

# 2019 Australian Investor Confidence Survey

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# Foreword

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Retail investors are essential to our economy, and their confidence is a vital test of the integrity of our capital markets.

This is the first time Chartered Accountants Australia and New Zealand is undertaking this survey, with the help of the Center for Audit Quality in the United States, to capture the views of over one thousand Australian retail investors.

As public trust in many institutions wavers, we believe it is essential to understand the views of retail investors in relation to the economy, capital markets and the information that publicly listed companies provide, including who they trust and what worries them.

The results show there is a healthy level of confidence in the Australian capital markets and listed companies, but retail investors are nervous about global political unrest.

Investors are confident in audited financial reporting by public companies and independent auditors are the most trusted group when it comes to investor protection and market integrity, followed closely by regulators, the ASX, and analysts.

But trust and confidence are hard won and easily shaken.

Chartered Accountants Australia and New Zealand believe that auditors, along with all the key players who contribute to the integrity of our markets, need to keep working to maintain the confidence of retail investors while meeting their evolving expectations and needs.



**Simon Grant FCA**  
Group Executive, Advocacy & Professional Standing



**Amir Ghandar CA**  
Reporting & Assurance Leader

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Our support of the profession extends to affiliations with international accounting organisations. We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

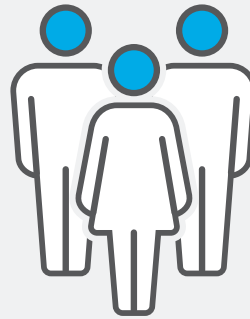
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# Executive Summary

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**25%** of investors believe global political unrest is the biggest threat to the Australian economy.



**86%** of investors are confident in Australian public listed companies.

Reasons for this confidence: the resilience of the ASX and the current performance of the economy.



**84%** of investors are confident in Australian capital markets.

Reasons for this confidence: the performance and historical resilience of the ASX.



**87%** of investors are confident about the quality of audited financial information.

Reasons for this confidence: perceived reputational risk, effective regulation, and that Auditors provide honest and independent third-party scrutiny.



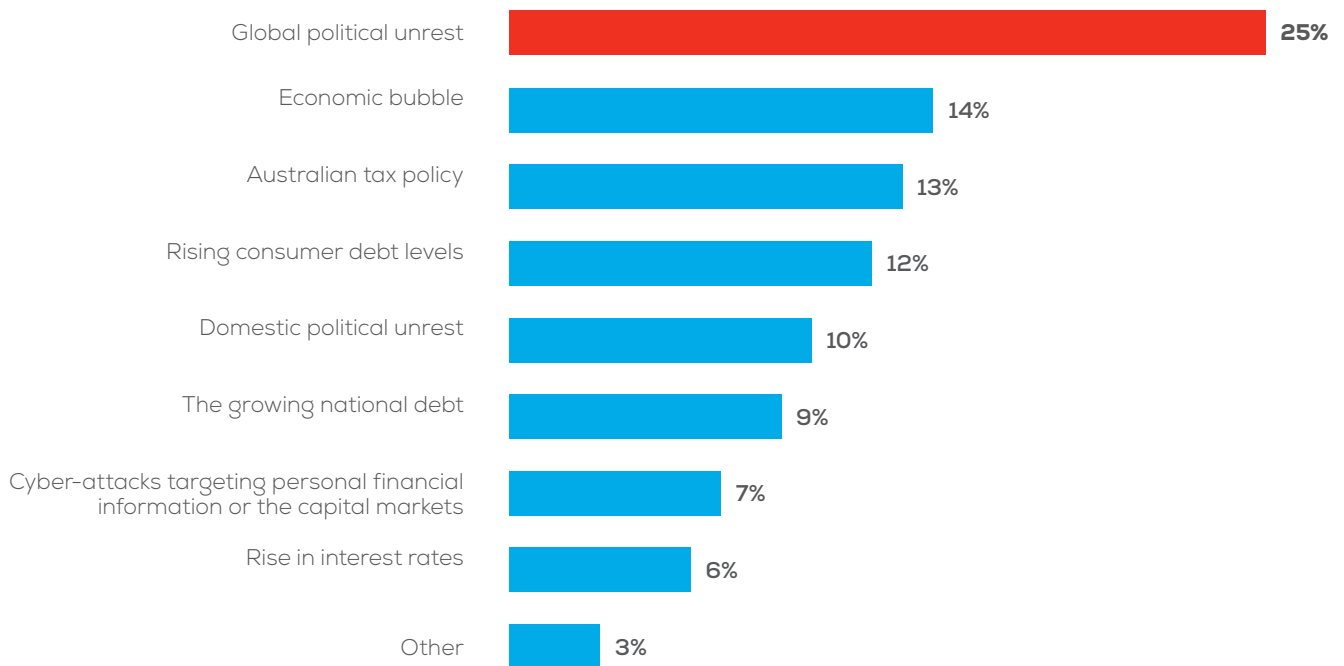
Auditors are **ranked number 1** as the most effective entities in advancing investor protection, followed by exchanges, government regulators and oversight, and financial analysts.

# Confidence in the Australian Economy

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*In your opinion, what poses the greatest risk to the Australian economy?*

Global political events are seen as being the biggest threat to Australian economy



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Total (n = 1,044)

# Confidence in Australian Capital Markets

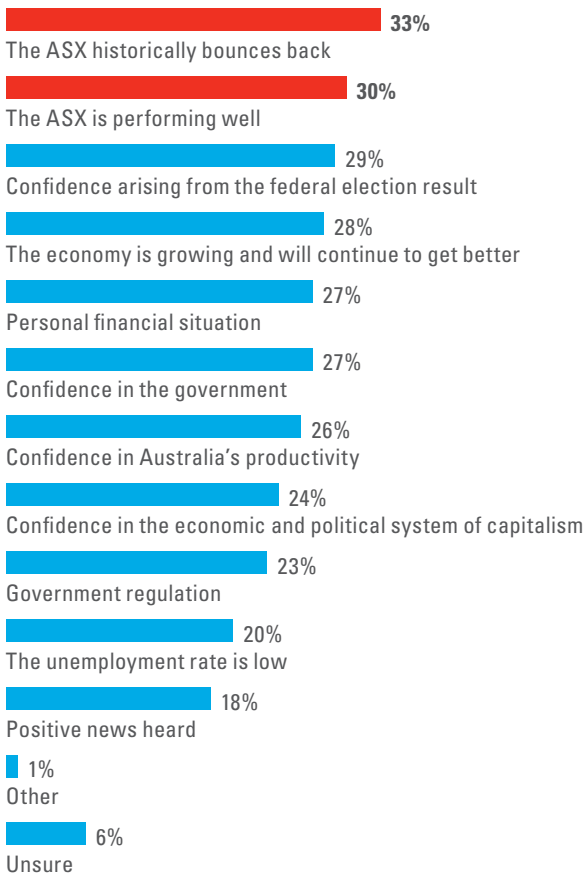
*How much confidence would you say you have in Australian capital markets (i.e. the ASX)?*

Just over eight in ten have confidence in Australian capital markets



*What reasons do you have confidence in Australian capital markets?*

Investor confidence in the ASX is driven by its previous track record



Those "confident" in Australian Capital Markets (rated 1-3) n=880

*What reasons do you have little or no confidence in Australian capital markets?*

Amongst investors lacking confidence, one in two point to a lacklustre economy

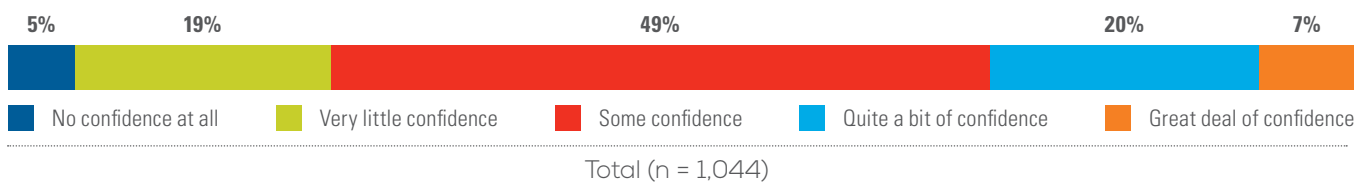


Those "not confident" in Australian Capital Markets (rated 4-5) n=164

# Confidence in Capital Markets Outside of Australia

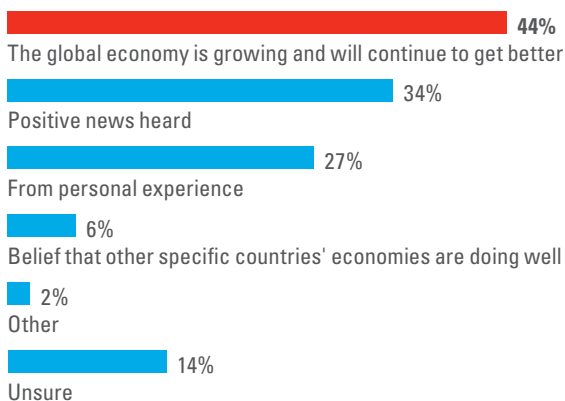
*How much confidence would you say you have in capital markets outside of Australia?*

Just over three in four have confidence in capital markets outside of Australia



*What reasons do you have confidence in capital markets outside of Australia?*

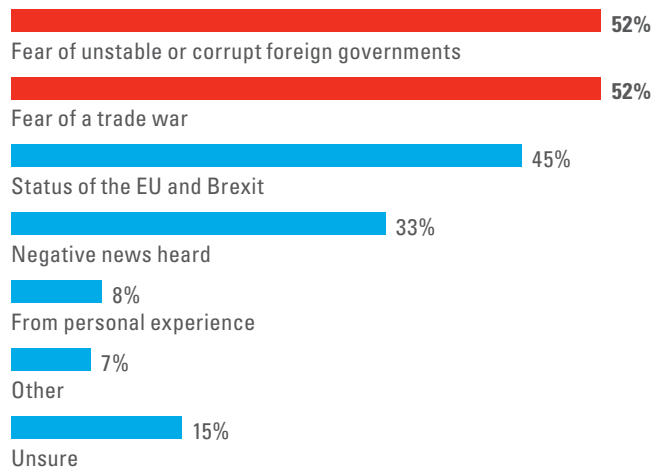
Investors feel quite optimistic about the future of the global economy



Those "confident" in Capital Markets outside Australia (rated 1-3) n=796

*What reasons do you have little or no confidence in capital markets outside of Australia?*

Investors lacking confidence in overseas capital markets are nervous about unstable foreign governments and the prospect of a trade war



Those "not confident" in Capital Markets outside Australia (rated 4-5) n=248

# Confidence in Publicly Listed Australian Companies

*How much confidence would you say you have in investing in Australian companies that are publicly listed (e.g. on the ASX)?*

Just over eight in ten have confidence in publicly listed Australian companies



*What reasons do you have confidence in investing in publicly listed Australian companies?*

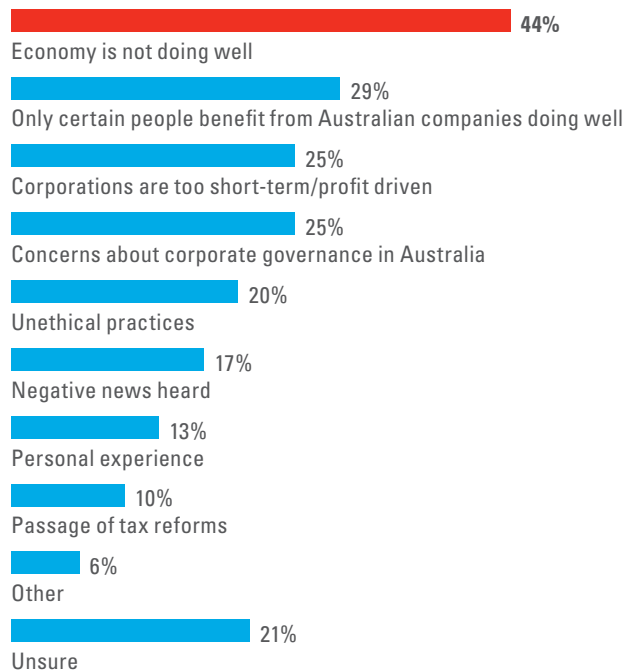
Confidence in Australian listed companies is largely driven by resilience of the market and performance of the economy



Those "confident" in Publicly Listed Australian Companies (rated 1-3) n=887

*What reasons do you have little or no confidence in investing in publicly listed Australian companies?*

Concerns about the Australian economy is leading reason for a lack of investor confidence in Australian listed companies

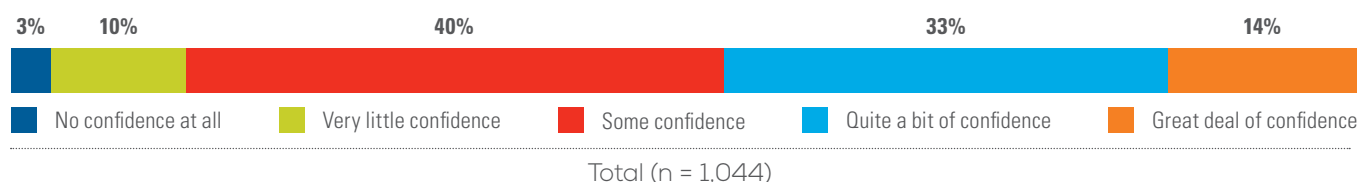


Those "not confident" in Publicly Listed Australian Companies (rated 4-5) n=157

# Confidence in Financial Reports by Publicly Listed Australian Companies

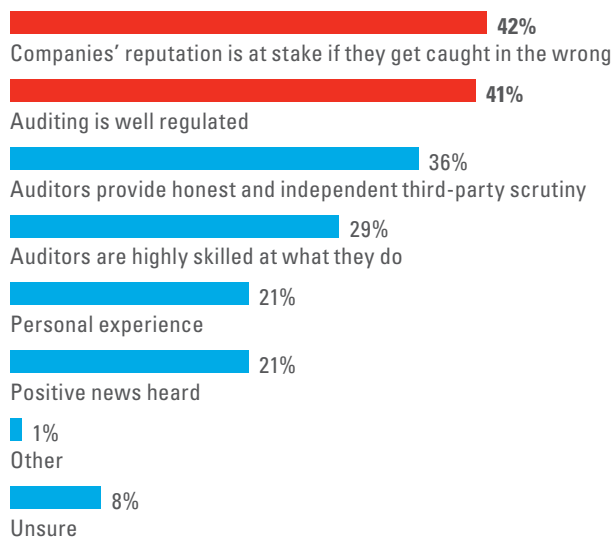
*How much confidence do you personally have in audited financial information released by publicly listed Australian companies?*

Almost nine in ten have confidence in audited financial information



*What reasons do you have confidence in audited financial information released by publicly listed Australian companies?*

Investors feel fairly confident in auditor and company integrity when producing financial information



Those "confident" in financial reports by Publicly Listed Australian Companies (rated 1-3) n=909

*What reasons do you have little or no confidence in audited financial information released by publicly listed Australian companies?*

For investors lacking confidence, there are some concerns around regulation, integrity and full disclosure

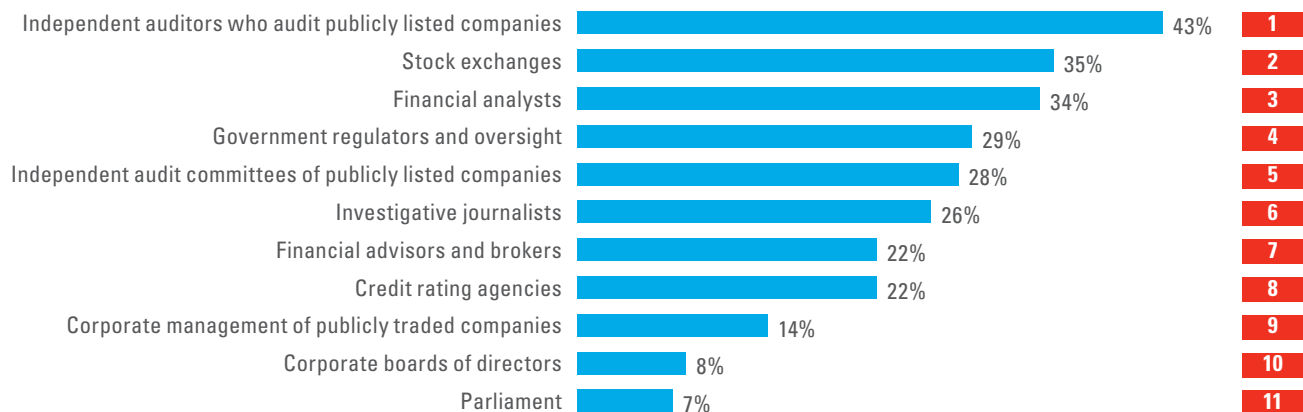


Those "not confident" in financial reports by Publicly Listed Australian Companies (rated 4-5) n=135



There are several different players that have roles in helping to advance investor protection. Which of the following are you most confident are effective in their respective roles?

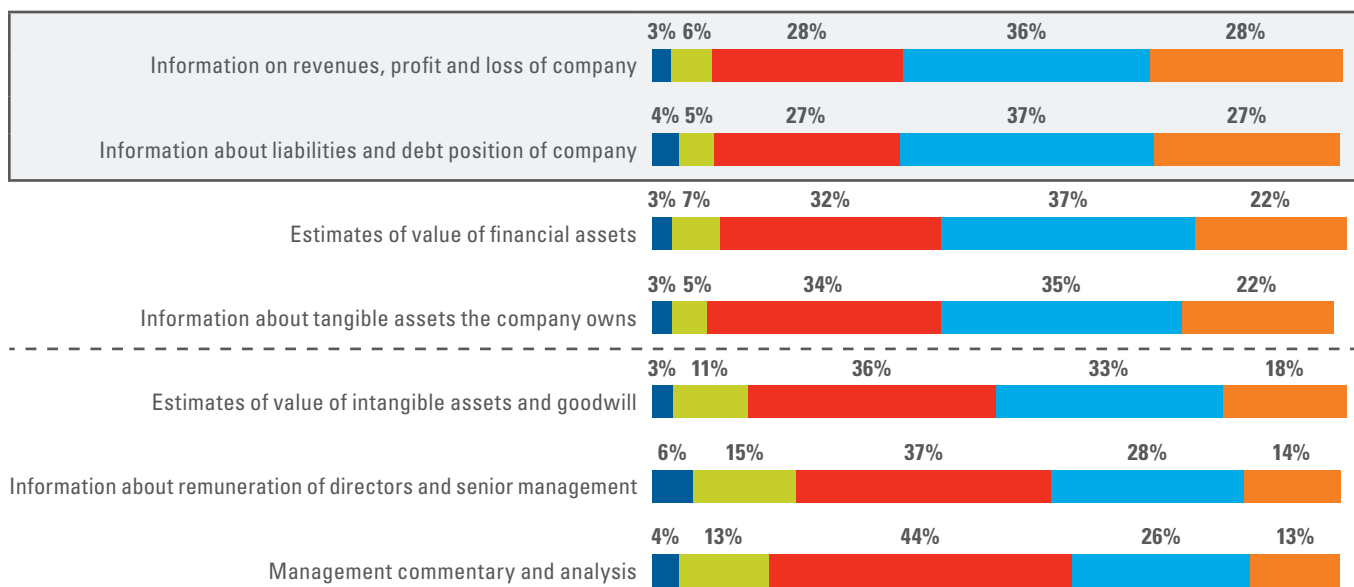
Independent auditors are viewed as being the most effective in their role supporting investor protection



Total (n=1044)

To what extent do you find the following aspects of listed company annual reports useful in your investment decision making?

Investors find information about a company's financial performance, debt and the values of their financial and tangible assets are the most useful aspects of annual reports



Total (n=1044)

■ Not useful at all   
 ■ Not very useful   
 ■ Somewhat useful   
 ■ Quite useful   
 ■ Very useful

# Appendix: Demographics and Investment Context

Those who have the most confidence in Australian capital markets tend to be younger

## Demographic Breakdown: Confidence in Australian Capital Markets

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	2%	13%	42%	31%	11%
Male (n=516)	2%	10%	41%	36%	11%
Female (n=528)	2%	17%	43%	27%	10%
<b>&lt; 35 years (n=315)</b>	<b>2%</b>	<b>11%</b>	<b>33%</b>	<b>33%</b>	<b>21%</b>
35-44 years (n=202)	3%	13%	43%	34%	8%
45-54 years (n=189)	2%	14%	51%	28%	5%
55+ years (n=338)	3%	15%	45%	30%	7%
Metro (n=720)	2%	13%	44%	31%	10%
Regional (n=324)	3%	14%	38%	31%	14%

Those who have the most confidence in capital markets outside of Australia tend to be younger

## Demographic Breakdown: Confidence in Capital Markets Outside of Australia

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	5%	19%	49%	20%	7%
Male (n=516)	3%	19%	49%	23%	6%
Female (n=528)	6%	19%	50%	18%	7%
<b>&lt; 35 years (n=315)</b>	<b>3%</b>	<b>9%</b>	<b>42%</b>	<b>30%</b>	<b>15%</b>
35-44 years (n=202)	4%	15%	51%	24%	6%
45-54 years (n=189)	7%	22%	54%	16%	1%
55+ years (n=338)	5%	29%	52%	12%	2%
Metro (n=720)	4%	21%	50%	21%	5%
Regional (n=324)	6%	16%	48%	20%	10%

Those with higher levels of confidence in Australian capital markets tend to be property investors

## Lifestyle Breakdown: Confidence in Australian Capital Markets

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	2%	13%	42%	31%	11%
Property investors (n=295)	1%	11%	35%	39%	15%
Portfolio investors (n=851)	2%	12%	41%	34%	12%
Liberal voter (n=489)	3%	9%	38%	38%	12%
Labor voter (n=333)	1%	16%	43%	28%	12%
Finished secondary school (n=339)	2%	15%	46%	30%	6%
Completed bachelor degree (n=390)	2%	14%	36%	34%	13%
Post-grad/Professional qualification (n=248)	2%	12%	42%	29%	15%

Those who have the most confidence in capital markets outside Australia tend to be property investors or have higher levels of education

## Lifestyle Breakdown: Confidence in Capital Markets Outside of Australia

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	5%	19%	49%	20%	7%
<b>Property investors (n=295)</b>	<b>3%</b>	<b>14%</b>	<b>47%</b>	<b>27%</b>	<b>8%</b>
Portfolio investors (n=851)	3%	18%	48%	23%	8%
Liberal voter (n=489)	4%	17%	48%	24%	6%
Labour voter (n=333)	5%	18%	48%	20%	9%
Finished secondary school (n=339)	7%	22%	51%	16%	4%
<b>Completed bachelor degree (n=390)</b>	<b>4%</b>	<b>17%</b>	<b>47%</b>	<b>24%</b>	<b>8%</b>
<b>Post-grad/Professional qualification (n=248)</b>	<b>2%</b>	<b>17%</b>	<b>50%</b>	<b>23%</b>	<b>8%</b>

■ No confidence at all    
 ■ Very little confidence    
 ■ Some confidence    
 ■ Quite a bit of confidence    
 ■ Great deal of confidence

Those who have the most confidence in publicly listed companies tend to be younger and male

*Demographic Breakdown: Confidence in Publicly Listed Australian Companies*

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	4%	11%	43%	33%	10%
<b>Male (n=516)</b>	<b>3%</b>	<b>7%</b>	<b>43%</b>	<b>38%</b>	<b>10%</b>
Female (n=528)	5%	15%	43%	28%	9%
<b>&lt; 35 years (n=315)</b>	<b>4%</b>	<b>7%</b>	<b>36%</b>	<b>35%</b>	<b>18%</b>
35-44 years (n=202)	3%	13%	40%	35%	9%
45-54 years (n=189)	4%	13%	52%	26%	5%
55+ years (n=338)	4%	13%	46%	32%	5%
Metro (n=720)	4%	12%	42%	33%	9%
Regional (n=324)	4%	10%	44%	31%	11%

Liberal voters have greater confidence in publicly listed Australian companies than those supporting Labour

*Lifestyle Breakdown: Confidence in Publicly Listed Australian Companies*

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	4%	11%	43%	33%	10%
Property investors (n=295)	2%	8%	37%	39%	13%
Portfolio investors (n=851)	2%	10%	43%	35%	11%
<b>Liberal voter (n=489)</b>	<b>4%</b>	<b>7%</b>	<b>38%</b>	<b>40%</b>	<b>10%</b>
Labour voter (n=333)	3%	14%	44%	27%	12%
Finished secondary school (n=339)	3%	12%	45%	31%	9%
Completed bachelor degree (n=390)	5%	10%	39%	36%	11%
Post-grad/Professional qualification (n=248)	3%	13%	43%	31%	10%

Those who have the most confidence in audited financial information tend to be younger

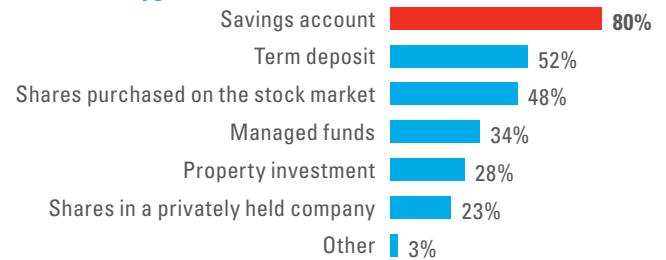
*Demographic Breakdown: Confidence in Audited Financial Information of Publicly Listed Australian Companies*

	No confidence at all	Very little confidence	Some confidence	Quite a bit of confidence	Great deal of confidence
Total investors (n=1044)	3%	10%	40%	33%	14%
Male (n=516)	3%	7%	39%	37%	14%
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Metro (n=720)	3%	10%	41%	33%	13%
Regional (n=324)	3%	9%	39%	35%	14%

■ No confidence at all    
 ■ Very little confidence    
 ■ Some confidence    
 ■ Quite a bit of confidence    
 ■ Great deal of confidence

Shares bought on the stock market tend to be held for a longer duration than the other investment types

*Investment Type Incidence*



*Length of Time Investment Held*

	< 1 year	1-3 years	4-5 years	6-10 years	>10 years	Unsure
Term deposit (n=544)	11%	22%	20%	17%	28%	2%
<b>Shares - purchased on stock market (n=505)</b>	<b>5%</b>	<b>13%</b>	<b>16%</b>	<b>16%</b>	<b>48%</b>	<b>1%</b>
Shares - privately held company (n=237)	8%	24%	21%	13%	32%	2%
Managed funds (n=353)	11%	22%	17%	18%	31%	2%

Distribution of investment values are similar across the various investment types

*Size of Investment Held*

	< \$10k	\$10k-49,999	\$50k-99,999	\$100k-249,999	\$250k+
Term deposit (n=544)	4%	35%	19%	23%	19%
Shares - purchased on stock market (n=505)	11%	31%	21%	19%	19%
Shares - privately held company (n=237)	17%	30%	17%	19%	17%
Managed funds (n=353)	4%	27%	22%	23%	25%

