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MEDIA RELEASE

- FOR IMMEDIATE RELEASE –

More Equities, Less Cash & Fixed Income

The combination of a swift recovery in equity markets since February lows and investors using share price weakness to re-allocate some of their cash has pushed average portfolio exposure for the share market to 55.5% -the highest weighting since the inaugural **Australian Investors' Sentiment Survey** in January 2011.

General sentiment in March is markedly less negative than in January but average cash levels at 19% are still higher than in November last year, signalling overall cautiousness still dominates.

For the first time the Survey allows for separation of domestic and international equities revealing Australian investors like to keep their share market investments close to home. Despite major marketing efforts from the financial services industry to diversify offshore , the average portfolio weighting for international equities is still only 7.5% (domestic 48%).

Average Investment Portfolio Allocations:

	<u>Jan-15</u>	<u>Mar</u>	<u>May</u>	<u>July</u>	<u>Sep</u>	<u>Nov</u>	<u>Jan-16</u>	<u>Mar</u>
Equities:	53.5%	55%	54.5%	52.5%	51.5%	54.0%	51%	55.5%
Property:	17%	17%	17%	18%	17.5%	16.5%	17.5%	16%
Fixed Income:	11%	9%	10%	12.5%	11.5%	11.0%	10.5%	7.5%
Cash:	18.5%	18.5%	18.5%	17%	19.5%	18.5%	21%	19%
Alternatives:								2%

Survey respondents can now also indicate any allocations to alternatives investments. The outcome from the March Survey is 1% on average is invested in gold & other precious metals and another 1% in FX and other alternative assets.

The average cash weighting in portfolios has fallen from the 21% recorded in January. At 19% average cash is now back inside the 18-20% range that has remained in place since late 2012. The only times cash levels moved outside this range post November 2012 were in July 2015 (17%) and in January this year (21%).

The Australian Investors' Sentiment Survey has been conducted every two months since early 2011. Throughout this period the highest level of cash held peaked at 26% in September 2011.

A higher percentage for equities automatically reduces relative weightings for property and fixed income, yet the larger reduction for the latter in the March Survey suggests investors have sold some of their yield instruments post January.

Current Sentiment:

	<u>Jan-15</u>	<u>Mar</u>	<u>May</u>	<u>July</u>	<u>Sep</u>	<u>Nov</u>	<u>Jan-16</u>	<u>Mar</u>
Bullish	14%	31.5%	15%	21.5%	14%	17%	8%	19%
Neutral	61%	54.5%	64%	60%	51%	61%	43%	61%
Bearish	25%	14%	21%	18.5%	33%	22%	49%	20%

Short term sentiment has bounced back to comparable levels in November and indicates a more neutral rather than more positive view on where the share market could be heading in the short term.

Markets Higher in 6-12 Months Time?

	<u>Jan-15</u>	<u>Mar</u>	<u>May</u>	<u>July</u>	<u>Sep</u>	<u>Nov</u>	<u>Jan-16</u>	<u>Mar</u>
Yes	39%	40%	43%	47%	46%	44.5%	38.5%	40.5%
No	25.5%	23.5%	25%	24%	24%	22%	26%	24%
Same	35.5%	36.5%	32%	29%	30%	33.5%	35.5%	35.5%

A similar picture emerges from respondents' views on the share market 6-12 months out. All in all, the numbers remain pretty similar to the indications gathered in January, which supports the observation Australian investors have become less negative/more neutral rather than more positive about the outlook for domestic and international equities.

The March Survey shows a remarkable gap in views between the two groups of investors participating. Members of **FNARENA** expressed a far more negative view whereas members from **Australian Investors' Association** were overwhelmingly more positive.

Written statements left by both groups of respondents in majority show caution continues to rule.

One AIA member summarised it as follows: "Market is split - some doing well, others not. Overall going around in circles".

Another chimed in with: "Nothing has changed, world market unstable, insecurity with China's economy - mining boom finished."

One FNARENA member stated: "Future too hard to predict with too many variables unpredictable" while a colleague predicts: "Current volatility of the markets will continue for the foreseeable future, but in general I cannot see any big changes up or down".

The FNArena/AIA Confidence Index recovered to 55%, where it sat in November last year, from a below-50 reading in January.

Here too, AIA members expressed being a lot more confident (58.5%) than their peers at FNArena (52%).

Prior to January, this index hadn't been below 50 since 2012. The index has been as high as 61.50% in January 2013 and as low as 40.5% in May 2012.

FNArena/AIA Investor Confidence Index

<u>Jan-15</u>	<u>Mar</u>	<u>May</u>	<u>July</u>	<u>Sep</u>	<u>Nov</u>	<u>Jan-16</u>	<u>Mar</u>
55.5%	58%	55%	59%	53%	55%	49%	55%

The Investor Sentiment Survey asked members at Australian Investors' Association (AIA) and FNArena how they felt about the market and how they were invested. The Survey will be repeated in two months (May 2015).

222 respondents participated through AIA and 246 through FNArena.

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