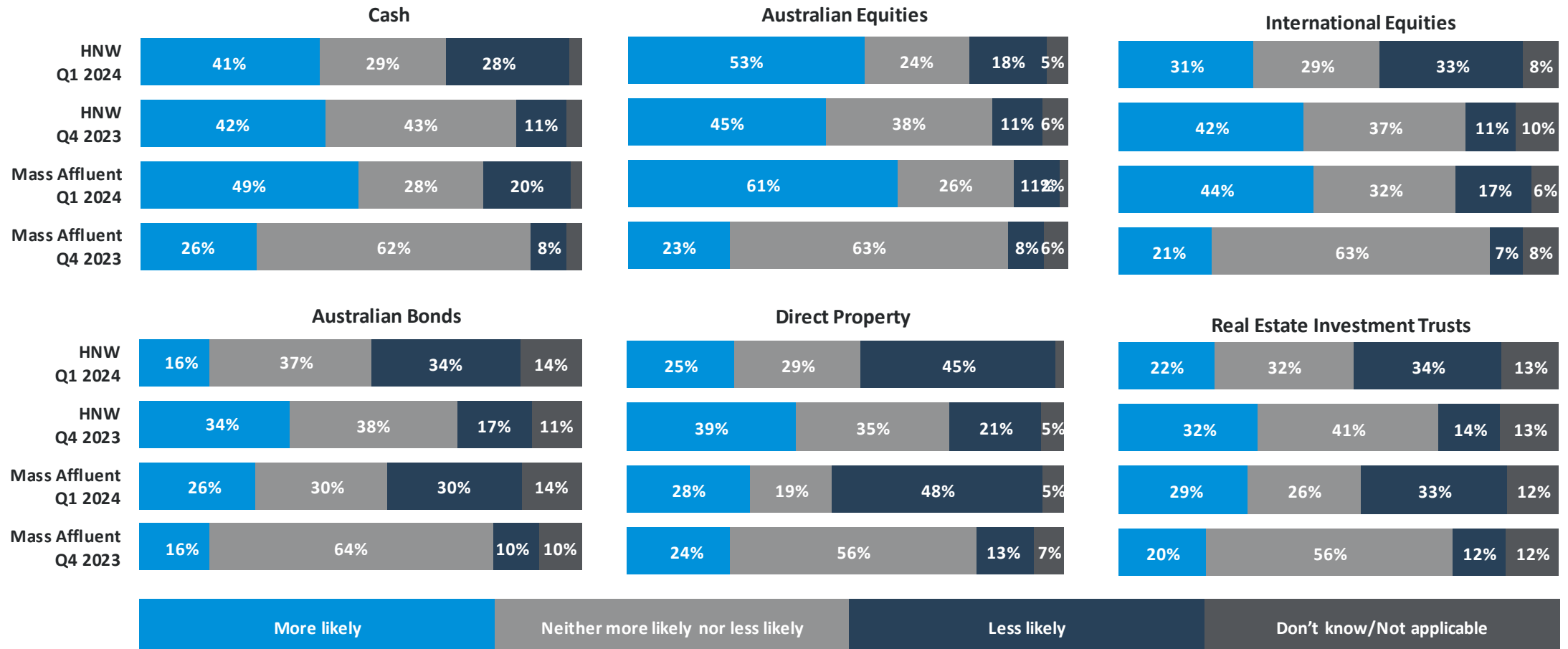
Main reason for buying most recent investment



*Top 5 answers only based on Q1 2024 Overall
 Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174
 A6. What is your main reason for buying this as your most recent investment? {Multiple answers allowed}

HNW most likely to invest in Australian equities over the next quarter

Likelihood of investing in asset classes in the next quarter

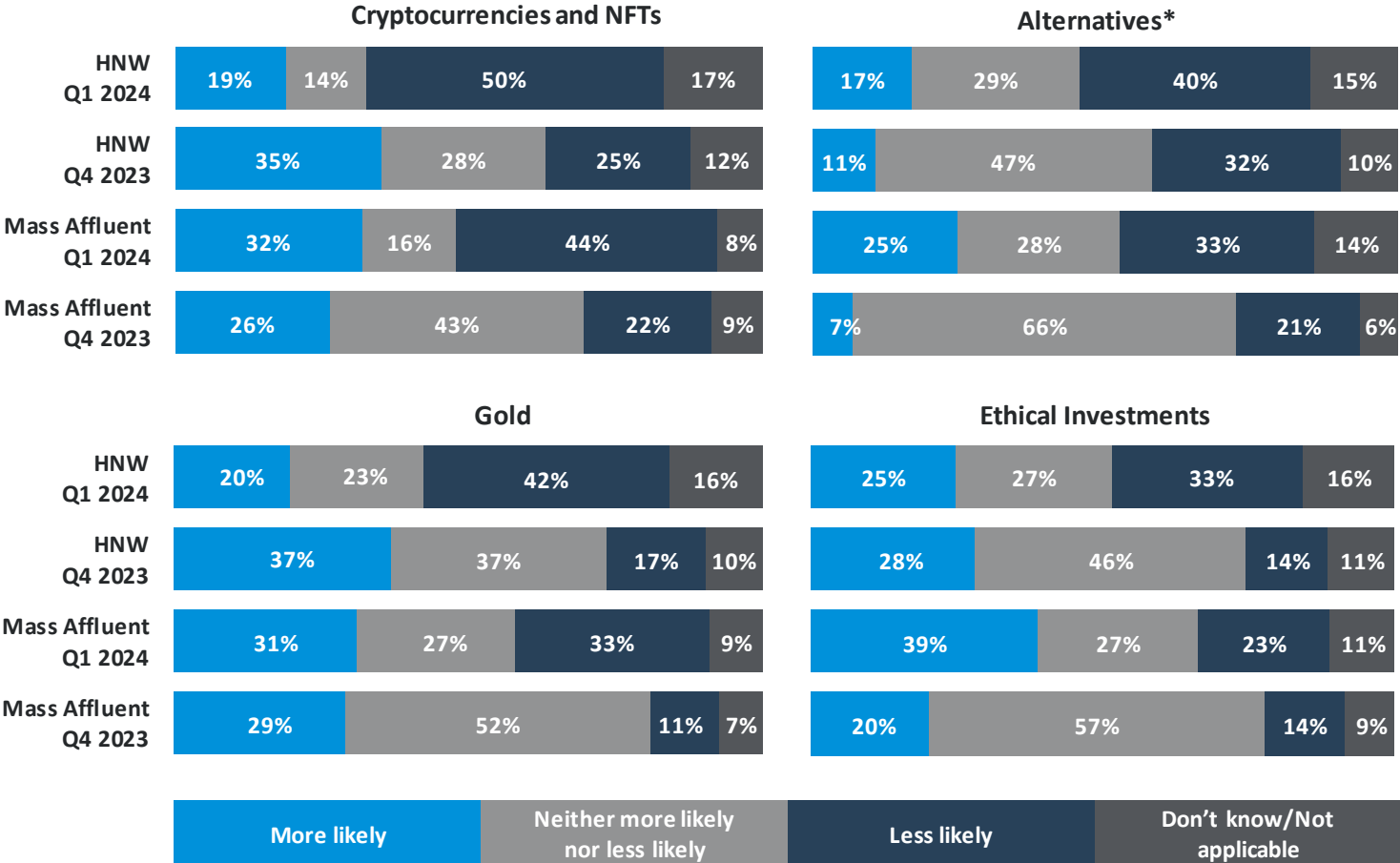


* Data labels with 5% or less are not shown

Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174 INDEX7. Are you more likely or less likely to invest in the following asset classes in the next quarter?

Less HNW are likely to invest in crypto in the coming quarter

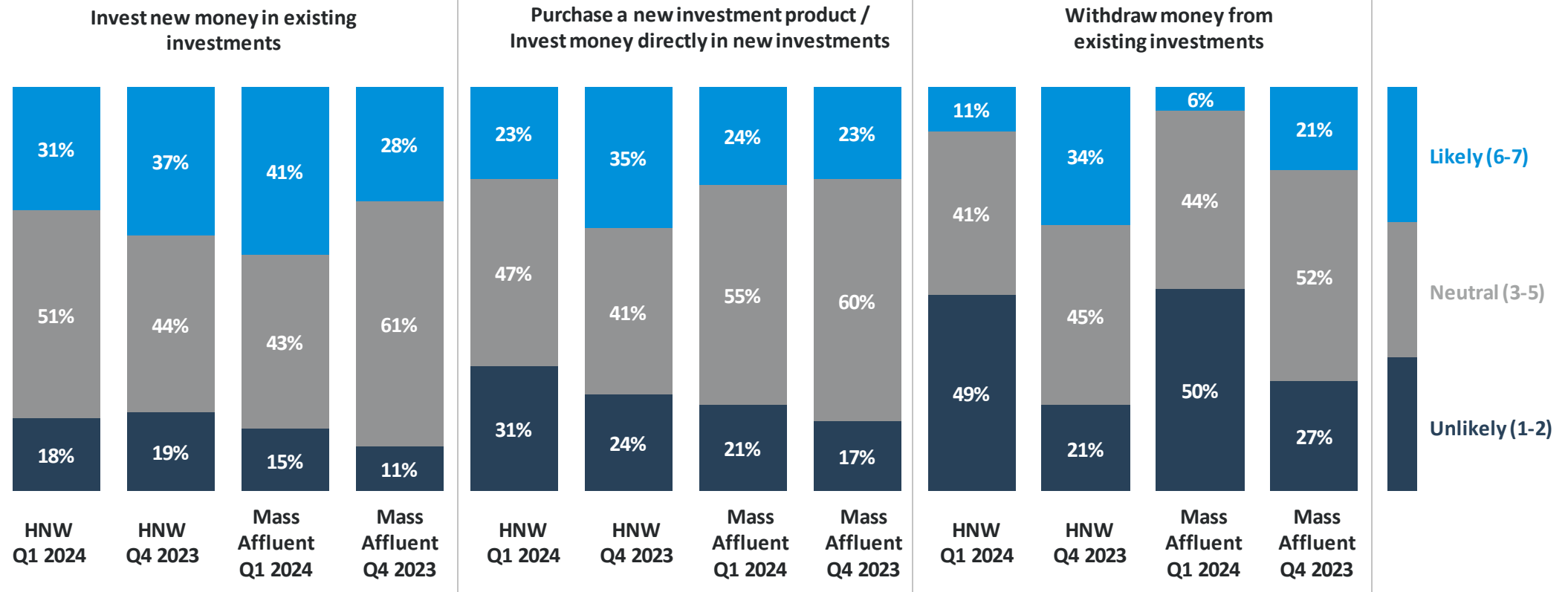
Likelihood of investing in asset classes in the next quarter



* "Alternatives" and "Commodities" categories were merged in Q1 2024. Q4 2023 scores were averaged for comparison.
 Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174
 INDEX7. Are you more likely or less likely to invest in the following asset classes in the next quarter?

Investors are leaving their money in existing investments, likely waiting for the market to make a move first

Investment plans for next quarter



Base: HNW Investors Q1 2024 n=101; Q4 2023 n=114; Mass Affluent Investors Q1 2024 n=198; Q4 2023 n=174 INDEX5. In the next quarter, do you intend to do any of the following?

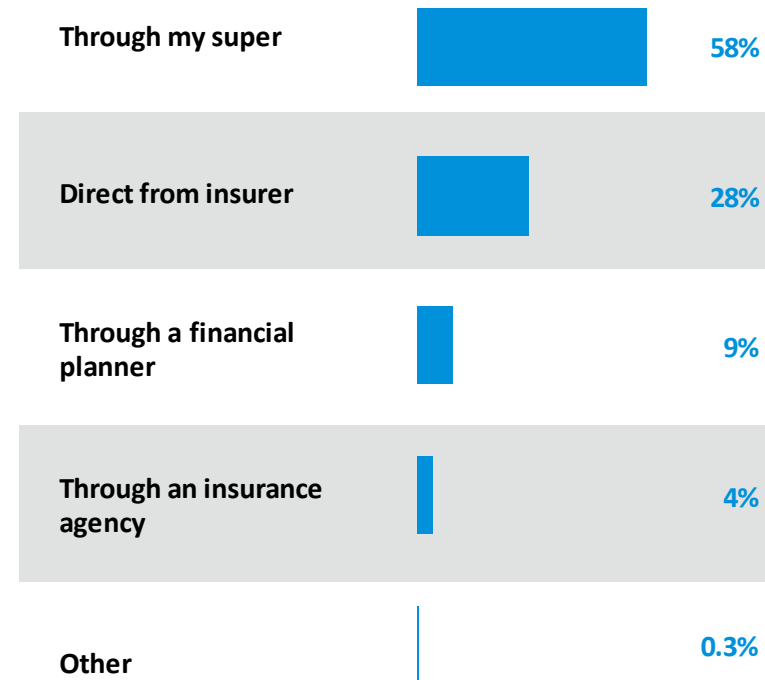
Over half of investors prefer to purchase life insurance through their super fund

Has life insurance

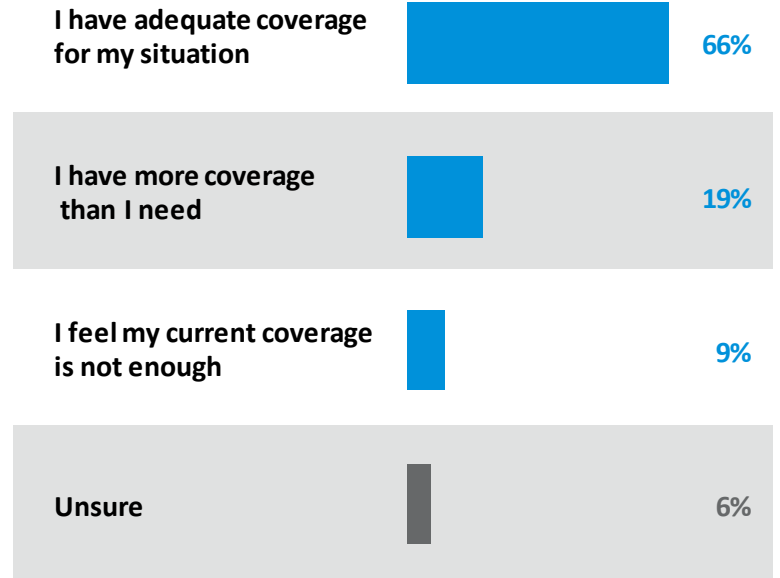
"3 out of every 4 Australians have life insurance (75%), while 22% remain uninsured, and 3% uncertain about their coverage."



Purchase preference for life insurance



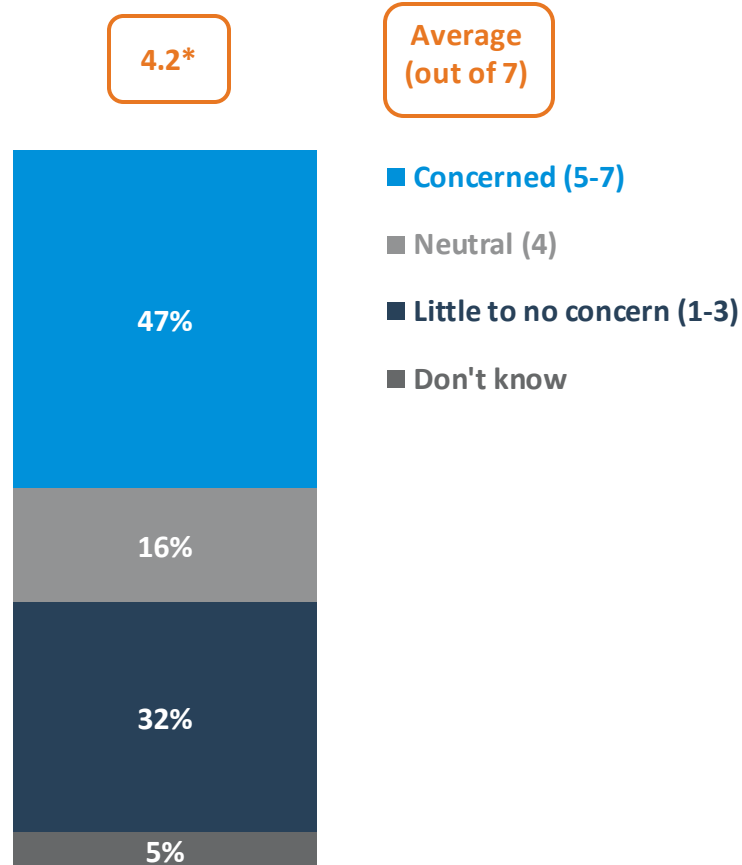
Satisfaction on life insurance coverage



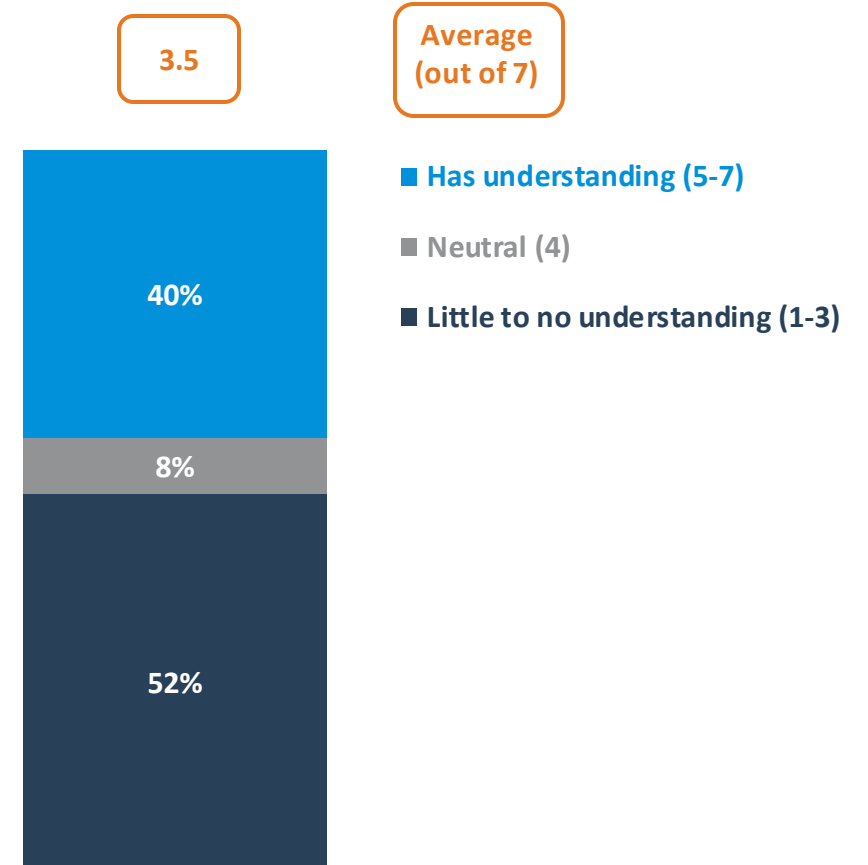
Base: Overall n=451; Has life insurance n=338, purchase preference and satisfaction on life insurance A15. Do you currently have life insurance? {Multiple answers allowed}; A17. How would you prefer to purchase your life insurance?; A16. What best describes how you feel about your current life insurance coverage?

Almost half of investors are concerned about outliving their savings

Concern on outliving savings



Understanding on annuities



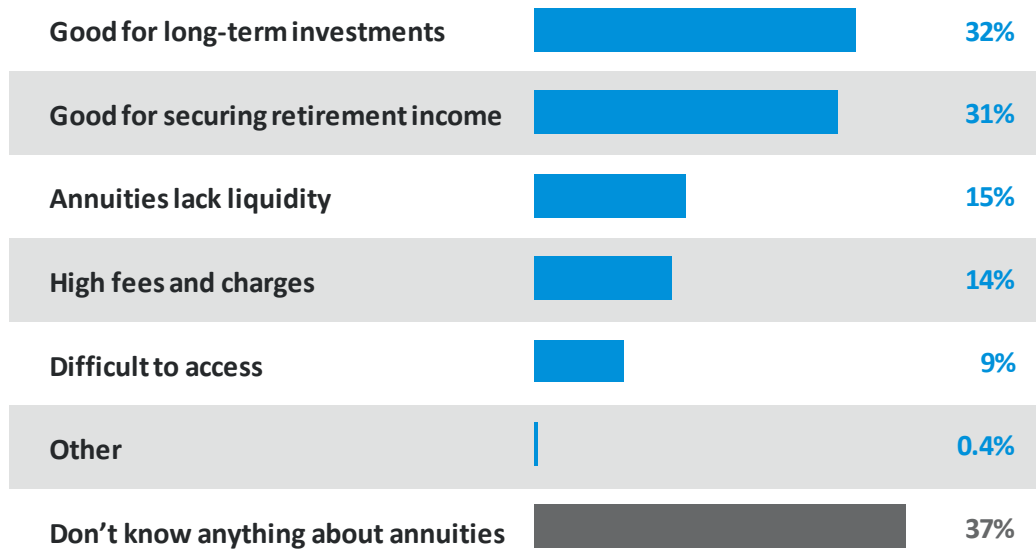
*Don't know is excluded in average score

Base: Overall n=451

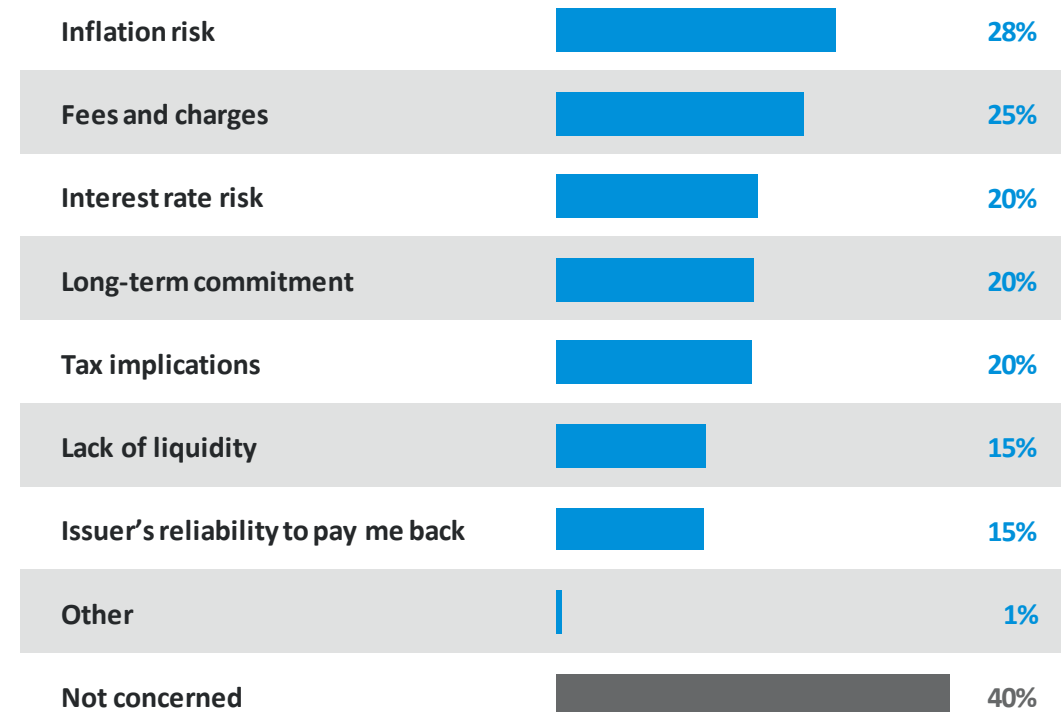
B8. How concerned or unconcerned are you about longevity risk (outliving your savings)? | B9. How would you rate your understanding of what annuities are?

Annuities are seen as good long-term investments and good for securing retirement

Views on annuities as asset class



Concerns on the future of annuities



Base: Overall n=451

B7. Which of the following best describe your views on annuities as an asset class? (Multiple answers allowed); B10. Are you concerned about any of the following affecting annuities in the future? (Multiple answers allowed)

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