

General Comments: The survey was conducted after two weeks of share market falls and during the weekend immediately following Greece's failure to form an elected Government, reports of a run on both Greek and Spanish major banks, and the announced postponement of growth-related capital expenditure by BHP due to a Chinese economic slowdown. Unsurprisingly, respondents have indicated a reversal of the bullish attitudes displayed in the AIA survey conducted two months earlier, with pessimistic sentiment now comparable to that displayed when the market formed a bottom in September 2011.

Question 1

Results:

Bullish	7%
Neutral	36%
Bearish	57%

Trends in Changes of Sentiment

	Bullish	Neutral	Bearish
January 11	31%	54%	15%
March 11	21%	52%	27%
May 11	11%	55%	35%
July 11	6%	46%	48%
September 11	7%	38%	56%
November 11	8%	48%	44%
January 12	6%	52%	42%
March 12	16%	62%	22%
May 12	7%	36%	57%

Comments: The distribution of investor sentiment has fallen back sharply to that of September 2011, with pessimism now at a peak of 57% of respondents.

Selected Responses:

"After 2008 now always sceptical and ready to pull out if required". - Karyn, SW Gippsland

"Equities will continue to be volatile and move sideways while the crisis in Europe continues." – Anon

"For the first time in years I am feeling Bearish. This Greek tragedy is going to cost us all dearly." - Michael O'Brien, Brisbane

"How could any investor be bullish or bearish about the stockmarket at present. I'm neutral because one action in Australia or overseas could cause the market to swing. Currently, its down with a thud. I'm hoping that there will be an event to cause the stockmarket to climb rapidly. Can it? Its in the lap of the Gods". - Bob Feldmann – Melbourne

"Market scitish about Europe. However sound Aussie asset shares should be OK". - Graham Mills, Goondiwindi. Qld

"Shares are undervalued right now and I am remaining fully invested" - Chris, Adelaide

"There appears to be a greater degree of pessimism than at any time since the GFC" - Doug Conkey Wagga Wagga

"Who really cares about Greece? Everyone is in panic mode. time to buy." - Malcolm, Sydney

Question 2

Markets Higher in 6 Months Time?

	Yes	No	Same
May 11	38%	31%	32%
July 11	36%	36%	29%
September 11	31%	40%	30%
November 11	33%	36%	33%

January 12	22%	42%	36%
March 12	53%	25%	23%
May 12	33%	43%	25%

Comment: Investor confidence has returned to levels where only one third of respondents expect equity markets to be higher in six months time.

Selected Responses:

"I expect the global situation to worsen as the ineptitude of Policy makers reinforces market participants pessimism. The scale of the task of debt reduction is so huge that there is no possible solution to the problem unless the authorities resolve to allow Bond Holders to take massive losses and allow many Banks to go to the wall." - Peter Knight (SaFin) Perth WA.

"I'll be optimistic and say 'yes'. If it is any lower there will be global devastation. Of course, it could happen and many investors will perish. There has been nothing similar to the events that have rocked the sharemarket at the present time. Anything can happen and I can only hope." - Bob Feldmann, Melbourne

"Europe problems should be solved in 6 months time... Hopefully!" - Anon

Question 3

Portfolio Holdings

Average current allocations			<u>March 12</u>	<u>May 12</u>
Equities:	45%	42%		
Property:		19%	18%	
Fixed Income:		15%	16%	
Cash:		21%	24%	

Comment: An indication of about 3% of investment holdings being moved from equities back into cash over the last two months.

Selected Responses:

"Hanging on to cash waiting for an opportunity to invest" – Anon.

"I haven't got a profound interest in property or fixed income and equities is my way of investing. Keeping a reserve in cash provides comfort in these troublesome times. I want to sleep peacefully". - Bob Feldmann – Melbourne

"Waiting with cash to enter the equities market. But the rise in the market seems to keep moving away into the future. Too risky just now" – Anon

"Have moved more money into fixed interest but will focus on shares paying reliable dividends that are fully franked" – Anon

"Residential property- long term stable growth asset; Equities- best growth asset long term and good income. Very bullish for Australian economy over next 15-20 years" - Livio Mazzoni, Melbourne

"Shares too far down to sell" - Anon

Question 4

AIA Investor Confidence Index

May 2012 value: **40.6**

March 11	52.8
May 11	48.7
July 11	44.9
September 11	41.0
November 11	45.1
January 12	42.2
March 12	52.6
May 12	40.6

Comment: Investor confidence has fallen suddenly, with the AIA Investor Confidence Index now at 40.6, the lowest level recorded since its initiation in March 2011.

RSV

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