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**MEDIA RELEASE
- FOR IMMEDIATE RELEASE -**

Investors Are All Cashed Up, Waiting On The Sidelines

Investors in Australia have used the uncertainty and extreme volatility in share markets over the past two months to further reduce exposure to higher risk equities in favour of pure plain cash in the bank.

Judging from comments and views from participants in the **September Investor Sentiment Survey** conducted by the Australian Investors' Association and FNARENA, investors are in no hurry to return into the share market, with 40% of participants suggesting they believe there is probably more downside on a six months view.

According to the September Investor Sentiment Survey, the average investment portfolio in Australia now has 26% in cash, and only 44% in equities. Two months ago, these percentages were at 21% and 49% respectively.

Participants in the survey indicated a large portion of their remaining equities comprised of dividend paying stocks.

Reports Heather Cook from Gwelup, WA: "While I am bearish on the investment markets, I also think it is a great time to buy fundamentally sound, high dividend paying stocks and well located property in Australia for the medium to long term, however patience may be required as prices may not pick up any time soon."

Another investor offers: "Why buy when the index is at 5000 when you can buy at 4000. 8% ff div yields and oversold risk stocks. Risk is off the table. So now is the time to purchase risk stocks."

Meanwhile, nobody seems to be in denial about the risks that remain. "Just hold my breath and hope that Europe does not go down in a screaming heap", says Roger from Uralba, NSW.

Investor Sentiment Surveys since the beginning of 2011 clearly show a steady decline in sentiment, as shown in the following table:

	Bullish	Neutral	Bearish
January	31%	54%	15%
March	21%	52%	27%
May	11%	55%	35%
July	6%	46%	48%
September	7%	38%	56%

The table shows the gradual shift towards an increasingly bearish sentiment in AIA surveys since the beginning of the calendar year. The trend is backed up by the results from FNArena surveys which showed an even more negative outcome this month.

For the first time, when asked whether the share market was likely to be higher in six months' time, the largest group (40%) responded negatively, while only 31% responded with 'yes'.

At FNArena, where participants are being asked about their view on a 6-12 months horizon, 28% were positive against a still negative 29.5%.

Up until May this year, respondents had still expressed positive views on a 6-12 months outlook for equities.

The AIA Confidence Index has now fallen to its lowest level for the year:

March	51
May	49
July	45
September	41

(The index was only added to Survey questions from March onwards).

At FNArena, Confidence has fallen to 38% from 46% in July and May.

A typical portfolio at AIA now consists of 26% in cash, 44% in equities (with a bias towards dividends), 16% in property and 14% in fixed income.

At FNArena the corresponding percentages are 26% in cash, 45% in equities, 18% in property and 10% in fixed income.

A large number of participants expressed their belief that Australia's solid economic fundamentals and cheap valuations for local equities will prove a beneficial combination in the longer run.

"Never seen so many bargains", offers Denis Carraghe from Perth WA.

"I believe that investments over a period of years will experience some downturns but always bounce back", adds John Penny from Sydney.

According to Chris Pearce, "The European issues will persist for many years and the US unemployment situation will get worse before it gets better. I will look to buy blue chips on weakness as these will ultimately return a profit."

The Investor Sentiment Survey asked members at AIA and FNArena how they felt about the market and how they were invested. Surveys were conducted last week over four days and will be repeated in two months. 502 respondents participated through the AIA and 417 through FNArena.

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About the Australian Investors Association

The AIA is an independent, non-profit organisation aimed at helping its members become more successful long-term investors. More information can be found at www.investors.asn.au.

About FNArena:

FNArena is an online newsletter offering tools, data and independent analysis and commentary on the Australian and global financial markets. More information can be found at www.fnarena.com.