



COREDATA



Investment & Financial Services Association Ltd

**Quarterly Investor Sentiment
Research Report**
June 2009

**IFSA/CoreData
Investor Sentiment Index**

For further information please call Project Mangers: Craig Phillips, Head of Market Intelligence on 02 9376 9602, or Bronwyn Jones, Policy Manager IFSA on 02 8325 2524.

Executive Summary

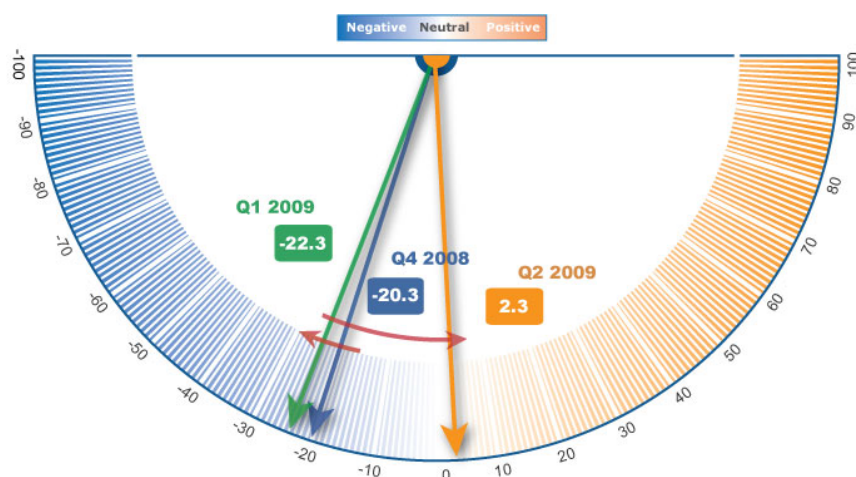
- IFSA and CoreData have produced their second quarterly investor sentiment index research report. CoreData has been carrying out this research since December 2004.
- The investor sentiment index is a key measure of investor sentiment for the financial services industry, with the ability to provide a comparative sentiment gauge over concurrent quarterly time periods.
- Investor sentiment has returned to positive territory for the first time since the global financial crisis began back in August 2007, according to the latest quarterly IFSA CoreData Investor Sentiment Index.
- Despite investors being far from bullish, their growing confidence will be welcome news to the financial services industry and the signs are that investors believe the worst is now behind them.
- The boost to confidence was largely driven by a fall in negative outlook towards investment markets over the next three months, a slight rise in financial security and a rise in the intention levels of investors over the forthcoming three month period.
- The sentiment about the Australian economy remains at a low level.
- In general, the happiness of investors regarding their investments is at a neutral level.
- The financial situation in their household is now better with 46.2% saying that they are now able to save.

Key insights

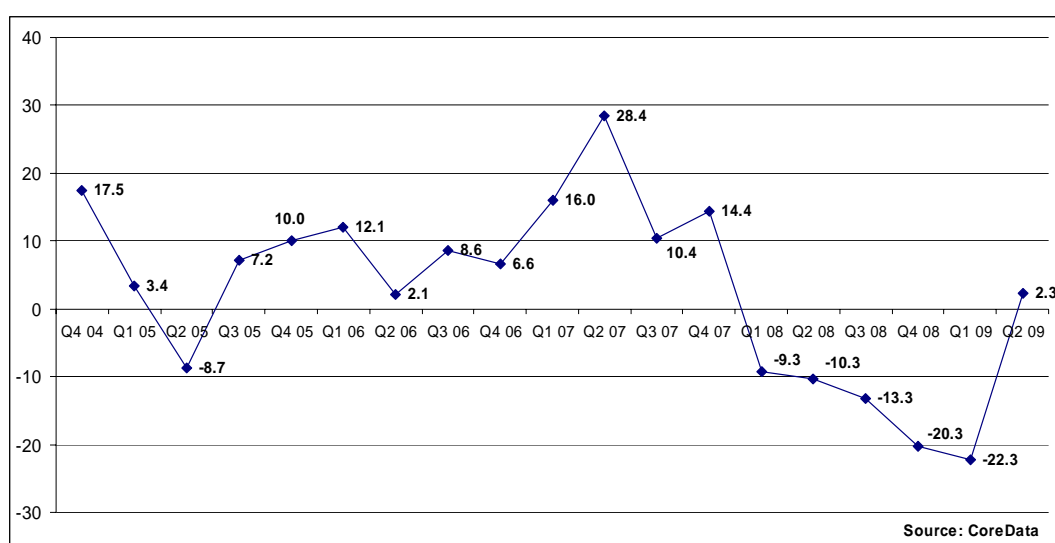
Investor sentiment has returned to positive territory for the first time since the global financial crisis began:

- Investor sentiment in Q2 2009 is now positive, at 2.3 up from negative 22.3
- For the first time since the credit crunch, August 2007, the index has swung to neutral territory
- The index is an aggregate measure of three areas; expectation regarding the performance of the investment market, perceptions of current financial situation, future investment intentions

IFSA-CoreData Investor Sentiment Index (ISI)



Tracking Investor Sentiment Q4 2004 – Q2 2009

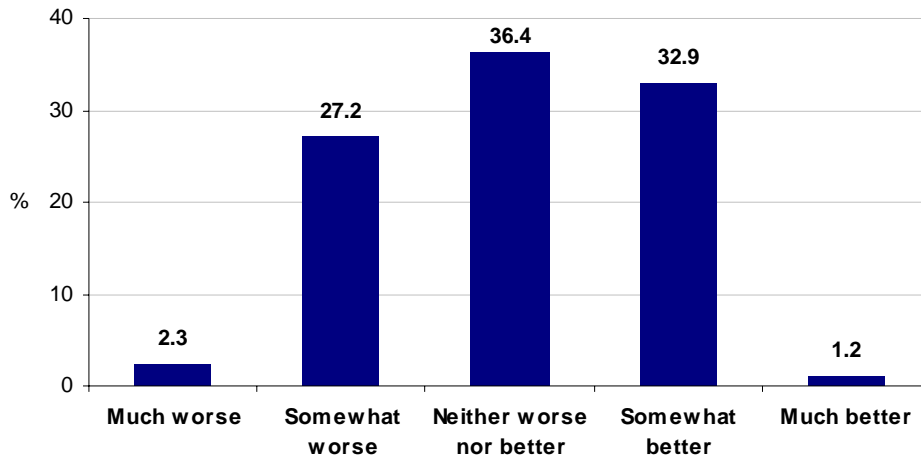


- Investor sentiment fluctuated from neutral territory to positive for 2 years dropping into the negative from Q1 08. We are finally seeing it out of the negative back into neutral territory.

Investor confidence returns – albeit mildly:

- Confidence in the market bounced back this quarter, with 34.1% of investors thinking that it will be somewhat better or much better in the next 3 months. This is a drastic increase considering that only 10.2% thought that the market would be better last quarter.
- 36.4% think it will be neither worse nor better and 29.5% think the market will get worse.
- A total of 48.2% of investors have purchased an investment product or made a direct investment in the past 12 months, and 49.5% intend to make investments in the next 12 months

Whether they think the market for investments generally will be better or worse for investors in the next 3 months

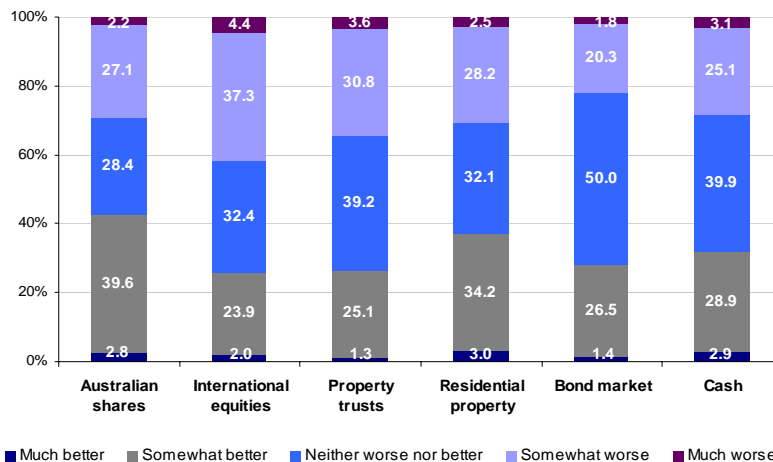


n = 434, Base: Respondents who have savings/investments of over \$10,000

Investor sentiment by asset class

- Investor sentiment towards the different asset classes improve in general. More investors are likely to think that Australian shares and residential property will be somewhat or much better. A total of 42.4% of investors think the market for Australian shares will be better next quarter and 37.2% for residential property. This is followed by cash at 31.8%.

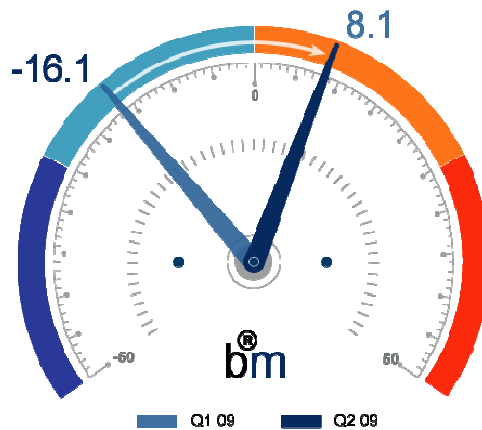
Whether investors think the market will be better or worse for investors across different asset classes (comparing the next quarter to this quarter)



Gauging Investor Intentions

- The investor intention index is a subset of the confidence index and measures investors future investment decisions
- A series of questions are asked to determine each measure.
- While the investor intentions index in Q2 2009 is positive at 8.1. This could indicate that investors are increasing their likelihood to enter or do more activity in the investment market in the near future.

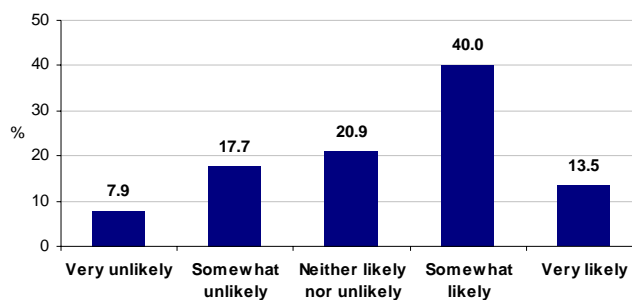
Investor Intention Index Q2 2009



Investors are looking for opportunities

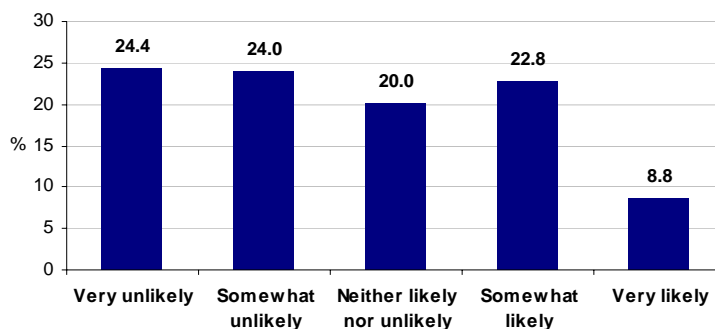
- Investors are more likely to purchase a new investment product or make any direct investment than to top up existing investment products within the next 3 months.
- More than half (53.5%) are likely to take out new investments in the next 3 months, and 31.6% are likely to invest more in existing products in the next 3 months.

How likely they are to purchase a new investment product or make any direct investments within the next 3 months



n = 215, Base: Respondents who intend to make any direct investment in 12 months

How likely they are to invest more in an existing investment product within the next 3 months

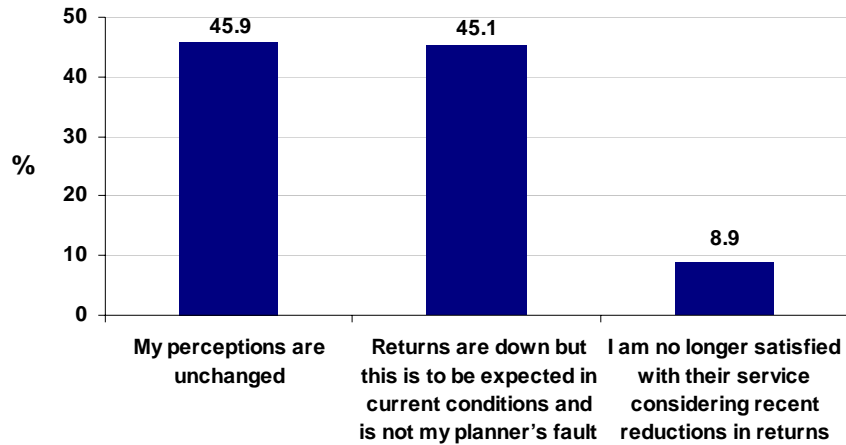


n = 434, Base: Respondents who have savings/investments of over \$10,000

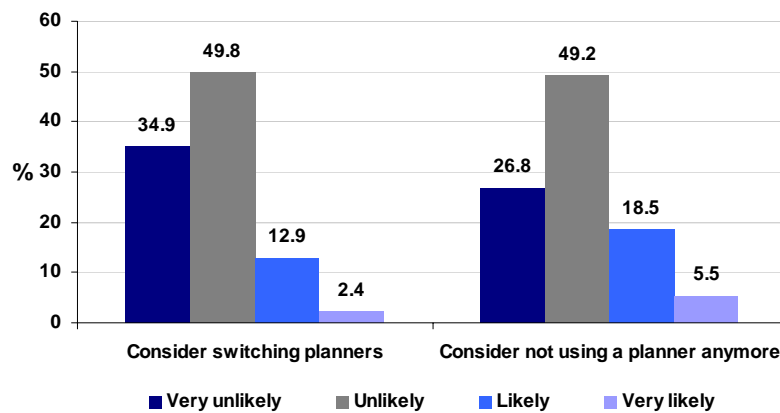
Investors value advice

- Investors' opinion about their planner remains positive with 45.9% thinking their perceptions are unchanged and 48.6% thinking negative return is to be expected and not the planner's fault. Only 8.9% are no longer satisfied with the service. This indicates a trust for planners.

How is the current economic downturn effecting your perceptions of the service they offer and the returns they can achieve for you?



How likely are you to consider these steps when it comes to financial planning?



- Continuing the current relationship of investors with their financial planners is very likely. 84.7% are unlikely to switch planners and 76.0% are unlikely to stop using a planner.

What investors are saying?

"All costs seem to be rising, making it harder to make ends meet" (aged 58, Qld)

"As a government employee, it has not affected me greatly, in fact, it has made my life more comfortable as interest rates have come down substantially and I have geared a lot of investments. It has also enabled me to travel, as flights have come down in cost as well." (aged 30, Qld)

"Business is slower so my income is lower." (aged 38, Qld)

"Careful with money, budget more" (aged 47, WA)

"Decrease in savings - bought shares when they were very low (this was my plan though)." (aged 35, Vic)

"I'm a tad more careful with research into investments" (aged 54, WA)

Background to the survey:

IFSA and CoreData have joined to produce quarterly data on investor sentiment. This report reviews investor sentiment towards the economy, their financial security, household budgeting and various asset classes.

The purpose of this research is to produce an up to date, accurate assessment of investor sentiment on a range of issues.

The IFSA-CoreData Investor Sentiment Index (IFSA-CoreData ISI):

The IFSA/CoreData ISI is a key measure of investor sentiment for the industry, with the ability to be compared to the previous quarters' results and future results. Because CoreData has had continuity in the questions since Q4 2004, the ISI has been able to track sentiment since then.

The IFSA/Coredata ISI is calculated by weighting responses to the following questions (please note the weightings are in brackets).

1. Do you think the market for investments will be better or worse for investors in the next 3 months? (30)
2. How financially secure do you feel? (10)
3. To what extent are you Happy with your current investments? (30)
4. How likely are you to take out a new investment product in the next 3 months? (15)
5. How likely are you to invest more in an existing investment product within the next 3 months? (15)

Methodology:

CoreData conducts a quarterly online survey among of a range of investors. There were 873 respondents to Q2 2009 survey which was conducted between 27th May and 5th June.

The sample was taken from CoreData-brandmanagement's proprietary database of investors, and the results calibrated to the ABS population data.

The demographic split of investors is as follows:

Gender

	Percent
Female	53.6
Male	46.4
Total	100.0

Age Group

	Percent
30 years old and below	22.9
31 - 40	26.5
41 - 50	28.4
51 - 60	16.5
61 years old and above	5.7
Total	100.0

Area of residence

	Percent
The capital city of my state / territory	63.2
A regional centre	26.9
A rural area	9.9
Total	100.0

Household Income

	Percent
Less than \$50,000	17.7
\$50,000 up to \$75,000	23.0
\$75,000 up to \$100,000	23.4
\$100,000 up to \$125,000	14.5
\$125,001 to \$150,000	10.1
\$150,001 to \$200,000	6.5
\$200,001 to \$250,000	2.5
\$250,001 to \$350,000	1.5
More than \$350,000	0.9
Total	100.0

State of Residence

	Percent
ACT	4.5
NSW	27.3
NT	0.9
Qld	16.5
SA	12.9
Tas	2.0
Vic	20.9
WA	15.0
Total	100.0

Work Status

	Percent
I am in full time work	64.7
I have retired from full time work	4.7
I am in part time work	12.4
I am in full time home duties	5.3
I am a full time student	2.1
I am not in work at present	6.2
Other	4.7
Total	100.0

Investment Portfolio Size

	Percent
Less than \$50,000	37.9
\$50,001 to \$150,000	22.5
\$150,001 to \$250,000	6.3
\$250,001 to \$350,000	5.8
\$350,001 to \$450,000	6.7
\$450,001 to \$550,000	4.0
\$550,001 to \$650,000	4.2
\$650,001 to \$750,000	2.5
\$750,001 to \$850,000	1.8
\$850,001 to \$1,000,000	2.9
More than \$1,000,000	5.4
Total	100.0

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